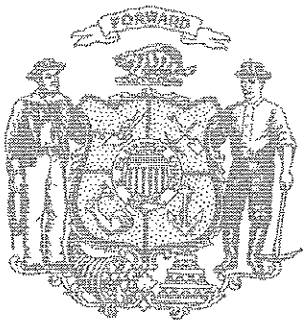
2001-03 WISCONSIN STATE BUDGET

COMPARATIVE SUMMARY OF BUDGET PROVISIONS

Enacted as 2001 Act 16

VOLUME I



LEGISLATIVE FISCAL BUREAU
DECEMBER, 2001

2001-03 WISCONSIN STATE BUDGET

Comparative Summary of Budget Provisions

Enacted as 2001 Act 16

Volume I

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INTRODUCTION

This two-volume document, prepared by Wisconsin's Legislative Fiscal Bureau, is the final edition of the cumulative summary of executive and legislative action on the 2001-03 Wisconsin state biennial budget. The budget was enacted into law as 2001 Wisconsin Act 16 on August 30, 2001. This document describes each of the provisions of Act 16 (hereafter referred to as "the budget"), including all fiscal and policy modifications recommended by the Governor, Joint Committee on Finance and Legislature.

The document is organized into six basic sections, the first of which contains a Table of Contents, History of the 2001-03 Budget, Brief Chronology of the 2001-03 Budget, Key to Abbreviations, User's Guide and a listing of the 2001-03 Biennial Budget Issue Papers prepared by the Legislative Fiscal Bureau.

This is followed by an "overview" section which provides a series of summary tables and charts which display 2001-03 revenues, appropriations and authorized position levels. Information is presented for all fund sources, the general fund, transportation fund and the state's lottery program.

The third section of the document, "General Fund Taxes," identifies the policy and 2001-03 revenue effect of each general fund tax change contained within the budget act. It appears in Volume I, starting on page 69.

The next section contains budget and policy summaries for each state agency and program. The agencies appear in alphabetical order. For each agency, comparative tables are presented which depict funding and authorized position levels. This is followed by a narrative description and fiscal effect, if any, of each budget change item. Volume I contains summaries of the Department of Administration (beginning on page 135) through the Department of Health and Family Services. Volume II begins with the Higher Educational Aids Board on page 871. In this section, the author of each change is identified.

The fifth section of the document lists the various reports and studies which are required in 2001 Act 16. This begins on page 1601 of Volume II.

The sixth section provides a description of the non-fiscal, policy items contained within the Governor's original budget recommendations. These items were not considered as a part of budget deliberations by the Joint Committee on Finance. A description of each of these items is shown in this section which begins on page 1609, Volume II.

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HISTORY OF THE 2001-03 BIENNIAL BUDGET

This section provides a narrative history of the 2001-03 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point, on May 31, 2000, when the Department of Administration issued condensed budget instructions to each state agency. On June 9, 2000, the Department of Administration issued more detailed instructions, including the Governor's major budget policy priorities and procedures that agencies should follow in preparing their 2001-03 biennial budget requests.

Included in the Governor's major policy directives for the 2001-03 biennial budget were instructions that state agencies meet a "budget target policy" for most of their general purpose revenue (GPR) funding requests. The budget target policy directive required agencies to limit their GPR funding requests for the 2001-02 fiscal year to 100% of the funding level for the 2000-01 adjusted base year and to limit their funding requests for the 2002-03 fiscal year to 101% of the funding level for the 2000-01 adjusted base year. This budget target request limitation policy applied to all GPR-funded state operations appropriations (other than the Department of Corrections, Medical Assistance and debt service), all GPR-funded aids to individuals and organizations appropriations and all GPR-funded local assistance appropriations (other than school aids). Agency GPR-funded standard budget adjustments were excluded from the target policy limitation requirement. The directive also applied to SEG funded administrative operations appropriations of DOT, DNR and the Lottery.

Agencies were instructed to submit their formal budget to the Executive Budget Office and the Legislative Fiscal Bureau by September 15, 2000. The Executive Budget Office began reviewing agency funding requests as they were submitted. On November 20, 2000, as required by statute, the Executive Budget Office distributed to Governor Tommy G. Thompson and to the Legislature a compilation of state agencies' 2001-03 biennial budget requests. This summary of agencies' budget requests indicated that they were seeking total 2001-03 funding of $45.66 billion (all funds), of which $23.94 billion was requested from general purpose revenues. Also included in the summary was the statutorily required estimate of tax revenues for fiscal year 2000-01 and the 2001-03 biennium, as developed by the Department of Revenue. Total general fund tax collections for the biennium were projected at $22.80 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 25, 2001, the Bureau estimated that the state's general fund would realize a total of $651 million less in the period from 2000-01 through 2002-03 than was reflected in the report from the Departments of Administration and Revenue.

The Governor, with the assistance of the Department of Administration, continued to review agency funding and policy change requests during this time to develop specific gubernatorial budget recommendations for each agency for submittal to the 2001 Legislature. Also during this period, the Governor made decisions on individual gubernatorial funding and policy initiatives to be included in the biennial budget bill.

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the new Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 2001 Senate Joint Resolution 14, adopted by the Senate on January 30, 2001, and concurred in by the Assembly on the same day, this deadline for the submission of the Governor's budget message and the executive budget bill (or bills) was extended to February 20, 2001. Newly inaugurated Governor Scott McCallum officially delivered his 2001-03 biennial budget message and recommendations to a joint convention of the Legislature on February 20, 2001.

That same day, the Joint Committee on Finance, at the request of the Governor, introduced companion biennial budget bills in each house of the Legislature. The bills, formally introduced in the Senate as 2001 Senate Bill 55 (SB 55) and in the Assembly as 2001 Assembly Bill 144 (AB 144), were both read for the first time and referred to the Joint Committee on Finance for further consideration. The Governor subsequently submitted the recommendations of the State Building Commission constituting the capital budget and the state building program to the Joint Committee on Finance on April 6. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

Between March 15 and March 21, the Joint Committee on Finance held three days of agency informational briefings on the biennial budget bills. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. Eight public hearings on the biennial budget bills were held by the Joint Committee on Finance to solicit public testimony on the proposals. Public hearings were held in Superior on March 27, in Eau Claire on March 28, in La Crosse on April 3, in Marshfield on April 4, in Peshtigo on April 5, in Kenosha on April 10, in Madison on April 11 and in Milwaukee on April 20. Another agency briefing and public hearing on the building program was held in Madison on May 9. While the Joint Committee on Finance was conducting its informational briefings and public hearings, many of the standing committees in each house of the Legislature also held hearings on those aspects of the executive budget bills that fell under their subject matter jurisdiction.

On April 23, 2001, Senator Brian Burke (D-Milwaukee), the Senate Chair of the Joint Committee on Finance, and Representative John Gard (R-Peshtigo), the Assembly Chair of the Joint Committee on Finance, issued a memorandum outlining the process that the Joint Committee on Finance would follow during its deliberations on the 2001-03 state budget. The following procedures were announced:

• The Joint Committee on Finance would work from SB 55, and upon the completion of the Committee's work, all modifications would be incorporated into a substitute amendment to SB 55, which would be reported to the Senate for first house consideration. AB 144 would not be reported from the Committee.

• For a number of state agencies and programs, the Joint Committee on Finance would work from the 2000-01 adjusted base rather than from the recommendations for the agencies or programs, as proposed by the Governor in SB 55. Thus, while the Governor's recommendations with respect to these agencies and programs would still be before the Committee for consideration, a majority vote would be required for the Governor's recommendations (or any other proposals affecting these specified agencies or programs) to be adopted. The following agencies and programs were subject to this treatment.

- Department of Agriculture, Trade and Consumer Protection
- Board of Commissioners of Public Lands
- Building Commission
- Building Program
- Department of Commerce
- District Attorneys
- Department of Employee Trust Funds
- Employment Relations Commission
- Department of Employment Relations
- Environmental Improvement Fund
- Department of Health and Family Services
  - -- Medical Assistance
  - -- Family Care and Other Community Based Long-term Care Programs
- Department of Justice
- Department of Natural Resources
- Office of State Public Defender
- Department of Public Instruction
  - -- General School Aids
  - -- Revenue Limits
  - -- Categorical Aids
  - -- Choice, Charter and Open Enrollment
  - -- Assessments and Licensing
  - -- Administrative and Other Funding
- Shared Revenue and Tax Relief
- Technology for Educational Achievement in Wisconsin Board
- Tobacco Control Board
- Wisconsin Health and Educational Facilities Authority

• For all other agencies and programs, the Joint Committee on Finance would work from the Governor's recommendations contained in SB 55. The Committee would entertain motions to amend the bill with respect to these other agencies and programs, and a majority vote would be required for the bill to be amended.

• A total of 150 nonfiscal policy items in SB 55 were identified that would not be addressed as part of the Joint Committee on Finance's budget deliberations. These provisions were deleted from the biennial budget bill.

After an April 26 Legislative Fiscal Bureau briefing on tobacco settlement securitization and a preliminary review of the fiscal effect of certain items within SB 55, the Joint Committee on Finance held a total of 18 executive sessions on the biennial budget bill. The first executive session was held on May 2, and the last was held on June 7. At the Committee's final June 7 executive session, the Committee adopted a substitute amendment (SSA 1 to SB 55) incorporating all of its

previous actions modifying the biennial budget and recommended passage of the substitute amendment on a vote of 12 to 4. The revised budget bill, SSA 1 to SB 55, was formally reported to the Senate on June 18.

On June 14, the Senate received a report from the Joint Survey Committee on Tax Exemptions concerning the tax exemptions of SSA 1 to SB 55. The Joint Survey Committee on Tax Exemptions reported that the provisions of the substitute amendment relating to tax exemptions are good public policy with the exception of a provision relating to the taxation of custom computer programs. The Committee recommended removing that provision from the bill. Additionally, the Committee recommended removing a provision relating to a property tax exemption for regional planning commissions from the bill and considering it as separate legislation. On June 15, the Senate received a report from the Joint Survey Committee on Retirement Systems concerning the relevant provisions of SSA 1 to SB 55. The Joint Survey Committee on Retirement Systems reported that the three provisions relating to retirement are good public policy and recommended that the Legislature enact them into law.

Following the conclusion of Joint Committee on Finance action on the biennial budget, the party caucuses in both houses began holding a series of meetings to consider further modifications to the biennial budget bill. On June 8, the Legislative Fiscal Bureau conducted briefings before the Senate Democratic Caucus and the Senate Republican Caucus on the major provisions of the substitute amendment. The Legislative Fiscal Bureau subsequently conducted briefings before the Assembly on the major provisions of the substitute amendment on June 13. The Senate Democratic Caucus met on five days (June 11, 12, 13, 14 and 18) to consider modifications to SSA 1. The Legislative Fiscal Bureau conducted briefings before the Senate Democratic Caucus and the Assembly Republican Caucus on the proposed Senate Democratic Caucus modifications on June 18. Later that day, the Senate Democratic Caucus approved a package of recommended modifications to SSA 1 that would be introduced as a super-amendment to SSA 1.

The Senate began consideration of the 2001-03 state budget on June 19. The changes recommended by the Senate Democratic Caucus were drafted as Senate Amendment 2 (SA 2) to SSA 1 to SB 55. During the Senate's deliberations, two amendments to SSA 1 were offered and two amendments to SA 2 were offered. The Senate adopted Senate Amendment 2. The substitute amendment, as amended, was adopted on a 19-12 vote, and the bill, as amended, was passed on a vote of 18 to 13 later that evening. The bill was ordered immediately messaged to the Assembly.

On June 20, the Legislative Fiscal Bureau conducted briefings before the Assembly Democratic Caucus on the Senate Amendment. The Assembly formally received the bill on June 21. The Assembly Republican Caucus met on five days (June 19, 20, 21, 22 and 25) to consider modifications to SSA 1. On June 25, the Assembly Republican Caucus approved a package of recommended modifications to SSA 1 that would be introduced as a super-amendment to SSA 1. The Legislative Fiscal Bureau briefed the Assembly Democratic Caucus on the provisions of the Assembly Republican Caucus package on June 29.

The Assembly began consideration of the 2001-03 state budget on June 29. Assembly Substitute Amendment 1, identical to SSA 1, formed the basis for Assembly consideration of the budget. Assembly Amendment 1 (AA 1) to ASA 1 to SB 55 was drafted to incorporate the changes to the budget recommended by the Assembly Republican Caucus. A total of 34 amendments to AA 1 were offered. AA 1 (as modified by Assembly Amendment 33) was adopted on a vote of 57 to 42. Of the 132 amendments to ASA 1 that also were offered, Assembly Amendments 22, 69, 75, 120 and 123 were adopted. ASA 1, as amended, and the bill, as amended, were adopted by the Assembly on a 61-38 vote later that evening.

After Assembly consideration of the budget, Assembly Joint Resolution 55 (AJR 55), regarding the establishment of a Committee of Conference on SB 55, was offered. AJR 55 authorized the creation of a Conference Committee of eight members, consisting of three members of the majority party and one member of the minority party from each house. AJR 55 specified that the report of the Conference Committee be limited to reconciling the differences in the positions of the two houses. The Assembly adopted AJR 55 on a vote of 63-36. The Senate adopted AJR 55 on a vote of 31-0 after amending it to eliminate the limitations on what could be included in the report and instead prohibit the Conference Committee from including any provisions altering the boundaries of congressional or legislative districts. The Assembly ultimately concurred in the Senate Amendment on July 2. Senators Charles Chvala (D-Madison), Brian Burke (D-Milwaukee), Russell Decker (D-Schofield) and Mary Panzer (R-West Bend) were named the Senate conferees, while Representatives Scott Jensen (R-Waukesha), Steven Foti (R-Oconomowoc), John Gard (R-Peshtigo), and Spencer Black (D-Madison) were named as the Assembly conferees. Senator Chvala and Representative Jensen served as Co-chairs of the Committee.

The Conference Committee began deliberations on the 800 items of difference between the houses on SB 55 on July 5 and subsequently met on July 6, 7, 9, 10 and 14. The Conference Committee announced their agreement on July 25 and on July 26 voted unanimously for approval of Conference Amendment 1 to SSA 1 to SB 55. On July 26, the Legislative Fiscal Bureau briefed the four party caucuses on the provisions of Conference Amendment 1. Later that evening, the Conference Committee report was approved by the Assembly on a 73-22 vote (with four votes paired) and then by the Senate on a 25-8 vote. The bill was enrolled on August 8, and awaited final action by the Governor.

On August 23, enrolled SB 55 was presented to the Governor. He approved the bill, in part, on August 30, and had it deposited in the Office of the Secretary of State as 2001 Wisconsin Act 16. The Governor indicated in his message to the Assembly that he had exercised his authority to make 315 partial vetoes to the bill, as passed by the Legislature. Act 16 was published on August 31, and except as otherwise specifically provided, became effective the following day. None of the Governor's partial vetoes have been overturned by the Legislature.

BRIEF CHRONOLOGY OF THE 2001-03 BUDGET

GOVERNOR/ADMINISTRATION

• May 31, 2000	Department of Administration issued condensed budget instructions
• June 9	Department of Administration issued detailed budget instructions
• September 15	Agency deadline for submission of budget requests
• November 20	Executive Budget Office submitted a compilation of agency budget requests and a Department of Revenue estimate of tax revenues
• February 20, 2001	Governor delivered budget message and recommendations to the Legislature
• April 6	Governor submitted recommendations of the State Building Commission for the capital budget and authorized state building program

JOINT COMMITTEE ON FINANCE

• February 20	Introduced 2001 Assembly Bill 144 (AB 144) and 2001 Senate Bill 55 (SB 55) as companion executive budget bills
• March 15-21	Budget bill briefings by agency officials
• March 27-April 20	Public hearings
• April 6	Received recommendations of the State Building Commission for the capital budget and authorized state building program
• April 23	Nonfiscal items removed from budget bills; decision announced to advance only SB 55 from the Joint Committee on Finance
• April 26	Briefing on tobacco settlement securitization and a preliminary review of the fiscal effect of certain items within SB 55
• May 2-June 7	Executive sessions
• May 9	Agency briefing and public hearing on the capital budget
• June 7	Adopted Senate Substitute Amendment 1 (SSA 1) to SB 55 and passed the bill on a 12-4 vote
• June 18	SSA 1 to SB 55, as recommended by the Joint Committee on Finance, reported to the Senate

LEGISLATURE

• June 8	Briefings for the Senate Democratic and Republican Caucuses on SSA 1 to SB 55
• June 11-18	Senate Democratic Caucus met to formulate position on budget bill
• June 13	Briefing for the Assembly on SSA 1 to SB 55
• June 14	Report of the Joint Survey Committee on Tax Exemptions received
• June 15	Report of the Joint Survey Committee on Retirement Systems received
• June 18	Briefings for the Senate Democratic and Assembly Republican Caucuses on actions of the Senate Democratic Caucus
• June 19	Previously adopted actions of the Senate Democratic Caucus introduced as Senate Amendment 2 to SSA 1

• June 19-20	Senate adopted Senate Amendment 2 to SSA 1 and the bill as amended on a vote of 18-13
• June 19-25	Assembly Republican Caucus met to formulate position on budget bill
• June 20	Briefing for the Assembly Democratic Caucus on Senate Amendment 2 to SSA 1
• June 21	SB 55 received by Assembly
• June 29	Briefing for the Assembly Democratic Caucuses on actions of the Assembly Republican Caucus
• June 29	Assembly Substitute Amendment 1 (identical to SSA 1) offered as basis for Assembly consideration
• June 29	Previously adopted actions of the Assembly Republican Caucus introduced as Assembly Amendment 1 to ASA 1
• June 29-30	Assembly adopted Assembly Amendment 1 to ASA 1 (as amended by Assembly Amendment 33), and Assembly Amendments 22, 69, 75, 120 and 123 to ASA 1 and the bill, as amended, on a vote of 61-38

COMMITTEE OF CONFERENCE

• June 29-30	Assembly Joint Resolution 55 to create Conference Committee adopted by Assembly
• July 2	AJR 55 to create Conference Committee (as amended by Senate Amendment 1) adopted by Senate
• July 2	Senate Amendment 1 to AJR 55 concurred in by Assembly
• July 2	Assembly conferees appointed
• July 5	Senate conferees appointed
• July 5-25	Conference Committee met to resolve differences between the Houses on SB 55
• July 26	Conference Committee adopted Conference Amendment 1 to SSA 1 to SB 55

LEGISLATURE

• July 26	Briefings for the Senate and Assembly caucuses on Conference Amendment 1
• July 26	Conference Amendment 1 approved by Assembly on 73-22 (4 paired) vote
• July 26	Conference Amendment 1 approved by Senate on 25-8 vote
• August 8	Senate Bill 55 reported correctly enrolled

ENACTMENT

• August 23	Enrolled SB 55 presented to the Governor
• August 30	Governor approved bill, with partial vetoes, as 2001 Wisconsin Act 16
• August 31	Act 16 published
• September 1	Act 16 became generally effective

KEY TO ABBREVIATIONS

REVENUES

BR	Bond revenues which are available from the contracting of public debt (general obligation bonding) or from the contracting of debt which is to be repaid from project revenues and does not constitute debt of the state (revenue bonding).
GPR-Earned	Departmental revenues which are collected by individual state agencies and deposited in the general fund.
REV	Revenue

APPROPRIATIONS

GPR	Appropriations financed from general purpose revenues available in the state's general fund.
FED	Appropriations financed from federal revenues.
PR	Appropriations financed from program revenues, such as user fees or product sales.
PR-S	Program Revenue-Service. Appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.
SEG	Appropriations financed from segregated revenues.
SEG-Local	Appropriations financed from local revenues which are administered through a state segregated fund.
SEG-S	Segregated Revenue-Service. Segregated appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.

OTHER

1999 Wisconsin Act 9	The 1999-01 biennial budget act.
SB 55/AB 144	2001 Senate Bill 55/Assembly Bill 144, the Governor's 2001-03 budget recommendations.
SSA 1 to SB 55	Senate Substitute Amendment 1 to Senate Bill 55, the 2001-03 budget recommendations of the Joint Committee on Finance.
CY	Calendar year.
FY	Fiscal year.
FTE	Full-time equivalent position.
LTE	Limited-term employment position for which employment is limited to 1,044 hours per appointment in a 12-month period.
2000-01 Base	The total 2000-01 authorized funding level for an agency or program. The base equals 2000-01 appropriations, pay plan modifications and any other supplements. It is this base that serves as the beginning point for calculating budget changes for 2001-03.
2000-01 Base Year Doubled	The 2000-01 base multiplied by two. This produces the biennial base level against which 2001-03 budget levels may be compared.
Lapse	Budgeted amounts that are unspent at the end of a fiscal period which revert back to the fund from which they were appropriated.
PECFA	Petroleum Environmental Cleanup Fund Award Program
TANF	Temporary Assistance to Needy Families
W-2	Wisconsin Works Program

USER'S GUIDE

The following explanation of entries is keyed to the accompany sample entry (page 11).

(1) The funding source for the amounts shown in columns 2 through 4. Only the funding sources which are included in the agency's budget are shown.

(2) The 2000-01 base represents authorized appropriation and position levels for 2000-01. The base is doubled in the budget column to provide a two-year to two-year comparison.

(3) Appropriation and position levels recommended by the Governor, Joint Committee on Finance, Legislature, and as authorized by 2001 Wisconsin Act 16 (includes the impact of any gubernatorial vetoes).

(4) These columns indicate the change of the budget level contained in 2001 Wisconsin Act 16 to the 2000-01 base year doubled. For positions, the increase or decrease is based on the 2002-03 authorized level compared to the 2000-01 level.

(5) This uniform entry, "Standard Budget Adjustments," includes such things as full funding of continuing positions, turnover reductions and removal of one-time items. The box highlights the funding and position change to the agency's base as a result of the item. For every item which has a fiscal and/or position change, a box with that information will be presented.

(6) Title of the budget change item. Immediately following the title, if applicable, "[ ]" shows the number of the Legislative Fiscal Bureau issue paper prepared on this item. In this example, paper [890] pertains to the Kickapoo Valley. A complete listing of all Fiscal Bureau issue papers begins on page 12 of this document.

(7) Funding and position change to the agency's base budget. If the entry is entitled, "GOVERNOR/LEGISLATURE," the recommendations proposed by the Governor were adopted by the Joint Committee on Finance and the Legislature. For those budget items where the recommendations of the Governor, Joint Finance Committee or Legislature differ, the fiscal and position effect shown at each step is the change to the previous recommendation.

(8) Narrative description of the various budget change items, for each entry, as recommended by the Governor, Joint Committee on Finance and Legislature.

(9) Narrative description of partial vetoes by the Governor. At the beginning of the veto entry in the "[ ]" is the number (in this example F-30) of the veto from the Governor's veto message (August 30, 2001).

(10) Bill sections relating to the budget change item. "Act 16 Sections" lists the sections which remain in the act. "Act 16 Vetoed Sections" lists those sections which were partially or entirely vetoed.

TOURISM

Budget Summary

(1) Fund	(2) 2000-01 Base Year Doubled	(3) 2001-03 Governor	(3) 2001-03 Jt. Finance	(3) 2001-03 Legislature	(3) 2001-03 Act 16	(4) Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$23,914,200	$22,756,400	$22,507,000	$22,507,000	$22,507,000	- $1,407,200	- 5.9%
PR	8,215,200	8,404,400	8,477,500	8,477,500	8,467,000	251,800	3.1
SEG	494,400	1,044,700	934,200	934,200	934,200	439,800	89.0
TOTAL	$32,623,800	$32,205,500	$31,918,700	$31,918,700	$31,908,200	- $715,600	- 2.2%

FTE Position Summary

(1) Fund	(2) 2000-01 Base	(3) 2002-03 Governor	(3) 2002-03 Jt. Finance	(3) 2002-03 Legislature	(3) 2002-03 Act 16	(4) Act 16 Change Over 2000-01 Base
GPR	58.25	58.25	57.25	57.25	57.25	- 1.00
PR	1.00	1.00	1.00	2.00	2.00	1.00
SEG	3.00	3.00	3.00	3.00	3.00	0.00
TOTAL	62.25	62.25	61.25	62.25	62.25	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$38,000
PR	21,200
SEG	11,200
Total	$70,400

(5) **Governor/Legislature:** Provide $35,200 annually for adjustments to the base budget for: (a) turnover reduction (-$65,500 GPR annually); (b) full funding of salaries and fringe benefits ($78,700 GPR, $10,600 PR and $5,600 SEG annually); and (c) night and weekend differential ($5,800 GPR annually).

(6) 2. KICKAPOO VALLEY RESERVE LAW ENFORCEMENT FUNDING [LFB Paper 890]

(7)	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
PR	$0	$73,100	- $10,500	$62,600
SEG	73,100	- 73,100	0	0
Total	$73,100	$0	- $10,500	$62,600

Governor: Provide $31,300 in 2001-02 and $41,800 in 2002-03 from the forestry account of the conservation fund for 1.0 FTE of limited-term employee staff …

(8) **Joint Finance/Legislature:** Provide funding from a new, annual PR appropriation from tribal gaming revenues instead of from forestry account SEG. Provide that …

(9) **Veto by Governor [F-30]:** Delete $10,500 in the second year by deleting the $41,800 amount in the schedule and writing in a lower amount ($31,300).

[Act 16 Sections: 632c and 881r]

(10) [Act 16 Vetoed Section: 395 (as it relates to s. 20.380(2)(kc))]

LEGISLATIVE FISCAL BUREAU

2001-03 Budget Papers

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668 State Parks Funding Adjustments
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OVERVIEW

ALL FUNDS BUDGET AND POSITION SUMMARIES

TABLE 1

Summary of 2001-03 Appropriations and Authorizations

Fund Source	2001-02	2002-03	Total	% of Total
General Purpose Revenue (GPR)	**$11,560,552,900**	**$11,891,793,000**	**$23,452,345,900**	**47.99%**
Appropriations	11,532,652,900	11,809,293,000	23,341,945,900	
Compensation Reserves	27,900,000	82,500,000	110,400,000	
Federal Revenue (FED)	**5,488,345,100**	**5,591,682,600**	**11,080,027,700**	**22.67%**
Appropriations	5,480,779,400	5,569,179,100	11,049,958,500	
Compensation Reserves	7,565,700	22,503,500	30,069,200	
Program Revenue (PR)	**3,037,722,100**	**3,142,136,200**	**6,179,858,300**	**12.65%**
Appropriations	3,017,256,400	3,081,543,100	6,098,799,500	
Compensation Reserves	20,465,700	60,593,100	81,058,800	
Segregated Revenue (SEG)	**3,215,670,300**	**2,922,603,200**	**6,138,273,500**	**12.56%**
Appropriations	3,210,905,000	2,908,494,600	6,119,399,600	
Compensation Reserves	4,765,300	14,108,600	18,873,900	
Subtotal	**$23,302,290,400**	**$23,548,215,000**	**$46,850,505,400**	**95.87%**
Appropriations	23,241,593,700	23,368,509,800	46,610,103,500	
Compensation Reserves	60,696,700	179,705,200	240,401,900	
Bond Revenue			**$2,017,557,900**	**4.13%**
General Obligation Bonding			1,538,975,900	
Revenue Bonding			478,582,000	
TOTAL			**$48,868,063,300**	**100.00%**

TABLE 2

2001-03 Comparative Summary of Appropriations and Authorizations

All Funds

Fund Source	Governor	Jt. Finance	Legislature	Act 16
General Purpose Revenue	$23,577,199,100	$23,359,702,000	$23,401,202,800	$23,452,345,900
Federal Revenue	11,120,264,400	11,084,746,300	11,102,444,600	11,080,027,700
Program Revenue	6,077,835,400	6,180,112,700	6,179,417,500	6,179,858,300
Segregated Revenue	5,865,714,500	6,171,144,400	6,209,719,000	6,138,273,500
Subtotal	$46,641,013,400	$46,795,705,400	$46,892,783,900	$46,850,505,400
Bonding				
General Obligation	$1,522,625,900	$1,049,862,400	$1,546,375,900	$1,538,975,900
Revenue	495,482,000	478,582,000	478,582,000	478,582,000
Subtotal	$2,018,107,900	$1,528,444,400	$2,024,957,900	$2,017,557,900
TOTAL	$48,659,121,300	$48,324,149,800	$48,917,741,800	$48,868,063,300

TABLE 3

Summary of Total All Funds Appropriations by Agency

Agency	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Senate	2001-03 Assembly	2001-03 Legislature	2001-03 Act 16	2001-03 Act 16 Change Over Base Amount	2001-03 Act 16 Change Over Base Percent
Administration	$924,750,400	$735,127,100	$719,073,400	$981,990,600	$723,187,000	$720,507,600	$719,670,600	- $205,079,800	- 22.2%
Adolescent Pregnancy Prevention Board	1,110,600	1,121,600	1,121,600	1,121,600	1,121,600	1,121,600	1,121,600	11,000	1.0
Agriculture, Trade and Consumer Protection	137,998,600	155,305,400	144,115,500	138,662,100	154,458,500	153,277,300	151,936,300	13,937,700	10.1
Arts Board	6,472,400	6,379,000	6,379,000	6,379,000	6,379,000	6,379,000	6,379,000	- 93,400	- 1.4
Board of Commissioners of Public Lands	2,775,000	2,879,700	2,775,000	3,123,900	2,775,000	2,879,700	2,879,700	104,700	3.8
Board on Aging and Long-Term Care	3,950,000	3,288,900	4,324,800	4,324,800	4,324,800	4,326,800	3,201,300	- 748,700	- 19.0
Building Commission	52,922,000	102,180,400	80,133,400	80,133,400	80,133,400	80,133,400	80,133,400	27,211,400	51.4
Child Abuse and Neglect Prevention Board	5,257,600	5,316,100	5,118,800	5,118,800	5,118,800	5,118,800	5,118,800	- 138,800	- 2.6
Circuit Courts	154,986,200	146,605,800	146,711,400	151,268,000	146,962,000	148,038,600	148,038,600	- 6,947,600	- 4.5
Commerce	420,924,600	425,078,600	373,674,400	368,705,700	377,781,600	377,781,600	377,781,600	- 43,143,000	- 10.2
Compensation Reserves	---	240,401,900	240,401,900	240,401,900	240,401,900	240,401,900	240,401,900	240,401,900	N.A.
Corrections	1,820,221,600	2,037,158,700	1,991,248,100	1,977,782,800	1,974,376,300	1,981,707,800	1,981,707,800	161,486,200	8.9
Court of Appeals	15,784,200	14,587,400	14,587,400	15,218,800	14,587,400	14,745,200	14,745,200	- 1,039,000	- 6.6
District Attorneys	73,204,400	75,098,000	76,550,300	76,550,300	76,815,200	76,759,000	75,624,000	2,419,600	3.3
Educational Communications Board	30,061,600	33,854,100	34,183,700	34,183,700	34,183,700	34,183,700	34,183,700	4,122,100	13.7
Elections Board	3,312,000	2,918,300	2,739,000	3,468,200	2,784,000	2,784,000	2,784,000	- 528,000	- 15.9
Electronic Government	0	264,933,500	264,431,700	0	264,431,700	264,431,700	264,431,700	264,431,700	N.A.
Employee Trust Funds	42,062,800	46,710,000	41,664,200	42,929,000	42,514,200	42,514,200	41,664,200	- 398,600	- 0.9
Employment Relations	13,720,800	13,413,600	13,413,600	13,413,600	13,413,600	13,413,600	14,789,100	1,068,300	7.8
Employment Relations Commission	6,025,800	5,757,000	5,786,800	5,499,400	5,786,800	5,757,000	5,757,000	- 268,800	- 4.5
Environmental Improvement Fund	69,648,200	77,936,400	77,199,000	77,199,000	77,199,000	77,199,000	77,199,000	7,550,800	10.8
Ethics Board	1,097,400	1,221,200	1,221,200	1,221,200	1,221,200	1,221,200	1,221,200	123,800	11.3
Financial Institutions	30,694,600	31,177,500	30,024,400	30,264,400	30,264,400	30,264,400	30,264,400	- 430,200	- 1.4
Forestry	0	0	0	0	0	68,843,300	0	0	0.0
Fox River Navigational System Authority	0	216,700	216,700	0	216,700	216,700	216,700	216,700	N.A.
Governor	6,953,200	7,556,500	7,112,800	7,112,800	7,112,800	7,112,800	7,112,800	159,600	2.3
Health and Family Services	9,112,348,400	10,418,967,500	10,509,792,600	10,634,301,300	10,567,117,000	10,582,365,900	10,545,082,300	1,432,733,900	15.7
Higher Educational Aids Board	131,371,000	132,321,100	132,871,300	141,385,600	136,531,000	138,763,000	138,763,000	7,392,000	5.6
Historical Society	40,004,800	37,783,600	38,015,800	38,045,800	38,015,800	38,015,800	38,015,800	- 1,989,000	- 5.0
Insurance	167,976,600	185,748,700	185,673,700	185,673,700	185,673,700	185,673,700	185,673,700	17,697,100	10.5
Investment Board	39,104,400	39,104,400	39,104,400	39,104,400	39,104,400	39,104,400	39,104,400	0	0.0
Judicial Commission	465,400	432,600	432,600	432,600	432,600	432,600	432,600	- 32,800	- 7.0
Justice	144,108,400	149,117,900	153,446,000	157,140,400	151,828,600	153,546,000	153,327,000	9,218,600	6.4
Legislature	123,508,600	127,219,000	126,931,000	126,803,800	126,918,800	127,160,800	126,931,000	3,422,400	2.8
Lieutenant Governor	1,051,200	1,126,600	1,126,600	1,126,600	1,126,600	1,126,600	1,126,600	75,400	7.2

TABLE 3 (continued)

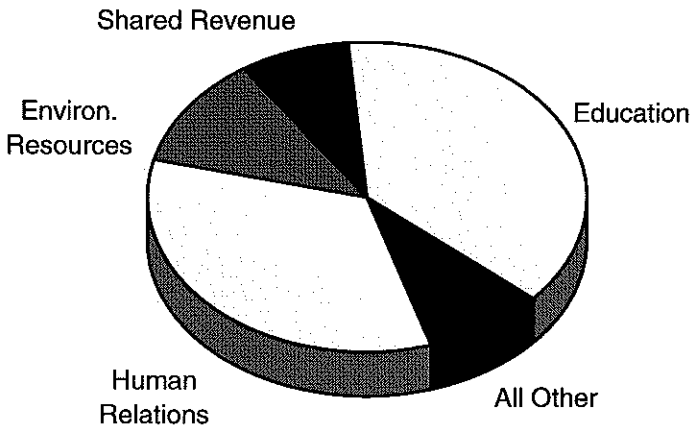
Summary of Total All Funds Appropriations by Agency

Agency	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Senate	2001-03 Assembly	2001-03 Legislature	2001-03 Act 16	2001-03 Act 16 Change Over Base Amount	2001-03 Act 16 Change Over Base Percent
Lower Wisconsin State Riverway Board	$260,200	$307,600	$307,600	$307,600	$307,600	$307,600	$307,600	$47,400	18.2%
Medical College of Wisconsin	16,271,400	16,271,300	16,271,300	16,271,300	16,271,300	16,271,300	16,271,300	- 100	0.0
Military Affairs	109,235,400	110,682,200	109,327,000	110,095,200	109,137,100	108,858,200	108,858,200	- 377,200	- 0.3
Miscellaneous Appropriations	171,715,400	871,279,300	972,813,200	994,913,200	972,822,300	995,013,200	995,013,200	823,297,800	479.5
MN-WI Boundary Area Commission	376,000	393,000	393,000	393,000	0	0	0	- 376,000	- 100.0
Natural Resources	924,993,400	936,529,800	959,432,300	1,011,341,600	958,570,400	896,107,100	892,596,500	- 32,396,900	- 3.5
Personnel Commission	1,801,400	1,727,600	1,727,600	1,727,600	1,727,600	1,727,600	1,727,600	- 73,800	- 4.1
Program Supplements	238,991,200	91,309,000	100,638,400	103,594,000	103,969,100	103,169,100	102,969,100	- 136,022,100	- 56.9
Public Defender	132,029,400	126,642,100	131,010,000	131,010,000	131,010,000	131,010,000	127,742,100	- 4,287,300	- 3.2
Public Instruction	9,870,844,800	10,522,030,500	10,434,978,600	10,339,133,700	10,471,274,300	10,380,574,400	10,461,008,300	590,163,500	6.0
Public Service Commission	45,262,600	44,982,400	44,691,400	44,691,400	39,845,400	44,691,400	44,651,400	- 611,200	- 1.4
Regulation and Licensing	24,903,400	24,418,300	23,044,300	23,044,300	23,044,300	23,044,300	23,044,300	- 1,859,100	- 7.5
Revenue	316,927,400	311,974,300	310,045,800	310,045,800	310,045,800	309,991,800	309,991,800	- 6,935,600	- 2.2
Secretary of State	1,295,800	1,408,200	1,408,200	1,408,200	1,408,200	1,408,200	1,408,200	112,400	8.7
Shared Revenue and Tax Relief	3,784,464,000	3,782,682,800	3,773,113,100	3,786,337,000	3,770,713,100	3,785,337,000	3,786,454,500	1,990,500	0.1
State Fair Park	31,985,400	35,816,700	35,566,800	35,566,800	35,566,800	35,566,800	35,566,800	3,581,400	11.2
State Treasurer	3,828,800	4,588,900	4,223,700	4,223,700	4,223,700	4,223,700	4,223,700	394,900	10.3
Supreme Court	45,286,200	47,989,900	47,451,800	48,865,100	47,650,400	47,857,200	47,658,600	2,372,400	5.2
TEACH Board	117,309,000	124,376,800	131,328,000	131,222,600	131,088,300	131,300,300	131,300,300	13,991,300	11.9
Tobacco Control Board	42,433,200	33,175,600	21,527,400	21,527,400	21,527,400	21,527,400	21,527,400	- 20,905,800	- 49.3
Tourism	32,623,800	32,205,500	31,918,700	31,918,700	32,013,200	31,918,700	31,908,200	- 715,600	- 2.2
Transportation	4,013,726,200	4,361,067,100	4,371,925,200	4,376,675,100	4,368,437,800	4,374,822,000	4,372,982,000	359,255,800	9.0
University of Wisconsin System	6,109,213,000	6,472,457,500	6,487,788,000	6,542,789,500	6,488,329,200	6,506,688,400	6,505,364,800	396,151,800	6.5
UW Hospitals and Clinics Board	135,058,400	162,247,000	162,247,000	162,247,000	162,247,000	162,247,000	162,247,000	27,188,600	20.1
Veterans Affairs	310,915,400	335,276,100	325,691,700	328,004,800	325,711,700	328,224,800	328,224,800	17,309,400	5.6
Wisconsin Technical College System	362,159,400	372,192,000	372,808,000	372,508,000	365,008,000	369,808,000	367,008,000	4,848,600	1.3
Workforce Development	2,015,172,000	2,288,937,100	2,452,425,200	2,460,166,200	2,451,917,700	2,453,779,700	2,453,629,700	438,457,700	21.8
SUBTOTAL	$42,442,955,400	$46,641,013,400	$46,795,705,400	$46,980,116,000	$46,878,166,800	$46,892,783,900	$46,850,505,400	$4,407,550,000	10.4%
Bonding Authorization		2,018,107,900*	1,528,444,400	1,950,844,400	1,615,200,000	2,024,957,900	2,017,557,900	N.A.	
TOTAL		$48,659,121,300	$48,324,149,800	$48,930,960,400	$48,493,366,800	$48,917,741,800	$48,868,063,300		

*Includes Building Commission's recommendations

FIGURE 1

2001-03 All Funds Appropriations By Functional Area

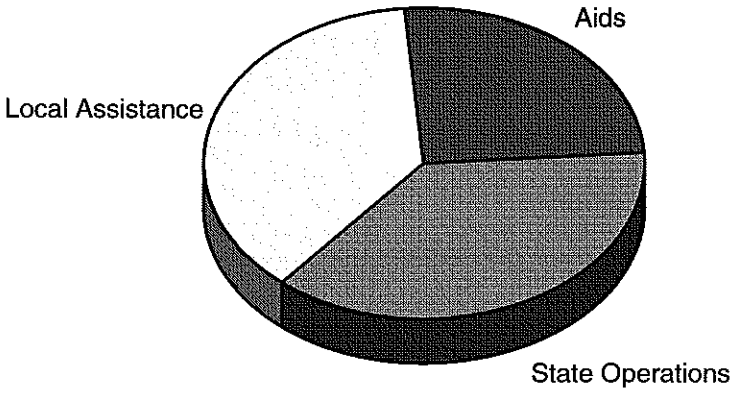


Functional Area	Amount	Percent of Total
Education	$17,698,294,200	37.8%
Human Relations and Resources	15,845,426,900	33.8
Environmental Resources	5,375,210,000	11.5
Shared Revenue and Tax Relief	3,786,454,500	8.1
All Other		
General Executive	1,539,877,700	3.3
General Appropriations	1,178,115,700	2.5
Commerce	848,918,500	1.8
Compensation Reserves	240,401,900	0.5
Judicial	210,875,000	0.4
Legislative	126,931,000	0.3
TOTAL	$46,850,505,400	100.0%

FIGURE 1 -- ALL FUNDS APPROPRIATIONS BY FUNCTIONAL AREA

FIGURE 2

2001-03 All Funds Appropriations By Purpose



Purpose	Amount	Percent of Total
State Operations	($17,537,439,700)	(37.4%)
UW System	6,505,364,800	13.9
Other Programs	10,791,673,000	23.0
Compensation Reserves	240,401,900	0.5
Local Assistance	17,527,792,000	37.4
Aids to Individuals and Organizations	11,785,273,700	25.2
TOTAL	$46,850,505,400	100.0%

TABLE 4

Summary of All Funds Full-Time Equivalent Positions by Agency

	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Senate	2002-03 Assembly	2002-03 Legislature	2002-03 Act 16	Change to Base
Administration	1,144.48	911.03	893.68	1,121.48	894.68	893.68	893.68	- 250.80
Adolescent Pregnancy Prevention Board	1.50	1.50	1.50	1.50	1.50	1.50	1.50	0.00
Agriculture, Trade and Consumer Protection	664.35	673.65	673.35	628.10	680.65	678.85	669.85	5.50
Arts Board	12.00	12.00	12.00	12.00	11.00	12.00	12.00	0.00
Board of Commissioners of Public Lands	11.00	10.00	11.00	11.00	11.00	10.00	10.00	- 1.00
Board on Aging and Long-Term Care	26.90	25.90	27.90	27.90	27.90	27.90	25.90	- 1.00
Child Abuse and Neglect Prevention Board	4.00	5.00	4.00	4.00	4.00	4.00	4.00	0.00
Circuit Courts	511.00	511.00	511.00	511.00	511.00	511.00	511.00	0.00
Commerce	484.55	489.05	462.75	462.75	473.75	473.75	473.75	- 10.80
Corrections	9,488.65	10,986.50	11,000.83	10,495.00	10,917.83	10,957.33	10,957.33	1,468.68
Court of Appeals	75.50	75.50	75.50	75.50	75.50	75.50	75.50	0.00
District Attorneys	412.15	402.65	417.20	417.40	420.20	419.40	404.65	- 7.50
Educational Communications Board	94.50	93.50	93.50	93.50	93.50	93.50	93.50	- 1.00
Elections Board	13.00	14.00	13.00	13.00	13.00	13.00	13.00	0.00
Electronic Government	0.00	227.30	228.30	0.00	230.30	230.30	230.30	230.30
Employee Trust Funds	201.85	191.35	213.35	213.35	213.35	213.35	213.35	11.50
Employment Relations	86.00	86.00	86.00	86.00	86.00	86.00	86.00	0.00
Employment Relations Commission	31.50	31.50	31.50	30.50	31.50	31.50	31.50	0.00
Ethics Board	6.50	6.50	6.50	6.50	6.50	6.50	6.50	0.00
Financial Institutions	168.50	170.25	168.50	168.50	168.50	168.50	168.50	0.00
Fish, Wildlife, Parks & Forestry*	0.00	0.00	0.00	0.00	1,899.52	0.00	0.00	0.00
Forestry	0.00	0.00	0.00	0.00	0.00	614.57	0.00	0.00
Governor	48.05	50.05	48.05	48.05	48.05	48.05	48.05	0.00
Health and Family Services	6,779.67	6,688.95	6,682.14	6,688.14	6,684.14	6,684.14	6,681.14	- 98.53
Higher Educational Aids Board	13.00	14.00	14.00	13.00	14.00	13.00	13.00	0.00
Historical Society	181.40	172.07	172.07	172.07	172.07	172.07	172.07	- 9.33
Insurance	134.00	135.00	135.00	135.00	135.00	135.00	135.00	1.00
Investment Board	104.50	104.50	104.50	104.50	104.50	104.50	104.50	0.00
Judicial Commission	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00
Justice	583.40	564.10	574.40	602.40	565.10	574.40	574.40	- 9.00

TABLE 4 (continued)

Summary of All Funds Full-Time Equivalent Positions by Agency

	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Senate	2002-03 Assembly	2002-03 Legislature	2002-03 Act 16	Change to Base
Legislature	830.97	830.97	830.97	830.97	831.97	833.22	830.97	0.00
Lieutenant Governor	7.75	7.75	7.75	7.75	7.75	7.75	7.75	0.00
Lower Wisconsin State Riverway Board	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00
Military Affairs	386.03	385.03	385.03	385.03	385.03	385.03	385.03	- 1.00
Natural Resources	3,000.52	2,959.02	2,982.91	3,006.41	1,068.79	2,376.84	2,322.09	- 678.43
Personnel Commission	10.00	10.00	10.00	10.00	10.00	10.00	10.00	0.00
Public Defender	527.55	527.55	586.85	586.85	586.85	586.85	527.55	0.00
Public Instruction	657.35	640.80	656.40	651.40	656.40	656.40	656.40	- 0.95
Public Service Commission	192.50	190.50	191.50	191.50	191.50	191.50	191.50	- 1.00
Regulation and Licensing	140.50	137.50	135.50	135.50	135.50	135.50	135.50	- 5.00
Revenue	1,309.70	1,308.70	1,309.55	1,309.55	1,309.55	1,309.05	1,309.05	- 0.65
Secretary of State	8.50	8.50	8.50	8.50	8.50	8.50	8.50	0.00
State Fair Park Board	51.20	46.20	46.20	46.20	46.20	46.20	46.20	- 5.00
State Treasurer	18.50	18.50	18.50	18.50	18.50	18.50	18.50	0.00
Supreme Court	203.00	203.50	203.50	207.25	204.50	204.50	203.50	0.50
TEACH Board	8.00	7.00	10.00	9.00	8.00	8.00	8.00	0.00
Tobacco Control Board	2.00	4.00	4.00	4.00	4.00	4.00	4.00	2.00
Tourism	62.25	62.25	61.25	61.25	62.25	62.25	62.25	0.00
Transportation	3,919.83	3,919.33	3,919.33	3,919.33	3,919.33	3,919.33	3,919.33	- 0.50
University of Wisconsin System	28,918.35	28,932.85	29,179.85	29,537.15	29,247.85	29,454.26	29,453.26	534.91
UW Hospitals and Clinics Board	1,634.54	1,887.22	1,887.22	1,887.22	1,887.22	1,887.22	1,887.22	252.68
Veterans Affairs	906.30	925.30	914.30	914.30	943.30	943.30	943.30	37.00
Wisconsin Technical College System	81.05	84.05	84.05	84.05	81.05	81.05	81.05	0.00
Workforce Development	2,441.70	2,387.30	2,365.30	2,364.80	2,368.30	2,362.80	2,362.80	- 78.90
TOTAL	66,604.04	68,140.67	68,463.98	68,322.65	68,480.38	68,749.34	67,987.72	1,383.68

*Estimated staffing. A Department of Fish, Wildlife, Parks and Forestry would have been created by the Assembly in 2002-03 from resources transferred from DNR; however, the actual level of funding and position authority would have been determined after subsequent legislative review.

TABLE 5

Full-Time Equivalent Positions Summary by Funding Source

	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Senate	2002-03 Assembly	2002-03 Legislature	2002-03 Act 16	Change to Base
GPR	35,239.88	36,776.52	37,069.75	36,880.27	37,044.17	37,278.58	37,216.03	1,976.15
FED	8,520.22	8,434.06	8,422.10	10,031.80	10,036.10	8,423.10	8,416.60	-103.62
PR	17,358.58	17,451.26	17,462.92	15,853.87	15,874.38	17,484.33	17,456.10	97.52
SEG	5,485.36	5,478.83	5,509.21	5,556.71	5,525.73	5,563.33	4,898.99	-586.37
TOTAL	66,604.04	68,140.67	68,463.98	68,322.65	68,480.38	68,749.34	67,987.72	1,383.68

TABLE 6

Comparative Summary of Full-Time Equivalent Positions

All Funds Comparison

	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Senate	2002-03 Assembly	2002-03 Legislature	Act 16
Authorized Positions	66,604.04	68,140.67	68,463.98	68,322.65	68,480.38	68,749.34	67,987.72
Change to Base		1,536.63	1,859.94	1,718.61	1,876.34	2,145.30	1,383.68
Change to Governor			323.31	181.98	339.71	608.67	-152.95
Change to Jt. Finance				-141.33	16.40	285.36	-476.26
Change to Senate					157.73	426.69	-334.93
Change to Assembly						268.96	-492.66
Change to Legislature							-761.62

General Fund Comparison

Authorized Positions	35,239.88	36,776.52	37,069.75	36,880.27	37,044.17	37,278.58	37,216.03
Change to Base		1,536.64	1,829.87	1,640.39	1,804.29	2,038.70	1,976.15
Change to Governor			293.23	103.75	267.65	502.06	439.51
Change to Jt. Finance				-189.48	-25.58	208.83	146.28
Change to Senate					163.90	398.31	335.76
Change to Assembly						234.41	171.86
Change to Legislature							-62.55

OVERVIEW

GENERAL FUND BUDGET AND POSITION SUMMARIES

TABLE 7

2001-03 General Fund Condition Statement

	2001-02	2002-03
Revenues		
Opening Balance, July 1	$207,508,000*	$285,081,000
Estimated Taxes	10,661,200,000	11,130,937,500
Departmental Revenues		
Tobacco Settlement	155,526,000	157,602,800
Tobacco Securitization	450,000,000	0
Other	228,159,800	205,922,300
Total Available	$11,702,393,800	$11,779,543,600
Appropriations, Transfers and Reserves		
Gross Appropriations	$11,532,652,900	$11,809,293,000**
Compensation Reserves	27,900,000	82,500,000
Transfer to Tobacco Control Fund	6,032,300	15,345,100
Less Estimated Lapses	-149,272,400	-177,409,300
Net Appropriations	$11,417,312,800	$11,729,728,800
Balances		
Gross Balance	$285,081,000	$49,814,800
Less Required Statutory Balance	-138,726,600	-142,701,500
Net Balance, June 30	$146,354,400	-$92,886,700

*Actual opening balance. Enrolled SB 55 assumed an opening balance of $197,829,200.

**Assumes that the $115 million of general school aid that would have been paid in 2003-04 under Enrolled SB 55 will be paid in 2002-03 because of a veto of the $115 million payment delay.

TABLE 8

Estimated 2001-03 General Fund Taxes

Tax Source	2001-02	2002-03	Total	% of Total
Individual Income	$5,455,527,500	$5,687,055,500	$11,142,583,000	51.1%
Sales and Use	3,750,575,400	3,975,136,000	7,725,711,400	35.5
Corporate Income and Franchise	594,197,100	606,318,500	1,200,515,600	5.5
Public Utility	244,000,000	249,977,500	493,977,500	2.3
Excise				
Cigarette	300,400,000	306,600,000	607,000,000	2.8
Liquor and Wine	35,900,000	36,800,000	72,700,000	0.3
Tobacco Products	14,500,000	16,250,000	30,750,000	0.1
Beer	9,500,000	9,500,000	19,000,000	0.1
Estate	110,000,000	91,000,000	201,000,000	0.9
Insurance Company	90,000,000	92,000,000	182,000,000	0.8
Miscellaneous	56,600,000	60,300,000	116,900,000	0.5
TOTAL	$10,661,200,000	$11,130,937,500	$21,792,137,500	100.0%

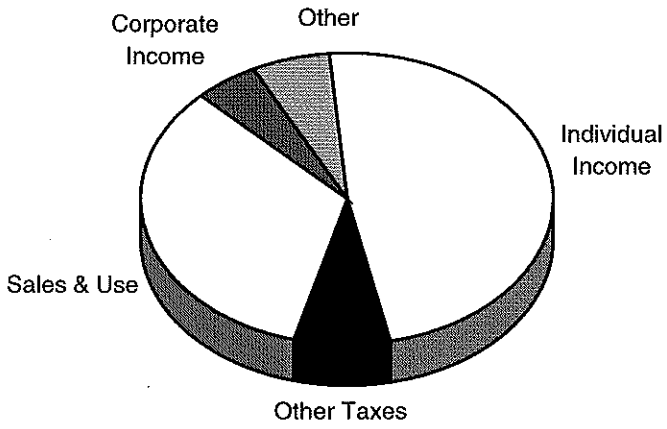
TABLE 9

Estimated 2001-03 Departmental Revenues
(GPR-Earned Amounts)

	2001-02	2002-03	2001-03
Administration	$44,522,600	$22,239,700	$66,762,300
Agriculture, Trade and Consumer Protection	171,300	171,300	342,600
Board of Commissioners of Public Lands	92,200	92,200	184,400
Circuit Courts	27,000,000	27,000,000	54,000,000
Commerce	15,500	16,000	31,500
Corrections	8,120,000	7,420,000	15,540,000
Court of Appeals	225,000	225,000	450,000
Educational Communications Board	10,000	10,000	20,000
Financial Institutions	21,770,600	22,583,700	44,354,300
Higher Educational Aids Board	1,000,000	1,000,000	2,000,000
Health and Family Services	39,659,800	39,249,800	78,909,600
Insurance	1,363,100	1,191,100	2,554,200
Interest Earnings	32,700,000	33,100,000	65,800,000
Justice	1,402,800	1,402,800	2,805,600
Legislature	3,000	3,000	6,000
Military Affairs	1,000	1,000	2,000
Miscellaneous Appropriations	200,000	200,000	400,000
Natural Resources	8,195,700	8,294,700	16,490,400
Personal Commission	3,000	3,000	6,000
Public Instruction	3,320,000	3,320,000	6,640,000
Public Service Commission	1,690,500	1,755,800	3,446,300
Public Defender	10,000	10,000	20,000
Regulation and Licensing	1,486,400	1,282,600	2,769,000
Revenue	12,366,300	12,327,700	24,694,000
Secretary of State	49,000	31,700	80,700
Shared Revenue and Tax Relief	9,946,700	10,046,900	19,993,600
State Treasurer	5,648,300	5,762,300	11,410,600
Supreme Court	66,500	66,500	133,000
Tobacco Settlement	155,526,000	157,602,800	313,128,800
Tobacco Securitization	450,000,000	0	450,000,000
UW System	5,938,500	5,938,500	11,877,000
Veterans Affairs	540,000	540,000	1,080,000
WI Technical College System	2,000	2,000	4,000
Workforce Development	640,000	635,000	1,275,000
TOTAL	$833,685,800	$363,525,100	$1,197,210,900

FIGURE 3

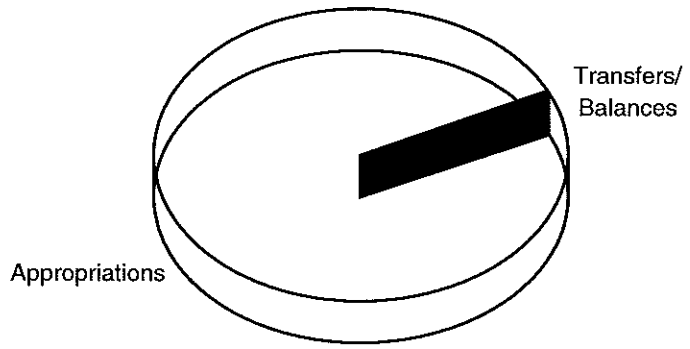
Estimated 2001-03 General Fund Revenues



Tax Source	Amount	Percent of Total
Individual Income	$11,142,583,000	48.1%
Sales and Use	7,725,711,400	33.3
Corporate Income and Franchise	1,200,515,600	5.2
Public Utility	493,977,500	2.1
Excise		
Cigarette	607,000,000	2.6
Liquor and Wine	72,700,000	0.3
Tobacco Products	30,750,000	0.1
Beer	19,000,000	< 0.1
Estate	201,000,000	0.9
Insurance	182,000,000	0.8
Miscellaneous	116,900,000	0.5
Total--Taxes	$21,792,137,500	94.0%
Other		
Opening Balance, July 1, 2001	$207,508,000	0.9%
Departmental Revenues	1,197,210,900	5.1
Total--Other	$1,404,718,900	6.0%
GRAND TOTAL	$23,196,856,400	100.0%

FIGURE 4

Use of 2001-03 General Fund Revenues



Use	Amount	Percent of Total
Appropriations	($23,452,345,900)	(99.7%)
Gross Appropriations	23,341,945,900	99.2
Compensation Reserves	110,400,000	0.5
Transfer to Tobacco Control Fund	21,377,400	< 0.1
Balances	(49,814,800)	0.2
Statutory Balance	142,701,500	0.6
Net Balance	-92,886,700	-0.4
GROSS TOTAL	$23,523,538,100	100.0%
Less Lapses	-326,681,700	
NET TOTAL	$23,196,856,400	

TABLE 10

Summary of General Fund Appropriations by Agency

Agency	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Senate	2001-03 Assembly	2001-03 Legislature	2001-03 Act 16	2001-03 Act 16 Change Over Base Amount	2001-03 Act 16 Change Over Base Percent
Administration	$55,071,800	$54,875,500	$40,928,900	$41,416,800	$41,814,700	$41,860,200	$41,544,400	- $13,527,400	- 24.6%
Adolescent Pregnancy Prevention Board	222,000	222,600	222,600	222,600	222,600	222,600	222,600	600	0.3
Agriculture, Trade and Consumer Protection	56,955,000	73,837,500	68,081,400	53,030,600	70,748,800	60,229,200	59,729,200	2,774,200	4.9
Arts Board	5,110,400	5,126,800	5,126,800	5,126,800	5,126,800	5,126,800	5,126,800	16,400	0.3
Board on Aging and Long-Term Care	1,257,000	1,563,000	1,563,000	1,563,000	1,563,000	1,563,000	1,563,000	306,000	24.3
Building Commission	50,873,600	100,132,000	78,085,000	78,085,000	78,085,000	78,085,000	78,085,000	27,211,400	53.5
Circuit Courts	154,986,200	146,605,800	146,711,400	151,268,000	146,962,000	148,038,600	148,038,600	- 6,947,600	- 4.5
Commerce	43,772,800	42,807,100	38,887,800	26,887,800	36,491,600	39,691,600	39,691,600	- 4,081,200	- 9.3
Compensation Reserves	---	110,400,000	110,400,000	110,400,000	110,400,000	110,400,000	110,400,000	110,400,000	N.A.
Corrections	1,528,727,400	1,734,943,600	1,688,593,900	1,675,654,500	1,671,722,100	1,679,457,000	1,679,457,000	150,729,600	9.9
Court of Appeals	15,784,200	14,587,400	14,587,400	15,218,800	14,587,400	14,745,200	14,745,200	- 1,039,000	- 6.6
District Attorneys	70,405,800	72,384,100	72,384,100	72,384,100	72,384,100	72,384,100	72,384,100	1,978,300	2.8
Educational Communications Board	14,552,400	14,132,900	14,462,500	14,462,500	14,462,500	14,462,500	14,462,500	- 89,900	- 0.6
Elections Board	1,827,600	2,033,900	1,854,600	2,583,800	1,899,600	1,899,600	1,899,600	72,000	3.9
Employee Trust Funds	9,983,800	7,774,900	7,233,300	8,498,100	8,083,300	8,083,300	7,233,300	- 2,750,500	- 27.5
Employment Relations	12,194,000	11,740,800	11,714,800	11,714,800	11,714,800	11,714,800	11,714,800	- 479,200	- 3.9
Employment Relations Commission	5,566,600	5,300,600	5,251,000	5,043,000	4,951,000	5,300,600	5,300,600	- 266,000	- 4.8
Environmental Improvement Fund	61,648,200	65,936,400	60,999,000	60,999,000	60,999,000	60,999,000	60,999,000	- 649,200	- 1.1
Ethics Board	473,000	494,600	494,600	494,600	494,600	494,600	494,600	21,600	4.6
Forestry	0	0	0	0	0	438,200	0	0	0.0
Governor	6,851,200	7,345,300	7,010,800	7,010,800	7,010,800	7,010,800	7,010,800	159,600	2.3
Health and Family Services	3,562,108,800	3,883,837,900	3,835,503,600	3,928,104,700	3,803,432,900	3,892,592,600	3,876,701,500	314,592,700	8.8
Higher Educational Aids Board	127,716,800	127,875,400	128,425,600	137,108,200	132,085,300	134,485,600	134,485,600	6,768,800	5.3
Historical Society	24,334,000	23,511,700	23,663,900	23,693,900	23,663,900	23,663,900	23,663,900	- 670,100	- 2.8
Judicial Commission	465,400	432,600	432,600	432,600	432,600	432,600	432,600	- 32,800	- 7.0
Justice	77,443,400	74,514,800	75,632,200	78,976,600	74,014,800	75,741,400	75,741,400	- 1,702,000	- 2.2
Legislature	120,657,800	124,261,000	123,973,000	123,845,800	123,960,800	124,202,800	123,973,000	3,315,200	2.7
Lieutenant Governor	1,051,200	1,126,600	1,126,600	1,126,600	1,126,600	1,126,600	1,126,600	75,400	7.2
Medical College of Wisconsin	15,271,400	15,271,300	15,271,300	15,271,300	15,271,300	15,271,300	15,271,300	- 100	0.0
Military Affairs	38,534,600	40,128,100	38,772,900	39,541,100	38,769,800	38,397,500	38,397,500	- 137,100	- 0.4

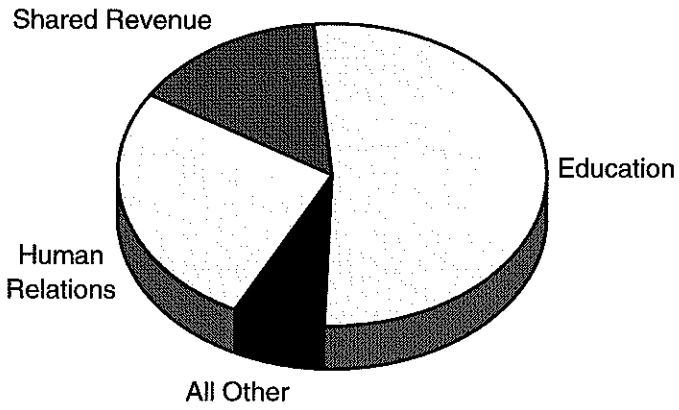
TABLE 10 (continued)

Summary of General Fund Appropriations by Agency

Agency	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Senate	2001-03 Assembly	2001-03 Legislature	2001-03 Act 16	2001-03 Act 16 Change Over Base Amount	2001-03 Act 16 Change Over Base Percent
Miscellaneous Appropriations	$138,675,000	$177,187,500	$172,687,300	$194,787,300	$172,396,400	$194,787,300	$194,787,300	$56,112,300	40.5%
Natural Resources	337,717,400	342,039,100	329,669,700	322,614,800	327,334,800	318,458,900	318,542,000	- 19,175,400	- 5.7
Personnel Commission	1,795,400	1,721,600	1,721,600	1,721,600	1,721,600	1,721,600	1,721,600	- 73,800	- 4.1
Program Supplements	191,821,000	91,309,000	87,014,300	88,014,300	90,345,000	89,345,000	89,345,000	- 102,476,000	- 53.4
Public Defender	129,477,200	124,068,300	128,436,200	128,436,200	128,436,200	128,436,200	125,168,300	- 4,308,900	- 3.3
Public Instruction	8,982,743,600	9,540,540,800	9,453,662,600	9,357,238,600	9,491,037,300	9,398,784,700	9,479,368,600	496,625,000	5.5
Revenue	168,652,000	164,977,700	164,977,700	164,977,700	164,977,700	164,977,700	164,977,700	- 3,674,300	- 2.2
Shared Revenue and Tax Relief	3,435,017,800	3,431,972,800	3,439,651,300	3,452,875,200	3,437,251,300	3,451,875,200	3,452,992,700	17,974,900	0.5
State Fair Park	2,142,000	2,230,400	2,554,100	2,554,100	2,554,100	2,554,100	2,554,100	412,100	19.2
State Treasurer	326,800	244,700	83,500	83,500	83,500	83,500	83,500	- 243,300	- 74.4
Supreme Court	20,680,200	22,410,300	21,872,200	23,112,800	22,070,800	22,277,600	22,079,000	1,398,800	6.8
TEACH Board	85,248,200	89,256,200	86,370,800	86,370,800	86,370,800	86,370,800	86,370,800	1,122,600	1.3
Tourism	23,914,200	22,756,400	22,507,000	22,507,000	22,507,000	22,507,000	22,507,000	- 1,407,200	- 5.9
Transportation	0	1,266,300	233,600	233,600	233,600	233,600	233,600	233,600	N.A.
University of Wisconsin System	2,030,565,800	2,086,188,300	2,093,088,100	2,151,234,200	2,089,804,800	2,114,074,900	2,108,074,900	77,509,100	3.8
Veterans Affairs	5,089,400	3,920,800	4,047,400	4,100,400	4,047,400	4,306,000	4,306,000	- 783,400	- 15.4
Wisconsin Technical College System	290,536,200	297,568,000	297,568,000	297,068,000	291,768,000	296,568,000	293,768,000	3,231,800	1.1
Workforce Development	468,678,000	414,336,700	436,162,000	439,578,000	435,486,300	435,719,700	435,569,700	- 33,108,300	- 7.1
TOTAL	$22,376,926,600	$23,577,199,100	$23,359,702,000	$23,427,673,500	$23,340,908,300	$23,401,202,800	$23,452,345,900	$1,075,419,300	4.8%

FIGURE 5

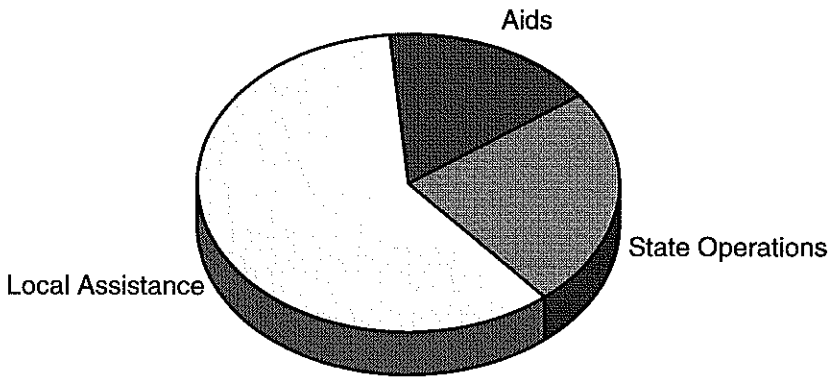
2001-03 General Fund Appropriations By Functional Area



Functional Area	Amount	Percent of Total
Education	$12,160,592,400	51.9%
Human Relations and Resources	6,189,643,400	26.4
Shared Revenue and Tax Relief	3,452,992,700	14.7
Environmental Resources	402,281,600	1.7
All Other		
General Executive	362,975,200	1.6
General Appropriations	362,217,300	1.5
Judicial	185,295,400	0.8
Legislative	123,973,000	0.5
Compensation Reserves	110,400,000	0.5
Commerce	101,974,900	0.4
TOTAL	$23,452,345,900	100.0%

FIGURE 6

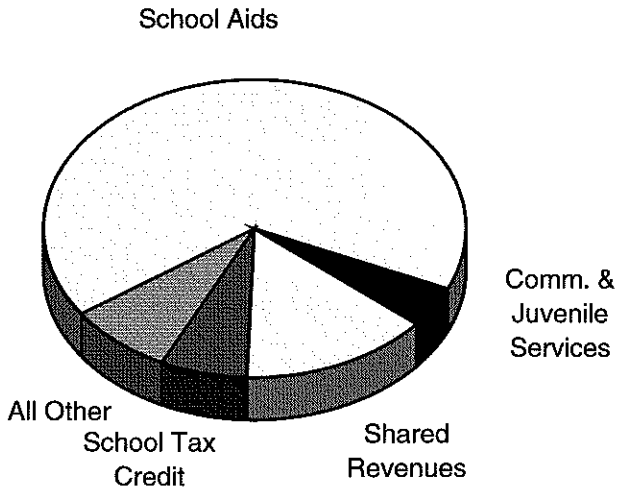
2001-03 General Fund Appropriations By Purpose



Purpose	Amount	Percent of Total
Local Assistance	$14,006,152,400	59.7%
State Operations	(5,599,892,400)	(23.9)
UW System	2,086,027,000	8.9
Other Programs	3,403,465,400	14.5
Compensation Reserves	110,400,000	0.5
Aids to Individuals and Organizations	3,846,301,100	16.4
TOTAL	$23,452,345,900	100.0%

FIGURE 7

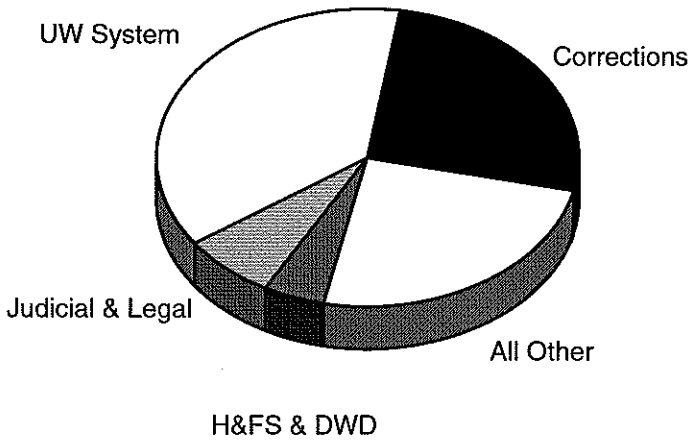
2001-03 General Fund Appropriations
Local Assistance



Program	Amount	Percent of Total
Elementary & Secondary School Aids	$9,310,152,700	66.5%
Shared Revenues	2,048,639,400	14.6
School Levy Tax Credit	938,610,000	6.7
Community & Juvenile Correctional Services	594,335,300	4.2
Technical College System Aids	286,672,800	2.0
Environmental Aid	250,379,200	1.8
Community Options Program	218,280,100	1.6
Other	359,082,900	2.6
TOTAL	$14,006,152,400	100.0%

FIGURE 8

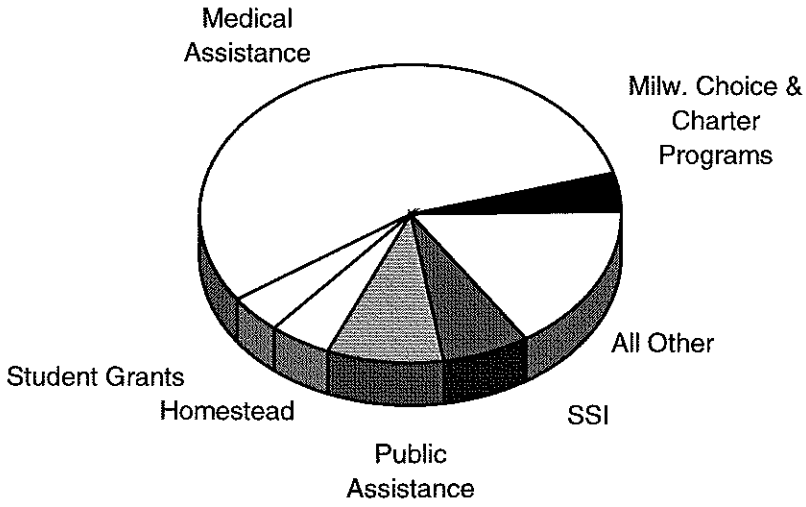
2001-03 General Fund Appropriations
State Operations



Program	Amount	Percent of Total
UW System	$2,086,027,000	37.3%
Correctional Services	1,450,391,300	25.9
Judicial and Legal Services	404,002,300	7.2
H&FS/Workforce Development (DWD)	260,266,400	4.7
State Residential Institutions	241,324,600	4.3
Tax Administration	164,977,700	2.9
Natural Resources	141,346,400	2.5
Legislature	123,973,000	2.2
Compensation Reserves	110,400,000	2.0
Other	617,183,700	11.0
TOTAL	$5,599,892,400	100.0%

FIGURE 9

2001-03 General Fund Appropriations
Aids to Individuals and Organizations



Program	Amount	Percent of Total
Medical Assistance	$2,130,969,400	55.4%
Public Assistance	342,226,200	8.9
Supplemental Security Income	256,563,200	6.7
Homestead Tax Credit	181,900,000	4.7
Student Grants and Aids	160,902,100	4.2
Milwaukee Parental Choice & Charter School Programs	158,247,300	4.1
BadgerCare	100,239,600	2.6
Milwaukee Child Welfare	79,965,900	2.1
Foster Care and Adoptions Services	53,800,800	1.4
Prescription Drugs Assistance for Elderly	49,900,900	1.3
Farmland Preservation Tax Credit	35,000,000	0.9
Earned Income Tax Credit	24,755,500	0.6
Other	271,830,200	7.1
TOTAL	$3,846,301,100	100.0%

TABLE 11

Distribution of 2001-03 General Fund Appropriations

	2001-02			2002-03			Total		
	Amount	% of Category	% of Total	Amount	% of Category	% of Total	Amount	% of Category	% of Total
LOCAL ASSISTANCE									
Elementary & Secondary School Aids	$4,559,695,100	66.1%	39.4%	$4,750,457,600	66.8%	39.9%	$9,310,152,700	66.5%	39.7%
Shared Revenues	1,019,223,600	14.8	8.8	1,029,415,800	14.5	8.7	2,048,639,400	14.6	8.8
School Levy Tax Credit	469,305,000	6.8	4.1	469,305,000	6.6	3.9	938,610,000	6.7	4.0
Community & Juvenile Correctional Services	294,655,800	4.2	2.6	299,679,500	4.2	2.5	594,335,300	4.2	2.5
Technical College System Aids	145,036,400	2.1	1.3	141,636,400	2.0	1.2	286,672,800	2.0	1.2
Environmental Aids	123,511,100	1.8	1.1	126,868,100	1.8	1.1	250,379,200	1.8	1.1
Community Options Program	108,942,200	1.6	0.9	109,337,900	1.6	0.9	218,280,100	1.6	0.9
Other	178,900,300	2.6	1.5	180,182,600	2.5	1.5	359,082,900	2.6	1.5
TOTAL--LOCAL ASSISTANCE	$6,899,269,500	100.0%	59.7%	$7,106,882,900	100.0%	59.7%	$14,006,152,400	100.0%	59.7%
STATE OPERATIONS									
UW System	$1,029,710,000	37.6%	8.9%	$1,056,317,000	36.9%	8.9%	$2,086,027,000	37.3%	8.9%
Correctional Operations	716,285,000	26.1	6.2	734,106,300	25.7	6.2	1,450,391,300	25.9	6.2
Judicial and Legal Services	201,777,600	7.4	1.8	202,224,700	7.1	1.7	404,002,300	7.2	1.7
Tax Administration	81,972,000	3.0	0.7	83,005,700	2.9	0.7	164,977,700	3.0	0.7
H&FS/Workforce Development	130,860,500	4.8	1.1	129,405,900	4.5	1.1	260,266,400	4.6	1.1
State Residential Institutions	119,937,100	4.4	1.0	121,387,500	4.2	1.0	241,324,600	4.3	1.0
Natural Resources	66,916,300	2.4	0.6	74,430,100	2.6	0.6	141,346,400	2.5	0.6
Legislature	62,350,000	2.3	0.6	61,623,000	2.1	0.5	123,973,000	2.2	0.5
Compensation Reserves	27,900,000	1.0	0.2	82,500,000	2.9	0.7	110,400,000	2.0	0.5
Other	300,332,700	11.0	2.6	316,851,000	11.1	2.7	617,183,700	11.0	2.7
TOTAL--STATE OPERATIONS	$2,738,041,200	100.0%	23.7%	$2,861,851,200	100.0%	24.1%	$5,599,892,400	100.0%	23.9%
AIDS TO INDIVIDUALS AND ORGANIZATIONS									
Medical Assistance	$1,106,695,900	57.6%	9.6%	$1,024,273,500	53.3%	8.6%	$2,130,969,400	55.4%	9.1%
Public Assistance	167,508,400	8.7	1.5	174,717,800	9.1	1.5	342,226,200	8.9	1.5
Supplemental Security Income	128,281,600	6.7	1.1	128,281,600	6.7	1.1	256,563,200	6.7	1.1
Homestead Tax Credit	91,900,000	4.8	0.8	90,000,000	4.7	0.8	181,900,000	4.7	0.8
Student Grants and Aids	78,843,000	4.1	0.7	82,059,100	4.3	0.7	160,902,100	4.2	0.7
Milwaukee Parental Choice & Charter School Programs	72,108,300	3.7	0.6	86,139,000	4.5	0.7	158,247,300	4.1	0.7
BadgerCare	48,005,300	2.5	0.4	52,234,300	2.7	0.4	100,239,600	2.6	0.4
Milwaukee Child Welfare	39,965,600	2.1	0.3	40,000,300	2.1	0.3	79,965,900	2.1	0.3
Foster Care and Adoptions Services	25,476,000	1.3	0.2	28,324,800	1.5	0.2	53,800,800	1.4	0.2
Prescription Drugs Assistance for Elderly	0	0.0	0.0	49,900,900	2.5	0.4	49,900,900	1.3	0.2
Farmland Preservation Tax Credit	17,200,000	0.9	0.1	17,800,000	0.9	0.2	35,000,000	0.9	0.1
Earned Income Tax Credit	12,255,500	0.6	0.1	12,500,000	0.6	0.1	24,755,500	0.6	0.1
Other	135,002,600	7.0	1.2	136,827,600	7.1	1.2	271,830,200	7.1	1.2
TOTAL--AIDS	$1,923,242,200	100.0%	16.6%	$1,923,058,900	100.0%	16.2%	$3,846,301,100	100.0%	16.4%
GRAND TOTAL	$11,560,552,900		100.0%	$11,891,793,000		100.0%	$23,452,345,900		100.0%

TABLE 12

Ten Largest General Fund Programs for 2001-03

	2001-02			2002-03			Total		
	Amount	% of Total	Cumulative % of Total	Amount	% of Total	Cumulative % of Total	Amount	% of Total	Cumulative % of Total
Elementary & Secondary School Aids	$4,559,695,100	39.4%	39.4%	$4,750,457,600	39.9%	39.9%	$9,310,152,700	39.7%	39.7%
Medical Assistance	1,106,695,900	9.6	49.0	1,024,273,500	8.6	48.5	2,130,969,400	9.1	48.8
UW System	1,029,710,000	8.9	57.9	1,056,317,000	8.9	57.4	2,086,027,000	8.9	57.7
Shared Revenues	1,019,223,600	8.8	66.7	1,029,415,800	8.7	66.1	2,048,639,400	8.7	66.4
Correctional Operations	716,285,000	6.2	72.9	734,106,300	6.2	72.3	1,450,391,300	6.2	72.6
School Levy Tax Credit	469,305,000	4.1	77.0	469,305,000	3.9	76.2	938,610,000	4.0	76.6
Community & Juvenile Correctional Services	294,655,800	2.5	79.5	299,679,500	2.5	78.7	594,335,300	2.5	79.1
Judicial and Legal Services	201,777,600	1.8	81.3	202,224,700	1.7	80.4	404,002,300	1.7	80.8
Public Assistance	167,508,400	1.4	82.7	174,717,800	1.5	81.9	342,226,200	1.5	82.3
Technical College System Aids	145,036,400	1.3	84.0	141,636,400	1.2	83.1	286,672,800	1.2	83.5
Subtotal	$9,709,892,800	84.0%		$9,882,133,600	83.1%		$19,592,026,400	83.5%	
All Other Programs	1,850,660,100	16.0	100.0	2,009,659,400	16.9	100.0	3,860,319,500	16.5	100.0
GRAND TOTAL	$11,560,552,900	100.0%		$11,891,793,000	100.0%		$23,452,345,900	100.0%	

TABLE 13

Summary of General Fund Full-Time Equivalent Positions by Agency

	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Senate	2002-03 Assembly	2002-03 Legislature	2002-03 Act 16	Change to Base
Administration	173.11	159.16	138.56	138.56	138.56	138.56	138.56	- 34.55
Adolescent Pregnancy Prevention Board	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.00
Agriculture, Trade and Consumer Protection	292.61	312.91	303.61	248.86	312.91	292.61	292.61	0.00
Arts Board	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
Board on Aging and Long-Term Care	10.65	14.05	14.05	14.05	14.05	14.05	14.05	3.40
Circuit Courts	511.00	511.00	511.00	511.00	511.00	511.00	511.00	0.00
Commerce	80.40	79.40	70.40	70.40	80.40	80.40	80.40	0.00
Corrections	8,028.50	9,564.10	9,581.83	9,083.80	9,498.83	9,542.33	9,542.33	1,513.83
Court of Appeals	75.50	75.50	75.50	75.50	75.50	75.50	75.50	0.00
District Attorneys	375.65	375.65	375.65	375.65	375.65	375.65	375.65	0.00
Educational Communications Board	61.75	61.75	61.75	61.75	61.75	61.75	61.75	0.00
Elections Board	13.00	14.00	13.00	13.00	13.00	13.00	13.00	0.00
Employee Trust Funds	3.50	3.50	3.50	3.50	3.50	3.50	3.50	0.00
Employment Relations	80.05	80.05	79.90	79.90	79.90	79.90	79.90	- 0.15
Employment Relations Commission	28.50	28.50	28.25	27.50	26.25	28.50	28.50	0.00
Ethics Board	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Fish, Wildlife, Parks & Forestry*	0.00	0.00	0.00	0.00	149.00	0.00	0.00	0.00
Governor	47.75	48.75	47.75	47.75	47.75	47.75	47.75	0.00
Health and Family Services	2,318.06	2,324.52	2,312.12	2,317.12	2,310.54	2,310.54	2,310.54	- 7.52
Higher Educational Aids Board	12.36	12.36	12.36	12.36	12.36	12.36	12.36	0.00
Historical Society	139.50	139.50	139.50	139.50	139.50	139.50	139.50	0.00
Judicial Commission	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00
Justice	412.65	399.85	409.15	437.15	399.85	409.15	409.15	- 3.50
Legislature	811.17	811.17	811.17	811.17	811.17	813.42	811.17	0.00
Lieutenant Governor	7.75	7.75	7.75	7.75	7.75	7.75	7.75	0.00

TABLE 13 (continued)

Summary of General Fund Full-Time Equivalent Positions by Agency

	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Senate	2002-03 Assembly	2002-03 Legislature	2002-03 Act 16	Change to Base
Military Affairs	123.65	125.80	125.80	125.80	125.80	125.80	125.80	2.15
Natural Resources	512.78	526.28	525.28	508.78	357.28	504.78	504.78	- 8.00
Personnel Commission	10.00	10.00	10.00	10.00	10.00	10.00	10.00	0.00
Public Defender	523.55	523.55	582.85	582.85	582.85	582.85	523.55	0.00
Public Instruction	334.37	318.77	334.37	328.37	334.37	334.37	334.37	0.00
Revenue	1,095.75	1,097.15	1,097.15	1,097.15	1,097.15	1,097.15	1,097.15	1.40
State Treasurer	1.00	0.00	0.00	0.00	0.00	0.00	0.00	- 1.00
Supreme Court	111.50	111.50	111.50	114.75	112.50	112.50	111.50	0.00
TEACH Board	6.00	5.00	5.00	5.00	5.00	5.00	5.00	- 1.00
Tourism	58.25	58.25	57.25	57.25	57.25	57.25	57.25	- 1.00
University of Wisconsin System	18,621.94	18,623.94	18,871.44	19,224.24	18,937.44	19,141.35	19,141.35	519.41
Veterans Affairs	8.80	8.80	8.80	8.80	8.80	9.30	9.30	0.50
Wisconsin Technical College System	39.40	39.40	39.40	39.40	39.40	39.40	39.40	0.00
Workforce Development	299.13	294.31	293.81	291.31	296.81	291.31	291.31	- 7.82
TOTAL	35,239.88	36,776.52	37,069.75	36,880.27	37,044.17	37,278.58	37,216.03	1,976.15

*Estimated staffing. A Department of Fish, Wildlife, Parks and Forestry would have been created by the Assembly in 2002-03 from resources transferred from DNR; however, the actual level of funding and position authority would have been determined after subsequent legislative review.

OVERVIEW

TRANSPORTATION FUND BUDGET

TABLE 14

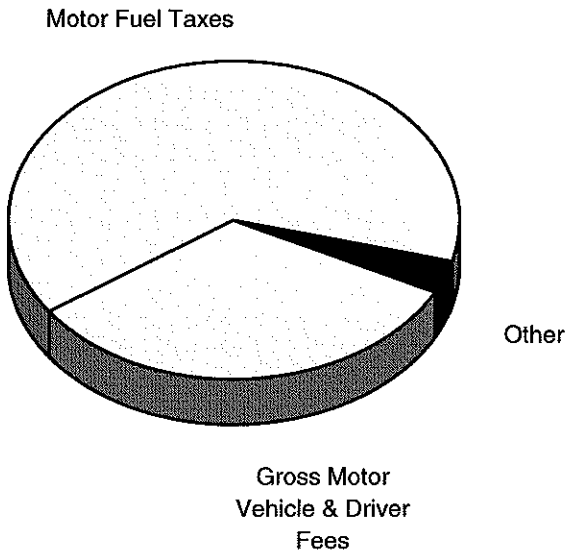
2001-03 Transportation Fund Condition Statement

	2001-02	2002-03
Unappropriated Balance, July 1	$40,820,700*	$29,647,600
Revenues		
Motor Fuel Tax	$848,308,500	$890,704,600
Vehicle Registration Fees	388,758,900	392,868,500
Less Revenue Bond Debt Service	-105,524,400	-117,429,800
Driver's License Fees	33,849,200	32,113,800
Miscellaneous Motor Vehicle Fees	16,840,500	19,347,600
Aeronautical Fees and Taxes	7,569,600	9,040,300
Railroad Property Taxes	12,139,200	12,710,600
Motor Carrier Fees	3,204,900	3,236,900
Investment Earnings	9,687,200	11,218,200
Miscellaneous Departmental Revenues	13,404,000	13,477,600
Total Annual Revenues	$1,228,237,600	$1,267,288,300
Total Available	$1,269,058,300	$1,296,935,900
Appropriations and Reserves		
DOT Appropriations	$1,224,722,000	$1,264,384,600
Other Agency Appropriations	18,840,100	20,060,800
Less Estimated Lapses	-7,364,700	-3,833,900
Compensation and Other Reserves	3,213,300	8,175,700
Net Appropriations and Reserves	$1,239,410,700	$1,288,787,200
Unappropriated Balance, June 30	$29,647,600	$8,148,700

*Actual opening balance. Enrolled Senate Bill 55 assumed an opening balance of $33,614,600.

FIGURE 10

Estimated 2001-03 Transportation Fund Revenues



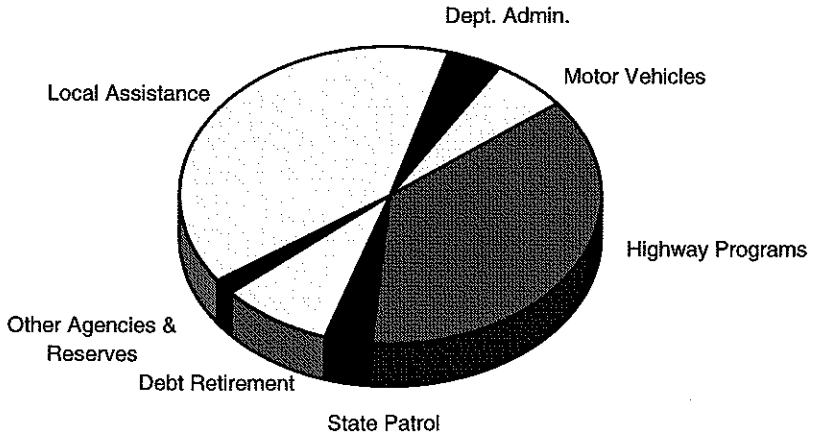
Source	Amount	Percent of Total
Motor Fuel Taxes	$1,739,013,100	64.0%
Gross Motor Vehicle and Driver Fees*	890,220,300	32.7
Railroad Taxes	24,849,800	0.9
Aeronautics Taxes and Fees	16,609,900	0.6
Miscellaneous Revenues	47,787,000	1.8
TOTAL	$2,718,480,100	100.0%

*Total motor vehicle fees before revenue bond debt service is subtracted and deposited to a separate debt service trust fund.

NOTE: The July 1, 2001, unappropriated balance of the transportation fund was $40,820,700. Therefore, the total amount available in the transportation fund for the 2001-03 biennium is estimated to be $2,759,300,800.

FIGURE 11

2001-03 Transportation Fund Appropriations By Category



Category	Amount	Percent of Total
Local Assistance	$1,084,214,100	39.2%
Highway Programs	1,022,255,800	37.0
Debt Retirement*	233,446,500	8.5
Division of Motor Vehicles	164,744,600	6.0
Departmental Administration	109,351,000	4.0
Division of State Patrol	98,048,800	3.5
Other Agencies	38,900,900	1.4
Reserves	11,389,000	0.4
TOTAL	$2,762,350,700	100.0%

*Includes debt service on revenue bonds, which is subtracted from vehicle registration revenues prior to deposit in the transportation fund.

NOTE: Lapses to the transportation fund from the appropriations above are estimated to be $11,198,600 in 1999-01. This amount includes $5,198,600 in lapses required by Act 16 and $6,000,000 in other estimated lapses to the transportation fund. Therefore, expenditures in the 2001-03 biennium are estimated to be $2,751,152,100.

OVERVIEW

LOTTERY FUND BUDGET

TABLE 15

2001-03 Lottery Fund Condition Statement

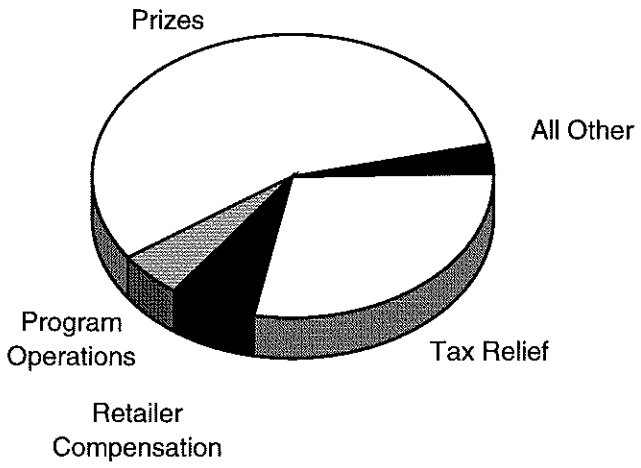
	2001-02	2002-03
Fiscal Year Opening Balance	$12,670,500*	$8,074,400
Operating Revenues		
Ticket Sales	$403,647,100	$402,871,000
Retailer Fees and Miscellaneous	72,000	72,000
Gross Revenues	$403,719,100	$402,943,000
Expenditures		
Prizes	$230,258,200	$229,867,000
Retailer Compensation	28,519,700	28,352,000
Vendor Payments	12,575,400	12,790,500
General Program Operations	21,519,600	21,510,500
Appropriation to DOJ	285,300	289,100
Appropriation to DOR	203,900	203,900
Program Reserves	259,400	539,000
Total Expenditures	$293,621,500	$293,552,000
Net Proceeds	$110,097,600	$109,391,000
Interest Earnings	$2,335,000	$2,455,000
Gaming-Related Revenue	$2,477,300	$1,995,900
Total Available for Tax Relief **	$127,580,400	$121,916,300
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	$104,506,000	$98,857,400
Farmland Tax Relief Credit	15,000,000	15,000,000
Total Appropriations for Tax Relief	$119,506,000	$113,857,400
Gross Closing Balance	$8,074,400	$8,058,900
Reserve (2% of Gross Revenues)	$8,074,400	$8,058,900
Net Closing Balance	$0	$0

*Actual opening balance. Enrolled SB 55 assumed an opening balance of $9,324,400.

**Opening balance, net proceeds, interest earnings and gaming-related revenue.

FIGURE 12

2001-03 Lottery Fund Expenditures



	Amount	Percent of Total
Operating Expenditures	($587,173,500)	(71.5%)
Prizes	460,125,200	56.1
Retailer Compensation	56,871,700	6.9
Vendor Payments	25,365,900	3.1
General Program Operations	43,030,100	5.2
Appropriations to DOJ and DOR	982,200	0.1
Program Reserves	798,400	0.1
Appropriations for Tax Relief	(233,363,400)	(28.5)
Lottery Property Tax Credit	203,363,400	24.8
Farmland Tax Relief Credit	30,000,000	3.7
TOTAL	$820,536,900	100.0%

GENERAL FUND TAXES

GENERAL FUND TAXES

1. GENERAL FUND TAX CHANGES

The following table outlines the general fund tax changes recommended by the Governor, Joint Committee on Finance and Legislature along with the estimated fiscal effect in the 2001-03 biennium. The final column shows the tax changes under Act 16, which includes the impact of the Governor's partial vetoes. The items relating to expansion of the integrated tax system are summarized under "Revenue--Tax Administration." It should also be noted that certain tax changes that will have a fiscal effect in future years are not shown in the table because they will not affect revenues in the 2001-03 biennium. Included among these items are a temporary reduction in the gross receipts tax on wholesale sales of electricity and the creation of new tax credits for businesses operating in an agricultural development zone, technology zones and development opportunity zones in the Cities of Beloit and Milwaukee.

2001-03 General Fund Tax Changes--Biennial Fiscal Effects (In Millions)

	Governor	Joint Finance	Legislature	Act 16
Individual Income Tax				
Integrated Tax System	$17.83	$17.83	$17.83	$17.83
Correct Bracket Indexing	-0.45	-0.75	-0.75	-0.75
Offsets Against Federal Rebates	0.00	4.50	4.50	4.50
Exempt Military Pensions	0.00	0.00	-8.40	-9.00
Corporate Income and Franchise Tax				
Single Sales Factor Apportionment	-8.00	0.00	0.00	0.00
Limited Liability Company Members	12.50	12.50	12.50	12.50
Integrated Tax System	2.02	2.02	2.02	2.02
Internal Revenue Code Update	0.00	0.20	0.20	0.00
Sales and Excise Taxes				
Customized Software	52.00	51.50	0.00	0.00
Integrated Tax System	12.45	12.45	12.45	12.45
Increase Cigarette Tax	0.00	66.00	130.50	130.50
Increase Tobacco Products Tax	0.00	11.10	5.55	5.55
Exemption for Water Slides	0.00	0.00	-0.21	0.00
Exemption for Flags	0.00	0.00	-0.24	-0.24
Other Taxes				
Assessments of Teleco. Property	-0.02	-0.02	-0.02	-0.02
Estate Tax	0.00	0.00	-29.00	-29.00
Total	$88.33	$177.33	$146.93	$146.34

Individual and Corporate Income Taxes

1. TAX RELIEF FUND TAX CREDIT [LFB Paper 242]

Governor: Create a nonrefundable individual income tax credit for the purpose of returning moneys from the tax relief fund to taxpayers when the fund exceeds $25,000,000.

Under the bill, certain monies would be deposited in the tax relief fund in the event that actual general fund tax revenues exceed estimated collections. The amounts in the tax relief fund would be returned to taxpayers through the tax relief fund tax credit. The provisions pertaining to the tax relief fund are described in this document under the section on "Budget Management and Compensation Reserves."

The bill would provide that, no later than September 1 of each year, the Secretary of the Department of Administration (DOA) would certify to the Secretary of the Department of Revenue (DOR) the amount in the tax relief fund. If the certified amount exceeded $25,000,000, DOR would be required to determine a tax relief fund tax credit amount that could be claimed by taxpayers for the taxable year. No tax relief fund credit would be available if the certified amount were $25,000,000 or less.

For example, under these provisions, DOA would certify to DOR by September 1, 2002, the amount, if any, in the tax relief fund. If the certified amount exceeded $25,000,000, DOR would determine the tax relief fund tax credit that could be claimed by taxpayers when filing returns for tax year 2002, (due in April, 2003). If the certified amount in the tax relief fund on September 1, 2002, were less than $25,000,000, no tax relief fund credit would be available to taxpayers for tax year 2002.

Under the bill, when a tax relief fund tax credit is to be made available to taxpayers, DOR would be required to divide the total certified amount in the fund by the sum of all claimants (taxpayers), spouses of claimants (in the case of joint returns) and claimants' dependents to determine a credit per unit. (However, no credit could be claimed on tax returns filed by individuals who are dependents of other taxpayers.) The bill would direct DOR to modify the credit per unit so that as much of the total certified amount would be expended as possible. In addition, the bill would require the unit amount to be rounded down to the nearest whole dollar. No later than August 15 of the year following a year for which there has been a tax relief fund credit, DOR would be required to determine and certify to the Secretary of DOA the amount of revenue lost because of such credits claimed against individual income taxes.

With certain exceptions, no credit would be allowed unless it was claimed within four years of the unextended due date of the individual income tax return for the taxable year in which a tax relief fund credit was available. Part-year residents and nonresidents would not be eligible for the tax relief fund credit. The bill would provide that income tax provisions under Chapter 71 of the statutes relating to assessments, refunds, appeals, collection, interest and

penalties would apply to the tax relief fund tax credit. DOR would be authorized to enforce the credit and take any action and conduct any proceeding as otherwise authorized under Chapter 71.

The provisions on the tax relief fund tax credit would first apply to taxable years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's general effective date is after July 31. In that case, these provisions would first apply to taxable years beginning January 1 of the following year. No fiscal effect is estimated because the credit would be provided only if actual general fund tax revenues significantly exceeded estimates.

Joint Finance: Modify the provision to specify that the credit would be made available if the amount in the tax relief fund were certified to exceed $100,000,000 (rather than $25,000,000, as proposed by the Governor).

The Joint Finance provisions would also specify that the first $115,000,000 available to transfer to the tax relief fund would instead be used to buy back the payment delay of the June, 2003, school aids payment to July, 2003. The payment delay and the buy back provisions are described in this document under "Public Instruction--General School Aids."

Senate/Legislature: Delete all provisions relating to the creation of a tax relief fund and a tax relief fund tax credit.

2. INDEXING TOP BRACKET [LFB Paper 100]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	- $450,000	- $300,000	- $750,000

Governor: Modify the indexing adjustment for the top individual income tax bracket for tax year 2002 and thereafter.

The 1997-99 biennial budget (1997 Wisconsin Act 27) provided for indexing of the three income tax brackets for changes in inflation, beginning with tax year 1999. Act 27 specified that the maximum income amount in the lowest and middle tax brackets, and the corresponding minimum dollar amounts in the middle and top tax brackets, were to be adjusted for annual changes in the consumer price index (CPI). The adjustment for the applicable tax year would be the change in CPI for the previous year over 1997.

Under the 1999-01 biennial budget (1999 Wisconsin Act 9), a fourth income tax bracket was created, beginning in tax year 2000. Act 9 established the ceilings for the third bracket (and the corresponding floors for the fourth bracket), and provided that those levels would be indexed for inflation, starting in 2001. Under the language in Act 9, the calculation of the ceilings for the top bracket for 2000 was based on changes in the CPI over 1997, but for 2001 and thereafter, the reference was to the change in the CPI over 1999. While the intention was to

adjust the brackets upward for increases in inflation, the actual effect was that the ceilings for the top bracket were lower for 2001 than for 2000.

The bill would specify that, for tax year 2002 and thereafter, the ceilings for the top bracket would be indexed to the change in CPI from 1997, rather than from 1999, as is the case for the other brackets and as would be consistent with the treatment of the ceilings for the top tax bracket for tax year 2000. It is estimated that this provision would reduce general fund tax collections from the individual income tax by $450,000 in 2002-03.

Joint Finance/Legislature: Reestimate the fiscal effect of the provision as a decrease in individual income tax collections in 2002-03 of $750,000. Compared to the bill, the revised estimate would reduce general fund tax collections by $300,000 in 2002-03.

[Act 16 Section: 2145]

3. INDIVIDUAL INCOME TAX EXCLUSION FOR MILITARY PENSIONS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-REV	- $8,400,000	- $600,000	- $9,000,000

Assembly/Legislature: Provide that all federal uniformed services retirement benefits, other than surviving spouse benefits, would be excluded from taxation under the state's individual income tax, effective with tax year 2002.

Under current state law, all pension payments received by taxpayers who were members of or retired from certain public pension systems prior to 1964 are excluded from taxation. The current law exclusion applies to federal civilian and military retirement systems. Under the budget provision, all payments received from the U.S. military employee retirement system not excluded under current law would be exempt from taxation starting with tax year 2002. In addition, the budget provision would exempt all retirement payments received by an individual from the U.S. government that relate to the individual's service with the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration, or the commissioned corps of the Public Health Service. It is estimated that general fund tax revenues would be reduced by $8,400,000 in 2002-03 and annually thereafter.

Veto by Governor [F-8]: Delete the provision that would exclude surviving spouse benefits from the income tax exclusion for military pensions. Compared to the enrolled bill passed by the Legislature, this would decrease general fund tax revenues by an estimated $600,000 in 2002-03

[Act 16 Sections: 2142m, 2142n and 9344(9c)]

[Act 16 Vetoed Sections: 2142m and 2142n]

4. INCOME TAX DEDUCTION FOR HEALTH INSURANCE PREMIUMS

Assembly: Provide an income tax deduction for 100% of amounts paid by certain individuals for health insurance for the individual, the individual's spouse and dependents.

Currently, state law provides a 100% income tax deduction for health insurance costs of self-employed taxpayers and a 50% deduction for employees whose employer pays no amount of money toward the employee's medical insurance. In addition, payments by individuals for health insurance are eligible expenses for determining the state's itemized deduction credit. [The itemized deduction credit is an individual income tax credit for 5% of the excess of allowable itemized deductions over the sliding scale standard deduction. Allowable deductions conform to certain deductions permitted as federal itemized deductions, including health care premiums.]

The budget provision would increase the current law 50% deduction for health insurance paid by an employee whose employer pays no amount of money toward the employee's medical insurance to 100%. In addition, the provision would create a 100% deduction for health insurance premiums paid by an individual who has no employer. The proposed changes to the health insurance deductions would not apply in the case of self-employed individuals, who are eligible for a 100% deduction under current law. For non- and part-year residents, the deduction would be pro-rated, based on the proportion of income in the state. Any amounts deducted under the provision would be excluded as eligible expenses under the state's itemized deduction credit. As under current law, no deduction (other than through the itemized deduction credit) would be available for out-of-pocket expenditures on health insurance premiums by an individual whose employer pays some amount toward the individual's medical insurance.

These provisions would first apply to taxable years beginning on January 1, 2002. It is estimated that general fund tax collections would be reduced by $3,900,000 in 2002-03.

Conference Committee/Legislature: Delete provision.

5. INDIVIDUAL INCOME TAX EXCLUSION FOR SOCIAL SECURITY BENEFITS

Assembly: Provide that social security benefits would be completely excluded from taxation under the individual income tax, effective with tax year 2003.

Currently, Wisconsin follows pre-1994 federal law and taxes up to 50% of social security benefits for taxpayers with provisional income above the following thresholds: $25,000 if single, $32,000 if married-joint and zero if married-separate. The taxable portion is the lesser of: (a) one-half of net social security benefits; or (b) one-half of the amount by which provisional income exceeds the threshold amount. Provisional income is defined as one-half of social security plus federal adjusted gross income, tax-exempt interest and other specified amounts that are

excluded from gross income. No benefits are taxed for taxpayers with provisional income below these threshold amounts.

As the provision would first apply to tax year 2003, there is no estimated effect in the 2001-03 biennium. However, it is estimated that individual income tax revenues would be reduced by $93,100,000 per year (in 2002-03 dollars), beginning in 2003-04.

Conference Committee/Legislature: Delete provision.

6. PROPERTY TAX/RENT CREDIT

Senate: Modify the property tax/rent credit (PTRC) to equal 13.3% of the first $2,000 ($1,000 for a married person filing separately) in property taxes or rent constituting property taxes, beginning with tax year 2001. The maximum credit would be $266.

Under current law, the PTRC is 12% of the first $2,500 in property taxes or rent constituting property taxes, with a maximum credit of $300. The modification would increase income tax revenues by an estimated $1,700,000 in 2001-02 and $1,800,000 in 2002-03. Based on the 1999 Wisconsin tax sample, 38.4% of taxpayers in 1999 would have a tax decrease, averaging $14, while 19.9% of taxpayers would have a tax increase, averaging $31.

Conference Committee/Legislature: Delete provision.

7. ARTISTIC ENDOWMENT FOUNDATION TAX CREDIT

Senate: The Joint Committee on Finance approved provisions that would create an Artistic Endowment Foundation. Modify the provisions as follows: (a) provide a nonrefundable individual income tax credit for 25% of amounts contributed to the artistic endowment fund, up to a maximum contribution of $50 [$100 for married couples filing joint returns]; and (b) provide a nonrefundable tax credit under the corporate income and franchise tax for 25% of amounts contributed to the artistic endowment fund, up to a maximum contribution of $500.

Provide the credits for taxable years beginning after December 31, 2002. Specify that no new credits could be claimed for taxable years beginning after a year in which revenues in the artistic endowment fund equaled or exceeded $50,150,000.

In addition, specify that the amount of the individual income tax credit for contributions to the artistic endowment fund would not be includable as an eligible expense under the state's itemized deduction credit. Specify that the credit would not be available to nonresidents and, for part-year residents, would be based on the proportion of total income earned in Wisconsin.

Require the Department of Revenue to include a statement on the relevant tax forms that a taxpayer could reduce a refund or increase a liability payment and deposit the proceeds in the artistic endowment fund.

As the tax credit would first apply to tax years beginning after December 31, 2002, there would be no fiscal effect in the 2001-03 biennium. Based on simulations with the 1999 Wisconsin tax sample and information on current charitable contributions to the arts, culture and humanities, it is estimated that the proposed artistic endowment fund tax credit would reduce individual and corporate income and franchise tax collections by approximately $4,800,000 per year (in 2002-03 dollars) for the duration of the credit.

Conference Committee/Legislature: Adopt the Senate provision, with a modification to specify that the credit would be 10% of amounts contributed to the artistic endowment fund, up to the specified maximum eligible contributions. Under these provisions, the maximum credit that could be claimed by an individual would be $5 ($10 in the case of married couples filing joint returns). The maximum credit for a corporation would be $50.

As the tax credit would first apply to taxable years beginning after December 31, 2002, there would be no fiscal effect in the 2001-03 biennium. However, it is estimated that the credit would reduce individual income and corporate income and franchise tax collections by approximately $2,000,000 per year (in 2002-03 dollars), for the duration of the credit.

Veto by Governor [F-10]: Delete provision.

[Act 16 Vetoed Sections: 2148m, 2150d, 2150t, 2175, 2179d, 2179h, 2193d, 2193h and 2205n]

8. INDIVIDUAL INCOME TAX DEDUCTION FOR COLLEGE SAVINGS PROGRAMS

Assembly: Expand the current law individual income tax deductions for certain parental contributions to the state's college tuition and expenses program and the college savings program to include such contributions by a beneficiary's grandparents. In addition, limit the combined deduction per beneficiary by a contributor to the two programs to the maximum deduction allowed to a contributor under either program individually.

Under current law, Wisconsin exempts qualified contributions to and earnings from the college tuition and expenses program and the college savings program. The programs are similar in that they help program participants save for future college expenses. Earnings from the college tuition and expenses program have been tax exempt since 1997. Effective with tax year 2001, a deduction of up to $3,000 per beneficiary may be claimed for amounts paid by a claimant into each program. The beneficiary must be the claimant or the claimant's dependent child in order for the deduction to apply.

Under the budget provisions, a claimant's annual deduction limit per beneficiary under the college tuition and expenses program and the college savings program, which is the same limit for each program, would also be the combined deduction limit. For example, under current law, a parent could claim a $3,000 deduction for contributions on behalf of a dependent child to the college tuition and expenses program in one year and a $3,000 deduction for contributions on behalf of the same child to the college savings program in the same year, for a total deduction of up to $6,000. The budget provisions would limit the parent to a maximum deduction of $3,000 total, even if the parent contributed $3,000 under each program.

The budget provisions would also expand eligible claimants to include a beneficiary's grandparents. The maximum annual deduction for contributions by grandparents on behalf of a single grandchild (to the programs individually and in combination) would be $1,500 per grandparent. However, in the case of a grandparent whose spouse has died, the deduction limit would be $3,000.

These provisions would first apply to tax year 2001, unless the bill generally becomes effective after July 31, 2001. In that case, the provisions would first apply to tax year 2002. It is estimated that the fiscal effect would be minimal. This estimate is based on the assumption that the impact of providing an income tax deduction for certain contributions by grandparents would be offset by the impact of restricting the existing deduction for parents to a combined total for the two programs.

Conference Committee/Legislature: Delete provision.

9. EARNED INCOME TAX CREDIT -- CURRENT LAW REESTIMATE [LFB Paper 101]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $910,000	- $334,500	- $1,244,500
PR	- 3,090,000	- 1,465,500	- 4,555,500
Total	- $4,000,000	- $1,800,000	- $5,800,000

Governor: Reduce funding for the earned income tax credit (EITC) by the following amounts: (a) $744,500 GPR and $2,755,500 PR in 2001-02; and (b) $165,500 GPR and $334,500 PR in 2002-03. Total funding would be $63,500,000 in 2001-02 ($12,255,500 GPR and $51,244,500 PR) and $66,500,000 in 2002-03 ($12,834,500 GPR and $53,665,500 PR). The program revenue is federal temporary assistance for needy families (TANF) funding transferred from the Department of Workforce Development to pay the refundable portion of the EITC. The estimates are based on the assumption that approximately 80% of EITC payments will be refunded to TANF-eligible individuals.

Joint Finance/Legislature: Reestimate funding for the EITC under current law for 2002-03 at $64,700,000 ($12,500,000 GPR and $52,200,000 PR). Compared to the bill, the revised

estimate reduces funding for the second year by $334,500 GPR and $1,465,500 PR, for a total reduction of $1,800,000. Federal TANF funding in DWD would also be reduced by $1,465,500.

10. OTHER STATE TAX CREDIT

Governor/Legislature: Provide that the individual income tax credit for income taxes paid to other states would be expanded to include otherwise qualified resident partners of a partnership that pays taxes to another state. Specify that this provision would first apply to taxable years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's general effective date is after July 31. In that case, the provision would first apply to taxable years beginning January 1 of the following year.

Under current law, if a resident individual, estate or trust pays a net income tax to another state, that individual, estate or trust may credit the net tax paid to another state on that income against the income tax otherwise payable to Wisconsin on income of the same year. [The credit is only allowed if the income taxed by another state is also considered income for Wisconsin tax purposes and, with certain exceptions, if the credit is claimed within four years of the unextended due date of the Wisconsin tax return.] In addition, income and franchise taxes paid to another state by a tax-option corporation or a limited liability company (LLC) that is treated as a partnership may be claimed as a credit by that corporation's shareholders or that LLC's members who are residents of this state and who otherwise qualify. The bill would provide that a partnership's partners could similarly claim a credit for net income taxes paid by the partnership to another state.

The administration estimates that the fiscal effect of this provision would be minimal.

[Act 16 Sections: 2149 and 9344(8)]

11. TAXATION OF TRUSTS

Governor/Legislature: Modify current law as it relates to individual income taxes imposed on inter vivos trusts (trusts created by a living person).

The state imposes the individual income tax on an inter vivos, irrevocable trust that is "resident" in this state. [A trust is irrevocable if the person whose property constitutes the trust does not have the power to revest the property.]

Under current law, inter vivos trusts that were made irrevocable before October 29, 1999, are generally considered "resident" at the place where the trust is administered. For such trusts, the trust is therefore taxable if it is administered in the state and not taxable if it is administered elsewhere. Inter vivos trusts made irrevocable on or after October 29, 1999, are resident (and therefore taxable) if the grantor is a resident of the state at the time the trust is made irrevocable, regardless of where the trust is administered.

The bill would modify current law in the case of an inter vivos trust that was made irrevocable before October 29, 1999, but was first administered in this state after October 29, 1999. For such a trust, the trust would be resident (and therefore taxable) only if the grantor of the trust was a resident of the state at the time the trust was made irrevocable in this state, regardless of where the trust is currently administered. The bill would also correct a reference error in these provisions under current law. These provisions would first apply retroactively to tax years beginning on January 1, 1999. The administration estimates that the fiscal effect would be minimal.

[Act 16 Sections: 2154 thru 2156 and 9344(19)]

12. ILLINOIS-WISCONSIN INCOME TAX RECIPROCITY PAYMENTS [LFB Paper 102]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$24,250,000	- $101,400	$24,148,600

Governor: Provide $11,750,000 in 2001-02 and $12,500,000 in 2002-03 to reflect estimated Illinois-Wisconsin income tax reciprocity payments. Total funding after these adjustments would be $11,800,700 in 2001-02 and $12,550,700 in 2002-03. However, it should be noted that these amounts have been placed in the wrong appropriation and that the administration indicates that they are overstated by $50,700 in each year.

Joint Finance/Legislature: Reduce the amounts in the appropriation for the Illinois-Wisconsin income tax benchmark study by $11,750,000 in 2001-02 and $12,500,000 in 2002-03 and specify that these amounts would, instead, be provided under the sum sufficient appropriation for Illinois income tax reciprocity payments. In addition, eliminate base funding of $50,700 in each year for the Illinois-Wisconsin income tax benchmark appropriation. The net effect would be a reduction of $50,700 in each year.

13. MINNESOTA-WISCONSIN INCOME TAX RECIPROCITY PAYMENTS

GPR	$15,000,000

Governor/Legislature: Provide $6,000,000 in 2001-02 and $9,000,000 in 2002-03 to reflect estimated Minnesota-Wisconsin income tax reciprocity payments. Total funding after these adjustments would be $50,000,000 in 2001-02 and $53,000,000 in 2002-03.

14. INTEREST ON OVERPAYMENT OF TAXES

GPR	$ 5,200,000

Governor/Legislature: Provide $2,600,000 in 2001-02 and in 2002-03 for estimated interest paid on the overpayment of individual income taxes. Total funding would be $3,500,000 in each year.

15. SALES TAX REBATE EXPENDITURE ADJUSTMENT [LFB Paper 123]

GPR-Balance	$11,700,000

Joint Finance/Legislature: Increase the estimated general fund opening balance for the 2001-03 biennium by $11,700,000. The amount recorded as being expended for the sales tax rebate during 1999-00 was approximately $11,700,000 higher than actual expenditures. An adjustment to be made during 2000-01 will increase the amounts available in the general fund by approximately $11,700,000.

16. BASEBALL PARK DISTRICT INCOME TAX CHECKOFF

Joint Finance/Legislature: Create an individual income tax checkoff for donations to a local professional baseball park district (Baseball District). Provide that the revenues from the individual income tax checkoff would be distributed to the Baseball District for the repayment of bonds.

Specify that provisions parallel to the current law provisions for a local professional football stadium district would apply in the case of the proposed Baseball District checkoff, including the following: (a) voluntary payments; (b) errors; (c) conditions; (d) void designation; (e) tax return; (f) certification; and (g) amounts subject to refund.

Specify that these provisions would first apply to taxable years beginning on January 1 of the year of the general effective date of the bill, unless the bill's general effective date is after July 31. In that case, the provisions would first apply to taxable years beginning January 1 of the year following the year in which the bill generally takes effect.

Veto by Governor [F-11]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.566(1)(hp)), 917r, 2153g, 3037m, 3037n and 9344(8x)]

17. OFFSET OF DELINQUENT STATE TAXES [LFB Paper 122]

GPR-REV	$4,500,000

Joint Finance/Legislature: Increase estimated general fund revenues by $4,500,000 in 2001-02 to reflect delinquent state taxes withheld from federal income tax rebates.

The federal Economic Growth and Tax Relief Reconciliation Act of 2001 (which was signed into law on June 7, 2001) reduced the rate in the lowest income tax bracket from 15% to 10%, effective with tax year 2001. To accelerate the effect of the rate change, taxpayers that filed taxes for tax year 2000 will receive rebate checks, rather than having to wait until filing for tax year 2001. The amount of the rebate will be based on filing status and amounts taxed at the 15% bracket for tax year 2000, up to the following maximum rebate amounts; (a) $300 for a single individual; (b) $500 for the head of a household; and (c) $600 for a married couple filing a joint return. It is anticipated that most rebate checks will be issued in the first quarter of 2001-02. The rebate is in lieu of the 10% rate bracket for 2001. Individuals filing in 2001 that did not receive a rebate check will instead receive a credit against the tax liability for 2001.

The federal tax rebates are to be offset against certain delinquent accounts before being distributed to taxpayers. Under these provisions, a taxpayer's rebate would first be applied to federal income tax debts and debts to other federal agencies. After settling the federal debts, remaining rebate amounts could be used to offset delinquent state income tax liabilities. The Department of Revenue estimates that the state can expect to receive about $4,500,000 towards payment of delinquent accounts.

18. INTERNAL REVENUE CODE UPDATE TO FEDERAL LAW IN EFFECT ON DECEMBER 31, 2000 [LFB Paper 107]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-REV	$200,000	- $200,000	$0

Joint Finance: Beginning in tax year 2001, with three exceptions, provide that state individual income and corporate and business tax provisions referenced to the federal Internal Revenue Code (IRC) would refer to the code in effect on December 31, 2000, rather than to December, 1999, as under current law.

Only one of the provisions adopted for state tax purposes is estimated to have a fiscal effect. This item would modify corporate and business tax provisions related to the duplication or acceleration of loss through assumption of certain liabilities. This provision would require that the basis of stock received in certain tax-free exchanges be reduced by the amount of any liability assumed in exchange for the stock that does not otherwise reduce the transferor's basis. Stock cannot be reduced below its fair market value. The provision would generally not apply if the trade or business with the liability or substantially all of the assets associated with the liability is transferred to the corporation in the exchange. This provision is effective for assumption of liabilities on or after October 19, 1999. The estimated fiscal effect is a revenue increase of $100,000 in 2001-02 and 2002-03.

The three federal law changes that would not be adopted relate to the deductions for environmental remediation costs and donations of computer equipment and the treatment of foreign sales corporations.

Assembly: Include deductions for environmental remediation costs and donations of computer equipment and the treatment of foreign sales corporations in referencing state individual and corporate income and franchise tax provisions to the federal Internal Revenue Code in effect on December 31, 2000. It is estimated that these provisions would reduce individual and corporate income and franchise tax revenues by $2,100,000 in 2001-02 and $3,050,000 in 2002-03.

Conference Committee/Legislature: Include Joint Finance provisions.

Veto by Governor [F-6]: Delete provisions. While the Legislature intended to omit three federal law changes (relating to deductions for environmental remediation costs and donations of computer equipment and the treatment of foreign sales corporations), as passed by the Legislature, the enrolled bill would have inadvertently excluded the three provisions for tax years prior to 2001 only. Therefore, the three provisions would have been adopted for 2001 and subsequent years, resulting in a reduction in state tax revenues estimated at $2,100,000 in 2001-02 and $3,050,000 in 2002-03. [These decreases were not reflected in the estimated tax revenues shown in the Chapter 20 General Fund Summary under Enrolled SB 55, as it was the Legislature's intent to exclude the provisions completely.] As compared to the estimates reflected in Enrolled SB 55, the fiscal effect of the veto is a decrease in general fund tax revenues of $100,000 in 2001-02 and 2002-03.

[Act 16 Vetoed Sections: 2130d thru 2130dt, 2158d thru 2158dzf, 2175d thru 2175dj, 2176d, 2182d thru 2182dw, 2184r, 9144(3z) and 9344(28z)]

19. INTERNAL REVENUE CODE UPDATE TO PROVISIONS UNDER NEW FEDERAL LAW THAT AFFECT TAX YEAR 2001

Assembly: Update state tax references to the federal Internal Revenue Code to adopt the provisions of the federal Economic Growth and Tax Relief Reconciliation Act of 2001 (Act) that affect tax year 2001. These provisions would include changes to the alternative minimum tax (AMT) exclusion amounts and to various other individual income tax and pension provisions.

Most of the components of the new federal law affect tax years after 2001. The provisions would be limited to those components of the new federal law that affect tax year 2001. [Conformity with these provisions beyond tax year 2001 and with other provisions of the Act could be considered as part of a subsequent IRC update.]

It is estimated that only one of the new federal provisions would have a fiscal effect. This item would increase the exemptions for the AMT as follows: (a) by $4,000 for married couples filing jointly, to $49,000; and (b) by $2,000 for other filers, to $35,750 for single and head-of-

household filers and to $24,500 for married persons filing separately. [Under current law, Wisconsin's AMT exemption amounts are the same as the federal amounts.] It is estimated that changes to the AMT exemptions would reduce individual income tax collections by $90,000 in 2001-02.

The remaining provisions would take effect after December 31, 2001. With this effective date, the impact on general fund tax collections in 2001-02 would be limited to fiscal year filers and is estimated to be minimal.

Conference Committee/Legislature: Delete provision.

20. CORPORATE INCOME AND FRANCHISE TAX -- SINGLE SALES FACTOR APPORTIONMENT FORMULA [LFB Paper 103]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	- $8,000,000	$8,000,000	$0

Governor: Phase in the use of a single sales factor apportionment formula to apportion to Wisconsin the income of corporations, including insurance companies, and nonresident individuals, and estates and trusts engaged in business within and outside of the state. Use of property and payroll to apportion income would be phased out. The apportionment formula is used to calculate a fraction or ratio that is applied to income to allocate a portion of it to the state for tax purposes. The phase-in of the single sales factor apportionment formula would be accomplished as follows:

a. *Corporations, Nonresident Individuals, Estates and Trusts in General.* For tax years beginning before January 1, 2003, income would be apportioned using the current apportionment formula with the sales factor representing 50% of the apportionment ratio, the property factor representing 25%, and the payroll factor representing 25%. For tax years beginning after December 31, 2002, and before January 1, 2004, the apportionment ratio would be calculated with the sales factor representing 60% of the apportionment ratio, the property factor representing 20%, and the payroll factor representing 20%. For tax years beginning after December 31, 2003, and before January 1, 2005, the apportionment ratio would be calculated with the sales factor representing 80% of the apportionment ratio, the property factor representing 10%, and the payroll factor representing 10%. For tax years beginning after December 31, 2004, a single sales factor apportionment formula would be used to apportion income to Wisconsin.

b. *Financial Institutions.* For tax years beginning before January 1, 2003, income would be apportioned using the current apportionment formula (specified by administrative rule) with a gross receipts factor representing 50% of the apportionment ratio and a payroll factor representing 50% of the apportionment ratio. For tax years beginning after December 31, 2002,

and before January 1, 2005, the apportionment ratio would be calculated with a sales factor that represented more than 50% of the apportionment ratio as determined by administrative rule by DOR. For tax years beginning after December 31, 2004, a single sales factor apportionment formula would be used to apportion income to the state as determined by administrative rule by DOR. The Department would be required to promulgate administrative rules governing the apportionment of the income of financial organizations and submit them to the Legislative Council by the first day of the fourth month beginning after the effective date of the bill.

c. *Insurance Companies.* The method used for calculating the Wisconsin net income of taxable insurers would be modified to use an apportionment ratio based on premiums and payroll in Wisconsin and to apply that ratio to federal total taxable income. Specifically, the premiums factor of the apportionment formula would be the ratio of direct premiums and assumed premiums written for reinsurance with respect to property and risks resident, located or performed in the state, divided by the total of such premiums everywhere. "Direct premiums" would be defined as direct premiums reported for the tax year on the annual statement required to be filed with the Commissioner of Insurance. "Assumed premiums" would be defined as assumed reinsurance premiums from domestic insurance companies reported for the tax year also on the annual statement required to be filed with the Commissioner of Insurance. The payroll factor would be the ratio of payroll in Wisconsin to total payroll everywhere. The arithmetic average of the premiums and payroll ratios would be applied to federal taxable income to determine Wisconsin net income.

Currently, income is apportioned to Wisconsin by first calculating the arithmetic average of the ratio of premiums outside Wisconsin to total premiums and the ratio of payroll outside Wisconsin to total payroll. This ratio is then applied to federal taxable income and the resulting amount is subtracted from federal taxable income to determine Wisconsin taxable income.

For tax years beginning before January 1, 2003, income would be apportioned with the premiums factor representing 50% of the apportionment ratio and the payroll factor representing 50%. For tax years beginning after December 31, 2002, and before January 1, 2004, income would be apportioned with the premiums factor representing 60% of the apportionment ratio and the payroll factor representing 40%. For tax years beginning after December 31, 2003, and before January 1, 2005, income would be apportioned with the premiums factor representing 80% of the apportionment ratio and the payroll factor representing 20%. For tax years beginning after December 31, 2004, income would be apportioned using only the premiums factor.

d. *Gas, Electric and Telecommunications Utilities.* These companies would be subject to the same apportionment provisions as corporations in general. Under current law, all public utilities are subject to apportionment under rules promulgated by DOR.

e. *Other Public Utilities.* Interstate railroads, motor carriers, air carriers, sleeping car, carline and pipeline companies would continue to apportion income under current law provisions.

The phase-in of using a single sales factor apportionment formula would reduce corporate income and franchise tax revenues by an estimated $8,000,000 in 2002-03. Once fully phased-in in 2005, these provisions would reduce tax revenues by an estimated $80,000,000 per year.

Under Wisconsin law, formula apportionment is used if a corporation's Wisconsin activities are an integral part of a unitary business which operates both within and outside of the state. In these cases, the corporation adds its total gross income from its in-state and out-of-state unitary activities, subtracts its deductions, and multiplies the amount of net income by its apportionment ratio as determined by the Wisconsin apportionment formula. The apportionment ratio is used to approximate how much of a corporation's total net income is generated by activities in Wisconsin.

The apportionment ratio is the end result of the application of the Wisconsin apportionment formula to a particular corporation. For most corporations, the apportionment ratio or fraction is based on three factors: property, payroll and sales. Specifically, the apportionment ratio is determined by adding three fractions--the corporation's property value in Wisconsin divided by its total property value, the corporation's payroll in Wisconsin divided by its total payroll and the corporation's sales in Wisconsin divided by its total sales--double weighting the sales factor, and dividing the aggregate sum by four. The current Wisconsin apportionment formula is illustrated below.

Computation of Apportionment Percentage
Under the Wisconsin Apportionment Formula

$$\text{Apportionment Percentage} = \left[\left[\frac{\text{Property in WI}}{\text{Total Property}} \right] + \left[\frac{\text{Payroll in WI}}{\text{Total Payroll}} \right] + 2 \left[\frac{\text{Sales by WI Destination}}{\text{Total Sales}} \right] \right] \div 4$$

The property factor of the apportionment formula is the ratio of the average value of real and tangible personal property owned or rented and used by the taxpayer in Wisconsin to that for the company as a whole. Tangible property includes land, buildings, machinery and equipment, inventories, furniture and fixtures and other tangible personal property actually owned and used in producing apportionable income. Property owned by the taxpayer is valued at its original cost adjusted for any improvements. Rented property is valued at eight times the net annual rent. Property used in the production of nonapportionable income must be excluded from the numerator and denominator of the property factor.

The payroll factor is the ratio of the total amount of compensation paid by the company in the state to the total compensation paid by the company. Compensation includes wages,

salaries, commissions and any other form of remuneration paid to employees for personal services. Compensation is considered to be paid in Wisconsin if: (a) the individual's service is performed entirely in Wisconsin; (b) the individual's service is performed within and outside of the state, but the service performed outside of the state is incidental to the service performed in Wisconsin; (c) a portion of the service is performed within the state and the individual's base of operations is in Wisconsin; (d) a portion of the service is performed within the state, and if there is no base of operations, the place from which the individual's service is directed or controlled is in Wisconsin; (e) the individual's residence is in Wisconsin and a portion of the service is performed within the state and neither the base of operations of the individual nor the place from which the service is directed or controlled is in any state in which some part of the service is performed; or (f) the individual is neither a resident of nor performs services in the state but is directed or controlled from an office in Wisconsin and returns to Wisconsin periodically for business purposes and the state in which the individual resides does not have jurisdiction to impose income or franchise taxes on the employer.

The sales factor is the ratio of the total sales of the taxpayer in the state to total sales everywhere. Sales are generally all gross receipts from the course of the taxpayer's regular trade or business operations which produce apportionable business income. For the sales factor, sales of tangible personal property are generally considered to be in Wisconsin if the property is delivered or shipped to a purchaser within Wisconsin or if the property is shipped from Wisconsin and the taxpayer is not subject to the taxing jurisdiction of the state of destination. The latter type of sales are "throwbacks" and single-weighted in the apportionment formula. In addition, sales of tangible personal property from an office in the state, but shipped from an out-of-state supplier to an out-of-state customer are considered throwback sales if neither the supplier nor the customer are subject to the taxing jurisdiction of the states in which they are located. Sales to the federal government are only considered to be in Wisconsin if they are shipped from a location within the state and are delivered to the federal government at a location within the state or if they are "throwback" sales. Federal throwback sales are single-weighted in the apportionment formula. Sales other than the sales of tangible personal property are usually considered to be in Wisconsin if the income-producing activity is performed wholly in Wisconsin. Generally, sales of intangible assets are excluded from the sales factor. Sales which produce nonapportionable income are also excluded from the sales factor.

Interstate air carriers, motor carriers, railroads, pipeline companies and financial organizations are required to use different apportionment formulas to determine Wisconsin net taxable income. These corporations must use special apportionment factors in order to attribute income to their Wisconsin business activities. Other public utilities are required to use the arithmetic average of the ratios of the regular three-factor formula to apportion income to the state. Thus, generally, public utility companies apportion income using the average of the ratios of payroll, property and sales in-state to total payroll, property and sales. The sales factor is not double-weighted.

Although most insurance companies that conduct business in the state are exempt from the state corporate income and franchise tax and, instead, pay the state insurance premiums tax, certain types of insurance companies are subject to the corporate franchise tax. Specifically, the state corporate franchise tax is imposed on most domestic nonlife insurance companies and on the nonlife insurance business of domestic life insurance companies. Domestic insurance corporations that are not engaged in the sale of life insurance but that have collected premiums written on property and risks located both in and outside of Wisconsin must allocate a portion of total adjusted federal income to the state. The allocation is accomplished by computing the average of: (a) the ratio of the company's payroll paid outside the state to total payroll paid everywhere; and (b) the ratio of the company's premiums written on property and risks located outside the state to total premiums written on property and risks located everywhere. The average ratio is then applied to adjusted federal income. This amount is subtracted from total adjusted federal income to arrive at Wisconsin net income before any offset for business loss carryforwards.

Domestic insurance companies that are engaged in the sale of both life insurance and other types of insurance must first determine the nonlife insurance portion of total adjusted federal income. As a first step in calculating Wisconsin net income these companies are required to multiply total adjusted federal income by the ratio of the company's net gain from its nonlife insurance operations to total net gain from operations (with specific exceptions). If this amount is from premiums written on property and risks located only in Wisconsin, then the amount represents Wisconsin net income (before business loss carryforward offsets). However, if the calculated nonlife insurance income is from premiums written on property and risks located both in and outside of the state, then Wisconsin net income is determined using the allocation method described above.

Under state law, the amount of tax that an insurance company pays under the state franchise tax cannot exceed 2% of gross Wisconsin premiums.

Joint Finance: Include provisions but delay the start of the phase-in of the use of single sales factor apportionment until tax years beginning after December 31, 2003. As a result, there would be no fiscal effect during the 2001-03 biennium. In addition, technical changes would be included that address computation of the sales factor when the numerator and denominator in the apportionment formula is negative or zero.

Senate: Delete provision.

Assembly: Restore provision, but begin to phase in the use of single sales factor apportionment starting with tax years that begin after December 31, 2002. Specify that, in the first year of the phase-in, the sales factor would represent 55% of the apportionment formula and the property and payroll factors would each represent 22.5% of the formula. The sales factor would be increased to 80% in the second year of the phase-in (tax years beginning after December 31, 2003, and before January 1, 2005) and to 100% in tax years beginning after December 31, 2004. This phase-in schedule would be the same as that recommended by the Governor, except that the sales factor would be 55% in the first year instead of 60%. Compared

to the Joint Finance provision, this modification would reduce general fund tax revenues by an estimated $4,000,000 in 2002-03.

Conference Committee/Legislature: Delete provision.

21. TAX TREATMENT OF CORPORATE PARTNERS AND LIMITED LIABILITY COMPANY MEMBERS [LFB Paper 104]

GPR-REV $12,500,000

Governor: Modify current corporate income and franchise tax provisions related to the tax treatment of corporations that are partners or members of limited liability companies as follows:

a. Define "doing business in this state" to include owning, directly or indirectly, a general or limited partnership interest in a partnership that does business in the state or an interest in an LLC that does business in the state, regardless of the percentage of ownership.

b. Provide that, for state income and franchise tax purposes, a general or limited partner's share of the numerator and denominator of a partnership's apportionment factors would be included in the numerator and denominator of the general or limited partner's apportionment factors. Similarly, for an LLC treated as a partnership, a member's share of the numerator and the denominator of an LLC's apportionment factors would be included in the numerator and denominator of the member's apportionment factors.

These provisions would first apply to tax years for partners or LLC members that begin on January 1, 2001.

These provisions would increase corporate income and franchise tax revenues by an estimated $7,500,000 in 2001-02 and $5,000,000 in 2002-03. The higher figure in the first year includes one-time revenues of $2,500,000 from reconciling estimated and final tax payments.

Currently, the Wisconsin tax treatment of corporate partners and LLC members depends on whether or not the partnership or LLC is an extension of the corporation's business. If the partnership or LLC is an extension of the corporation's business, the corporation is considered to be doing business in Wisconsin as a result of that ownership interest. On the other hand, if the partnership or LLC is not an extension of the corporation's business, the corporation is not subject to Wisconsin taxation if its only connection to Wisconsin is that ownership interest. The Governor's provisions would make corporate partners and members of Wisconsin partnerships and LLCs, respectively, subject to taxation if they were doing business in Wisconsin regardless of the type of interest in the entity.

Joint Finance/Legislature: Include provisions and specify that owning an LLC would be considered doing business in the state only if the LLC is treated as a partnership for federal income tax purposes. This would clarify that an LLC treated as a corporation would be subject to tax as a separate entity just as a subsidiary corporation is.

[Act 16 Sections: 2158, 2173, 2190 and 9344(18)]

22. CORPORATE MEMBERS AND PARTNERS OF CORPORATE LIMITED LIABILITY COMPANIES AND PARTNERSHIPS

Governor/Legislature: Specify that the definition of "member" would not include a corporate member of an LLC treated as a corporation. In addition, the definition of "partner" would not include a partner of a publicly traded partnership treated as a corporation. These provisions would clarify that a corporate partner or member of another corporate entity would not be treated as a partner or member for the pass through of income, deductions, tax credits and apportionment factors. Rather, the corporate partnership or LLC would use the income, deductions, apportionment factors and tax credits to determine tax liability for the corporate partnership or LLC.

[Act 16 Sections: 2159, 2160, 2183 and 2184]

23. MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE AND CAPITAL INVESTMENT CREDIT [LFB Paper 105]

Governor: Designate an area in the City of Milwaukee as a development opportunity zone. The Milwaukee development opportunity zone would exist for seven years, beginning with the effective date of the bill. Any corporation that conducted economic activity in the zone and that, in conjunction with the Common Council of the City of Milwaukee, submitted a project plan would be eligible to claim the development zone tax credit, the development zone investment credit and a development zone capital investment credit that would be created in the bill. The maximum amount of tax credits that could be claimed by businesses in the zone would be $4,700,000. (This provision is designed to provide assistance to Saks Fifth Avenue for the Grand Avenue Boston Store location in Milwaukee.)

As noted, in order to claim tax credits, a corporation that conducts or intends to conduct economic activity in the Milwaukee development opportunity zone would have to submit a project plan to Commerce, in conjunction with the Common Council. The project plan would have to include:

a. The name and address of the corporation's business for which tax benefits will be claimed.

b. The federal tax identification number of the business.

c. The names and addresses of other locations outside the development opportunity zone where the corporation conducts business and a description of the business activities at those locations

d. The amount the corporation proposes to invest in a business, or spend on the construction, rehabilitation, repair or remodeling of a building located in the development opportunity zone.

e. The estimated total investment of the corporation in the development opportunity zone.

f. The number of full-time jobs that would be created, retained or substantially upgraded as a result of the corporation's economic activity in relation to the amount of tax benefits estimated for the corporation.

g. The corporation's plan to make reasonable attempts to hire employees from the targeted population (public assistance recipients and other economically disadvantaged individuals).

h. A description of the commitment of the Milwaukee Common Council to the corporation's project.

i. Any other information required by Commerce or the Department of Revenue.

Commerce would be required to revoke the entitlement for tax credits of a corporation that: (a) supplied false or misleading information to obtain the tax benefits; (b) left the zone to conduct substantially the same business outside the development opportunity zone; or (c) ceased operations in the zone and did not renew the same or similar operations within 12 months. DOR would have to be notified within 30 days of a revocation.

Annually, Commerce would be required to estimate the amount of revenue that would be forgone due to tax credits claimed by businesses in the development opportunity zone. The zone would expire 90 days after the day on which Commerce determined that the amount of forgone revenue equaled or exceeded the tax credit limit. Commerce would be required to notify the Milwaukee Common Council of any change in the expiration date. Commerce would also be required to notify DOR of corporations entitled to claim the tax credits and to verify information submitted by claimants.

A business in the Milwaukee development opportunity zone would be eligible to claim a development zone investment credit, the development zone credit provided under current law and a newly created development zone capital investment credit.

Development Zone Capital Investment Credit. A new capital investment tax credit would only be available to a business in the Milwaukee development opportunity zone. The credit would equal 3% of the following:

a. *The purchase price of depreciable, tangible personal property.* To be eligible for the credit, the property would have to be purchased after the claimant was certified as eligible for tax benefits and the personal property would have to have at least 50% of its use in the claimant's business at a location in the development opportunity zone. If the property was mobile, the base of operations for at least 50% its use would have to be in the development opportunity zone.

b. *The amount expended to acquire, construct, rehabilitate, remodel, or repair real property in the development opportunity zone.* Expenses would be eligible for the credit if the claimant began the physical work of construction, rehabilitation, remodeling or repair, or any demolition or destruction in preparation for the physical work, after the place where the property is located was designated a development opportunity zone. Expenses could be claimed for the credit if the completed project was placed in service after the claimant was certified as eligible for tax benefits. A credit could not be claimed for expenses for preliminary activities such as planning, designing, securing financing, researching, developing specifications, or stabilizing the property to prevent deterioration.

A claimant could also claim a tax credit for amounts expended to acquire real property, if the property was not previously owned and the claimant acquired the property after the place where the property was located was designated a development opportunity zone or if the completed project was placed in service after the claimant was certified as eligible for tax benefits. Property would be considered previously owned if the claimant or a related party owned the property during the two years prior to Commerce designating the place where the property was located as a development opportunity zone. In addition, the property would have to be subject to the federal prohibition on the deductibility of losses on the sale or exchange of such property to related parties. However, the federal 50% ownership interest threshold for determining a related party would be eliminated so that any interest in another entity would make it a related party.

In calculating the capital investment credit for purchases of real property, a claimant would be required to reduce the amount expended to acquire the property by a percentage equal to the percentage of the area of the real property that is not used for the purposes for which the claimant is certified for tax benefits. Similarly, the amount expended for other purposes would be reduced by the amount expended on the part of the property not used for purposes for which the claimant is certified.

Partnerships, LLCs and S corporations could not claim the credit as an entity, but eligibility for, and the amount of credit, would be based on the entity's economic activity. Partners, members of LLCs, and shareholders of S corporations could claim the capital investment tax credit based on the entity's activities in proportion to their ownership interest. The corporation, partnership or limited liability company would be required to compute the amount of credit that could be claimed by each of the entity's shareholders, partners and members, respectively, and provide this information to them. The shareholders, partners and LLC members could use the credit to offset the tax attributable to their income from the

partnership's, company's or corporation's business operations in the development zone or their income from the entity's directly related business operations.

Credits that were not entirely used to offset income or franchise taxes in the current year could be carried forward up to 15 years to offset future tax liabilities. Internal Revenue Code provisions would govern the carry-forward of unused credits in cases where there was a change of ownership. Claimants would be required to include with their return: (a) Commerce verification that the claimant was eligible for tax credits; and (b) a statement from Commerce verifying the purchase price and eligibility of the investment. If a certification of eligibility for tax benefits was revoked, credits could not be claimed for the tax year in which the certification was revoked or for successive tax years, and unused credits could not be carried forward to offset tax liabilities for the year in which certification was revoked and succeeding years. In addition, credits could not be claimed for the year in which a person that was certified for tax benefits ceased business operations in a zone, and unused credit amounts could not be carried forward from that year or from previous years.

The Department of Revenue would administer credit claims and could take any action, conduct any proceeding and proceed as authorized under income and franchise tax provisions relating to timely claims, assessments, refunds, appeals, collection, interest and penalties. DOR would be authorized to deny any portion of a credit that was claimed if allowing the full credit would cause the total amount of credits claimed to exceed the maximum credit limit.

Development Zone Tax Credit. Under current law, eligible businesses which conduct economic activity in development or enterprise development zones may claim the development zone tax credit. A business in the Milwaukee development opportunity zone would be eligible for the tax credit. The credit is based on amounts spent on environmental remediation and the number of full-time jobs created or retained.

a. *Environmental Remediation Component.* A credit against income taxes due can be claimed for 50% of the amount expended for environmental remediation in a development, or enterprise development zone.

b. *Full-Time Jobs Component.* A credit of up to $8,000 against income and franchise taxes can be claimed for: (1) each full-time job created in a development or enterprise development zone and filled by a member of a targeted group; and (2) retaining a full-time job in an enterprise development zone if Commerce determines that a significant capital investment was made to retain the full-time job. In addition, a credit of up to $6,000 can be claimed for each full-time job created or retained in a development or enterprise development zone that is filled by a Wisconsin resident who is not a member of a targeted group.

Credits that are not entirely used to offset income or franchise taxes in the current year can be carried forward up to 15 years to offset future tax liabilities.

Investment Tax Credit. An eligible corporation in the Milwaukee development opportunity zone could claim a credit against income taxes due for 2.5% of the purchase price of

depreciable tangible personal property or 1.75% of the purchase price of depreciable tangible personal property that was expensed under section 179 of the IRC. Only taxes due on income generated by or directly related to business activities in the development opportunity zone could be offset by the credit. Unused credit amounts could be carried forward to offset future tax liabilities generated by activities in the development opportunity zone. However, if the business ceased operations in the zone, unused credit amounts could not be carried forward.

Tax Credits Claimed Based on the Economic Activity of Another. Commerce would be authorized to certify a person that was conducting economic activity in the development opportunity zone as eligible for claiming the available tax credits based on the economic activity of another person. (This is intended to address cases where a person developed a business location for lease to another business and the lessee business created jobs but could not claim the jobs component of the development zones credit.) In order for Commerce to certify a person as eligible for credits based on the economic activity of another person, the following would have to apply:

a. The person's (to be certified) economic activity was instrumental in enabling another person to conduct economic activity in the development opportunity zone.

b. Commerce determined that the economic activity of the other person would not occur without the involvement of the person to be certified.

c. The person to be certified for tax benefits would pass the tax benefits through to the other person conducting economic activity in the development opportunity zone.

d. The other person conducting economic activity in the zone would not claim tax benefits.

A person that intended to claim tax benefits based on the economic activity of another would be required to submit an application to Commerce, in the form prescribed by the Department, with information required by Commerce and by DOR. Commerce would be required to verify information submitted for tax credits and to notify DOR of all persons that were certified to claim tax credits.

Commerce would be required to revoke the certification for tax credits under this provision if it determined that the person: (a) supplied false or misleading information; (b) ceased operations in the development opportunity zone; or (c) did not pass tax benefits through to the other person conducting economic activity in the zone, as determined by Commerce. The Department would be required to notify DOR within 30 days of the revocation.

The tax credit provisions would first apply to tax years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's effective date is after July 31. In that case, the provisions would first apply to tax years beginning on January 1 of the following year.

The administration has not provided an estimate of the amount of reduction in state individual and corporate income and franchise taxes that would result from the tax credit claims.

Currently, there is one development opportunity zone located in Kenosha.

Senate: Provide that the tax credits in the Milwaukee development opportunity zone created in the bill that are claimed based on the partnership's, LLC's or corporation's activities in proportion to their ownership interest may offset the tax attributable to their income.

Conference Committee/Legislature: Include Senate provision and adopt a technical amendment to clarify that noncorporate businesses in the zone could claim tax credits in the zone.

Veto by Governor [B-28]: Delete provisions that require that the tax credits could only be used to offset taxes on a claimant's income from business operations directly related to those in the zone. This would clarify that the tax credits could be used to offset all of the income of eligible businesses.

[Act 16 Sections: 2143, 2145m, 2145p, 2146, 2147k thru 2147t, 2152, 2157, 2175, 2176, 2176m, 2176p, 2177, 2178k, 2178m, 2178p, 2180, 2190m, 2190p, 2191, 2192k, 2192m, 2192p, 2194, 2203, 2248, 3700, 3701, 3702, 3703, 3703p, 3704, 3704e thru 3708 and 9344(9)&(10)]

[Act 16 Vetoed Sections: 2146, 2147p, 2177, 2178p, 2191 and 2192p]

24. TECHNOLOGY ZONES PROGRAM AND TAX CREDIT AND AGRICULTURAL DEVELOPMENT ZONE [LFB Paper 106]

Governor: Require Commerce to designate as technology zones up to seven areas in the state in fiscal year 2001-02, up to seven areas in 2002-03 and up to six areas in 2003-04. Designation of an area as a technology zone would be for 10 years. Commerce could change the boundaries of a technology zone at any time that its designation is in effect. A change in boundaries would not affect the designation of the area as a technology zone or the maximum amount of tax credits that could be claimed in the technology zone.

A business that was located in a technology zone and that was certified by Commerce would be eligible to claim a technology zones credit that would be created under the bill. The credit would equal the sum of the following:

a. The amount of real and personal property taxes that the business paid during the tax year.

b. The amount of state income and franchise taxes that the business paid during the tax year.

c. The amount of state, county and special district sales and use taxes that the business paid during the tax year.

The maximum amount of tax credits that could be claimed in a technology zone would be $5,000,000. Credits that were not entirely used to offset income or franchise taxes in the current year could be carried forward up to 15 years to offset future tax liabilities. The Department of Revenue would be authorized to deny any portion of a technology zone credit that was claimed if allowing the full amount of a credit to be claimed would cause the total amount of credits claimed to exceed to maximum credit limit for the zone. DOR would be required to notify Commerce of all technology zone tax credit claims, administer credit claims, and take any action, conduct any proceeding and proceed as authorized under income and franchise tax provisions relating to timely claims, assessments, refunds, appeals, collection, interest and penalties. Commerce would be required to verify information related to technology zones tax credit claims that was submitted to DOR by businesses.

The Department of Commerce could certify a business as eligible for technology zone tax credits if the business met the following requirements:

a. The business was located in a technology zone.

b. The business was a new or expanding business.

c. The business was a high-technology business.

In determining whether to certify a business for tax credits Commerce would be required to consider:

a. How many jobs the business was likely to create.

b. The extent and nature of the high technology used by the business.

c. The likelihood that the business would attract related enterprises.

d. The amount of capital investment that the business would be likely to make in Wisconsin.

e. The economic viability of the business.

When Commerce certified a business as eligible for tax credits, Commerce would establish a limit on the amount of tax credits the business could claim. Generally, unless certification was revoked and subject to the maximum limit on credits that could be claimed, a business could claim a tax credit for three years. However, if the business experienced growth, as determined by Commerce, it could claim a tax credit for up to five years.

Commerce would be required to enter into an agreement with a business that it certified. The agreement would specify the limit on the amount of tax credits that the business could claim, the extent and type of growth that that business would have to experience to extend

eligibility for tax credits, the baseline against which growth would be measured, other conditions that would have to be met to extend eligibility for tax credits, and reporting requirements.

Commerce would be required to notify DOR of the following:

a. Designation of a technology zone.

b. Certification of a business and the limit on the amount of tax credits the business could claim.

c. Extension or revocation of a business' certification.

The bill would require Commerce to promulgate administrative rules for administering the technology zones program including rules relating to the following:

a. Criteria for designating an area as a technology zone.

b. A business' eligibility for certification for tax credits as well as definitions of "new or expanding business" and "high-technology business."

c. Certifying a business, including use of criteria for consideration specified in the bill.

d. Standards for establishing a limit on the amount of tax credits that a business may claim.

e. Standards for extending a business' certification, including what measures, in addition to job creation, Commerce would use to determine the growth of a specific business and how Commerce would establish baselines for measuring growth.

f. Reporting requirements for certified businesses.

g. The exchange of information between Commerce and DOR.

h. Reasons for revoking a business' certification.

i. Standards for changing the boundaries of a technology zone.

The tax credit provisions would first apply to tax years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's general effective date is after July 31. In that case, the provisions would first apply to tax years beginning on January 1 of the following year.

The administration has not provided an estimate of the amount of reduction in state individual and corporate income and franchise taxes that would result from tax credit claims.

Wisconsin has two programs that provide tax credits to businesses as incentives to expand and locate in designated economically distressed areas: development zones and

enterprise development zones. The programs are designed to promote economic growth through job creation and investment in the distressed areas. Designation criteria target areas with high unemployment, low incomes and decreasing property values. Businesses which locate or expand in the different zones are eligible to receive various tax credits. In addition, the state has designated an area in the City of Kenosha as a development opportunity zone. As of January, 2001, Commerce had designated 20 development zones and certified 56 enterprise development zones.

Eligible businesses that conduct economic activity in development or enterprise development zones may claim the development zone tax credit. The credit is based on amounts spent on environmental remediation and the number of full-time jobs created or retained. [More detail on the current development zone tax credit is provided in the earlier entry entitled "Milwaukee Development Opportunity Zone and Capital Investment Credit."]

The maximum amount of credits that can be claimed under the development zone program is $38,155,000. A total of $27.1 million has been allocated to these zones. The maximum amount of credits that can be claimed by an eligible business in an enterprise development zone is established by Commerce, but cannot exceed $3,000,000. Through December, 2000, over $93 million in tax credits had been allocated to certified enterprise development zones.

Joint Finance: Modify provisions as follows: (a) authorize the Department of Commerce to create up to nine technology zones (rather than 20) but provide that the Department could not designate more than three zones without approval of the Joint Committee on Finance; and (b) limit the total amount of technology zones tax credits that could be claimed in a zone to $3,000,000 (rather than $5,000,000). Also, a technical modification would provide that partnerships, limited liability companies and S corporations could pass the technology zones credit on to partners and members.

Senate: Delete provisions.

Assembly: Include provisions that would authorize the Department of Commerce to designate as technology zones up to 18 areas in the state. However, the Department could not create more than three zones without approval of the Joint Committee on Finance. Designation of an area as a technology zone would be for 10 years. A business that was located in a technology zone and that was certified by Commerce would be eligible to claim a technology zones credit that would be created under the bill. As under the Governor's recommendation and Joint Finance provision, the credit would equal the sum of the state and local property, income and sales taxes that the business paid during the tax year.

The maximum amount of tax credits that could be claimed in a technology zone would be $5,000,000. Credits that were not entirely used to offset income or franchise taxes in the current year could be carried forward up to 15 years to offset future tax liabilities.

Commerce would be required to designate a technology zone in the City of Marshfield.

In addition, an agricultural development zone program would be created. Under the program, Commerce would be required to designate two agricultural development zones located in rural municipalities and that could exist for 10 years. A rural municipality would be: (a) a city, town or village that is located in a county with a population density of less than 150 persons per square mile; or (b) a city, town or village with a population of 6,000 or less. New or expanding agricultural businesses in a zone could claim the following tax credits under the state individual and corporate income and franchise taxes: (a) the development zones capital investment credit equal to 3.0% of the purchase price of depreciable real and tangible personal property primarily used in the zone and 3% of the amount expended to acquire, construct, rehabilitate, remodel or repair real property in the zone (this credit is provided for the Milwaukee and Beloit development opportunity zones); and (b) the development zones jobs and environmental remediation credit. Unused tax credits could be carried forward up to 15 years to offset future tax liabilities. The maximum amount of credits that could be claimed by agricultural businesses in a zone would be $5,000,000 and the tax credits would first apply to tax years beginning on or after January 1, 2003. The Department of Commerce would administer the program. Since the tax credits would first apply to tax years beginning on or after January 1, 2003, there would be no fiscal effect in the current biennium. However, it is estimated that the $10,000,000 in authorized tax credits would be claimed beginning in the 2003-05 biennium.

Conference Committee/Legislature: Adopt Assembly provisions with the following modifications:

a. Limit the total number of technology zones that could be created to eight;

b. Require that Commerce could not create a technology or agricultural development zone without the approval of the Joint Committee on Finance;

c. Require that one agricultural development zone be authorized as specified under the Assembly provisions;

d. Include a technical amendment to clarify that noncorporate businesses could claim the technology zones and agricultural development zones tax credits;

e. Delete the provision that would require Commerce to designate a technology zone in the City of Marshfield.

Veto by Governor [B-12]: Delete the requirement that the Joint Committee on Finance must approve Commerce's designation of a technology or agricultural development zone.

[Act 16 Sections: 2143, 2146, 2146m, 2147k, 2147r thru 2148, 2153, 2157, 2175, 2177, 2177m, 2178k, 2178r thru 2179, 2181, 2182, 2191, 2191m, 2192k, 2192r thru 2193, 2195, 2204, 3700, 3700d, 3708m, 3713 and 9344(10),(11z),(22)&(30nk)]

[Act 16 Vetoed Sections: 3708m and 3713]

25. DEVELOPMENT ZONES TAX CREDIT -- DEFINITION OF TARGET GROUP MEMBER

Governor: Modify the definition of "member of a targeted group" used for the full-time jobs component of the development zones tax credit to eliminate: (a) persons who would be members of a targeted group under the definition used for the prior development zones jobs tax credit; (b) persons unemployed because of a business closing or mass layoff; and (c) dislocated workers as defined under federal law. Instead, the bill would specify that "member of a targeted group" would include a person who was a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income (SSI) recipient, a general assistance recipient, an economically disadvantaged ex-convict, a qualified summer youth employee as defined under federal law, or a food stamp recipient.

This modification would first apply to tax years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's general effective date is after July 31. In that case, the new definition would first apply to tax years beginning on January 1 of the following year. The administration estimates the fiscal effect of this provision to be minimal.

Currently, a consolidated development zone credit can be claimed by businesses in development and enterprise development zones. The credit is based on amounts spent on environmental remediation and the number of full-time jobs created or retained. The credit can only be used to offset income from the claimant's business activities in the development or enterprise development zone.

The full-time jobs component allows a credit of up to $8,000 against corporate income taxes for: (a) each full-time job created in a development or enterprise development zone or development opportunity zone and filled by a member of a targeted group; and (b) retaining a full-time job in an enterprise development zone if the Department of Commerce determines that a significant capital investment was made to retain the full-time job. In addition, a credit of up to $6,000 can be claimed for each full-time job created or retained in a development or enterprise development zone that is filled by an individual who is not a member of a targeted group. At least one-third of job credits claimed must be based on jobs created and filled by targeted group members.

Under current law, "member of a targeted group" includes: (a) a person who is a member of a targeted group under the definition used for the prior development zones jobs tax credit; (b) a person who resides in an empowerment zone or an enterprise community that the federal government has designated; or (c) a Wisconsin Works (W-2) participant, if the person or participant is certified in the appropriate manner and by the appropriate designated local agency.

Under the prior development zone jobs tax credit [(a) above], the definition of eligible target groups was referenced to federal law for the targeted jobs tax credit as amended to December 31, 1995. Under those federal law provisions, eligible target groups include:

1. Disabled individuals receiving vocation rehabilitation services;

2. Economically disadvantaged youths;

3. Economically disadvantaged Vietnam veterans;

4. SSI recipients;

5. General assistance recipients;

6. Youths who were members of an economically disadvantaged family and participants in a qualified cooperative education program;

7. Economically disadvantaged ex-convicts;

8. Eligible work incentive program employees or participants in work incentive demonstration programs; and

9. Qualified summer youth employees.

The prior development zones job credit expanded the definition of target groups to include dislocated workers. As a result, eligible target groups also include: (a) persons who have been terminated or laid off or who have received notice of termination or layoff, are eligible for or have exhausted their unemployment compensation benefits, and are unlikely to return to their previous industry or occupation; (b) persons who have been terminated or who have received notice of termination or layoff as a result of a permanent plant closure; (c) persons who are long-term unemployed and have limited opportunities for new employment in a similar occupation in the area, including elderly who face barriers to employment because of their age; and (d) persons who were self-employed, including farmers, and are unemployed as a result of general economic conditions in their area or because of natural disasters. The definition of target groups also includes persons who are unemployed as a result of plant closings or mass layoffs that are subject to the state plant closing law.

Joint Finance/Legislature: Include provisions and make a technical modification to restore dislocated workers in the definition of target group members used for the development zone tax credit.

[Act 16 Sections: 2147, 2178, 2192 and 9344(11)]

26. DEVELOPMENT ZONES SALES TAX CREDIT

GPR	- $200,000

Governor/Legislature: Decrease the sum sufficient appropriation for the development zones sales tax credit by $100,000 annually. Total funding would be $50,000 each year. This reflects elimination of the refundable credit for tax years beginning on January 1, 1997.

27. DEVELOPMENT ZONES JOBS TAX CREDIT

GPR	- $200,000

Governor/Legislature: Decrease the sum sufficient appropriation for the development zones jobs tax credit by $100,000 annually. Total funding would be $50,000 each year. This reflects elimination of the refundable credit for tax years beginning on January 1, 1997.

28. DEVELOPMENT ZONES LOCATION TAX CREDIT

GPR	- $1,000

Governor/Legislature: Decrease funding by $500 annually for the development zones location credit for Native American Businesses or tribal enterprises. Total funding would be $2,000 annually.

29. DEVELOPMENT ZONES INVESTMENT TAX CREDIT

GPR	- $1,000

Governor/Legislature: Decrease funding by $500 annually for the development zones investment credit for Native American Businesses or tribal enterprises. Total funding would be $2,000 annually.

30. POLLUTION ABATEMENT EQUIPMENT DEDUCTION APPROVAL

Governor/Legislature: Specify that, for businesses that are taxed under the individual income tax, DOR must approve the deduction for the cost of waste treatment and pollution abatement equipment only if the taxpayer is subject to the state utility or insurance premiums tax. Currently, all businesses claiming the deduction must have the property approved by DOR, not just utilities and insurers.

[Act 16 Sections: 2144 and 9344(6)]

31. RECYCLING SURCHARGE -- NONCORPORATE FARMS

Governor/Legislature: Require noncorporate farms to pay the same recycling surcharge as other noncorporate businesses (sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations). Under this provision, noncorporate farms with less than $4,000,000 in gross receipts would be excluded from paying the surcharge. Noncorporate farms with gross receipts of more than $4,000,000 would pay 0.2% of net business income, subject to a minimum payment of $25 and a maximum payment of $9,800. Under current law, noncorporate farms with gross receipts in excess of $1,000,000 pay the $25 minimum payment. This provision would first apply to tax years beginning on January 1, 2001, and is estimated to have a minimal fiscal effect.

[Act 16 Sections: 2249, 2250 and 9344(17)]

32. CORPORATE INCOME AND FRANCHISE TAX -- COMBINED REPORTING

Senate: Require, beginning with tax years starting on or after January 1, 2002, corporations that are subject to the state corporate income and franchise tax and that are members of an affiliated group engaged in a unitary business to compute state corporate income and franchise tax liability using the combined reporting method of determining income. This provision would increase corporate income and franchise tax revenues by an estimated $28,000,000 in 2001-02 and $70,000,000 in 2002-03.

Conference Committee/Legislature: Delete provision.

33. CORPORATE INCOME TAX -- DEDUCTION FOR SALARIES PAID TO CORPORATE OFFICERS AND EMPLOYEES

Senate: Limit the deduction for wages, salaries, commissions and bonuses paid to an employee or officer of a corporation to an amount equal to twenty-five times the wages, salaries, commissions and bonuses paid to the corporation's lowest paid full-time employee. The provision would first apply to tax years beginning on January 1 of the year in which the bill generally took effect, unless the effective date is after July 31. In that case, the provision would first apply to tax years beginning on January 1 of the following year. It is estimated that this provision would increase corporate income and franchise taxes by $5,500,000 in 2001-02 and $11,100,000 in 2002-03. Under current law, a publicly-held corporation cannot deduct compensation (remuneration) in excess of $1 million per tax year that is paid or accrued to certain executives.

Conference Committee/Legislature: Delete provision.

34. EDUCATION TAX CREDIT

Assembly: Provide, for tax years beginning on or after July 1, 2003, a tax credit under the individual and corporate income and franchise taxes equal to the following: (a) 50% of the tuition that the claimant paid or incurred during the year for an individual to participate in an education program of a qualified postsecondary institution, if the individual was enrolled in a degree-granting program; and (b) 75% of the tuition that the claimant paid or incurred during the year for an individual to participate in an education program of a qualified postsecondary institution, if the individual was enrolled in a degree-granting program and if the individual's taxable income in the year prior to beginning the education program was not more than 185% of the federal poverty line. The credit could be carried forward up to fifteen years to offset future tax liabilities.

Sole proprietorships, corporations and insurance companies could claim the education tax credit to offset income and franchise tax liabilities. Partnerships, limited liability companies and S (tax-option) corporations could not claim the tax credit, but eligibility for and the amount of

tax credit that could be claimed would be based on the amounts paid for tuition by the entity. A partnership, LLC or S corporation would be required to compute the amount of tax credit that each of its partners, members or shareholders, respectively, could claim and to provide that information to them. Partners, LLC members or shareholders of S corporations would claim the tax credit in proportion to their ownership interest.

The claimant could not claim tax credits based on tuition amounts also used to claim the state or federal higher education deduction or tax credits. In addition, a claimant could not claim a tax credit for any tuition amounts paid or incurred for a family member of the claimant or a family member of a managing employee unless all of the following applied: (a) the family member was employed an average of at least 20 hours a week as an employee of the claimant, or the claimant's business, during the one-year period prior to beginning participation in the education program for which the claimant claims a credit; (b) the family member is enrolled in a degree-granting program that is substantially related to the claimant's business; and (c) the family member is making satisfactory progress towards completing the degree-granting program.

"Degree-granting program" would be defined as an educational program for which an associate, a bachelor's or graduate degree is awarded upon successful completion. "Qualified postsecondary institution" would mean a University of Wisconsin System institution, a technical college system institution, a regionally accredited 4-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin, and a school approved by the Educational Approval Board if the school has a physical presence and delivery of education occurs in Wisconsin. "Managing employee" would be an individual who wholly or partially exercises operational or managerial control over, or who directly or indirectly conducts, the operation of the claimant's business.

Because the tax credit would first apply to tax years beginning on or after July 1, 2003, there would be no fiscal effect in the 2001-03 biennium. However, when implemented the education tax credit would reduce state individual and corporate income and franchise tax revenues by an estimated $11,900,000 annually.

Conference Committee/Legislature: Delete provision.

35. CONSERVATION LAND, CONSERVATION EASEMENT TAX CREDIT

Assembly: Provide, for tax years beginning on or after July 1, 2003, a tax credit under the individual and corporate income and franchise taxes, in an amount equal to 50% of the assessed value of property or a conservation easement, to the extent that the property or easement is a qualified conservation contribution that is donated to the state, a local governmental unit or a nonprofit conservation organization. The maximum credit would be $100,000 and unused credit amounts could be carried forward up to 10 years to offset future tax liabilities.

Sole proprietorships, corporations and insurance companies could claim the tax credit to offset income and franchise tax liabilities. Partnerships, LLCs and S corporations could not claim the tax credit, but eligibility for and the amount of tax credit that could be claimed would be based on the value of land donated by the entity. A partnership, LLC or S corporation would be required to compute the amount of tax credit that each of its partners, members or shareholders, respectively, could claim and to provide that information to them. Partners, LLC members or shareholders of S corporations would claim the tax credit in proportion to their ownership interest.

The Department of Revenue would be authorized to administer the credit and could take any action, conduct any proceeding and proceed as it is authorized under current income and franchise tax law provisions. State income and franchise tax provisions related to assessments, refunds, appeals, collection, interest, and penalties would apply to the credit.

A "local governmental unit" would be defined as a political subdivision of the state, a special purpose district, an instrumentality or corporation of a political subdivision or special purpose district, a combination or subunit of a political subdivision or special purpose district, or an instrumentality of the state. "Nonprofit conservation organization" would be defined as a nonprofit corporation, a charitable trust or other nonprofit association whose purposes include acquisition of property for conservation purposes as described in the federal Internal Revenue Code and is exempt from the federal income tax under the IRC. The definition of "conservation easement" would be referenced to current state law and would be a holder's nonpossessory interest in real property imposing any limitation or affirmative obligation the purpose of which includes retaining or protecting natural, scenic or open space values of real property, assuring the availability of real property for agricultural, forest, recreational or open space use, protecting natural resources, maintaining or enhancing air or water quality, preserving a burial site, or preserving the historical, architectural, archaeological or cultural aspects of real property.

A "qualified conservation contribution" would be defined by referencing federal law and would be a contribution of a qualified real property interest to a qualified organization exclusively for conservation purposes. Under federal law, a "qualified real property interest" is any of: (a) the entire interest of the donor other than a qualified mineral interest; (b) a remainder interest; or (c) a restriction (granted in perpetuity) on the use of the real property. "Conservation purpose" would mean: (a) the preservation of land areas for outdoor recreation by, or the education of, the general public; (b) the protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem; (c) the preservation of open space, including farmland or forest land, that will yield a public benefit, where such preservation is for the scenic enjoyment of the general public or pursuant to a clearly delineated federal, state or local governmental conservation policy; or (d) the preservation of an historically important land area or a certified historic structure.

Within five years after the effective date of the land and easement conservation tax credit, the Department of Natural Resources and DOR, along with the Gathering Waters Conservancy,

would be required to prepare a report on the effectiveness of the tax credit, including recommended changes to the credit to encourage conservation donations, and submit the report to the Speaker of the Assembly and President of the Senate.

Because the tax credit would first apply to tax years beginning on or after July 1, 2003, there would be no fiscal effect in the 2001-03 biennium. However, when fully implemented, on an annualized basis, it is estimated that the credit would reduce state individual and corporate income and franchise tax revenues by $1,700,000.

Local registers of deeds would be required to maintain a separate index for recording conservation easements.

Conference Committee/Legislature: Delete provision.

36. BELOIT DEVELOPMENT OPPORTUNITY ZONE

Senate/Assembly/Legislature: Require the Department of Commerce to designate an area in the City of Beloit as a development opportunity zone that would exist for seven years. Any corporation that located and conducted economic activity in the zone would be eligible to claim the development zone tax credit and a development zone capital investment credit and the maximum amount of tax credits that could be claimed by businesses in the zone would be $4,700,000.

In order to claim tax credits, a corporation that conducts or intends to conduct economic activity in the Beloit development opportunity zone would have to submit a project plan to the Department of Commerce, in conjunction with the Common Council. Commerce would be authorized to revoke the entitlement for tax credits of a corporation that: (a) supplied false or misleading information to obtain the tax benefits; (b) left the zone to conduct substantially the same business outside the development opportunity zone; or (c) ceased operations in the zone and did not renew the same or similar operations within 12 months. DOR would have to be notified within 30 days of a revocation.

Commerce would be required to estimate the amount of revenue that would be forgone due to tax credits claimed by businesses in the development opportunity zone. The zone would expire 90 days after the day on which the Department of Commerce determined that the amount of forgone revenue equaled or exceeded the tax credit limit. Commerce would notify the Common Council of any change in the expiration date and notify the Department of Revenue of corporations entitled to claim the tax credits and to verify information submitted by claimants.

Based on information provided by the City of Beloit concerning the timing of investments in the proposed development opportunity zone, it is estimated that there would be a minimal

fiscal effect during the 2001-03 biennium. However, it is anticipated that the $4,700,000 in tax credits would likely be claimed in the 2003-05 biennium.

[Act 16 Sections: 2143, 2146, 2147k, 2147m, 2147r, 2147t, 2152, 2157, 2175, 2176, 2176m, 2177, 2178k, 2178m, 2180, 2190p, 2191, 2192k, 2192m, 2194, 2203, 2248, 3700, 3701m, 3702, 3703, 3703m, 3703p, 3704, 3704c, 3704e thru 3708 and 9344(9)&(10)]

Estate Tax

1. ESTATE TAX [LFB Paper 122]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR-REV	$0	- $29,000,000	- $29,000,000

Joint Finance: For deaths occurring prior to October 1, 2002, modify the state estate tax statutes to reference the federal law in effect on December 31, 2000. For deaths occurring on or after October 1, 2002, reference the federal law in effect at that time. Specify that for deaths occurring after December 31, 2001, and before October 1, 2002 (the period for which the Wisconsin estate tax would reference federal estate tax law in effect on December 31, 2000), a person who prepares an estate tax return would be required to do so in a manner prescribed by the Department of Revenue.

Currently, Wisconsin imposes an estate tax that is equal to the federal credit for death taxes paid to a state government. Under such a tax, commonly known as a "gap" or "pick-up" tax, the state death tax results in a dollar-for-dollar reduction of federal estate tax liability and does not lead to an increase in total taxes due on an estate.

Under the federal Economic Growth and Tax Relief Reconciliation Act of 2001 (which was signed into law on June 7, 2001), the federal estate tax will be phased out, beginning with taxes on decedents dying after December 31, 2001, and ending with complete repeal for decedents dying after December 31, 2009. The federal legislation also reduces the state death tax credit from the amounts under current law as follows: (a) by 25% for decedents dying during calendar year 2002; (b) by 50% for decedents dying during calendar year 2003; (c) by 75% for decedents dying during calendar year 2004; and (d) complete repeal of the state death tax credit for decedents dying after December 31, 2004.

The state estate tax is due and payable nine months after the date of the decedent's death, with extensions of the due date granted in some cases. Therefore, for decedents dying during

calendar year 2002, losses in state revenue under current state law would begin to occur in October, 2002.

Based on estimated state estate tax revenues in 2002-03 and the provisions under the new federal law, it is anticipated that, in the absence of a change in state law, state general fund tax revenues would decrease by $29,000,000 during 2002-03. Under current law, the estimated loss in state tax revenues after the 2001-03 biennium (in 2002-03 dollars) would be as follows: (a) $58,000,000 in 2003-04; (b) $86,000,000 in 2004-05; (c) $113,000,000 in 2005-06; and (d) $120,000,000 in 2006-07 and beyond. [The estimates provided for these years assume that settlements are dispersed evenly throughout each year and that the total for each fiscal year would be equal to that estimated for 2002-03 under current law. However, estate tax collections are significantly affected by the settlement, or lack thereof, of a small number of large estates. Collections may vary considerably from year to year. Therefore, the actual annual losses that would be experienced under the new federal law could also vary considerably from the estimates shown above.]

Under the provisions adopted by the Joint Committee on Finance, there would be no loss in state estate tax revenues in 2002-03. However, the state estate tax statutes would conform to the Economic Growth and Tax Relief Reconciliation Act beginning with decedents dying on or after October 1, 2002, which would result in state revenue losses for 2003-04 and thereafter.

Senate: Provide, for all deaths occurring on or after the effective date of the bill, that the state estate tax would be based on federal law in effect on December 31, 2000. Under the Senate provision, state estate tax revenues would not be reduced as a result of the federal law change.

Assembly: Delete the modifications to the state estate tax made by the Joint Committee on Finance. This provision would maintain current law, which would reduce estate tax revenues by an estimated $29,000,000 in 2002-03.

Conference Committee/Legislature: Provide that: (a) for deaths occurring after September 30, 2002, and before January 1, 2008, the state estate tax would reference federal estate tax law in effect on December 31, 2000; and (b) for deaths occurring on or after January 1, 2008, the state estate tax law would reference federal law in effect at that time. Estimate reduced general fund tax collections from the estate tax of $29,000,000 in 2002-03.

Modify the time period for which a person who prepares an estate tax return would be required to do so in a manner prescribed by the Department of Revenue to reference deaths occurring after December 31, 2002 (rather than to deaths occurring after December 31, 2001, and before October 1, 2002).

In addition, include nonstatutory language requiring the Secretary of DOR to submit draft legislation regarding additional modifications to the estate tax to the Joint Committee on Finance if the federal government enacts legislation that provides revenue to the state that is intended to offset the state estate tax revenue loss due to the 2001 federal tax bill. Require that

the legislation submitted by DOR result in no net increase or decrease in total state revenues when the fiscal effect of the potential federal enactment is taken into account.

Under these provisions, the state estate tax law would continue to generally reference current federal law until October 1, 2002 (resulting in the decreased revenue of $29,000,000 in 2002-03 from the recent federal law change). For deaths occurring from October 1, 2002, through December 31, 2007, the state estate tax would reference federal law in effect on December 31, 2000. For this period, the state would avoid the decreases in state revenue that would otherwise occur as a result of the federal law change. For deaths occurring on or after January 1, 2008, state estate taxes would be based on federal law in effect at the time.

[Under the new federal law, the state death tax credit is being phased out and will be eliminated for deaths occurring after December 31, 2004. However, under a sunset provision, the new federal law will revert to prior federal law for deaths occurring after December 31, 2010. Under the budget provisions and the new federal law (including the federal sunset provision), state estate tax collections would be eliminated for deaths occurring on or after January 1, 2008 and before January 1, 2011, after which state estate taxes would be based on the state death tax credit allowed under prior federal law.]

Veto by Governor [F-9]: Delete the reference to "December 31, 2002" from the provision requiring a person who prepares an estate tax return for deaths occurring after December 31, 2002, to do so in a manner prescribed by the Department of Revenue.

It was the Legislature's intent that this provision would apply starting October 1, 2002, to accommodate the different reporting mechanism needed to administer the state tax after it was decoupled from the federal tax in effect at the time. However, the enrolled bill incorrectly specified the date after which this provision should apply as December 31, 2002. The Governor's partial veto corrects this error by eliminating the erroneous December 31, 2002, date and, instead, applying the October 1, 2002, effective date that generally applies to the estate tax provisions.

[Act 16 Sections: 2200d thru 2200L, 9144(1q) and 9444(5ak)]

[Act 16 Vetoed Section: 2200L]

General Sales and Use Tax

1. SALES TAX ON CUSTOM COMPUTER PROGRAMS [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR-REV	$52,000,000	- $500,000	- $51,500,000	$0

Governor: Change the definition of tangible personal property so that custom computer programs would be subject to the state's sales and use tax. Current law defines tangible personal property to include standard computer programs but specifically excludes custom programs. This change would take effect on the first day of the second month beginning after publication and is estimated to raise additional tax revenues of $16,000,000 in 2001-02 and $36,000,000 in 2002-03.

Joint Finance: Adopt the Governor's recommendation. Reestimate the fiscal effect of the change to be an increase in revenues of $20,500,000 in 2001-02 and $31,000,000 in 2002-03. These estimates are $4,500,000 higher in 2001-02 and $5,000,000 lower in 2002-03 than the Governor's estimates. In 2001-02, the difference is due primarily to an assumed effective date of October 1, 2001, for the provision, as opposed to a January 1, 2002, effective date assumed by the Governor. The reduced estimate for 2002-03 is largely due to slower anticipated growth in custom programming services relative to that forecast at the time the administration prepared its estimates.

Assembly/Legislature: Delete provision.

2. SALES TAX TREATMENT OF SERVICES TO TANGIBLE PERSONAL PROPERTY [LFB Paper 111]

Governor: Modify current provisions imposing the sales tax on services to tangible personal property.

Additions or Capital Improvements to Real Property. Under current law, the sales tax is generally imposed on the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection and maintenance of all items of tangible personal property. However, the tax is not imposed on the installing or applying of tangible personal property which, when installed or applied, will constitute an addition or capital improvement of real property. The bill would eliminate the exemption for installing or applying tangible personal property that becomes an addition or capital improvement to real property.

Business Equipment. The current statutes regarding the taxation of services to tangible personal property also specify a number of types of property that are deemed to have retained their character as tangible personal property, regardless of the extent to which any such item is fastened to, connected with or built into real property. Among these are "office, restaurant and tavern type equipment." The bill would modify this provision by replacing the phrase "office, restaurant and tavern type equipment" with "equipment in offices, business facilities, schools, and hospitals but not in residential facilities (including personal residences, apartments, long-term care facilities, prisons, secured correctional facilities, mental health institutes, centers for the developmentally disabled or similar facilities)." This is intended to clarify that any equipment used in these nonresidential settings would retain its character as tangible personal property, regardless of the type of equipment.

These provisions would take effect on the first day of the second month beginning after publication of the bill, and are estimated to have a minimal fiscal effect.

Joint Finance/Legislature: Approve the Governor's recommendation with technical modifications recommended by DOR. These modifications to the bill's provisions specify that the sales tax would apply to services to the items deemed to retain their character as tangible personal property, regardless of whether the installation or application of tangible personal property to the items is an addition or capital improvement of real property; but not to the original installation or complete replacement of an item listed if the installation or replacement constitutes a real property construction activity as defined in s. 77.51(2).

[Act 16 Sections: 2245 and 9444(1)]

3. SALES TAX ON NONCOMMERCIAL AIRCRAFT [LFB Paper 900]

Governor: Specify that by July 1, 2004, and every July 1 thereafter, DOR must determine, and deposit into the transportation fund, the total amount of sales and use tax paid in the immediately preceding calendar year on the sale and use of noncommercial aircraft. Current law requires all sales tax revenues to be deposited into the general fund. Beginning in 2003-04, this provision would increase transportation fund revenues by an estimated $3,300,000 per year and reduce general fund revenues by the same amount.

Joint Finance/Legislature: Delete provision.

4. SALES TAX EXEMPTION FOR GREEN BAY PACKERS SEAT LICENSES

Joint Finance/Legislature: Eliminate the December 31, 2003, scheduled termination of the sales tax exemption on gross receipts from the sale or use of a one-time seat license for Green Bay Packers football games. The fiscal effect of this provision is estimated to be minimal.

[Act 16 Section: 2246m]

5. SALES TAX EXEMPTION FOR FARM INPUTS

Assembly: Expand the sales and use tax exemption for inputs used in the business of farming to include lubricants, nonpowered equipment and other tangible personal property used exclusively and directly in farming operations. Specify that "farming" includes husbandry activities and aquaculture.

Current law provides that the following items used in agricultural production are exempt from sales tax:

a. Farm tractors and machines, including parts, used exclusively and directly in the business of farming;

b. Seeds, plants, feed, fertilizer, pesticides and related chemicals, livestock, wire and twine, animal bedding, plastic sheeting and certain containers used in farming;

c. Livestock semen used for artificial insemination;

d. Fuel and electricity sold for use in farming;

e. Medicine used on farm livestock, not including workstock;

f. Milkhouse supplies used exclusively in producing and handling milk on dairy farms;

g. Animal tags and standard milk samples sold by the Department of Agriculture, Trade and Consumer Protection.

In addition, veterinary medical and hospitalization services are not taxable services in Wisconsin.

The budget provision would repeal the specific exemptions for fuel and electricity sold for use in farming and the exemption for milkhouse supplies used in producing milk on dairy farms and create a broad-based exemption for all tangible personal property (including fuel and electricity and milkhouse supplies) used exclusively and directly in the business of farming.

Examples of currently taxable items that would be exempt under the proposal include the following: (a) tools used in constructing farm buildings and fences and in making repairs to real estate, tractors or other farm machines; (b) non-powered equipment such as applicators for fertilizers and insecticides, cutters, dairy scales, barn brooms and machine parts; (c) vitamins; (d) supplements (including bovine growth hormone) and related supplies for livestock not currently exempt; and (e) lubricants, detergents and miscellaneous additional supplies.

These changes would take effect on July 1, 2002, and would reduce general fund revenues by an estimated $4,700,000 in 2002-03.

Conference Committee/Legislature: Delete provision.

6. SALES TAX EXEMPTION FOR SCHOOL CONSTRUCTION MATERIALS

Assembly: Create a sales tax exemption for building materials purchased by private entities that are used in school construction, renovation or development projects in Wisconsin pursuant to a contract with a school district. Specify that the exemption would take effect on January 1, 2003.

Under current law, contractors are subject to sales and use tax on purchases of materials used in real property construction, renovation or development whether or not the construction is for an entity that is exempt from sales and use tax. The purchase of construction materials made by an exempt entity, such as a school district, is exempt from the sales and use tax.

It is estimated the exemption would result in reduced general fund revenues of $2,700,000 in 2002-03 and $5,400,000 on an annualized basis.

Conference Committee/Legislature: Delete provision.

7. SALES TAX ON MOBILE TELECOMMUNICATIONS SERVICES

Senate: Modify the treatment of mobile telecommunications services to bring Wisconsin sales tax statutes into conformance with the federal Mobile Telecommunications Sourcing Act.

Under current law, the sale of a mobile telecommunications service, such as the use of a cellular telephone, is subject to the sales tax if the service either originates or terminates in Wisconsin. For example, a call placed via cell phone by a Wisconsin resident from a neighboring state to a non-Wisconsin destination would not be taxable because the call did not originate or terminate in Wisconsin.

This provision would define "mobile telecommunications service" as a commercial mobile radio service as defined in federal regulations [47 CFR 20.3]. It provides that, for customer bills issued after August 1, 2002, mobile telecommunications services would be subject to the sales and use tax if the customer's place of primary use of the service is in Wisconsin, regardless of where the service originates or terminates. This change would bring Wisconsin's sales and use tax statutes into conformance with P.L. 106-252, the federal Mobile Telecommunications Sourcing Act, by incorporating the sourcing provisions of P.L. 106-252 into state law. Should P.L. 106-252 or its application be found unconstitutional, the sale of mobile telecommunications services would be subject to the sales and use tax under the current state provisions.

It is estimated that adoption of these provisions would result in increased general fund revenues of $500,000 in fiscal year 2002-03.

Conference Committee/Legislature: Delete provision.

8. SALES TAX EXEMPTION FOR CERTAIN COMMON OR CONTRACT MOTOR CARRIERS

Assembly: Extend the sales tax exemption for purchases of vehicles and vehicle parts by common and contract carriers who provide transportation for hire to include purchases by for-hire haulers of cargo that is deemed to have no economic value, such as waste or snow. Specify

that this tax treatment would take effect on the first day of the second month beginning after publication of the bill.

Under current policy, the Department of Revenue interprets the definition of "property," for purposes of determining eligibility for the sales tax exemption on vehicle and vehicle parts purchases by common and contract carriers, as constituting only cargo that has economic value. This interpretation has the effect of denying for-hire haulers of garbage, sand, snow and other materials commonly considered to lack economic value an exemption from the sales tax on their purchases of vehicles and vehicle parts.

It is estimated that adoption of these provisions would result in reduced general fund revenues of $180,000 in 2001-02 and $260,000 in 2002-03.

Conference Committee/Legislature: Delete provision.

9. SALES TAX EXEMPTION FOR FLAGS

GPR-REV	- $240,000

Assembly/Legislature: Create a sales tax exemption for the United States flag and the flag of the State of Wisconsin, effective on the first day of the second month beginning after publication of the budget act. The exemption would not apply to representations of these flags. This provision would reduce general fund tax revenues by an estimated $100,000 in 2001-02 and $140,000 in 2002-03.

[Act 16 Sections: 2246n and 9444(1m)]

10. SALES TAX EXEMPTION FOR WATER-PARK WATER SLIDES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-REV	- $210,000	$210,000	$0

Senate: Create a sales and use tax exemption for water slides, including their support structures, attachments and parts. This exemption would take effect on the first day of the second month beginning after publication of the bill. It is estimated that the exemption would result in reduced general fund revenues of $90,000 in 2001-02 and $120,000 in 2002-03.

Conference Committee/Legislature: Adopt the Senate provision with a modification to clarify that the exemption would apply only to waterpark water slides, not to water slides located at residential properties.

Veto by Governor [F-7]: Delete provision.

[Act 16 Vetoed Sections: 2246nm and 9444(3w)]

11. USE TAX EXEMPTION FOR CERTAIN ADVERTISING MATERIALS PRINTED OUT OF STATE

Assembly: Exempt from the use tax materials printed outside Wisconsin that are shipped by the printer directly to the persons designated by the purchaser, so long as the purchaser does not take possession of the materials. Specify that the exemption would be retroactive to transactions first occurring on or after January 1, 1990.

Under current law, advertising materials such as catalogs that are printed outside this state and shipped directly to the purchaser's customers--without the purchaser having taken possession of the printed materials--are subject to Wisconsin's use tax if the out-of-state printer has nexus (business connection) in Wisconsin. The use tax does not apply if the out-of-state printer does not have nexus with this state. The provision would extend the current exemption to out-of-state printers that have nexus with Wisconsin.

Adequate data do not exist to accurately estimate the revenue loss that would result from adoption of these provisions.

Conference Committee/Legislature: Delete provision.

12. MODIFY USE TAX PROVISIONS REGARDING BOATS BERTHED IN WISCONSIN BOUNDARY WATERS

Senate: Modify the use tax exemption for boats purchased as exempt occasional sales in other states and berthed in the boundary waters of this state to allow the exemption for boats purchased anywhere outside Wisconsin rather than just for boats purchased in states that are contiguous to Wisconsin.

Under current law, the use tax is imposed on items purchased in other states and used in Wisconsin if the item would be taxable if purchased in this state. However, an exemption is provided for boats that are berthed in Wisconsin boundary waters if: (a) the boat was purchased by an individual domiciled in a contiguous state; (b) the purchase was made in the contiguous state in which the individual is domiciled; and (c) the purchase was an exempt occasional sale under the laws of the other state. This proposal would modify item (b) to allow the exemption for a boat purchased anywhere outside Wisconsin, rather than only for boats purchased in contiguous states. Adoption of this proposal would result in a minimal revenue loss.

Conference Committee/Legislature: Delete provision.

13. SALES TAX REBATE AND EXEMPTION FOR PURCHASES OF DIGITAL BROADCASTING EQUIPMENT

Senate: Provide a rebate of the sales tax paid on purchases of digital broadcasting equipment by radio and television stations during the period July 1, 2001, through June 30, 2003, with rebates to be paid by November 30, 2003. Create a sales tax exemption for television and radio stations' purchases of digital broadcasting equipment, effective July 1, 2003.

Rebates under this provision would not be processed and paid until the 2003-04 state fiscal year. Therefore, no revenue loss is associated with the rebate during the 2001-03 biennium. When rebates are issued for the period July 1, 2001, through June 30, 2003, it is estimated that they would total $3,500,000. Rebates for television-related equipment are anticipated to account for this entire amount, as standards for digital radio transmission have not been adopted by the Federal Communications Commission and are not expected to be finalized until late summer 2002, at the earliest.

Revenue losses to the general fund associated with the sales tax exemption are estimated as follows: (a) for television stations, $735,000 per year during fiscal years 2003-04 through 2005-06; and (b) for radio stations, $1,800,000 total during fiscal years 2003-04 through 2008-09. For radio, the timing of revenue losses in individual fiscal years is unknown at present.

Conference Committee/Legislature: Delete provision.

14. STREAMLINED SALES TAX AGREEMENT

Senate/Legislature: Incorporate the provisions of Senate Bill 152, which would create the uniform sales and use tax administration act and authorize the Department of Revenue to enter into an agreement with other states to simplify and modernize sales and use tax administration.

General Provisions. DOR would be authorized to enter into the streamlined sales tax agreement with other states to "simplify and modernize sales tax and use tax administration in order to substantially reduce the tax compliance burden for all sellers and for all types of commerce." DOR could act jointly with other states that are signatories to the agreement to establish standards for the certification of a certified service provider and certified automated system and to establish performance standards for multistate sellers. The Secretary of Revenue or the Secretary's designee would be authorized to represent Wisconsin before the states that are signatories to the agreement.

"Certified service provider" would mean an agent that is certified jointly by the signatory states and that performs all of a seller's sales tax and use tax functions related to the seller's retail sales. "Certified automated system" would be defined as software that is certified jointly by the states that are signatories to the agreement and that is used to calculate the sales tax and use tax on a transaction by each jurisdiction, to determine the amount of tax to remit to the appropriate state, and to maintain a record of the transaction.

DOR would also be granted authority to promulgate rules to administer the uniform sales and use tax provisions, procure jointly with other signatory states goods and services in furtherance of the agreement and take other actions reasonably required to implement the agreement.

Restrictions. DOR could not enter into the agreement unless the agreement requires that signatory states do all of the following:

a. Limit the number of state sales and use tax rates.

b. Limit the use of any caps on the amount of state sales and use tax due on a transaction.

c. Limit thresholds on the application of sales and use tax.

d. Establish uniform standards for the sourcing of transactions to the appropriate taxing jurisdictions, for administering exempt sales, and for sales and use tax returns and remittances.

e. Develop and adopt uniform definitions related to sales and use tax.

f. Provide a central electronic registration system that allows a seller to register to collect and remit sales and use taxes for all signatory states.

g. Provide that the state cannot use a seller's registration with the central electronic registration system and the subsequent collection and remittance of sales and use taxes in signatory states to determine whether the seller has sufficient connection with the state for the purpose of imposing any tax.

h. Restrict variances between the state tax bases and local tax bases.

i. Administer all local sales and use taxes within the state so that sellers who collect and remit taxes are not required to register with, or submit returns or taxes to, local jurisdictions and are not subject to audits by local jurisdictions.

j. Restrict the frequency of changes in any local sales and use tax rates and provide notice of any such changes.

k. Establish effective dates for the application of local jurisdictional boundary changes to local sales and use tax rates and provide notice of such changes.

l. Provide monetary allowances to sellers and certified service providers as outlined in the agreement.

m. Certify compliance with the agreement before entering into the agreement and maintain compliance with the agreement.

n. Adopt, with the signatory states, a uniform policy for certified service providers that protects consumer privacy and maintains tax information confidentiality.

o. Appoint, with the signatory states, an advisory council (consisting of private-sector representatives and representatives of nonsignatory states) to consult with in administering the agreement.

Limited Binding and Beneficial Effect; Relationship to State Law. The statutes would specify that the agreement would bind, and inure to the benefit of, only the signatory states. Any benefit that a person may receive from the agreement would have to be established by Wisconsin state law and not by the terms of the agreement.

No person would have any cause of action or defense under the agreement or because of DOR entering into the agreement. No person could challenge any action or inaction by any department, agency, other instrumentality or political subdivision of this state on the ground that the action or inaction is inconsistent with the agreement.

No law of Wisconsin, or application of such law, could be declared invalid on the ground that the law, or application of the law, is inconsistent with the agreement. No provision of the agreement in whole or part would invalidate or amend any law of this state and the state becoming a signatory to the agreement would not amend or modify any state law.

Seller and Third-Party Liability. A certified service provider, as defined above, would be considered the agent of the seller with whom the provider has contracted and would be liable for the sales and use taxes that are due the state on all sales transactions that the provider processes for a seller, unless the seller has misrepresented the type of items that the seller sells or committed fraud.

Sellers would be subject to audits on transactions processed by a certified service provider only if there was probable cause to believe that the seller committed fraud or made a material misrepresentation. Sellers would continue to be subject to audits on transactions that are not processed by a service provider. Signatory states could jointly check the seller's business system and review the seller's business procedures to determine if the certified service provider's system is functioning properly and to determine the extent to which the seller's transactions are being processed by the certified service provider.

A person who provides a certified automated system (defined above) would be responsible for the system's proper functioning and would be liable to the state for tax underpayments that result from errors in the system's functioning. A seller that uses a certified automated system would be responsible and liable to the state for reporting and remitting sales tax and use tax.

A seller that has a proprietary system for determining the amount of tax that is due on transactions and that has signed an agreement with the signatory states establishing a

performance standard for the system would be liable for the system's failure to meet the performance standard.

The streamlined sales tax project is intended to establish more uniform sales tax systems among states in order to ease the administrative burden for multi-state retailers. A primary objective of the project is to encourage retailers that do not have nexus with participating states to voluntarily collect and remit sales and use taxes on internet, mail-order and other remote sales. The provisions described above would not have the effect of committing Wisconsin to any changes negotiated as efforts to arrive at a finalized streamlined sales and use tax agreement proceed. Any changes finalized through continued negotiations among the states (such as modifications to the definitions of taxable and nontaxable goods and services) would have to be approved by the Legislature through separate conforming legislation.

[Act 16 Sections: 2245dm and 2246p]

Public Utility Taxes

1. TAXATION OF WHOLESALE MERCHANT PLANTS AND WHOLESALE ELECTRICITY SALES [LFB Papers 828 and 115]

Governor: Modify the definition of a light, heat and power company (LHP) to include a wholesale merchant plant. In addition, reduce the gross revenues license fee on wholesale electricity sales for a six-year period beginning with gross revenues from calendar year 2003.

Under current law, LHPs (including qualified wholesale electric companies) and electric cooperatives are generally subject to a 3.19% gross revenues license fee on revenues from electricity sales under Chapter 76 of the statutes. In the case of an LHP that is not a qualified wholesale electric company, if the company's property is located entirely within a single town, village or city, it is subject to local assessment and taxation. For municipal LHPs subject to the license fee, the gross revenues from operations within the municipality are subtracted from total gross revenues for the purpose of determining the fee.

A qualified wholesale electric company is a generation facility in Wisconsin that is operated for the sale of electricity to an entity that sells electricity directly to the public. In addition, to meet the definition of a qualified wholesale electric company, the company must sell at least 95% of its net production of electricity to an entity that sells electricity directly to the public and must have a minimum total power production capacity of 50 megawatts.

The gross revenues license fee is paid in semi-annual installments of either 55% of the tax on gross revenues for the prior year or 50% of the estimated tax on gross revenues for the current year on May 10 and November 10. On the following May 10, a final adjustment

payment or refund is made to reconcile the two prior installment payments with the actual assessment.

Currently, the 3.19% gross revenues license fee applies to sales of electricity whether they are wholesale or retail sales. However, certain deductions can be made for the cost of power purchased by a public utility for resale. A private LHP may deduct from its gross revenues either: (a) the actual cost of power purchased for resale if the company purchases more than 50% of its electric power from a nonaffiliated utility that reports to the Public Service Commission (PSC); or (b) 50% of the actual cost of power purchased for resale if that company purchases more than 90% of its power and has less than $50 million in gross revenues. An electric cooperative may deduct from its gross revenue the actual cost of power for resale, as long as it purchases more than 50% of the power it sells.

The bill would specify that, for the purposes of the gross revenues license fee imposed on LHPs in lieu of local property taxes, the term "light, heat and power company" would include a wholesale merchant plant, as defined under the statutes regulating public utilities. [A "wholesale merchant plant" means electric generating equipment and associated facilities in this state that do not provide retail service. A wholesale merchant plant may be owned by an affiliated interest of a public utility only with the approval of the PSC.] Under these provisions, all wholesale merchant plants would be subject to the gross revenues license fee imposed under Chapter 76. [Under current law, a wholesale merchant plant satisfying the minimum capacity requirement under the definition of a qualified wholesale electric company would generally be subject to the 3.19% gross revenues license fee. Any merchant plant not satisfying this definition would be subject to local property taxation.] These provisions would also exclude a wholesale merchant plant, regardless of its production capacity, from the current law provision imposing local property assessment and taxation (rather than the license fee) on the property of an LHP located entirely in a single municipality.

The bill would exclude gross revenues from wholesale electricity sales from the current 3.19% license fee on LHPs and electric cooperatives. Instead, under a newly created section, a license fee at the rate of 1.59% would be imposed (for a specified period) on gross revenues from wholesale sales of electricity by an LHP or electric cooperative that owns an electric utility plant. The fee would generally be administered under current law provisions for administering the 3.19% license fee. The new section would specify that the term "apportionment factor" would have the same meaning as that used for the assessment on other LHPs. [The apportionment factor combines payroll, property and sales factors to determine the fraction of a company's total gross revenues attributable to Wisconsin and therefore subject to the license fee. It should be noted that the bill would also modify the definition of the "payroll factor" for all LHPs. These provisions are described in this document under "Public Utility Holding Companies Affiliated With Light, Heat and Power Companies," which is in the same section as this entry.]

The reduced rate on wholesale electricity sales would apply to license fee assessments on revenues generated during calendar years 2003 through 2008. Assessments on such revenues

would occur on or before May 1 of the year following the calendar year in which the revenues are generated (May, 2004, through May, 2009). According to the administration, it was intended that the license fee for gross revenues from wholesale electricity sales during calendar year 2009 and thereafter would again be subject to the 3.19% license fee, as under current law. However, as drafted, the bill could be interpreted as permanently excluding wholesale electricity sales from the 3.19% license fee beginning in 2009.

In addition to the license fee change, the bill would modify current utility aid provisions under the shared revenue program to apply to property of LHPs subject to the proposed license fee for selling electricity at wholesale and to property of wholesale merchant plants. The shared revenue provisions are described in this document under the sections for "Shared Revenue and Tax Relief -- Property Taxation."

The proposed reduced rates on wholesales sales of electricity would take effect with the May 1, 2004, tax assessment, which is based on gross revenues from calendar year 2003. The remaining provisions would take effect on January 1, 2002. The administration estimated that there would be no fiscal effect during 2002-03. The annualized effect, starting in 2003-04, was estimated as a reduction in general fund tax revenues of $7,800,000 (in 2002-03 dollars). [However, the due date for the first installment of the May 1, 2004, assessment is in May, 2003. Therefore, the provisions would result in reduced tax collections in 2002-03 of approximately 50% of the annualized amount.]

Joint Finance/Legislature: Make the following changes to the Governor's proposal:

Wholesale Merchant Plants. Modify the Governor's provisions that would: (a) change the definition of a light, heat and power company to include a wholesale merchant plant as defined under the statutes regulating public utilities [Chapter 196]; and (b) provide a reference to a wholesale merchant plant at each reference to taxation of a QWEC under the utility tax and shared revenue provisions of the bill.

Instead, change the definition of a QWEC under the utility tax statutes to clarify that a QWEC includes a wholesale merchant plant, as defined under Chapter 196, as long as the merchant plant has a minimum total power production capacity of 50 MW. Eliminate the additional references to a wholesale merchant plant under the utility tax and shared revenue provisions of the bill.

Tax Rate on Wholesale Electricity Sales. Approve the Governor's recommendation to reduce the gross revenues tax for wholesale electricity sales to 1.59%, with a one-year delay in the date to which the lower rate would apply. Under these provisions, the reduced rate on wholesale sales of electricity would apply to tax assessments starting May 1, 2005, and ending with the assessment on May 1, 2010 (these assessments would be based on gross revenues from calendar years 2004 through 2009). These provisions would also clarify that the tax rate on wholesale electricity sales would return to 3.19% for revenues from such sales for calendar year 2010 and thereafter. There would be no fiscal effect in the 2001-03 biennium. However, based on existing

wholesale sales in the state, the cost of these provisions for the applicable tax periods is estimated at $9,000,000 annually.

In addition, eliminate the provisions related to utility aid under the shared revenue program. These provisions are described in this document under the sections for "Shared Revenue and Tax Relief--Property Taxation."

[Act 16 Sections: 2234m, 2234n, 2235, 2236, 2237, 2282, 2285 and 9444(2p)]

2. GROSS RECEIPTS TAX ON CAR LINE COMPANIES

Assembly: Reduce the gross receipts tax on car line companies from 3% to 2.5% of gross receipts of such companies in this state.

A "car line company" is any person, other than a person operating a railroad, that is engaged in the business of leasing or furnishing car line equipment to a railroad. "Car line equipment" includes railroad cars and other equipment used in railroad transportation. Under current law, a 3% gross receipts tax is levied on car line companies in lieu of all property taxes on their car line equipment.

This provision would first apply to the 2002 assessment year, which is based on gross receipts from calendar year 2001. It is estimated that the provision would reduce general fund tax revenues by $100,000 in 2001-02 and in 2002-03.

Conference Committee/Legislature: Delete provision.

3. PUBLIC UTILITY HOLDING COMPANIES AFFILIATED WITH LIGHT, HEAT AND POWER COMPANIES

Governor/Legislature: Specify that management and service fees paid by a light, heat and power company to an affiliated public utility holding company would be considered to be compensation paid by the LHP for the purpose of the payroll factor used to apportion gross revenues to the state.

Under current law, a license fee based on 3.19% of gross revenues from sales of electricity, water and steam and 0.97% of gross revenues from sales of gas is imposed on LHPs under Chapter 76 of the statutes. An apportionment factor is applied to a company's gross revenues (less certain deductions) to determine Wisconsin taxable revenues, based on the shares of a company's total payroll, property and sales that are in Wisconsin.

Chapter 70 exempts from local taxation the property of LHPs and other companies taxed under Chapter 76. However, real and tangible personal property that is used in part for such a company's operating purposes and in part for nonoperating purposes is subject to local assessment and taxation at the percentage of full market value that represents the extent of the

property's use for nonoperating purposes. Public utility holding companies do not meet the definition of light, heat and power companies and are not taxed under Chapter 76. As a result, the property of public utility holding companies is subject to general property taxes.

The bill would provide that management and service fees paid to an affiliated public utility holding company would be included in "compensation" paid by an LHP for the purpose of determining the payroll factor used in apportioning gross revenues of the LHP to the state. [Currently, the statutes do not define "compensation" to be used in determining the payroll component of the apportionment factor. However, the term is used in connection with payments made to individuals.] As a result of this provision, for an LHP that pays management and service fees to an affiliated public utility holding company, a higher proportion of the LHP's payroll would be in the state. This would, in turn, increase the percentage of such a company's gross revenues allocated to Wisconsin for utility tax purposes.

In addition, a separate provision would exempt from local property taxes that portion of a public utility holding company's property (other than land) that is used to provide services to an LHP affiliated with the holding company. [The property tax provisions are described in this document under the section on "Shared Revenue and Tax Relief -- Property Taxation."]

The modification to the payroll factor for LHPs would first apply to license fee assessments as of May 1, 2002, which are based on gross revenues from calendar year 2001. The administration estimates that these provisions would have a minimal effect on state general fund tax revenues.

[Act 16 Sections: 2103, 2111, 2112, 2234, 3749 and 9344(27)&(28)]

4. PROPERTY TAX ASSESSMENT OF TELEPHONE COMPANIES

GPR-REV	- $22,500

Governor/Legislature: Provide that, for the purpose of taxation based on property value, classification of real and personal property used in part for the operation of a telephone company and in part for other uses would be based on the predominant use of the property.

Under current law, public utilities are generally subject to state taxation under Chapter 76 of the statutes, in lieu of general local property taxation under Chapter 70. Certain utilities, including telephone companies, are taxed on the basis of property value (ad valorem). Others are taxed on the basis of gross receipts.

Chapter 70 exempts from local taxation the property of telephone companies and other companies taxed under Chapter 76. However, real and tangible personal property that is used in part for such a company's operating purposes and in part for nonoperating purposes is subject to local assessment and taxation at the percentage of full market value that represents the extent of the property's use for nonoperating purposes. For ad valorem taxpayers, the property used for the company's operating purposes is assessed by the state and subject to the state ad valorem tax.

The bill would remove the references to a telephone company under the current law property tax exemption for utilities taxed under Chapter 76, including the provision that imposes local property taxes on the portion of property used for nonoperating purposes. Instead, the bill would create a new paragraph under Chapter 70 specifying the following: (a) if real or tangible personal property is used more than 50% (as determined by DOR) in the operation of a telephone company that is subject to tax under Chapter 76, then DOR would assess the property and the property would be exempt from the general property tax; and (b) if real or tangible personal property is used less than 50% (as determined by DOR) in the operation of a telephone company taxed under Chapter 76, then the property would be assessed and taxed locally. The bill would also modify the Chapter 76 subchapter on ad valorem taxes on telephone companies to specifically exclude any property that is used less than 50% in the operation of a telephone company.

These provisions would first apply to property tax assessments as of January 1, 2003. The administration estimates that the fiscal effect would be a reduction in general fund tax revenues of $22,500 in 2002-03.

[Act 16 Sections: 2113, 2114, 2243 and 9344(5)]

5. AD VALOREM TAX EXEMPTION FOR CASH REGISTERS AND FAX MACHINES

Conference Committee/Legislature: Create a property tax and a state ad valorem tax exemption for fax machines (except those that are also copiers) and cash registers, effective with tax assessments as of January 1, 2003.

Under current law, the following types of public utilities are subject to state-imposed, ad valorem taxes (based on property value) in lieu of local property taxes: air carrier, conservation and regulation, municipal electric, pipeline, railroad and telephone companies. Under these provisions, fax machines (except those that are also copiers) and cash registers would be exempt from ad valorem taxes on such companies, beginning with tax assessments as of January 1, 2003. It is estimated that the provisions would have a minimal fiscal effect.

[Act 16 Sections: 2108s, 2231n, 2243 and 9344(17f)]

Excise Taxes and Regulation of Alcohol and Tobacco

1. INCREASE IN THE CIGARETTE EXCISE TAX

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR-REV	$66,000,000	$64,500,000	$130,500,000

Joint Finance: Increase the cigarette tax by 9 cents per pack (from 59 cents to 68 cents), effective October 1, 2001. Estimate additional general fund tax revenues of $30,800,000 in 2001-02 and $35,200,000 in 2002-03 as a result of the increase.

Senate: Increase the tax by an additional 13 cents (to 81 cents per pack), effective October 1, 2001. Estimate additional general fund revenues from the 13-cent increase at $43,300,000 in 2001-02 and $49,300,000 in 2002-03.

Assembly: Delete provision.

Conference Committee/Legislature: Modify the previous action by the Joint Finance Committee to provide for an additional 9-cent increase in the cigarette excise tax (to 77 cents per pack), effective October 1, 2001. Estimate additional general fund revenues from the 9-cent increase at $30,100,000 in 2001-02 and $34,400,000 in 2002-03, for a total increase of $60,900,000 in the first year and $69,600,000 in the second year.

[Act 16 Sections: 2842m, 2842n and 9444(5e)]

2. INCREASE IN THE TOBACCO PRODUCTS TAX

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR-REV	$11,100,000	- $5,550,000	$5,550,000

Joint Finance: Increase the tobacco products tax from 20% of the manufacturer's price to 30%, effective October 1, 2001. Estimate additional general fund tax revenues of $4,600,000 in 2001-02 and $6,500,000 in 2002-03 as a result of the increase.

Senate/Assembly: Delete provision.

Conference Committee/Legislature: Modify the increase in the tobacco products tax approved by the Joint Finance Committee to 25% of the manufacturer's price instead of 30%, effective October 1, 2001. Compared to the Joint Finance Committee's version of the budget bill, this change would reduce general fund tax revenues by $2,300,000 in 2001-02 and $3,250,000 in 2002-03. The net fiscal effect would be a revenue increase of $2,300,000 in the first year and $3,250,000 in the second year.

[Act 16 Sections: 2848m, 2848n and 9444(5c)]

3. CIGARETTE TAX REFUNDS

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	- $420,000	$2,400,000	$2,500,000	$4,480,000

Governor: Reduce funding for cigarette tax refunds by $210,000 in 2001-02 and in 2002-03 to reflect lower estimates of the amount required to reimburse Native American tribes under present law. Currently, the tribes receive a refund of 100% of the cigarette tax on cigarettes sold to Native Americans and 70% of the tax on sales made to non-Native Americans on reservations or trust lands. With these reductions, total funding of $10,100,000 per year would be provided.

Joint Finance: Estimate additional cigarette excise tax refunds to Native American tribes resulting from the 9-cent increase in the cigarette excise tax at $1,000,000 in 2001-02 and $1,400,000 in 2002-03. Total funding would be $11,100,000 in the first year and $11,500,000 in the second year.

Senate: Estimate additional refunds of $1,500,000 in 2001-02 and $2,000,000 in 2002-03 due to the additional 13-cent cigarette tax increase adopted by the Senate. Total funding would be $12,600,000 in the first year and $13,500,000 in the second year.

Assembly: As a result of the deletion of the 9-cent increase in the excise tax previously approved by the Joint Finance Committee, reduce funding by $1,000,000 in 2001-02 and $1,400,000 in 2002-03, compared to the Joint Finance provisions. Total funding would be $10,100,000 per year.

Conference Committee/Legislature: Estimate additional excise tax refunds to Native American tribes resulting from the additional 9-cent increase (over and above the 9-cent increase previously approved by the Joint Finance Committee) at $1,100,000 in 2001-02 and $1,400,000 in 2002-03. Total funding would be $12,200,000 in the first year and $12,900,000 in the second year.

4. INCREASE IN DISCOUNT ON PURCHASES OF TAX STAMPS BY CIGARETTE MANUFACTURERS AND DISTRIBUTORS

Assembly: If an increase in the cigarette excise tax from the current rate of 59 cents per pack is approved, raise the current discount of 1.6% that manufacturers and distributors receive on purchases of tax stamps to 2.0%. Under the other provisions adopted by the Assembly, this provision would have no fiscal effect, because the cigarette tax would not be increased.

Conference Committee/Legislature: Delete provision.

5. REGULATION OF CIGARETTE SALES [LFB Paper 121]

Governor: Modify provisions regulating the sale of cigarettes as follows:

Prohibit affixing cigarette tax stamps to: (a) a cigarette package on which a statement, label, stamp, sticker or notice indicates that the manufacturer did not intend the cigarettes to be sold, distributed or used in the U.S.; (b) a cigarette package that is labeled as required under federal law as not intended for consumption in the U.S.; (c) a package that is not labeled as provided under federal law; (d) a package that is modified by a person who is not the manufacturer; or (e) cigarettes that are imported into the U.S. after December 31, 1999, in violation of federal law.

Prohibit altering cigarette packages before the sale or distribution to the ultimate consumer so as to remove, conceal or obscure any statement, label, stamp, sticker or notice described above or any warning that is specified or conforms with federal requirements regarding warnings prescribed by the U.S. Surgeon General for cigarette packages. Prohibit affixing cigarette tax stamps to any package that is so altered.

Specify that any person could bring an action for illegally affixing tax stamps or altering cigarette packages under the provisions outlined above for actual damages sustained as a result of the violation and for injunctive relief. The court could order the violator to pay the prevailing party's costs and reasonable attorney fees. The trier of fact could increase recovery to an amount not exceeding three times the actual damages if the trier determines that the violation was willful.

Prohibit the possession of more than 400 cigarettes on which tax stamps have been unlawfully affixed under the above provisions; and the sale and distribution of such cigarettes; except for cigarettes that may be brought into the U.S. for personal use and cigarettes that are sold or intended for sale by a duty-free enterprise, as provided under federal law. Provide the following penalties for violations of this provision: (a) for fewer than 6,000 cigarettes, a fine of up to $200, imprisonment for up to six months or both; (b) for 6,000 to 36,000 cigarettes, a fine of up to $1,000, imprisonment for up to one year or both; or (c) for more than 36,000 cigarettes, a fine of up to $10,000, imprisonment for up to three years or both. These penalties currently apply to unlawful possession of untaxed cigarettes.

Prohibit distributors from affixing tax stamps to cigarette packages unless the distributor certifies to DOR, in a manner prescribed by the Department, that the distributor purchases cigarettes directly from a manufacturer. In addition, specify that the definition of "manufacturer" under the cigarette tax statutes would include an authorized agent of a cigarette manufacturer.

Joint Finance/Legislature: Approve the Governor's recommendations regarding the regulation of cigarette sales with the following modifications: (a) expand authority for state enforcement action by allowing the state to take action against every person in the gray-market distribution chain rather than against only the tax stampers or against tax stamped product; (b)

prohibit the sale of cigarettes for which the manufacturer has not submitted ingredient information to the federal government, as required by law; (c) revise the Governor's proposal to reflect the provisions of the new federal gray market law and the federal labeling law, that requires cigarettes sold in the U.S. to bear the Surgeon General's warning; (d) clarify that the prohibitions on gray-market cigarettes would not apply to cigarettes imported into the U.S. for personal use or to cigarettes sold at duty free stores, unless the cigarettes are brought into the U.S. for resale; (e) eliminate the provision in the bill that would allow possession of up to 400 [20 cartons] of gray-market cigarettes; (f) narrow the right to bring an action for appropriate injunctive relief from "any person" to any person who sells, distributes or manufactures cigarettes and sustains direct economic or commercial injury as a result of a violation; and (g) require the destruction of all gray-market cigarettes seized by the state.

[Act 16 Sections: 2842, 2843 thru 2847n]

6. REGULATION OF ALCOHOLIC BEVERAGES [LFB Paper 120]

Governor: Modify statutory provisions regarding the regulation of sales of alcoholic beverages as outlined below.

Retail Beer and Liquor Licenses. The bill would prohibit municipalities and DOR from issuing a retail license or permit for the sale of beer, wine or liquor for a premises that is already covered by the same kind of current license or permit unless all of the following apply:

a. The applicant provides proof that, not less than 15 days nor more than 30 days before submitting the application, the current licensee has provided the applicant the name and address of each beer wholesaler to whom the current licensee is indebted.

b. The applicant provides proof that, not less than 15 days nor more than 30 days before submitting the application, the applicant has notified each such wholesaler of the name and address of the current licensee and that the applicant is applying for the license or permit.

c. The current licensee is not in violation of statutory restrictions regarding purchases of beer, wine or liquor on credit unless the violation consists of an indebtedness discharged in bankruptcy.

d. The current licensee is not the subject of any proceeding related to revocation, suspension or nonrenewal of an alcohol license or permit.

This provision would first apply to an application for a license or permit submitted on the first day of the 12th month beginning after publication.

Sales of Alcohol by Secured Third Parties. Under current law, no license or permit is required for the sale of alcohol by a secured third party in good faith under the terms of a security agreement if the sale is not for purpose of avoiding state alcoholic beverage regulations or the state excise taxes on alcoholic beverages. Such sales must be in the ordinary course of the

business of lending money secured by a security interest in alcoholic beverages, warehouse receipts or other evidence of ownership.

The bill would specify that a sale of beer under this provision would have to be made within 30 days after the third party takes possession of the beer unless the third party demonstrates good cause why a sale in compliance with the statutes on secured transactions or the security agreement cannot be made within this time period. This restriction would first apply to security interests entered into on the day after publication.

Beer Shipped from Out of State. Under current law, DOR must issue out-of-state shippers' permits, which authorize the permittee to ship beer only to licensed wholesalers. No person may receive beer in this state that has been directly shipped from outside this state by any person other than the holder of an out-of-state shipper's permit. All shipments of beer to a wholesaler in this state, whether shipped from inside or from outside this state, must be unloaded in and distributed from the wholesaler's warehouse in this state.

The bill would require DOR to issue a written warning to any person located outside Wisconsin that sells or ships beer into this state in violation of these provisions if the person has not previously received a warning. Any person located outside of this state that sells or ships beer in violation of these provisions and that has received a warning from DOR would be subject to a fine of up to $10,000, imprisonment for up to two years or both. This provision would first apply to violations on the first day of the sixth month beginning after publication.

Currently, upon request by the Secretary of DOR, the Attorney General may represent the state or assist a local district attorney in prosecuting any case arising from the statutes regulating the sale of alcoholic beverages. The bill would also authorize the Attorney General, upon request by the Secretary of DOR, to commence an action to enforce the provisions regarding shipments of beer to Wisconsin wholesalers in the Dane County circuit court.

Operator's License Training Course. Currently, in order to obtain an alcoholic beverages operator's license (bartender's license), an individual may be required to complete a responsible beverage-server training course that is offered by a technical college district and that conforms to guidelines specified by the WTCS Board, or a comparable course that is approved by DOR or the Educational Approval Board. The bill would specify that such courses could include computer-based training and testing.

Gifts Provided by Brewers or Wholesalers to Retailers. Current law, with a number of exceptions, prohibits brewers or wholesalers from furnishing, giving, lending, leasing or selling furniture, fixtures, fittings, equipment, money or other things of value to any campus or person holding a Class "B" license or permit (for the retail sale of beer for on-premises consumption), or to any person for the use, benefit or relief of any campus or Class "B" retailer.

One exception to this provision is that a brewer or wholesaler may provide, for placement inside the premises, signs, clocks or menu boards with an aggregate value of not more than $150. Each recipient must keep an invoice or credit memo containing the name of the donor

and the number and value of items received and must make these records available to DOR for inspection upon request. The bill would modify this provision by increasing the dollar limit from $150 to $2,500. In addition, both the donor and the recipient would be required to keep written documentation containing the name of the recipient and donor and the number and value of items provided, and make these records available to DOR.

Another exception under current law is that a brewer or wholesaler may provide signs made from paper or cardboard for placement inside the premises. The bill would modify this provision to include signs made from plastic or vinyl or from other materials with a useful life of less than one year. In addition, the bill would specify that signs could be provided without regard to the $2,500 limit ($150 under current law) on the aggregate value of items provided by brewers and wholesalers.

A third exception permits brewers and wholesalers to purchase advertising for fair compensation from a bona fide national or statewide trade association which derives its principal income from membership dues of Class "B" retailers. The bill would also allow brewers and wholesalers to purchase advertising from any person who does not hold an alcoholic beverages license or permit and who conducts a bona fide advertising, promotional or media business, to promote brewer- or wholesaler-sponsored sweepstakes, contests or promotions on the premises of Class "B" retailers if: (a) the advertising or promotion includes at least five unaffiliated retailers; and (b) the retailer on whose premises the event will occur does not receive compensation, directly or indirectly, for hosting the event. In addition, the bill would allow brewers and wholesalers to conduct their own sweepstakes, contests or promotions on the premises of Class "B" retailers if the above conditions are satisfied.

An additional provision of current law allows brewers and wholesalers to provide, in this state, reasonable business entertainment that is deductible under federal tax law to a Class "B" retailer by: (a) providing tickets or free admissions to athletic events, concerts or similar activities; or (b) providing food and beverages and paying for local ground transportation in connection with such activities and business meetings. However, the value of business entertainment provided may not exceed $75 per day. The bill would increase this limit to $500 per day and specify that such business entertainment could be provided on no more than 12 days per year.

Current law also specifically permits brewers that produce 350,000 or more barrels of beer annually to contribute money or other things of value to a bona fide national or statewide trade association that derives its principal income from membership dues of Class "B" licensees. The bill would modify this provision by allowing any brewer to make such contributions, allowing wholesalers to make such contributions and allowing contributions to local trade associations.

Fair Dealership Provisions for Beer Wholesalers. Under current provisions of the Fair Dealership Law (Chapter 135 of the statutes), the grantor of a dealership may not (directly or through any officer, agent or employee) terminate, cancel, fail to renew or substantially change the competitive circumstances of a dealership agreement without good cause. The burden of proving good cause is on the grantor of the dealership. In general, a "dealership" is a contract or

agreement by which a person is granted the right to sell or distribute goods or services or use a trade name, advertising or other commercial symbol, in which there is a community of interest in the business of offering, selling or distributing goods or services. The bill would specify that a contract or agreement by which an alcoholic beverages wholesaler is granted the right to sell or distribute beer would be a dealership, even if no community of interest exists. Such agreements would be subject to the provision described above regarding the termination of a dealership. A similar provision exists under current law for wholesalers of intoxicating liquor, but not for beer wholesalers.

The bill would also create a separate provision in Chapter 135 for dealerships that involve beer wholesalers. Under the bill, any person who assumes, in whole or in part, such a dealership following the grantor's termination, cancellation, or nonrenewal in whole or in part of a prior dealership agreement would be required to compensate the prior dealer for the fair market value of that portion of the dealership unless the grantor terminated the dealership for any of the following reasons: (a) the prior dealer engaged in material fraudulent conduct or made material and substantial misrepresentations in its dealings with the grantor or with others related to the dealership; (b) the prior dealer was convicted of, or pleaded no contest to, a felony crime substantially related to the dealer's ability to operate the dealership; or (c) the prior dealer knowingly distributed dealership products outside the territory authorized by the grantor.

The grantor would be required to advise the person assuming the dealership of these obligations prior to the person's assumption of the dealership. If the person assuming the dealership and the prior dealer agree in writing to the fair market value of that portion of the dealership, the person assuming the dealership would have to pay the agreed upon sum within 30 days of the agreement. If no written agreement for compensation of the prior dealer is reached within 30 days after the grantor's termination of the prior dealership agreement, the prior dealer could submit the dispute for binding arbitration through a nationally recognized arbitration association. Unless the parties agree otherwise, the arbitration would be conducted on an expedited basis to the extent an expedited proceeding is reasonably available through the arbitration association, and each party would have to pay an equal share of the cost of the arbitration.

These provisions would first apply to dealerships entered into on the day after publication.

Joint Finance: Modify the provisions of the bill relating to the regulation of alcoholic beverages as follows:

Sale of Alcohol by Secured Third Parties. Reduce the period during which a secured third party may sell beer without a license from 30 days to 15 days.

Gifts Provided by Brewers or Wholesalers to Retailers. Modify the provisions regarding gifts provided by brewers or wholesalers to retailers so that the aggregate value of signs, clocks, or menu boards given by a brewer or wholesaler may not exceed $2,500 at "any given time" rather than "during any calendar year."

Modify the record-keeping requirements under the provisions regarding gifts by brewers or wholesalers to retailers so that only the recipient, not the donor and the recipient, must keep written records of the number of and value of items received, subject to inspection by the Department of Revenue.

Modify the provisions regarding gifts of signs made by brewers or wholesalers to retailers to allow signs made of plastic, vinyl "or other like material" rather than plastic, vinyl or "signs made from other materials with a useful life of less than one year."

Delete the Governor's provisions regarding advertising and promotional events held on retailers' premises. Instead, allow brewers and wholesalers to purchase advertising from a non-licensed third party, such as a radio station or promoter, which conducts national or regional sweepstakes, contests or promotions at the premises of retailers which sell the brewer's or wholesaler's products. In general, specify that the non-licensed third party could promote the event or activity, including the location of the event or activity, if the advertisement lists four or more unaffiliated retail licensees, and if no money is given to the retail licensee for the privilege of conducting the sweepstakes, contest or promotion. For brewers that produce less than 30,000 barrels of beer annually, allow such promotion if only one retailer is listed in the advertisement. Specify that brewers and wholesalers could conduct their own national or regional sweepstakes, contests or promotions on the premises of retailers if the conditions specified above are satisfied.

Modify the bill's provisions regarding the provision of entertainment by brewers and wholesalers to retailers to provide that entertainment would be limited to no more than eight days annually, rather than 12 days annually.

Specify that no Class "A" or Class "B" licensee may condition the purchase of beer from a brewer or wholesaler upon the furnishing of anything of value by the brewer or wholesaler to the licensee or to any person for the use, benefit or relief of any licensee.

Fair Dealership Provisions for Beer Wholesalers. Establish the provisions of the bill relating to compensation provided to beer wholesalers following the assumption of a dealership that has been terminated, cancelled or not renewed in Chapter 125 of the Statutes (relating to alcoholic beverages) rather than Chapter 135 (relating to dealership practices). In addition, specify that the compensation provisions would not apply in cases where the wholesaler has terminated its relationship with the brewer. Provide that termination would occur if: (a) the wholesaler has quit the business, whether due to death, retirement or sale of the business; or (b) the wholesaler has not placed an order within the previous 30 days.

Senate/Legislature: Delete the provisions of Joint Finance related to retail beer and liquor licenses. The deleted provisions would prohibit municipalities and the Department of Revenue from issuing a retail license or permit for the sale of beer, wine or liquor for a premises that is already covered by the same kind of current license or permit unless several conditions have been met, such as a requirement that the applicant provide proof, prior to submitting the application, that the current licensee has provided the applicant the name and address of each

beer wholesaler to whom the current licensee is indebted and proof that the applicant has notified each wholesaler of the name and address of the current licensee.

Delete the provisions regarding beer shipped from out of state. These provisions would require DOR to issue a written warning to any person located outside Wisconsin that violates the beer shipping laws if the person has not previously received a warning. Parties in violation of out-of-state shipping provisions and who have received a warning would be subject to a fine of up to $10,000, imprisonment for up to two years or both.

Delete the fair dealership provisions for beer wholesalers, including the provisions that would require beer wholesalers to receive compensation if a dealership agreement is terminated.

[Act 16 Sections: 2802, 2804, 2806 thru 2812g and 9344(24)]

7. WINE OR LIQUOR BROUGHT INTO STATE FROM A FOREIGN COUNTRY BY A MEMBER OF THE ARMED FORCES

Assembly/Legislature Increase from six liters to 16 liters the aggregate amount of wine or liquor that may be brought into the state without paying the state excise tax by certain members of the armed forces. The exemption applies to state residents who are members of the national guard, the U.S. armed forces or a reserve component of the U.S. armed forces and who leave a foreign country after spending at least 48 hours in that country on duty or for training. Specify that this provision would take effect on the first day of the second month beginning after publication of the bill.

[Act 16 Sections: 2841m and 9444(3c)]

8. MODIFY LAWS REGARDING WINE SHIPMENTS INTO WISCONSIN

Senate: Modify current statutes relating to the shipping of wine into Wisconsin as follows:

a. Require any winery located outside this state that ships wine into Wisconsin under the reciprocal wine shipment provisions to have a business tax registration certificate issued by DOR and require the winery's current license from its state of domicile to be filed with the registration request.

b. Require in-state and out-of-state wineries that ship wine across state lines under the reciprocity provisions to file an annual report with DOR identifying the product shipped, the quantity shipped, the price of the product shipped and the customer by name, address and birth date to whom the product was shipped. Specify that the report would be due by January 31 of each year for shipments during the preceding year. Provide that the first report would be due on January 31, 2003, for shipments occurring in calendar year 2002.

c. Require DOR to biennially report to the Joint Committee on Finance on the amount of wine shipped into and out of Wisconsin under the reciprocity provisions and the tax consequences to the state.

Under current law, DOR is required to issue out-of-state shippers' permits, which authorize persons located outside this state to sell or ship intoxicating liquor (including wine) into Wisconsin. In general, intoxicating liquor may not be shipped into Wisconsin unless the entity shipping the liquor has an out-of-state shipper's permit, and liquor may be shipped into this state only to a person holding a manufacturer's, rectifier's, wholesaler's, industrial alcohol or medicinal alcohol permit.

However, wineries located outside of this state may ship wine into Wisconsin if the winery is located in a state that has a reciprocal agreement with this state. An out-of-state shipper's permit is not required. Shipments of wine under the reciprocity provision must be to individuals who are of the legal drinking age, and the shipping container must be clearly labeled to indicate that the package may not be delivered to an underage person or to an intoxicated person. A person who receives wine under this provision may not sell it or use it for a commercial purpose. No individual may resell the wine or receive more than nine liters of wine annually.

Under the reciprocity agreements, Wisconsin taxes wine shipped from in-state wineries to other states and the other states impose their taxes on wine shipped into Wisconsin. Wisconsin currently has entered into reciprocity agreements with California, Oregon and Washington.

Conference Committee/Legislature: Adopt Senate provisions with the following modifications:

a. Specify that wineries would pay a $10 annual fee for a business tax registration certificate rather than the general fee of $20 for the initial certificate and $10 biennially for renewal.

b. Provide that the annual reporting requirements applicable to out-of-state wineries that ship under the reciprocal wine provisions [requiring disclosure of the product shipped, the quantity shipped, the price of the product shipped and the customer to whom the product was shipped by name, address and birth date] be governed by the same statutory provisions that regulate access to information provided by taxpayers on state tax forms [s. 71.78].

c. Require any person who receives wine shipped under the reciprocal provisions to acknowledge delivery of the wine in writing. Provide that a signature on the delivery form of the common carrier by a person of legal drinking age acknowledges delivery in writing.

d. Eliminate the provision requiring DOR to report biennially to the Joint Finance Committee on the amount of wine shipped into and out of Wisconsin under the reciprocal provisions and the tax consequences to the state of such shipments.

[Act 16 Sections: 2812t thru 2812x and 9444(5am)]

9. WINE SAMPLING ON "CLASS A" PREMISES

Assembly/Legislature: Permit the provision of free wine taste samples, between the hours of 10 a.m. and 6 p.m., of not more than three fluid ounces each by a "Class A" licensee to customers and visitors for on-premises consumption. Provide that no "Class A" licensee could: (a) provide more than two taste samples per day to any one person; (b) provide taste samples under these provisions to any underage person; and (c) provide as taste samples wine the licensee did not purchase from a wholesaler. Specify that municipalities could prohibit wine tastings under this provision. [A "Class A" license authorizes off-premises sales of liquor and wine.]

[Act 16 Section: 2802m]

10. OWNERSHIP OF RESTAURANTS BY BREWERS

Assembly: Permit any brewer to possess a Class "B" license (for on-premises sales of beer) for a maximum of 20 restaurants if: (a) in each restaurant the sale of alcohol accounts for less than 60% of the restaurant's gross receipts; and (b) no beer produced by the brewer is offered for sale in any of the restaurants.

Under current law, any brewer may maintain and operate one place on brewery premises and one place on real estate owned by the brewer or a subsidiary or affiliated corporation for on-premises sales of beer. In addition, small brewers (those that manufacture less than 4,000 barrels of beer annually) may possess a Class "B" license for up to four restaurants if: (a) the sale of alcohol in each restaurant accounts for less than 50% of the restaurant's gross receipts; and (b) each restaurant offers beer manufactured by other brewers.

Under the budget provision, a small brewer could choose whether to operate: (a) up to four restaurants at which it would have to offer beer from another brewer in addition to its own beer; or (b) up to 20 restaurants at which it could not sell its own beer. Other brewers would be allowed to operate up to 20 restaurants at which their beer could not be sold. These restaurants would be in addition to the two places allowed under the general provision of current law.

Conference Committee/Legislature: Adopt the provision with a modification to specify that a brewer could possess or hold an indirect interest in a Class "B" license for up to 20 restaurants.

[Act 16 Sections: 2805g and 2805h]

11. MUNICIPAL LIQUOR LICENSE MODIFICATION

Senate/Legislature: Modify current statutes relating to quotas on "Class B" (on-premises) liquor licenses to provide that municipalities would qualify for additional liquor licenses at a rate of one for each increase of 500 in the municipality's officially recorded population. Current

law allows an additional license on the basis of one per each increase of 500 population or fraction thereof.

[Act 16 Sections: 2812se thru 2812sg and 9344(24d)]

STATE AGENCY BUDGET SUMMARIES

Administration Through Health and Family Services

ADMINISTRATION

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$55,071,800	$54,875,500	$40,928,900	$41,860,200	$41,544,400	- $13,527,400	- 24.6%
FED	254,216,400	247,922,700	253,710,000	253,710,000	253,710,000	- 506,400	- 0.2
PR	513,088,800	329,790,100	321,895,700	322,398,600	321,877,400	- 191,211,400	- 37.3
SEG	102,373,400	102,538,800	102,538,800	102,538,800	102,538,800	165,400	0.2
TOTAL	$924,750,400	$735,127,100	$719,073,400	$720,507,600	$719,670,600	- $205,079,800	- 22.2%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	173.11	159.16	138.56	138.56	138.56	- 34.55
FED	84.21	74.96	78.21	78.21	78.21	- 6.00
PR	875.46	665.21	661.21	661.21	661.21	- 214.25
SEG	11.70	11.70	15.70	15.70	15.70	4.00
TOTAL	1,144.48	911.03	893.68	893.68	893.68	- 250.80

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	$179,300	- 2.00
FED	442,200	- 6.00
PR	223,300	- 9.00
SEG	165,400	0.00
Total	$1,010,200	- 17.00

Governor /Legislature: Provide standard adjustments to the base budget totaling $87,300 GPR, $238,800 FED, $193,600 PR and $82,700 SEG in 2001-02 and $92,000 GPR, $203,400 FED, $29,700 PR and $82,700 SEG in 2002-03 and -2.0 GPR, -6.0 FED and -9.0 PR positions annually. Adjustments are for: (a) turnover reduction (-$163,900 GPR and -$828,500 PR annually); (b) removal of noncontinuing

elements from the base (-$101,000 GPR, -$216,700 FED and -$1,685,900 PR in 2001-02 and -$101,000 GPR, -$253,500 FED and -$1,850,400 PR in 2002-03 and -2.0 GPR, -6.0 FED and -9.0 PR project positions annually); (c) full funding of continuing salaries and fringe benefits ($300,500 GPR, $444,000 FED, $2,160,900 PR and $80,900 SEG annually); (d) reclassifications ($7,500 GPR, $9,100 FED, $1,100 PR in 2001-02 and $12,200 GPR, $10,500 FED, $1,700 PR in 2002-03); (e) overtime ($15,500 GPR and $435,000 PR annually); (f) night and weekend differential ($1,400 GPR and $73,400 PR annually) (g) fifth week of vacation as cash ($27,300 GPR, $2,400 FED, $37,600 PR and $1,800 SEG annually); and (h) minor offsetting transfers within the same appropriation.

2. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	- $74,000	- $53,400	- $70,200	- $197,600
PR	8,278,900	0	0	8,278,900
Total	$8,204,900	- $53,400	- $70,200	$8,081,300

Governor: Reestimate the agency's debt service costs by -$63,300 GPR and $4,459,200 PR in 2001-02 and -$10,700 GPR and $3,819,700 PR in 2002-03.

Joint Finance: Reestimate the agency's debt service costs associated with bonding for adapting the Black Point Estate in Lake Geneva for public use by -$26,500 GPR in 2001-02 and -$26,900 GPR 2002-03.

Senate/Legislature: Repeal $1.6 million in general obligation bonding authority for the operation and maintenance of Black Point Estate and the associated debt service appropriation and delete $9,000 GPR in 2001-02 and $61,200 GPR in 2002-03 in estimated debt service payments.

Veto by Governor [B-69]: Restore $1.6 million in general obligation bonding authority and the debt service appropriation for the Black Point Estate. (No debt service costs are anticipated in this biennium given the current status of the project.)

[Act 16 Vetoed Sections: 848r, 972m and 1036yr]

3. BASE LEVEL POSITION REDUCTIONS

	Funding	Positions
GPR	- $81,400	- 0.80
FED	- 87,200	- 1.00
PR	- 1,525,600	- 18.20
Total	- $1,694,200	- 20.00

Governor/Legislature: Delete $40,700 GPR, $43,600 FED, and $762,800 PR and 0.8 GPR, 1.0 FED and 18.20 PR positions annually to reflect the imposition of base level position reductions to functions throughout the agency. Reductions would be made to the following: (a) procurement and financial services (-$40,700 GPR and -0.5 GPR procurement supervisor and -0.3 GPR financial specialist annually); (b) State

Use Board operations (-$30,000 PR and -0.5 PR procurement specialist annually); (c) State Records Center operations (-$104,900 PR and -1.0 PR typist, -1.0 PR microfilm technician and -2.0 PR records center clerks annually); (d) state facilities planning and construction (-$242,300 PR and -1.0 PR program assistant, -1.0 PR senior architect, -1.0 PR financial specialist and -2.0 PR unspecified positions annually); (e) IT services to state agencies (-$24,800 PR and -0.7 PR financial specialist annually); (f) telecommunications and data processing services (-$238,100 PR and -3.0 PR unspecified positions annually); (g) housing assistance (-$43,600 FED and -1.0 FED community service specialist annually); and (h) state facilities operations and maintenance (-$122,700 PR and -2.0 PR laborers, -2.0 PR custodians and -1.0 PR security officer annually).

4. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $1,438,000

Governor: Reduce the agency's largest GPR state operations appropriation by $719,000 annually. This amount was derived by applying a 5% reduction to $14,479,600 [state operations adjusted base level funding, less debt service costs]. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations. Provide that if the Secretary of DOA approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of DOA does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

5. ELIMINATION OF THE ENERGY EFFICIENCY FUND

GPR-REV	$5,223,000

Governor/Legislature: Repeal the segregated Energy Efficiency Fund and direct that any unencumbered balances in the Fund be transferred to the general fund. Specify that continuing agency repayments of loans may continue to be transferred by DOA to the general fund. Estimate GPR-Earned receipts of $4,723,000 in 2001-02 and $500,000 in 2002-03.

Under the program, state agencies may apply to the Fund for loans with a term of up to six years to finance energy efficiency projects. The loans are repaid from agency fuel and utility appropriations in an annual amount equal to the energy cost savings achieved by the energy efficiency project. For the six years after the loan has been repaid, DOA may transfer amounts equal to the project's energy savings, as follows: (a) one-third to the general fund; (b) one-third to the Fund itself to support the maintenance and monitoring of projects; and (c) one-third may

be retained by the agency for its general program operations, subject to approval by the Joint Committee on Finance. All of these provisions would be repealed under the proposal.

Delete Energy Efficiency Fund loan repayment authority under the fuel and utility appropriations for the following agencies: Administration, Corrections, Educational Communications Board, Health and Family Services, Historical Society, Military Affairs, Program Supplements [for the State Capitol and Executive Residence], Public Instruction, and the UW-System. [Even though agencies could no longer make loan repayments under the amended fuel and utility appropriations purposes, the proposal would give DOA the explicit authority to make annual transfers from the appropriations specified in the original loan agreements for the purpose of repaying any outstanding loan balances.]

[Act 16 Sections: 98, 313 thru 318, 469, 542, 577, 678, 698, 776, 849, 850, 994, 1105, 1145 and 9201(2)]

6. TOBACCO SETTLEMENT AGREEMENT SECURITIZATION IMPLEMENTATION COSTS [LFB Paper 887]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$500,000	- $500,000	$0

Governor: Create a GPR-funded sum sufficient appropriation and estimate expenditures of $500,000 in 2001-02 from this appropriation to support the costs incurred by the Secretary of DOA in any sale of the state's rights to receive any payments under the Attorneys General Master Tobacco Agreement of November 23, 1998, and in organizing and initially capitalizing any corporation or company relating to sale of the state's rights to tobacco settlement payments.

Joint Finance/Legislature: Delete funding and convert appropriation to an annual appropriation.

[See "Tobacco Settlement Securitization" for a more detailed description of this entire initiative.]

[Act 16 Section: 801]

7. TRANSFER OF OTHER AGENCY STAFF TO DOA [LFB Papers 125, 126 and 127]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$502,900	4.50	- $293,300	- 2.50	$209,600	2.00

Governor: Provide $256,200 in 2001-02 and $246,700 in 2002-03 and 4.5 positions annually to reflect the transfer of the following employees to the Department from other state agencies:

Office of the Commissioner of Railroads Attorney. Provide $151,400 in 2001-02 and $141,900 in 2002-03 and authorize 1.5 positions for the transfer of 1.0 attorney position and 0.5 undesignated position from the Office of the Commissioner of Railroads to the Department's Division of Hearings and Appeals. However, nonstatutory language would delete only 1.0 PR attorney position from the Office of the Commissioner of Railroad and would provide DOA with increased position authority for 1.0 GPR attorney position to be funded from the Division's GPR-funded general program operations appropriation. No additional funding or position authority is actually provided under that appropriation to reflect this transfer. The PR funding and authority for 1.5 PR positions indicated above would be provided under Division's PR-supported appropriation.

Department of Workforce Development Electrician. Provide $79,500 annually and authorize 1.0 position under the Department's buildings and police services function to reflect the transfer of an electrician from DWD to DOA. Delete 1.0 PR position under DWD's administrative services appropriation.

Department of Transportation Mail Clerk. Provide $25,300 annually and authorize 1.0 position under the Department's IT processing services function to reflect the transfer of a mail clerk from DOT to DOA. As part of a separate initiative, this position would be transferred from DOA to the new Department of Electronic Government. Delete 1.0 SEG position under DOT that performs duties primarily related to printing services. Duplicative language transferring the employee from DOT is included in the bill.

Department of Workforce Development Reemployment Specialist. Provide 1.0 position under the Department's risk management function to reflect the transfer of a reemployment specialist from DWD to DOA. This employee has been funded by DOA for many years through an interchange agreement to provide rehabilitation services for state employees. As part of this transfer, $45,000 annually in DOA's base budget to contract for these services would be shifted to support the cost of the transferred position's salaries and fringe benefits. Deletes 1.0 PR position from the DWD's interagency and intra-agency programs appropriation.

Rights of Transferred Employees. For each of the employees subject to the above transfers, specify that the transferred incumbent employee would retain the same rights and employee status held prior to the transfer and would not be required to serve a probationary period if the employee had already achieved permanent status in his or her classified position.

Joint Finance/Legislature: Delete $151,400 in 2001-02 and $141,900 in 2002-03 and 2.5 positions annually to reflect the following actions:

Office of the Commissioner of Railroads. Delete the transfer of $151,400 in 2001-02 and $141,900 in 2002-03 and 1.5 positions from the Office of the Commissioner of Railroads to the

Division of Hearings and Appeals and delete the erroneous reference to the creation of 1.0 GPR attorney position in the Division of Hearings and Appeals.

Department of Transportation Mail Clerk. Delete duplicative language transferring a mail clerk employee from DOT.

Department of Workforce Development Reemployment Specialist. Delete the creation of 1.0 position in DOA to reflect the retention of the position in DWD.

[Act 16 Sections: 9101(11), 9152(2) and 9158(2)]

8. TRANSFER OF THE STATE FAIR PARK POLICE FUNCTION TO DOA [LFB Paper 128]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$2,356,100	6.00	- $228,300	0.00	$2,127,800	6.00

Governor: Provide $1,193,000 and 6.5 positions (5.0 classified and 1.5 unclassified) in 2000-01 and $1,163,100 and 6.0 positions (5.0 classified and 1.0 unclassified) in 2002-03 to reflect the transfer of the State Fair Park police force to the Capitol Police under DOA. Anticipated efficiencies arising from the merger would result in the reduction of $29,900 and 0.5 FTE unclassified position in the second year following the transfer. Specify that all employees transferred would have the same employment status as before transfer, and no employee who has attained permanent status in his or her classified position would be required to serve a probationary period. The revenues to support these increased expenditures would derive from DOA billings to the State Fair Park for the services provided. State Fair Park police functions were assumed by DOA during 2000-01 under an interim agreement.

Include language deleting reference to State Fair Park police from the list of employees who continue to receive pay if they suffer injuries due to their performance of duties in a hazardous occupation. While the transferred incumbents would continue to receive the benefit, the statutory modifications make it unclear whether the amended language specifically authorizes any new State Capitol police employees to receive the hazardous duty pay while injured.

Joint Finance/Legislature: Delete $129,100 and 0.5 position in 2001-02 and $99,200 in 2002-03 under DOA to reflect the actual costs of the transferred positions.

Include a specific statutory reference to "state facilities police officers" under the current definition of "performance of duties" to clarify that State Capitol police employees are entitled to receive the same injury benefits as other employees with hazardous duties who are injured in the performance of duties.

[Act 16 Sections: 3081, 3082 and 9146(1)]

9. TASK FORCE ON TECHNOLOGY AND ELECTORAL PARTICIPATION [LFB Paper 129]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	$50,000	- $50,000	$0

Governor: Provide $50,000 in 2001-02 to the Department's special and executive order committees appropriation for the purpose of supporting the operation of a task force to be charged with finding ways to use technology to increase voter participation. Under s. 16.40(14) of the statutes, the Joint Committee on Finance must approve any allocation in excess of $2,000 from this appropriation to any special committee established by law or by executive order.

Senate/Legislature: Delete provision.

10. FEDERAL AND STATE INTEREST PAYMENTS UNDER THE FEDERAL CASH MANAGEMENT IMPROVEMENT ACT

Governor/Legislature: Provide that if the state receives any interest payments from the federal government relating to the timing of federal transfers to the state for programs that are funded from the general fund, specify that the federal payments (minus applicable administrative costs) shall be credited to the general fund as GPR-Earned.

Specify that if the state is required to make interest payments to the federal government because federal funds were not disbursed from state accounts in a timely manner, the Secretary of DOA would be required to notify the Co-Chairs of the Joint Committee on Finance in writing that the state is required to make such interest payments and must indicate the amount of interest to be paid. Create a GPR-funded sum sufficient appropriation under Miscellaneous Appropriations for the payment of any required reimbursements by the state to the federal government.

Under the federal Cash Management Act of 1990, when the federal government does not make timely transfers of federal grant funds to the state after the state and federal government have entered into an agreement on the timing of such payments, the federal government must make interest payments to the state. Conversely, if the state does not disburse the federal funds from state accounts in a timely fashion, it may be required under the federal Act to make interest payments to the federal government. The federal government made interest payments to the state in the amount of $1,048,300 in 1999-00 and is projected to pay an additional $1,556,000 in 2000-01. These funds were previously credited as GPR-Earned. Payments under the federal Act are estimated at $200,000 annually during the next biennium

[Act 16 Sections: 257 and 935]

11. FUNCTIONS OF THE FEDERAL-STATE RELATIONS SECTION

Governor/Legislature: Clarify the current functions of the federal aids management service section established within DOA to include the following new functions: (a) initiating contacts with the federal government for the purpose of facilitating participation by state agencies in federal aid programs; (b) assisting agencies in applying for such aid; and (c) facilitating the influencing of the federal government for the purpose of making policy changes deemed beneficial to the state. Delete reference to a current law function of the service of processing applications for federal grants upon the request of any agency. Revise the Department's current authority to assess fees for processing agency grant applications to apply instead to the new services described above.

[Act 16 Section: 258]

12. CREDITING OF CERTAIN SCHOOL DISTRICT DATA AND VIDEO LINE CONNECTION FEES PAID TO THE DEPARTMENT [LFB Paper 131]

Governor: Delete the requirement that fees paid to the Department by school districts for wiring district facilities with data lines and video links be credited to the services to nongovernmental units PR appropriation account. In the absence of a specification of the appropriation to which such fees would be credited, they would likely be credited to the agency's capital planning and building construction services appropriation, which currently supports the DOA staff that does the wiring. During 1999-00, fee payments totaling $100,600 were paid to the Department.

Joint Finance/Legislature: Restore the requirement that fees paid to the Department by school districts for wiring district facilities with data lines and video links be credited to the services to nongovernmental units PR appropriation. Authorize the expenditure from this services to nongovernmental units appropriation of the amounts necessary to reimburse DOA's capital planning and building construction appropriation and revise the latter appropriation to permit the crediting of these reimbursements.

[Act 16 Sections: 808 and 814m]

13. AGENCY APPROPRIATIONS CONSOLIDATIONS [LFB Paper 132]

Governor: In addition to appropriations changes described under separate entries, consolidate and revise the Department's appropriation structure as follows. [Modifications to the appropriations structure of the Office of Justice Assistance are described in a separate section.]

Appropriation Affected	Modification
20.505(1)(e) *Census Education Assistance*	Repealed
20.505(1)(ma) *Federal Grants and Contracts*	Merged with 20.505(1)(mb) *[Federal Aid]* and $165,900 FED and 1.0 FED position transferred annually
20.505(1)(mc) *Coastal Zone Management*	Merged with 20.505(1)(mb) and $2,194,200 FED and 5.5 FED positions transferred annually
20.505(1)(n) *Federal Aid; Local Assistance*	Merged with 20.505(1)(mb)
20.505(3)(a) *General Program Operations*	Renumbered as 20.505(4)(ba)
20.505(3)(b) *Women's Council Operations*	Renumbered as 20.505(4)(ea)
20.505(3)(c) *Criminal Penalties Study Committee*	Repealed
20.505(1)(s) *Sesquicentennial Payment of Obligations*	Repealed
20.505(3)(g) *Gifts and Grants*	Merged with 20.505(1)(j) *[Gifts, Grants and Bequests]*
20.505(3)(h) *Program Fees*	Merged with s. 20.505(4)(h) *[Program Services]*
20.505(3)(m) *Federal Aid*	Repealed
20.505(4)(c) *Claims Board Operations*	Merged with 20.505(1)(a) *[General Program Operations]* and $52,800 GPR and 1.0 GPR position transferred annually
20.505(4)(gm) *Gifts and Grants*	Merged with 20.505(1)(j) *[Gifts, Grants and Bequests]*
20.505(7)(d) *Grants to Local Housing Organizations*	Merged with 20.505(7)(b) *[Housing Grants and Loans]* and $500,000 GPR transferred annually
20.505(7)(dm) *Transitional Housing Grants*	Merged with 20.505(7)(fm)*[Shelter for Homeless]* and $375,000 GPR transferred annually
20.505(7)(g) *Gifts and Grants*	Repealed
20.505(7)(gm) *Funding for Homeless*	Merged with 20.505(7)(h) retitled *Funding for Homeless*
20.505(7)(k) *Sale of Materials or Services*	Merged with 20.505(7)(kg) retitled *Housing Program Materials and Services and Weatherization*
20.505(7)(km) *Weatherization Assistance*	Merged with 20.505(7)(kg) and $10,000,000 PR transferred annually
20.505(7)(n) *Federal Aid; Local Assistance*	Merged with 20.505(7)(o) retitled *Federal Aid; Local Assistance and Aids* and $19,000,000 FED transferred annually
20.505(10)(q) *Utility Public Benefits Operations*	Renumbered 20.505(3)(q)
20.505(10)(r) *Low-Income Assistance Grants*	Renumbered 20.505(3)(r)
20.505(10)(s) *Energy Conservation Grants*	Renumbered 20.505(3)(s)
20.505(11)(s) *Air Quality Improvement Grants*	Renumbered 20.505(3)(rr)

In addition, revise the titles of subprograms under the agency's appropriation structure to reflect these realignments, make necessary statutory cross-reference changes to reflect the renumbered appropriations, and revise the program purposes of those appropriations into which other appropriations would be merged. In a number of cases, the appropriations consolidations would merge state operations appropriations with local assistance and/or aids to individuals and organizations appropriations. There is no net fiscal change associated with these various appropriations consolidations.

Joint Finance/Legislature: Modify the Governor's recommendation by retaining the sale of materials or services state operations appropriation [s. 20.505(7)(k)], housing program services local assistance appropriation [s. 20.505(7)(kg)], weatherization assistance aids to individuals and organizations appropriation [s. 20.505(7)(km)], federal aid local assistance

appropriation [s. 20.505(7)(n)] and federal aid to individuals and organizations appropriation [s. 20.505(7)(o)] as separate appropriations and allocate the appropriate funding amounts to each separate appropriation, based on type of expenditure.

Delete an obsolete mobile home parks, dealers and salespersons appropriation [s. 20.505(7)(jf)].

[Act 16 Sections: 117, 118, 121, 127, 128, 222 thru 224, 226, 227, 324, 325, 773, 802, 811, 825 thru 828, 830, 832 thru 840, 843, 844, 868 thru 874, 901 thru 905, 1385, 3768 and 9201(1)]

14. STATE AND LOCAL GOVERNMENT POLICY COORDINATION [LFB Paper 130]

	Funding	Positions
GPR	- $148,200	- 1.00

Joint Finance/Legislature: Delete $74,100 and 1.0 position annually associated with an undesignated position that would have been reallocated to a state and local government policy coordination function.

15. BADGER STATE GAMES ASSISTANCE [LFB Paper 133]

GPR	- $100,000

Joint Finance: Delete $50,000 annually to reflect the repeal of the appropriation providing state assistance to the Badger State Games and the elimination of the statutory requirement that DOA provide such assistance. Provide that $50,000 annually of base level funds be earmarked instead from the Department of Tourism's GPR-funded marketing appropriation to provide assistance to the Badger State Games.

Assembly/Legislature: Delete the requirement that the Department of Tourism earmark $50,000 in each fiscal year for Badger State Games assistance. The effect of this modification is to delete all state assistance to the Badger State Games.

[Act 16 Sections: 226c and 802c]

16. PUBLIC BENEFITS ADMINISTRATIVE COSTS FUNDING CONVERSION [LFB Paper 134]

	Funding	Positions
GPR	- $880,800	- 4.00
SEG	0	4.00
Total	- $880,800	0.00

Joint Finance/Legislature: Convert $440,400 annually and 4.0 positions (2.0 FTE senior management staff in the Division of Energy and Public Benefits and 2.0 FTE administrative support staff in the Division of Administrative Services) and general supplies and services costs relating to the public benefits program from GPR funding to SEG funding from currently appropriated base level administrative funds from the Public Benefits Fund.

17. OFFICE OF FEDERAL-STATE RELATIONS IN WASHINGTON D.C., FUNDING REDUCTION [LFB Paper 135]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	- $175,800	$175,800	$0

Joint Finance: Delete $175,800 annually of salary, fringe benefits and related supplies and services funding for 2.0 FTE unclassified agency staff assigned to the Office of Federal-State Relations in Washington, D.C.. The associated position authority would not be deleted.

Conference Committee/Legislature: Delete provision.

18. VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM REESTIMATE [LFB Paper 136]

GPR	- $101,100

Joint Finance/Legislature: Reestimate the amount of volunteer firefighter and EMT service award state matching funds expenditures by -$155,000 in 2001-02 and $53,900 in 2002-03 to reflect revised estimates of participation in the program.

19. JOINT PROGRAMMING BETWEEN THE ONEIDA TRIBE AND THE UNIVERSITY OF WISCONSIN-GREEN BAY

PR	$500,000

Joint Finance/Legislature: Provide $250,000 annually from tribal gaming revenues to finance programming at the University of Wisconsin-Green Bay that is jointly developed by the Oneida Tribe and the University of Wisconsin-Green Bay. Direct DOA to provide the funding for this activity and require the Board of Regents to ensure that programming that is jointly developed is properly implemented.

[Act 16 Sections: 227p, 818m, 891m and 1351m]

20. MANAGEMENT ASSISTANCE GRANT PROGRAM [LFB Paper 168]

Joint Finance/Legislature: Place $500,000 annually in tribal gaming revenues in the PR supplemental appropriation of the Joint Committee on Finance to be transferred under s. 13.10 of the statutes to the management assistance grant program appropriation upon request of DOA and a finding that a county has met the eligibility criteria of the grant program. The state fiscal effect is reflected in this document under the section for "Program Supplements."

21. GRANTS FOR WISCONSIN PATIENT SAFETY INSTITUTE

GPR	$220,000

Senate: Provide $110,000 annually in a new, annual appropriation created under the Department to provide grants to the Wisconsin Patient Safety Institute, Inc., (WPSI) for collection, analysis and dissemination of information about patient safety and training of health care providers and their employees directed toward improving patient safety. Direct DOA to provide the grants to WPSI. Provide that the following health care providers would be subject to the dissemination of information and training: nurses, chiropractors, dentists, physicians and physicians assistants, physical therapists, podiatrists, dietitians, athletic trainers, occupational therapists and assistants, optometrists, pharmacists, acupuncturists, psychologists and massage therapists or bodyworkers.

Assembly: Modify Senate provision by directing DOA to ensure that no grant funds are expended for entertainment, foreign travel, or payment to persons not providing goods or services to the WPSI.

Conference Committee/Legislature: Include Senate provision, as modified by the Assembly.

[Act 16 Sections: 227r and 802m]

22. DELETION OF ENERGY CONSERVATION AND RENEWABLE RESOURCE PUBLIC BENEFITS PROGRAM

Assembly: Delete the energy conservation and efficiency and renewable resource public benefits program, effective July 1, 2003. Maintain the current law transfer of public benefits funding from investor-owned electric or gas utilities, as previously determined by the PSC.

Low-Income Energy Assistance. Establish the assessment for low-income energy assistance at $24,000,000 annually from the public benefits fees paid by public utilities, municipal utilities and retail electric cooperatives. Repeal statutory language for the calculation of assessments for low-income energy assistance. Redefine "commitment to community program" to mean a program by a municipal utility, retail electric cooperative or wholesale supplier for low-income assistance, beginning July 1, 2003. This redefinition would delete reference to energy conservation programs.

On July 1, 2003, delete statutory language that requires 47% of the funds for low-income programs from the low-income assistance grants be used for weatherization and other energy conservation programs.

Energy Conservation and Efficiency and Renewable Resource Program. Repeal the statutory requirement for the collection of fees for energy conservation and efficiency and renewable resource funding, beginning on July 1, 2003.

Effective July 1, 2003, reduce the amount that must be collected for public benefits by municipal utilities and retail electric cooperatives by $8 per meter for the average annual bill. Delete the requirements for municipal utilities and retail electric cooperatives to provide energy conservation and efficiency and renewable resource funding as part of their commitment to community programs. Delete language that authorizes the municipal utilities and retail electric cooperatives to contribute to DOA programs for energy conservation programs.

Modify the energy conservation and efficiency and renewable resource grants appropriation language to allow for the funding of energy assistance grants to public schools and medical assistance program public benefits, less the amounts required for the following new performance based contract program.

Performance Based Contract Program. Create a sum sufficient performance contract program appropriation with monies from the public benefits fund that is equal to 25% of the amount in the utility public benefits fund less the amounts for general program operations, energy assistance grants to schools, medical assistance program benefits and low-income assistance grants.

Require DOA to make a payment to a person if all of the following are satisfied: (a) the person satisfies any eligibility requirements that DOA may establish by rule; (b) the person enters into a contract with a nonresidential customer of a public utility for providing energy–related services or products to the customer for the purpose of reducing the customer's energy utility expenses by an amount specified in the contract over a period of time specified in the contract; and (c) an independent third party certifies to DOA that, as a result of the services or products provided under a performance based contract, the customer's energy utility expenses were reduced by the specified amount over the specified period of time. Require the amount of a performance based contract payment to be based on the amount of the reduction in a customer's energy utility expenses. Require DOA to promulgate rules establishing requirements and procedures for making these payments. Provide that DOA may contract with a person to administer the requirements and procedures established by rules. Define "energy–related services" as electric or gas energy engineering; equipment design, installation, or maintenance; or the financing of energy–related services or products.

Conference Committee/Legislature: Delete provision.

23. PUBLIC SCHOOL ENERGY BILLING AND USE DATA

Assembly/Legislature: Require public utilities to provide the Department with energy billing and use data for public schools, if DOA determines that the data would help it administer or provide energy assistance to public schools, including energy assistance to those public schools with the highest energy costs.

[Act 16 Section: 322m]

Information Technology

1. TRANSFER OF INFORMATION TECHNOLOGY FUNCTIONS OF THE DEPARTMENT OF ELECTRONIC GOVERNMENT [LFB Paper 400]

	Funding	Positions
PR	- $239,150,500	- 224.30

Governor: On the general effective date of the biennial budget act, delete $119,552,300 in 2001-02 and $119,598,200 in 2002-03 and 224.3 positions annually from the Department to reflect the creation of an independent Department of Electronic Government. Transfer current statutory authority related to information technology, including procurement related to information technology (but excluding educational technology), to the new department. Funding and positions would be deleted as follows:

a. *Justice Information Systems.* Delete $4,853,200 and 22.0 positions annually associated with the Bureau of Justice Information Systems.

b. *Information Technology Services and Technology Management Services.* Delete $109,427,400 in 2001-02 and $109,473,300 in 2002-03 and 197.3 positions annually associated with the Division of Information Technology Services and the Division of Technology Management. Of the total, $72,325,100 in 2001-02 and $72,371,000 in 2002-03 and 168.3 positions annually are related to the operations of the state's computer utility, including the publications and mail service operation transferred under the bill. The remaining $37,102,300 and 29.0 positions annually are associated with telecommunications and data processing services.

c. *Telecommunications Relay Service.* Delete $5,013,500 and 1.0 position annually associated with relay service. Relay services allow a hearing or speech impaired person to communicate by telephone with hearing persons. Relay services utilize operators who translate between a person using a telecommunications device for the deaf (TDD) and a person who does not use a TDD.

d. *Information Technology Support Positions.* Delete $258,200 and 4.0 positions annually (1.0 financial specialist, 1.0 information management consultant, 1.0 information systems training specialist and 1.0 information systems technology consultant) associated with information technology support in DOA.

Specify that on the effective date of the biennial budget act, the DOA assets and liabilities that are primarily related to its information technology or telecommunications functions, except educational technology functions, as determined by the Secretary of DOA, become the assets and liabilities of the Department of Electronic Government.

Specify that on the effective date of the biennial budget act, all full-time equivalent positions in DOA having duties that are primarily related to its information technology or telecommunications functions, except educational technology functions, as determined by the

Secretary of DOA, are transferred to the Department of Electronic Government. Specify that all incumbent employees holding positions are transferred on the effective date of the biennial budget act. Employees transferred would have all of the rights and the same status in the Department of Electronic Government that they enjoyed in DOA immediately before the transfer. No transferred employee who has attained permanent status in class would be required to serve a probationary period.

Specify that on the effective date of the biennial budget act, all DOA tangible personal property and records that are primarily related to its information technology or telecommunications functions, except educational technology functions, as determined by the Secretary of DOA, are transferred to the Department of Electronic Government. Further, specify that all contracts entered into by DOA in effect on the effective date of the biennial budget act that are primarily related to its information technology or telecommunications functions, except educational technology functions, are transferred to the Department of Electronic Government. Require the Department of Electronic Government to carry out any contractual obligations until the contract is modified or rescinded by the Department of Electronic Government, to the extent allowed under the contract.

Specify that all rules promulgated by DOA that are primarily related to its information technology or telecommunications functions, except educational technology functions, and that are in effect on the effective date of the biennial budget act remain in effect until their specified expiration dates or until amended or repealed by the Department of Electronic Government. Similarly, specify that all orders issued by DOA that are primarily related to its information technology or telecommunications functions, except educational technology functions, and that are in effect on the effective date of the biennial budget act remain in effect until their specified expiration dates or until modified or rescinded by the Department of Electronic Government.

Require that any matter pending before DOA that is primarily related to its information technology or telecommunications functions, except educational technology functions, is transferred to the Department of Electronic Government on the effective date of the biennial budget act and all materials submitted to or actions taken by DOA with respect to the pending matter are considered as having been submitted to or taken by the Department of Electronic Government.

Senate: Delete provision creating a Department of Electronic Government, including funding and position transfers. Restore $132,195,900 in 2001-02 and $132,235,800 in 2002-03 and 228.3 positions annually to appropriations in DOA.

Conference Committee/Legislature: Restore provision.

[See "Electronic Government" for a more detailed description of the creation of the Department.]

[Act 16 Sections: 9101(7)&(15)]

2. INFORMATION TECHNOLOGY SERVICES REORGANIZATION [LFB Paper 400]

PR	- $8,000

Governor: Modify the Department's appropriation structure by: (a) eliminating the printing, document sales, mail distribution and records services appropriation (-$24,821,700 in 2001-02 and -$24,591,300 in 2002-03 and –70.5 positions annually); (b) increasing the information technology processing services to state agencies appropriation by $21,964,700 in 2001-02 and $22,034,300 in 2002-03 and 43.0 positions annually to reflect a departmental reorganization under which publishing service and mail service operations are transferred to the Division of Information Technology Services; and (c) increasing the transportation services appropriation by $2,853,000 in 2001-02 and $2,553,000 in 2002-03 and 27.5 positions annually to reflect the consolidation the records center, document sales, mail transportation and documents imaging functions from the eliminated printing, document sales, mail distribution and records services appropriation to the transportation services appropriation.

Rename the transportation services appropriation as the transportation, records and document services appropriation. Specify that funding in the renamed appropriation may be used to: (a) provide state vehicle and aircraft fleet, mail transportation, document sales, and records services primarily to state agencies; (b) to transfer the proceeds of document sales to state agencies publishing documents; and (c) to provide for the general program operations of the public records board.

Specify that revenue in the appropriation would be derived from: (a) the provision of state vehicle and aircraft fleet, mail transportation, document sales, and records services primarily to state agencies; (b) documents sold on behalf of state agencies; and (c) services provided to state agencies by the public records board. Specify that on the effective date of the biennial budget act, the Secretary of DOA must apportion and transfer the unencumbered moneys and accounts receivable from the printing, document sales, mail distribution and records services appropriation to the new transportation, records and document services appropriation and to the new Department of Electronic Government's appropriation for general program operations, services to state agencies. Further, specify that the Secretary of DOA must apportion and transfer the liabilities, including any liabilities incurred that do not exceed the depreciated value of the equipment, from the printing, document sales, mail distribution and records services appropriation to the new transportation, records and document services appropriation and to the new Department of Electronic Government's appropriation for general program operations, services to state agencies, in the manner determined by the Secretary.

Under the bill, total funding in the continuing information technology processing services to state agencies appropriation would be $72,325,100 in 2001-02 and $72,371,000 in 2002-03 and 168.3 positions annually. Funding and positions associated with the information technology processing services appropriation are transferred from DOA to the new Department of Electronic Government. Total funding remaining in the annual transportation, records and document services appropriation would be $26,220,700 and 53.3 positions in 2001-02 and $22,093,000 and 52.8 positions in 2002-03.

Senate: Delete provision.

Conference Committee: Restore provision and make a technical modification to correct an appropriation cross-reference.

[Act 16 Sections: 264, 265, 311, 813aw, 813b, 814, 815, 9101(7) and 9401(2q)]

3. TRANSFER ADMINISTRATIVE SUPPORT POSITIONS TO THE NEW DEPARTMENT OF ELECTRONIC GOVERNMENT [LFB Paper 400]

	Funding	Positions
PR	- $317,800	- 4.00

Joint Finance: Reduce funding by $161,900 in 2001-02 and $155,900 in 2002-03 and 4.0 positions annually in DOA associated with budgeting, financial management, procurement and personnel services to reflect the transfer of these administrative support positions to the new Department of Electronic Government. A corresponding increase is provided under the Department of Electronic Government.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

Land Information

1. LAND INFORMATION AND PLANNING [LFB Paper 138]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		$0		$800,000		$800,000	
PR	- $521,000	0.00	$400,000	- 2.00	- $1,200,000	0.00	- $1,321,000	- 2.00

Governor: Make the following changes relating to land information and planning:

Immediate Repeal of the Land Information Board. Abolish the Land Information Board on the general effective date of the biennial budget act and transfer the Board's functions, assets and liabilities, tangible personal property, contracts, rules and orders and any pending matters to DOA. Under current law, the Board is scheduled to sunset on September 1, 2003. Delete DOA's responsibility to provide staff services to the Board.

Certain Board Responsibilities Assumed by DOA. Require the Department to direct and supervise the land information program and serve as the state clearinghouse for access to land information. The Department would be required to: (a) provide technical assistance and advice to state agencies and local governmental units with land information responsibilities; (b) maintain and distribute an inventory of land information available for the state, land records available for this state and land information systems; (c) prepare guidelines to coordinate the modernization of land records and land information systems; (d) review project applications from counties for the development of land information systems, the preparation of parcel property maps and systems integration activities; and (f) provide the Wisconsin Land Council with a statement of the Department's proposed expenditures relating to land information programs and aids to counties before the commencement of each fiscal year. Authorize DOA to provide technical assistance to counties and provide educational seminars, courses and conferences relating to land information. The current law ability of the Board to assess fees sufficient to fund these activities would not be retained when these responsibilities are transferred to the Department.

Require DATCP, Commerce, DHFS, Historical Society, DNR, PSC, Revenue, DOT, Tourism and the UW System Board of Regents to submit to the Department on a biennial basis (on March 31 of even-numbered years) a biennial plan for the integration of land information to enable such information to be readily transferable, retrievable, and geographically referenced for use by any state agency, local unit of government, or public utility. DOA would be removed from the current law list of agencies subject to this reporting requirement. Commencing with the plan due on March 31, 2002, the Department of Revenue would no longer be required to submit this information.

Authorize the Department to make grants to counties for projects designed to promote the development of land information systems, the preparation of parcel property maps and systems integration activities. Such grants could not exceed $100,000 and no more than one grant could be made per county board. The grants would be funded from county land record recording fees that are remitted to the state.

Wisconsin Land Council Retained. Delete the current law provision that would sunset the Wisconsin Land Council on August 31, 2003. Delete the current law function of the Council to study the development of a computer-based land information system and provide the following new functions: (a) establish a land information working group (comprised of the State Cartographer, a representative of the UW-System with expertise in land information issues and any other land information experts designated by the Chair of the Council; (b) review land information grant applications that are made by county boards and make recommendations on their approval; and (c) review proposed expenditures to be made to finance planning activities related to the transportation elements of comprehensive plans and make recommendations on their approval to the Department.

Specify that the working group established above would be required to study and recommend land information standards to the Council and to DOA, advise the Council and

DOA on a Wisconsin land information system and on coordination of state and local land information, and review county land records modernization plans and make recommendations on approval to the Council and to DOA.

The Council would continue its current law functions to: (a) identify and recommend to the Governor land use goals and priorities; (b) identify and study areas of conflict in the state's land use statutes; (c) identify procedures for facilitating land use planning efforts; and (d) gather and analyze information about land use activities in Wisconsin of the federal government and Native American governments.

Add three new members to the current 16-member Council. The new members would be a representative from a public utility, a representative from a professional land information agency and an individual nominated by a statewide association whose purposes include support of a network of statewide land information systems.

County Land Record Recording Fee Increase. Delete the current law provision that on September 1, 2003, the fee for recording or filing the first page of a document with the county register of deeds is reduced from $10 to $8 and provide for a permanent increase of $1 to $11 for the first page. Under current law, $6 of the $10 collected by the county is remitted to the Land Information Board, unless the county has a land information office, in which case the county may retain an additional $4 to support the office and transfer only $2 to the Board. Under current law, these funds support the Board's operations. Following the allocation of the county funds for Board operations, the remainder is available for appropriation as land records modernization grants to counties. Under the change, counties would retain the additional $1 collected and $2 would continue to be remitted to the state. Based on 1999-00 land records fee collections, it is anticipated that this change would yield an additional $1,310,900 annually in revenues to counties.

Allocate the annual funding provided from the $2 fee collected by counties and remitted to the state, as follows: (1) grants to counties ($230,000 annually); (2) strategic initiative grants to counties ($270,000 annually); (3) Geographic Information System (GIS) staff support ($136,500 annually); (4) soil surveys and mapping ($415,000 annually); (5) land information administrative costs ($438,000 annually); and (6) development of a computerized Wisconsin land information system ($623,500 annually).

Appropriations and Position Modifications. Revise the appropriations structure for land information functions under DOA. Shift $136,500 annually and 2.0 positions engaged in GIS activities from the telecommunications and data processing function to a new land information operations appropriation funded from county recording fee revenues. Delete the current Wisconsin Land Council appropriation and shift $287,300 in 2001-02 and $219,000 in 2002-03 and 1.0 position from it to a new soil surveys and mapping and Wisconsin Land Council appropriation. Delete the current soil surveys and mapping appropriation (-$415,000 annually) and the current appropriation that funds grants to counties (-$1,384,000 annually). Provide $1,538,500 annually to the new land information operations appropriation (funded from county

recording fee revenues). The net fiscal effect of all of these deletions and transfers is -$260,500 annually.

Joint Finance: Modify provision as follows:

a. Delete the repeal of the Land Information Board and the modifications to the Wisconsin Land Council and retain the current powers, duties and composition of these two entities;

b. Extend the current law September 1, 2003, sunset date for the Land Information Board and the Wisconsin Land Council until September 1, 2007;

c. Require the Land Information Board to establish rules governing the creation and maintenance of the Wisconsin Land Information System and require DOA to contract for the operation of this system;

d. Retain the Governor's treatment of county record recording fee increases and the deletion of the sunset on a portion of these fees and stipulate that counties be required to use the $1 increase in document filing fees retained by them to develop and maintain computerized indexing of their land information records related to housing, including the housing and land use element of a comprehensive plan, in a manner that would allow for greater public access via the Internet;

e. Allocate the annual funding provided from the $2 fee collected by counties and remitted to the state, as follows: (i) grants to counties ($154,600 annually); (ii) strategic initiative grants to counties ($181,500 annually); (iii) housing assessment grants to counties ($563,900 annually); (iv) soil surveys and mapping ($415,000 annually); (v) Land Information Board administrative costs ($238,000 annually); (vi) development of a computerized Wisconsin land information system ($623,500 annually); and (vii) GIS staff support ($136,500 annually). The fiscal effect of these allocations is to shift $200,000 annually originally recommended by the Governor for comprehensive planning grants to Land Information Board operations and grant activities. As part of these reallocations, specify that housing assessment grants to counties would be for the purpose of supporting technological developments and improvements for providing Internet-accessible housing assessment and sales data. Further, delete 2.0 positions in DOA's Office of Land Information Services that provide Land Information Board staff support.

Senate: Delete $200,000 annually from the aid to counties grant appropriation to provide $363,900 annually rather than $563,900 annually to support projects to develop Internet-accessible databases containing housing assessment and housing sales information.

Assembly: Require that $400,000 annually be lapsed to the general fund from the Land Information Board's general program operations appropriation.

Conference Committee/Legislature: Include Senate provision and Assembly provision.

Veto by Governor [B-29 and B-30]: Delete provisions: (a) extending the current law September 1, 2003, sunset date for the Wisconsin Land Information Board until September 1, 2007, and repealing the September 1, 2003, sunset date for the Wisconsin Land Council; (b) moving from September 1, 2002, until September 1, 2006, the date on which the Council must complete a report for the Legislature that contains an evaluation of the Council's functions and activities; (c) eliminating the requirement that the Council submit a recommendation to the Legislature as to whether the Council should continue in existence past the previous September 1, 2003, sunset date and whether any structural modifications should be made to the Council's function; (d) adding three new members to the current 16-member Council; and (e) requiring the Board to promulgate rules governing the creation and maintenance of a Wisconsin land information system.

[Act 16 Sections: 130, 343t, 800, 803b, 1999m, 2001m, 2003c thru 2003m, 4041b, 4041m, 4041n, 4060fm, 9201(7q) and 9359(11bp)]

[Act 16 Vetoed Sections: 163 thru 167, 200b, 201c, 342m, 342n, 343r, 1999n, 2001n, 4039b, 4041b, 4059b, 4059g and 9459(5r)]

2. COMPREHENSIVE PLANNING GRANTS FUNDED FROM COUNTY LAND RECORD FEES [LFB Paper 138]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR	$1,000,000	- $400,000	$400,000	$1,000,000

Governor: Provide $500,000 annually in a PR-funded annual appropriation to support comprehensive planning grants to local units of government. Specify that these grants would be funded from county land record recording fees that are remitted to the state. Authorize the Department to make grants for comprehensive planning activities to local governmental units. Currently, the Department may make comprehensive planning grants from a GPR-funded appropriation. Base level funding in that appropriation is $1,500,000 GPR annually.

Joint Finance: Delete $200,000 annually.

Senate: Restore $200,000 annually and clarify the transfer mechanism from the aids to counties appropriation.

Assembly: Retain Joint Finance provision.

Conference Committee/Legislature: Include Senate provision.

[Act 16 Sections: 332, 804 and 804g]

3. CONVERSION OF THE MUNICIPAL BOUNDARY REVIEW FUNCTION TO PROGRAM REVENUE

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	-$250,000	-2.00	$0	0.00	-$250,000	-2.00
PR	250,000	2.00	46,800	0.50	296,800	2.50
Total	$0	0.00	$46,800	0.50	$46,800	0.50

Governor: Provide -$125,000 GPR and $125,000 PR and -2.0 GPR positions and 2.0 PR positions annually to convert the municipal boundary review function from GPR funding to PR funding. Authorize the Department to prescribe and set a fee for municipal boundary reviews. Specify that petitioners for municipal boundary review by the Department would be required to pay the fee before the agency would proceed with its review.

Currently, most towns may incorporate as a city or village only after following certain procedures and receiving approval for the incorporation from a circuit court and from DOA. Further, if a town wishes to consolidate with another contiguous city, village or town, the consolidation may not take effect unless a circuit court and DOA find that the proposed consolidation is in the public interest. Town territory that is contiguous to any city or village may be annexed to that city or village under several methods, including direct annexation and annexation by referendum. Under both of these methods, in a county with a population of at least 50,000, DOA is authorized to advise whether the proposed annexation is against the public interest. Upon receiving notice, the annexing municipality is required to review DOA's advice before final action is taken.

Joint Finance: Provide $23,800 in 2001-02 and $23,000 in 2002-03 and authorize 0.5 position under DOA's annexation and boundary review function for reviewing and preparing written explanations of the agency's opinion on such proposed annexations. The position would be funded from assessments of municipalities for the costs of the reviews.

Require the Department to issue an opinion in each instance where the annexation would occur in a county with a population of 50,000 or more and to send a notice within 20 days to the affected municipalities stating whether in its opinion the annexation is in the public interest or is against the public interest. The notice would have to include an explanation of the reasons for DOA's opinion. As under current law, the annexing municipality would be required review DOA's opinion before taking final action.

Senate: Delete Joint Finance modification.

Assembly/Legislature: Restore Joint Finance modification.

[Act 16 Sections: 255, 803b, 810, 2015 thru 2019 and 9301(2mk)]

4. TRANSPORTATION PLANNING GRANTS

Governor: Clarify that, for the purpose of making transportation planning grants under current law, DOA would give priority to grant requests in the following order:

First priority would be given to those proposals that addressed the transportation planning element of a local governmental unit's comprehensive plan, as established under current law, *and* also addressed the following new planning activities relating to highway corridor planning: (a) the identification of existing zoning and land-use issues; (b) the identification of existing and planned transportation facilities and services; (c) the analysis of future needs; (d) the identification of areas for future development; and (e) the identification of specific strategies to ensure better coordination of future development and transportation needs in the corridor. "Highway corridor" would be defined as an area up to 10 miles on either side of a state trunk highway that is identified in a transportation planning process by DOT to need additional capacity for vehicular or to have possible safety and operational problems resulting from development pressures adjacent to the highway.

Second priority would be accorded to grants that addressed only the transportation planning element of a local governmental unit's comprehensive plan, as established under current law.

Third priority would be accorded to grants that addressed only the new highway corridor planning activities described above.

Newly authorize a metropolitan planning organization to apply for a transportation grant in addition to any county, city, village, town or regional planning commission. Require the Department to forward to the Wisconsin Land Council a detailed statement of the expenditures proposed to be made by any potential grantee for the Council's recommendation concerning approval of the grant. Require the Department to promulgate rules for the administration of the transportation grant program in consultation with DOT.

The current base level of funding in DOA for transportation grants is $1,000,000 SEG annually.

Senate: Delete provision.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision.

5. WISCONSIN LAND COUNCIL STAFF [LFB Paper 139]

	Funding	Positions
PR	$204,900	3.00

Joint Finance/Legislature: Provide $68,300 in 2001-02 and $136,600 and 3.0 positions for the Wisconsin Land Council.

6. SUBMISSION OF SMART GROWTH DATA SETS FOR COMPREHENSIVE PLANNING

Joint Finance/Legislature: Modify the current requirement that biennially, by March 31 of each even-numbered year, the Departments of Administration; Agriculture Trade and Consumer Protection; Commerce; Health and Family Services; Natural Resources; Tourism; Revenue; and Transportation, the Board of Regents of the University of Wisconsin System, the Public Service Commission and the Board of Curators of the Historical Society submit a plan to the Land Information Board to integrate land information that is translatable, retrievable and geographically referenced for use by any state, local governmental unit or public utility, by newly specifying that: (a) the listed agencies submit information that is needed by local units of government to complete comprehensive plans containing the planning elements prescribed under s. 66.1001 of the statutes; (b) the Land Information Board integrate this information in conjunction with land information data needs; (c) the information be readily translatable, retrievable and geographically referenced for use by members of the public; (d) the information be submitted annually rather than biennially; and (e) the Land Information Board make this information accessible by May 31, 2002.

Veto by Governor [B-31]: Delete the requirement that the initial information provided by the state agencies to the Land Information Board relating to integrated land information be made accessible by May 31, 2002. In the veto message, the Governor directs that the information be made available " in a reasonable timeframe."

[Act 16 Section: 343m]

[Act 16 Vetoed Section: 9101(19b)]

7. ANNEXATIONS INVOLVING TOWN ISLANDS

Joint Finance/Legislature: Modify the state statute prohibiting annexations by cities and villages where town islands are created by allowing annexations creating town islands if the area annexed is covered by an intergovernmental cooperation contract or a cooperative plan for boundary change. Specify that the provision applies to existing annexations that have not been overturned by a court order. Since December 2, 1973, state law (s. 66.0221) has prohibited cities or villages from annexing territory if the annexation creates a town island. A town island is an area in a town that is completely surrounded by a city or village. This provision would allow town islands to be created through annexation if the area annexed is covered by an intergovernmental cooperation contract authorized under s. 66.0301 of the statutes or by a cooperative plan for boundary change under s. 66.0307 of the statutes. The provision would apply both to annexations as of the bill's effective date and to annexations that have occurred previously, but not been overturned by a court order.

Veto by Governor [F-22]: Delete the provision that would allow annexations creating town islands where the area being annexed is covered by an intergovernmental cooperation agreement.

[Act 16 Sections: 2019m, 2019n and 9359(9w)]

[Act 16 Vetoed Section: 2019n]

8. AUTHORITY FOR CERTAIN TOWNS TO PETITION FOR INCORPORATION AS A FOURTH CLASS CITY

Joint Finance: Specify that if all the following conditions are met, the procedure for becoming a 4th class city may be initiated: (a) the resident population of the town exceeds 6,000 and the population of the county in which the town is located exceeds 400,000, as shown by the last federal census or by a census requested by the town; (b) the town has an equalized valuation in excess of $100,000,000; (c) an incorporation petition that requests submission of the question of incorporation to the electors of the town is signed by 100 or more persons, each an elector and taxpayer of the town; (d) the petition under contains the signatures of at least 50% of the owners of real estate in the town. This provision would apply to the Town of Madison.

Senate: Delete provision.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision.

9. CHANGE IN STATUS OF THE TOWN OF HOBART

Assembly/Legislature: Provide that the Town of Hobart in Brown County would be authorized to become a village without approval from the DOA if current law incorporation procedures are followed. Direct the Town of Hobart and the City of Green Bay to enter into a boundary agreement but specify that the agreement need not be finalized before the referendum for incorporation is held.

[Act 16 Section: 9159(3f)]

10. COMPREHENSIVE PLANNING GRANTS FUNDING

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$157,900	- $157,900	$0

Assembly: Provide $357,900 annually for additional comprehensive planning grants. Require the Department to establish a deadline for the receipt of applications for a planning grant. Specify that immediately following the deadline date, all applications received would be open to public inspection.

Conference Committee/Legislature: Modify Assembly provision by providing $157,900 annually, rather than $357,900 annually, for additional comprehensive planning grants.

Veto by Governor [B-32]: Delete provision. The Governor's partial veto deletes $157,900 annually by deleting the amounts in the schedule ($1,657,900 annually) and writing in the lower amounts ($1,500,000 annually) for GPR-funded comprehensive planning grants.

[Act 16 Vetoed Sections: 332 and 395 (as it relates to s. 20.505(1)(cm))]

11. PLATTING LAND AND RECORDING CERTIFIED SURVEY MAPS

Assembly/Legislature: Make the following modifications affecting land platting and recording and vacating plats.

Correction Instruments. Specify that upon its recording, a correction instrument would correct a subdivision plat or a certified survey map. Prohibit the use of correction instruments for the reconfiguration of lots or outlots. Define "correction instrument" as an instrument drafted by a licensed land surveyor that upon recording, corrects a subdivision plat or a certified survey map. Authorize approving authorities to use the county coordinate system as approved by the DOT or a coordinate system that is mathematically relatable to a Wisconsin coordinate system. Specify that correcting a plat or certified survey map that changes areas dedicated to the public or that restrict the public benefit must be approved by the appropriate governing body prior to recording.

Delineating Lots. Require that the external boundaries of subdivisions, lots, park and public access corners and all land dedicated to the public be delineated by concrete monuments that contain iron rods not less than 18 inches in length, instead of the current law 24- or 30-inch rods. Provide that, in cases where strict compliance would be unduly difficult or would not provide for adequate monuments, the Department could make other reasonable requirements.

Assembly and Preparation of Plats. Require the original copy of the final plat to be 22 inches wide and 30 inches long and affixed on material that is capable of clearly legible reproduction. Prohibit a county register of deeds from accepting a plat for record unless the plat is offered for record within six months after the date of the last approval instead of the current law 30-day requirement. Require, rather than allow, the correction instrument to be recorded in the office of the register of deeds. Authorize a certified survey map to cross the exterior boundary of a recorded plat where the reconfiguration involves fewer than five parcels by a single owner, or

no additional parcels are created. Provide that the certified parcels must be approved in the same manner as the final plat of a subdivision.

Survey Maps. Require that within 90 days of submitting a certified survey map for approval, the approving authority, or its agent authorized to approve certified survey maps, take action to approve, approve conditionally, or reject the certified survey map and state in writing any conditions of approval or reasons for rejection, unless the time is extended by agreement with the person making the subdivision. Specify that failure of the approving authority or its agent to act within the 90 days, or any extension of that period, would constitutes an approval of the certified survey map. Stipulate that upon demand, a certificate to that effect must be made on the face of the map by the clerk of the authority that had failed to act.

Specify that if the certified survey map is approved by a local unit of government, the register of deeds may not accept the certified survey map for record unless all of the following apply: (a) the certified survey map is offered for record within six months after the date of the last approval of the map and within 24 months after the first approval of the map; and (b) the certified survey map shows on its face all of the required certificates and affidavits.

[Act 16 Sections: 3127b thru 3127m]

Agency Services

1. DIVISION OF STATE AGENCY SERVICES -- CONVERSION TO PROGRAM REVENUE [LFB Paper 141]

	Funding	Positions
GPR	- $1,983,700	- 26.25
PR	4,067,300	26.25
Total	$2,083,600	0.00

Governor: Delete $1,983,700 GPR and 26.25 GPR positions (25.75 classified positions and 0.5 unclassified position) in 2002-03, and provide $671,500 PR in 2001-02 and $3,395,800 PR and 26.25 PR positions (25.75 classified positions and 0.5 unclassified position) in 2002-03 to convert the GPR portions of the Division of State Agency Services from GPR to program revenue funding. The bill would convert the funding source associated with the division administrator's office, operations of the Bureau of Procurement and administration for the Wisconsin Air Service.

Specify that DOA may assess any agency or municipality to which it provides procurement services for the costs of such services. Further specify that DOA may: (a) identify savings that have been realized by a state agency to which it provides services; and (b) assess the agency for not more than the amount of the savings identified by the Department. Create a continuing PR appropriation in DOA funded by revenues from the charges to state agencies for

procurement services and from assessments for procurement savings realized by the agencies receiving those services. The bill does not define savings nor does it specify how DOA would determine the assessments. Under current law, DOA is required to purchase or may delegate the purchase of all necessary materials, supplies, equipment, all other permanent personal property and miscellaneous capital, and contractual services and all other expenses of consumable nature for all agencies.

Under the bill, PR funding and positions would be allocated as follows: (a) from the procurement services assessments, $671,500 PR in 2001-02 and $3,308,500 PR and 25.5 PR positions (25.0 classified and 0.5 unclassified) in 2002-03; and (b) from DOA overhead cost assessments for administrative services, $128,000 PR and 1.75 PR positions in 2002-03. Of the total funding supported by the procurement assessments, $671,500 PR in 2001-02 and $1,284,100 in 2002-03 would be placed in unallotted reserve for associated master lease payments for a possible electronic procurement system.

Associated with the conversion, modify the GPR, PR and SEG program supplements appropriations for financial services to permit supplemental funding for procurement services provided by DOA, except for the charges for identified procurement savings. Under the bill, $1,332,500 GPR in 2002-03 would also be provided under Program Supplements to offset increased costs for state agencies related to the procurement funding conversion. The fiscal effect of that item is shown under "Program Supplements."

Joint Finance: Create the procurement services appropriation as a biennial rather than a PR continuing appropriation funded from procurement assessments and charges.

Request the Joint Committee on Legislative Audit to direct the Legislative Audit Bureau to conduct a performance evaluation audit of the procurement services being provided by DOA to state agencies and municipalities, including an evaluation of the accuracy of DOA's procurement services charges and assessments to state agencies and municipalities for those services. Specify that the audit report be submitted by January 1, 2004.

Senate: Modify provision by: (a) directing DOA to submit its methodology for determining the procurement fees and assessments to the Legislature for approval as an administrative rule; and (b) transferring $671,500 PR in 2001-02 and $1,284,100 PR in 2002-03 from DOA's procurement services appropriation to the Joint Committee on Finance s. 20.865(4)(g) supplemental appropriation for release to DOA under s. 16.515 passive review procedures, pending DOA's determination of its actual funding needs for an electronic procurement system.

Assembly/Legislature: Include provision, as modified by Joint Finance.

Veto by Governor [E-5 and E-6]: Delete the creation of the new procurement services appropriation as a biennial appropriation by deleting references to "Biennially, the amounts in the schedule" and by eliminating a period (".") so that the phrase "all moneys received" in the appropriation language becomes controlling and has the effect of converting the new

procurement services appropriation into a continuing appropriation. Under a continuing appropriation, the specific dollar amounts in the schedule represent the most reliable estimates of the amounts to be expended or encumbered during any given fiscal year but are not considered as limiting.

Delete the provision that would have requested the Joint Committee on Legislative Audit to direct the Legislative Audit Bureau to conduct a performance evaluation audit of the procurement services being provided by DOA to state agencies and municipalities, including an evaluation of the accuracy of DOA's procurement services charges and assessments to state agencies and municipalities for those services.

[Act 16 Sections: 277, 817, 949, 953 and 958]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.505(1)(kf)), 817 and 9132(2ak)]

2. STATE AGENCY SERVICES -- MAILING AND PUBLISHING SERVICES COST INCREASES

PR	$11,942,800

Governor/Legislature: Provide $5,936,600 in 2001-02 and $6,006,200 in 2002-03 for postage, mail volume and other operating costs increases associated with mailing and document services provided to state agencies. DOA is assimilating the mailing services functions of the Departments of Revenue, Transportation and Workforce Development.

3. STATE AGENCY SERVICES -- STATE RECORDS CENTER STORAGE NEEDS

PR	$327,400

Governor/Legislature: Provide $313,700 in 2001-02 and $13,700 in 2002-03 to accommodate the storage of an increasing volume of records at the State Records Center. Funds would be provided for: (a) the purchase of mobile shelving for additional records storage (one-time funding of $300,000 in 2001-02); and (b) the utilization of additional records storage space currently occupied by the Department of Revenue ($13,700 annually).

4. STATE TRANSPORTATION SERVICES -- FLEET ACQUISITION, REPLACEMENT AND MAINTENANCE COST INCREASES

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR-REV	$0	$587,600	- $575,200	$12,400
PR	$11,656,700	- $4,190,900	$945,800	$8,411,600

Governor: Provide $7,456,500 in 2001-02 and $4,200,200 in 2002-03 for the following state motor fleet and aircraft cost increases. Revenues to support these increases would be provided from charges assessed against state agencies that use the fleet vehicles and aircraft.

Purchase of Additional Vehicles for State Agencies. Provide $925,300 in 2001-02 and $1,207,200 in 2002-03 to purchase additional vehicles for state agencies and to pay the associated maintenance, fuel and insurance costs for these additional vehicles. Funds would be provided for: (a) an additional 44 vehicles for state agencies in 2001-02 (one-time funding of $792,400) and an additional 52 vehicles for state agencies in 2002-03 (one-time funding of $921,100); and (b) the associated maintenance, fuel and insurance costs for these additional vehicles ($132,900 in 2001-02 and $286,100 in 2002-03).

Replacement of Existing Vehicles and Aircraft Overhaul. Provide $2,867,900 in 2001-02 and $1,566,500 in 2002-03 for existing motor fleet vehicle replacements and aircraft engine and propeller overhauls. Base level funding of $7,669,800 annually and the amounts specifically allotted for vehicle purchases and aircraft overhauls would provide the agency with $10,463,900 in 2001-02 to purchase 667 replacement vehicles and would provide the agency with $9,038,300 in 2002-03 to purchase 561 replacement vehicles. An additional $73,800 in 2001-02 and $198,000 in 2002-03 would be used for aircraft engine and propeller overhaul on five Wisconsin Air Services Aircraft.

Replacement of Existing Aircraft. Provide $2,659,200 in 2001-02 and $485,300 in 2002-03 for aircraft replacements. These Wisconsin Air Services replacements and other costs would include: (a) four Vulcan Air replacement planes for DNR in 2001-02 ($2,433,200); (b) one Cessna replacement plane for DNR in 2001-02 ($210,000); (c) one Cessna replacement plane each in 2002-03 for DNR and DOT ($450,300); and (d) on-going supplies and services relating to these aircraft purchases ($16,000 in 2001-02 and $35,000 in 2002-03). All of these funds except for the on-going supplies and services amounts would be budgeted in unallotted reserve.

Fleet Operating Cost Increases. Provide $1,004,100 in 2001-02 and $941,200 in 2002-03 for increased costs of the existing fleet related to maintenance, fuel costs, insurance and other operating expenses.

Joint Finance: *Replacement of Existing Aircraft.* Delete provision. Require the Department to sell all Wisconsin Air Services agency-assigned work aircraft (other than for three Cessna 172s assigned to DOT, approved under s. 16.515 procedures on February 12, 2001, and the newest three DNR-assigned aircraft). A total of 18 aircraft would be liquidated. Specify that all funds from the sale of these planes be credited to the general fund as GPR-Earned (estimated at $587,600). Delete base level expenditure authority of $523,200 annually to reflect a reduction in fleet charges to DNR and DOT for the use of these aircraft.

Assembly: *Replacement of Existing Aircraft.* Modify provision by exempting three additional DOT-assigned aircraft from the requirement that they be liquidated. Provide an

additional $87,200 annually for increased Wisconsin Air Services charges associated with the retention of three additional aircraft and decrease estimated GPR-Earned collections from the sale of the aircraft by $97,900 in 2001-02.

Purchase of Additional Vehicles for State Agencies. Delete $925,300 in 2001-02 and $1,207,200 in 2002-03 for the purchase of additional vehicles for state agencies and to pay the associated maintenance, fuel, and insurance costs of these vehicles.

Audit of State Aircraft Use. Request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a performance evaluation audit of airplane usage by state agencies. If the LAB performs the audit, request the Bureau to include an evaluation of whether the current number of airplanes owned by the state is appropriate. Provide that if the audit is performed, the LAB would be required to file its report by January 1, 2003.

If the LAB does not initiate an audit by December 1, 2001, direct DOA, DOT and DNR to conduct a joint study of the use of aircraft by state agencies and determine how reductions can be made in the costs associated with that use. If the study is conducted, direct the agencies to report the results to the Legislature's Chief Clerks for distribution to the appropriate standing committees of the Legislature no later than January 1, 2003.

Conference Committee/Legislature: *Replacement of Existing Aircraft.* Modify Assembly provision by requiring DOA to liquidate only two aircraft owned by Wisconsin Air Services. Provide an additional $472,900 annually for increase maintenance and support costs associated with retention of 16 aircraft in the state's air fleet compared to the Joint Finance provision. Reestimate GPR-Earned receipts by -$575,200 in 2001-02 to reflect projected proceeds of $12,400 from the sale of the two aircraft.

Purchase of Additional Vehicles for State Agencies. Delete Assembly provision.

Veto by Governor [E-3]: Delete provision requesting the Legislative Audit Bureau to conduct a performance evaluation of airplane usage, including an evaluation of whether the current number of airplanes used by state agencies is appropriate. Delete the contingent requirement that DOA, DOT and DNR conduct a joint study of aircraft use by state agencies only if the Legislative Audit Bureau does not commence an audit by December 1, 2001. The effect of this partial veto is to require the joint study by the three agencies and the associated report by January 1, 2003.

[Act 16 Sections: 814, 9101(20j) and 9159(3y)]

[Act 16 Vetoed Sections: 9132(3y) and 9159(3y)]

5. DANE COUNTY FLEET

PR	$680,300

Governor: Provide $615,100 in 2001-02 and $65,200 in 2002-03 to enable the Department to undertake a pilot project to purchase the Dane County Parks Department motor fleet and merge it with DOA's central fleet. DOA would then recover its costs through a long-term, exclusive lease-back arrangement with Dane County. Of the amounts provided, one-time funding of $599,300 in 2001-02 would be used to purchase the 24 vehicles currently owned by the Dane County and on-going funding of $15,800 in 2001-02 and $65,200 in 2002-03 would support increased fuel, maintenance, insurance and miscellaneous expenses for the vehicles.

Assembly: Delete provision.

Conference Committee/Legislature: Restore provision.

6. STATE FACILITIES MANAGEMENT -- OPERATIONAL COSTS OF STATE BUILDINGS

PR	$10,862,800

Governor/Legislature: Provide $5,139,200 in 2001-02 and $5,723,600 in 2002-03 for increased maintenance and operations costs of state-owned facilities. Funds would be provided for: (a) $3,746,000 in 2001-02 and $4,486,700 in 2002-03 for increased maintenance and operations costs due to the addition of 467,000 square feet of state building space (the new Department of Revenue facility, the Justice Center, the State Capitol underground service area and expansions at the Waukesha and Wisconsin Rapids state office facilities); and (b) $1,393,200 in 2001-02 and $1,236,900 in 2002-03 to reflect increases in space rental charges in state-owned facilities due to rising fuel costs. Funding would be provided from fees charged to state agencies for the rental of space in state office buildings.

7. STATE FACILITIES MANAGEMENT -- MADISON PARKING COSTS

PR	$800,000

Governor/Legislature: Provide $400,000 annually for anticipated increased maintenance costs associated with state-operated parking facilities in Madison. Increased costs are due to major maintenance work and the additional management functions caused by the new Department of Revenue facility and Justice Center. Funding would be provided from charges assessed to state employees for parking in state-owned parking spaces in Madison.

8. STATE FACILITIES DEVELOPMENT -- INCREASED CONSTRUCTION SUPERVISION COSTS

PR	$316,800

Governor/Legislature: Provide $123,700 in 2001-02 and $193,100 in 2002-03 for increased contract costs for the supervision of a portion of the state building program. The Division of Facilities Development employs private contractors, rather than state employees, to supervise some of the state's construction projects. The revenue source to support these increased expenditures would come from project supervision assessments included in the budgets of the approved building projects.

9. STATE FINANCIAL SERVICES – WISMART AND PAYROLL SYSTEM MASTER LEASE COSTS

PR	- $1,200,000

Governor/Legislature: Provide a net reduction of $600,000 annually to reflect adjustments associated with the retirement during 2001-02 of the master lease debt incurred for the purchase and installation of WISMART (the state accounting system) and an upgrade of the centralized payroll system. Under these changes, base level funding of $1,179,700 in 2001-02 and $1,210,200 in 2002-03 currently budgeted in unallotted reserve for master lease payments for these systems would be deleted. The deletion of $1,210,200 in 2002-03 would eliminate all remaining funding in unallotted reserve for these purposes. Provide off-setting increases of $579,700 in 2001-02 and $610,200 in 2002-03 to reflect the costs of programming, mailing and the purchase and installation of a new WISMART system release.

10. RISK MANAGEMENT PROGRAMS -- CLAIMS PAYMENTS REESTIMATE

PR	$195,000

Governor/Legislature: Provide an adjustment to estimated risk management claims payments of -$300,000 in 2001-02 and $495,000 in 2002-03. The total adjustments reflect the following individual risk management program changes: (a) $445,000 in 2001-02 and $620,000 in 2002-03 to increase total estimated property claims payments to $3,445,000 in 2001-02 and $3,620,000 in 2002-03; (b) -$1,000,000 in 2001-02 and -$800,000 in 2002-03 to decrease total estimated liability claims payments to $5,600,000 in 2001-02 and $5,800,000 in 2002-03; and (c) $255,000 in 2001-02 and $675,000 in 2002-03 to increase total estimated worker's compensation claims payments to $10,780,000 in 2001-02 and $11,200,000 in 2002-03. Maintain the current base funding level of $275,000 annually for claims payments associated with hazardous waste cleanups. Funding for these recommended changes would be provided from charges assessed to state agencies for the operation of the state's self-funded risk management program.

11. DOA AND UW-MADISON FLEET MAINTENANCE CONSOLIDATION

Assembly/Legislature: Require the transfer of UW-Madison vehicle fleet maintenance functions to DOA on the general effective date of the biennial budget act. Direct that all of the following relating to the UW-Madison vehicle fleet maintenance operations, as determined by the Secretary of the DOA, be transferred to DOA: (a) assets and liabilities; (b) tangible personal property, including records; (c) pending contracts; and (d) rules, orders and pending matters. Direct the Department to carry out any contractual obligations until such contracts are modified or rescinded by the DOA to the extent allowed under the contract.

A total of $151,000 GPR and 3.0 GPR positions annually would be eliminated under the University of Wisconsin System to reflect efficiencies arising from this consolidation. The fiscal effect of this consolidation is shown under that agency.

Require the Board of Regents of the UW-System to submit information in the System's 2003-05 budget request that reflects any savings incurred from consolidation of vehicle fleet maintenance functions as a result of this provision. Require the Board of Regents to fully cooperate with the DOA in implementing this consolidation.

Veto by Governor [E-4]: Delete provision.

[Act 16 Vetoed Section: 9156(3s)]

12. PURCHASING CARD REBATES

Assembly/Legislature: Authorize any state agency to use purchasing cards for procurements of less than $5,000. If an agency receives a rebate as a result of using a purchasing card, direct DOA to deposit the rebate to the fund from which the appropriation is made for the payment of the purchase obligation. Direct the Secretary of DOA to determine the amount of rebates already received by state agencies before the effective date of this provision and deposit the amounts during 2001-02 to the general fund and to the appropriate segregated fund. It is estimated that this provision will result in a lapse to the general fund of $438,900 in 2001-02 and $181,000 in 2002-03.

Veto by Governor [E-7]: Delete provision.

[Act 16 Vetoed Sections: 227q and 9101(19r)]

13. PURCHASING CLEARINGHOUSE FOR LOCAL GOVERNMENTS

Assembly/Legislature: Require the Department to administer a program to facilitate purchases of large equipment by municipalities. Direct the Department to purchase large equipment as part of this program. Authorize the Department to promulgate rules governing

general participation in the program and the manner of making specific purchases under the program.

[Act 16 Section: 282m]

14. STATE PROCUREMENT LAW MODIFICATIONS

Conference Committee/Legislature: Modify the statutes related to state procurement laws as follows:

Subscription Service. Authorize DOA to permit prospective vendors to provide product or service information through the current law vendor subscription service. Specify that DOA may prescribe fees or establish fees through a competitive process for the use of the service. Specify that any fee collected by DOA would be deposited to the existing segregated VendorNet Fund. The current subscription service provides potential vendors with information of interest concerning state procurement opportunities. If DOA provides the service, it must assist small businesses that are prospective vendors in accessing and using the service by providing facilities or services to the businesses. DOA may currently charge a fee for the subscription service and is required to prescribe the amount of any fee by rule.

Bidders List. Specify that any agency to which DOA delegates purchasing authority may maintain a bidders list only if authorized under the authority delegated from the Department. Under current law, DOA or any agency to which DOA delegates purchasing authority may maintain a bidders list. Current law specifies that a bidders list include the names and addresses of all persons who request to be notified of bids or competitive sealed proposals solicited by DOA or another agency for the procurement of materials, supplies, equipment or contractual services. Any list maintained by DOA may include the names and addresses of any person who requests to be notified of bids or competitive sealed proposals to be solicited by any agency. DOA or another agency is required to notify each person on its list of all requests for bids or competitive sealed proposals by DOA or the agency.

Procurement Solicitation by Electronic Auction. Specify that when the estimated procurement costs exceed $25,000, DOA is required to invite bids to be submitted. Current law would continue to authorize the Governor or the Secretary of DOA to waive this requirement, if it was deemed to be in the state's best interest to do so. Specify that DOA either solicit sealed bids to be opened publicly at a specified date and time, or solicit bidding by auction to be conducted electronically at a specified date and time. Whenever bids are invited, require that due notice inviting bids be published as a Class 2 notice (current law) or newly provide that the notice be posted on the internet. Require the bid opening or auction to occur at least seven days after the date of the last insertion of the notice or at least seven days after the date of posting on the internet. Require that any notice specify whether sealed bids are invited or bids will be accepted by auction, and give a clear description of the materials, supplies, equipment or contractual services to be purchased, the amount of any bond, share draft, check or other draft

to be submitted as surety with the bid or prior to the auction, and the date and time that the public opening or the auction will be held. Specify that if bids are solicited by auction, the award may be made in accordance with simplified competitive procedures established by DOA for such transactions.

Specify that when the estimated cost exceeds $25,000, DOA may invite competitive sealed proposals (if sealed bids are not practicable or advantageous) by publishing a Class 2 notice or by posting notice on the internet at a site determined or approved by the Department. Specify that the notice must describe the materials, supplies, equipment, or contractual services to be purchased, the intent to make the procurement by solicitation of proposals rather than by solicitation of bids, any requirement for surety and the date the proposals will be opened, which must be at least seven days after the date of the last insertion of the notice or at least seven days after the date of posting on the internet.

Require that DOA either publish a Class 2 notice (current law) or newly authorize DOA to post a notice on the internet at a site determined or approved by DOA when the Secretary of DOA, with the approval of the Governor, waives the procurement laws and allows a purchase from a private source that is expected to exceed $25,000. Specify that the date on which the contract or purchase is made must be at least seven days after the last date of insertion of a notice or the date of posting on the internet.

Electronic Procurement and Commerce Activities. Create a nonstatutory provision requiring DOA to report to the Governor and the Co-chairs of the Joint Committee on Finance concerning the status of the electronic procurement and commerce activities of DOA. Require that DOA include in the report an assessment of the costs and benefits of those activities for the 2002-03 fiscal year and an assessment of the effectiveness of state executive branch agencies in increasing the volume of those activities.

[Act 16 Sections: 270 thru 272, 286 thru 290, 295, 1132 and 9101(14)]

Attached Programs

1. REPEAL OF THE WISCONSIN ADVANCED TELECOMMUNICATIONS FOUNDATION AND THE DISTRIBUTION OF PROCEEDS [LFB Paper 146]

Governor: Repeal all statutory provisions relating to the Wisconsin Advanced Telecommunications Foundation (WATF), including the authority of the Governor to authorize the participation of the state in the WATF. Delete all references to the characteristics of the WATF, including the elimination of the requirement that it have a business plan in place that anticipates the development of an endowment fund of at least $25,500,000 after seven years and

a "fast start" fund containing direct or in-kind contributions of at least $15,000,000 by January 1, 2002.

Repeal provisions under the Public Service Commission governing the following: (a) when determining whether or not a telecommunications utility should be granted partial deregulation by the Commission, the extent to which the utility has contributed to the WATF; (b) the requirement that within 60 days of a telecommunications utility becoming a partially deregulated ("price-regulated") utility, the requirement that it indicate the level of the utility's planned contributions to the WATF; and (c) in determining whether to impose penalty assessments or incentive adjustments to the rates charged by a price-regulated telecommunications utility, the requirement that the Commission consider the extent to which the utility has contributed to the WATF. Repeal a requirement that the Commission's annual report on the operation of the Universal Service Fund also include an identification of the impact of assistance provided by the WATF. Delete the authority of the TEACH Board to contract with the WATF.

Specify that if the Secretary of DOA determines that the WATF has donated the unencumbered balances of its endowment funds to the Department (to be deposited in the agency's gifts, grants and bequests appropriation) the following transfers would be made from that appropriation to the following agencies for the purposes indicated. As appropriate, revise agency appropriations, powers and duties to enable them to expend the funds transferred for the purposes indicated. [The fiscal effects of these transfers are identified under each affected agency.]

Wisconsin Advanced Telecommunications Foundation Transfers

Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
1. Commerce	$1,500,000	$0	Fund grants to UW-Milwaukee, UW-Parkside, Marquette University, the Milwaukee School of Engineering and the Medical College of Wisconsin for research related to emerging technologies to promote industrial and economic development in southeastern Wisconsin.
2. Higher Educational Aids Board	88,300	80,000	Upgrade agency information technology.
3. Public Instruction	579,000	0	Support Wisconsin Informational Network for School Success (DPI's School Report Card).
4. Public Instruction	77,800	0	Upgrade state school finance information system.
5. Public Instruction	526,000	0	Fund assistive technology devices and related software programs at the Wisconsin Center for the Blind and Visually Impaired and regional satellite facilities including network upgrades.

Department	Program Revenue 2001-02	2002-03	Purpose
6. Public Instruction	$161,600	$0	Replace automated system at the Wisconsin Regional Library for the Blind and Physically Handicapped.
7. Public Instruction	500,000	0	Make a grant to the National Geographic Society Education Foundation for a geographical education program.
8. TEACH Board	68,100	68,100	Fund administrative and support services to conclude outstanding WATF business including duties related state administration of the federal Universal Service Fund.
9. TEACH Board	566,200	0	Close out existing grants made by the WATF.
10. Technical College System	1,000,000	1,000,000	Develop and establish Internet courses for the WTCS.
11. University of Wisconsin System	1,000,000	0	Fund the Wisconsin Advanced Distributed Co-laboratory.
12. University of Wisconsin System	250,000	0	Establish a not-for-profit organization (UW Learning Innovations) by the UW-Extension to establish distance education classrooms in Wisconsin trade offices abroad and to offer UW System distance education courses from those classrooms.
13. University of Wisconsin System	3,000,000	0	Fund activities of the UW Learning Innovations at the UW-Extension.
14. University of Wisconsin System	500,000	0	Develop wireless networking systems that allow students to use laptop computers and docking stations to connect to the Internet.
15. University of Wisconsin System	2,000,000	0	Fund "Internet 2" project to upgrade technology infrastructures on campuses for enhancing high-speed Internet activity.
16. University of Wisconsin System	500,000	0	Purchase a digital mammography machine for the UW-Madison Medical School.
Total	$12,317,000	$1,148,100	

The WATF Board has proposed to dissolve the Foundation and distribute the corpus of its endowment as a gift to DOA. Upon receipt, the gift would be credited to the agency's gifts, grants and bequests appropriation, and all of the transfers indicated above would be made from that appropriation to the appropriate appropriation under the agency receiving the allocation. The amount of the gift that would be credited to the DOA gifts, grants and bequests appropriation is estimated at $21,760,000 PR-REV. The appropriation is a PR continuing

appropriation that allows the expenditures of all monies received for the purposes for which the gift is provided. No expenditure reestimate is included in the bill for this appropriation.

The proposed transfers to other agencies would total $13,465,100 PR during the biennium, leaving an unobligated balance of $8,294,900 PR remaining in the appropriation.

Joint Finance: Include a nonstatutory provision specifying that if the WATF Board dissolves and distributes some or all of its assets to the state, the funds would be credited to a new Joint Committee on Finance supplemental appropriation for this purpose under Program Supplements. The amounts credited would be transferred to fund the 16 recommended agency projects described above. If insufficient funds were received to fund all 16 projects, the Committee would be required to allocate the available amounts among the projects.

Modify the TEACH Board's powers and duties to specify that it would have the authority to administer, modify, close-out or rescind, to the extent allowed by an outstanding contract, any of the grants and awards made by the former WATF Board relating to: (a) the establishment of a clearinghouse that matches potential grantees with funding sources; (b) the demonstration of cooperative applications between different telecommunication users or between users and providers; (c) the promotion of the effective use of telecommunications infrastructure; (d) the education of telecommunication users about advanced telecommunications technologies, applications and alternatives and the associated effects on privacy; and (e) the development of systems or procedures that assist individuals in applying information, produced by advanced telecommunications and other information technologies, to increase knowledge.

Create a PR appropriation to fund block grants to school districts under the TEACH Board, which would receive any monies received in excess of $13,465,100. Specify that any expenditures under this appropriation would offset GPR expenditures under the TEACH block grant program, so that an equal amount of GPR would lapse to the general fund.

Senate: Modify Joint Finance provision by deleting funding for the following initiatives: (a) $250,000 in 2001-02 for establishing a not-for profit organization (UW Learning Initiatives) by the UW Extension; (b) $500,000 in 2001-02 to develop a wireless networking system for the UW System; and (c) $88,300 in 2001-02 and $80,000 in 2002-03 for HEAB to upgrade agency information technology.

The proposed transfer to other agencies would total $12,546,800 during the biennium with any additional monies received being used to offset GPR expenditures under the TEACH block grant program. The following table summarizes the WATF transfers under the Senate proposal.

Wisconsin Advanced Telecommunications Foundation Transfers

Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
1. Commerce	$1,500,000	$0	Fund grants to UW-Milwaukee, UW-Parkside, Marquette University, the Milwaukee School of Engineering and the Medical College of Wisconsin for research related to emerging technologies to promote industrial and economic development in southeastern Wisconsin.
2. Public Instruction	579,000	0	Support Wisconsin Informational Network for School Success (DPI's School Report Card).
3. Public Instruction	77,800	0	Upgrade state school finance information system.
4. Public Instruction	526,000	0	Fund assistive technology devices and related software programs at the Wisconsin Center for the Blind and Visually Impaired and regional satellite facilities including network upgrades.
5. Public Instruction	161,600	0	Replace automated system at the Wisconsin Regional Library for the Blind and Physically Handicapped.
6. Public Instruction	500,000	0	Make a grant to the National Geographic Society Education Foundation for a geographical education program.
7. TEACH Board	68,100	68,100	Fund administrative and support services to conclude outstanding WATF business including duties related state administration of the federal Universal Service Fund.
8. TEACH Board	566,200	0	Close out existing grants made by the WATF.
9. Technical College System	1,000,000	1,000,000	Develop and establish Internet courses for the WTCS.
10. University of Wisconsin System	1,000,000	$0	Fund the Wisconsin Advanced Distributed Co-laboratory.
11. University of Wisconsin System	3,000,000	0	Fund activities of the UW Learning Innovations at the UW-Extension.
12. University of Wisconsin System	2,000,000	0	Fund "Internet 2" project to upgrade technology infrastructures on campuses for enhancing high-speed Internet activity.
13. University of Wisconsin System	500,000	0	Purchase a digital mammography machine for the UW-Madison Medical School.
Total	$11,478,700	$1,068,100	

Assembly/Legislature: Modify Joint Finance provision by deleting funding for the following initiatives: (a) $88,300 in 2001-02 and $80,000 in 2002-03 for HEAB to upgrade agency information technology; (b) $250,000 in 2001-02 for establishing a not-for-profit organization (UW Learning Innovations) by the UW-Extension; (c) $1,000,000 annually for the Technical College System to develop and establish internet courses; (d) $1,000,000 in 2001-02 for the UW System to fund the Wisconsin Advanced Distributed Colaboratory; (e) $3,000,000 in 2001-02 to fund activities of the UW Learning Innovations at the UW-Extension; and (f) $2,000,000 in 2001-02 for the UW System to fund the "Internet 2" project to upgrade technology infrastructures on campuses; and (g) $500,000 in 2001-02 to the UW System to develop a wireless networking system. Finally, reduce funding for the Teach Board to close out existing grants made by the WATF by $67,100 in 2001-02 to $499,100.

The proposed transfers to other agencies would total $4,479,700 during the biennium, with any additional monies received being used to offset GPR expenditures under the TEACH block grant program. The following table summarizes the WATF transfers as recommended by the Legislature.

Wisconsin Advanced Telecommunications Foundation Transfers

Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
1. Commerce	$1,500,000	$0	Fund grants to UW-Milwaukee, UW-Parkside, Marquette University, the Milwaukee School of Engineering and the Medical College of Wisconsin for research related to emerging technologies to promote industrial and economic development in southeastern Wisconsin.
2. Public Instruction	$579,000	$0	Support Wisconsin Informational Network for School Success (DPI's School Report Card).
3. Public Instruction	77,800	0	Upgrade state school finance information system.
4. Public Instruction	526,000	0	Fund assistive technology devices and related software programs at the Wisconsin Center for the Blind and Visually Impaired and regional satellite facilities including network upgrades.
5. Public Instruction	161,600	0	Replace automated system at the Wisconsin Regional Library for the Blind and Physically Handicapped.
6. Public Instruction	500,000	0	Make a grant to the National Geographic Society Education Foundation for a geographical education program.
7. TEACH Board	68,100	68,100	Fund administrative and support services to conclude outstanding WATF business including duties related state administration of the federal Universal Service Fund.

Department	Program Revenue 2001-02	2002-03	Purpose
8. TEACH Board	$499,100	$0	Close out existing grants made by the WATF.
9. University of Wisconsin System	500,000	0	Purchase a digital mammography machine for the UW-Madison Medical School.
Total	$4,411,600	$68,100	

[Act 16 Sections: 122, 457, 481, 562, 570, 571, 1420, 2622, 2625, 2979, 2980, 2981, 2984, 9101(10) and 9132(3x)]

2. BOARD ON EDUCATION EVALUATION AND ACCOUNTABILITY [LFB Paper 145]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$11,811,500	15.60	- $11,811,500	- 15.60	$0	0.00

Governor: Create a five-member Board of Education Evaluation and Assessment, attached administratively to the Department. Specify that the members of the Board would serve four-year terms. Under current law, the members of the Board would be appointed by the Governor. Senate confirmation would not be required. Require that at least one member be experienced in education evaluation and assessment. Require that two of the initial members of the Board serve for terms expiring on May 1, 2003, and three of the initial members serve for terms expiring on May 1, 2005. Require the Board to appoint an executive director to serve at its pleasure. Specify that the executive director would be part of the unclassified service and would be assigned to executive salary group 3.

Create an appropriation under the Department to fund the general program operations of the Board. Provide $11,811,500 and 15.60 positions in 2002-03 for this purpose. Of the positions authorized, 1.0 FTE would be an unclassified position, 10.60 FTE would be permanent positions and 4.0 FTE would be project positions. An offsetting funding and position reduction would be made in 2002-03 under DPI to reflect the transfer of pupil assessment and related functions from that Department to DOA.

Require the Board to administer the pupil assessment program, currently administered by DPI. Require the Board, rather than DPI, to develop standardized reading tests, compile school performance reports and identify low-performing schools. Authorize the Board to conduct a longitudinal study of the Milwaukee parental choice program. [For a detailed description of the duties and responsibilities shifted from DPI to the new Board, see "Public Instruction -- Assessments and Licensing."]

Provide that the establishment of the Board's powers and duties and the transfer of functions from DPI would take effect on July 1, 2002. Include a nonstatutory provision transferring from DPI to DOA all assets and liabilities, tangible personal property, records and contracts, rules and orders and pending matters relating to the transferred functions. Transfer the incumbent employees in DPI associated with these functions and specify that: (a) all persons transferred retain the same rights and employee status they held prior to the transfer; and (b) no employee who has attained permanent status in his or her classified position could be required to serve a new probationary period.

Joint Finance/Legislature: Delete provision.

3. TRANSFER OF THE CAPACITY GRANT PROGRAM TO THE WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD [LFB Paper 1011]

GPR	- $10,000,000

Governor/Legislature: Transfer the capacity building grant program and $5,000,000 annually of base level funding from the Department to the Wisconsin Technical College System (WTCS) Board.

Provide that on the general effective date of the biennial budget act all contracts, rules and pending matters would be transferred from DOA to WTCS. Provide that all contracts that were in effect that are primarily related to the program, as determined by the Secretary of DOA, would remain in effect until their specified expiration date or until they were rescinded or modified by the WTCS Board to the extent allowed under the contract. Specify that all rules promulgated by DOA that are primarily related to the program, as determined by the Secretary of DOA, would remain in effect until their specified expiration date or until they were amended or repealed by the WTCS Board. Provide that pending matters that are primarily related to the program, as determined by the Secretary of DOA, are transferred to the WTCS Board, and all material submitted to DOA and actions taken by DOA concerning the pending matter would be considered as having been submitted to or been taken by the WTCS Board. Provide that all tangible personal property, including records, pertaining to the administration of the program as determined by the Secretary of DOA would be transferred to the WTCS Board.

This program was created in 1999 Act 9 under DOA to provide funds to WTCS districts to develop or expand programs in occupational areas of high demand.

[Act 16 Sections: 193, 842, 1375 and 9101(12)]

4. TRANSFER OF THE NATIONAL AND COMMUNITY SERVICE BOARD TO THE DEPARTMENT OF WORKFORCE DEVELOPMENT [LFB Paper 1025]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	-$7,386,300	-3.00	$7,475,400	4.00	$89,100	1.00
PR	0	0.00	159,600	1.00	159,600	1.00
Total	-$7,386,300	-3.00	$7,635,000	5.00	$248,700	2.00

Governor: Delete $3,694,900 FED in 2001-02 and $3,691,400 FED in 2002-03 and 3.0 FED positions annually to reflect the transfer of the National Community Service Board and its functions to the Department of Workforce Development (DWD).

Specify that assets and liabilities, 3.0 FTE incumbent employees, tangible personal property, including records, and contracts primarily related to the functions of the National and Community Service Board, as determined by the Secretary of Administration, would be transferred from DOA to DWD on the general effective date of the biennial budget act. All employees transferred from DOA to DWD would have the same rights and status that they had in DOA, and would not have to serve a probationary period.

Under current law, the 16-member state National and Community Service Board is responsible for: (a) developing and updating a plan for the provision of national service programs in the state; (b) preparing applications for financial assistance from the federal Corporation for National Service; (c) providing technical assistance to persons applying for financial assistance who plan to implement a national service program; (d) assisting in providing health and child care for participants; (e) providing a system of recruitment and placement of participants in programs and sharing information concerning service programs to the public; (f) on request, providing training and materials to programs; (g) distributing funds made available by the Corporation, giving priority to persons providing youth programs; and (h) providing oversight and evaluation to the programs funded.

The Board receives federal funding for staff, administration and for two service programs: AmeriCorps and Learn and Serve America Community-Based Program. The AmeriCorps program provides education awards to individuals in exchange for a year of community service. Community service can include tutoring and mentoring children, coordinating after-school programs, building homes, organizing neighborhood watch groups, cleaning parks, and other community improvement activities. The Learn and Serve America Community-Based program provides grants to schools, colleges, and community organizations for service-learning that assist youth in performing community service activities, while improving academic skills and learning the habits of good citizenship.

The Board and its programs were transferred to DOA from the Department of Health and Family Services by 1999 Wisconsin Act 9.

The Executive Budget Book indicates that the Operation Fresh Start program in DOA's Division of Housing and Intergovernmental Relations would also be transferred to DWD. There is no funding or statutory language change associated with this transfer.

Joint Finance/Legislature: Delete provision thereby retaining the Board under DOA. Transfer 1.0 PR position and $79,800 PR annually to support NCSB activities from DHFS to DOA and create an appropriation for this purpose. Provide $41,800 FED in 2001-02 and $47,300 FED in 2002-03 and 1.0 FED position for the NCSB.

[Act 16 Section: 846m]

5. SASI INITIATIVE -- ATTACHED PROGRAMS

GPR	$166,800
FED	48,800
PR	35,600
Total	$251,200

Governor/Legislature: Provide $83,400 GPR, $24,400 FED and $17,800 PR annually to various commissions, divisions, offices, boards and councils attached to DOA for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by the Department. The proposed funding would support DOA user fee charges of $2,200 per year for each user account (less any available base level funding) and new BadgerNet connections. The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

The following attached entities would be supported under the SASI initiative: (a) Tax Appeals Commission ($27,300 GPR annually); (b) Division of Hearings and Appeals ($36,000 GPR and $12,100 PR annually); (c) Office of Justice Assistance ($9,800 GPR, $24,400 FED and $3,000 PR annually); (d) Waste Facilities Siting Board ($2,700 PR annually); and (e) Wisconsin Women's Council ($10,300 GPR annually).

6. DIVISION OF HEARINGS AND APPEALS -- STAFFING INCREASES

	Funding	Positions
PR	$243,500	2.00

Governor/Legislature: Provide $114,500 in 2001-02 and $129,000 in 2002-03 and 2.0 positions annually to enable the Division of Hearings and Appeals to conduct administrative hearings for other state agencies. The increases would include: (a) $80,700 in 2001-02 and $88,600 in 2002-03 and 1.5 positions (1.0 attorney and 0.5 program assistant) to provide examiner services on benefits appeals cases for the Department of Employee Trust Funds (ETF); and (b) $33,800 in 2001-02 and $40,400 in 2002-03 and 0.5 attorney position annually to address an increasing volume of special education due process hearings for the Department of Public Instruction (DPI). The revenues for these increased expenditures would come from charge-backs to ETF and DPI for the cost of the hearing services provided.

7. LIMITED PURPOSE ATTACHMENT OF THE ADOLESCENT PREGNANCY PREVENTION AND PREGNANCY SERVICES BOARD TO THE DEPARTMENT

Governor/Legislature: On the general effective date of the biennial budget act, attach the Adolescent Pregnancy Prevention and Pregnancy Services Board for limited administrative purposes to the Department, rather than the Department of Health and Family Services (DHFS). Transfer all assets, liabilities and tangible personal property that are primarily related to the Board from DHFS to DOA. The Board would retain its separate appropriations structure; consequently, there would be no fiscal effect on DOA as a result of this transfer.

[Act 16 Sections: 174, 844, 1569 and 9123(4)]

8. OFFICE OF FAITH-BASED CRIME PREVENTION INITIATIVES

Assembly: Direct the Office of Justice Assistance (OJA) to allocate $67,600 in 2001-02 and $77,400 in 2002-03 in federal Byrne anti-drug enforcement program grant money and matching penalty assessment funds for a newly-created Office of Faith-Based Crime Prevention Initiative, to be attached to DOA, and reduce the amount of Byrne funds to be allocated to a misdemeanor offender diversion program by $145,000 in 2002-03. In OJA, transfer $50,700 FED and $16,900 PR from 2002-03 to 2001-02.

Provide $67,600 PR in 2001-02 and $77,400 PR in 2002-03 and 1.0 PR executive director project position annually for the Office of Faith-Based Crime Prevention Initiatives and create an appropriation under DOA to receive the funds. Provide that the executive director be nominated by the Governor and appointed, with the advice and consent of the Senate, to serve at the pleasure of the Governor. Provide that the executive director may not have any of the following types of involvement with a faith-based organization: be a member of its board of directors, be involved in its governance or control, or be an employee if it is eligible for state or county contracts or grants. Provide that the executive director must have experience relevant to the operation of nonprofit organizations or state or local government and must have a demonstrated understanding of state and federal laws regarding nondiscrimination against religious organizations.

Require the Office of Faith-Based Crime Prevention Initiatives to do all of the following to assist in the implementation of federal and state laws regarding nondiscrimination against religious organizations in the provision of government services: (a) act as a clearinghouse for and provide information to faith-based organizations on opportunities to provide government services related to drug control and crime prevention; (b) assist state and local governments in using the services of faith-based organizations to address violent crimes, crimes and other matters involving controlled substances, and other serious crimes; and (c) compile and provide to the public information on government drug control and crime prevention services available through faith-based organizations.

Specify that all of these provisions, including funding and position allocation, would be repealed effective July 1, 2004.

Conference Committee/Legislature: Delete provision.

Division of Gaming

1. TRIBAL GAMING REVENUE ALLOCATIONS [LFB Paper 166]

Governor: Allocate, from the Indian gaming receipts appropriation in DOA, $26,268,800 PR in 2001-02 and $27,598,500 PR in 2002-03 for a variety of purposes (not including regulation and enforcement of Indian gaming). Under current law, the Indian gaming receipts program revenue appropriation in DOA receives all state receipts relating to Indian gaming, less the amounts appropriated to DOA for general program operations relating to Indian gaming and the Department of Justice for Indian gaming law enforcement. The revenue derives primarily from tribal payments to the state under the amended state-tribal gaming compacts. Under the amendments, signed in 1998 and 1999, each tribe makes additional annual payments to the state, not required under the original compacts, over a five-year period. The amounts vary by tribe and reflect the variation in total net revenue among the tribes. The additional revenue provided to the state totaled $21.5 million in 1999-00 and the amounts due total $24.0 million in 2000-01 and 2001-02, and $24.5 million in 2002-03. While the allocations proposed under the bill exceed projected revenues in both 2001-02 and 2002-03, the Governor estimates a positive closing balance in the Indian gaming receipts appropriation due to: (a) the 2001-02 opening balance in the appropriation; and (b) a proposal under the bill to have unencumbered balances from the various tribal gaming revenue appropriations revert to the Indian gaming receipts appropriation (see Item #2 below).

Eight of the 11 amended agreements contain government-to-government memoranda of understanding (MOU) relating to the use of the additional payments. While the MOU have some significant differences, their most important common element is a provision that the Governor must undertake his best efforts, within the scope of his authority, to assure that monies paid to the state under the agreements are expended for specific purposes. In most of the MOU, the specified purposes include: (a) economic development initiatives to benefit tribes and/or American Indians within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located. Several of the MOU add a fifth purpose relating to either law enforcement or public safety initiatives on the reservations.

Under the bill, the Governor recommends the allocation of tribal gaming revenues to 14 state agencies in 43 program areas. These allocations are listed in the following table. Footnotes are provided to further clarify the characteristics of each allocation. In most cases, the

allocations represent continued funding with tribal gaming revenue of programs approved in the 1999-01 biennium. Nine allocations (items 2, 7, 9, 10, 23, 24, 26, 30 and 37) are for new purposes not previously funded with tribal gaming revenue. In three instances (items 23, 26 and 37), one-time funding is provided under the bill. Two technical corrections are needed to address the following: (a) for item 17, the tribal gaming appropriation language does not reflect the correct fiscal years or amounts; and (b) for item number 21, an annual appropriation is mistakenly identified in the Chapter 20 schedule as a continuing appropriation.

Tribal Gaming Revenue Allocations -- Governor

	Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
1	Administration--Office of Justice Assistance[1]	$2,008,400	$2,008,400	County-tribal and tribal law enforcement assistance grants.
2	Agriculture, Trade and Consumer Protection[2]	325,000	485,000	Agricultural development and diversification grants.
3	Arts Board[3]	25,200	25,200	Grants-in-aid to, or contracts with, American Indian individuals or groups for services furthering the development of the arts and humanities.
4	Commerce[3]	25,000	25,000	American Indian liaison, economic development liaison grants and technical assistance.
5	Commerce[1]	199,500	199,500	American Indian economic liaison and gaming grants specialist and program marketing.
6	Commerce[1]	$90,000	$94,000	American Indian economic development technical assistance grants.
7	Commerce[2]	300,000	300,000	Business employees' skills training grants.
8	Commerce[1]	2,388,700	3,388,700	Gaming economic development and diversification grants and loans.
9	Commerce[2]	100,000	200,000	Aids to Forward Wisconsin, Inc., for business recruitment.
10	Commerce[2]	1,000,000	1,000,000	Manufacturing extension center grants.
11	Commerce[1]	428,700	468,700	Physician and Dentist Loan Assistance Program and Health Care Provider Loan Assistance Program and a related contract.
12	Health and Family Services[3]	500,000	500,000	Elderly nutrition; home-delivered and congregate meals.

	Department	Program Revenue 2001-02	2002-03	Purpose
13	Health and Family Services[3]	$250,000	$250,000	Compulsive gambling awareness campaign grants.
14	Health and Family Services[3]	120,000	120,000	Cooperative American Indian health projects.
16	Health and Family Services[3]	500,000	500,000	Indian substance abuse prevention education.
17	Health and Family Services[3]	1,070,000	1,070,000	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
18	Health and Family Services[3]	800,000	800,000	Health services: tribal medical relief block grants.
19	Higher Education Aids Board[1]	779,800	787,600	Indian student assistance grant program for American Indian undergraduate or graduate students.
20	Higher Education Aids Board[1]	400,000	404,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
21	Historical Society[3]	189,800	189,800	Northern Great Lakes Center operations funding.
22	Natural Resources[4]	2,500,000	2,500,000	Transfer to the fish and wildlife account of the conservation fund.
23	Natural Resources[5]	1,000,000	718,000	One-time transfer to the parks account of the conservation fund.
24	Natural Resources[2]	166,000	157,900	Deer population management.
25	Natural Resources[1]	200,600	200,600	Management of an elk reintroduction program.
26	Natural Resources[5]	500,000	2,500,000	One-time transfer to the environmental fund for brownfields efforts.
27	Natural Resources[3]	114,500	114,500	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
28	Natural Resources[3]	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
29	Natural Resources[3]	120,000	120,000	Nonpoint grants and local assistance to the Oneida Nation.
30	Natural Resources[2]	100,000	100,000	Law enforcement aids to counties for snowmobile enforcement.
31	Natural Resources[3]	813,900	817,900	State snowmobile enforcement program, safety training and fatality reporting.
32	Natural Resources[3]	44,700	44,700	Reintroduction of whooping cranes.
33	Public Instruction[1]	220,000	220,000	Aid to alternative schools operating American Indian language and culture education programs.

	Department	Program Revenue 2001-02	2002-03	Purpose
34	Shared Revenue[3]	$0	$0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. No allocations would be made in the 2001-03 biennium.
35	Tourism[1]	126,500	126,500	Tourist information assistant.
36	Tourism[3]	3,969,500	3,969,500	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
37	Transportation[2]	3,500,000	1,500,000	One-time funding for grants to the City of Milwaukee for the reconstruction of West Canal Street.
38	University of Wisconsin System[3]	0	0	Ashland full-scale aquaculture demonstration facility debt service payments. (No funding is provided in the 2001-03 biennium.)
39	University of Wisconsin System[1]	0	300,000	Ashland full-scale aquaculture demonstration facility operational costs.
40	Veterans Affairs[1]	15,000	15,000	Grants to assist American Indians in obtaining federal and state veterans benefits.
41	Veterans Affairs[3]	56,400	56,400	American Indian services veterans benefits coordinator position.
42	Workforce Development[3]	600,000	600,000	Work-Based Learning Board grants for work-based learning programs.
43	Workforce Development[3]	350,000	350,000	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
	Total Allocations	$26,268,800	$27,598,500	

[1]Base funding is modified under the bill and a more detailed description of the provision can be found in the budget summaries for this agency.

[2]Allocates revenue for a new purpose, not previously funded from tribal gaming revenue. A more detailed description of the provision can be found in the budget summaries for this agency.

[3]Base funding is unchanged or modified by standard budget adjustments only. No additional description of the item is provided in the budget summaries for this agency.

[4]Same annual transfer amount as provided in the 1999-01 biennium. No additional description of the item is provided in the budget summaries for this agency.

[5]New, one-time transfer of revenue. A more detailed description of the provision can be found in the budget summaries for this agency.

Joint Finance: Allocate $26,208,700 PR in 2001-02 and $25,733,000 PR from tribal gaming revenue. These allocations total $60,100 less in 2001-02 and $1,865,500 less in 2002-03 than the allocations under the bill. Under the Joint Finance provisions, the Indian gaming receipts

appropriation would have an estimated balance of $260,400 on June 30, 2003. Modify the Governor's recommendations as follows:

1. *Administration: Management Assistance Grant Program* [LFB Paper #168]. Place $500,000 annually in the PR appropriation of the Joint Committee on Finance to be transferred under s. 13.10 to the management assistance grant program appropriation upon request by DOA and a finding that a county has met the eligibility criteria of the grant program.

2. *Administration: County, County-Tribal and Tribal Law Enforcement Grant Programs* [LFB Paper #169]. Maintain current law, which would: (a) provide $63,600 and 1.0 PR position annually and maintain the cooperative county-tribal law enforcement program in DOJ; (b) maintain OJA's county law enforcement services grant program; and (c) maintain OJA's tribal law enforcement assistance program. In addition, technically correct the county law enforcement services appropriation funding source designation. (Funding would remain at $708,400 annually for county-tribal grants under DOJ, $250,000 annually for OJA's county grant program and $1,050,000 annually for OJA's tribal grant program.)

3. *Administration: UW-Green Bay/Oneida Tribe Programs.* Provide $250,000 in each year of the biennium to the Department of Administration to fund programs at the UW-Green Bay which have been jointly developed by the Oneida Tribe and the UW-Green Bay.

4. *Agriculture, Trade and Consumer Protection: Agricultural Development and Diversification Program* [LFB Paper #173]. Maintain current law (funding for agricultural development and diversification grants would remain at $400,000 GPR annually).

5. *Commerce: Gaming Economic Development and Diversification Grant and Loan Program* [LFB Paper #174]. Modify the gaming economic development and diversification grant and loan programs as follows: (a) consolidate, into one biennial program revenue appropriation, both the gaming economic development and economic diversification grant and loan programs and create a consolidated program revenue biennial repayments appropriation for both programs; (b) reduce funding for the combined economic development and diversification appropriation by $2,750,000 PR in 2001-02 and $1,750,000 PR in 2002-03; (c) beginning in 2001-02, transfer annual funding of $170,700 and 1.0 gaming grants specialist position and supplies from the gaming economic development grants and loans appropriation to the Department's Native American Liaison appropriation; (d) provide that economic diversification grants and loans could be used for brownfields remediation projects; (e) expand the definition of a business that would be qualified to receive gaming economic development and diversification grants and loans to specifically include start-up businesses; and (f) authorize Commerce to make a gaming economic development grant of up to $1,000,000 to the M7 Development Corporation for constructing a multipurpose center at Lincoln Park in the City of Milwaukee (no matching funds would be required). In addition, Commerce would be required to allocate $500,000 a year from the gaming economic development and diversification program for Oneida Small Business Inc., and Project 2000 to provide grants and loans for small businesses. To be eligible for a grant and loan from the grant proceeds, a business would have to be located in a Wisconsin county

that contained or was adjacent to any portion of an Oneida reservation. In addition, the business would be required to meet any of the following criteria: (1) the business is a start-up business; (2) the business together with any affiliate, subsidiary or parent entity has fewer than 50 employees; and (3) the business is at least 51% owned, controlled, and actively managed by a member of members of the Oneida tribe.

6. *Commerce: Wisconsin Development Fund, Manufacturing Assessment Grants and Business Employees' Skills Training Program* [LFB Paper #175]. Create a separate program revenue appropriation for the manufacturing extension center grant program and provide $500,000 annually in tribal gaming revenues to fund the program. (The program would no longer be funded through WDF appropriations.) The grant program's sunset date of June 30, 2001, would be repealed. Create a separate program revenue appropriation for the businesses employees' skills training grant program (BEST) and provide $150,000 annually in tribal gaming revenues to fund the program. Further, maintain current funding levels for the Wisconsin Development Fund.

7. *Commerce: Funding for Forward Wisconsin* [LFB Paper #177]. Maintain current law (funding for Forward Wisconsin would remain at $500,000 GPR annually).

8. *Commerce: Dental Loan Reimbursement Program* [LFB Paper #178]. Expand the current health care provider grant and loan program to include dental hygienists and authorize Commerce to repay up to $25,000 in educational loans over three years. Provide $10,000 in 2001-02 and $20,000 in 2002-03 to fund loan repayments for dental hygienists.

9. *Health and Family Services: Minority Health Programs.* Provide $250,000 annually to fund minority health programs. Specify that this funding would include: (a) a grant of up to $50,000 annually for a private nonprofit corporation to conduct a public information campaign on minority health; and (b) $200,000 annually for grants of up to $50,000 for minority health programs. Modify the grant program to require recipients to provide a match, which may be provided as in-kind services, totaling at least 50% of the amount of the grant awarded by the state. In addition, provide that organizations that are not federally qualified health centers would receive priority for grants.

10. *Health and Family Services: Compulsive Gambling Awareness Funding.* Delete $250,000 annually and eliminate the compulsive gambling awareness campaign grant program administered by the Department of Health and Family Services.

11. *Historical Society: Merrill Historical Society.* Provide $25,000 in 2001-02 to the State Historical Society to provide funding to the Merrill Historical Society for the publication of a native tribal history of the upper Wisconsin river valley.

12. *Historical Society: American Indian Gravesites.* Provide $15,000 in 2001-02 to the State Historical Society to fund costs related to identifying unmarked American Indian gravesites at the Power's Bluff County Park in Wood County.

13. *Natural Resources: Deer Management* [LFB Paper #179]. Delete the Governor's recommendation to provide $166,000 PR in 2001-02 and $157,900 PR in 2002-03 and, in addition, delete $100,000 SEG annually from the fish and wildlife account of the conservation fund to delete base funding for the Deer 2000 initiative.

14. *Natural Resources: Elk Herd Monitoring* [LFB Paper #180]. Delete $100,000 PR annually in tribal gaming revenues for elk herd monitoring, management and reintroduction efforts. Instead, provide $100,000 in fish and wildlife SEG annually. [Total funding for elk reintroduction would be $200,600 annually ($100,600 PR and $100,000 SEG).]

15. *Natural Resources: County and Municipal Enforcement Aids* [LFB Paper #181]. Maintain current law maximum reimbursement levels for eligible local recreational vehicle enforcement costs. Further, provide $520,000 annually ($200,000 snowmobile SEG, $20,000 ATV SEG, and $300,000 boating SEG from the conservation fund) to increase available aid for county and municipal enforcement efforts. (This would allow DNR to fund at least 80% of eligible reimbursement costs for local snowmobile enforcement efforts, 82% of ATV enforcement efforts, and up to 75% of eligible boating enforcement expenses.) The $100,000 annually in tribal gaming revenue for snowmobile enforcement under the bill would be deleted.

16. *Natural Resources: Transfer to Environmental Fund* [LFB Paper #183]. Transfer $500,000 in 2001-02 and $1,000,000 in 2002-03 to the environmental fund in the 2001-03 biennium only.

17. *Natural Resources: Snowmobile Enforcement and Safety Training* [LFB Paper #651]. Delete $4,000 in 2001-02 and $8,000 in 2002-03 for snowmobile enforcement and safety training funding relating to law enforcement radio equipment.

18. *Natural Resources: Nonpoint Grants and Local Assistance to the Oneida Nation.* Delete $120,000 annually from tribal gaming program revenues and related appropriation language to fund nonpoint grants and local assistance (staffing) to the Oneida Nation. (The Oneida Nation receives grants for nonpoint source pollution abatement projects in two priority watersheds. Grants are provided for local staff and supplies to administer the program and for landowner cost-shares to implement pollution prevention practices. Grant funding would instead be allocated from the Departments of Natural Resources and Agriculture, Trade and Consumer Protection GPR and bonding authorizations.)

19. *Natural Resources: Coaster Brook Trout.* Provide $20,000 in 2001-02 and $150,000 in 2002-03 only in an annual appropriation to the Department of Natural Resources to fund costs relating to the study and reintroduction of coaster brook trout.

20. *Natural Resources: Wastewater and Drinking Water Treatment Facilities.* Provide $500,000 in each of 2001-02 and 2002-03 as a one-time grant to the Town of Swiss in Burnett

County and the St. Croix Band of Chippewa for design, engineering and construction of wastewater and drinking water treatment facilities.

21. *Natural Resources: Crop Damage Funding.* Provide $30,000 annually to DNR for a study of crop damage caused by cranes. Funding would be one-time in the 2001-03 biennium only.

22. *Natural Resources: Conservation Hall of Fame.* Provide $10,000 in 2001-02 to DNR for a grant to the Wisconsin Conservation Hall of Fame.

23. *Public Instruction: Special Counselor Grant Program.* Provide $50,000 in 2001-02 for a special counselor grant program. Create an annual appropriation under the Department of Public Instruction (DPI) for this purpose with reversion of unencumbered balance provisions consistent with other tribal gaming revenue appropriations. Require the Department to award grants to entities that serve or border on a reservation, including school boards, boards of control of cooperative educational service agencies, or consortia consisting of at least two educational agencies, or an educational organization. These grants could be used for the cost of employing special counselors to help American Indian pupils adjust to their school districts. Reduce funding for general school aids by $16,700 GPR in 2001-02 in order to adjust two-thirds funding of partial school revenues.

24. *Tourism. Kickapoo Valley Reserve Law Enforcement.* Provide $31,300 in 2001-02 and $41,800 in 2002-03 in a new, annual appropriation to provide law enforcement at the Kickapoo Valley Reserve.

25. *University of Wisconsin-Extension: Grants for Grazing and Nutrient Management.* Provide $100,000 annually to the University of Wisconsin-Extension for the multi-agency land and water education grant program for grants to producers interested in grazing and nutrient management. Create an annual appropriation under UW-Extension for this purpose with reversion of unencumbered balance provisions consistent with other tribal gaming revenue appropriations. Prohibit the encumbrance of funds from this appropriation after June 30, 2006.

26. *University of Wisconsin System: Aquaculture Demonstration Facility* [LFB Paper #172]. Increase the 1999 Act 9 project enumeration by $350,000 and authorize an additional $350,000 in program revenue supported general obligation bonding for the purchase of movable equipment for the aquaculture facility. Debt service on the bonds would be paid with tribal gaming revenues beginning in 2003-04. Delete $50,000 and 1.0 position in 2002-03. The remaining funding would provide $80,000 for an aquaculture facility director based at UW-Superior starting in 2002-03 as well as $170,000 that could be used for movable equipment or other facility costs.

27. *Veterans Affairs: Wisconsin Veterans Museum.* Provide $100,000 PR annually to fund operational costs related to the Wisconsin Veterans Museum and create a new appropriation for

this purpose funded from tribal gaming revenues. Delete $100,000 SEG annually for the operation of Wisconsin Veterans Museum.

28. *Workforce Development: Trade Masters Pilot Program.* Provide $50,000 in 2001-02 to fund a Trade Masters Pilot Program that would recognize advanced training and post-apprenticeship achievements in three trades, crafts or businesses one of which would be the industrial sector, one in the construction sector, one in the service sector of the economy. Require the Department of Workforce Development, by July 1, 2010, to submit an evaluation of the effectiveness of the pilot program to the Legislature.

The following table lists the tribal gaming revenue allocations under the Committee's actions.

Tribal Gaming Revenue Allocations -- Joint Finance

	Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
1	Administration[1]	$500,000	$500,000	County management assistance grant program.
2	Administration--Office of Justice Assistance[2]	1,050,000	1,050,000	Tribal law enforcement assistance grant program.
3	Administration--Office of Justice Assistance[2]	250,000	250,000	County law enforcement grants for certain counties.
4	Administration[3]	250,000	250,000	UW Green Bay and Oneida Tribe Programs.
5	Arts Board[4]	25,200	25,200	Grants-in-aid to, or contracts with, American Indian individuals or groups for services furthering the development of the arts and humanities.
6	Commerce[4]	25,000	25,000	American Indian liaison, economic development liaison grants and technical assistance.
7	Commerce[5]	249,500	249,500	American Indian economic liaison and gaming grants specialist and program marketing.
8	Commerce[5]	90,000	94,000	American Indian economic development technical assistance grants.
9	Commerce[2,3]	150,000	150,000	Business employees' skills training grants.
10	Commerce[2]	2,088,700	3,088,700	Gaming economic development and diversification grants and loans.
11	Commerce[2,3]	500,000	500,000	Manufacturing extension center grants.
12	Commerce[2]	438,700	488,700	Physician, Dentist, Dental Hygienist and Health Care Provider Loan Assistance Programs.

	Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
13	Health and Family Services[4]	$500,000	$500,000	Elderly nutrition; home-delivered and congregate meals.
14	Health and Family Services[4]	120,000	120,000	Cooperative American Indian health projects.
15	Health and Family Services[4]	271,600	271,600	Indian aids for social and mental hygiene services.
16	Health and Family Services[4]	500,000	500,000	Indian substance abuse prevention education.
17	Health and Family Services[4]	1,070,000	1,070,000	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
18	Health and Family Services[4]	800,000	800,000	Health services: tribal medical relief block grants.
19	Health and Family Services[3]	250,000	250,000	Minority health program and public information campaign grants.
20	Higher Education Aids Board[5]	779,800	787,600	Indian student assistance grant program for American Indian undergraduate or graduate students.
21	Higher Education Aids Board[5]	400,000	404,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
22	Historical Society[4]	189,800	189,800	Northern Great Lakes Center operations funding.
23	Historical Society[3]	25,000	0	Merrill Historical Society for publication of tribal history in the upper Wisconsin river valley (one-time funding).
24	Historical Society[3]	15,000	0	Identification of unmarked American Indian gravesites (one-time funding).
25	Justice[2]	708,400	708,400	County-tribal law enforcement programs: local assistance.
26	Justice[2]	63,600	63,600	County-tribal law enforcement programs: state operations.
27	Natural Resources[6]	2,500,000	2,500,000	Transfer to the fish and wildlife account of the conservation fund.
28	Natural Resources[7]	1,000,000	718,000	One-time transfer to the parks account of the conservation fund.
29	Natural Resources[2]	100,600	100,600	Management of an elk reintroduction program.
30	Natural Resources[8]	500,000	1,000,000	One-time transfer to the environmental fund for brownfields efforts.
31	Natural Resources[4]	114,500	114,500	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.

	Department	Program Revenue 2001-02	2002-03	Purpose
32	Natural Resources[4]	$100,000	$100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
33	Natural Resources[4]	809,900	809,900	State snowmobile enforcement program, safety training and fatality reporting.
34	Natural Resources[4]	44,700	44,700	Reintroduction of whooping cranes.
35	Natural Resources[9]	500,000	500,000	One-time grant to the Town of Swiss (Danbury) in Burnett County and the St. Croix Band for wastewater and drinking water treatment facilities.
36	Natural Resources[3]	20,000	150,000	Costs relating to the study and reintroduction of coaster brook trout.
37	Natural Resources[3]	30,000	30,000	Study of crop damage caused by cranes (one-time funding).
38	Natural Resources[3]	10,000	0	Grant to the Wisconsin Conservation Hall of Fame (one-time funding).
39	Public Instruction[5]	220,000	220,000	Aid to alternative schools operating American Indian language and culture education programs.
40	Public Instruction[3]	50,000	0	Special Counselor grant program to assist American Indian pupils (one-time funding).
41	Shared Revenue[4]	0	0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. No allocations would be made in the 2001-03 biennium.
42	Tourism[5]	126,500	126,500	Tourist information assistant.
43	Tourism[4]	3,969,500	3,969,500	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
44	Tourism[3]	31,300	41,800	Law enforcement services at the Kickapoo Valley Reserve.
45	Transportation[3]	3,500,000	1,500,000	One-time funding for grants to the City of Milwaukee for the reconstruction of West Canal Street.
46	University of Wisconsin System[4]	$0	$0	Ashland full-scale aquaculture demonstration facility debt service payments. (No funding is provided in the 2001-03 biennium.)
47	University of Wisconsin System[2]	0	250,000	Ashland full-scale aquaculture demonstration facility operational costs.
48	University of Wisconsin System[3]	100,000	100,000	UW Extension grant program relating to grazing and nutrient management.

	Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
49	Veterans Affairs[5]	$15,000	$15,000	Grants to assist American Indians in obtaining federal and state veterans benefits.
50	Veterans Affairs[4]	56,400	56,400	American Indian services veterans benefits coordinator position.
51	Veterans Affairs[3]	100,000	100,000	Operational costs relating to the Wisconsin Veterans Museum.
52	Workforce Development[4]	600,000	600,000	Work-Based Learning Board grants for work-based learning programs.
53	Workforce Development[4]	350,000	350,000	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
54	Workforce Development[3]	50,000	0	Trade Masters Pilot Program (one-time funding).
	Total Allocations	$26,208,700	$25,733,000	

[1] Funding in these amounts was provided from tribal gaming revenue in 1999-00 and 2000-01, but was not provided under the Governor's bill in 2001-02 and 2002-03. The funding in 2001-02 and 2002-03 was provided by the Joint Committee on Finance.

[2] Funding provided under the Governor's bill was modified by the Joint Committee on Finance and a more detailed description of the provision can be found in the budget summaries for this agency.

[3] Allocates revenue for a new purpose, not previously funded from tribal gaming revenue. A more detailed description of the provision can be found in the budget summaries for this agency.

[4] Base funding is unchanged or modified by standard budget adjustments only. No additional description of the item is provided in the budget summaries for this agency.

[5] Base funding is modified under the Governor's bill and a more detailed description of the provision can be found in the budget summaries for this agency.

[6] Same annual transfer amount as provided in the 1999-01 biennium. No additional description of the item is provided in the budget summaries for this agency.

[7] New, one-time transfer of revenue. A more detailed description of the provision can be found in the budget summaries for this agency.

[8] New, one-time transfer of revenue provided under the Governor's bill and modified by the Joint Committee on Finance. A more detailed description of the provision can be found in the budget summaries for this agency.

[9] Allocates tribal gaming revenue for a new purpose. However, tribal gaming revenue was provided in 1999-00 and 2000-01 for a drinking water study and for planning activities relating to the construction of these wastewater and drinking water treatment facilities.

Senate: Allocate $26,258,700 PR in 2001-02 and $25,783,000 PR in 2002-03 from tribal gaming revenue. These allocations are $50,000 more annually than the allocations under Joint Finance. Under the Senate provision, the tribal gaming revenue appropriation would have an estimated balance of $160,400 on June 30, 2003. The Senate would make one modification to the Joint Finance allocations, as follows:

1. *Public Instruction: Beloit College Grant.* Provide $50,000 annually for a grant to Beloit College to educate children and adults in southern Wisconsin about Native American cultures. Provide that any unencumbered balance in grant appropriation would revert to the Indian gaming receipts appropriation on June 30 of each year.

Assembly: Allocate $23,123,300 PR in 2001-02 and $28,725,800 PR in 2002-03 from tribal gaming revenue. These allocations are $3,085,400 less in 2001-02 and $2,992,800 more in 2002-03 than the allocations under Joint Finance (a net reduction in allocations of $92,600). Under the Assembly provisions, the tribal gaming revenue appropriation would have an estimated balance of $353,000 on June 30, 2003. The following provisions reflect the Assembly changes in allocation amounts or purposes:

1. *Administration -- Office of Justice Assistance: County-Tribal Law Enforcement Grants.* Provide $360,600 annually to OJA and create a new cooperative county-tribal law enforcement grant program to provide: (a) $210,550 annually to Vilas County to support a law enforcement agreement between Vilas County and the Lac du Flambeau band of Lake Superior Chippewa; (b) $50,000 annually to Oneida County to support a law enforcement agreement between Oneida County and the Lac du Flambeau band of Lake Superior Chippewa; and (c) $100,000 annually to Forest County to support a law enforcement agreement between Forest County and the Forest County Potawatomi. Provide that any unencumbered balance in OJA's newly-created grants for cooperative county-tribal law enforcement appropriation would revert to the Indian gaming receipts appropriation on June 30 of each year. Repeal the grant program and appropriation effective July 1, 2003.

2. *Agriculture, Trade and Consumer Protection: Ethanol Producer Grant Program.* Provide $3.0 million in 2002-03 in a new, annual appropriation for grants to ethanol producers. Require the unencumbered balance in the tribal gaming grants appropriation to revert to the Indian gaming receipts appropriation on June 30 of each year.

3. *Commerce: Wisconsin Development Fund.* Provide $1,000,000 in 2002-03 in a separate appropriation for the Wisconsin Development Fund.

4. *Commerce: Reallocate BEST Funding.* Delete $150,000 annually from the Business Employee Skills Training (BEST) program and increase funding for the tribal gaming economic development and diversification grants and loans program by $150,000 annually. Allocate the additional funding as follows: (a) provide a grant of $30,000 and $120,000 during the 2001-03 biennium to the Potosi Brewery Foundation, Inc.; (b) provide a grant of $100,000 in 2002-03 to Forward Wisconsin, Inc., for marketing activities; and (c) provide a grant of $50,000 in the 2001-03 biennium to the Florence County Keyes Peak Recreation Center for a construction project.

5. *Natural Resources: Coaster Brook Trout Reintroduction.* Delete $20,000 in 2001-02 and $150,000 in 2002-03 for the study and reintroduction of coaster brook trout.

6. *Natural Resources: Whooping Crane Reintroduction.* Delete the $44,700 PR and 0.5 PR position annually for efforts relating to the reintroduction of the whooping crane. In addition, delete the Joint Finance provision that would have provided an additional $37,600 SEG in 2001-

02 and $43,500 SEG in 2002-03 and 0.5 SEG position from the fish and wildlife account of the conservation fund to increase efforts in this area.

7. *Natural Resources: Wisconsin Conservation Hall of Fame.* Delete $10,000 in 2001-02 for a grant to the Wisconsin Conservation Hall of Fame. The purpose of the grant would have been to recognize the conservation efforts of Native Americans in Wisconsin.

8. *Transportation: West Canal Street Reconstruction.* Modify a Joint Finance provision that would require DOT to make a grant of $10,000,000 to the City of Milwaukee for the reconstruction of West Canal Street if the City contributes $10,000,000 toward the cost of the project by deleting $3,500,000 in 2001-02 and $1,500,000 in 2002-03 provided for making the grant and lowering the City's required match to $5,000,000. The remaining $5,000,000 grant to the City would come from amounts appropriated for the Marquette Interchange reconstruction project.

9. *Veterans Affairs: Veterans Museum Funding Shift.* Modify Joint Finance provision allocating tribal gaming revenues for a portion of Veterans Museum operations by providing an additional $128,700 PR in 2001-02 and $76,900 PR in 2002-03 and 0.5 PR two-year project position annually and by deleting $128,700 SEG in 2001-02 and $76,900 SEG in 2002-03 and 0.5 SEG two-year project position annually to reflect this funding conversion. Under the modification, tribal gaming revenues would fund 50% of the amounts and the Veterans Trust Fund would fund the remaining 50% of the amounts for initiatives recommended by the Governor.

10. *Workforce Development: Workforce Attachment and Advancement Program.* Increase funds for the workforce attachment and advancement program by $200,000 GPR in 2001-02 and $5,000,000 ($1,816,600 GPR, $250,000 PR and $2,933,400 FED) in 2002-03. The $250,000 PR in 2002-03 would come from tribal gaming revenue.

Conference Committee/Legislature: Allocate $24,398,000 PR in 2001-02 and $27,770,500 PR in 2002-03 from tribal gaming revenue. These allocations are $1,810,700 less in 2001-02 and $2,037,500 more in 2002-03 than the allocations under Joint Finance (a net increase in allocations of $226,800). Under the Conference Committee/Legislature provisions, the tribal gaming revenue appropriation would have an estimated balance of $33,600 on June 30, 2003. The following provisions reflect the Conference Committee/Legislature changes in allocation amounts or purposes to those approved by Joint Finance. A more detailed summary of each item, including the underlying Senate and/or Assembly provisions, can be found under the respective agency summaries.

1. *Administration -- Office of Justice Assistance: County-Tribal Law Enforcement Grants.* Modify the Assembly provision to provide $260,600 annually to OJA for a new cooperative county-tribal law enforcement grant program to provide: (a) $210,550 annually to Vilas County to support a law enforcement agreement between Vilas County and the Lac du Flambeau band of Lake Superior Chippewa; and (b) $50,000 annually to Oneida County to support a law enforcement agreement between Oneida County and the Lac du Flambeau band of Lake

Superior Chippewa. (This deletes an Assembly provision that would have provided $100,000 annually to Forest County to support a law enforcement agreement between Forest County and the Forest County Potawatomi).

2. *Agriculture, Trade and Consumer Protection: Ethanol Producer Grant Program.* Modify the Assembly provision to provide $1,100,000 GPR and $1,900,000 PR in tribal gaming revenue in 2002-03 for ethanol producer grants.

3. *Commerce: Reallocate BEST Funding.* Adopt the Assembly provision to delete $150,000 annually from the Business Employee Skills Training (BEST) program and increase funding for the tribal gaming economic development and diversification grants and loans program by $150,000 annually. Modify the Assembly provision by allocating the additional the funding as follows: (a) provide a grant of $30,000 and $120,000 during the 2001-03 biennium to the Potosi Brewery Foundation, Inc.; and (b) provide a grant of $50,000 in the 2001-03 biennium to the Florence County Keyes Peak Recreation Center for a construction project. The Assembly provision to provide a grant of $100,000 in 2002-03 to Forward Wisconsin, Inc., for marketing activities was not adopted and this funding would be available for other purposes under the tribal gaming economic development and diversification grants and loans program.

4. *Public Instruction: Beloit College Grant.* Adopt the Senate provision to provide $50,000 annually for a grant to Beloit College to educate children and adults in southern Wisconsin about Native American cultures and provide that any unencumbered balance in grant appropriation would revert to the Indian gaming receipts appropriation on June 30 of each year.

5. *Transportation: West Canal Street Reconstruction.* Modify the Joint Committee on Finance provision that would require DOT to make a grant of $10,000,000 to the City of Milwaukee for the project by specifying that, instead of the grant being composed of $5,000,000 from amounts appropriated for the Marquette Interchange project and $5,000,000 from tribal gaming proceeds, the grant would be composed of the following: (a) $5,000,000 from amounts appropriated for the Marquette Interchange project; (b) $2,500,000 from tribal gaming proceeds; and (c) $2,500,000 from amounts appropriated for the local roads improvement program. Decrease the funding by $2,250,000 in 2001-02 and $250,000 in 2002-03 in the tribal gaming proceeds appropriation for West Canal Street reconstruction to reflect this decision.

Veto by Governor [F-26, F-27, F-28, F-29, F-30 and F-31]: The following partial vetoes of Enrolled Senate Bill 55 reflect changes to the tribal gaming revenue allocation amounts or the purposes of the allocations approved by the Legislature:

1. *Administration -- Office of Justice Assistance: County-Tribal Law Enforcement Grants.* Delete $260,600 annually to OJA for a new cooperative county-tribal law enforcement grant program, as follows: (a) $210,550 annually to Vilas County to support a law enforcement agreement between Vilas County and the Lac du Flambeau band of Lake Superior Chippewa; and (b) $50,000 annually to Oneida County to support a law enforcement agreement between Oneida County and the Lac du Flambeau band of Lake Superior Chippewa.

2. *Health and Family Services: Minority Health Grants.* Eliminate the statutory authority to provide $200,000 of the $400,000 allocated for minority health grants in the 2001-03 biennium. The $200,000 remains allocated to the Department, but would lapse to the tribal gaming appropriation in 2002-03.

3. *Natural Resources: Coaster Brook Trout Reintroduction.* Reduce funding relating to the study and reintroduction of coaster brook trout by $130,000 in 2002-03. Under Act 16, the trout management appropriation would be funded at $20,000 annually.

4. *Natural Resources: Crane Crop Damage Study.* Reduce funding for a study of crop damage caused by cranes by deleting $10,000 in 2001-02 and by deleting $30,000 in 2002-03. The wild crane study appropriation would be funded at $20,000 in 2001-02 only. Further, DNR would be directed to provide $20,000 in 2001-02 only, rather than $30,000 in each year, to the University of Wisconsin and the International Crane Foundation.

5. *Tourism: Kickapoo Valley Reserve Law Enforcement.* Delete $10,500 in 2002-03 for 1.0 FTE of limited-term employee staff to provide law enforcement at the Kickapoo Valley Reserve. Following the partial veto, tribal gaming revenue under Act 16 provides $31,300 annually for this purpose.

6. *University of Wisconsin-Extension: Grants for Grazing and Nutrient Management.* Delete $100,000 annually for a grazing education grant program. The program would have provided grants for education and technical assistance on intensive grazing.

Reflecting the Governor's partial vetoes, Act 16 allocates $24,027,400 in 2001-02 and $27,239,400 in 2002-03 from tribal gaming revenue. Under the Act 16 provisions, the tribal gaming revenue appropriation has an estimated balance of $935,300 on June 30, 2003. The following table lists the tribal gaming revenue allocations under Act 16. The footnotes identify those items that are also summarized in greater detail, including any modifications to position authority, under the respective agency summaries.

Tribal Gaming Revenue Allocations -- Act 16

Department		Program Revenue 2001-02	Program Revenue 2002-03	Purpose
1	Administration[1]	$500,000	$500,000	County management assistance grant program.
2	Administration--Office of Justice Assistance[2]	1,050,000	1,050,000	Tribal law enforcement assistance grant program.
3	Administration--Office of Justice Assistance[2]	250,000	250,000	County law enforcement grants for certain counties.
4	Administration[3]	250,000	250,000	UW-Green Bay and Oneida Tribe programs.

	Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
5	Agriculture, Trade and Consumer Protection[3]	$0	$1,900,000	Grants to ethanol producers.
6	Arts Board[4]	25,200	25,200	Grants-in-aid to, or contracts with, American Indian individuals or groups for services furthering the development of the arts and humanities.
7	Commerce[4]	25,000	25,000	American Indian liaison, economic development liaison grants and technical assistance.
8	Commerce[2,5]	249,500	249,500	American Indian economic liaison and gaming grants specialist and program marketing.
9	Commerce[5]	90,000	94,000	American Indian economic development technical assistance grants.
10	Commerce[2]	2,238,700	3,238,700	Gaming economic development and diversification grants and loans.
11	Commerce[2,3]	500,000	500,000	Manufacturing extension center grants.
12	Commerce[2]	438,700	488,700	Physician, Dentist, Dental Hygienist and Health Care Provider Loan Assistance Programs.
13	Health and Family Services[4]	500,000	500,000	Elderly nutrition; home-delivered and congregate meals.
14	Health and Family Services[4]	120,000	120,000	Cooperative American Indian health projects.
15	Health and Family Services[4]	271,600	271,600	Indian aids for social and mental hygiene services.
16	Health and Family Services[4]	500,000	500,000	Indian substance abuse prevention education.
17	Health and Family Services[4]	1,070,000	1,070,000	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
18	Health and Family Services[4]	800,000	800,000	Health services: tribal medical relief block grants.
19	Health and Family Services[3,6]	250,000	250,000	Minority health program and public information campaign grants.
20	Higher Education Aids Board[5]	779,800	787,600	Indian student assistance grant program for American Indian undergraduate or graduate students.
21	Higher Education Aids Board[5]	400,000	404,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
22	Historical Society[4]	189,800	189,800	Northern Great Lakes Center operations funding.
23	Historical Society[3]	25,000	0	Merrill Historical Society for publication of tribal history in the upper Wisconsin river valley (one-time funding).
24	Historical Society[3]	15,000	0	Identification of unmarked American Indian gravesites (one-time funding).
25	Justice[2]	708,400	708,400	County-tribal law enforcement programs: local assistance.

Department	Program Revenue 2001-02	Program Revenue 2002-03	Purpose
26 Justice[2]	$63,600	$63,600	County-tribal law enforcement programs: state operations.
27 Natural Resources[7]	2,500,000	2,500,000	Transfer to the fish and wildlife account of the conservation fund.
28 Natural Resources[8]	1,000,000	718,000	One-time transfer to the parks account of the conservation fund.
29 Natural Resources[2]	100,600	100,600	Management of an elk reintroduction program.
30 Natural Resources[9]	500,000	1,000,000	One-time transfer to the environmental fund for brownfields efforts.
31 Natural Resources[4]	114,500	114,500	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
32 Natural Resources[4]	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
33 Natural Resources[2]	809,900	809,900	State snowmobile enforcement program, safety training and fatality reporting.
34 Natural Resources[4]	44,700	44,700	Reintroduction of whooping cranes.
35 Natural Resources[10]	500,000	500,000	Grant to the Town of Swiss (Danbury) in Burnett County and the St. Croix Band for wastewater and drinking water treatment facilities.
36 Natural Resources[3]	20,000	20,000	Costs relating to the study and reintroduction of coaster brook trout.
37 Natural Resources[3]	20,000	0	Study of crop damage caused by cranes (one-time funding).
38 Natural Resources[3]	10,000	0	Grant to the Wisconsin Conservation Hall of Fame (one-time funding).
39 Public Instruction[5]	220,000	220,000	Aid to alternative schools operating American Indian language and culture education programs.
40 Public Instruction[3]	50,000	50,000	Grant to Beloit College for educational programs on Native American cultures.
41 Public Instruction[3]	50,000	0	Special Counselor grant program to assist American Indian pupils (one-time funding).
42 Shared Revenue[4]	0	0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. (No allocations are made in the 2001-03 biennium.)
43 Tourism[5]	126,500	126,500	Limited-term employees to operate the Wisconsin travel information center located in the Minnesota Mall of America.

Department		Program Revenue 2001-02	Program Revenue 2002-03	Purpose
44	Tourism[4]	$3,969,500	$3,969,500	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
45	Tourism[3]	31,300	31,300	Law enforcement services at the Kickapoo Valley Reserve.
46	Transportation[2,3]	1,250,000	1,250,000	Grant to the City of Milwaukee for the reconstruction of West Canal Street (one-time funding).
47	University of Wisconsin System[4]	0	0	Ashland full-scale aquaculture demonstration facility debt service payments. (No funding is provided in the 2001-03 biennium.)
48	University of Wisconsin System[2]	0	250,000	Ashland full-scale aquaculture demonstration facility operational costs.
49	Veterans Affairs[5]	15,000	15,000	Grants to assist American Indians in obtaining federal and state veterans benefits.
50	Veterans Affairs[4]	56,400	56,400	American Indian services veterans benefits coordinator position.
51	Veterans Affairs[3]	228,700	176,900	Operational costs relating to the Wisconsin Veterans Museum.
52	Workforce Development[4]	600,000	600,000	Work-Based Learning Board grants for work-based learning programs.
53	Workforce Development[4]	350,000	350,000	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
54	Workforce Development[3]	50,000	0	Trade Masters Pilot Program (one-time funding).
	Total Allocations	$24,027,400	$27,239,400	

[1] Funding in these amounts was provided from tribal gaming revenue in 1999-00 and 2000-01, but was not provided under the Governor's bill in 2001-02 and 2002-03. The funding in 2001-02 and 2002-03 was provided by the Joint Committee on Finance.

[2] Funding or other provisions provided under the Governor's bill was modified by the Legislature and a more detailed description of the provisions can be found in the budget summaries for this agency.

[3] Allocates revenue for a new purpose, not previously funded from tribal gaming revenue. A more detailed description of the provision can be found in the budget summaries for this agency.

[4] Base funding is unchanged or modified by standard budget adjustments only. No additional description of the item is provided in the budget summaries for this agency.

[5] Base funding is modified under the Governor's bill and a more detailed description of the provision can be found in the budget summaries for this agency.

[6] Under a partial veto by the Governor, the Department of Health and Family Services is authorized to expend $200,000 in the 2001-03 biennium for the minority health program grants and $50,000 annually for public information campaign grants, for a total of $300,000 in the biennium. Because the total allocation for this purpose ($500,000) exceeds this amount by $200,000, the remaining $200,000 will revert to the Indian gaming receipts appropriation.

[7] Same annual transfer amount as provided in the 1999-01 biennium. No additional description of the item is provided in the budget summaries for this agency.

[8] New, one-time transfer of revenue. A more detailed description of the provision can be found in the budget summaries for this agency.

[9] New, one-time transfer of revenue provided under the Governor's bill and modified by the Legislature. A more detailed description of the provision can be found in the budget summaries for this agency.

[10] Allocates tribal gaming revenue for a new purpose. However, tribal gaming revenue was provided in 1999-00 and 2000-01 for a drinking water study and for planning activities relating to the construction of these wastewater and drinking water treatment facilities.

2. REVERT UNENCUMBERED BALANCES TO INDIAN GAMING RECEIPTS APPROPRIATION [LFB Paper 167]

Governor: Provide that, for annual appropriations (with one exception) receiving tribal gaming revenue from the Indian gaming receipts appropriation, any unencumbered balance on June 30 of each year would revert to the Indian gaming receipts appropriation. The exception is a Department of Commerce annual appropriation that would be created under the bill for Forward Wisconsin, Inc., business recruitment. Provide that, for biennial and continuing appropriations (with two exceptions) receiving tribal gaming revenue, any unencumbered balance on June 30 of each odd-numbered year would revert to the Indian gaming receipts appropriation from which tribal gaming revenue is transferred. The exceptions are: (a) a continuing appropriation for the Department of Health and Family Services interagency and intra-agency aids that receives tribal gaming revenue for medical assistance state-match purposes; and (b) a continuing appropriation, created under the bill, for the Department of Transportation for West Canal street reconstruction, service funds (which would receive tribal gaming funds in the 2001-03 biennium only). [In addition, a continuing appropriation relating to farmland tax relief payments from gaming revenue paid to the state by any tribe operating a casino located at certain pari-mutuel racetracks would not contain the reversion provision. This appropriation is not currently active (no tribe operates a casino in association with a pari-mutuel racetrack) and, if active, would not produce an unencumbered balance.] Under current law, for a program revenue appropriation to which monies are statutorily credited (which is the case for the appropriations receiving tribal gaming revenue), all unencumbered balances are retained in that appropriation account at the end of the fiscal year.

The Governor estimates that these unencumbered balances will total $2.5 million annually in 1999-00, 2000-01 and 2001-02. The 1999-00 and 2000-01 balances (totaling $5.0 million) were intended to revert to the Indian gaming receipts appropriation in 2001-02 and the 2001-02 unencumbered balances ($2.5 million) would revert to the appropriation in 2002-03. A correction to the bill would be needed to effectuate the transfer of unencumbered balances in 2001-02.

Joint Finance/Legislature: Modify the Governor's recommendation as follows: (a) provide nonstatutory language clarifying that the unencumbered balances in the applicable appropriations on June 30, 2001, would revert to the Indian gaming receipts appropriation in 2001-02 on the effective date of the bill; (b) convert the following two continuing appropriations

to biennial appropriations, subject to the reversion of unencumbered balances provision for biennial appropriations under the bill: (1) the Commerce appropriation for the Physician and Dentist and Health Care Provider Loan Assistance Programs; and (2) the Tourism marketing appropriation; and (c) provide that the DHFS allocation for state match of certain medical assistance-funded activities be transferred to a new biennial appropriation for this purpose, subject to the reversion of unencumbered balances provision for biennial appropriations under the bill, and modify the Indian gaming receipts appropriation language that allocates this funding to DHFS to reflect this change.

Under these actions, the unencumbered balances reverting to the Indian gaming receipts appropriation are reestimated at $2,368,600 relating to 1999-00, $1,686,700 relating to 2000-01 and $552,000 relating to 2001-02.

[Act 16 Sections: 448 thru 451, 454, 456, 466, 483, 484, 511, 560, 581, 582, 586, 589, 595, 602, 623, 630, 631, 713, 713g, 721, 729 thru 731, 746, 761, 786, 787, 824, 859, 860m, 880, 885h, 9201(5mk), 9205(1mk), 9210(3mk), 9223(5mk), 9224(1mk), 9225(1mk), 9231(1mk), 9237(4mk), 9240(1mk), 9251(1mk), 9256(1mk), 9257(2mk) and 9258(2mk)]

3. TRIBAL GAMING VENDOR CERTIFICATION COSTS [LFB Paper 165]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$400,000	- $400,000	$0

Governor: Provide $200,000 annually from Indian gaming receipts for tribal gaming vendor certification costs of the Division of Gaming. Indian gaming receipts include moneys received by the state from Indian gaming vendors and from persons proposing to be Indian gaming vendors as reimbursement for state costs of certification and background investigations. Under the bill, the expenditure authority is provided to the Indian gaming receipts appropriation. A correction is needed to provide the expenditure authority to the general program operations appropriation for Indian gaming.

Joint Finance/Legislature: Delete provision.

4. CORRECT BASE FUNDING FOR REPEALED APPROPRIATION

PR	- $100,000

Governor/Legislature: Delete $50,000 annually to remove base funding for a county fair association grant appropriation under the Division of Gaming that was repealed under 1999 Act 5.

5. LICENSEE REQUIREMENTS FOR SIMULCAST RACING

Joint Finance/Legislature: Modify certain requirements that must be met for racetrack licensees to be approved to receive simulcast races, as follows: (a) increase the minimum number of live race performances from 250 race performances to 275 race performances, regardless of the amount wagered during the preceding calendar year; (b) repeal the provision that wagering on simulcast races be conducted at the racetrack only as an adjunct to, and not in a manner that will supplant, wagering on live on-track racing at that racetrack; and (c) repeal the provision that wagering on simulcast races will not be the primary source of wagering revenue at that racetrack. Under current law, DOA may not permit a racetrack licensee to receive simulcast races unless DOA determines that all of the following conditions are met: (a) for a racetrack at which $25,000,000 or more was wagered during the calendar year immediately preceding the year in which the applicant proposes to conduct wagering on simulcast races, at least 250 race performances (live races) were conducted at the racetrack during that period; (b) for a racetrack at which less than $25,000,000 was wagered during the calendar year immediately preceding the year in which the applicant proposes to conduct wagering on simulcast races, at least 200 race performances were conducted at the racetrack during that period; (c) wagering on simulcast races will be conducted at the racetrack only as an adjunct to, and not in a manner that will supplant, wagering on live on-track racing at that racetrack; (d) wagering on simulcast races will not be the primary source of wagering revenue at that racetrack; and (e) the conduct of wagering on simulcast races will not adversely affect the public health, welfare or safety.

Veto by Governor [F-1]: Delete provision.

[Act 16 Vetoed Sections: 3713c thru 3713e]

6. RAFFLE TICKET AUTHORIZATION

Joint Finance/Legislature: Provide the following: (a) authorize the sale of raffle tickets that allow for equal shares of a single ticket to be sold to one or more purchasers under a Class A raffle license; (b) that the sponsoring organization be required to purchase any unsold shares of a ticket; (c) that no raffle ticket sold under a Class A license may exceed $100 in cost; and (d) require the Department of Administration to promulgate administrative rules relating to the sale of such tickets. Provide that the provisions become effective on the first day of the third month beginning after publication. Under current law, no raffle ticket sold under a Class A license may exceed $50 in cost. A Class A license relates to the conduct of a raffle in which some or all of the tickets for that raffle are sold on days other than the same day as the raffle drawing.

[Act 16 Sections: 3713k thru 3713kp and 9401(2g)]

7. TRIBAL LOGO TO RECOGNIZE THE USES OF TRIBAL GAMING REVENUE

Joint Finance/Legislature: Require the La Follette Institute of Public Affairs of the UW System, working in consultation with federally recognized American Indian tribes and bands in Wisconsin, to develop a tribal logo that is representative of federally recognized American Indian tribes and bands in this state for display on official state notifications of grants funded in whole or in part by Indian gaming receipts. In addition to the logo, require a plan to implement the use of the logo, including ways to determine when the logo should be used, the cost of developing and using the logo and how this cost would be funded. Require the Institute to submit the proposed logo and plan to the Joint Committee on Finance under a 14-day passive review process, and to the governing bodies of each tribe and band for approval. Provide that the plan may be implemented if approved by the Joint Committee on Finance and the governing bodies of each tribe and band.

Veto by Governor [A-25]: Delete provision.

[Act 16 Vetoed Section: 1351t]

8. EXCLUSION OF CERTAIN PENALTIES RELATING TO GAMBLING DEVICES

Joint Finance/Legislature: Provide that a person who manufactures, transfers commercially or possesses with intent to transfer commercially, gambling devices to a gaming facility authorized under the Indian Gaming Regulatory Act or otherwise lawful gambling place would be excluded from the current law provision that specifies a person making such transfers is guilty of a Class E felony.

[Act 16 Sections: 3966h thru 3966q]

9. REDUCE STATE PAYMENT OF UNCLAIMED WINNINGS BY RACETRACKS

PR-REV	- $173,300
GPR	$164,100
PR	- 164,100
Total	$0

Senate: Allow Wisconsin racetrack licensees to retain unclaimed winnings currently paid to the state, effective July 1, 2002. Under the provision, estimated program revenue would decrease $346,500 in 2002-03. Provide $346,500 GPR in 2002-03, as follows: (a) $328,100 to DOA for racing-related regulation functions; and (b) $18,400 to the Department of Justice (DOJ) for gaming-related law enforcement.

Under current law, all winnings on a race that are not claimed within 90 days of the end of a racing year are credited to appropriations for the general program operations for racing regulation in DOA and for racing law enforcement in DOJ. Any unencumbered balances in these appropriations at the end of each fiscal year are transferred to the lottery fund and must be used for property tax relief. The provision of GPR funding would maintain current estimates of 2002-03 racing-related revenue transferring to the lottery fund from these appropriations.

Conference Committee/Legislature: Allow Wisconsin racetrack licensees to retain 50% of unclaimed winnings currently paid to the state, effective July 1, 2002, to first apply to prizes that are unclaimed on the 90th day after the effective date. Estimated state program revenue would decrease by $173,300 in 2002-03. Provide 7$164,100 GPR and delete $164,100 PR in DOA for racing-related regulation functions to reflect the resulting 2002-03 decrease in program revenue. (DOJ would be provided $9,200 GPR and -$9,200 PR for gaming-related law enforcement.)

[Act 16 Sections: 764qy, 879g, 3713jm, 9301(3q) and 9401(3r)]

Office of Justice Assistance

1. TRANSFER OF YOUTH DIVERSION PROGRAM TO OFFICE OF JUSTICE ASSISTANCE

	Funding	Positions
GPR	$923,200	1.50
PR	2,076,800	0.50
Total	$3,000,000	2.00

Governor: Provide $461,600 GPR and 1.5 GPR positions and $1,038,400 PR and 0.5 PR position annually and transfer the administration and grant funding of the Department of Corrections' Office of Gang Intervention and Prevention (youth diversion program) to the Office of Justice Assistance (OJA). Make the following changes to OJA's appropriations: (a) rename the GPR general program operations appropriation the general program operations; youth diversion appropriation and amend the appropriation language to include youth diversion services; (b) rename the PR anti-drug enforcement program -- administration appropriation the law enforcement programs -- administration; youth diversion appropriation and amend the appropriation language to include youth diversion services; and (c) create a new PR interagency and intra-agency programs appropriation that would allow OJA to receive funds from the Department of Health and Family Services (DHFS) for the youth diversion program.

Under current law, a total of $1,400,000 is provided to Corrections annually for youth diversion grants ($380,000 GPR, $720,000 PR from penalty assessment revenue and $300,000 PR from federal funds administered by DHFS). Of this total, $500,000 combined GPR and PR from penalty assessment funds is allocated for an organization in Milwaukee County to provide services designed to divert juveniles from gang activities into productive activities. The $300,000 provided from DHFS federal funding is designated for the provision of substance abuse education and treatment services for juveniles participating in the organization's youth diversion program. In addition, $600,000 annually (composed of GPR and PR from penalty assessment funds) is budgeted to provide $150,000 each to organizations in Racine, Kenosha, and Brown Counties and the City of Racine. These organizations provide gang diversion services, including substance abuse education and treatment services for program participants. Under the bill, no modification of the grant recipients or grant amounts would be made.

In addition to the transfer of these grant funds, $100,000 annually ($81,600 GPR and $18,400 PR) and 2.0 positions (1.5 GPR and 0.5 PR) would be transferred from Corrections to OJA for the administration of the program. The PR funding and 0.5 position would be taken from the juvenile corrective sanctions program appropriation funded with revenue provided by counties and the state (under the serious juvenile offender appropriation) for juvenile correctional services. (A nonstatutory provision under the bill, which would delete the 0.5 PR position from the wrong appropriation, requires correction.) Under the bill, the $18,400 PR and 0.5 PR position provided to OJA would now be funded from penalty assessment revenues.

Under the bill, statutory modifications are made to transfer the authority to operate the program from Corrections to OJA. On the effective date of the bill, the assets and liabilities of Corrections primarily related to the youth diversion program, as determined by the DOA Secretary, would become assets and liabilities of DOA. The bill provides that the incumbent employees holding the transferred positions would be transferred to DOA and would maintain their employment rights and status. Tangible personal property, pending matters, contracts and contract responsibilities relating to the youth diversion program would be transferred to DOA. Rules and orders relating to the program under Corrections would remain in effect until their specified expiration date or until modified or rescinded by DOA.

Joint Finance/Legislature: Create separate GPR and PR annual appropriations for youth diversion grant funds and transfer $380,000 GPR and $720,000 PR annually to these appropriations from OJA's GPR general program operations appropriation and the PR appropriation relating to the administration of anti-drug law enforcement programs and the youth diversion program under the bill. Modify OJA appropriation titles and language under the bill to reflect these changes. Correct a nonstatutory provision under the bill, which deletes the 0.5 PR position from DOC, to reflect that the deletion is made from the appropriation relating to the corrective sanctions program. Direct that, in the appropriation relating to the $300,000 provided annually to Milwaukee County for the provision of substance abuse education and treatment services for juveniles participating in the youth diversion program, the grant amount be reallocated from the supplies and services budget line to the aids to individuals and organizations budget line.

[Act 16 Sections: 285, 684d thru 686, 853d, 856d, 857d, 3348 thru 3351d and 9111(1)]

2. COUNTY, COUNTY-TRIBAL AND TRIBAL LAW ENFORCEMENT GRANT PROGRAMS [LFB Paper 169]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$1,416,800	- $1,416,800	$0

Governor: Make the following changes to the county, county-tribal and tribal law enforcement grant programs: (a) provide $708,400 annually and transfer the cooperative county-tribal law enforcement grant program from the Department of Justice (DOJ) to OJA; (b)

combine DOJ's cooperative county-tribal law enforcement grant program with OJA's existing county law enforcement services grant program, with the statutory modifications described below; (c) rename OJA's county law enforcement services appropriation the county and tribal law enforcement assistance appropriation; and (d) repeal OJA's tribal law enforcement assistance appropriation and transfer the tribal law enforcement assistance grant funding of $1,050,000 annually to the modified county and tribal law enforcement assistance appropriation. Funds for both the modified county-tribal law enforcement services grant program and the tribal law enforcement assistance grant program would now come from this consolidated appropriation, with total funding of $2,008,400 annually for both the modified county-tribal and the tribal grant programs. A technical correction is necessary to properly reflect that funding is transferred from another OJA appropriation. Under the bill, OJA would have discretion as to the distribution of funds between the county-tribal and tribal grant programs. Tribal gaming receipts provide the program revenue for both programs. The bill makes no statutory changes to the tribal law enforcement assistance grant program.

Under current law, a county is eligible to participate in OJA's county law enforcement services grant program if: (a) the county borders one or more federally-recognized Indian reservations; (b) the county has not established a cooperative county-tribal law enforcement program under DOJ's grant program with each federally recognized Indian tribe or band that has a reservation bordering the county; (c) the county demonstrates a need for the law enforcement services to be funded with the grant; and (d) the county submits an application for a grant and a proposed plan that shows how the county will use the grant money to fund law enforcement services. Adjusted base funding for the program is $250,000.

Under current law, a county is eligible to participate in DOJ's county-tribal law enforcement grant program if: (a) a county has one or more federally recognized Indian reservations within or partially within its boundaries; (b) pursuant to adoption of a resolution by the county board, the county enters into an agreement with an Indian tribe located in the county to establish a cooperative county-tribal law enforcement program; (c) the county and tribe develop and annually submit a joint program plan by December 1 of the year prior to the year for which funding is sought to DOJ for approval; and (d) for funding sought for the second or subsequent year, the county and tribe submit a report regarding the performance of law enforcement activities on the reservation in the previous fiscal year along with the plan. Adjusted base funding for DOJ's grant program, exclusive of administrative funding, is $708,400.

Under the bill, a county would be eligible to participate in the modified county-tribal law enforcement grant program if: (a) the county has one or more federally-recognized American Indian reservations within or partially within its boundaries or the county borders on one or more federally recognized American Indian reservations; (b) the county board adopts a resolution entering into an agreement with a federally recognized American Indian reservation to establish a cooperative county-tribal law enforcement program; and (c) the county submits to OJA a proposal for expenditure of grant moneys.

The bill would authorize OJA to require that a county include the following in any grant application under the program: (a) a description of any cooperative county-tribal law enforcement program or law enforcement service for which the county requests funding; (b) a description of the population and geographic area that the county proposes to serve; (c) the county's need for funding under the program and the amount of funding requested; (d) identification of the county governmental unit that would administer any aid received under the program and a description of how that governmental unit would disburse any aid received; and (e) any other information that would be required by OJA or considered relevant by the county submitting the application. OJA would be required to develop criteria and procedures for use in administering the program. The criteria and procedures would not have to be promulgated as administrative rules.

Joint Finance/Legislature: Delete provision. In addition, require the unencumbered balance on June 30 of each year from the following appropriations to revert to the Indian gaming receipts appropriation in DOA: (a) DOJ's county-tribal programs, local assistance appropriation; (b) DOJ's county-tribal programs, state operations appropriation; (c) OJA's county law enforcement services appropriation; and (d) OJA's tribal law enforcement assistance appropriation. Finally, technically correct the county law enforcement services appropriation funding source designation.

[Act 16 Sections: 771m, 772m, 859 and 860m]

3. PENALTY ASSESSMENT SURCHARGE [LFB Paper 191]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR-REV	$0	$875,200	$0	$875,200
PR-REV	$2,003,000	$1,087,600	$271,000	$3,361,600
PR-Lapse	$0	$875,200	$0	$875,200

Governor: Make the following changes concerning the penalty assessment surcharge: (a) reduce the penalty assessment surcharge from 23% to 13% of the total fine or forfeiture imposed for a violation of state law or municipal or county ordinance (except for violations involving smoking in restricted areas, failing to properly designate smoking or nonsmoking areas, nonmoving traffic violations or violations of safety belt use); and (b) provide that all penalty assessment surcharge revenues be credited to OJA's penalty assessment surcharge receipts appropriation. These changes would first take effect and apply to assessments imposed on the effective date of the bill. In addition, delete obsolete non-statutory language concerning transfer of funds to the penalty assessment surcharge receipts appropriation during the 1999-01 biennium.

Under current law, twenty-eight fifty-fifths of penalty assessment surcharge revenues are deposited to OJA's penalty assessment surcharge receipts appropriation and twenty-seven fifty-fifths are deposited to the Department of Justice (DOJ) for the law enforcement training fund

and for crime laboratory equipment and supplies. The bill would eliminate DOJ's receipt of penalty assessment surcharge revenues and instead create a new law enforcement training fund assessment [see "Justice -- Law Enforcement Training Fund and Assessment"]. Under the bill, all penalty assessment surcharge revenue would now be credited to OJA's penalty assessment surcharge receipts appropriation for distribution as provided in the appropriation.

OJA's penalty assessment surcharge receipts appropriation currently receives twenty-eight fifty-fifths of all penalty assessment surcharge revenues, which represents approximately 11.71% of the total fine or forfeiture. Under the bill, the penalty assessment would be reduced to 13% of the total fine or forfeiture amount, but OJA would receive the entire amount. The increase in program revenue to OJA's penalty assessment surcharge receipts appropriation as a result of this change is estimated under the bill to be $1,001,500 annually.

Joint Finance/Legislature: Except for the removal of obsolete non-statutory language, delete provision. Instead, increase the penalty assessment surcharge from 23% to 24% of a total fine or forfeiture to first take effect and apply to violations occurring on the effective date of the bill. Further, provide that the penalty assessment revenues be distributed with thirteen twenty-fourths of revenues collected deposited to OJA and eleven twenty-fourths deposited to the Department of Justice's law enforcement training fund.

Transfer, in 2001-02, 85% of the unencumbered balances on June 30, 2001, of OJA's anti-drug enforcement program, penalty assessment--state, local and administration appropriations; DPI's aid for alcohol and other drug abuse programs appropriation; and DOC's victim services and programs appropriation to OJA's penalty assessment receipts appropriation, estimated to total $1,293,400. Reestimate penalty assessment revenues received by OJA's penalty assessment receipts appropriation by $1,016,000 in 2001-02 and $71,600 in 2002-03.

Transfer to the general fund $875,200 from OJA's penalty assessment receipts appropriation in 2001-02.

Veto by Governor [D-22]: Increase the required balance transfers on June 30, 2001, for the affected appropriations, from 85 percent of the unencumbered balances to the entire unencumbered balances. The Governor estimates that the partial veto would result in additional transfers to the penalty assessment receipts appropriation totaling $271,000 in 2001-02.

[Act 16 Sections: 852n, 3774, 3775 thru 3777n, 4047 thru 4056, 9201(6c)&(6d), 9211(2c), 9240(1c) and 9359(4c)]

[Act 16 Vetoed Sections: 9201(6c), 9211(2c) and 9240(1c)]

4. STATE AND LOCAL PENALTY ASSESSMENT MATCH FUNDING FOR THE FEDERAL ANTI-DRUG ENFORCEMENT PROGRAM [LFB Paper 192]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$1,573,400	- $1,958,600	- $385,200

Governor: Provide $581,400 in 2001-02 and $992,000 in 2002-03 as follows: (a) provide -$288,200 in 2001-02 and $121,800 in 2002-03 in state and local penalty assessment match money for the federal Byrne anti-drug enforcement program to reestimate Byrne match requirements; and (b) provide $869,600 in 2001-02 and $870,200 in 2002-03 for administrative and youth diversion program funding. Technical correction is needed to delete the administrative and youth diversion funding, since those funds were also properly provided to the law enforcement programs--administration and youth diversion appropriation. The technical correction would delete funding as follows: (a) the youth diversion program ($738,400 annually); (b) match money for administration of the federal Byrne and Juvenile Accountability Incentive Block Grant (JAIBG) programs ($139,500 annually); and (c) full funding of salaries and fringe benefits and reclassification standard budget adjustments (-$8,300 in 2001-02 and -$7,700 in 2002-03).

In addition, consolidate the state and local penalty assessment match funding appropriations as follows: (a) rename the anti-drug enforcement program, penalty assessment--local appropriation as the anti-drug enforcement program, penalty assessment--state and local appropriation; and (b) delete the anti-drug enforcement program, penalty assessment--state appropriation and transfer its adjusted base of $1,294,200 annually to the anti-drug enforcement program, penalty assessment--state and local appropriation. The anti-drug enforcement program, penalty assessment--local appropriation has an adjusted base of $1,184,200. While the modified anti-drug enforcement program, penalty assessment--state and local appropriation would receive matching funds for both state and local programs, the appropriation would remain a local assistance appropriation.

Under current law, penalty assessment revenues are used to match federal anti-drug law enforcement funds that are distributed to state agencies and local units of government and to OJA for administration. For state programs, OJA provides the full 25% match required under the federal Byrne program. Under state law, OJA provides 15% of the required match for local programs and the local unit of government is required to provide the other 10% match.

According to the executive budget book, the Governor intends to provide $250,000 annually and provide the full 25% match for discretionary anti-drug enforcement grants to local multijurisdictional enforcement groups (MEGs) for increased enforcement and awareness campaigns to educate potential abusers, parents and community members of the nature and impact of ecstasy and other so-called club drugs and relevant criminal penalties. A statutory change would be needed to allow OJA to provide the Governor's recommended 25% penalty assessment match for the new ecstasy awareness and enforcement grant program.

Joint Finance: Modify the Governor's provision by: (a) authorizing the 25% match for the ecstasy awareness and enforcement grant program; (b) retaining separate penalty assessment appropriations for matching state and local Byrne funds; (c) deleting $869,600 in 2001-02 and $870,200 in 2002-03 in penalty assessment funding for youth diversion program funding, for full funding of certain salaries and fringe benefits and reclassification standard budget adjustments, as well as penalty assessment match money for Byrne and JAIBG administration that was inadvertently provided twice; (d) deleting $52,500 annually in penalty assessment match money for the Governor's Commission on Law Enforcement and Crime set-aside; (e) deleting $40,000 annually in penalty assessment match money for the purchase of in-car cameras in police squad cars; and (f) deleting $33,800 in 2002-03 in penalty assessment match money for the misdemeanor offender diversion program.

Senate: Reallocate penalty assessment match money as follows: (a) -$35,000 annually for special projects; (b) -$95,000 in 2002-03 for a misdemeanor offender diversion program; and (c) $82,500 annually for community justice centers and the pretrial intoxicated driver intervention grant program.

Assembly: Reallocate penalty assessment match money as follows: (a) -$125,000 in 2002-03 for a misdemeanor offender diversion program; (b) $13,800 in 2001-02 and $8,700 in 2002-03 for a crime prevention resource center; (c) $28,400 in 2001-02 and $37,900 in 2002-03 for 3.0 restorative justice assistant district attorneys (ADAs); and (d) $16,900 in 2001-02 and $19,300 in 2002-03 for an Office of Faith-Based Crime Prevention Initiatives.

Conference Committee/Legislature: Adopt the Senate provision and modify the Assembly provision by: (a) deleting $66,700, rather than $125,000, in 2002-03 from the misdemeanor offender diversion program; (b) providing $18,900 in 2001-02 and $25,300 in 2002-03 for 2.0, rather than 3.0, restorative justice ADAs; and (c) deleting funding for an Office of Faith-Based Crime Prevention Initiatives. In total, $161,700 in penalty assessment match money would be reallocated from the misdemeanor offender diversion program to other programs.

Veto by Governor [D-21]: Delete the requirements for OJA to make allocations of penalty assessment match money for: (a) community justice centers; (b) the pretrial intoxicated driver intervention grant program; and (c) the crime prevention resource center.

[Act 16 Section: 328g]

[Act 16 Vetoed Sections: 327n, 672L, 1375r, 2340q and 9101(21j)&(22w)]

5. FEDERAL LOCAL ASSISTANCE AND AIDS TO ORGANIZATIONS APPROPRIATIONS [LFB Paper 192]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
FED	$1,046,600	- $925,000	$484,900	$606,500

Governor: Provide $753,500 in 2001-02 and $293,100 in 2002-03 to reflect a reestimate of available federal Byrne anti-drug law enforcement grant funding. In addition, make the following changes to OJA federal appropriations for aids to organizations and local assistance: (a) rename the federal aid, criminal justice improvement projects, local assistance appropriation the federal aid, local assistance and aids appropriation and delete the language in the appropriation providing that the funds be allocated to local governments; (b) repeal the federal aid, criminal justice improvement projects, aid to organizations appropriation and transfer its adjusted base of $2,250,000 annually to the federal aid, local assistance and aids appropriation; and (c) repeal the federal aid, anti-drug enforcement program, aids and local assistance appropriation and transfer its adjusted base of $5,741,400 annually to the federal aid, local assistance and aids appropriation.

Joint Finance: Delete: (a) $262,500 annually in Byrne grant funds for the Governor's Commission on Law Enforcement and Crime set-aside; and (b) $200,000 annually in Byrne grant funds for the purchase of in-car cameras in police squad cars.

Senate: Provide $142,500 annually in Byrne grant funds for community justice centers and the pretrial intoxicated driver intervention grant program (transferred from the federal justice assistance, state operations appropriation) and allocate $175,000 annually in Byrne grant funds from special projects funding to funding for community justice centers and the pretrial intoxicated driver intervention grant program.

Assembly: Provide the following Byrne grant funding, transferred from the federal justice assistance, state operations appropriation: (a) $41,200 in 2001-02 and $26,300 in 2002-03 for the crime prevention resource center; and (b) $85,000 in 2001-02 and $113,600 in 2002-03 for 3.0 restorative justice assistant district attorneys (ADAs).

Conference Committee/Legislature: Adopt the Senate provision and modify the Assembly provision by providing $56,700 in 2001-02 and $75,700 in 2002-03 in Byrne grant funds for 2.0, rather than 3.0, restorative justice ADAs. In total, $484,900 in 2002-03 is deleted from the federal justice assistance, state operations appropriation and transferred to the federal aids local assistance and aids appropriation ($240,400 in 2001-02 and $244,500 in 2002-03).

Veto by Governor [D-21]: Delete the requirements for OJA to allocate federal Byrne grant funds for community justice centers, the pretrial intoxicated driver intervention grant program and the crime prevention resource center.

[Act 16 Sections: 773 and 864 thru 866]

[Act 16 Vetoed Sections: 327n, 672L, 1375r, 2340q and 9101(21j)&(22w)]

6. CONSOLIDATION OF FEDERAL STATE OPERATIONS APPROPRIATIONS AND REESTIMATE OF FEDERAL FUNDS [LFB Papers 192 and 193]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
FED	- $357,800	0.75	- $763,100	- 0.75	- $484,900	0.00	- $1,605,800	0.00

Governor: Make the following changes to OJA's federal appropriations for state operations: (a) provide -$966,500 in 2001-02 and $533,500 in 2002-03 as a reestimate of federal Byrne anti-drug law enforcement grant funding; (b) provide $36,300 in 2001-02 and $38,900 in 2002-03 and 0.75 position annually (the position and funding were inadvertently provided); and (c) consolidate OJA's three existing federal appropriations for state operations (administration, state operations; criminal justice, state operations; and anti-drug enforcement, state operations) into one justice assistance, state operations appropriation to receive money from the federal government for state agency operations for justice assistance to carry out the purpose for which the federal money was received.

Under the bill: (a) $4,300,000 annually would be transferred from the federal aid, criminal justice improvement projects, state operations appropriation and the appropriation would be repealed; and (b) $4,301,300 and 4.95 positions annually would be transferred from the federal aid, anti-drug enforcement program, state operations appropriation and the appropriation would be repealed. A technical correction is needed to delete the 0.75 position and related funding that was inadvertently provided.

Joint Finance: Modify the Governor's provision as follows: (a) delete $36,300 in 2001-02 and $38,900 in 2002-03 and 0.75 position annually that were inadvertently provided; (b) delete $293,200 annually in Byrne funding that was inadvertently provided; and (c) reduce by $101,500 in 2002-03 the Byrne grant funds available for a proposed misdemeanor offender diversion program.

Senate: Modify the Joint Finance provision by deleting $285,000 in 2002-03 in Byrne grant funds from the misdemeanor offender diversion program (these funds are transferred to the federal aid, local assistance and aids appropriation for community justice centers and the pretrial intoxicated driver intervention grant program).

Assembly: Modify the Joint Finance provision by: (a) deleting $374,900 in Byrne grant funds from the misdemeanor offender diversion program in 2002-03; (b) transferring $67,500 in Byrne grant funds to the federal aid, local assistance and aids appropriation to fund a crime prevention resource center; (c) transferring $198,600 in Byrne grant funds to the federal aid, local assistance and aids appropriation to fund 3.0, rather than 3.0, restorative justice assistant district attorneys (ADAs); and (d) providing $50,700 in 2001-02 and $58,100 in 2002-03 in Byrne grant funds for an Office of Faith-Based Crime Prevention Initiatives.

Conference Committee/Legislature: Adopt the Senate provision and modify the Assembly provision by: (a) deleting $199,900 in Byrne grant funds from the misdemeanor

offender division program in 2002-03; (b) transferring $132,400 in Byrne grant funds to the federal aid, local assistance and aids appropriation to fund 2.0, rather than 3.0, restorative justice ADAs; and (c) deleting funding for an Office of Faith-Based Crime Prevention Initiatives. In total, $484,900 in 2002-03 is deleted from the federal justice assistance, state operations appropriation and transferred to the federal aids local assistance and aids appropriation ($240,400 in 2001-02 and $244,500 in 2002-03).

[Act 16 Sections: 862, 863 and 867]

7. COMMUNITY JUSTICE CENTER GRANT PROGRAM

Senate/Legislature: Direct OJA to allocate $150,000 annually in federal Byrne and matching penalty assessment funds for community justice center grants. Require OJA to provide grants to consortiums consisting of local government agencies and community-based organizations for planning community justice center programs. Require OJA to establish eligibility criteria for the grants, including specification of the types of agencies and organizations that would be eligible to receive grants. Provide that the maximum award that OJA could award any single consortium would be a one-time grant of $50,000. Require OJA to establish guidelines for administering the grant program, including guidelines for evaluating and selecting grant recipients. Require OJA to give priority for receipt of grant funds to consortiums serving localities in which the incidence of crime is high relative to other localities in the state and to localities for which the ratio of persons placed at the county jail to the capacity of the jail is high relative to other localities in the state. Finally, require OJA to distribute $50,000 of the grant funds in 2001-02 to the community justice center in Milwaukee.

Veto by Governor [D-21]: Delete provision.

[Act 16 Vetoed Section: 9101(21j)]

8. PRETRIAL INTOXICATED DRIVER INTERVENTION GRANT PROGRAM

Senate/Legislature: Direct OJA to allocate $250,000 annually in federal Byrne and matching penalty assessment funds for a pretrial intoxicated driver grant program in the Department of Transportation (DOT).

Veto by Governor [D-21]: Delete provision.

[Act 16 Vetoed Sections: 327n, 672L and 2340q]

9. CRIME PREVENTION RESOURCE CENTER

Assembly/Legislature: Direct OJA to allocate $55,000 in 2001-02 and $35,000 in 2002-03 in federal Byrne anti-drug enforcement program grant money and matching penalty assessment

funds to provide funding for a crime prevention resource center. Require the Fox Valley Technical College to permit the Wisconsin Crime Prevention Practitioners Association or a person designated by the Association to establish at the college a crime prevention resource center and operate the center in cooperation with the Association or the person designated by the Association.

Veto by Governor [D-21]: Delete provision.

[Act 16 Vetoed Sections: 1375r and 9101(22w)]

10. COUNTY-TRIBAL LAW ENFORCEMENT GRANTS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	$521,200	- $521,200	$0

Assembly: Provide $360,600 annually in tribal gaming revenues and create a new cooperative county-tribal law enforcement grant program to provide: (a) $210,550 annually to Vilas County to support a law enforcement agreement between Vilas County and the Lac du Flambeau band of Lake Superior Chippewa; (b) $50,000 annually to Oneida County to support a law enforcement agreement between Oneida County and the Lac du Flambeau band of Lake Superior Chippewa; and (c) $100,000 annually to Forest County to support a law enforcement agreement between Forest County and the Forest County Potawatomi. Provide that these counties must report to OJA as to how this grant money is expended. Provide that any unencumbered balance in OJA's newly-created grants for cooperative county-tribal law enforcement appropriation would revert to the Indian gaming receipts appropriation on June 30 of each year. Repeal the grant program and appropriation effective July 1, 2003.

Conference Committee/Legislature: Modify the Assembly position by deleting $100,000 annually for Forest County.

Veto by Governor [F-27]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.505(6)(kr)), 859r, 859s, 890g, 890h, 9101(21k) and 9401(3k)]

ADOLESCENT PREGNANCY PREVENTION AND PREGNANCY SERVICES BOARD

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$222,000	$222,600	$222,600	$222,600	$222,600	$600	0.3%
PR	888,600	899,000	899,000	899,000	899,000	10,400	1.2
TOTAL	$1,110,600	$1,121,600	$1,121,600	$1,121,600	$1,121,600	$11,000	1.0%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	0.30	0.30	0.30	0.30	0.30	0.00
PR	1.20	1.20	1.20	1.20	1.20	0.00
TOTAL	1.50	1.50	1.50	1.50	1.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $1,200
PR	- 6,000
Total	- $7,200

Governor/Legislature: Delete $3,600 ($600 GPR and $3,000 PR) annually to adjust the Board's base budget for: (a) full funding of salaries and fringe benefits (-$1,300 GPR and -$5,800 PR annually); and (b) reclassifications ($700 GPR and $2,800 PR annually).

2. SASI INITIATIVE

GPR	$4,200
PR	16,400
Total	$20,600

Governor/Legislature: Provide $10,300 ($2,100 GPR and $8,200 PR) annually for basic desktop technology support as part of the small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support user fee charges of $2,200 for each user account at

the Board and new BadgerNet line charges. The services supported include desktop applications and hardware, continuous help desk support, network infrastructure and security, centralized data storage, backup and disaster recovery, dialup service and E-mail/messaging services.

3. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $2,400

Governor/Legislature: Reduce the Board's GPR state operations appropriation by 5% of the adjusted base level (-$1,200 annually).

4. STATUTORY CHANGES

Governor/Legislature: Modify statutes relating to the Board as follows.

Administrative Attachment. On the effective date of the bill, attach the Board, for administrative purposes, to DOA, rather than DHFS. Transfer all assets, liabilities and tangible personal property that are primarily related to the functions of the Board from DHFS to DOA.

Create Continuing Appropriation to Fund Conferences. Create a continuing PR appropriation, consisting of all monies received from gifts, grants and bequests relating to conferences conducted by the Board, to fund the costs of conducting those conferences.

Source of Local Matching Funds. Prohibit organizations that receive grants from the Board from using federal funds as their required 20% match. Currently, organizations are prohibited from using state funds, but may use federal funds, for this purpose.

Minor Statutory Changes and Corrections. Clarify that the Board may expend up to the amounts budgeted from moneys received from other state agencies for the administration of the Board's programs. Correct cross-references to the Board's appropriations to reflect that the Board's grants and state operations are supported by a combination of GPR and TANF funds. Delete an obsolete reference to 1995 session law.

[Act 16 Sections: 174, 693 thru 695, 844, 1569 thru 1572 and 9123(4)]

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$56,955,000	$73,837,500	$68,081,400	$60,229,200	$59,729,200	$2,774,200	4.9%
FED	12,578,200	14,304,400	13,863,400	13,863,400	13,863,400	1,285,200	10.2
PR	36,549,800	37,746,800	38,816,600	39,761,800	39,145,200	2,595,400	7.1
SEG	31,915,600	29,416,700	23,354,100	39,422,900	39,198,500	7,282,900	22.8
TOTAL	$137,998,600	$155,305,400	$144,115,500	$153,277,300	$151,936,300	$13,937,700	10.1%
BR		$7,000,000	$7,000,000	$7,000,000	$7,000,000		

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	292.61	312.91	303.61	292.61	292.61	0.00
FED	69.52	68.52	68.52	68.52	68.52	- 1.00
PR	228.97	213.50	233.62	227.00	220.00	- 8.97
SEG	73.25	78.72	67.60	90.72	88.72	15.47
TOTAL	664.35	673.65	673.35	678.85	669.85	5.50

Budget Change Items

Departmentwide and Resource Management

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	$730,700	0.00
FED	317,400	- 1.00
PR	- 114,800	0.00
SEG	61,600	0.00
Total	$994,900	- 1.00

Governor/Legislature: Provide $543,800 in 2001-02 and $551,100 in 2002-03 for adjustments to the base budget for: (a) turnover reduction (-$241,200 GPR, -$53,100 FED and -$108,000 PR annually); (b) removal of noncontinuing items (-$50,000 GPR and -1.00 FED position annually); (c) full funding of salaries and fringe benefits ($629,400 GPR,

$208,900 FED, $39,800 PR and $17,900 SEG annually); (d) reclassifications and semi-automatic pay progression ($15,100 GPR and $2,200 PR in 2001-02, $18,800 GPR and $5,800 PR in 2002-03, and $11,700 SEG annually); (e) BadgerNet increase ($1,400 GPR and $1,800 PR annually); and (f) fifth vacation week as cash for certain long-term employees ($8,800 GPR, $2,900 FED, $5,000 PR and $1,200 SEG annually).

2. BASE BUDGET REDUCTION [LFB Paper 245]

GPR	- $2,026,400

Governor: Reduce DATCP's largest GPR state operations appropriation (related to food safety and consumer protection) by $1,013,200 annually. The total reduction amount was derived by making a reduction of 5% to the adjusted base level of DATCP sum certain state operations GPR appropriations. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Include the Governor's recommendation as modified to allow DATCP to submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. LAND AND WATER RESOURCE MANAGEMENT BONDING [LFB Paper 676]

BR	$7,000,000

Governor/Legislature: Provide an increase in general obligation bonding authority of $7,000,000 for the land and water resource management grant program. Revenue would be used to provide cost sharing grants to counties for land and water conservation activities. $6,575,000 in bonding is currently authorized to DATCP for these activities.

[Act 16 Sections: 394 and 972]

4. CONVERT NONPOINT APPROPRIATION TO GPR [LFB Paper 675]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$9,752,200	11.00	- $9,752,200	-11.00	$0	0.00
SEG	- 9,752,200	- 11.00	9,752,200	11.00	0	0.00
Total	$0	0.00	$0	0.00	$0	0.00

Governor: Delete an annual SEG appropriation for the soil and water resource management program and convert $4,876,100 SEG annually with 11.0 positions from the nonpoint account of the environmental fund to GPR. Funding of $904,800 annually is allocated for staff to administer DATCP land and water resource management program activities. Additionally, $3,971,300 annually is provided for landowner cost-sharing and county staffing grants, including funding for priority watershed staff. The grant funding converted to GPR would be provided in an existing GPR continuing appropriation funded at $9,847,000 annually under the bill.

Senate/Legislature: Delete provision.

5. LAND AND WATER RESOURCE MANAGEMENT COUNTY STAFFING GRANTS

[LFB Paper 675]

Joint Finance: Specify that local match requirements of 30% for a second staff person and 50% for any additional staff persons for DATCP staffing grants are minimums and determined by DATCP. Further, for a grant award before 2010, require DATCP to require a county to provide matching grants for priority watershed project staff equal to not less than 10% nor more than 30% of the staff funding that was provided to the county for 1997 for a priority watershed that was designated before July 1, 1998, as long as it is before the termination date that was in effect on October 6, 1998, for the priority watershed project.

Senate: Modify the Joint Finance provision to specify that local match requirements equal to 30% for a second staff person and 50% for any additional staff persons for DATCP staffing grants are determined by DATCP.

Assembly/Legislature: Include the Joint Finance provision as modified to specify that local match requirements equal to 30% for a second staff person and 50% for any additional staff persons for DATCP staffing grants are determined by DATCP by administrative rule.

[Act 16 Sections: 2380g and 2380i]

6. SOUTH FORK OF THE HAY RIVER WATERSHED FUNDING

Joint Finance: Extend the statutorily designated South Fork of the Hay River priority watershed sunset date from June 30, 2001, to June 30, 2006 and require DATCP to provide funding to counties for staffing in the South Fork of the Hay River priority watershed (in Barron, Dunn, Polk and St. Croix Counties) in the same manner as other continuing priority watersheds receive staffing funds.

Assembly/Legislature: Include the Joint Finance provision as modified to extend the sunset date to June 30, 2005.

[Act 16 Section: 3176m]

7. INFORMATION TECHNOLOGY [LFB Paper 205]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$1,337,200	- $135,000	$1,202,200

Governor: Provide $665,600 in 2001-02 and $671,600 in 2002-03 to reflect chargebacks to various agency appropriations for IT expenditures, and change the IT appropriation from annual to biennial. It is estimated that $739,300 in spending authority is needed to convert the Department's computers to Windows 2000 and $464,000 for new laptops, with other funds used to replace other computers and to maintain hardware and software. Base funding in the appropriation is $1,537,200 annually.

Joint Finance/Legislature: Provide an additional $121,500 in 2001-02 and delete $256,500 in 2002-03 to reestimate expenditure authority needed for desktop licenses, laptops and high-end printers and to remove one-time network conversion costs from the appropriation's base for the 2003-05 biennium. Further, retain the appropriation as annual.

8. LABORATORY SERVICES AND EQUIPMENT

PR	$241,000
SEG	241,000
Total	$482,000

Governor/Legislature: Provide $126,000 SEG in 2001-02 and $115,000 SEG in 2002-03 from the agrichemical management fund, and request increased spending authority of $126,000 PR in 2001-02 and $115,000 PR in 2002-03 to reflect chargebacks to agrichemical management funded appropriations for laboratory equipment purchases. Laboratory equipment would be used for fertilizer and pesticide related soil and water analyses. Further, transfer 0.5 vacant technician position and $13,800 annually in related funding from a milk standards PR appropriation to a general laboratory services PR appropriation to meet projected workload in the general laboratory services program.

9. DRAINAGE DISTRICT PERMITTING AND GIS MAPS

Assembly: Provide that a drainage district drain used primarily for agricultural purposes (including aquaculture) be specified as not navigable unless a United States Geological Survey map or other equally reliable scientific evidence shows that the drain was a navigable stream before it became a district drain. Allow county drainage boards to place structures or deposits in a district drain for primarily agricultural purposes without a Department of Natural Resources (DNR) permit if, after consulting with DNR, DATCP either specifically approves the

placement, or the structure or deposit is required by DATCP rule to conform to approved drain specifications, regardless of whether the district drain has been designated a class 1 trout stream. Further, allow county drainage boards to clean material from a district drain for agricultural purposes without a DNR permit as long as the removal is required by DATCP rule, after consulting with DNR, to conform to drain specifications.

Delete the requirement that a drainage district must have a permit to acquire or remove any dam or obstruction from navigable waters or to clean out, deepen, widen or straighten any navigable stream. Eliminating some permit requirements for drainage boards would decrease fee revenues (and associated workload) to DNR. Unless a drainage district is dissolved, require DNR to consult with DATCP (as well as drainage commissioners under current law) on the operation and maintenance of dams. While DNR is required to give careful consideration to suggestions, DNR retains final decision authority on the operation and maintenance of dams (including dams in the Duck Creek Drainage District only if it fails to operate according to statutes).

If the Outagamie Drainage District No. 6 (Duck Creek Drainage District) fails to operate, repair and maintain dams and other structures in district drains in accordance with DATCP rules and Chapter 88 (Drainage of Lands) of the statutes, require DNR to consult with DATCP and the drainage commissioners on the operation and maintenance of the dams, or if there are no commissioners, with DATCP and any committee appointed by the county board to represent the county's interest.

In addition, require counties to submit any preliminary geographic information system (GIS) maps they produce that include streams, ditches, dikes or levees to any drainage district with land in that county. Further, require the drainage districts to notify the county within 120 days after receiving the map if there is an error or omission in the map. Require the county to correct the identified error or omission if it concurs with the drainage district. However, if the county disagrees with the drainage district, require the county to notify the drainage district and the Land Information Board, and require the Land Information Board to resolve the conflict.

Conference Committee/Legislature: Delete provision.

10. DRAINAGE BOARD GRANTS

Governor/Legislature: Make a technical correction to clarify that the sunset of the drainage board grant program is June 30, 2006, as intended in 1999 Act 9 (the biennial budget act).

[Act 16 Section: 422]

11. DRAINAGE DISTRICT ENGINEERING SERVICES WEB SITE

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	$210,000	- $210,000	$0

Joint Finance: Provide $200,000 in 2001-02 and $10,000 in 2002-03 in a new, annual appropriation and require DATCP to create and maintain a secure website for drainage districts to post engineering projects with the purpose of obtaining electronic bids for drainage district engineering services. Further, require DATCP to promulgate rules to set fees to cover the costs of the website.

Senate: Delete provision.

Conference Committee/Legislature: Include the Joint Finance provision.

Veto by Governor [B-6]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.115(7)(i)), 423g and 2351h]

12. AGRICULTURE IN THE CLASSROOM

SEG	$200,000

Assembly/Legislature: Provide $100,000 annually in a new, annual appropriation from the agrichemical management fund for grants to the organization responsible for administering the USDA Agriculture in the Classroom program to help teachers educate students about agriculture.

[Act 16 Sections: 421h and 2390p]

13. CONSOLIDATE AGRICHEMICAL MANAGEMENT APPROPRIATIONS

Governor/Legislature: Delete three annual SEG appropriations from the agrichemical management (ACM) fund related to: (a) groundwater standards implementation; (b) fertilizer additives and commercial feed regulation; and (c) pesticide regulations and the agricultural chemical cleanup program and transfer the expenditure authority ($4,068,400 in 2001-02 and $4,060,400 in 2002-03) to an agrichemical management general program operations annual SEG appropriation from the ACM fund.

[Act 16 Sections: 427 thru 429]

14. AGRICULTURAL CHEMICAL CLEANUP PROGRAM GRANT EXPANSION

Senate/Legislature: Increase the amount DATCP may reimburse a responsible person from $20,000 to $50,000 for the replacement of private wells if DATCP or the Department of Natural Resources (DNR) orders the well replacement in response to a discharge. Further, expand reimbursement requirements to allow reimbursement for the restoration of private wells or for their connection to a public or private water source if either DATCP or DNR orders the well replacement, restoration or connection in response to a discharge. Stipulate that these provisions first apply to applications received on the effective date of the bill for costs incurred not more than 36 months before the effective date of the bill. Under current law, DATCP may provide reimbursement of up to $20,000 for the replacement of private wells if either DATCP or DNR orders the well replacement in response to a discharge.

[Act 16 Sections: 2397e and 9304(1d)]

15. LEAD ARSENATE CONTAMINATION

SEG	$25,700

Governor/Legislature: Provide $5,500 in 2001-02 and $20,200 in 2002-03 from the agrichemical management fund for additional staff-related costs to convert a vacant program assistant position to a senior engineering specialist position. The engineering position would track properties that have been contaminated with pesticides made with lead arsenate and prepare outreach materials for the public. DATCP data would supplement currently collected Department of Natural Resources data on remediated sites.

16. WOOD TREATED WITH ARSENIC

Joint Finance: Require DATCP and the Department of Commerce to submit, to the Joint Committee on Finance by the fourth quarterly meeting in 2001 under s. 13.10, a comprehensive plan to phase out the purchase by any state agency, or other entity using state funds, of wood, or any product that contains wood, that is treated with arsenic, inorganic arsenic or an arsenic copper combination such as chromated copper arsenate wood preservative fungicide by December 31, 2002. Further, require that the plan include a recommendation on how to keep wood treated with arsenic, inorganic arsenic or an arsenic copper combination such as chromated copper arsenate wood preservative fungicide from being used in children's playground equipment at K-12 schools and in municipal parks.

In addition, require that the plan include whether any Wisconsin-based corporations treat wood with arsenic, inorganic arsenic or an arsenic copper combination such as chromated copper arsenate wood preservative fungicide. Further, if any Wisconsin-based corporation does treat wood in this manner, require the plan to include how much financial assistance would be needed to assist these corporations in converting their operations to use a preservative that does not contain arsenic, inorganic arsenic or an arsenic copper combination such as chromated copper arsenate wood preservative fungicide.

Assembly: Delete the Joint Finance provision. Instead, require DATCP and the Department of Commerce to review scientific evidence to determine whether there is a substantial likelihood that wood treated with copper, chromium and arsenic is harmful to the environment. Require the Departments to report the results of their review to the chief clerk of each house of the Legislature by June 30, 2002. Further, require the Departments to jointly promulgate rules that phase in restrictions on the use of wood treated with copper, chromium and arsenic, if the Departments determine that such wood is harmful to the environment. However, do not allow the Departments to prohibit the use of wood treated with copper, chromium and arsenic for a purpose unless there is a less harmful substitute wood preservative that may be used for that purpose. Set forfeitures at $500 for each violation of any resulting rules promulgated by DATCP and Commerce.

Conference Committee/Legislature: Include the Assembly provision as modified to require DATCP and the Department of Commerce to review scientific evidence to determine whether there is a substantial likelihood that wood treated with copper, chromium and arsenic is harmful to human health or to the environment (versus only the environment under the Assembly provision). Further, require the Departments to jointly promulgate rules that phase in restrictions on the use of wood treated with copper, chromium and arsenic, if the Departments determine that such wood is harmful to human health or to the environment (versus only the environment under the Assembly provision).

In addition, require DATCP and Commerce to submit, to the Joint Committee on Finance by the fourth quarterly meeting in 2001 under s. 13.10, a comprehensive plan recommending how to keep wood treated with arsenic, inorganic arsenic or an arsenic copper combination such as chromated copper arsenate wood preservative fungicide from being used, if there is a less harmful substitute wood preservative that may be used, either at K-12 schools or in municipal parks in: (a) picnic tables; (b) park benches; or (c) children's playground equipment.

Veto by Governor [B-2]: Delete provisions, except the requirement that DATCP and the Department of Commerce review scientific evidence to determine whether there is a substantial likelihood that wood treated with copper, chromium and arsenic is harmful to the environment or to human health.

[Act 16 Sections: 2394p and 9104(2k)]

[Act 16 Vetoed Sections: 2394p and 9104(2k)]

17. INTEGRATED PEST MANAGEMENT (IPM) IN K-12 SCHOOLS

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$239,400	1.00	$224,400	2.00	- $224,400	- 2.00	$239,400	1.00

Governor: Provide $118,200 in 2001-02 and $121,200 in 2002-03 and 1.0 position from the agrichemical management fund to convert an expiring IPM specialist project position to permanent and provide additional contract funding to expand DATCP's IPM assistance program in K-12 schools. The program assists public and private school staff in the use of IPM.

Joint Finance: In addition to the Governor's recommendation, provide DATCP with $136,400 and 2.0 positions in 2001-02 and $88,000 in 2002-03 from the agrichemical management (ACM) fund for 1.0 program assistant, 1.0 environmental analysis and review specialist and funding for limited-term employees to implement a pest management program in school districts.

Require DATCP to assist school districts with all requirements under these provisions and to consult with the Department of Health and Family Services (DHFS) and the Department of Public Instruction concerning school pest management issues. Require the University of Wisconsin Board of Regents to provide, through UW-Extension, programs to train employees of school districts and other persons about using integrated pest management. Define "integrated pest management" as a comprehensive strategy of pest control with the main objective of achieving desired levels of pest control in an environmentally responsible manner to reduce or eliminate reliance on pesticides by using a combination of nonchemical pest controls, which may include monitoring, increased sanitation, physical barriers and the use of natural pest enemies, to address conditions that support pests and judiciously using lowest risk pesticides when necessary after all other methods have failed. Further, require that the training include information about the development and implementation of pest management plans to prevent unacceptable levels of pest activity and damage in schools and on school grounds while minimizing hazards to persons, property and the environment. Require UW-Extension and state Cooperative Educational Service Agencies to cooperate in providing the training.

Require school boards to propose a pest management plan, after obtaining the training outlined above, for at least one member of the school board or school district employee who will be involved in developing the pest management plan. Require the plan be designed to prevent unacceptable levels of pest activity and damage while minimizing hazards to people, property and the environment. Require that the plan include the pest management practices that will be used by the school district, including a description of: (a) the methods that will be used to identify pest problems, including monitoring to determine whether the number of pests justifies pesticide treatment; (b) the nonchemical methods that the school district will use to seek to prevent unacceptable levels of pest activity and damage; (c) the pesticides and methods of application that the school district will use if the nonchemical methods fail to prevent unacceptable levels of pest activity and damage; and (d) the means the school district will use to meet other requirements outlined below.

Require school boards to provide public notice and hold a public hearing on their proposed pest management plan, and to adopt a plan by the first day of the seventh month after the effective date of the bill that meets the requirements in (a) to (d) above. Require the plan be

submitted to DATCP by the same date. Further, require the school board to implement the plan by the first day of the thirteenth month after the effective date of the bill. School boards must notify DATCP of any modifications to the pest management plan and provide public notice and a hearing before modifying their plan.

Require school boards to authorize pesticide application in a school or on school grounds only by persons who are certified by DATCP in the applicable pesticide use category under current law. Further, require that when the use of a pesticide is determined to be necessary in a school or on school grounds, that the school board use integrated pest management practices.

Require school boards to post notice of each school pesticide application during, and for at least the 72 hours after, the application. Further, unless the school district administrator or the school principal declares that a pest emergency exists, at least 72 hours in advance of each school pesticide application, require school boards to provide written notification of the name of the pesticide to be applied, the planned time and location of the application, the potential health effects of exposure to the pesticide, as indicated on its label, and the name and telephone number of a person at the school who can be called for more information or to report health effects from exposure. The written notification would need to be sent to all school district employees or contractors and all students who may be present in the area of application within 72 hours after the application. The parents or guardians of the affected students also would receive the written notification. If a pest emergency were declared, the written notification with the actual application information would need to be sent to the same persons above, as soon as possible after the application. In all cases, require the written notice to be in a font size no smaller than routinely used for other school notices to parents.

Require school boards to maintain records for each school pesticide application that include: (a) the name and certification number of the person applying the pesticide; (b) the type of pesticide applied and its brand name; (c) the name and number of the pesticide as registered under the federal insecticide, fungicide, and rodenticide act; (d) the manufacturer of the pesticide; (e) the pesticide's active and inert ingredients; (f) the date and time of the application and the amount of pesticide applied; (g) how the pesticide was applied, including any additives used and the type of application device used; (h) the street address of the place at which the pesticide was applied and a description of the area to which the pesticide was applied; (i) the purpose of the application, including the target pest and whether the application was preventive or reactive; (j) for an outdoor application, a description of the weather conditions at the time of the application; and (k) the symptoms of acute poisoning from the pesticide, as indicated on its label. Require school boards to provide the records quarterly to DATCP, unless the school district does not use pesticides and notifies DATCP of that fact. Require that the records, if required, be made available from school boards or the Department to any person upon request. In addition, require school boards to provide any information regarding pest management that is requested by DATCP.

Prohibit school districts from using pesticide fumigation, from applying pesticides for aesthetic or cosmetic purposes and from routinely using pesticides in or around schools on a regularly scheduled basis. In addition, prohibit a school district from using pesticides around schools unless nonchemical methods of pest control have failed. Require school boards to review their liability and property insurance to determine whether coverage is adequate for damage or loss caused by pesticides.

Require DATCP and the UW Board of Regents to enter into a memorandum of understanding concerning school pest management and UW-Extension training to ensure cooperation between DATCP and UW-Extension and to avoid duplication of activities. Require DATCP, in cooperation with the UW-Extension and DHFS, to submit a report evaluating the above school pesticide program on or before January 1 of each even-numbered year to the Legislature.

Assembly: Delete the Joint Finance provision.

Conference Committee/Legislature: Include the Joint Finance provision as modified to define "integrated pest management" as a comprehensive strategy of pest control with the main objective of achieving desired levels of pest control in an environmentally responsible manner to reduce or eliminate reliance on pesticides by using a combination of nonchemical pest controls, which may include monitoring, increased sanitation, physical barriers and the use of natural pest enemies, to address conditions that support pests and judiciously using lowest risk pesticides when necessary after all other "practical" methods have failed (rather than after all other methods have failed). Further, require that a school board's pest management plan include a description of the pesticides and methods of application that the school district "may" (rather than "will" under Joint Finance provisions) use if the nonchemical methods fail to prevent unacceptable levels of pest activity and damage.

Veto by Governor [B-3]: Delete provisions except the allocation of $118,200 in 2001-02 and $121,200 in 2002-03 for 1.0 position from the agrichemical management fund to convert an expiring IPM specialist project position to permanent and for additional contract funding to expand DATCP's IPM assistance program in K-12 schools and the requirement that school boards (a) authorize pesticide application (not including germicides, sanitizers or disinfectants) in a school or on school grounds only by persons who are certified by DATCP in the applicable pesticide use category under current law, and (b) post notice of each school pesticide application during, and for at least the 72 hours after the application.

[Act 16 Sections: 426p, 582k, 1357k and 2395t]

[Act 16 Vetoed Sections: 395 (as it relates to ss. 20.115(7)(rm) and 20.285(1)(s)), 426p, 582k, 1357k and 2395t]

18. GYPSY MOTH PROGRAM INCREASES

SEG	$130,200

Governor/Legislature: Provide $54,600 in 2001-02 and $75,600 in 2002-03 from the forestry account of the conservation fund to increase LTE salaries by approximately $2.50 per hour (to a range of $10.00-$11.50 per hour, costing $33,600 annually) and to provide for 5% annual gypsy moth spray cost increases ($21,000 in 2001-02 and $42,000 in 2002-03). LTE trappers and lead workers are hired for approximately 12 weeks in the summer to conduct an annual male moth survey.

19. PLANT INSPECTION

PR	$21,200

Governor/Legislature: Provide $5,700 in 2001-02 and $15,500 in 2002-03 for additional staff-related costs to transfer a vacant producer inspector position funded by fruit and vegetable inspection fees and reimbursements to a plant pest and disease specialist position funded by nursery dealer and nursery and Christmas tree grower license fees. The plant pest and disease specialist would primarily inspect nursery stock for pest detection and control.

20. CONSOLIDATE PLANT PROTECTION APPROPRIATIONS

SEG	$13,600

Governor: Delete an annual SEG appropriation from the forestry account of the conservation fund for gypsy moth eradication and transfer the expenditure authority ($1,019,200 in 2001-02 and $1,040,200 in 2002-03) to an annual SEG appropriation from the forestry account for general plant protection (including nursery regulation, gypsy moth control and other plant pests).

Joint Finance/Legislature: In addition, delete the requirement that a one-cent surcharge on the sale of state-produced nursery stock be appropriated for the DATCP gypsy moth eradication effort. Delete the associated DATCP continuing appropriation ($213,200 annually) and instead provide $220,000 annually from the forestry account to DATCP's annual SEG appropriation for general plant protection.

[Act 16 Sections: 424, 424m and 425]

21. FEDERAL GRANT LEVELS [LFB Paper 206]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$1,408,800	- $441,000	$967,800
PR	480,000	0	480,000
Total	$1,888,800	- $441,000	$1,447,800

Governor: Provide increased spending authority of $704,400 FED and $240,000 PR annually to reflect expected federal grant levels in the biennium. The increased spending

authority includes annual FED of $268,300 for food inspections and trade regulations, $36,100 for marketing agricultural services and $400,000 for plant industry services provided by the Department. In addition, the requested increase in spending authority of $240,000 PR annually is based on expected federal Environmental Protection Agency funding received through a Wisconsin Department of Natural Resources contract with DATCP.

Joint Finance/Legislature: Delete $220,500 FED annually to reflect the estimated amount received directly from the Environmental Protection Agency for pesticide related activities (mainly salaries and associated costs of 6.5 positions).

22. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$3,708,600	- $1,024,200	$2,684,400

Governor: Reestimate debt service on DATCP general obligation bonds by $962,700 in 2001-02 and $2,745,900 in 2002-03 for the following purposes: (a) soil and water resource management ($123,700 in 2001-02 and $299,000 in 2002-03); (b) conservation reserve enhancement program (CREP) ($821,400 in 2001-02 and $2,429,400 in 2002-03); and (c) facilities maintenance ($17,600 in 2001-02 and $17,500 in 2002-03).

Joint Finance/Legislature: Further reestimate debt service by deleting $752,400 GPR in 2001-02 and $271,800 in 2002-03.

23. CONSOLIDATE NONAGENCY LABORATORY APPROPRIATIONS

Governor/Legislature: Delete a continuing PR appropriation related to milk standards and transfer the expenditure authority ($382,700 annually) to a central administrative services general laboratory services (from nonstate agencies) continuing PR appropriation. Further, transfer the unencumbered balance from the milk standards appropriation to the central administrative services general laboratory services continuing PR appropriation.

[Act 16 Sections: 431, 433 and 9204(9)]

24. CONSOLIDATE GIFTS AND GRANTS APPROPRIATIONS

Governor/Legislature: Delete four continuing PR appropriations for gifts and grants related to: (a) animal health; (b) marketing; (c) agriculture investment aids; and (d) agricultural resource management, and transfer the expenditure authority ($25,000 annually) to a central administrative services gifts and grants continuing PR appropriation. Further, transfer the

unencumbered balance from each of these appropriations to the central administrative services gifts and grants continuing PR appropriation.

[Act 16 Sections: 409, 416, 420, 423, 430, 2392 and 9204(3),(4),(5)&(6)]

25. CONSOLIDATE STATE SERVICES APPROPRIATIONS

Governor/Legislature: Delete two continuing PR appropriations for services provided to other agencies related to animal health contractual services and general laboratory services and transfer the expenditure authority ($40,100 annually) to a central administrative services state contractual services continuing PR appropriation. Further, transfer the unencumbered balance from each of the appropriations to the central administrative services state contractual services continuing PR appropriation.

[Act 16 Sections: 413, 436 thru 438 and 9204(7)&(8)]

26. CONVERT PROGRAM REVENUE APPROPRIATIONS TO CONTINUING [LFB Paper 207]

PR	- $202,400

Governor: Change the following PR appropriations (with annual appropriation amounts) from annual to continuing: (a) food and trade regulation related services ($25,500); (b) public warehouse regulation ($91,800); (c) food safety and consumer protection informational materials, sale of supplies ($32,000); (d) animal health, sale of supplies ($30,300); (e) dog license, rabies control and related services ($123,400); (f) "Something Special from Wisconsin" promotion ($30,500); (g) enforcement cost recovery ($25,000); and (h) central administrative services fees ($201,200). An agency may not expend beyond the amounts listed in the appropriation without legislative approval (either through legislation or action of the Joint Committee on Finance) for an annual appropriation. An agency may expend any funds available in a continuing appropriation subject only to the review of DOA.

Joint Finance/Legislature: Delete provision. Further, reduce spending authority by $101,200 annually for the central administrative services fees appropriation to more closely estimate anticipated expenditures.

27. TRANSFER POSITIONS TO CENTRAL ADMINISTRATIVE STAFF

Governor/Legislature: Transfer 2.0 positions from the agricultural resource management program (a vacant position and a budget and policy analyst position) with related funding of $103,900 GPR annually to central administrative services. Further, transfer 1.0 automobile repair regulation attorney with related funding of $128,300 GPR annually from the trade and consumer protection program to central administrative services.

Trade and Consumer Protection

1. CONSUMER PROTECTION STAFF FROM DEPARTMENT OF JUSTICE [LFB Paper 215]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$1,617,400	9.30	- $1,617,400	- 9.30	$0	0.00

Governor: Transfer $808,700 annually and 9.3 consumer protection positions from the Department of Justice (DOJ) to DATCP on the effective date of the bill for consumer protection legal services. The transferred positions include 4.8 attorneys, 2.0 consumer protection investigators, 1.0 legal secretary, 1.0 paralegal and 0.5 legal assistant. Further, transfer related authority as summarized below.

Require DATCP (instead of DOJ) to be the state agency that brings an action in the name of the state to enjoin any corporation, or limited liability company from doing business in this state and to cancel or revoke a certificate of authority, incorporation or organization for violating any unfair trade practices order. Require DATCP (instead of DOJ) to be the state agency, in addition to district attorneys, empowered to seek court-ordered forfeitures for violations of the self-service storage facilities laws. Further, authorize (rather than require under current law) DOJ to furnish all legal services relating to the enforcement of various consumer protection provisions upon DATCP request.

Joint Finance: Delete provision.

Senate: Delete $1,589,500 GPR and 28.25 GPR consumer protection positions from DATCP in each fiscal year (0.45 division administrator, 0.30 budget policy supervisor, 0.50 communications specialist, 0.75 bureau director, 9.65 consumer protection investigators, 3.0 investigator supervisors, 5.65 consumer specialists, 0.5 legal secretary, 0.8 program and policy analyst and 6.65 program assistants).

In addition, transfer $1,059,800 GPR and 15.5 GPR consumer protection positions from DATCP to the Department of Justice (DOJ) in each fiscal year (2.0 attorneys, 1.0 consumer complaint supervisor, 4.0 consumer protection investigators, 1.0 investigator supervisor, 5.5 consumer specialists and 2.0 program assistants).

Transfer DATCP's authority and related administrative rules of the following statutory sections to DOJ:

100.15	Regulation of trading stamps
100.16	Selling with pretense of prize; in-pack chance promotion exception
100.17	Guessing contests
100.171	Prize notices
100.173	Ticket refunds
100.174	Mail-order sales regulated
100.175	Dating service contracts
100.177	Fitness center and weight reduction center contracts
100.18	Fraudulent representations
100.182	Fraudulent drug advertising
100.20	Methods of competition and trade practices
100.205	Motor vehicle rustproofing warranties
100.207	Telecommunications services
100.208	Unfair trade practices in telecommunications
100.209	Cable television subscriber rights
100.2095	Labeling of bedding
100.28	Sale of cleaning agents and water conditioners containing phosphorus
100.31	Unfair discrimination in drug pricing
100.37	Hazardous substances act
100.38	Antifreeze
100.41	Flammable fabrics
100.42	Product safety
100.43	Packaging standards; poison prevention
100.44	Identification and notice of replacement part manufacturer
100.46	Energy consuming products
100.50	Products containing or made with ozone-depleting substances
Chap 136	Future Service Plans
Chap 344	Vehicle Financial Responsibility
Chap 704	Landlord and Tenant
Chap 707	Timeshares
Chap 779	Liens

In addition, transfer DATCP's current authority to file court actions in all other Chapter 100 (Marketing; Trade Practices) sections to DOJ, for example in 100.201 (Unfair Trade Practices in the Dairy Industry), 100.22 (Discrimination in the Purchase of Milk) and 100.235 (Procurement of Vegetable Crops). Further, require DOJ to represent DATCP in any court action relating to the enforcement of Chapter 100, and remove DATCP's authority to be represented by its attorneys or to appoint special counsel to prosecute or assist in the prosecution of all cases arising under Chapter 100 of the statutes, except for s. 100.206 (Music royalty collections; fair practices), s. 100.21 (Substantiation of energy savings or safety claims), s. 100.30 (Unfair sales act) and s. 100.51 (Motor fuel dealerships). In addition, DATCP would be allowed to continue to commence an action in court to recover allowed claims on behalf of vegetable producers.

Allow DOJ (rather than DATCP) to enjoin a violation of milk payment audit requirements upon DATCP request. Further, require the Department of Commerce to consult with DOJ (rather than DATCP) when establishing rules relating to quality standards for local energy resource systems. Require DATCP to consult with DOJ in developing license applications and other forms required for pawnbrokers, secondhand article dealers and secondhand jewelry dealers.

Assembly: Restore the Governor's provision.

Conference Committee/Legislature: Include the Joint Finance provision which maintains current law. (However, due to a drafting error, the act retains a provision requiring DOJ to furnish all legal services required by DATCP relating to the enforcement of the state hazardous substance act (s. 100.37) and product safety provisions under s. 100.42.)

[See "Justice" for additional information on the proposed transfer.]

[Act 16 Section: 2855]

2. CONSUMER PROTECTION ASSESSMENT

PR	$200,000

Governor/Joint Finance: Provide $100,000 annually in additional spending authority funded by increasing, from 15% to 25%, a surcharge on all fines and forfeitures for violations relating to consumer protection that occur beginning on the effective date of the bill. Further, allow monies to be used for any consumer protection activity (rather than solely consumer protection information and education activities under current law), and require that revenue received from assessments that exceed $185,000 (rather than $85,000 under current law) in any fiscal year be deposited to the general fund.

Senate: In addition, require that DOJ, instead of DATCP, be awarded consumer protection assessments on all fines and forfeitures for violations under Chapter 100 of the statutes or corresponding rules or ordinances.

Conference Committee/Legislature: Delete Senate provision.

[Act 16 Sections: 402, 2005 thru 2012, 2422 thru 2427, 3795 thru 3801, 3817 thru 3826, 3826, 3834 and 9304(1)]

3. ETHANOL PRODUCER GRANT PROGRAM [LFB Paper 216]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	$3,000,000	- $3,000,000	$1,100,000	$1,100,000
PR	0	0	1,900,000	1,900,000
Total	$3,000,000	- $3,000,000	$3,000,000	$3,000,000

Governor: Provide $3 million in 2002-03 for grants to ethanol producers. Further, transfer the program from the Department's marketing division to its trade and consumer protection division. 1999 Act 55 created an ethanol producer grant program for annual payments of 20 cents per gallon to qualifying producers for up to 15 million gallons ($3 million per producer maximum) of ethanol produced in a 12-month period. No funding was provided under Act 55. If appropriated funds are insufficient to pay all ethanol producer claims, payments are prorated.

Joint Finance: Delete $3 million in 2002-03 for grants to ethanol producers. Require DATCP to submit its request to the Governor for the 2003-05 biennial budget bill as though the Department was appropriated $6,000,000 GPR annually in base funding for payments to ethanol producers.

Senate: Delete the ethanol producer grant program created in 1999 Act 55 and the Joint Finance requirement that DATCP submit its request to the Governor for the 2003-05 biennial budget bill as though the Department was appropriated $6,000,000 GPR annually in base funding for payments to ethanol producers.

Assembly: Provide $3 million in 2002-03 from tribal gaming revenues in a new, annual appropriation for grants to ethanol producers. Further, transfer the program from DATCP's marketing division to its trade and consumer protection division. Require the unencumbered balance in the tribal gaming grants appropriation to revert to the Indian gaming receipts appropriation on June 30 of each year. Delete the Joint Finance requirement that DATCP submit its request to the Governor for the 2003-05 biennial budget bill as though the Department was appropriated $6,000,000 GPR annually in base funding for payments to ethanol producers.

Conference Committee/Legislature: Include the Assembly provision as modified to provide $1,100,000 GPR and $1,900,000 in tribal gaming PR in 2002-03 for ethanol producer grants.

[Act 16 Sections: 403g, 415 and 880g]

4. AGRICULTURAL DEVELOPMENT AND DIVERSIFICATION PROGRAM [LFB Paper 173]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$810,000	- $810,000	$0

Governor: Create an annual appropriation and provide $325,000 in 2001-02 and $485,000 in 2002-03 from tribal gaming revenues to increase agricultural development and diversification (ADD) program grant funding.

Further, expand the program to allow DATCP to make grants and provide technical assistance to agricultural producers and organizations to support preliminary research and investigations on potential business enterprises that may increase the value of raw agricultural commodities. However, prohibit DATCP from providing funding for more than two years or from awarding more than $25,000 to a single business for research and investigations. Require DATCP to promulgate rules to administer the expansion. The ADD program provides grants to farmers or other entrepreneurs to develop agricultural crops and livestock products, value-added and other new uses for existing products and new business ventures. The ADD program base budget for grants is $400,000 GPR annually.

Joint Finance/Legislature: Delete provision.

5. TELEPHONE SOLICITATION REGULATION

Senate/Legislature: Provide $230,900 annually and 5.5 positions in a new, continuing appropriation to create and maintain a telephone nonsolicitation directory. Fees would be paid through a telephone solicitor registration system.

	Funding	Positions
PR-REV	$230,900	
PR	$461,800	5.50

Require DATCP to promulgate rules for establishing, maintaining and semiannually updating a directory that includes listings of residential customers who do not wish to receive telephone solicitations from a telephone solicitor (a person, other than an employee or contractor of a nonprofit organization, that employs or contracts with an individual to make a telephone solicitation). Define a nonprofit organization as a tax-exempt corporation, association or organization under 501 c (3), (4), (5) or (19) of the Internal Revenue Code. Define a telephone solicitation as the unsolicited initiation of a telephone conversation for the purpose of encouraging the recipient of the telephone call to purchase property, goods or services or to make a contribution, donation, grant or pledge of money, credit, property or other thing of any kind or value. Define an affiliate, when used in relation to any person, to mean another person who owns or controls, is owned or controlled by, or is under common ownership or control with such person, but is not a current client of such a person. Require DATCP by rule to establish requirements and procedures for a residential customer (not including an individual that is known to operate a business at his or her residence) to request a listing in the directory including notification to the Department on a biennial basis if the residential customer wishes to continue to be included in the directory. Require DATCP to delete a residential customer from the directory if the customer does not make the biennial notification.

Except for copies of the nonsolicitation directory that are provided to registered telephone solicitors, exempt the nonsolicitation directory from inspection, copying, or receipt requirements under the open records law and prohibit DATCP from releasing the records. Require DATCP to make the nonsolicitation directory available on a semiannual basis by electronic transmission only to registered telephone solicitors. Further, require DATCP to provide a printed copy of the nonsolicitation directory to a registered telephone solicitor upon

request. Prohibit a telephone solicitor from soliciting or accepting from any person, directly or indirectly, anything of value in exchange for providing the person with any information included in the nonsolicitation directory.

Require DATCP to promulgate rules that require any telephone solicitor who requires an employee or contractor to make a telephone solicitation to a Wisconsin residential customer to register, obtain a registration number and pay a registration fee to the Department. Provide that the amount of the registration fee be based on the cost of establishing the nonsolicitation directory and that an individual telephone solicitor be required to pay an amount based on the number of telephone lines used to make telephone solicitations. Further, require that the rules require a telephone solicitor that registers with the Department to pay an annual registration renewal fee based on the cost of maintaining the nonsolicitation directory.

In addition, require DATCP to promulgate rules that require an individual who makes a solicitation on behalf of a telephone solicitor to identify at the beginning of the telephone conversation the telephone solicitor, and if different than the solicitor, the person selling the property, goods, or services, or receiving the contribution, donation, grant, or pledge of money, credit, property, or other thing of any kind, that is the reason for the telephone solicitation.

Unless a telephone solicitation is made in response to the recipient's express written request for the solicitation or is made to a recipient who is a current client (not including a recipient who is a current client of an affiliate of such a person, but is not a current client of such a person) of the person selling the item or requesting the contribution that is the reason for the telephone solicitation, prohibit a telephone solicitor or their employee or contractor from making a telephone solicitation to a residential customer if the nonsolicitation directory includes a listing for the residential customer or from making a telephone solicitation to a nonresidential customer if the nonresidential customer has provided notice by mail to the telephone solicitor that the nonresidential customer does not wish to receive telephone solicitations. In addition, specify that telephone solicitors (or their contractors) be prohibited from using an electronically prerecorded message without the consent of the recipient of the telephone call (rather than without the consent of the person called as under current law). Further, prohibit a telephone solicitor from requiring an employee or contractor to make a telephone solicitation in violation of these requirements or to make a telephone solicitation to a person in Wisconsin unless the telephone solicitor is registered with the Department. Upon request by a nonresidential customer, require a telephone solicitor, their employee or contractor, to provide the mailing address for notifying the telephone solicitor that the nonresidential customer does not wish to receive telephone solicitations. Set forfeitures of between $1,000 to $10,000 for each violation by a telephone solicitor of the prohibitions and requirements of this paragraph.

Unless a telephone solicitation is made in response to the recipient's express written request for the solicitation or is made to a recipient who is a current client (not including a recipient who is a current client of an affiliate of such a person, but is not a current client of such a person) of the person selling the item or requesting the contribution that is the reason for the

telephone solicitation, prohibit a nonprofit organization or its employee or contractor from making a telephone solicitation to a residential customer if the residential customer has provided notice by telephone, fax or mail to the nonprofit organization that the residential customer does not wish to receive telephone solicitations. Further, prohibit a nonprofit organization from requiring an employee or contractor to make a telephone solicitation in violation of these requirements. Set forfeitures of between $1,000 to $10,000 for each violation by a telephone solicitor of the prohibitions and requirements of this paragraph.

Specify that the above requirements apply to any telephone solicitation received by a person in Wisconsin. Require DATCP to investigate violations and bring an action for temporary or permanent injunctive or other relief for violations. Unless otherwise noted, set forfeitures of between $100 to $500 for each violation of the above provisions. Require that if the violator knows the customer called in violation is an elderly or disabled person, or if the violation causes economic, emotional or physical damage to one of these persons, a supplemental forfeiture of up to $10,000 be assessed. Further, allow private persons to bring an action against violators of these provisions to recover damages.

Veto by Governor [B-1]: Delete the language, in the definition of a "telephone solicitation," which includes the unsolicited initiation of a telephone conversation for the purpose of encouraging the recipient of the telephone call to make a contribution, donation, grant or pledge of money, credit, property or other thing of any kind or value. In addition, remove all other references from the bill relating to soliciting a contribution, donation, grant or pledge of money, credit, property or other thing of any kind or value, except the act continues to require DATCP to promulgate rules that require an individual who makes a solicitation on behalf of a telephone solicitor to identify at the beginning of the telephone conversation the telephone solicitor, and if different than the solicitor, the person selling the property, goods, or services, or receiving the contribution, donation, grant, or pledge of money, credit, property, or other thing of any kind, that is the reason for the telephone solicitation.

Allow a telephone solicitor or their employee or contractor to make a telephone solicitation to a residential customer if the nonsolicitation directory includes a listing for the residential customer or to make a telephone solicitation to a nonresidential customer if the nonresidential customer has provided notice by mail to the telephone solicitor that the nonresidential customer does not wish to receive telephone solicitations, if the solicitation (a) is made in response to the recipient's request (instead of only an "express written request" as under the enrolled bill) for the solicitation or (b) is made to a recipient who is a current client (not including a recipient who is a current client of an "affiliate" of such a person) of the person selling the item or requesting the contribution that is the reason for the telephone solicitation. Further, delete the statutory definition of an "affiliate", which the Governor in his veto message requests DATCP to define in administrative rule after consulting with the Legislature, consumer groups and businesses.

Delete the definition of a nonprofit organization and the prohibition of a nonprofit organization or its employee or contractor from making a telephone solicitation to a residential

customer if the residential customer has provided notice by telephone, fax or mail to the nonprofit organization that the residential customer does not wish to receive telephone solicitations. Further, delete the prohibition of a nonprofit organization from requiring an employee or contractor to make a telephone solicitation in violation of these requirements and delete the forfeitures of between $1,000 to $10,000 for each violation by a telephone solicitor of the prohibitions and requirements of this paragraph. As a result, no nonprofit organization or an employee or contractor of a nonprofit organization would be subject to any new requirements related to telephone solicitations.

Change the forfeiture amount from between $1,000 to $10,000 to a forfeiture not to exceed $100 for each violation by a telephone solicitor of the following prohibitions and requirements: (a) unless a telephone solicitation is made in response to the recipient's express written request for the solicitation or is made to a recipient who is a current client (not including a recipient who is a current client of an affiliate of such a person, but is not a current client of such a person) of the person selling the item or requesting the contribution that is the reason for the telephone solicitation, prohibit a telephone solicitor or their employee or contractor from making a telephone solicitation to a residential customer if the nonsolicitation directory includes a listing for the residential customer or from making a telephone solicitation to a nonresidential customer if the nonresidential customer has provided notice by mail to the telephone solicitor that the nonresidential customer does not wish to receive telephone solicitations; (b) prohibit telephone solicitors (or their contractors) from using an electronically prerecorded message without the consent of the recipient of the telephone call; (c) prohibit a telephone solicitor from requiring an employee or contractor to make a telephone solicitation in violation of these requirements or to make a telephone solicitation to a person in Wisconsin unless the telephone solicitor is registered with the Department; and (d) upon request by a nonresidential customer, require a telephone solicitor, their employee or contractor, to provide the mailing address for notifying the telephone solicitor that the nonresidential customer does not wish to receive telephone solicitations.

Change the forfeiture amount from between $100 to $500 to allow a forfeiture of $100 for each violation of the act's provisions (other than those noted above) related to telephone solicitation requirements. Further, delete the supplemental forfeiture provision regarding violations toward elderly or disabled persons and delete the provision that would have allowed private persons to bring an action against violators of the act's provisions related to telephone solicitation requirements to recover damages.

[Act 16 Sections: 434m, 2429d, 2435 thru 2446f, 2818 thru 2826 and 9104(4q)]

[Act 16 Vetoed Sections: 2429d, 2437b, 2439b, 2443b, 2444b, 2446b, 2446f and 2819b]

6. FEDERAL AGRICULTURAL POLICY REFORM [LFB Paper 217]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$100,000	- $100,000	$0

Governor: Provide $50,000 each year in a biennial appropriation to provide assistance to organizations to seek federal agricultural policy reform. Prohibit funds from being encumbered after June 30, 2005. This provision extends and expands funding that was authorized on a one-time basis in both the 1997-99 and 1999-01 budgets for federal dairy policy reform.

Joint Finance: Delete $50,000 annually and the biennial appropriation. Instead, require DATCP to provide at least $50,000 each year from the Department's existing marketing general operations GPR appropriation to seek federal agricultural policy reform and sunset the requirement on June 30, 2005.

Assembly/Legislature: Include the Joint Finance provision as modified to require DATCP to provide the $50,000 annually from any of the Department's appropriations.

[Act 16 Section: 2383]

7. WEIGHTS AND MEASURES STAFF FUNDING [LFB Paper 218]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $381,800	- 3.00	$184,000	1.00	- $197,800	- 2.00
SEG	381,800	3.00	- $184,000	- 1.00	197,800	2.00
Total	$0	0.00	$0	0.00	$0	0.00

Governor: Transfer 3.0 weights and measures inspector positions and $190,900 annually from PR to petroleum inspection fund SEG. Petroleum inspection fund revenues come from a 3¢ per gallon fee on petroleum products entering the state.

Joint Finance/Legislature: Restore 1.0 position and $92,000 annually to PR rather than converting the positions to petroleum inspection fund SEG to fund all non-contract and half of municipal contract inspection costs related to petroleum from SEG.

8. FISH HEALTH CERTIFICATE TRAINING

PR-REV	$90,000
PR	$90,000

Governor/Legislature: Provide $45,000 each year in a continuing appropriation for training to veterinarians and others who issue fish

health certificates. Allow DATCP to charge fees to recover the cost of training. Under DATCP rule, beginning in 2002, fish farms are required to have fish health certifications in order to move fish.

[Act 16 Sections: 408 and 2399]

9. JOHNE'S DISEASE TESTING SUBSIDY

	Assembly/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$800,000	- $500,000	$300,000

Assembly/Legislature: Provide an additional $400,000 annually for financial assistance to owners of livestock herds for conducting testing for paratuberculosis (Johne's disease). Under current law, $100,000 GPR annually is provided.

Veto by Governor [B-5]: Delete $250,000 annually by deleting the $500,000 annual amount in the schedule and writing in the lower amount ($250,000 annually).

[Act 16 Vetoed Section: 395 (as it relates to s. 20.115(2)(c))]

10. JOHNE'S PROGRAM POSITION [LFB Paper 219]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	- $14,500	- $14,500

Governor: Convert 1.0 GPR agricultural resource management administrative support assistant position to a senior veterinarian specialist position to staff the Johne's disease control program. The position would respond to herd owner and veterinarians, review laboratory test results, issue certifications and provide on-farm review of disease control plan effectiveness. The Department estimates 2.85 positions (outside of laboratory work which is conducted by the Veterinary Diagnostic Laboratory) are currently working on the Johne's program.

Joint Finance/Legislature: Convert associated funding of $27,600 GPR in 2001-02 and $42,100 GPR in 2002-03 from the deleted administrative support assistant position to the senior veterinarian specialist position. Delete the remaining $14,500 GPR in 2001-02 related to the deleted position.

11. PENALTIES FOR THE INTRODUCTION OF CONTAGIOUS DISEASE INTO LIVESTOCK

Assembly/Legislature: Provide that whoever intentionally introduces a contagious or infectious disease into livestock (defined as cattle, horses, swine, sheep, goats, farm-raised deer and other animals used or to be used in the production of food, fiber or other commercial products) without the consent of the livestock owner would be guilty of a Class C felony (up to 10 years imprisonment and 15 years with extended supervision). Provide that whoever intentionally introduces a contagious or infectious disease into wild deer without the consent of the Department of Natural Resources is also guilty of a Class C felony. Include the violations as racketeering crimes under s. 946.82 of the statutes. Provide that a person has a cause of action against the violator if the person suffers damage or loss from the intentional introduction of a contagious disease into livestock. However, specify that if the person also has the same cause of action against the violator under the statutes governing the implied warranty in the sale of animals, that the cause of action only be brought under those statutes (s. 95.195).

[Act 16 Sections: 3871t, 3871w, 3951n and 3966r]

12. PENALTIES FOR THE DESTRUCTION OF COMMERCIALLY GROWN PLANTS

Assembly/Legislature: Provide that whoever intentionally causes damage to any person's plant (including material taken, extracted or harvested from a plant, or a seed or other plant material used to grow or develop a plant) without the person's consent, is guilty of a Class E felony (up to two years imprisonment and five years with extended supervision) if the plant is or was being grown as feed for animals being used or to be used for commercial purposes, for other commercial purposes, or in conjunction with plant research and development at any local, state or federal government agency, a university or a private research facility. Include the violation as a racketeering crime under s. 946.82 of the statutes. Further, allow the court to award the reasonable attorney fees incurred in litigating the action and to include as damages recoverable, the market value of the plant and the cost of production, research, testing, replacement and plant development directly related to the plant that was damaged or destroyed.

[Act 16 Sections: 3871u, 3938up and 3966r]

13. CUSTOM SERVICE SLAUGHTERING

Assembly: Specify that a person who slaughters animals as a custom service for the owner and who is not involved with the sale of the meat, is exempt from state meat inspection requirements. Further, allow the slaughter of animals for sale or the sale of animals or poultry without inspection if the sale is by the person who raised the animals or poultry to an individual and is not for resale. Under current law, a person who slaughters animals as a custom service for the owner exclusively for use by the owner and members of the owner's

household and the owner's nonpaying guests and employees, is exempt from state meat inspection requirements.

Conference Committee/Legislature: Delete provision.

14. REPEAL MINK FARM TAX AND RESEARCH

PR-REV	- $2,400
PR	- $12,000

Governor/Legislature: Delete a mink research assessment appropriation of $6,000 each year and repeal the annual occupational tax of $25 for each domestic mink farm, along with the requirement that DATCP use the funds to promote research in the breeding and raising of domestic mink.

[Act 16 Sections: 411, 2115, 2208, 2211, 2212, 2216, 2217 and 2398]

15. DOG LICENSE FEES AND PET REGULATIONS

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	$614,600		- $614,600		$0	
PR	$406,600	7.00	- $406,600	- 7.00	$0	0.00

Joint Finance: Provide $135,500 in 2001-02 and $271,100 in 2002-03 in a program revenue continuing appropriation for 5.0 animal health inspectors, 1.0 animal health consultant supervisor and 1.0 program assistant to inspect pet dealers, pet breeders, animal shelters and kennels.

Increase the minimum dog license tax from $3 to $4.50 for a neutered male or spayed female and from $8 to $10 for an unspayed or unneutered dog. Allow persons who keep more than one dog (rather than only persons who keep dogs for breeding, sale or sporting) to apply for a multiple dog license. Increase the multiple dog license tax from $35 to $45.50 for 12 or fewer dogs and increase from $3 to $4.50 the amount required for each dog in excess of 12. Allow a dog owner or keeper to transfer a multiple dog license tag from a dog that is no longer owned or kept to another dog, only if the other dog is currently immunized against rabies. Further, require the county treasurer to pay $1 for each license issued for a neutered or spayed dog, $1.50 for each license issued for an unneutered or unspayed dog, $10 for each multiple dog license issued and $1 for each dog in excess of 12 for which a multiple dog license is issued to the state (rather than 5% of the total current law minimum tax amount).

Specify that any city, village or town treasurer or other tax collecting official, or any person deputized by the treasurer or tax collecting official, may collect the license fees, unless an ordinance or resolution appoints a different person. Further, allow veterinarians and humane societies to voluntarily become collecting officials if authorized by the governing body

of a city, village or town by resolution or ordinance. If a collecting official is not the town, village or city treasurer or other deputized tax collecting officer, require the collecting official to provide a copy of each license issued to the town, village or city treasurer or other deputized tax collecting officer. Further, increase the allowance to be retained by a collecting official from 25¢ to 75¢ for each license issued. Specify that a copy of a currently required list of all dogs in the district subject to tax, to whom they are assessed, the name, number, sex, spayed or unspayed, neutered or unneutered, breed and color of each dog be sent to the town, village or city treasurer or other deputized tax collecting officer.

Require DATCP to appoint an advisory committee represented by a variety of interests related to animals, in order to advise the Department on rules promulgated under the following provisions. The effective date of the following provisions would be the first day of the 30th month beginning after publication.

Convert the dog license, rabies control and related services PR annual appropriation to continuing, and include revenues from proposed pet dealer, pet breeder, animal shelter and kennel licenses. Require DATCP to promulgate rules specifying fees for these licenses and provide that the fees are not refundable if DATCP denies the license. Further, require these nontransferable licenses to expire on October 31 of each even-numbered year. Before issuing an initial license, and at least once during each biennial licensing period thereafter, require DATCP to inspect each licensed location and allow DATCP, at any reasonable time, to enter and inspect any facility at which a person is required to have a license.

Prohibit a person from operating an animal shelter without a DATCP license for each separate location at which an animal shelter is operated, unless the Department issues an interim permit that authorizes operation until DATCP can make an initial inspection. Define an animal shelter as either: (a) a facility that is used to impound or harbor at least 25 seized, stray, abandoned, or unwanted dogs, cats or other animals in a year and that is operated by the state, a political subdivision or a veterinarian licensed by the Veterinary Examining Board; or (b) a facility that is operated for the purpose of providing for and promoting the welfare, protection and humane treatment of animals, that is used to shelter at least 25 animals in a year, and that is operated by a humane society, an animal welfare society or a nonprofit association.

Prohibit a person from operating a kennel without a DATCP license for each separate location at which a kennel is operated, unless the Department issues an interim permit that authorizes operation until DATCP can make an initial inspection. Define a kennel as a facility where dogs or cats are kept for 24 hours or more for boarding, training or similar purposes for compensation, except a kennel would not include an animal shelter or a facility owned or operated by a licensed veterinarian solely for the provision of veterinary care.

Prohibit a pet dealer (a person who sells, or offers to sell at retail, exchanges, or offers for adoption at least 25 mammals, other than cattle, horses, swine, sheep, goats, deer, llamas and related species, including game species, as pets in a year) from operating without a DATCP

license for each separate location at which they conduct such business, unless the Department issues an interim permit that authorizes operation until DATCP can make an initial inspection. Further, prohibit a pet breeder (one who sells at least 25 dogs or cats for resale as pets in a year, except a breeder does not include a pet dealer) from operating without a DATCP license for each separate location at which they conduct such business, unless the Department issues an interim permit that authorizes operation until DATCP can make an initial inspection.

Allow DATCP to promulgate rules specifying minimum standards for animal shelter and kennel facilities and facilities at which pet dealers and pet breeders operate, and specifying any of the following for persons required to obtain an animal shelter, kennel, pet dealer or pet breeder license: (a) minimum requirements for humane care; (b) requirements relating to the transportation of animals; (c) grounds for license revocation; (d) grounds for DATCP to issue orders prohibiting the selling or moving of an animal; (e) minimum ages for the sale of animals; (f) reinspection fees to be charged when a DATCP inspection reveals conditions that require correction and reinspection; (g) requirements for record keeping; and (h) requirements relating to space and opportunity for exercise to be provided to animals.

Establish penalties for persons required to obtain an animal shelter, kennel, pet dealer or pet breeder license. Provide that a person who operates without a required license may be fined not more than $10,000 or imprisoned for not more than nine months, or both. For other violations of these provisions or rules promulgated under these provisions, a person may be required to forfeit not more than $1,000 for the first offense and between $200 and $2,000 for the second or any subsequent offense within five years; if the violation involves the keeping of animals, each animal to which a violation occurred would constitute a separate violation.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

Veto by Governor [B-4]: Delete $135,500 in 2001-02 and $271,100 in 2002-03 along with 5.0 animal health inspectors, 1.0 animal health consultant supervisor and 1.0 program assistant positions that would have inspected pet dealers, pet breeders, animal shelters and kennels.

Delete the provisions that would have increased minimum individual and multiple dog license taxes. Delete provisions that would have required the county treasurer to pay $1 for each license issued for a neutered or spayed dog, $1.50 for each license issued for an unneutered or unspayed dog, $10 for each multiple dog license issued and $1 for each dog in excess of 12 for which a multiple dog license is issued to the state (maintain the current law minimum tax amount at 5% of the total). Further, maintain the allowance retained by a collecting official at 25¢ rather than 75¢ for each license issued.

Delete the penalties for persons required to obtain an animal shelter, kennel, pet dealer or pet breeder license and for other violations of pet regulation and inspection provisions or rules promulgated under these provisions. Due to the veto of the specific penalties provided by the

Legislature, the penalty is set at the general forfeiture level provided in the statutes of not more than $200.

Act 16 retains the provisions for new inspection and licensing requirements and authorizing DATCP rules to establish related fees and standards for pet dealers, pet breeders, animal shelters and kennels that become effective February 1, 2004. The act also includes the dog license tax collecting changes regarding collection officials.

[Act 16 Sections: 412b, 2881b thru 2881j, 9104(3k) and 9404(4k)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.115 2(j)), 2881b, 2881d, 2881e, 2881k and 2881L]

16. EXCLUDE MOTOR VEHICLE FUEL FROM UNFAIR SALES ACT PROVISIONS

Senate: Specifically exclude motor vehicle fuel sales from the unfair sales act (minimum mark-up and loss leader) provisions of the statutes. Further, allow motor vehicle fuel to be exempt from determining sales below cost or being subject to minimum markup requirements when sold in combination with or on condition of the purchase of any other items. Allow the sale of motor vehicle fuel at less than cost for any reason (including to induce the purchase of other merchandise or to divert trade from a competitor).

Under current law, the unfair sales act requires wholesalers and retailers of motor vehicle fuel to sell fuel for a certain percentage above their cost to obtain the fuel. The law also prohibits the sale of most items at less than cost in order to induce the purchase of other merchandise or to divert trade unfairly from a competitor.

Conference Committee/Legislature: Delete provision.

17. TOBACCO PRODUCT MINIMUM MARK-UP VIOLATIONS

Senate/Legislature: Allow a person who is injured or threatened with injury as a result of a sale or purchase of cigarettes or other tobacco products in violation of the minimum mark-up law to bring an action against the violator for either (a) temporary or permanent injunctive relief; or (b) three times the amount of any monetary loss sustained or an amount equal to $2,000, whichever is greater, multiplied by each day of continued violation, together with costs, including accounting fees and reasonable attorney fees. Further, allow an association of cigarette wholesalers to bring an action on behalf of the person who is injured or threatened with injury as a result of a sale or purchase of cigarettes or other tobacco products in violation of the minimum mark-up law.

Veto by Governor [B-7]: Delete the provision that would have allowed an association of cigarette wholesalers to bring an action on behalf of a person who is injured or threatened with

injury as a result of a sale or purchase of cigarettes or other tobacco products in violation of the minimum mark-up law.

[Act 16 Section: 2430L]

[Act 16 Vetoed Section: 2430L]

18. TRADE AND CONSUMER PROTECTION POSITIONS

	Funding	Positions
PR	- $57,200	- 0.35
SEG	57,000	0.35
Total	- $200	0.00

Governor/Legislature: Transfer 0.35 positions and $28,500 annually from PR to petroleum inspection fund SEG, and make other adjustments to realign trade and consumer protection staff. Further, delete $100 PR annually related to the adjustments. The positions and funding affected are as follows:

Appropriation	Positions	Annual Funding
Warehouse keeper and grain dealer regulation	0.03	$3,100
Dairy and vegetable security and trade practices	- 0.40	- 31,600
Public warehouse regulation	0.02	- 100
Unfair sales act enforcement	0.35	28,500
TOTAL	0.00	- $100

19. CONSOLIDATE MARKETING APPROPRIATIONS

Governor/Legislature: Delete an annual GPR appropriation for export promotion and transfer the funding ($340,300 annually) to the annual marketing general program operations GPR appropriation.

[Act 16 Section: 414]

20. ELIMINATE COUNTY AND DISTRICT FAIR REPORT REQUIREMENT

Governor/Legislature: Delete the requirement that DATCP submit to the Governor a statement showing receipts and disbursements of each fair receiving state aid, the premiums paid and the amount of state aid claimed and allowed. Under current law, DATCP provides county and district fair aids in an amount equal to 95% of the first $8,000 actually paid in net premiums and 70% of all net premiums that exceed $8,000, up to a $15,000 maximum amount, if available.

[Act 16 Section: 2390]

21. ELIMINATE FARMS FOR THE FUTURE FUND

GPR-REV	$100

Governor/Legislature: Eliminate the segregated farms for the future fund. The fund was created in 1991 to accept federal funds for the protection or preservation of farmland for agricultural purposes, and the initial state deposit of $50 dollars has not changed. The balance of the fund would lapse to the general fund.

[Act 16 Sections: 1107, 1124 and 2393]

22. FOOD ADVISORY COUNCIL

Joint Finance/Legislature: Create a food advisory council in DATCP for the purpose of focusing on issues relating to providing a safe and wholesome food supply in Wisconsin, including the following: (a) food recalls; (b) the Wisconsin food code; (c) food safety concerns and communications; (d) training; (e) Department and food industry partnerships; (f) enforcement and inspection; and (g) other issues related to the food industry.

Require the Council to meet at least quarterly and that the Council consist of DATCP Secretary appointees including DATCP staff and representatives of: (a) consumers; (b) retail and wholesale grocers; (c) academic institutions; (d) the federal Department of Health and Human Services; and (e) the food industry or food industry associations.

Veto by Governor [B-8]: Delete provision.

[Act 16 Vetoed Sections: 168e and 2403e]

23. LANDLORD TENANT CARPET CLEANING REQUIREMENTS

Assembly: Allow a landlord to deduct from a tenant's security deposit at the end of the tenancy for carpet cleaning costs incurred by the landlord due to normal wear and tear of the carpet if: (a) the landlord provided the tenant with a written document separate from the lease entitled "Nonstandard Rental Provisions" regarding the deduction for carpet cleaning costs; (b) the tenancy was entered into on or after the first day of the 13th month after passage of the bill; and (c) the landlord meets conditions specified by DATCP rule. Require DATCP to submit a proposed rule specifying conditions that must be met in order for a landlord to deduct from a security deposit for such carpet cleaning, to the Legislative Council by the first day of the 7th month after passage of the bill.

Conference Committee/Legislature: Delete provision.

24. AGRICULTURAL CREDIT TRANSACTIONS

Assembly: Require a farm creditor (a person who lends money for agricultural purposes) to ensure that a document signed by a borrower of $20,000 or more primarily for an agricultural purpose is executed in duplicate original copies. The farm creditor must provide the borrower with a duplicate original copy. Allow DATCP to authorize by rule any method of producing duplicate original copies that is at least as effective as a carbon or an identical carbonless reproduction that contains the impression of all signatures on the signed copy.

Conference Committee/Legislature: Delete provision.

25. AGRICULTURAL PRODUCER SECURITY PROGRAM

	Funding	Positions
PR-REV	- $1,338,700	
SEG-REV	4,923,000	
PR	$1,416,600	- 12.12
SEG	6,116,600	12.12
Total	$4,700,000	0.00

[Note: This item was included by the Governor in his budget recommendations but deleted by the Joint Committee as non-fiscal policy.]

Assembly/Legislature: Create an agricultural producer security program. Delete $588,100 PR and provide $2,938,100 SEG in 2001-02, delete $828,500 PR and provide $3,178,500 SEG in 2002-03 and convert 12.12 PR positions to SEG to consolidate current individual vegetable processor, dairy plant operator, grain dealer and warehouse keeper programs. Further, convert security requirements from the consolidated program to an insurance pool funded by industry assessments that would be deposited into a new SEG agricultural producer security (APS) fund. Specify that the APS fund is a public trust to be administered to secure payments to producers and only used for the agricultural producer security program. The APS fund would consist of all fees, surcharges, assessments, reimbursements and proceeds of surety bonds received by DATCP for the APS program. Require DATCP to keep a record by contractor and industry of all fund deposits. Give the Wisconsin Investment Board exclusive control of the investment and collection of the principal and interest of all monies loaned or invested from the APS fund. Unless otherwise noted, the effective date of these provisions would be January 1, 2002.

Appropriations and Positions. Convert funding for 7.72 PR dairy vegetable security and trade practice positions and 4.9 PR warehouse keeper and grain dealer regulation positions to a 0.5 PR grain inspection and certification funded position and 12.12 SEG dairy, grain and vegetable security positions ($458,300 in 2001-02 and $655,800 in 2002-03 for salary and fringe benefits) funded from the APS fund in a new, annual SEG appropriation. Provide, from the APS fund, a sum sufficient SEG appropriation (estimated at $350,000 SEG annually) to purchase industry bonds and a blanket bond used to secure payment of claims against contributing contractors. Create an additional sum sufficient SEG appropriation from the APS fund (estimated at $2,000,000 annually) to make default claim payments, up to a deductible amount, to producers. Further, create a continuing SEG appropriation from the APS fund to deposit bond proceeds earned from making a demand against the appropriate industry bond (and the blanket bond, if necessary) and to use the bond proceeds to make any default payments above

the deductible amount to producers.

Decrease program revenue-earned estimates by $1,035,700 to reflect switching warehouse keeper, grain dealer and vegetable and dairy security license fees from PR to SEG. Additionally, transfer license fee program revenue of $300,000 in 2001-02 to the APS fund. The transfer includes the estimated unencumbered balance ($200,000) in a warehouse keeper and grain dealer appropriation that is being deleted and $100,000 in fees from a dairy and vegetable security and trade practice regulation appropriation from amounts estimated by DOA to be derived from vegetable contractor and milk producer security fees. Estimate an additional $790,000 in SEG revenue in 2002-03 from increased license fees. Further, deposit assessments estimated at $1,749,000 annually and interest of $137,000 in 2000-01 and $198,000 in 2002-03 in the APS fund.

On January 1, 2002, transfer $2,000,000 as a loan from the agrichemical management fund to the APS fund. Require DATCP to transfer at least $250,000 from the APS fund back to the agrichemical management fund on July 1 of each year, beginning on July 1, 2003, and to repay the loan principal, plus interest compounded at 5% annually, from the APS fund by July 1, 2006. Require DATCP to make default claim payments, up to the deductible amount shown in Table 1, to eligible producers directly from the APS fund before calling any bonds. Further, allow DATCP to demand and collect from a contractor any claim amount paid from the APS fund because of that contactor's default.

TABLE 1

Maximum DATCP Deductible Payments for Contractor Defaults

Contractor	Applicable Dates	Maximum Deductible
Grain Dealer or Grain Warehouse Keeper	September, 1, 2002 - August 31, 2004	$500,000
	September, 1, 2004 - August 31, 2006	750,000
	After August 31, 2006	1,000,000
Milk Contractor	May 1, 2002 - April 31, 2004	$1,000,000
	May 1, 2004 - April 31, 2006	1,500,000
	After April 31, 2006	2,000,000
Vegetable Contractor	February 1, 2002 - January 31, 2004	$500,000
	February 1, 2004 - January 31, 2006	750,000
	After February 1, 2006	1,000,000

Allow DATCP to promulgate rules to modify APS fund assessments to ensure that the assessments are sufficient to maintain the following minimum fund balances after January 1, 2006: (a) an overall balance of at least $5 million, but not more than $22 million; (b) a balance attributable to grain dealers of at least $1 million, but not more than $6 million; (c) a balance

attributable to grain warehouse keepers of at least $200,000, but not more than $1 million; (d) a balance attributable to milk contractors of at least $3 million, but not more than $12 million; and (e) a balance attributable to vegetable contractors of at least $800,000, but not more than $3 million. When calculating the amount of a contractor assessment (other than a number that statutorily appears), require that numbers be rounded to the nearest whole digit in the 6th decimal place. However, allow the actual assessment amount to be rounded to the nearest dollar.

Industry Bonds. Require DATCP to acquire surety bonds to secure payments of claims (for payments that go beyond deductible amounts) against each of the following contributing contractors: (a) a bond effective May 1, 2002 for milk contractors; (b) a bond effective September 1, 2002 for grain warehouse keepers and dealers; and (c) a bond effective February 1, 2002 for vegetable contractors. Require DATCP to procure the bonds according to general state purchasing standards. Industry bonds may not be cancelled or modified unless DATCP agrees to the change or receives a certified notice from the bond issuer at least one year before the proposed change. Require DATCP to maintain industry bonds so that each bond is between $5 million and $20 million, renews annually and is payable to DATCP for the appropriate claimants. Require DATCP to ensure that bonds are issued by a state-authorized surety business, that no surety issues more than one of the three industry bonds and that the form, terms and conditions of the bond issuance are considered appropriate. Allow any bond surety to demand and collect from a contractor any claim amount paid to DATCP because of that contactor's default, and require the surety to provide DATCP with a copy of any such demand.

Blanket Bonds. Require DATCP to acquire a surety bond effective February 1, 2002, to secure payments of claims (for payments that go beyond deductible amounts and demands on an industry bond) against contributing industries. Require DATCP to procure the bond according to general state purchasing standards. DATCP must ensure that the bond is jointly issued by at least three persons acting as co-sureties on the bond, that each co-surety is state-authorized and that the form, terms and conditions of the bond issuance are considered appropriate. Prohibit blanket bonds from being cancelled or modified, and any co-surety from withdrawing unless DATCP agrees to the change or DATCP receives a certified notice from the bond issuer at least one year before the proposed change. Require DATCP to maintain the blanket bond to be between $20 million and $40 million, renewing annually and payable to DATCP for the appropriate claimants. Further, allow any bond surety to demand and collect from a contractor any claim amount the bond surety paid to DATCP because of that contactor's default and require the surety to provide DATCP with a copy of any such demand.

Recovery Proceedings. Allow any of the following to file a default claim with DATCP against a contractor that is licensed or required to be licensed: (a) a grain producer or agent who claims that a grain dealer has failed to pay, when due, for grain procured in Wisconsin; (b) a grain producer or agent who has grain kept at a warehouse and who claims that a grain warehouse keeper has failed to return stored grain or its equivalent upon demand; (c) a milk producer or agent who claims that a milk contractor has failed to pay, when due, for producer milk procured in Wisconsin; or (d) a vegetable producer or agent who claims that a vegetable

contractor has failed to pay when due under a vegetable procurement contract. Require that an allowed claim be given the same priority in an insolvency proceeding or creditor's action as a claim for wages, except as otherwise provided by federal law.

Unless otherwise allowed by DATCP, require a claimant to file a default claim specifying the nature and amount of the default within 30 days after the claimant first learns of the default. DATCP may investigate the alleged default and may require the claimant to provide supporting documentation. Further, allow DATCP to initiate a recovery proceeding in response to one or more default claims by issuing a written notice announcing the recovery proceeding. Require DATCP to deliver a copy of the notice to the contractor and each claimant. Allow DATCP to invite other persons who may have default claims against the same contractor to file their claims in the recovery proceeding. The invitation may be posted at the contractor's place of business, published as a Class 3 notice, delivered to prospective claimants known to the Department or distributed by other appropriate means. Allow DATCP to specify a deadline and a procedure for filing default claims in the invitation, to indicate the amount of a prospective claimant's apparent claim and to ask the prospective claimant to verify or correct that amount.

Require DATCP to audit each claim included in a recovery proceeding and to reject a claim if (a) the claim is false or not adequately documented; (b) the claimant did not meet claim-filing deadlines; (c) the claimant, without any contractual obligation to do so, continued to deliver goods to the defaulting contractor more than 10 days after the claimant first learned of their default; or (d) the claimant is not an authorized claimant. Require DATCP to determine the amount of an allowed claim based on the contract between the parties, or if the contract is unclear, to determine the allowed claim amount based on applicable prices or other appropriate evidence. However, require DATCP to calculate the value of the stored grain based on local market prices the day a grain warehouse keeper failed to return the grain to a depositor upon demand. In addition, require DATCP to subtract from an allowed claim any offsetting payments made by the contractor and any obligations for which the claimant is liable to the contractor.

After DATCP completes its audit, require the Department to deliver a copy of the proposed decision to the contractor and each claimant that proposes findings of fact, conclusions of law and an order. The proposed decision must allow or disallow each part of a default claim, and further specify the amount of each allowed claim, the amount DATCP is authorized to pay and how DATCP will pay that amount. Also, require DATCP to explain a claimant's right to seek court recovery for amounts not paid by the Department. Further, specify a due date for a contractor or claimant to file written objections to the proposed decision. If no one files an objection, DATCP may issue the proposed decision as a final decision and deliver a copy to the contractor and each claimant. However, if someone files a timely objection, require DATCP to hold a public hearing on the objection and follow applicable state contested case procedures. Allow the Department to hear all objections in a single proceeding and after the proceeding, require DATCP to issue a final decision on the pending proceedings.

Except for claims allowed between April 30, 2002 and May 1, 2007, for default claims against a qualified producer agent (a milk contractor that procures milk in the state solely as a producer agent and complies with DATCP rules regarding qualified producer agents), DATCP's default claim amounts against a grain dealer or milk contractor who participates in the security fund pool are set at 80% of the first $60,000 and 75% of any amount allowed in excess of $60,000. Set DATCP default claim amounts for a default that occurs (a) between April 30, 2002 and May 1, 2004 at 15%; and (b) between April 30, 2004 and May 1, 2007 at 20%, of any amount allowed for default claims against a qualified producer agent who was contributing to the APS fund at the time of the default and maintained security of the lesser of $500,000 or 7.5% of the largest amount of unpaid payroll obligations that the producer agent had in their last completed fiscal year, or any higher amount since then.

Unless otherwise restricted, require DATCP to pay default claim amounts for up to $100,000 against a grain warehouse keeper who participates in the security fund pool. DATCP's default claim amounts against a vegetable contractor who participates in the security fund pool are set at 90% of the first $40,000, 85% of the next $40,000, 80% of the next $40,000 and 75% of any amount allowed in excess of $120,000, as shown in Table 2. If the total amount of default claims exceeds funds available from the security fund pool, require DATCP to prorate payments in proportion to the amount of each allowed claim.

TABLE 2

DATCP Vegetable Contractor Claim Payments

Claim	Percent*	Payment
$40,000	90%	$36,000
80,000	85	70,000
120,000	80	102,000
over 120,000	75	over 102,000

* Only for the $40,000 increment at that level.

If a contractor has filed security and does not participate in the security fund pool, DATCP must use the contractor's posted security to pay the full amount of claims, or a prorated amount if the security is inadequate to cover all claimants. If a contractor has filed security and also participates in the security fund pool, require DATCP to either use the contractor's posted security to reimburse the security fund pool for payments made or pay defaults directly from the posted security, and if additional security remains, use those monies to pay claimants up to 100% of the defaulted amount by prorating payments in proportion to allowed claims. Once a payment is accepted, to the extent of the payment, a claim against a contractor is released.

Prohibit DATCP from paying any default amount from APS fund appropriations if the default claim is related to a default by a grain dealer or grain warehouse keeper that occurs

before September 1, 2002, by a milk contractor that occurs before May 1, 2002, by a vegetable contractor that occurs before February 1, 2002 or by any contractor who was not participating in the security fund pool when the default occurred.

Department Authority. Allow DATCP to promulgate administrative rules to interpret and implement the APS program, modify license fees and surcharges, or to require a contractor to notify producers and agents of their license, security or APS fund contribution status. Allow DATCP to conduct investigations, including whether: (a) a contractor complies with these provisions; (b) a contractor is able to honor contract obligations when due; (c) a contractor has failed to honor contract obligations when due; (d) a grain warehouse keeper has sufficient grain on hand to meet their obligations to depositors; and (e) the nature and amount of a contractor's storage or other contract obligations are reasonable. Require the Department of Justice, at DATCP's request, to furnish legal services relating to the enforcement of the APS program. Give DATCP the authority to require a contractor to provide information regarding the APS program.

Allow DATCP, by special order, to require a contractor to take specific actions to remedy any violation of the APS program. Unless otherwise allowed, require DATCP to notify the contractor and provide a hearing opportunity before issuing an order. Allow DATCP to issue such an order without prior notice or hearing if the Department finds that the order is necessary to prevent a clear and imminent threat of harm to persons protected under the program. Such conditions may include: (a) a contractor failing to pay producers according to a contract under APS program requirements; (b) a contractor failing to file timely replacement insurance as required by the program; (c) a contractor failing to maintain a correct amount of security; (d) a contractor failing to pay a fund assessment when due; (e) a vegetable contractor failing to pay producers by January 31 for vegetables delivered by December 31 of the previous year, (unless authorized in a deferred payment contract); (f) a grain warehouse keeper failing to return grain to depositors upon demand as required; or (g) a grain warehouse keeper failing to maintain required grain inventory if the amount of the deficiency exceeds the lesser of 10,000 bushels or 10% of the keeper's obligations to depositors and the grain warehouse keeper fails to correct the deficiency within 15 days after receiving written notice from DATCP. If DATCP issues an order without prior notice or hearing, allow the contractor to request a hearing within 10 days of receiving the order and require DATCP to hold an informal hearing as soon as possible thereafter, but not later than 10 days after receiving the hearing request, unless the contractor waives the informal hearing or agrees to hold it at a later date. If the matter is not resolved at the informal hearing, require DATCP to hold a contested case hearing as soon as reasonably possible. While such a hearing request would not automatically stay a summary order, allow DATCP to stay a summary order pending a hearing.

Allow DATCP to deny, suspend, revoke, or impose conditions on a contractor's license, for just cause including a contractor's failure to comply with the APS program or an order issued under the program, to provide accurate, relevant information requested by DATCP, to file a required financial statement, security, fees or assessments, to meet licensing requirements, to honor contract obligations, or to reimburse DATCP or a bond surety within 60 days after the

Department or surety issues a reimbursement demand for the full amount paid because of the contractor's default. Unless otherwise allowed, require DATCP to notify the contractor and provide a hearing opportunity before sanctioning the license holder. Allow DATCP to sanction a license holder without prior notice or hearing if the Department finds that it is necessary to prevent a clear and imminent threat of harm to persons protected under the program (the relevant conditions would be the same as those used in issuing an immediate order under the APS program). If DATCP sanctions a license holder without prior notice or hearing, allow the contractor to request a hearing within 10 days of receiving a notice of the sanction and require DATCP to hold an informal hearing as soon as possible thereafter, but not later than 10 days after receiving the hearing request, unless the contractor waives the informal hearing or agrees to hold it at a later date. If the matter is not resolved at the informal hearing, require DATCP to hold a contested case hearing as soon as reasonably possible. While such a hearing request would not automatically stay a sanction, allow DATCP to stay a sanction pending a hearing.

In addition to other authorized penalties or remedies, allow DATCP to petition the circuit court for an ex parte temporary restraining order, a temporary injunction, or a permanent injunction to prevent, restrain, or enjoin any person from violating the APS program or any order issued under the program. Subject violators of the APS program or any order issued under the program to a forfeiture of between $250 and $5,000 for each violation. Further, if the violation is intentional, subject the violator to a fine of not more than $10,000 or imprisonment for not more than one year in the county jail or both. Further, allow eligible affected parties to bring an action against the contractor to recover the amount of the allowed claim, less any recovery amount that DATCP pays to the claimant. Allow such claimants to recover costs of this court action, including all reasonable attorney fees. Claimants continue to have other legal rights against the contractor. In addition, allow DATCP to bring an action in court to recover any unpaid amount that a contractor owes the Department, including any unpaid fund assessment or reimbursement.

Confidential Records. Exempt DATCP records of contractor financial statements and purchase, storage or procurement records from open records law. However, DATCP may use these documents in a court proceeding or administrative contested case, subject to any protective order that the ruling authority deems appropriate.

Agricultural Producer Security Council. Create an APS council consisting of a person appointed by the DATCP Secretary for a three-year term from each of the following groups: (a) Farmers' Educational and Cooperative Union of America, Wisconsin Division; (b) Midwest Food Processors Association, Inc.; (c) National Farmers' Organization, Inc.; (d) Wisconsin Agri-Service Association, Inc.; (e) Wisconsin Cheese Makers Association; (f) one individual representing both the Wisconsin Corn Growers Association, Inc., and the Wisconsin Soybean Association, Inc.; (g) Wisconsin Dairy Products Association, Inc.; (h) Wisconsin Farm Bureau Federation; (i) Wisconsin Federation of Cooperatives; and (j) Wisconsin Potato and Vegetable Growers Association, Inc. Require the Secretary to appoint members from a choice of two nominees forwarded by each organization listed above. Initial appointees would have terms expiring on July 1, 2005 (rather than a set three-year term).

Require the Council to advise DATCP on the administration and enforcement of the APS program and to meet as often as the Department considers necessary, but at least once annually. Require DATCP to inform the Council of fund balances and payments and to consult with the Council before modifying any license fee, license surcharge, or fund assessment under the APS program.

Delete Warehouse Keepers and Grain Dealers Security Act. On September 1, 2002, delete the Warehouse Keepers and Grain Dealers Security Act. The following generally summarizes the Warehouse Keepers and Grain Dealers Security Act deleted under the bill. The act requires most warehouse keepers and grain dealers (including out-of-state dealers) to obtain an annual license from DATCP and to pay various fees based on the size of the operation in order to operate in the state. The act lays out the required duties of a warehouse keeper or grain dealer, including the accurate grading and weighing of grain, as well as record keeping. The act requires warehouse keepers to maintain insurance on all grain stored by the warehouse keeper. Further, warehouse keepers and grain dealers generally are required to file a detailed annual financial statement with DATCP that includes the value of products stored or purchased from producers. If the annual financial statement shows that a warehouse keeper or grain dealer does not meet minimum financial standards, they must file monthly business reports and file a bond or other security with DATCP to ensure monies are available for producers. DATCP is allowed to convert the security in order to pay producers, with interest, if a grain dealer fails to pay a producer or a warehouse dealer fails to return stored grain upon demand. The act also protects grain dealers by requiring producers who contract for the future sale and delivery of grain to meet the guidelines of the contract. The Department is given rights of inspection and investigation of warehouse keepers and grain dealers, as well as rule promulgation authority. If a warehouse keeper or grain dealer violates the act, their license can be suspended or revoked and the violator is subject to forfeitures, fines and imprisonment. By law, provisions of the Warehouse Keepers and Grain Dealers Security Act supersede requirements under the uniform commercial code.

Grain Dealers

Unless otherwise noted, any provision in the bill related to grain dealers does not apply until September 1, 2002.

Licensing and Application. Require grain dealers that procure grain in Wisconsin to obtain a nontransferable, annual license that expires on August 31, unless they: (a) pay producers on delivery; or (b) buy grain solely for the dealer's own use as feed or seed and spend less than $400,000 annually on that grain. Require DATCP to provide license forms and dealers to provide: (a) the legal name of the applicant and any trade name under which they operate as a grain dealer; (b) a statement of whether the applicant is an individual, corporation, partnership, cooperative, limited liability company, trust or other legal entity (if a corporation or cooperative, the applicant must list each of their officers, if a partnership, the applicant must list each partner); (c) the primary business mailing address and the name of a responsible individual at that location; (d) the street address of each location the grain dealer operates from

and the name of a responsible individual at each staffed location; (e) all required license fees and surcharges; (f) a financial statement, if required; and (g) other relevant information required by DATCP. As of January 1, 2002, require a grain dealer applying for a license for the license year that begins on September 1, 2002, to submit an application that complies with APS program requirements.

In addition, require a grain dealer to provide a sworn and notarized statement, signed by the applicant or their officer, with their license application. The statement must include: (a) the amount paid, during the last fiscal year, for grain procured in Wisconsin, or if the applicant has not yet operated in the state, an estimated amount that will be paid during their first complete fiscal year for such grain; (b) the amount of the above payments that are made under deferred payment contracts; and (c) whether the applicant has had any obligations under deferred payment contracts in the last fiscal year for grain procured in the state. Require DATCP to approve or deny a license application within 30 days of receipt. Further, if a license is denied, DATCP must provide the applicant a written reason for the denial. If approved, a grain dealer must display a copy of the license on each truck used to haul grain in Wisconsin and at each business location operated in the state. When DATCP issues an annual license, they are required to inform the grain dealer of their annual fund assessment, along with the quarterly installment due dates, amounts and late payment penalty.

License Fees and Surcharges. Unless DATCP specifies a different fee or surcharge by rule, require a grain dealer to pay a nonrefundable license processing fee of $25 and the following applicable license fees and surcharges (fees and surcharges may not be prorated): (a) if the applicant's annual payment for state grain (as notarized) exceeds $500,000, the fee is $500 plus $225 per additional business location, if it is between $50,000 and $500,000, the fee is $200, and if it is less than $50,000, the fee is $50; (b) $45 for each truck, in excess of one truck, used to haul grain in the state; (c) a surcharge of $425 if the grain dealer is required to file a financial statement and files an unaudited statement; (d) a surcharge of $500 if DATCP determines that a grain dealer operated without a license in the past year, in violation of the law, in addition to all payments due for the year of violation (payment of this surcharge would not relieve the applicant of any other civil or criminal liability, nor would it constitute evidence of any law violation); (e) a surcharge of $100 if in the past year, the applicant failed to file a required annual financial statement by the statutory deadline; and (f) a renewal surcharge of $100 if an applicant fails to renew a license by its expiration date, unless the grain dealer is not required to be licensed. After December 31, 2001, deposit all license fees and surcharges paid under the Warehouse Keepers and Grain Dealers Security Act to the APS fund.

Require DATCP to provide, with each license application form, a written statement of all license fees and surcharges required, or the formula for determining them. In addition, DATCP must specify any applicable fee credit. If the balance in the APS fund contributed by grain dealers exceeds $2,000,000 on June 30, DATCP must credit 50% of the excess amount against grain dealer license fees to dealers who file timely renewal applications for the next license year. Credit the amount on a prorated basis, in proportion to the total license fees paid in the past four license years. Prohibit DATCP from issuing an annual license until all DATCP-identified

fees and statements are paid. If a fee is paid under protest, require DATCP to refund any amount deemed excessive.

Financial Statements. If a dealer's annual payment for state grain (as notarized) exceeds $500,000, or if they had any obligations under deferred payment contracts in the last fiscal year for grain procured in the state, that dealer must file an annual financial statement with DATCP before the Department may first grant their license, and every license year thereafter unless the grain dealer both contributes to the security fund pool and acts only as an agent for a producer in marketing or accepting payment for the grain. Any dealer must notify DATCP and file an annual financial statement before entering any deferred payment contract. Require that a financial statement either be reviewed by an independent public accountant and signed under oath by the dealer regarding its accuracy or audited by an authorized public accountant. However, if a grain dealer's annual payment for state grain exceeds $3 million or their last two license applications report more than $2 million in payments, the financial statement must be audited by an authorized public accountant using generally accepted accounting and auditing standards. Unless the grain dealer is a sole proprietor with an unaudited financial statement who must file a financial statement on a historical cost basis, require that annual financial statements be prepared according to generally accepted accounting principles. The financial statement of a parent organization, subsidiary, predecessor or successor is not an acceptable substitute.

For any grain dealer who has been in business for more than one year, the financial statement consists of a balance sheet, income statement, equity statement, statement of cash flows, notes to those statements, a disclosure of the grain dealer's unpaid obligations to grain producers and agents and other information required by DATCP. If the grain dealer is a sole proprietor, that person must include business and personal financial statements. For those grain dealers in business for less than a year, the financial statement may consist of a balance sheet and notes. All filed financial statements must include a calculation of the dealer's ratio of the value of current assets to the value of current liabilities (current ratio) and the debt to equity ratio. Unless DATCP specifically approves an asset, for the purposes of calculating the current ratio and debt to equity ratio, grain dealers may not include the following assets: (a) a nontrade note or account receivable from an officer, director, employee, partner or stockholder, or from a member of the family of any of those individuals, unless the note or account receivable is secured by a first priority security interest in real or personal property; (b) a note or account receivable from a parent organization, subsidiary or affiliate, other than an employee; or (c) a note or account that has been receivable for more than one year, unless the grain dealer has established an offsetting reserve for uncollectable notes and accounts receivable.

For license renewals, the required annual financial statement must be filed by the 15th day of the fourth month following the close of the grain dealer's fiscal year, unless a written extension request is filed at least ten days before the deadline and DATCP extends the filing deadline for up to 30 days. In addition, any grain dealer that contributes to the security fund pool may voluntarily file a financial statement with DATCP to lower their APS fund assessment. Allow DATCP to reject any financial statement for not meeting set standards.

Further, allow DATCP to require a licensed grain dealer to file with the Department an interim financial statement along with the grain dealer's sworn and notarized statement that the financial statement is correct.

Security Requirements. Require a grain dealer to file and maintain security with DATCP if, when the grain dealer is licensed, their annual payment for state grain exceeds $500,000 and their required annual financial statement shows negative equity. Allow DATCP to release security filed for this purpose if a grain dealer pays the security fund pool quarterly assessment that would have been required if the grain dealer had been a pool participant on the most recent quarterly installment date and if the dealer either (a) reports, for at least two consecutive years, no more than $500,000 in annual grain payments to state producers, or (b) provides an annual financial statement that shows positive equity for at least two consecutive years.

Require dealers with any deferred payment contract obligations to file and maintain security, unless the dealer has positive equity and their annual financial statement either covers a fiscal year ending prior to January 2, 2006 that shows debt to equity ratio of not more than five to one, or covers a fiscal year ending after January 1, 2006 that shows debt to equity ratio of not more than four to one. Allow DATCP to release security filed for this purpose if either a grain dealer (a) has not had any deferred payment contract obligations since the beginning of their last completed fiscal year, or (b) files two consecutive annual financial statements showing that the grain dealer meets the applicable equity and debt to equity ratio requirement that would exempt them from initially being required to file security.

In addition, require grain dealers who filed security under the Warehouse Keepers and Grain Dealers Security Act before September 1, 2002 to maintain that security amount. Allow DATCP to release this security on December 1, 2002, unless the bill otherwise requires the dealer to file security. Further, require DATCP to release security if a dealer has paid all grain obligations and is no longer in business.

Allow DATCP to approve only specified forms of security, including currency. A commercial surety bond is allowable if it is payable to DATCP for the benefit of grain producers and agents, is issued by a person authorized to operate a surety business in the state, is issued as a continuous term bond that may be canceled only upon 90 days' prior certified written notice or with DATCP's written agreement and is issued in forms, terms and conditions that the Department considers appropriate. A certificate of deposit or money market certificate is allowed if: (a) the certificate may not be canceled or redeemed without DATCP authorization and is issued or endorsed to the Department for the benefit of grain producers and agents who deliver grain to the grain dealer; (b) no person may transfer or withdraw funds represented by the certificate without DATCP permission; (c) the certificate renews automatically without Departmental action; and (d) the certificate is issued in forms, terms and conditions that DATCP considers appropriate. An irrevocable bank letter is allowed if the letter of credit is payable to DATCP for the benefit of grain producers and agents, is issued on bank letterhead for an initial period of at least one year, renews automatically unless at least 90 days before the scheduled renewal date the issuing bank certifiably notifies DATCP that the letter of credit will not be

renewed and is issued in forms, terms and conditions that the Department considers appropriate. Security filed under the Warehouse Keepers and Grain Dealers Security Act before September 1, 2002 is allowable until January 1, 2003, at which time DATCP will withdraw its approval of any security that does not comply with the new requirements listed above. DATCP holds all security for the benefit of grain producers and producer agents who deliver grain to dealers. Allow DATCP to release security if the grain dealer files DATCP-approved alternative security of equal value.

Require all dealers who must maintain security to file reports to DATCP on the Department's specified form, by the 10th day of each month. Each monthly report would contain reasonably required information, including the grain dealer's average monthly payment for the three months, during the preceding 12 months, in which the grain dealer made the largest monthly payments for grain procured in the state. In addition, each report must include the grain dealer's highest total unpaid obligations, at any time during the preceding 12 months, for state grain procured under deferred payment contracts. If the amount owed on deferred price contracts has not yet been determined, the grain dealer must estimate the amount based on contract terms and prevailing market prices on the last day of the previous month.

Security Payments. If a dealer is required to maintain security, it must be greater than or equal to, the grain dealer's highest one-time total in the past year of unpaid obligations for state grain procured under deferred payment contracts. Further, prior to December 2, 2002, additional security of at least 35% of the grain dealer's average payments during the three highest months in the past year to Wisconsin grain producers must also be maintained. Allow DATCP to release any security above the required amounts.

Allow DATCP to demand, in writing, additional security from a grain dealer if either the dealer fails to provide relevant, required information regarding security requirements, or if their existing security falls below the required amount for any reason, including depreciation in the value of the security filed with DATCP, an increase in grain payments or grain prices or the cancellation of any security filed with the Department. Require DATCP to indicate why additional security is required, the amount required and the filing deadline. The deadline must be within 30 days of when DATCP issued its demand for additional security. Although a grain dealer may request a hearing under state law, the request does not automatically stay a security demand. Further, if a grain dealer fails to provide the required additional security, require the dealer to give written notice of that fact to all Wisconsin producers and agents from whom the dealer procures grain. If the grain dealer fails to give accurate notice within five days of the security filing deadline, require DATCP to promptly notify affected parties by publishing a Class 3 notice and allow the Department to notify individual affected producers or agents. If a grain dealer does not provide additional security, allow DATCP to suspend or revoke the grain dealer's license or to issue a summary order under these provisions that prohibits the dealer from procuring grain or requires the grain dealer to pay cash on delivery.

Security Fund Pool Assessments. Require grain dealers who must be licensed to pay fund assessments and allow a voluntarily licensed grain dealer to pay voluntary assessments unless

either is disqualified. Require that annual fund assessments be paid in equal quarterly installments with the first installment due October 1, the second January 1, the third April 1 and the fourth July 1 of the license year, but allow any installment to be prepaid. If a dealer applies for a license during a license year, the fund assessment of all that year's quarterly installments that became due before that day must be paid with the first quarterly installment due after DATCP issues a license. A penalty of the greater of $50 or 10% of the overdue installment amount is owed if a grain dealer fails to pay an installment when due. Unless DATCP rules specify differently, the annual assessment is the higher of $20 or the sum of the following three determinations: (a) both the current assessment ratio and the debt to equity assessment ratio multiplied by the amount paid by the grain dealer, during the last fiscal year, for grain procured in the state, or if the applicant has not yet operated in this state, an estimated amount that will be paid during the applicant's first complete fiscal year for such grain, and (b) the amount of annual payments made under deferred payment contracts multiplied by the deferred payment assessment.

Current Assessment Ratio. If a grain dealer's financial statement shows a current ratio (the ratio of the value of current assets to the value of current liabilities) of at least 1.25 to 1, calculate the current ratio assessment (which if less than zero, the assessment is set at zero) by multiplying 0.00003 (except for in the dealer's 5th or higher consecutive full license year participating in the security fund pool, multiply 0) by the result of the following formula:

$$\left[-1 \times \left(\frac{\textit{current ratio} - 1}{3} \right) \right]^3 + \left(\frac{0.65}{\textit{current ratio} - 0.75} \right)^5 + 2.$$

If a grain dealer's financial statement shows a current ratio of between 1 to 1 and 1.25 to 1, calculate the current ratio assessment by multiplying 0.000045 (except for in the dealer's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000036) by the result of the above formula. If a grain dealer's financial statement shows a current ratio of less than or equal to 1 to 1, calculate the current ratio assessment by multiplying 0.000045 (except for in the dealer's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000036) by 120.81376. For those grain dealers, not acting solely as a producer agent, who do not file an annual financial statement, calculate the current ratio assessment by multiplying 0.000045 (except for in the dealer's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000036) by 5.71235. For a grain dealer who acts solely as a producer agent and does not file an annual financial statement, the assessment is .00025 until a dealer's fifth 5th or higher consecutive full license year participating in the security fund pool when the current ratio assessment becomes 0.000175.

Debt to Equity Assessment. If a grain dealer's financial statement shows positive equity and a debt to equity ratio of not more than 4 to 1, calculate the debt to equity ratio assessment

(which if less than zero, the assessment is set at zero) by multiplying 0.0000125 (except for in the dealer's 5th or higher consecutive full license year participating in the security fund pool, multiply 0) by the result of the following formula:

$$\left(\frac{\textit{Debt / Equity Ratio} - 4}{3} \right)^3 + \left(\frac{\text{Debt/ Equity Ratio} - 1.7}{1.75} \right)^7 + 2.$$

If a grain dealer's financial statement shows a debt to equity ratio of between 4 to 1 and 5 to 1, calculate the debt to equity ratio assessment by multiplying 0.00001875 (except for in the dealer's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000015) by the result of the above formula. If a grain dealer's financial statement shows negative equity or a debt to equity ratio of at least 5 to 1, calculate the debt to equity ratio assessment by multiplying 0.00001875 (except for in the dealer's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000015) by 86.8224. For those grain dealers, not acting solely as a producer agent, who do not file an annual financial statement, calculate the debt to equity ratio assessment by multiplying 0.00001875 (except for in the dealer's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000015) by 8.77374. For a grain dealer who acts solely as a producer agent and does not file an annual financial statement, the debt to equity assessment is .00025 until a dealer's fifth 5th or higher consecutive full license year participating in the security fund pool when the debt to equity ratio assessment becomes 0.000175.

Deferred Payment Assessment. A grain dealer's deferred payment assessment rate is 0.0035 until a dealer's 5th or higher consecutive full license year participating in the security fund pool when the deferred payment assessment becomes 0.002.

Require grain dealers to deduct the amount of a deferred payment assessment from the amount that a grain dealer pays to a producer or agent and to disclose the assessment amount, or the method of determining the amount under a deferred price contract, in the deferred payment contract.

Disqualified Grain Dealers. Disqualify a grain dealer from the security fund pool, and require those dealers to pay cash on delivery for producer grain if: (a) DATCP denies, suspends or revokes the dealer's license; (b) DATCP issues a written notice disqualifying the grain dealer for cause, including failure to pay required fund assessments or file a financial statement when due; or (c) a grain dealer fails to reimburse either the Department or a bond surety, within 60 days after a reimbursement demand is issued, for the full amount that DATCP or the surety paid to claimants because of that grain dealer's default. Further, disqualify a grain dealer from the security fund pool if that grain dealer is required to file and maintain individual security with DATCP because their annual payment for state grain exceeds $500,000 and their required annual financial statement shows negative equity. Once DATCP determines that certain standards have been met, it may release a dealer's security and that dealer becomes eligible for

security fund pool participation. A disqualified grain dealer may not be refunded any assessments and is liable for any unpaid assessments that were due before disqualification. A grain dealer no longer needs to pay assessments when disqualified.

Records. Require that the following records and receipt copies be kept for at least six years and be made available for DATCP inspection or copying. Require grain dealers to keep records currently required under the Warehouse Keepers and Grain Dealers Security Act and related DATCP rules. Require grain dealers to keep complete, accurate, current, well-organized and accessible records and accounts of all grain procured and all grain sold or marketed by the dealer. From the records, the grain dealer and DATCP should be able to determine the nature and amount of the grain dealer's obligations and the grain dealer's accounts receivable from the sale or marketing of grain, which includes the names of the account debtors, the amount receivable from each account debtor and the dates on which payment is due. Further, the records must show the kinds and amounts of grain: (a) procured, procurement dates, procurement terms and the persons from whom the grain dealer procured the grain; (b) sold or marketed, the sale or marketing dates, the sale or marketing terms, and the persons to whom the dealer sold or marketed the grain; (c) received from others, used by the dealer for feed, seed, milling, manufacturing, processing or other purposes; and (d) received from others, that the grain dealer has on hand, including that owned by the grain dealer, and that held for others. In addition, the records must readily relay the nature and amount of the grain dealer's obligations to both those persons that deliver grain to a warehouse keeper, without transferring ownership of the grain, under agreements for the storage of grain, and obligations to producers and agents, including deferred payment contract obligations. Require the grain dealer to keep a daily record of obligations under priced contracts and a separate daily record of obligations under deferred price contracts that have not yet been priced.

In addition, shipment-specific procurement records must include: (a) the kind and weight of grain procured; (b) the grade and quality of the grain, if determined; (c) the date on which the dealer procured the grain; (d) the name and address of the person from whom the grain dealer procured the grain; (e) whether the grain dealer purchased the grain, holds it under a storage agreement or markets the grain as a producer agent; (f) the terms of purchase, storage, or marketing; and (g) the terms of any deferred payment contract.

Require grain dealers to immediately provide a receipt for all grain received. The receipt must include: (a) the name of the grain dealer and a statement indicating whether the grain dealer is a corporation; (b) a permanent business address at which the holder of the receipt can readily contact the dealer; (c) a statement identifying the document as a receipt for grain, including the date and kind of grain received; (d) the net weight of grain received or, if the grain dealer receives the grain at the grain producer's farm, the approximate net weight of the grain; (e) the grade and quality of the grain, if determined; (f) a statement identifying the receipt as a purchase receipt, storage receipt or receipt for grain marketed by the grain dealer as a producer agent; or (g) the grain dealer's promise to pay the total amount due for grain, less any discounts that may apply, within seven calendar days after receiving the grain, unless the dealer pays cash on delivery, the dealer receives the grain under a legal deferred payment

contract or the receipt is clearly identified as a storage receipt. Consider a receipt not clearly identified under (f) above a purchase receipt, except that if the dealer also operates as a grain warehouse keeper under the same name, the receipt is considered a storage receipt.

Deferred Payment Contracts. Require that before a grain dealer accepts grain under a deferred payment contract, both parties must sign the contract and then obtain a copy. Require that deferred payment contracts include: (a) a unique contract identification number; (b) the type, weight, grade, and quality of grain procured and a statement that price adjustments may apply if delivered grain varies in grade or quality from that identified in the contract; (c) the price for the grain or, in a deferred price contract, the method and deadline by which the price will be determined; (d) the date by which the grain dealer agrees to make full payment for the grain, (either within 180 days after the contract price is established or within 180 days after the dealer takes control of the grain, whichever is later); (e) a pricing deadline within one year of when the dealer takes control of the grain if the contract is a deferred price contract; and (f) the grain dealer's permanent business location. Further, require that the contract clearly disclose that it is not a storage contract. In addition, require that when the grain is purchased from a producer, the following statement in capitalized, boldface print must appear immediately above the contract signature line: **THIS IS NOT A STORAGE CONTRACT. THE GRAIN DEALER (BUYER) BECOMES THE OWNER OF ANY GRAIN THAT THE PRODUCER (SELLER) DELIVERS TO THE GRAIN DEALER UNDER THIS CONTRACT. THE PRODUCER RELINQUISHES OWNERSHIP AND CONTROL OF THE GRAIN, AND BECOMES AN UNSECURED CREDITOR PENDING PAYMENT.**

Require a dealer to make full payment under a deferred payment contract by the deadline date specified in the contract. Further, prohibit the extension of a payment or pricing deadline under (d) or (e) above unless a new contract (referring to the contract number of the original contract) is signed that extends either deadline or both deadlines for up to 180 days.

Insurance. Require all grain dealers that are required to be licensed to maintain fire and extended coverage insurance issued by an authorized insurance company that covers all grain in the custody of the dealer, whether owned by the dealer or held for others, at the full local market value of the grain. Further, require grain dealers to replace their insurance policy so that no lapse in coverage occurs when a policy is canceled. Prohibit grain dealers from misrepresenting the nature, coverage or material terms of their insurance policy to the Department or to any producer or agent.

Business Practices. Require grain dealers, when making a determination, to accurately determine and record the weight, grade and quality of grain using accurate weighing, testing or grading equipment. Further, require a grain dealer to pay for grain when payment is due and prohibit a dealer from making any payment by nonnegotiable check or note or by check drawn on an account containing insufficient funds. Require licensed grain dealers to maintain a permanent business address at which grain producers may readily contact the dealer at least between 9:00 a.m. and 2:30 p.m. on each day that the Chicago Board of Trade is open for trading. Require dealers to prominently post business hours at each of their Wisconsin business locations. Prohibit grain dealers from misrepresenting the weight, grade or quality of grain

received from or delivered to any person, from falsifying or conspiring to falsify any record or account, or from making any false or misleading representation to DATCP or to a producer related to any APS program requirements. Require dealers to file the full amount of any additional security required by the DATCP-specified date and if the grain dealer is licensed, prohibit the dealer from engaging in any activity that is inconsistent with a representation made in the grain dealer's annual license application.

Allow a grain dealer to require a grain producer or agent to disclose in writing any liens or security interests that apply to grain procured by a dealer. The dealer may require the producer or agent to specify the nature and amount of each lien or security interest and the identity of the person holding each. Prohibit a grain producer from falsifying or fraudulently withholding this information in order to sell grain. Further, prohibit a grain producer or agent who contracts to sell and deliver grain to a dealer at an agreed price from wrongfully refusing to deliver that grain according to the contract.

Grain Warehouse Keepers

Unless otherwise noted, any provision in the bill related to grain warehouse keepers does not apply until September 1, 2002. Further, this section does not apply to persons licensed under the U.S. Warehouse Act.

Licensing and Application. Require Wisconsin grain warehouse keepers that hold more than 50,000 bushels of grain for others (including those with a combined capacity of over 50,000 bushels, unless the keeper proves that they never hold more than 50,000 bushels of such grain) to obtain a nontransferable, annual license that expires on August 31. Require DATCP to provide license forms and keepers to provide (a) the legal name of the applicant and any trade name under which they operate as a grain warehouse keeper; (b) a statement of whether the applicant is an individual, corporation, partnership, cooperative, limited liability company, trust or other legal entity (if a corporation or cooperative, the applicant must list each of their officers, if a partnership, the applicant must list each partner); (c) the primary business mailing address and the name of a responsible individual at that location; (d) the street address and capacity of each location the grain warehouse keeper operates from or proposes to operate from, with the total capacity and the name of a responsible individual at each staffed location; (e) all required license fees and surcharges; (f) a financial statement, if required and not yet filed; (g) proof (such as certification by an authorized, licensed insurance company) that the applicant meets insurance requirements, unless they previously filed proof that remains current; and (h) other relevant information required by DATCP. Further, require a warehouse keeper to notify DATCP in writing before adding a warehouse or changing its location or capacity. The notification must specify any change in the combined capacity of warehouses operated by the grain warehouse keeper. As of January 1, 2002, require a grain warehouse keeper applying for a license for the license year that begins on September 1, 2002, to submit an application that complies with APS program requirements.

Require DATCP to approve or deny a license application within 30 days of receipt. Further, if a license is denied, DATCP must provide the applicant a written reason for the

denial. If approved and the license is required, a grain warehouse keeper must display a copy of the license at each warehouse. When DATCP issues an annual license, they are required to inform the grain warehouse keeper of their annual fund assessment, along with the quarterly installment due dates, amounts and late payment penalty.

License Fees and Surcharges. Unless DATCP specifies a different fee or surcharge by rule, require a grain warehouse keeper to pay a nonrefundable license processing fee of $25 plus $25 for each site the warehouse keeper will operate at (sites within one-half mile of each other are considered a single site). Institute the following applicable inspection fees, based on the combined capacity (in bushels) of a keeper's grain warehouses:

Combined Capacity	Fee
Less than 150,000	$500
150,000-250,000	550
250,000-500,000	600
500,000-750,000	650
750,000-1,000,000	700
1,000,000-2,000,000	800
2,000,000-3,000,000	900
3,000,000-4,000,000	1,000
Over 4,000,000	1,100

A supplementary inspection fee of $275 would apply for each warehouse (more than one-half mile apart), in excess of one that would be operated. In addition, the following license surcharges would apply: (a) a surcharge of $500 if DATCP determines that a grain warehouse keeper operated without a license in the past year, in violation of the law, in addition to all payments due for the year of violation (payment of this surcharge would not relieve the applicant of any other civil or criminal liability, nor would it constitute evidence of any law violation); (b) a surcharge of $100 if in the past year, the applicant failed to file a required annual financial statement by the statutory deadline; and (c) a renewal surcharge of $100 if an applicant fails to renew a license by its expiration date. Fees and surcharges are not prorated for applications submitted during a license year. After December 31, 2001, deposit all license fees and surcharges paid under the Warehouse Keepers and Grain Dealers Security Act to the APS fund.

Require DATCP to provide, with each license application form, a written statement of all license fees and surcharges required, or the formula for determining them. In addition, DATCP must specify any applicable fee credit. If the balance in the APS fund contributed by grain warehouse keepers exceeds $300,000 on June 30, DATCP must credit 12.5% of the excess amount against grain warehouse keeper inspection fees to keepers who file timely renewal applications for the next license year. Credit the amount on a prorated basis, in proportion to the total license fees paid in the past four license years. Prohibit DATCP from issuing an annual

license until all DATCP-identified fees and statements are paid. If a fee is paid under protest, require DATCP to refund any amount deemed excessive.

Financial Statements. If a grain warehouse keeper is licensed to operate with a combined capacity of over 300,000 bushels, that keeper must file an annual financial statement with DATCP before the Department may first grant their license and every year thereafter. Require that a financial statement either be reviewed by an independent public accountant and signed under oath by the keeper regarding its accuracy or audited by an authorized public accountant. However, if a grain warehouse keeper's combined capacity exceeds 500,000 bushels, the financial statement must be audited by an authorized public accountant using generally accepted accounting and auditing standards. Unless the grain warehouse keeper is a sole proprietor with an unaudited financial statement who must file a financial statement on a historical cost basis, require that annual financial statements be prepared according to generally accepted accounting principles. The financial statement of a parent organization, subsidiary, predecessor or successor is not an acceptable substitute.

For any grain warehouse keeper who has been in business for more than one year, the financial statement consists of a balance sheet, income statement, equity statement, statement of cash flows, notes to those statements and other information required by DATCP. If the grain warehouse keeper is a sole proprietor, that person must include business and personal financial statements. For those grain warehouse keepers in business for less than a year, the financial statement may consist of a balance sheet and notes. All filed financial statements must include a calculation of the keeper's ratio of the value of current assets to the value of current liabilities (current ratio) and the debt to equity ratio. Unless DATCP specifically approves an asset, for the purposes of calculating the current ratio and debt to equity ratio, grain warehouse keepers may not include the following assets: (a) a nontrade note or account receivable from an officer, director, employee, partner or stockholder, or from a member of the family of any of those individuals, unless the note or account receivable is secured by a first priority security interest in real or personal property; (b) a note or account receivable from a parent organization, subsidiary or affiliate, other than an employee; or (c) a note or account that has been receivable for more than one year, unless the grain warehouse keeper has established an offsetting reserve for Uncollectable notes and accounts receivable.

For license renewals, the required annual financial statement must be filed by the 15th day of the fourth month following the close of the grain warehouse keeper's fiscal year, unless a written extension request is filed at least 10 days before the deadline and DATCP extends the filing deadline for up to 30 days. In addition, any grain warehouse keeper that contributes to the security fund pool may voluntarily file a financial statement with DATCP to lower their APS fund assessment. Allow DATCP to reject any financial statement for not meeting set standards. Further, allow DATCP to require a licensed grain warehouse keeper to file with the Department an interim financial statement along with the grain warehouse keeper's sworn and notarized statement that the financial statement is correct.

Security Requirements. Require a grain warehouse keeper to file and maintain security with DATCP if when the grain warehouse keeper is licensed, their reported combined warehouse capacity exceeds 300,000 bushels and their required annual financial statement shows negative equity. Allow DATCP to release security filed for this purpose if a grain warehouse keeper pays the security fund pool quarterly assessment that would have been required if the grain warehouse keeper had been a pool participant on the most recent quarterly installment date and if the keeper either (a) reports, for at least two consecutive years, combined warehouse capacity below 300,000 bushels, or (b) provides an annual financial statement that shows positive equity for at least two consecutive years.

Require grain warehouse keepers who filed security under the Warehouse Keepers and Grain Dealers Security Act before September 1, 2002 to maintain that security amount. Allow DATCP to release this security on December 1, 2002, unless the bill otherwise requires the keeper to file security. Further, require DATCP to release security if a grain warehouse keeper has paid all grain obligations and is no longer in business.

Allow DATCP to approve only specified forms of security, including currency. A commercial surety bond is allowable if it is payable to DATCP for the benefit of grain depositors, is issued by a person authorized to operate a surety business in the state, is issued as a continuous term bond that may be canceled only upon 90 days' prior certified written notice or with DATCP's written agreement and is issued in forms, terms and conditions that the Department considers appropriate. A certificate of deposit or money market certificate is allowed if: (a) the certificate may not be canceled or redeemed without DATCP authorization and is issued or endorsed to the Department for the benefit of grain depositors; (b) no person may transfer or withdraw funds represented by the certificate without DATCP permission; (c) the certificate renews automatically without Departmental action; and (d) the certificate is issued in forms, terms and conditions that DATCP considers appropriate. An irrevocable bank letter is allowed if the letter of credit is payable to DATCP for the benefit of grain depositors, is issued on bank letterhead for an initial period of at least one year, renews automatically unless at least 90 days before the scheduled renewal date the issuing bank certifiably notifies DATCP that the letter of credit will not be renewed and is issued in forms, terms and conditions that the Department considers appropriate. Security filed under the Warehouse Keepers and Grain Dealers Security Act before September 1, 2002 is allowable until January 1, 2003, at which time DATCP will withdraw its approval of any security that does not comply with the new requirements listed above. DATCP holds all security for the benefit of grain depositors. Allow DATCP to release security if the grain warehouse keeper files DATCP-approved alternative security of equal value.

Require all keepers who must maintain security to file reports to DATCP on the Department's specified form, by the 10th day of each month. Each monthly report would contain reasonably required information, including the amount of each type of grain stored in each warehouse on the last day of the preceding month.

Security Payments. If a keeper is required to maintain security, it must be equal to at least 20% of the current local market value of grain held for depositors. Allow DATCP to release any security above the required amounts.

Allow DATCP to demand, in writing, additional security from a grain warehouse keeper if either the keeper fails to provide relevant, required information regarding security requirements, or if their existing security falls below the required amount for any reason, including depreciation in the value of the security filed with DATCP, increased obligations to depositors or the cancellation of any security filed with the Department. Require DATCP to indicate why additional security is required, the amount required and the filing deadline. The deadline must be within 30 days of when DATCP issued its demand for additional security. Although a grain warehouse keeper may request a hearing under state law, the request does not automatically stay a security demand. Further, if a grain warehouse keeper fails to provide the required additional security, require the keeper to notify grain depositors. If the grain warehouse keeper fails to give accurate notice within five days of the security filing deadline, require DATCP to promptly notify affected parties by publishing a Class 3 notice and allow the Department to notify individual affected depositors. If a grain warehouse keeper does not provide additional security, allow DATCP to suspend or revoke the grain warehouse keeper's license or to issue a summary order.

Security Fund Pool Assessments. Require grain warehouse keepers who must be licensed to pay fund assessments unless they are disqualified. Require that annual fund assessments be paid in equal quarterly installments with the first installment due October 1, the second January 1, the third April 1 and the fourth July 1 of the license year, but allow any installment to be prepaid. If a keeper applies for a license during a license year, the fund assessment of all that year's quarterly installments that became due before that day must be paid with the first quarterly installment due after DATCP issues a license. A penalty of the greater of $50 or 10% of the overdue installment amount is owed if a grain warehouse keeper fails to pay an installment when due. Unless DATCP rules specify differently, the annual assessment is the higher of $20 or the sum of both the current assessment ratio and the debt to equity assessment ratio multiplied by the keeper's combined warehouse capacity, in bushels.

Current Assessment Ratio. If a grain warehouse keeper's financial statement shows a current ratio (the ratio of the value of current assets to the value of current liabilities) of at least 1.25 to 1, calculate the current ratio assessment (which if less than zero, the assessment is set at zero) by multiplying 0.00003 (except for in the keeper's 5th or higher consecutive full license year participating in the security fund pool, multiply 0) by the result of the following formula:

$$\left[-1 \times \left(\frac{\textit{current ratio} - 1}{3} \right) \right]^3 + \left(\frac{0.65}{\textit{current ratio} - 0.75} \right)^5 + 2.$$

If a grain warehouse keeper's financial statement shows a current ratio of between 1 to 1 and 1.25 to 1, calculate the current ratio assessment by multiplying 0.000045 (except for in the keeper's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000036) by the result of the above formula. If a grain warehouse keeper's financial statement shows a current ratio of less than or equal to 1 to 1, calculate the current ratio assessment by multiplying 0.000045 (except for in the keeper's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000036) by 120.81376. For those grain warehouse keepers who do not file an annual financial statement, calculate their current ratio assessment by multiplying 0.000045 (except for in the keeper's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000036) by 5.71235.

Debt to Equity Assessment. If a grain warehouse keeper's financial statement shows positive equity and a debt to equity ratio of not more than 4 to 1, calculate the debt to equity ratio assessment (which if less than zero, the assessment is set at zero) by multiplying 0.0000125 (except for in the keeper's 5th or higher consecutive full license year participating in the security fund pool, multiply 0) by the result of the following formula:

$$\left(\frac{\textit{Debt / Equity Ratio} - 4}{3}\right)^{3} + \left(\frac{\textit{Debt/ Equity Ratio} - 1.7}{1.75}\right)^{7} + 2.$$

If a grain warehouse keeper's financial statement shows a debt to equity ratio of between 4 to 1 and 5 to 1, calculate the debt to equity ratio assessment by multiplying 0.00001875 (except for in the keeper's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000015) by the result of the above formula. If a grain warehouse keeper's financial statement shows negative equity or a debt to equity ratio of at least 5 to 1, calculate the debt to equity ratio assessment by multiplying 0.00001875 (except for in the keeper's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000015) by 86.8224. For those grain warehouse keepers who do not file an annual financial statement, calculate the debt to equity ratio assessment by multiplying 0.00001875 (except for in the keeper's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000015) by 8.77374.

Disqualified Grain Warehouse Keepers. Disqualify a grain warehouse keeper from the security fund pool if DATCP denies, suspends or revokes the keeper's license or if that grain warehouse keeper is required to file and maintain individual security with DATCP because their combined capacity exceeds 300,000 bushels and their required annual financial statement shows negative equity. Once DATCP determines that certain standards have been met, it may release a keeper's security and that keeper becomes eligible for security fund pool participation. A disqualified grain warehouse keeper may not be refunded any assessments and is liable for any unpaid assessments that were due before disqualification. A grain warehouse keeper no longer needs to pay assessments when disqualified.

Records and Receipts. Require that the following records and receipt copies be kept for at least six years and be made available for DATCP inspection or copying. Require grain

warehouse keepers to keep records currently required under the Warehouse Keepers and Grain Dealers Security Act and related DATCP rules. Require grain warehouse keepers to maintain complete, accurate and current records and accounts of all grain received into and withdrawn from each grain warehouse. From the records, the grain warehouse keeper and DATCP should be able to determine on a daily basis, the total amount of grain held, delineated by that which is held for others, is owned by the warehouse keeper and is obligated to depositors. Further, a warehouse keeper must keep easily retrievable records, by depositor, which show the depositor's name and address, and the kinds and amounts of grain: (a) received from the depositor with receipt dates and terms; (b) released to depositors with release dates; and (c) held for a depositor (updated daily).

Prohibit a grain warehouse keeper from altering a record entry without DATCP approval, unless it is to account either for handling losses, if the warehouse keeper corrects for handling losses at least monthly, or for errors or omissions related to the receipt or withdrawal of grain, if the warehouse keeper has documentation to support the correction. Further, whenever a grain warehouse keeper alters a record the keeper must clearly identify and explain the alteration so it is clear to any reviewer.

If records are kept in computerized form, require that either the keeper generates a daily hard copy printout or is able to retrieve and print any day's computerized record for at least six years. Require DATCP to review each warehouse grain keeper's records at least annually, or biennially if their annual financial statement shows a current ratio of at least 2 to 1, positive equity and a debt to equity ratio of not more than 2 to 1.

Require grain warehouse keepers to immediately provide a receipt for all grain received. The receipt must include: (a) the grain warehouse keeper's name, permanent address and warehouse location, and a statement indicating whether the grain warehouse keeper is a corporation; (b) a statement identifying the document as a warehouse receipt or other storage receipt, including the date and kind of grain received; (c) the net weight of grain received (d) the grade and quality of the grain, if determined; (e) the word "negotiable" or "nonnegotiable" conspicuously, if it is a warehouse receipt (if a grain warehouse keeper transfers depositor-owned grain to another warehouse keeper, the receiving keeper must issue a receipt that conspicuously bears the word "nonnegotiable"); and (f) a statement indicating that grain be removed from storage by a specified date (within three years of the deposit), unless it is a warehouse receipt, a receipt for grain owned by the Federal Commodity Credit Corporation or a receipt for grain pledged as collateral for a USDA loan. If grain is delivered to someone who is both a grain dealer and a warehouse keeper, the delivery is considered a deposit for storage unless the receipt is clearly designated otherwise.

Insurance. Require all grain warehouse keepers that are required to be licensed to maintain fire and extended coverage insurance issued by an authorized insurance company that covers all grain in the custody of the keeper, whether owned by the keeper or held for others, at the full local market value of the grain. The policy may not contain any deductible clause limiting the insurer's obligation to pay each depositor full value of their covered loss. Allow a grain

warehouse keeper to indemnify the insurer for a portion of each depositor claim paid, if it does not limit the insurer's obligation to make total payments to depositors. Unless written notice of an intended cancellation is sent to DATCP at least 30 days before taking effect, prohibit a required insurance policy from being cancelled. Require grain warehouse keepers to replace their insurance policy so that no lapse in coverage occurs when a policy is canceled and to provide DATCP with proof of a replacement policy (certification from the insurance company is acceptable) within 20 days of DATCP learning of the cancellation and at least 10 days before the cancellation takes effect. Further, require a licensed keeper to disclose the material terms of their fire, extended coverage and any liability insurance to depositors upon request. Prohibit grain warehouse keepers from misrepresenting the nature, coverage or material terms of their insurance policy to the Department or to any depositor.

Business Practices. Require grain warehouse keepers, when making a determination, to accurately determine and record the weight, grade and quality of grain using accurate weighing, testing or grading equipment. Further, require a grain warehouse keeper to maintain adequate facilities and equipment to protect grain held for others from loss or abnormal deterioration. Require a grain warehouse keeper to maintain grain inventories sufficient in quantity and quality to meet all outstanding depositor obligations and to deliver to a depositor, upon demand, the same grade and amount of grain as was deposited. However, if grain of appropriate grade is unavailable, allow the keeper to substitute, with the agreement of the depositor, either a monetary payment of equivalent value, or a sufficient amount of a higher grade of grain to provide equivalent value, based on current local grain prices (but prohibit a keeper from providing grain or payments in excess of the current value of the deposited grain). Prohibit grain warehouse keepers from misrepresenting the weight, grade or quality of grain received from or delivered to any person, from falsifying or conspiring to falsify any record or account, or from making any false or misleading representation to DATCP or to a depositor related to any APS program requirements. Require keepers to file the full amount of any additional security required by the DATCP-specified date, and if the grain warehouse keeper is licensed, prohibit the keeper from engaging in any activity that is inconsistent with a representation made in the grain warehouse keeper's annual license application.

Vegetable Contractors

Delete Vegetable Procurement, Financial Security, Grading and Tare Provisions. On February 1, 2002, delete statutory provisions regarding vegetable procurement, financial security, grading and tare. The following generally summarizes the provisions deleted under the bill. Most vegetable contractors are required to pay annual fees to register with DATCP in order to enter into a procurement contract with a producer. Along with the registration, a contractor must submit an annual financial statement and disclose contractual obligations along with the contractor's liability to producers. If a contractor does not meet minimum financial standards, they are required to either pay producers on delivery or file security (of at least 75% of the contractor's anticipated maximum liability for the year) with DATCP. If DATCP believes the contractor does not have adequate security filed, they can further require that the contractor make payments upon delivery of all vegetables. If a contractor is found under the specified

default proceedings to have failed to pay a producer, DATCP may convert any of that contractor's security to pay the producer, with interest. If a contractor fails to follow these procedures, DATCP may suspend the contractor's license and the violator is subject to forfeitures, fines and imprisonment. Further, affected producers may bring an action against a contractor. Deleted provisions also include standards for grading vegetables as set by DATCP rule.

Unless otherwise noted, any provision in the bill related to vegetable contractors does not apply until February 1, 2002.

Licensing and Application. Require vegetable contractors that procure Wisconsin vegetables to obtain a nontransferable, annual license that expires on January 31, unless they (a) procure vegetables primarily for unprocessed, fresh market use and are licensed under the federal Perishable Agricultural Commodities Act, or (b) are a restaurant or retail food establishment that procures processing vegetables solely for retail sale at that establishment. Require DATCP to provide license forms and contractors to provide (a) the legal name of the applicant and any trade name under which they operate as a vegetable contractor; (b) a statement of whether the applicant is an individual, corporation, partnership, cooperative, limited liability company, trust or other legal entity (if a corporation or cooperative, the applicant must list each of their officers, if a partnership, the applicant must list each partner); (c) the primary business mailing address and the name of a responsible individual at that location; (d) the street address of each location the vegetable contractor operates from and the name of a responsible individual at each staffed location; (e) all required license fees and surcharges; (f) a financial statement, if required and not yet filed; and (g) other relevant information required by DATCP. As of January 1, 2002, require a vegetable contractor applying for a license for the license year that begins on February 1, 2002, to submit an application that complies with APS program requirements.

In addition, require a vegetable contractor to provide a sworn and notarized statement, signed by the applicant or their officer, with their license application. The statement must include: (a) the amount paid or owed, during the last fiscal year, to vegetable producers or agents under contract, or if the applicant has not yet operated in the state, an estimated amount of these contractual obligations during their first complete fiscal year; (b) the largest amount of unpaid contractual obligations that the vegetable contractor had at any time in their last completed fiscal year (if unpaid contractual obligations ever exceed this amount, further require a vegetable contractor to immediately notify DATCP); (c) the amount of unpaid contractual obligations at the time of application; (d) the amount in unpaid obligations that are due before the next license year; (e) the amount of unpaid contractual obligations under deferred payment contracts at the time of application (if unpaid contractual obligations under deferred payment contracts ever exceed this amount, require a vegetable contractor to immediately notify DATCP); (f) whether the applicant, their affiliates and subsidiaries will collectively grow more than 10% of the total acreage of any vegetable species grown or procured in that license year; (g) whether the applicant will pay cash on delivery under all vegetable procurement contracts in that license year; and (h) whether the applicant is a producer-owned cooperative or organization that procures vegetables solely from members under a cooperative marketing

method where they pay members a prorated share of profits. Require DATCP to approve or deny a license application within 30 days of receipt. Further, if a license is denied, DATCP must provide the applicant a written reason for the denial. If approved, a vegetable contractor must display a copy of the license at each business location operated in the state. Invalidate a license if a vegetable contractor fails to pay all obligations that were due in the previous license year by February 5 of the new license year. When DATCP issues an annual license, they are required to inform the vegetable contractor of their annual fund assessment, along with the quarterly installment due dates, amounts and late payment penalty.

License Fees and Surcharges. Unless DATCP specifies a different fee or surcharge by rule, require a vegetable contractor to pay a nonrefundable license processing charge of $25 and the following applicable license fees and surcharges (fees and surcharges may not be prorated): (a) a fee of $25 plus 5.75¢ for each $100 in contractual obligations (however, the fee is reduced to $25 plus 4.75¢ for each $100 in contractual obligations if DATCP grades all graded vegetables procured from vegetable producers or agents); (b) a surcharge of $500 if DATCP determines that a vegetable contractor operated without a license in the past year, in violation of the law, in addition to all payments due for the year of violation (payment of this surcharge would not relieve the applicant of any other civil or criminal liability, nor would it constitute evidence of any law violation); (c) a surcharge of $100 if in the past year, the applicant failed to file a required annual financial statement by the statutory deadline; and (d) a renewal surcharge of $100 if an applicant fails to renew a license by its expiration date. After December 31, 2001, deposit all license fees and surcharges paid under the current law vegetable procurement, financial security, grading and tare provisions to the APS fund.

Require DATCP to provide a written statement of all license fees and surcharges required with each license application form. In addition, DATCP must specify any applicable fee credit. If the balance in the APS fund contributed by vegetable contractors exceeds $1,000,000 on November 30, DATCP must credit 50% of the excess amount against vegetable contractor license fees to contractors who file timely renewal applications for the next license year. Credit the amount on a prorated basis, in proportion to the total license fees paid in the past four license years. Prohibit DATCP from issuing an annual license until all DATCP-identified fees and statements are paid. If a fee is paid under protest, require DATCP to refund any amount deemed excessive.

Financial Statements. If a contractor's annual contractual obligations for vegetables (as notarized) exceeds $500,000, require that contractor to file an annual financial statement with DATCP before the Department may first grant their license, and every license year thereafter, unless a vegetable contractor pays cash on delivery under all vegetable procurement contracts or is a producer-owned cooperative or organization that procures vegetables only from its producer owners. Require that a financial statement either be reviewed by an independent public accountant and signed under oath by the contractor regarding its accuracy or audited by an authorized public accountant. However, if a vegetable contractor's annual contractual obligations exceeds $4 million, the financial statement must be audited by an authorized public accountant using generally accepted accounting and auditing standards. Unless the vegetable

contractor is a sole proprietor with an unaudited financial statement who must file a financial statement on a historical cost basis, require that annual financial statements be prepared according to generally accepted accounting principles. The financial statement of a parent organization, subsidiary, predecessor or successor is not an acceptable substitute.

For any vegetable contractor who has been in business for more than one year, the financial statement consists of a balance sheet, income statement, equity statement, statement of cash flows, notes to those statements and other information required by DATCP. If the vegetable contractor is a sole proprietor, that person must include business and personal financial statements. For those vegetable contractors in business for less than a year, the financial statement may consist of a balance sheet and notes. All filed financial statements must include a calculation of the contractor's ratio of the value of current assets to the value of current liabilities (current ratio) and the debt to equity ratio. Unless DATCP specifically approves an asset, for the purposes of calculating the current ratio and debt to equity ratio, vegetable contractors may not include the following assets: (a) a nontrade note or account receivable from an officer, director, employee, partner or stockholder, or from a member of the family of any of those individuals, unless the note or account receivable is secured by a first priority security interest in real or personal property; (b) a note or account receivable from a parent organization, subsidiary or affiliate, other than an employee; or (c) a note or account that has been receivable for more than one year, unless the vegetable contractor has established an offsetting reserve for Uncollectable notes and accounts receivable.

For license renewals, the required annual financial statement must be filed by the 15th day of the fourth month following the close of the vegetable contractor's fiscal year, unless a written extension request is filed at least ten days before the deadline and DATCP extends the filing deadline for up to 30 days. In addition, any vegetable contractor that contributes to the security fund pool may voluntarily file a financial statement with DATCP to lower their APS fund assessment or to avoid filing otherwise required security. Allow DATCP to reject any financial statement for not meeting set standards. Further, allow DATCP to require a licensed vegetable contractor to file with the Department an interim financial statement along with the vegetable contractor's sworn and notarized statement that the interim statement is correct.

Security Requirements. Unless a vegetable contractor pays cash on delivery for all procurement contracts or is a producer-owned cooperative or organization that procures vegetables only from members, require a contractor to file and maintain security with DATCP if when the vegetable contractor is licensed, their annual contractual obligations exceed $500,000 and their required annual financial statement shows negative equity. Allow DATCP to release security filed for this purpose if a vegetable contractor pays the security fund pool quarterly assessment that would have been required if the vegetable contractor had been a pool participant on the most recent quarterly installment date and if the contractor either (a) reports, for at least two consecutive years, less than $1,000,000 in annual contractual obligations, or (b) provides an annual financial statement that shows positive equity for at least two consecutive years.

In addition (except for a cooperative or cash-on-delivery contractor), require all vegetable contractors to file and maintain security to cover any reported unpaid contractual obligations that the contractor has under deferred payment contracts, unless the vegetable contractor files a required annual financial statement that shows positive equity, a current ratio of at least 1.25 to 1 and a debt to equity ratio of not more than 4 to 1. Allow DATCP to release security filed for this purpose if either a vegetable contractor (a) has no unpaid obligations under deferred payment contracts and will not use such contracts in the current license year, or (b) files two consecutive annual financial statements showing positive equity, a current ratio of at least 1.25 to 1 and a debt to equity ratio of not more than 4 to 1.

In addition, require vegetable contractors who filed security under the current law vegetable procurement, financial security, grading and tare provisions before February 1, 2002 to maintain that security amount. Allow DATCP to release this security on May 1, 2002, unless the bill otherwise requires the contractor to file security. Further, require DATCP to release security if a contractor who has paid all contractual obligations is no longer in business.

Allow DATCP to approve only specified forms of security, including currency. A commercial surety bond is allowable if it is payable to DATCP for the benefit of vegetable producers and agents, is issued by a person authorized to operate a surety business in the state, is issued as a continuous term bond that may be canceled only upon 90 days prior certified written notice or with DATCP's written agreement and is issued in forms, terms and conditions that the Department considers appropriate. A certificate of deposit or money market certificate is allowed if: (a) the certificate may not be canceled or redeemed without DATCP authorization and is issued or endorsed to the Department for the benefit of vegetable producers and agents; (b) no person may transfer or withdraw funds represented by the certificate without DATCP permission; (c) the certificate renews automatically without Departmental action; and (d) the certificate is issued in forms, terms and conditions that DATCP considers appropriate. An irrevocable bank letter is allowed if the letter of credit is payable to DATCP for the benefit of vegetable producers and agents, is issued on bank letterhead for an initial period of at least one year, renews automatically unless at least 90 days before the scheduled renewal date the issuing bank certifiably notifies DATCP that the letter of credit will not be renewed and is issued in forms, terms and conditions that the Department considers appropriate. Security filed under the current law vegetable procurement, financial security, grading and tare provisions before February 1, 2002 is allowable until January 1, 2003, at which time DATCP will withdraw its approval of any security that does not comply with the new requirements listed above. DATCP holds all security for the benefit of vegetable producers and agents. Allow DATCP to release security if the vegetable contractor files DATCP-approved alternative security of equal value.

Security Payments. If a contractor is required to maintain security, it must be at least equal to 75% of the largest amount of unpaid contractual obligations that the vegetable contractor had in their last completed fiscal year, or any higher amount since that time, in addition to, 100% of the reported unpaid contractual obligations that the vegetable contractor has under deferred payment contracts. Allow DATCP to release any security above the required amounts.

Allow DATCP to demand, in writing, additional security from a vegetable contractor if either the contractor fails to provide relevant, required information regarding security requirements, or if their existing security falls below the required amount for any reason, including depreciation in the value of the security filed with DATCP, increased obligations to vegetable producers or agents or the cancellation of any security filed with the Department. Require DATCP to indicate why additional security is required, the amount required and the filing deadline. The deadline must be within 30 days of when DATCP issues its demand for additional security. Although a vegetable contractor may request a hearing under state law, the request does not automatically stay a security demand. Further, if a vegetable contractor fails to provide the additional security, require the contractor to give written notice of that fact to all Wisconsin producers and agents from whom the contractor procures vegetables. If the vegetable contractor fails to give accurate notice within five days of the security filing deadline, require DATCP to promptly notify affected parties by publishing a Class 3 notice and allow the Department to notify individual affected producers or agents. If a vegetable contractor does not provide the required additional security, allow DATCP to suspend or revoke the vegetable contractor's license or to issue a summary order under these provisions that either prohibits the contractor from procuring vegetables from state producers or requires the vegetable contractor to pay cash on delivery.

Security Fund Pool Assessments. Require licensed vegetable contractors, unless they pay cash on delivery for all procurement contracts or are a producer-owned cooperative or organization that procures vegetables only from members, to pay fund assessments and allow the cooperative and cash-on-delivery contractors above to pay voluntary assessments unless either is disqualified. Require that annual fund assessments be paid in equal quarterly installments with the first installment due March 1, the second June 1, the third September 1 and the fourth December 1 of the license year, but allow any installment to be prepaid. If a contractor applies for a license during a license year, the fund assessment of all that year's quarterly installments that became due before that day must be paid with the first quarterly installment due after DATCP issues a license. A penalty of the greater of $50 or 10% of the overdue installment amount is owed if a vegetable contractor fails to pay an installment when due. Unless DATCP rules specify differently, the annual assessment is the higher of $20 or the sum of the following three determinations: (a) both the current assessment ratio and the debt to equity assessment ratio multiplied by the amount of contractual obligations in the last fiscal year, or if the applicant has not yet operated in this state, an estimated amount of contractual obligations incurred during the applicant's first complete fiscal year, and (b) the amount of unpaid contractual obligations under deferred payment contracts from the last fiscal year multiplied by a deferred payment assessment rate of 0.0025.

Current Assessment Ratio. If a vegetable contractor's financial statement shows a current ratio (the ratio of the value of current assets to the value of current liabilities) of at least 1.25 to 1, calculate the current ratio assessment (which if less than zero, the assessment is set at zero) by multiplying 0.00048 (except for in the contractor's 4th or 5th consecutive full license year participating in the security fund pool, multiply 0.00029, and in the 6th or higher, multiply 0) by the result of the following formula:

$$\left[-1 \times \left(\frac{\textit{current ratio} - 4}{2} \right) \right]^3 + \left(\frac{0.60}{\textit{current ratio} - 0.65} \right)^5 + 0.25.$$

If a vegetable contractor's financial statement shows a current ratio of between 1.1 to 1 and 1.25 to 1, calculate the current ratio assessment by multiplying 0.00072 (except for in the contractor's 4th or 5th consecutive full license year participating in the security fund pool, multiply 0.00058, and in the 6th or higher, multiply 0.00035) by the result of the above formula. If a vegetable contractor's financial statement shows a current ratio of less than or equal to 1.1 to 1, calculate the current ratio assessment by multiplying 0.00072 (except for in the contractor's 4th or 5th consecutive full license year participating in the security fund pool, multiply 0.00058, and in the 6th or higher, multiply 0.00035) by 7.512617. For those vegetable contractors who do not file an annual financial statement, calculate the current ratio assessment by multiplying 0.00072 (except for in the contractor's 4th or 5th consecutive full license year participating in the security fund pool, multiply 0.00058, and in the 6th or higher, multiply 0.00035) by 3.84961.

Debt to Equity Assessment. If a vegetable contractor's financial statement shows positive equity and a debt to equity ratio of not more than 4 to 1, calculate the debt to equity ratio assessment (which if less than zero, the assessment is set at zero) by multiplying 0.000135 (except for in the contractor's 4th or 5th consecutive full license year participating in the security fund pool, multiply 0.00008, and in the 6th or higher, multiply 0) by the result of the following formula:

$$\left(\frac{\textit{Debt / Equity Ratio} - 4}{4} \right)^3 + \left(\frac{\text{Debt/ Equity Ratio} - 1.85}{2.5} \right)^7 + 1.$$

If a vegetable contractor's financial statement shows a debt to equity ratio of between 4 to 1 and 6 to 1, calculate the debt to equity ratio assessment by multiplying 0.000203 (except for in the contractor's 4th or 5th consecutive full license year participating in the security fund pool, multiply 0.00016, and in the 6th or higher, multiply 0.0001) by the result of the above formula. If a vegetable contractor's financial statement shows negative equity or a debt to equity ratio of at least 6 to 1, calculate the debt to equity ratio assessment by multiplying 0.000203 (except for in the contractor's 4th or 5th consecutive full license year participating in the security fund pool, multiply 0.00016, and in the 6th or higher, multiply 0.0001) by 35.859145. For those vegetable contractors who do not file an annual financial statement, calculate the debt to equity ratio assessment by multiplying 0.000203 (except for in the contractor's 4th or 5th consecutive full license year participating in the security fund pool, multiply 0.00016, and in the 6th or higher, multiply 0.0001) by 1.34793.

Disqualified Vegetable Contractors. Disqualify a vegetable contractor from the security fund pool, and require those contractors to pay cash on delivery for producer vegetables if DATCP

issues a written notice disqualifying the vegetable contractor for cause, including (a) failure to pay required fund assessments or file a financial statement when due; or (b) failure to reimburse either the Department or a bond surety, within 60 days after a reimbursement demand is issued, for the full amount that DATCP or the surety paid to claimants because of that vegetable contractor's default. Further, disqualify a vegetable contractor from the security fund pool if DATCP denies, suspends or revokes the contractor's license. A contractor is also disqualified if they are required to file and maintain individual security with DATCP because their annual contractual obligations exceed $1,000,000 and their required annual financial statement shows negative equity. Once DATCP determines that certain standards have been met, it may release a contractor's security and that contractor becomes eligible for security fund pool participation. A disqualified vegetable contractor may not be refunded any assessments and is liable for any unpaid assessments that were due before disqualification. A vegetable contractor no longer needs to pay assessments when disqualified.

Records. Require that records be kept for at least six years and be made available for DATCP inspection or copying. Require vegetable contractors to keep records under the current law vegetable procurement, financial security, grading and tare provisions and related DATCP rules. Further, copies of all written vegetable procurement contracts and a current record of all vegetable contractual obligations, payments and unpaid balances are required.

Payments to Producers. Require vegetable contractors to pay producers or agents according to their contract and unless the contract specifies differently, require that full payments be made by the 15th day of the month immediately following the month in which the vegetable contractor either (a) harvests or accepts delivery of vegetables, or (b) rejects or fails to harvest vegetables under a procurement contract. In addition, require contractors to pay all outstanding obligations to producers by January 31 of each license year, except (a) allow a contractor to pay obligations by the date specified in an approved deferred payment contract for processing vegetables delivered prior to January 1 and (b) for processing vegetables received in January, require a contractor to pay the contract amount by February 15 or by the 30th day after the date of delivery, whichever date is later. Further, require vegetable contractors to pay cash on delivery if their notarized statement made such assurance or if they are disqualified from the security fund pool. Prohibit anyone who buys vegetables from deducting any vegetable contractor license fee, surcharge or fund assessment from producer payments under a procurement contract.

Deferred Payment Contracts. Require that before a vegetable contractor offers a deferred payment contract to any producer, producers must vote by secret ballot to approve the contract and the contractor must file with DATCP any additional required security with a sworn statement that the deferred payment contract was approved by producer vote. Require the vegetable contractor to notify, in writing, all Wisconsin producers that provided the same type of vegetables in their last license year of the upcoming vote. The notice must include a copy of the proposed contract, an announcement of the meeting at which producers will vote and a mail ballot for those unable to attend.

Insurance. Unless a vegetable contractor pays cash on delivery under all procurement contracts or is a producer-owned cooperative or organization that procures vegetables only from members, require contractors that are required to be licensed to maintain fire and extended coverage insurance issued by an authorized insurance company that covers all vegetables in the custody of the vegetable contractor, whether owned by the contractor or held for others, at the full local market value of the vegetables. Further, require vegetable contractors to replace their required insurance policy so that no lapse in coverage occurs when a policy is canceled. Prohibit vegetable contractors from misrepresenting the nature, coverage or material terms of their insurance policy to the Department or to any producer or agent.

Business Practices. Require DATCP to promulgate rules establishing standard grading procedures, uniform grade standards (which conform to federal law regarding distribution and marketing of agricultural products) and tare determination standards. If a vegetable grade affects the amount received by a producer, require vegetable contractors to grade vegetables using the DATCP standard grading procedures. In addition, require the use of DATCP uniform grade standards, unless a vegetable procurement contract clearly specifies alternative grade standards. Further, any deduction for tare must be made according to DATCP rule. Prohibit vegetable contractors from misrepresenting the weight, grade or quality of vegetables received from any person, from falsifying or conspiring to falsify any record or account, or from making any false or misleading representation to DATCP or to a producer related to any APS program requirements. Require contractors to file the full amount of any additional security required by the DATCP-specified date and if the vegetable contractor is licensed, prohibit the contractor from engaging in any activity that is inconsistent with a representation made in the vegetable contractor's annual license application.

Milk Contractors

Delete Dairy Licenses and Financial Condition Provisions. On May 1, 2002, delete statutory provisions regarding dairy licenses and financial condition. The following generally summarizes the provisions deleted under the bill. Wisconsin dairy plants are required to obtain a license and to submit a quarterly financial statement to DATCP in order to operate. If a dairy plant does not meet minimum financial standards, they are required to either file security with DATCP, to file an agreement giving a trustee selected by the producers control over the plant's processed milk or to pay producers generally 90% of the value of milk before accepting any additional milk on credit. The provisions also set deadlines for payment to producers. If a dairy plant is found under the specified default proceedings to have failed to pay a producer, DATCP may convert any of that plant's form of security (including assets held by a trustee) to pay the producer, with interest. If a dairy plant fails to follow these procedures, the violator is subject to fines and imprisonment.

Unless otherwise noted, any provision in the bill related to milk contractors does not apply until May 1, 2002.

Licensing and Application. Require milk contractors to obtain a nontransferable, annual DATCP license that expires on April 30, in order to receive milk in Wisconsin, to collect milk

from a farm in another state for shipment to their dairy plant or to acquire the right to market Wisconsin milk as an agent. Allow other out-of-state milk contractors who receive Wisconsin milk to voluntarily be licensed. Require DATCP to provide license forms and contractors to provide (a) the legal name of the applicant and any trade name under which they operate as a milk contractor (if the milk contractor is also a licensed dairy plant operator, the same legal name must be used); (b) a statement of whether the applicant is an individual, corporation, partnership, cooperative, limited liability company, trust or other legal entity (if a corporation or cooperative, the applicant must list each of their officers, if a partnership, the applicant must list each partner); (c) the primary business mailing address and the name of a responsible individual at that location; (d) the street address of each location the milk contractor operates from under the license and the name of a responsible individual at each staffed location; (e) all required license fees and surcharges; (f) a financial statement, if required and not yet filed; and (g) other relevant information required by DATCP. As of January 1, 2002, require a milk contractor applying for a license for the license year that begins on May 1, 2002, to submit an application that complies with APS program requirements.

In addition, require a milk contractor to provide a sworn and notarized statement, signed by the applicant or their officer, with their license application. The statement must include: (a) the amount paid or owed, during the last fiscal year, to milk producers or agents, or if the applicant has not yet operated in the state, an estimated amount of these payroll obligations during their first complete fiscal year; (b) the largest amount of unpaid payroll obligations that the milk contractor had at any time in their last completed fiscal year (if unpaid payroll obligations ever exceed this amount, further require a milk contractor who files security to immediately notify DATCP); (c) the identity of all producer agents from whom the contractor procures milk; and (d) other DATCP-required information. Require DATCP to approve or deny a license application within 30 days of receipt. Further, if a license is denied, DATCP must provide the applicant a written reason for the denial. If approved, a milk contractor must display a copy of the license at each business location operated in the state. When DATCP issues an annual license, they are required to inform the milk contractor of their annual fund assessment, along with the quarterly installment due dates, amounts, and late payment penalty.

License Fees and Surcharges. Unless DATCP specifies a different fee or surcharge by rule, require a milk contractor to pay a nonrefundable license processing charge of $25 and the following applicable license fees and surcharges: (a) a surcharge of $500 if DATCP determines that a milk contractor operated without a license in the past year, in violation of the law, in addition to all payments due for the year of violation (payment of this surcharge would not relieve the applicant of any other civil or criminal liability, nor would it constitute evidence of any law violation); (b) a surcharge of $100 if in the past year, the applicant failed to file a required annual financial statement by the statutory deadline; and (c) a renewal surcharge of $100 if an applicant fails to renew a license by its expiration date. Unless DATCP specifies a different fee by rule, require licensed milk contractors (except for agents who market to contractors that pay a monthly fee on the same milk) to pay by the 25th day of each month, a fee of 15¢ for each 100 pounds of Wisconsin milk procured in the previous month, along with a report of how many pounds were procured. In addition, require a contractor to pay a surcharge

of 20% of the monthly fee by the 25th day of the following month if they fail to make the monthly payment when due. After December 31, 2001, deposit all milk producer security fees paid under the current law dairy license and financial condition provisions to the APS fund.

Require DATCP to provide a written statement of all license fees and surcharges required with each license application form, and upon issuance of an annual license, a notice of monthly fee requirements which includes: (a) the method for computing the monthly fee; (b) the monthly fee due date; (c) the late payment surcharge that would be added; and (d) any applicable fee credit. If the balance in the APS fund contributed by milk contractors exceeds $4,000,000 on February 28, DATCP must credit 50% of the excess amount against milk contractor monthly license fees by crediting one-twelfth of the total annual credit each month to contractors who file timely license renewal applications for the next year. The annual credit is prorated, in proportion to the total monthly license fees paid in the past four license years. Prohibit DATCP from issuing an annual license until all DATCP-identified fees and statements are paid. If a fee is paid under protest, require DATCP to refund any amount deemed excessive.

Financial Statements. If a contractor's annual payroll obligations for milk (as notarized) exceed $1,500,000, require that contractor to file an annual financial statement with DATCP before the Department may first grant their license, and every license year thereafter, unless their annual payroll obligations are less than $1,500,000 or they procure milk only as a producer agent. Require that an annual financial statement either be reviewed by an independent public accountant and signed under oath by the contractor regarding its accuracy or audited by an authorized public accountant. However, if a milk contractor's annual payroll obligations exceeds $6 million, the financial statement must be audited by an authorized public accountant using generally accepted accounting and auditing standards. Unless the milk contractor is a sole proprietor with an unaudited financial statement who must file a financial statement on a historical cost basis, require that annual financial statements be prepared according to generally accepted accounting principles. The financial statement of a parent organization, subsidiary, predecessor or successor is not an acceptable substitute.

For any milk contractor who has been in business for at least one year, the financial statement consists of a balance sheet, income statement, equity statement, statement of cash flows, notes to those statements and other information required by DATCP. If the milk contractor is a sole proprietor, that person must include business and personal financial statements. For those milk contractors in business for less than a year, the annual financial statement may consist of a balance sheet and notes. Require licensed milk contractors that do not participate in the security fund pool to file quarterly financial statements for the first three quarters of the contractor's fiscal year within 60 days of the end of each fiscal quarter, along with the milk contractor's sworn and notarized statement that each statement is correct. A quarterly annual financial statement may consist of a balance sheet and income statement.

All filed financial statements must include a calculation of the contractor's ratio of the value of current assets to the value of current liabilities (current ratio) and their debt to equity ratio. Unless DATCP specifically approves an asset, for the purposes of calculating the current

ratio and debt to equity ratio, milk contractors may not include the following assets: (a) a nontrade note or account receivable from an officer, director, employee, partner or stockholder, or from a member of the family of any of those individuals, unless the note or account receivable is secured by a first priority security interest in real or personal property; (b) a note or account receivable from a parent organization, subsidiary or affiliate, other than an employee; or (c) a note or account that has been receivable for more than one year, unless the milk contractor has established an offsetting reserve for Uncollectable notes and accounts receivable.

For license renewals, required annual financial statement must be filed by the 15th day of the fourth month following the close of the milk contractor's fiscal year, unless a written extension request is filed at least 10 days before the deadline and DATCP extends the filing deadline for up to 30 days. In addition, any licensed milk contractor may voluntarily file a financial statement with DATCP to lower their APS fund assessment or to avoid paying the assessment. Allow DATCP to reject any financial statement for not meeting set standards. Further, allow DATCP to require a licensed milk contractor to file with the Department an interim financial statement along with the milk contractor's sworn and notarized statement that the interim statement is correct.

Security Requirements. Require a milk contractor to file and maintain security with DATCP if when the milk contractor is first licensed, their annual payroll obligations exceed $1,500,000 and their required annual financial statement shows negative equity. Allow DATCP to release security filed for this purpose if a milk contractor pays the security fund pool quarterly assessment that would have been required if the milk contractor had been a pool participant on the most recent quarterly installment date and if the contractor either (a) reports, for at least two consecutive years, less than $1,500,000 in annual payroll obligations, or (b) provides an annual financial statement that shows positive equity for at least two consecutive years.

In addition, require milk contractors who filed security under the current law dairy license and financial condition provisions before May 1, 2002 to maintain that security amount. Allow DATCP to release this security on August 1, 2002, unless the bill otherwise requires the contractor to file security. Further, require DATCP to release security if a milk contractor who has paid all payroll obligations is no longer in business.

Allow DATCP to approve only specified forms of security, including currency. A commercial surety bond is allowable if it is payable to DATCP for the benefit of milk producers and agents, is issued by a person authorized to operate a surety business in the state, is issued as a continuous term bond that may be canceled only upon 90 days prior certified written notice or with DATCP's written agreement and is issued in forms, terms and conditions that the Department considers appropriate. A certificate of deposit or money market certificate is allowed if: (a) the certificate may not be canceled or redeemed without DATCP authorization and is issued or endorsed to the Department for the benefit of milk producers and agents; (b) no person may transfer or withdraw funds represented by the certificate without DATCP permission; (c) the certificate renews automatically without Departmental action; and (d) the certificate is issued in forms, terms and conditions that DATCP considers appropriate. An

irrevocable bank letter is allowed if the letter of credit is payable to DATCP for the benefit of milk producers or agents, is issued on bank letterhead for an initial period of at least one year, renews automatically unless at least 90 days before the scheduled renewal date the issuing bank certifiably notifies DATCP that the letter of credit will not be renewed and is issued in forms, terms and conditions that the Department considers appropriate. Security filed under the current law dairy license and financial condition provisions before May 1, 2002 is allowable until January 1, 2003, at which time DATCP will withdraw its approval of any security that does not comply with the new requirements listed above. DATCP holds all security for the benefit of milk producers and agents. Allow DATCP to release security if the milk contractor files DATCP-approved alternative security of equal value.

Qualified Producer Agents. Require DATCP to promulgate rules regarding qualified producer agents (milk contractors that procure milk in the state solely as producer agents and comply with DATCP rules regarding qualified producer agents) that include requiring a qualified producer agent to have a written contract with each milk producer from whom the qualified producer agent procures milk from in the state. Further, require such contracts to disclose that the producer agent: (a) does not take title to the milk producer's milk; (b) holds all milk receipts in trust for milk producers; and (c) has less secured or indemnified obligations to milk producers than those obligations of other milk contractors. Allow DATCP to promulgate these rules as emergency rules without the finding of emergency for use before the effective date of the permanent rule, as long the emergency rules are in effect for fewer than 150 days, unless extended by the Legislature under current law provisions.

Security Payments. If a milk contractor, other than a contractor who acts only as a qualified producer agent, is required to maintain security, the security must be at least equal to 75% of the largest amount of unpaid payroll obligations that the milk contractor had in their last completed fiscal year, or any higher amount since that time. A milk contractor who contributes to the APS fund and acts only as a qualified producer agent is required to maintain security prior to April 30, 2007, of the lesser of $500,000 or 7.5% of the largest amount of unpaid payroll obligations that the producer agent had in their last completed fiscal year, or any higher amount since then. A milk contractor who acts only as a qualified producer agent, but does not contribute to the APS fund is required to maintain security, of percentage amounts depending on the date of the beginning of the license year as shown below, of the largest amount of unpaid payroll obligations that the qualified producer agent had at any time in their last completed fiscal year, or any higher amount since that time. Allow DATCP to release any security above the required amounts.

For a license year beginning on May 1, 2002	15%
For a license year beginning on May 1, 2003	30
For a license year beginning on May 1, 2004	40
For a license year beginning on May 1, 2005	60
For a license year beginning after May 1, 2006	75

Allow DATCP to demand, in writing, additional security from a milk contractor if either the contractor fails to provide relevant, required information regarding security requirements,

or if their existing security falls below the required amount for any reason, including depreciation in the value of the security filed with DATCP, increased obligations to milk producers or agents or the cancellation of any security filed with the Department. Require DATCP to indicate why additional security is required, the amount required and the filing deadline. The deadline must be within 30 days of when DATCP issues its demand for additional security. Although a milk contractor may request a hearing under state law, the request does not automatically stay a security demand. Further, if a milk contractor fails to provide the additional security, require the contractor to give written notice of that fact to all Wisconsin producers and agents from whom the contractor procures milk. If the milk contractor fails to give accurate notice within five days of the security filing deadline, require DATCP to promptly notify affected parties by publishing a Class 3 notice and allow the Department to notify individual affected producers or agents. If a milk contractor does not provide the required additional security, allow DATCP to suspend or revoke the milk contractor's license or to issue a summary order.

Security Fund Pool Assessments. Require licensed milk contractors that do not file annual and quarterly financial statements to pay security fund pool assessments, unless they are disqualified. Further, unless they are disqualified, require licensed milk contractors to pay security fund pool assessments if their annual, quarterly or interim financial statement shows a current ratio of less than 1.25 to 1, a debt to equity ratio of more than 2 to 1 or negative equity, until the file two consecutive annual financial statements that show at least 1.25 to 1, a debt to equity ratio of less than 2 to 1 and positive equity. Allow other licensed milk contractors to pay voluntary assessments unless they are disqualified. Require that annual fund assessments be paid in equal quarterly installments with the first installment due June 1, the second September 1, the third December 1 and the fourth March 1 of the license year, but allow any installment to be prepaid. If a contractor applies for a license during a license year, the fund assessment of all that year's quarterly installments that became due before that day must be paid with the first quarterly installment due after DATCP issues a license. However, if the contractor is required to apply mid-year because their quarterly or interim financial report shows a current ratio of less than 1.25 to 1, a debt to equity ratio of more than 2 to 1 or negative equity, that contractor needs only pay the quarterly installments due after the requirement takes effect. A penalty of the greater of $50 or 10% of the overdue installment amount is owed if a milk contractor fails to pay an installment when due. Unless DATCP rules specify differently, the annual assessment is the higher of $20 or the sum of the current assessment ratio and the debt to equity assessment ratio multiplied by the amount of payroll obligations, in the last fiscal year, or if the applicant has not yet operated in this state, multiplied by an estimated amount of payroll obligations incurred during the applicant's first complete fiscal year.

Current Assessment Ratio. If a milk contractor's financial statement shows a current ratio (the ratio of the value of current assets to the value of current liabilities) of at least 1.25 to 1, calculate the current ratio assessment (which if less than zero, the assessment is set at zero) by multiplying 0.001 (except for in the contractor's 3rd consecutive full license year participating in the security fund pool, multiply .0007, in the 4th multiply 0.0003 and in the 5th or higher, multiply 0) by the result of the following formula:

$$\left[-1 \times \left(\frac{\textit{current ratio} - 3}{6} \right) \right]^3 + \left(\frac{0.55}{\textit{current ratio}} \right)^7 + 0.075.$$

If a milk contractor's annual financial statement shows a current ratio of between 1.05 to 1 and 1.25 to 1, calculate the current ratio assessment by multiplying 0.0015 (except for in the contractor's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000675) by the result of the above formula. If a milk contractor's financial statement shows a current ratio of less than or equal to 1.05 to 1, calculate the current ratio assessment by multiplying 0.0015 (except for in the contractor's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000675) by 0.1201478. For a milk contractor who acts only as a producer agent (including milk contractors outside of the state that receive Wisconsin milk) and does not file an annual financial statement, the current ratio assessment rate is 0.00025, except for in the contractor's 5th or higher consecutive full license year participating in the security fund pool, the rate is 0.000175. For all other milk contractors who do not file an annual financial statement, calculate the current ratio assessment by multiplying 0.0015 (except for in the contractor's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.000675) by 0.103005.

Debt to Equity Assessment. If a milk contractor's annual financial statement shows positive equity and a debt to equity ratio of not more than 2 to 1, calculate the debt to equity ratio assessment (which if less than zero, the assessment is set at zero) by multiplying 0.0015 (except for in the contractor's 3rd consecutive full license year participating in the security fund pool, multiply .001, in the 4th multiply 0.0005 and in the 5th or higher, multiply 0) by the result of the following formula:

$$\left(\frac{\textit{Debt / Equity Ratio} - 2}{3} \right)^9 + \left(\frac{\text{Debt/ Equity Ratio}}{3.25} \right)^5 + 0.025.$$

If a milk contractor's annual financial statement shows a debt to equity ratio of between 2 to 1 and 3.1 to 1, calculate the debt to equity ratio assessment by multiplying 0.00225 (except for in the contractor's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.001) by the result of the above formula. If a milk contractor's financial statement shows negative equity or a debt to equity ratio of at least 3.1 to 1, calculate the debt to equity ratio assessment by multiplying 0.00225 (except for in the contractor's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.001) by 0.8146917. For a milk contractor who acts only as a producer agent (including milk contractors outside of the state that receive Wisconsin milk) and does not file an annual financial statement, the debt to equity ratio is 0.00025, except for in the contractor's 5th or higher consecutive full license year participating in the security fund pool, the rate is 0.000175. For all other milk contractors who do not file an annual financial statement, calculate the debt to equity ratio assessment by

multiplying 0.00225 (except for in the contractor's 5th or higher consecutive full license year participating in the security fund pool, multiply 0.001) by 0.11325375.

Disqualified Milk Contractors. Disqualify a milk contractor from the security fund pool if DATCP issues a written notice disqualifying the milk contractor for: (a) failure to pay required fund assessments or file a financial statement when due; or (b) failure to reimburse either the Department or a bond surety, within 60 days after a reimbursement demand is issued, for the full amount that DATCP or the surety paid to claimants because of that milk contractor's default. If a milk contractor files an annual, quarterly or interim financial statement that shows a current ratio of less than 1.25 to 1, a debt to equity ratio of more than 2 to 1 or negative equity, prohibit that contractor from engaging in any activities that require a milk contractor license if they are disqualified from the security fund pool for one of the above reasons. Further, disqualify a milk contractor from the security fund pool if DATCP denies, suspends or revokes the contractor's license. Unless a contractor procures milk solely as a qualified producer agent, contributes to the APS fund and maintains security prior to April 30, 2007 of the lesser of $500,000 or 7.5% of the largest amount of unpaid payroll obligations that the producer agent had in their last completed fiscal year, or any higher amount since then, a contractor is also disqualified if they are required to file and maintain individual security with DATCP because their annual payroll obligations exceed $1,500,000 and their required annual financial statement shows negative equity. Once DATCP determines that certain standards have been met, it may release a contractor's security and that contractor becomes eligible for security fund pool participation. A disqualified milk contractor may not be refunded any assessments and is liable for any unpaid assessments that were due before disqualification. A milk contractor no longer needs to pay assessments when disqualified.

Records. Require milk contractors to keep and make available for DATCP inspection or copying for at least six years, accurate records and accounts of milk receipts, payments for milk received, the amounts owed to milk producers and any other records specified by DATCP rule. Further, allow DATCP to promulgate rules requiring a milk contractor to file periodic reports of information need under the APS program.

Payments to Producers. Require milk contractors, other than qualified producer agents, to make an initial payment to producers by the 4th of each month for producer milk received during the first 15 days of the preceding month. The initial payment would be based on the greater of 80% of the Class III price published by the regional federal milk market administrator for the month before the milk was received or 80% of the contract price. Require that the balance due for milk received in the preceding month be paid by the 19th of each month.

Require qualified producer agents to pay producers by the last day of each month for producer milk received during the first 10 days of that month. Require qualified producer agents to pay producers by the 10th day of each month for producer milk received during the 11th through the 20th day of the preceding month. Base the payments on the greater of 80% of the Class III price published by the regional federal milk market administrator for the month before

the milk was received or 80% of the contract price. Require qualified producer agents to pay the balance due for milk received in the preceding month by the 20th of each month.

Allow DATCP to promulgate rules that require a milk contractor to provide producers or agents a written explanation of each payment, including information related to milk contractor, producer or agent identification, the pay period, the volume of milk received, the grade of milk, milk test results, milk price and adjustments, the gross and net amount due, the average gross pay per hundredweight less hauling charges and deductions and assignments.

Insurance. Require milk contractors to maintain fire and extended coverage insurance issued by an authorized insurance company (unless the contractor is voluntarily licensed) that covers all milk and products in the possession of the milk contractor at the full value of the milk. Further, require milk contractors to replace their required insurance policy so that no lapse in coverage occurs when a policy is canceled. Prohibit milk contractors from misrepresenting the nature, coverage or material terms of their insurance policy to the Department or to any producer or agent.

Business Practices. Prohibit milk contractors from falsifying or conspiring to falsify any record or account, or from making any false or misleading representation to DATCP or to a producer related to any APS program requirements. Require contractors to file the full amount of any additional security required by the DATCP-specified date and if the milk contractor is licensed, prohibit the contractor from engaging in any activity that is inconsistent with a representation made in the milk contractor's annual license application.

Veto by Governor [B-9 and B-10]: Delete a January 1, 2002 effective date for a single cross reference regarding a warehouse keeper's liability, to correct a technical error that would have provided two different effective dates (January 1, 2002 and September 1, 2002). Thus, the act specifies that the effective date of the cross reference is September 1, 2002 as are other provisions regarding grain dealers and warehouse keepers.

Delete requirements that qualified producer agents pay producers on a different schedule than milk contractors for producer milk received. The effect is to include qualified producer agents in the requirement that all milk contractors make an initial payment to producers by the 4th of each month for producer milk received during the first 15 days of the preceding month. The initial payment is based on the greater of 80% of the Class III price published by the regional federal milk market administrator for the month before the milk was received or 80% of the contract price. Qualified producer agents (as milk contractors) are also subject to the requirement that the balance due for milk received in the preceding month be paid by the 19th of each month.

[Act 16 Sections: 168, 397b thru 400, 403, 404 thru 407, 1104, 1128, 2382, 2385 thru 2389, 2394, 2400 thru 2403, 2404, 2405, 2414 thru 2420, 2813, 2814, 2856b, 3023, 3456, 9104(1),(1v), (2)&(4z), 9204(1)&(2) and 9404(1),(2),(3)&(4)]

[Act 16 Vetoed Sections: 2813 and 9404(1)]

ARTS BOARD

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$5,110,400	$5,126,800	$5,126,800	$5,126,800	$5,126,800	$16,400	0.3%
FED	1,271,600	1,161,800	1,161,800	1,161,800	1,161,800	- 109,800	- 8.6
PR	90,400	90,400	90,400	90,400	90,400	0	0.0
TOTAL	$6,472,400	$6,379,000	$6,379,000	$6,379,000	$6,379,000	- $93,400	- 1.4%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	5.00	5.00	5.00	5.00	5.00	0.00
FED	6.00	6.00	6.00	6.00	6.00	0.00
PR	1.00	1.00	1.00	1.00	1.00	0.00
TOTAL	12.00	12.00	12.00	12.00	12.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$30,200
FED	- 9,800
Total	$20,400

Governor/Legislature: Adjust the base budget by $15,100 GPR and -$4,900 FED annually for: (a) full funding of salaries and fringe benefits ($5,300 GPR and -$4,900 FED annually); (b) reclassification of positions ($8,800 GPR annually); and (c) fifth week of vacation as cash ($1,000 GPR annually).

2. BASE FUNDING REDUCTION [LFB Paper 245]

GPR	- $34,400

Governor/Legislature: Reduce the agency's GPR state operations appropriation by 5% of the adjusted base level (-$17,200 annually).

3. SASI INITIATIVE

GPR	$20,600

Governor/Legislature: Provide $10,300 annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support user fee charges of $2,200 per year for each user account at the Board. The services supported include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

4. REESTIMATE FEDERAL REVENUES

FED	- $100,000

Governor/Legislature: Reestimate federal revenues for state operations and aids to individuals and organizations by -$50,000 annually to more accurately reflect funding received from the National Endowment for the Arts.

5. CREATION OF AN ARTISTIC ENDOWMENT FOUNDATION

Joint Finance/Legislature: Create an Artistic Endowment Foundation (Foundation) as a public body corporate and politic. The Foundation would be a nonprofit corporation organized under ch. 181 of the statutes so that contributions to it would be deductible from adjusted gross income under section 170 of the Internal Revenue Code. Under the Foundation, the following appropriations would be created: a continuing appropriation for education and marketing of the artistic endowment fund, an annual segregated appropriation from the artistic endowment fund for general program operations of the Foundation; and a continuing appropriation for all moneys received as interest and earnings of the artistic endowment fund for support of arts programs less the amounts appropriated for general program operations. Create an appropriation under the Arts Board for funds received from the Artistic Endowment Foundation for operating support of arts organizations and for grants under the Wisconsin regranting program.

Create a segregated, nonlapsible trust fund designated as the artistic endowment fund to consist of all gifts, grants, bequests or other contributions made to the fund and all gifts, grants, bequests or other contributions made to the Foundation as well as proceeds from the issuance of special arts-related license plates.

Establish a 14-member board of directors for the Foundation, eight of whom are appointed by the Governor with the advice and consent of the Senate. The other members would be the chairperson of the Arts Board or the chairperson's designee, the executive secretary of the Arts Board as a nonvoting member, and four legislators representing the majority and minority parties of each house of the Legislature. The members appointed by the Governor would serve staggered seven-year terms, and at least one of them would need to be knowledgeable in marketing and fund raising for the arts. The eight gubernatorial appointees

would have to be state residents and would represent the diverse artistic interests of the state as well as each of the geographic regions of the state, and could hold office until a successor is appointed. The Board would annually elect a chairperson and could elect other officers, as considered appropriate. Seven voting members would constitute a quorum, and the Board could take action upon a vote of a majority of the voting members present, unless the bylaws of the Foundation were to require a larger number. The terms of the initial Board appointments by the Governor would be set as follows: two of the Board members appointed for two-year terms; two members appointed for four-year terms; and two members appointed for six-year terms. No board member could receive compensation for performing board duties, but would be reimbursed for actual and necessary expenses, including travel expenses.

Provide the Board the powers of the Foundation, and all of the powers necessary and convenient to carry out its duties. The general powers and duties would include the following: make, amend, and repeal bylaws for the conduct of its affairs; adopt a seal and alter that seal; sue and be sued; maintain an office; solicit and accept donations of money, property, and art objects; execute contracts and other instruments; employ legal, financial, technical or other experts and any other necessary employees and fix their qualifications, duties and compensation; establish arts programs with the advice of the Arts Board and statewide arts organizations; and convert any noncash gift, grant, bequest or other contribution to the Foundation to cash.

Establish responsibilities for the Foundation related to distribution and receipt of grants and gifts. Provide that the Foundation would need to ensure to the greatest extent possible the equitable distribution of funds and other support among all of the following: the various geographic regions of the state; urban, suburban, and rural areas of the state; and the various ethnic, racial and cultural groups of the state. Specify that the Foundation would need to appoint a licensed appraiser to evaluate each donated art object and establish the current value, appreciation and degree of risk in holding and recommended timing for sale of the art object, and would have to adopt bylaws for accepting restricted donations. Require the Foundation to annually submit to the Governor and presiding officer of each house of the Legislature an audited financial statement of the operations of the Foundation, prepared in accordance with generally accepted accounting principles and biennially review the Foundation's priorities for expenditures of the fund and report those priorities to the presiding officer of each house of the Legislature. Require the Foundation to contract for all education and marketing activities and to deposit in the state treasury all cash, gifts, grants, bequests or other contributions to the Foundation as well as all noncash gifts that have been converted to cash.

Authorize the Foundation distribute money appropriated to them to the Arts Board for programs that provide operating support to arts organizations and for the Wisconsin regranting program. In addition, the Foundation would be able to distribute moneys appropriated to them to an arts program established with the advice of the Arts Board and statewide arts organizations if, to the extent possible, it uses the Arts Board mechanisms and staff for administering and distributing the moneys and reviews the program biennially. Of the total amount distributed by the Foundation in any fiscal year that constitutes earnings on

unrestricted donations, the Foundation would be required to distribute at least 50% to the Arts Board. The Foundation could not distribute moneys to the Arts Board in any fiscal year in which the Foundation determines that the amount of general purpose revenue appropriated to the Arts Board is less than the amount appropriated in the previous fiscal year.

Prohibit the dissolution of the Foundation unless the Legislature enacts a law ordering dissolution.

For information regarding income tax credits for donations to the artistic endowment fund, see "General Fund Taxes -- Individual Income Tax".

[Act 16 Sections: 465r, 467m, 1102m, 1104m, 1143m, 1414m, 3128m and 9105(1h)]

6. LICENSE PLATE TO SUPPORT THE ARTS

Joint Finance: Require DOT to issue license plates to persons interested in expressing their support of the arts. In addition, require DOT to consult with the Executive Secretary of the Arts Board before specifying the word or symbol used on these license plates. Specify that applicants for the plate, in addition to the fee for the vehicle registration or other fees, would pay a $15 issuance and reissuance fee, to be deposited in the transportation fund and an annual $20 fee (or a $40 fee for vehicles registered on a biennial basis) as long as the plate is maintained. Deposit the first $196,700, or an amount equal to actual production costs, whichever is less, of the revenue from the $20 (or $40) fee in the transportation fund and allocate the remaining revenue to the proposed artistic endowment fund. Specify that the $20 (or $40) fee would be deductible as a charitable contribution to the extent permitted under current law. See "Department of Transportation -- Motor Vehicles" for more information on this item.

Senate/Assembly/Legislature: Delete provision.

7. ELIMINATE PERCENT FOR ART PROGRAM

Assembly: Eliminate the current law percent-for-art program and 1.0 PR administrative position. The fiscal effect of eliminating this program starting in 2001-02 is unknown. Under the percent-for-art program, at least two-tenths of one percent of the cost of new state building projects exceeding $250,000 must be used to purchase original works of art for display in or around the project and to pay for the program's administrative costs. This provision would first apply to contracts for building projects entered into on the effective date of the bill. In 1999-00, expenditures for the program totaled $168,700 PR including $59,800 PR for administrative costs.

Conference Committee/Legislature: Delete provision.

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
FED	$105,400	$105,400	$105,400	$105,400	$105,400	$0	0.0%
PR	2,669,600	2,774,300	2,669,600	2,774,300	2,774,300	104,700	3.9
TOTAL	$2,775,000	$2,879,700	$2,775,000	$2,879,700	$2,879,700	$104,700	3.8%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
PR	11.00	10.00	11.00	10.00	10.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base) Funding	Positions	Jt. Finance (Chg. to Gov) Funding	Positions	Legislature (Chg. to JFC) Funding	Positions	Net Change Funding	Positions
PR	$3,400	- 2.00	- $3,400	2.00	$3,400	- 2.00	$3,400	- 2.00

Governor: Provide adjustments to the base budget for: (a) removal of non-recurring costs from the base (-$63,100 in 2001-02 and -$84,100 in 2002-03 and -2.0 positions); (b) full funding of continuing salaries and fringe benefits ($62,100 annually); (c) reclassifications ($5,000 annually); (d) BadgerNet increases ($2,200 annually); (e) fifth week vacation as cash ($2,600 annually); and (f) full funding of lease costs ($3,400 annually).

Joint Finance: Delete provision.

Senate/Legislature: Restore funding adjustments to the base budget for: (a) removal of non-recurring costs from the base (-$63,100 in 2001-02 and -$84,100 in 2002-03 and -2.0 positions); (b) full funding of continuing salaries and fringe benefits ($62,100 annually); (c)

reclassifications ($5,000 annually); (d) BadgerNet increases ($2,200 annually); (e) fifth week vacation as cash ($2,600 annually); and (f) full funding of lease costs ($3,400 annually).

2. SASI INITIATIVE

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR	$59,600	- $59,600	$59,600	$59,600

Governor: Provide $29,800 annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support DOA user fee charges of $2,200 per year for each user account at the Board's offices. The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

Joint Finance: Delete provision.

Senate/Legislature: Restore funding of $29,800 annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program.

3. PROJECT POSITIONS

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	$41,700	1.00	- $41,700	- 1.00	$41,700	1.00	$41,700	1.00

Governor: Provide $31,300 in 2001-02 and $10,400 in 2002-03 to extend 1.0 project forester position, expiring September 30, 2001, until September 30, 2002 (a one-year extension). This was one of two project positions which were authorized under s. 16.515 by the Joint Committee on Finance to work on submerged logs activities, which are a responsibility of the Board.

Joint Finance: Delete provision.

Senate: Provide $13,100 in 2001-02 and $10,400 in 2002-03 to extend 1.0 project position, currently scheduled to expire on September 30, 2001, until September 30, 2002, when the four-year limit for this project position will be reached. In addition, provide $41,700 annually for 1.0 new project position to work on submerged log activities along the Peshtigo River.

Conference Committee/Legislature: Delete Senate provision and instead restore funding of $31,300 in 2001-02 and $10,400 in 2002-03 to extend 1.0 project position, currently scheduled to expire on September 30, 2001, until September 30, 2002, when the four-year limit for this project position will be reached.

[Act 16 Section: 9141(1p)]

4. TRUST FUND LOANS TO CERTAIN FEDERATED PUBLIC LIBRARY SYSTEMS

Governor: Modify current law to allow the Board of Commissioners of Public Lands (BCPL) to make trust fund loans to a federated public library system whose territory lies within two or more counties. Current law allows such loans to, among others: towns, villages, counties and school districts. All of the public library system in Wisconsin are federated library systems. A federated public library system whose territory lies within a single district is considered an agency of that county and a county may seek a trust fund loan for the purposes of aiding that federated public library system. However, there is no authorization for BCPL to make a trust fund loan to a federated public library system whose service territory encompasses two or more counties since the statutes specify that such a system is considered a joint agency of those counties and all involved counties would have to apply. Most of the current federated public library systems in the state are multi-county systems (14 out of the 17). Specify, as a part of this change, that such library systems would be subject to the same general terms and conditions for loans as for other general municipal borrowers. However, require that any such loan cannot be made if it would cause the system's total indebtedness to exceed the total of that system's receipts for the prior year. Provide for the same loan repayment requirements for such systems as currently exist for other borrowers, except specify that if a federated public library system's board fails to make its annual repayment amount by March 30th of each year, the Superintendent of Public Instruction would be required to deduct the required payment amount, plus penalty, from any state library aids due the system.

Joint Finance: Delete provision.

Senate/Legislature: Restore the Governor's provision.

[Act 16 Sections: 1088d, 1089m thru 1101m and 1407m]

5. PURCHASE OF CERTAIN PUBLIC USE LAND

Joint Finance: Authorize the Board of Commissioners of Public Lands (BCPL) to invest monies of the trust funds in the purchase of certain public use land, which would be land that: (a) was formerly project land under a hydroelectric project license issued by the Federal Energy Regulatory Commission but which the Commission has determined to no longer be necessary for operation of any hydroelectric facility; and (b) the BCPL determines is suitable for public use, enjoyment, recreation and education. Require that the BCPL have such land appraised

before purchase and give consideration to any appraisal of the land that has been made before making an offer to purchase such land. Stipulate that the BCPL may not purchase more than 10,000 acres of land under this authority during any 60-month time period. Provide that the Department of Natural Resources (DNR) must offer to the BCPL, within five years of any such land purchase by the BCPL, land currently owned by the DNR in exchange for such purchased land. Further, specify that if the DNR does not, within the five-year period, offer land of approximately equal value that it owns in exchange for the land purchased by the BCPL under this provision, then the DNR would be required to buy that land that was purchased by the BCPL and the purchase of such land would not be subject to the Governor's approval as new lands acquired by the Department.

Assembly: Modify the Joint Finance provision to add the requirement that the BCPL submit a request to the Joint Committee on Finance for approval of any proposed land purchase from Wisconsin Public Service Corporation in Marinette County. Specify that if, after the Board notifies the Joint Committee on Finance in writing of its intention to purchase the land, the Co-chairs of the Committee do not notify the BCPL that the Committee has scheduled a meeting for the purpose of reviewing the proposed purchase within 14 working days, the BCPL may purchase the land. However, if the Co-chairs specify that a meeting has been scheduled to review the purchase, provide that the land may only be purchased upon approval of the Committee.

Conference Committee/Legislature: Include the Assembly provision. Further, add a provision specifying that this land exchange transaction would be exempt from current law provisions requiring the Natural Resources Board to make a finding that the DNR lands are no longer needed for conservation purposes before they may be transferred.

Veto by Governor [B-86]: Delete provisions.

[Act 16 Vetoed Sections: 1039b, 1088e, 1088m and 1088r]

6. REIMBURSEMENT FOR CERTAIN ADMINISTRATIVE EXPENSES

Senate: Provide one-time additional funding of $179,000 PR in 2001-02 and include session law language requiring that the Board of Commissioners of Public Lands (BCPL) make payment, no later than June 30, 2002, to DOA (for deposit to the general fund) for the costs of services that were to be reimbursed by BCPL for fiscal years 1999-00 and 2000-01. Increase estimated GPR-Earned by $179,000 in 2001-02 as a result of this requirement.

Conference Committee/Legislature: Delete provision.

BOARD ON AGING AND LONG-TERM CARE

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$1,257,000	$1,563,000	$1,563,000	$1,563,000	$1,563,000	$306,000	24.3%
PR	2,693,000	1,725,900	2,761,800	2,763,800	1,638,300	- 1,054,700	- 39.2
TOTAL	$3,950,000	$3,288,900	$4,324,800	$4,326,800	$3,201,300	- $748,700	- 19.0%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	10.65	14.05	14.05	14.05	14.05	3.40
PR	16.25	11.85	13.85	13.85	11.85	- 4.40
TOTAL	26.90	25.90	27.90	27.90	25.90	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $25,000
PR	61,600
Total	$36,600

Governor/Legislature: Provide $18,300 (-$12,500 GPR and $30,800 PR) annually to reflect: (a) removal of noncontinuing items (-$36,600 GPR and -$39,900 PR); (b) full funding of salaries and fringe benefits ($24,000 GPR and $70,000 PR); and (c) full funding of lease costs ($700 PR).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $62,800

Governor/Legislature: Reduce the Board's GPR state operations appropriation by 5% of the adjusted base level (-$31,400 annually).

3. FAMILY CARE OMBUDSMAN SERVICES [LFB Paper 520]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Veto (Chg. to Leg) Funding	Positions	Net Change Funding	Positions
PR	- $900,600	- 1.00	$1,050,000	1.00	- $1,050,000	- 1.00	- $900,600	- 1.00

Governor: Delete $450,300 annually and 1.0 position, beginning in 2001-02, to eliminate ombudsman services the Board currently provides for persons who apply for, and enroll in, Family Care. 1999 Wisconsin Act 9 provided this funding and position authority for the Board to contract for advocacy services for Family Care applicants and enrollees. The bill would reduce medical assistance (MA) administrative funding budgeted in DHFS by $225,200 GPR and $225,100 FED annually to reflect that DHFS would no longer claim the costs of supporting the contracts and position as MA administrative costs, which are funded on a 50% GPR/50% FED basis.

Joint Finance/Legislature: Delete provision. Instead, increase funding by $49,700 in 2001-02 and $99,700 in 2002-03 to support the Board's contract for Family Care advocacy services. Increase funding budgeted in DHFS for MA administration by $250,000 GPR and $250,000 FED in 2001-02 and $275,000 GPR and $275,000 FED in 2002-03 to support this activity. The fiscal effect of the increase in MA administrative funding is identified under "Health and Family Services -- Medical Assistance."

Veto by Governor [C-29]: Reduce funding for the Board by $500,000 in 2001-02 and $550,000 in 2002-03 and delete 1.0 position, beginning in 2001-02, to restore the Governor's original budget recommendations.

[Vetoed Act 16 Section: 395 (as it relates to ss. 20.432(1)(k) and 20.435(4)(bm))]

4. SMALL AGENCY SUPPORT INFRASTRUCTURE (SASI) INITIATIVE

GPR	$68,200
PR	104,400
Total	$172,600

Governor/Legislature: Provide $34,100 GPR and $52,200 PR annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support user fee charges of $2,200 for each user account at the Board and new BadgerNet line charges. The services supported include desktop applications and hardware, continuous help desk support, network infrastructure and security, centralized data storage, backup and disaster recovery, dialup service and E-mail/messaging services.

5. OMBUDSMAN POSITION FUNDING

	Funding	Positions
GPR	$325,600	3.40
PR	- 325,600	- 3.40
Total	$0	0.00

Governor/Legislature: Provide $162,800 GPR and delete $162,800 PR annually and convert 3.4 PR positions to 3.4 GPR positions, beginning in 2001-02, to budget the state matching funds for these MA-supported ombudsman positions directly with the Board, rather than in DHFS. The Board is authorized 6.8 PR ombudsman positions that are currently supported by MA administrative funds transferred from DHFS to the Board. DHFS can claim the costs of supporting these positions as MA administrative expenses, which are funded on a 50% GPR/50% FED basis. The bill reduces GPR funding in DHFS by a corresponding amount.

6. MISCELLANEOUS ADJUSTMENTS [LFB paper 235]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR	$87,600	- $89,600	$2,000	$0

Governor: Provide $27,900 in 2000-01 and $59,700 in 2002-03 to fund: (a) health insurance premiums ($7,100 in 2001-02 and $17,500 in 2002-03); and (b) pay plan compensation reserves ($20,800 in 2001-02 and $42,200 in 2002-03).

Joint Finance: Delete provision. However, the Board's budget is inadvertently reduced by $2,000 in 2001-02.

Conference Committee/Legislature: Provide $2,000 in 2001-02 to restore funding that was inadvertently deleted by the Joint Committee on Finance.

7. COMPUTER MONITORS

PR	$5,500

Governor/Legislature: Provide $5,500 in 2001-02 to replace 14 computer monitors.

8. CONVERT PR APPROPRIATION TO A CONTINUING APPROPRIATION

Governor/Legislature: Authorize the Board to expend all moneys it receives from contracts with other state agencies for the purposes for which they are received by converting the Board's current sum certain, annual appropriation it uses for this purpose to a continuing appropriation.

[Act 16 Section: 688]

9. VOLUNTEER OMBUDSMAN COORDINATOR

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$75,500	1.00	- $75,500	- 1.00	$0	0.00

Joint Finance/Legislature: Provide $35,300 in 2001-02 and $40,200 in 2002-03 to support 1.0 volunteer coordinator position, beginning in 2001-02. Fund the position with revenue DHFS receives from penalty assessments related to federal nursing home deficiencies that DHFS would transfer to the Board. Require DHFS to request approval by the U.S. Department of Health and Human Services, Health Care Financing Administration (HCFA), to use penalty assessment revenue to fund this position.

The Board currently employs one volunteer coordinator to recruit, screen and supervise volunteer ombudsmen in 49 facilities in four counties. The additional volunteer coordinator would be used to expand the program to other counties.

Veto by Governor [C-1]: Delete funding and the position authority that would have been provided for this purpose. However, the provision requiring DHFS to request approval by HCFA to use penalty assessment revenue for this purpose is retained.

[Act 16 Section: 9123(8r)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.432(1)(kc)), 688d and 721w]

BONDING AUTHORIZATION

Budget Change Items

1. GENERAL OBLIGATION BONDING AUTHORITY

Governor/Building Commission: Provide general obligation bonding authority of $1,522,625,900 for the purposes indicated in the following table:

Joint Finance: Provide general obligation bonding authority of $1,049,862,400, for the purposes indicated in the following table.

Senate: Provide general obligation bonding authority of $1,472,262,400, for the purposes indicated in the following table.

Assembly: Provide general obligation bonding authority of $1,136,618,000, for the purposes indicated in the following table.

Conference Committee/Legislature: Provide general obligation authority of $1,546,375,900, for the purposes indicated in the following table.

Veto by Governor [B-44 and B-69]: Provide general obligation bonding authority of $1,538,975,900, for the purposes indicated in the following table:

Source and Purpose	Gov/Building Commission	Jt. Finance	Senate	Assembly	Legislature	Act 16
Administration						
Educational Communications Facilities*	$8,658,100	$8,658,100	$0	$8,658,100	$0	$0
Black Point Estate	0	0	-1,600,000	0	-1,600,000	0
Agriculture, Trade &Consumer Prot.						
Soil and Water	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Building Commission						
Other Public Purposes	362,431,500	148,331,500	362,431,500	158,921,900	339,331,500	339,331,500
Housing State Agencies	76,956,500	76,956,500	76,956,500	76,956,500	33,120,500	33,120,500
Project Contingencies	8,819,100	8,819,100	8,819,100	8,819,100	8,819,100	8,819,100
Capital Equipment Acquisitions	10,469,000	10,469,000	10,469,000	10,469,000	10,469,000	10,469,000
Refunding Bonds	0	75,000,000	0	75,000,000	75,000,000	75,000,000
Corrections						
Correctional Facilities	111,883,600	93,015,600	93,015,600	90,015,600	90,015,600	90,015,600
Commerce						
Heritage Trust Program	0	0	10,000,000	0	0	0

Source and Purpose	Gov/Building Commission	Jt. Finance	Senate	Assembly	Legislature	Act 16
Educational Communications Board						
Transfer Bonding to DOA*	-$8,658,100	-$8,658,100	$0	-$8,658,100	$0	$0
Educational Communications Facilities	14,200,000	14,200,000	14,200,000	14,200,000	14,200,000	14,200,000
Environmental Improvement Program						
Clean water fund program	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000
Health and Family Services						
Mental Health Facilities	9,617,200	2,617,200	2,617,200	1,321,700	2,617,200	2,617,200
HR Academy, Inc.						
Youth and Family Center	0	0	1,500,000	0	1,500,000	1,500,000
City of Kenosha						
Civil War Museum	2,000,000	0	1,000,000	0	0	0
Medical College of Wisconsin						
Biomedical Research and Technology Incubator	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Military Affairs						
Armories and Military Facilities	2,004,600	2,004,600	2,004,600	2,004,600	2,004,600	2,004,600
Milwaukee Public Schools Foundation, Inc.						
Alumni Center	0	0	2,000,000	0	0	0
Natural Resources						
Nonpoint Source Grants	22,400,000	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Urban Nonpoint Source Cost Sharing	11,000,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Municipal Flood Control	0	9,000,000	9,000,000	9,000,000	9,000,000	0
Environmental Repair	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Segregated Revenue Supported Dam Safety Projects	250,000	0	250,000	0	250,000	250,000
Pollution Abatement and Sewage Collection Facilities	-8,956,400	-8,956,400	-8,956,400	-8,956,400	-8,956,400	-8,956,400
SEG Supported Facilities	7,199,800	7,199,800	7,199,800	7,199,800	7,199,800	7,199,800
SEG Environmental Fund Supported Admin. Facilities	3,719,500	3,719,500	3,719,500	3,719,500	3,719,500	3,719,500
Stewardship 2000	0	0	112,000,000	-2,107,500	112,000,000	112,000,000
Pabst University Research Park						
Pabst University Research Park	0	0	25,000,000	0	0	0
Racine County						
Discovery Place Museum	0	0	1,000,000	0	1,000,000	1,000,000
SOS Children's Villages of Wisconsin - Milwaukee Chapter						
Milwaukee Children's Village	0	0	550,000	0	0	0
State Fair Park						
Board Facilities	10,000,000	700,000	700,000	9,700,000	9,700,000	9,700,000
Self-Amortizing Facilities	96,950,000	1,000,000	1,000,000	46,000,000	40,000,000	40,000,000
State Historical Society						
Wisconsin History Center	131,500,000	0	131,500,000	0	131,500,000	131,500,000

Source and Purpose	Gov/Building Commission	Jt. Finance	Senate	Assembly	Legislature	Act 16
TEACH Board						
Public Library Educational Technology Infrastructure Financial Assistance -- Wiring	-$5,000,000	-$7,000,000	-$7,000,000	-$7,000,000	-$7,000,000	-$7,000,000
Public Library Educational Technology Infrastructure Financial Assistance -- Communications Hardware	5,000,000	0	0	0	0	0
Tourism						
Kickapoo Reserve Management Board	0	0	0	2,370,000	0	0
Transportation						
Rail Acquisitions and Improvements	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Harbor Improvements	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,00,000
Administrative Facilities	13,445,500	0	0	0	0	0
Local Roads for Jobs Preservation	0	-8,000,000	-8,000,000	-8,000,000	-8,000,000	-8,000,000
University of Wisconsin						
Academic Facilities	179,297,200	139,297,200	139,297,200	174,379,400	195,297,200	195,297,200
Self-Amortizing Facilities	214,018,900	214,368,900	214,468,900	205,484,900	218,068,400	218,068,400
Veterans Affairs						
Self-Amortizing Mortgage Loans	100,340,000	100,340,000	100,340,000	100,340,000	100,340,000	100,340,000
Self-Amortizing Facilities	13,579,900	13,579,900	13,579,900	13,579,900	13,579,900	13,579,900
TOTAL GENERAL OBLIGATIONS	$1,522,625,900	$1,049,862,400	$1,472,262,400	$1,136,618,000	$1,546,375,900	$1,538,975,900

*Authority over funding for educational communications facilities would depend on the governance of public broadcasting.

Update summary schedules relating to bonding and debt service that appear for informational purposes.

[Act 16 Section: 394]

2. REVENUE OBLIGATION BONDING

Governor/Building Commission: Provide revenue obligation bonding authority of $495,482,000 for the purposes indicated in the following table:

Joint Finance/Legislature: Provide revenue obligation bonding authority of $478,582,000 for the purposes indicated in the following table:

Source and Purpose	Gov/Building Commission	Jt. Finance/ Legislature	Act 16
Commerce			
PECFA	$100,000,000	$72,000,000	$72,000,000
Environmental Improvement Program			
Clean Water Fund Program	92,000,000	100,600,000	100,600,000
Transportation			
Major Highway projects	296,485,400	305,982,000	305,982,000
Marquette Interchange Reconstruction	6,996,600	0	0
TOTAL REVENUE OBLIGATIONS	$495,482,000	$478,582,000	$478,582,000

Update summary schedules relating to bonding and debt service that appear for informational purposes.

[Act 16 Section: 394]

BUDGET MANAGEMENT AND COMPENSATION RESERVES

1. REQUIRED GENERAL FUND STATUTORY BALANCE

Governor: Modify the current law provision that requires a statutory general fund balance equal to 1.4% of gross general fund appropriations plus GPR compensation reserves for fiscal year 2002-03 (the second year of the budget biennium) to reduce that amount to 1.2%. As a result of a Governor's partial veto to 1999 Wisconsin Act 9, no statutory reserve percentage exists for fiscal year 2001-02 (the first year of the budget biennium); however, the Governor's budget has a statutory reserve amount equal to a percentage of 1.2%. The Governor's budget also has a 1.2% statutory reserve for second fiscal year 2002-03, in accordance with the proposed statutory change in the bill. Under the bill, the statutory balance would be $139,453,500 for 2001-02 and $143,472,900 for 2002-03. If the law were not changed, an additional $23.9 million GPR would need to be allocated to the statutory reserve to comply with current law for 2002-03. [*Note*: under current law, the statutory reserve percentage is scheduled to increase to the following levels in future years: (a) 2003-04: 1.6%; (b) 2004-05: 1.8%; and (c) 2005-06 (and thereafter): 2.0%]

Joint Finance: Modify the Governor's provision to provide that, for 2002-03 only, the required statutory balance would be set at a specified amount of $50,000,000 in lieu of a set percentage amount. The existing statutory percentage levels for future years would remain the same as under current law.

Senate: Provide that after any monies available for transfer to a new cash building projects fund have first been used to repay the $115 million of general school aids scheduled to be made in June, 2003, but which under the Joint Finance substitute would not be paid until July, 2003, (school aid payment delay), then any other available monies next be used to be increase the GPR amount set as a required statutory balance for the fiscal year, if that statutory balance is less than 2% of total general fund (GPR) appropriations and compensation reserves for the year, so that the statutory balance for the fiscal year equals 2% of that amount.

Assembly: Delete the provision in the Joint Finance budget that stipulates that before any monies could be transferred to the tax relief fund, the first $115 million of available revenues would first have to be used to buy back the delayed payment of June, 2003, school aid payments to July, 2003. Add a provision providing that before any monies could be transferred to a new tax relief fund in 2001-02, the first $84 million of such funds that would be available for transfer to the tax relief fund would instead have to be used to increase the required statutory balance for fiscal year 2002-03 from $50 million up to a maximum of $134 million.

Conference Committee/Legislature: Include Senate provision with the modification that any monies available for transfer to a new cash building projects fund, after the $115 million school aid payment delay was repaid, would next have to be used to increase the statutory

balance for fiscal year 2002-03 from the amount specified in the bill to an amount equal to 1.2% of total GPR appropriations and compensation reserves. In addition, modify the Joint Committee on Finance provision to specify that, for 2002-03 only, the required general fund statutory balance would be at a set amount of $90,000,000 (rather than the $50 million under the Joint Committee on Finance provision) in lieu of a specified percentage amount of GPR appropriations. The existing statutory percentage levels for future years would remain the same as under current law.

Veto by Governor [F-3]: Delete the change in the current statutory balance requirement for 2002-03 that would set it at to be $90,000,000 but retain the repeal of the current 1.4% amount for 2002-03 so that in that section there is now no amount specified for the statutory balance for 2002-03. However, through another partial veto of the session law provision dealing with the first initial uses of monies that would otherwise flow to the proposed cash building projects fund, delete all language relating to the cash building projects fund except language which states "REQUIRED GENERAL FUND STATUTORY BALANCE FOR 2002-03. the amount that is necessary to maintain a required general fund balance under section 20.003 (4) of the statutes of 1.2%." Taken together, the remaining language specifies a required statutory balance for 2002-03 of 1.2% of total GPR appropriations plus compensation reserves. Under Act 16, the 1.2% statutory balance for 2002-03 would be $142,701,500.

[Act 16 Sections: 392m and 9101(25j)]

[Act 16 Vetoed Sections: 392m and 9101(25j)]

2. COMPENSATION RESERVES

Governor: Provide, in the 2001-03 general fund condition statement, total compensation reserves of $60,696,700 in 2001-02 and $179,705,200 in 2002-03 for the increased cost of state employee salaries and fringe benefits. Total compensation reserve amounts by fund source and fiscal year are shown in the following table:

Fund Source	2001-02	2002-03	Biennial Total
General Purpose Revenue	$27,900,000	$82,500,000	$110,400,000
Federal Revenue	7,565,700	22,503,500	30,069,200
Program Revenue	20,465,700	60,593,100	81,058,800
Segregated Revenue	4,765,300	14,108,600	18,873,900
Total	$60,696,700	$179,705,200	$240,401,900

Details on the components included by the Governor in these reserve amounts were not provided by the administration. However, likely included in the compensation reserves are amounts to pay for: (a) the employer share of state employee health insurance premium

increases in the next biennium [*note*: see related issue regarding health insurance premiums under "Employee Trust Funds"]; (b) the costs of length of service payments for classified state employees; and (c) a reserve amount for the cost of pay increases provided by pay plan and collective bargaining agreements that will be approved for the forthcoming biennium. It is estimated that, after first deducting amounts for the potential costs for items other than general pay increase, there would be sufficient funds in compensation reserves to provide to all state employees the equivalent of a uniform across-the-board pay increase of approximately 0.8% in 2001-02 and an additional 1.7% in 2002-03. However, actual pay increases for some or all state employees may be different than this as a result of the specific provisions of applicable pay plans or collective bargaining agreements that are yet to be adopted for the 2001-03 biennium.

Assembly: Modify the Joint Finance provisions as follows:

a. *Reduce Funding for General Pay Increases.* Adjust the funding included in compensation reserves for general pay increases for state employees to retain funding estimated to be sufficient to reflect no general across the board increase in 2001-02 and the equivalent of a 2% general across the board increase in 2002-03. Reduce the amounts included in compensation reserves in 2001-02 by the following amounts: $11,442,100 GPR; $8,393,000 PR; $3,101,300 FED; and $1,953,900 SEG. Reduce the amounts included in compensation reserves in 2002-03 by the following amounts: $7,145,500 GPR; $5,241,400 PR; $1,936,800 FED; and $1,220,200 SEG.

b. *Eliminate Funding for Length of Service Payments.* Adjust the funding included in compensation reserves to delete all the funding estimated to be included for length of service payments to classified state employees. Under the current state compensation plan for non-represented classified employees and the respective collective bargaining agreements for represented classified employees, annual lump sum, non-base building payments are provided to those employees based on their number of full years of continuous state service. Payment levels range from a $50 payment for employees with at least five years of continuous service to a $250 payment for employees with at least 25 years of continuous service (there is a $50 increase in the payment amount for each additional five years of service, up to the maximum payment amount of $250). Reduce the amounts included in compensation reserves in 2001-02 by the following amounts: $2,511,200 GPR; $1,842,100 PR; $680,700 FED; and $428,800 SEG. Reduce the amounts included in compensation reserves in 2002-03 by the following amounts: $2,684,500 GPR: $1,969,100 PR; $727,600 FED; and $458,400 SEG.

Conference Committee/Legislature: Retain Joint Finance provisions.

3. STATUTORY LIMIT ON STATE GPR APPROPRIATIONS [LFB Paper 240]

Governor: Create a statutory limit, first effective for the 2003-05 fiscal biennium, on the percent by which year-to-year total appropriations from general purpose revenue (GPR) can increase. Provide that for any biennial budget period, the total amount appropriated (after certain enumerated exclusions) in that biennial period may not exceed the projected percentage

increase in state personal income for the next two calendar years. Require that the applicable projected increase in state personal income be determined by Department of Revenue by December 5th of each even-numbered year for the two calendar years for which January 1 of that calendar year immediately precedes respectively the first or second fiscal year of the budget biennium (for example, for the 2003-05 biennial budget, the two calendar years that would be the reference point for projected personal income growth would be January 1, 2003 and January 1, 2004 and thus projected personal income growth for calendar years 2003 and 2004 respectively). The Department of Administration (DOA) would then be required to use the projected respective percentage increases in personal income to determine the allowable increase in GPR appropriations for the forthcoming fiscal biennium and to include in the Executive Budget Book a statement of this determination. DOA would have the authority, in accord with the statute, to determine the prior year total GPR appropriated level to which the limit is to be applied. Specify that any appropriation passed by at least a two-thirds vote of each house of the Legislature, and any appropriation for any purpose listed below, are excluded from the total GPR appropriations otherwise subject to the expenditure limitation:

- Principal and interest payments on public debt
- Principal and interest payments on operating notes
- Payments to honor statutory moral obligation pledges
- Payments to the federal government from bond revenues to avoid designation of state bonds as arbitrage bonds
- Payments for legal expenses and the costs of judgments, orders and settlements of actions and appeals incurred by the state
- Payments for tax relief under s. 20.835(2) of the statutes
- Payments to execute a transfer from the general fund to the budget stabilization fund
- Payments to execute a transfer from the general fund to the tax relief fund (also created under this bill)

Senate: Delete provisions.

Conference Committee/Legislature: Modify Joint Finance provisions as follows: (1) add to the GPR appropriations that would be excluded from the statutory limit on annual increases in total GPR appropriations all GPR appropriations to the following agencies: (a) Higher Educational Aids Board; (b) Department of Public Instruction; and (c) University of Wisconsin System; (2) delete the exclusion of payments to the tax relief fund from the limit; (3) add an exclusion from the limit for payments to the cash building projects fund; (4) provide that the Legislative Fiscal Bureau (in consultation with the Department of Revenue) rather than DOR would make the projections of growth in personal income for the forthcoming calendar years

that would be used in determining the appropriations increase amount; (5) provide that the Legislative Fiscal Bureau, rather than the Department of Administration, would make the determination of the allowable increase in GPR appropriations for the forthcoming fiscal biennium, including determining the prior year total GPR appropriated level to which the limit is to be applied; and (6) provide that the projection of increases in state personal income be completed by November 20th of each even-numbered year rather than by December 5th of each even-numbered year and that the determination of the allowable increases in GPR appropriations for the forthcoming fiscal biennium be completed by December 1st of each even-numbered year rather than by December 31st of each even-numbered year.

Veto by Governor [F-2]: Delete exclusion of payments to the cash building projects fund from the limit as a part of a veto of the creation of the fund.

[Act 16 Sections: 103 and 9301(1)]

[Act 16 Vetoed Section: 103]

4. TREATMENT OF BUDGET SURPLUSES AND DEFICITS [LFB Papers 241 and 242]

a. Transfers to the Budget Stabilization Fund

Governor/Legislature: Modify current law regarding transfers to the budget stabilization fund. Under current law, any transfers into the budget stabilization fund occur only as a result of specific legislative appropriation or direction. Provide, instead, an automatic procedure for transfer of certain revenue amounts to the fund. Create a requirement that the Secretary of the Department of Administration (DOA) annually calculate the difference between the amount of general purpose revenues (taxes) estimated (in the general fund condition statement) in the biennial budget act to be collected in each fiscal year and the amount actually collected. Require that if the Secretary, after calculating this difference, determines that projected taxes were less than the actual collections he or she shall transfer 50% of the additional tax revenues to the budget stabilization fund, subject to the following limitations: (a) no transfer to the budget stabilization fund may take place if the current balance in the fund equals or exceeds 5% of the estimated GPR expenditures for that fiscal year (this would a balance of about $580 million under the Governor's budget); and (b) any calculated transfer amount would have to be reduced by the amount that such transfer would cause the required statutory reserve for any fiscal year to be reduced below the level set in the biennial budget.

b. Transfers From the Budget Stabilization Fund

Governor/Legislature: Modify current law regarding transfers from the budget stabilization fund. Under current law, any transfers out of the budget stabilization fund occur only as a result of specific legislative appropriation. Provide that current language specifying that monies in the fund are reserved to be used during periods of low-economic activity when actual state revenues are lower than estimated revenues be repealed. Instead, modify current

statutory language relating to gubernatorial actions to be taken in event of a revenue shortfall exceeding 0.5% of gross GPR appropriations to include a requirement that a Governor's recommendations for dealing with such a shortfall include a recommendation as to whether monies should be appropriated from any available balance in the budget stabilization fund to the general fund. No change would be made to the current law provision that any transfers out of the budget stabilization fund to the general fund would be by explicit appropriation of a sum certain amount except that the fund would be designated as a non-lapsable trust fund.

c. Transfers to the Tax Relief Fund

Governor: Create a new non-lapsable trust fund titled the tax relief fund. Provide that revenues to the fund would come from any remaining funds determined to be available as a result of the calculation and transfer required of the Secretary of DOA under "a." above. Specify that the Secretary shall transfer from the general fund to the tax relief fund the total of the amount of additional revenues (if any) actually collected in a given fiscal year over the amount projected to be collected in the biennial budget act, after first deducting any amounts required to be transferred to the budget stabilization fund. This amount could be anywhere from 50% to 100% of the additional revenues determined by the Secretary to be available for transfer. There is no restriction on the total amount being transferred to the tax relief fund even if the statutory reserve were to be reduced below the otherwise required level as a result of the transfer.

Joint Finance: Modify the Governor's provision by specifying that the payment delay of $115,000,000 of general school aids scheduled to be made in June, 2003, (see "Public Instruction") must first be bought back by using the first $115 million of monies that would otherwise, under this provision, be deposited in the tax relief fund.

Senate/Legislature: Delete provisions.

d. Transfers From the Tax Relief Fund -- Income Tax Credit

Governor: Create a new personal income tax credit, the "tax relief fund tax credit". The credit would be a nonrefundable individual income tax credit for the purpose of returning moneys from the tax relief fund to taxpayers when the fund exceeds $25,000,000.

The bill would provide that, no later than September 1 of each year, the Secretary of DOA would certify to the Secretary of the Department of Revenue (DOR) the amount in the tax relief fund. If the certified amount exceeded $25,000,000, DOR would be required to determine a tax relief fund tax credit amount that could be claimed by taxpayers for the taxable year. No tax relief fund credit would be available if the certified amount were $25,000,000 or less.

For example, under these provisions, DOA would certify to DOR by September 1, 2002, the amount, if any, in the tax relief fund. If the certified amount exceeded $25,000,000, DOR would determine the tax relief fund tax credit that could be claimed by taxpayers when filing returns for tax year 2002 (due in April, 2003). If the certified amount in the tax relief fund on

September 1, 2002, were less than $25,000,000, no tax relief fund credit would be available to taxpayers for tax year 2002.

Under the bill, when a tax relief fund tax credit is to be made available to taxpayers, DOR would be required to divide the total certified amount in the fund by the sum of all claimants (taxpayers), spouses of claimants (in the case of joint returns) and claimants' dependents to determine a credit per unit. (However, no credit could be claimed on tax returns filed by individuals who are dependents of other taxpayers.) The bill would direct DOR to modify the credit per unit so that as much of the total certified amount would be expended as possible. In addition, the bill would require the unit amount to be rounded down to the nearest whole dollar. No later than August 15 of the year following a year for which there has been a tax relief fund credit, DOR would be required to determine and certify to the Secretary of DOA the amount of revenue lost because of such credits claimed against individual income taxes.

With certain exceptions, no credit would be allowed unless it was claimed within four years of the unextended due date of the individual income tax return for the taxable year in which a tax relief fund credit was available. Part-year residents and nonresidents would not be eligible for the tax relief fund credit. The bill would provide that income tax provisions under Chapter 71 of the statutes relating to assessments, refunds, appeals, collection, interest and penalties would apply to the tax relief fund tax credit. DOR would be authorized to enforce the credit and take any action and conduct any proceeding as otherwise authorized under Chapter 71.

The provisions on the tax relief fund tax credit would first apply to taxable years beginning on January 1 of the year in which the bill generally takes effect, unless the bill's general effective date is after July 31. In that case, these provisions would first apply to taxable years beginning January 1 of the following year. No fiscal effect is estimated because the credit would be provided only if actual general fund tax revenues significantly exceeded estimates.

Joint Finance: Modify the Governor's provision to specify that no income tax credit would be made available until the amount in the tax relief fund exceeds $100 million.

Senate/Legislature: Delete provisions.

e. Cash Building Projects Fund

Senate/Legislature: Create a new segregated fund, the cash building projects fund, to provide funding to be available for use in lieu of bonding, provide that the 50% of tax revenues in excess of budgeted tax receipts would go to this new fund and create a sum sufficient GPR appropriation for this purpose. Specify that monies in the cash building projects fund could only be used to pay for authorized capital expenditures that would be used in lieu of already authorized general fund supported general obligation bonding and would be paid from a sum sufficient segregated appropriation under the cash building projects fund that would be established for this purpose. Provide that before any monies are transferred to the cash

building projects, the payment delay of $115,000,000 of general school aids scheduled to be made in June, 2003, must first be brought back by using the first $115,000,000 of monies that would otherwise, under this provision, be deposited in the cash building projects fund (see also Required Statutory Balance).

Veto by Governor [F-2]: Delete all the substantive provisions relating to the creation and use of a cash building projects fund, including the transfer of 50% of "excess tax revenues" to such fund. The effect of the Governor's partial veto, compared to SB 55 as passed by the Legislature, is that 50% of any taxes collected that are in excess of budgeted levels would still be required to be transferred to the budget stabilization fund, but the other 50% of such "excess tax revenues" would remain in the general fund and be available for appropriation by the Legislature.

[Act 16 Sections: 236, 245, 981 and 1131]

[Act 16 Vetoed Sections: 103, 245, 395 (as it relates to s. 20.867(6)(a)&(q)), 980c, 1104n, 1145d and 9101(25j)]

5. BUDGET REPORTS BY DOA AND LFB

Governor/Legislature: Create statutory reporting requirements for the Secretary of DOA and the Legislative Fiscal Bureau relating to certain estimates of current and future general fund revenues and expenditures. As a part of each biennial budget process, require that the Secretary of DOA for the Governor's budget and the Legislative Fiscal Bureau for biennial budgets as adopted, respectively, by the Joint Committee on Finance, the Assembly, the Senate, and by any Committee on Conference, prepare certain statements of estimated general purpose receipts and expenditures for the current proposed budget and for the succeeding biennial period [for example, for this budget (2001-03) and for the next biennial budget period (2003-05)]. Provide that these statements contain all of the following:

a. For the second year of the current proposed budget (2002-03, for example), based on the general fund condition statement, a comparison of the total revenues available after deducting any opening balance and one-time deposit of revenues in the general fund with the total net expenditures (gross appropriations, compensation reserves and transfers less estimated lapses) adjusted for any one-time expenditures of $5,000,000 or more for that year [*Note:* a comparison such as this is often used to identify the amount of the structural balance in the budget (that is, the relationship between on-going expenditures and on-going revenues)].

b. An estimate, for the next biennial budget period (2003-05, for example) of any provision in the current proposed budget (2001-03, for example) that has full funding implications in that it would require an increase in general fund spending in the next biennium over the amount in the current proposed budget or would result in a decrease in general fund revenues in the next biennium from the level projected for the current proposed budget.

c. An estimate of the increase in GPR spending in the next biennium (2003-05, for example) for the following expenditure categories: (1) general equalization school aids; (2) appropriations to the Department of Corrections; (3) state medical assistance program appropriations; (4) compensation reserves; and (5) debt service payments. [For this calculation, provide that the estimate shall be prepared using an increase for each expenditure category equal to the amount of increase that that category in the current proposed budget was over the prior biennial amount for this expenditure category].

d. An estimate of the difference between the amount of general fund tax revenues that will be received in the next biennium (2003-05, for example) and the amount of taxes received in the current biennium (2001-03, for example). [For this calculation, require that: (1) the amount of general fund taxes received in the current biennium shall be the amount indicated in the general fund condition statement designated as "taxes;" and (2) the amount of general fund taxes estimated to be received in the next biennium shall be calculated by using an annual increase in revenues equal to the average annual increase in revenues for each of the ten preceding fiscal years and adjusting the amounts derived using those calculated increases in revenues by the full funding impact of any tax changes contained in the current proposed budget (2001-03, for example) that would reduce or increase tax revenues in the next biennium (2003-05, for example].

e. A comparison of the total revenues for the second year (2002-03, for example) of the current proposed budget and total net expenditures for that year plus the level of increased funding estimated under "c." above, presented in a general fund condition statement format for the next biennium (2003-05, for example).

f. A summary of any additional revenues (above the amounts estimated in "d." above) that will be available in the next biennium (2003-05, for example) for increased expenditures or tax reductions.

In addition, require that the state biennial budget report (the Governor's Executive Budget Book) contain a comparison of the state's budgetary surplus or deficit according to GAAP (generally accepted accounting principles) criteria.

[Act 16 Sections: 115, 231 and 232]

BUILDING COMMISSION

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$50,873,600	$100,132,000	$78,085,000	$78,085,000	$78,085,000	$27,211,400	53.5%
SEG	2,048,400	2,048,400	2,048,400	2,048,400	2,048,400	0	0.0
TOTAL	$52,922,000	$102,180,400	$80,133,400	$80,133,400	$80,133,400	$27,211,400	51.4%

FTE Position Summary

There are no positions authorized for the Building Commission.

Budget Change Items

1. DEBT SERVICE REESTIMATE

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$49,258,400	- $22,047,000	$27,211,400

Governor: Provide $16,684,800 in 2000-01 and $32,573,600 in 2002-03 to reestimate sum sufficient debt service appropriations. Reestimates are associated with the following program purposes: (a) $10,573,600 in 2001-02 and $25,100,100 in 2002-03 for debt service on borrowing not initially allocated to specific programs; (b) $5,178,600 in 2001-02 and $5,155,800 in 2002-03 for debt service for capitol and executive residence projects; (c) $885,200 in 2001-02 and $2,200,300 in 2002-03 for bonding issued for other public purposes; and (d) $47,400 in 2001-02 and $117,400 in 2002-03 for debt service attributable to the Swiss cultural center in New Glarus and the youth activities center in Milwaukee.

Joint Finance/Legislature: Decrease funding by $10,386,900 in 2001-02 and $11,660,100 in 2002-03 to reflect a reestimate of sum sufficient debt service appropriations. Reestimates are

associated with the following program purposes: (a) decrease funding by $7,094,000 in 2001-02 and $7,322,900 on borrowing not initially allocated to specific programs; (b) decrease funding by $2,540,100 in 2001-02 and $2,560,400 in 2002-03 for debt service for the Capitol and executive residence projects; (c) decrease funding by $763,300 in 2001-02 and $1,786,400 in 2002-03 for debt service on bonding issued for other public purposes; (d) decrease funding by $17,700 in 2001-02 and $17,900 in 2002-03 for debt service attributable to the Swiss Cultural Center in New Glarus; and (e) increase funding by $28,200 in 2001-02 and $27,500 in 2002-03 for debt service attributable to the youth activities center in Milwaukee.

2. GENERAL OBLIGATION DEBT RESTRUCTURING

BR	$75,000,000
GPR-Lapse	$50,000,000

Joint Finance: Provide $75 million of general obligation bonding in a new bonding appropriation for refunding tax-supported and self-amortizing general obligation bonds. Specify that no debt could be incurred under this authorization after June 30, 2003. Increase estimated GPR-Lapses by $50 million in 2002-03 to reflect projected savings from refunding $50 million of general fund supported bonds that otherwise would be paid off in that year.

Senate: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Section: 973ar]

3. PROJECTED LAPSE RELATING TO COMMERCIAL PAPER

GPR-Lapse	$50,000,000

Joint Finance/Legislature: Include an estimated $25 million of GPR lapses annually from converting the principal payment amounts of state general fund supported commercial paper short-term borrowing that are due in the 2001-03 biennium to long-term general obligation borrowing.

4. DISTRIBUTED GENERATOR UNITS IN CERTAIN STATE FACILITIES

Senate/Legislature: Require the Department Administration to investigate the potential to incorporate and use distributed generation units in any state building project that would involve an expenditure of $5 million or more. Specify that the Department's investigation must consider cost effectiveness, the potential to increase statewide energy generation capacity and the potential for cost savings to the state. Require the Department to report the results of its investigation, its recommendations and the reasoning for its recommendations to the Building Commission prior to the Commission's consideration of the project.

Define distributed generation units as any form of energy generation used by an electric consumer for electric power generation. Examples of these include photovoltaic cells, wind power, fuel cells, micro turbines and natural gas internal combustion engines.

Veto by Governor [E-11]: Delete provision.

[Act 16 Vetoed Section: 319s]

BUILDING PROGRAM

1. 2001-03 ENUMERATED PROJECTS

	Building Comm. (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
All Funds	$1,640,779,300	- $576,688,000	$491,881,700	- $2,648,100	$1,553,324,900

Building Commission: Provide $1,640,779,300 from all funding sources of enumerated 2001-03 financing authority for: (a) specific enumerated projects ($1,333,081,800); and (b) all agency projects ($307,697,500).

Specify that funding for these projects be drawn from the following sources: (a) $1,283,246,800 from new general obligation bonding authority; (b) $21,597,500 from general obligation bonding authority that is currently authorized; (c) $13,445,500 of new revenue bonding authority; (d) $14,138,000 from agency operating funds; (e) $38,925,700 from federal funds; and (f) $269,425,800 from agency gifts, grants and other receipts.

Joint Finance: Make the following modifications to the 2001-03 state building program:

a. Delete $18,868,000 in general fund supported bonding under the Department of Corrections for inmate work house ($4,500,000), minimum security housing unit at Waupun State Farm ($3,045,000) and probation and parole hold facilities at the Thompson correctional institution ($11,323,000);

b. Decrease funding for Building Commission all agency projects by $79,100,000 and require DOA to submit the Building Commission's recommendations to the Joint Finance Committee for the submittal of separate legislation on how to allocate the reduction to lower priority projects;

c. Delete $9,300,000 in general fund supported bonding and $95,950,000 of self amortizing bonding for the master plan 2000 implementation program at State Fair Park and enumerate $57 million in gifts, grants and other receipts for various projects at State Fair Park;

d. Delete $131,500,000 in self amortizing bonding for a Wisconsin history center;

e. Delete $2,370,000 in segregated revenue for the construction of a visitor center and administration building at the Kickapoo Valley Reserve.

f. Delete $95,000,000 in general fund supported bonding and $104,000,000 in gifts, grants and other receipts associated with other Biostar projects recommended for authorization after the 2003-05 biennium;

g. Delete $40,000,000 in general fund supported bonding for facilities maintenance and repair projects at the University campuses for the 2003-05 biennium;

h. Delete $20,000,000 in general fund supported bonding and $3,600,000 in program revenue supported bonding for construction of a veterinary diagnostic laboratory at UW-Madison in the 2003-05 biennium;

i. Delete $20,000,000 in general fund supported bonding for the construction of a meat/muscle science laboratory at UW-Madison in the 2003-05 biennium;

j. Delete $7,000,000 in general fund supported bonding under the Department of Health and Family Services for the expansion of the Sand Ridge treatment center in the 2003-05 biennium; and

k. Delete $2,000,000 in general fund supported bonding and $5,000,000 in gifts, grants, and other receipts for the Kenosha Civil War museum project in the 2003-05 biennium.

Senate: Make the following modifications to enumerated projects in the 2001-03 state building program:

a. Provide $95,000,000 in general fund supported bonding and $104,000,000 in gifts, grants and other receipts associated with other Biostar projects recommended for authorization after the 2003-05 biennium.

b. Increase the Building Commission's other public purpose general fund supported borrowing by $79,100,000 to restore the project enumerations reduced from the Building Commission's recommended building program by Joint Finance.

c. Provide $40,000,000 in general fund supported general obligation bonding authority, effective July 1, 2003, for facilities and maintenance and repair projects at the University of Wisconsin-System campuses.

d. Provide $2,000,000 of general fund supported bonding to fund a grant to the Milwaukee Public Schools Foundation, Inc. to be used to aid in the construction of a Milwaukee Public Schools alumni center to be located in the proposed Pabst University Research Park.

e. Enumerate the Wisconsin History Center in the 2001-03 state building program and provide $131,500,000 in program revenue supported bonding for the project.

f. Provide $99,500 in program revenue supported general obligation bonding for a parking lot facility at the recently reconstructed baseball stadium at University of Wisconsin-Parkside. (This project is less than the $500,000 enumeration requirement and therefore is not enumerated as part of the 2001-03 state building program.)

g. Provide the Building Commission $1,500,000 in general fund supported borrowing and $3,500,000 in gifts, grants and other receipts for the construction of a youth and family center at the HR Academy, Inc., in the City of Milwaukee.

h. Provide the Building Commission authority to authorize $1,000,000 in general fund supported borrowing to aid in the construction of the Kenosha Civil War Museum. Specify that $500,000 SEG annually be provided the project from funding provided the DNR recreational boating aids appropriation, which is funded from the water resources account of the conservation fund.

i. Provide the Building Commission authority to authorize $1,000,000 in general fund supported borrowing and $2,000,000 in agency operating funds for the construction of the Discovery Place Museum as part of the Racine Heritage Museum.

j. Provide the Building Commission authority to authorize up to $550,000 in general fund supported general obligation bonding and $3,270,000 in gifts, grants and other receipts for the construction of the SOS Milwaukee Children's Village-Milwaukee Chapter foster care facility in the City of Milwaukee.

k. Delete $2,000,000 of existing general fund supported borrowing from stewardship funds for State Fair Park master plan 2000 implementation.

l. Provide $2,370,000 of existing general fund supported borrowing from stewardship funds for the Kickapoo Valley Reserve Visitor Center.

m. Provide $648,100 of existing general fund supported borrowing from stewardship property development and local assistance funds for Grant Park beach redevelopment in Milwaukee.

Assembly: Make the following modifications to the 2001-03 state building program:

a. Increase the Building Commission's other public purpose general fund supported bonding by $25,000,000 to restore a portion of the $79,100,000 in unallocated reductions made by the Joint Committee on Finance to the building program project enumerations recommended by the Building Commission.

b. Provide $20,000,000 in general fund supported bonding and $3,600,000 in program revenue supported bonding for the construction of a veterinary diagnostic laboratory at the University of Wisconsin-Madison.

c. Provide $20,000,000 in general fund supported bonding for the construction of a meat/muscle science laboratory at the University of Wisconsin-Madison.

d. Provide $16,500,000 in general fund supported bonding for the mechanical engineering building renovation and addition project at UW-Madison. The bonding would be in addition to the $6,500,000 in general fund supported bonding and $10,000,000 in gifts, grants and other receipts provided the project and included in the 2001-03 state building program as recommended by the Building Commission. Specify that the Building Commission could not authorize the issuance of any bonding for the project prior to July 1, 2003.

e. Delete $14,409,600 in general fund supported bonding from the Building Commission's other public purpose bonding authorization to reflect a reduction in bonding for capital equipment purchases for major building projects included in the 2001-03 state building program.

f. Delete $13,350,000 in general fund supported bonding and $2,350,000 in program revenue supported bonding to reflect the deletion of the enumeration of the UW-Superior Gates physical education building addition and remodeling project from the 2001-03 state building program.

g. Delete $10,134,000 in program revenue supported bonding and $5,426,000 in gifts, grants and other receipts associated with the UW-Madison University Ridge Golf Course phase III project. Delete the $15,560,000 project enumeration from the 2001-03 state building program.

h. Reduce the University of Wisconsin System's general fund supported bonding by $4,709,800 associated with a reduction to the UW-Stevens Point fine arts center addition and remodeling project and specify that the Building Commission would not be allowed to issue any bonding for the project prior to July 1, 2003. Specify that the project would be funded with an additional $250,000 from gifts, grants and other receipts.

i. Provide State Fair Park $9,000,000 of general fund supported bonding for an agricultural building.

j. Delete a State Fair Park great lawn and fountain area project ($1,000,000 program revenue supported bonding and $1,000,000 gifts and grants).

k. Provide State Fair Park with $34,000,000 of program revenue supported bonding for an exposition hall and $12,000,000 of such bonding for grandstand replacement and delete $6,000,000 of gifts and grants funding for grandstand replacement.

l. Reduce the University of Wisconsin System's general fund supported bonding by $2,000,000 associated with a reduction to the classroom renovation/instructional technology project at UW-System campuses.

m. Decrease the University of Wisconsin System's general fund supported bonding by $858,000 associated with a reduction in the UW-Milwaukee Lapham Hall north wing remodeling project.

n. Reduce the University of Wisconsin System's general fund supported bonding by $500,000 associated with the UW-Milwaukee Klotsche Center physical education addition project and increase the gifts, grants and other receipts funding for the project by $500,000.

o. Provide $2,370,000 of segregated fund supported bonding for a Kickapoo Valley Reserve visitor center and administration building .

p. Delete $1,295,500 of general fund supported bonding for a transitional halfway house for DHFS.

q. Reduce funding by $3,000,000 (from $8,100,000 to $5,100,000) of general fund supported bonding for a Women's Correctional Center in Milwaukee.

Conference Committee/Legislature: Make the following modifications to the 2001-03 state building program:

a. Restore $95,000,000 in general fund supported bonding and $104,000,000 in gifts, grants and other receipts associated with other Biostar projects recommended for authorization after the 2003-05 biennium.

b. Restore $66,000,000 of the $79,100,000 in unallocated reduction in general fund supported borrowing made by the Joint Committee on Finance.

c. Provide $30,000,000 in general fund supported borrowing for UW System facilities maintenance and repair.

d. Enumerate the Wisconsin History Center in the 2001-03 state building program and provide $131,500,000 in program revenue supported bonding for the project.

e. Provide $20,000,000 in general fund supported bonding and $3,600,000 in program revenue supported bonding for the construction of a veterinary diagnostic laboratory at the University of Wisconsin-Madison.

f. Provide $20,000,000 in general fund supported bonding for the construction of a meat/muscle science laboratory at the University of Wisconsin-Madison.

g. Provide $16,500,000 in general fund supported bonding for the mechanical engineering building renovation and addition project at UW-Madison. The bonding would be in addition to the $6,500,000 in general fund supported bonding and $10,000,000 in gifts, grants and other receipts provided the project and included in the 2001-03 state building program as recommended by the Building Commission. Specify that the Building Commission could not authorize the issuance of any bonding for the project prior to July 1, 2003.

h. Reduce the University of Wisconsin System's general fund supported bonding by $500,000 associated with the UW-Milwaukee Klotsche Center physical education addition project and increase the gifts, grants and other receipts funding for the project by $500,000.

i. Provide $99,500 in program revenue supported general obligation bonding for a parking lot facility at the recently reconstructed baseball stadium at University of Wisconsin-Parkside. (This project does not meet the $500,000 enumeration requirement and therefore is not enumerated as part of the 2001-03 state building program.)

j. Provide the Building Commission $1,500,000 in general fund supported borrowing and $3,500,000 of gifts and grants funding to aid in the construction of a youth and family center at the HR Academy, Inc., in the City of Milwaukee.

k. Provide the Building Commission authority to authorize $1,000,000 in general fund supported borrowing and $2,000,000 in agency operating funds to aid in the construction of the Discovery Place Museum as part of the Racine Heritage Museum.

L. Delete $43,836,000 in program revenue supported bonding and the state justice center project included as part of the biennial budget bill to reflect the authorization of bonding and enumeration of the project under 2001 Act 12.

m. Provide State Fair Park with $9,000,000 of general fund supported bonding for agricultural buildings.

n. Delete a State Fair Park great lawn and fountain area project ($1,000,000 program revenue supported bonding and $1,000,000 gifts and grants).

o. Provide State Fair Park with $34,000,000 of program revenue supported bonding for an exposition hall and $6,000,000 of such bonding for grandstand replacement and delete $6,000,000 of gifts and grants funding for grandstand replacement.

p. Reduce funding by $3,000,000 (from $8,100,000 to $5,100,000) of general funding supported borrowing for a Women's Correctional Center in Milwaukee for DOC.

q. Provide $2,370,000 of existing general fund supported bonding for a Kickapoo Valley Reserve visitor center and administration building.

Veto by Governor [B-49]: Make the following modifications to the 2001-03 state building program: (a) delete the project enumeration and $648,100 in existing stewardship borrowing for Grant Park Beach redevelopment project in Milwaukee; and (b) delete $2,000,000 in agency operating funds associated with the Discovery Place Museum project at Racine Heritage Museum.

The funding sources for the 2001-03 enumerated project authority by agency are shown in Table 1. A listing of individual major agency projects, as recommended by each actor within the budget process, is provided in Table 2.

TABLE 1

Financing Sources for the 2001-03 Enumerated Projects

Building Commission

	New General Obligation Bonds			Revenue Bonds	Existing General Obligation Bonds	Agency Operating Funds	Gifts, Grants, and Other	Federal	Total
	GPR	PR	SEG						
Administration	$0	$48,761,100	$0	$0	$0	$0	$0	$0	$48,761,100
Building Commission	2,000,000	0	0	0	0	0	5,000,000	0	7,000,000
Corrections	111,883,600	0	0	0	0	0	0	5,001,400	116,885,000
Educational Communication Bd.	14,200,000	0	0	0	0	0	0	0	14,200,000
Health and Family Services	9,885,500	0	0	0	0	0	0	0	9,885,500
Justice	12,000,000	0	0	0	0	0	0	0	12,000,000
Kickapoo Valley Reserve Board	0	0	0	0	0	2,370,000	0	0	2,370,000
Medical College of Wisconsin	25,000,000	0	0	0	0	0	63,000,000	0	88,000,000
Military Affairs	2,147,000	0	0	0	517,700	0	0	16,281,600	18,946,300
Natural Resources	0	0	8,813,300	265,000	4,176,200	0	175,000	4,728,700	18,158,200
State Fair Park	10,000,000	96,950,000	0	0	2,000,000	0	0	0	108,950,000
State Historical Society	0	131,500,000	0	0	0	0	0	0	131,500,000
Transportation	0	0	0	9,770,500	0	0	0	0	9,770,500
UW System	196,068,000	156,978,900	0	0	1,000,000	765,000	42,600,800	0	397,412,700
Veterans Affairs	0	13,579,900	0	0	9,418,600	0	0	9,244,000	32,242,500
Biostar Initiative	158,500,000	0	0	0	0	0	158,500,000	0	317,000,000
Subtotal	$541,684,100	$447,769,900	$8,813,300	$10,035,500	$17,112,500	$3,135,000	$269,275,800	$35,255,700	$1,333,081,800
All Agency									
Facilities Maintenance & Repair	$128,552,500	$55,892,000	$1,967,000	$3,410,000	$2,612,000	$409,000	$0	$2,204,000	$195,046,500
Utilities Repair & Renovation	42,140,000	7,629,000	139,000	0	1,273,000	4,072,000	150,000	1,365,000	56,768,000
Health, Safety & Envir. Protection	23,544,000	10,421,000	0	0	600,000	0	0	0	34,565,000
Preventative Maintenance Program	6,000,000	0	0	0	0	1,800,000	0	0	7,800,000
Capital Acquisition Program	3,695,000	0	0	0	0	4,722,000	0	101,000	8,518,000
Land and Property Acquisition	0	5,000,000	0	0	0	0	0	0	5,000,000
Subtotal	$203,931,500	$78,942,000	$2,106,000	$3,410,000	$4,485,000	$11,003,000	$150,000	$3,670,000	$307,697,500
TOTAL	$745,615,600	$526,711,900	$10,919,300	$13,445,500	$21,597,500	$14,138,000	$269,425,800	$38,925,700	$1,640,779,300

Joint Finance

Administration	$0	$48,761,100	$0	$0	$0	$0	$0	$0	$48,761,100
Building Commission	0	0	0	0	0	0	0	0	0
Corrections	93,015,600	0	0	0	0	0	0	5,001,400	98,017,000
Educational Communication Bd.	14,200,000	0	0	0	0	0	0	0	14,200,000
Health and Family Services	2,885,500	0	0	0	0	0	0	0	2,885,500
Justice	12,000,000	0	0	0	0	0	0	0	12,000,000
Kickapoo Valley Reserve Board	0	0	0	0	0	0	0	0	0
Medical College of Wisconsin	25,000,000	0	0	0	0	0	63,000,000	0	88,000,000
Military Affairs	2,147,000	0	0	0	517,700	0	0	16,281,600	18,946,300
Natural Resources	0	0	8,813,300	265,000	4,176,200	0	175,000	4,728,700	18,158,200
State Fair Park	700,000	1,000,000	0	0	2,000,000	0	57,000,000	0	60,700,000
State Historical Society	0	0	0	0	0	0	0	0	0
Transportation	0	0	0	9,770,500	0	0	0	0	9,770,500
Veterans Affairs	0	13,579,900	0	0	9,418,600	0	0	9,244,000	32,242,500
UW System	156,068,000	153,378,900	0	0	1,000,000	765,000	42,600,800	0	353,812,700
Biostar	63,500,000	0	0	0	0	0	54,500,000	0	118,000,000
Subtotal	$369,516,100	$216,719,900	$8,813,300	$10,035,500	$17,112,500	$765,000	$217,275,800	$35,255,700	$875,493,800
All Agency									
Facilities Repair & Renovation	$44,838,500	$55,892,000	$1,967,000	$3,410,000	$2,612,000	$409,000	$0	$2,204,000	$111,332,500
Utilities Repair & Renovation	21,338,000	7,629,000	139,000	0	1,273,000	4,072,000	150,000	1,365,000	35,966,000
Health, Safety & Environ. Protection	11,922,000	10,421,000	0	0	600,000	0	0	0	22,943,000
Preventative Maintenance Program	3,038,000	0	0	0	0	1,800,000	0	0	4,838,000
Capital Acquisition Program	3,695,000	0	0	0	0	4,722,000	0	101,000	8,518,000
Land and Property Acquisition	0	5,000,000	0	0	0	0	0	0	5,000,000
Subtotal	$84,831,500	$78,942,000	$2,106,000	$3,410,000	$4,485,000	$11,003,000	$150,000	$3,670,000	$188,597,500
TOTAL	$454,347,600	$295,661,900	$10,919,300	$13,445,500	$21,597,500	$11,768,000	$217,425,800	$38,925,700	$1,064,091,300

Senate

	New General Obligation Bonds			Revenue	Existing General Obligation	Agency Operating	Gifts, Grants,		
	GPR	PR	SEG	Bonds	Bonds	Funds	and Other	Federal	Total
Administration	$0	$48,761,100	$0	$0	$0	$0	$0	$0	$48,761,100
Building Commission	6,050,000	0	0	0	0	3,000,000	6,770,000	0	15,820,000
Corrections	93,015,600	0	0	0	0	0	0	5,001,400	98,017,000
Education Communication Bd.	14,200,000	0	0	0	0	0	0	0	14,200,000
Health and Family Services	2,885,500	0	0	0	0	0	0	0	2,885,500
Justice	12,000,000	0	0	0	0	0	0	0	12,000,000
Kickapoo Valley Reserve Board	0	0	0	0	2,370,000	0	0	0	2,370,000
Medical College of Wisconsin	25,000,000	0	0	0	0	0	63,000,000	0	88,000,000
Military Affairs	2,147,000	0	0	0	517,700	0	0	16,281,600	18,946,300
Natural Resources	0	0	8,813,300	265,000	4,824,300	0	175,000	4,728,700	18,806,300
State Fair Park	700,000	1,000,000	0	0	0	0	57,000,000	0	58,700,000
State Historical Society	0	131,500,000	0	0	0	0	0	0	131,500,000
Transportation	0	0	0	9,770,500	0	0	0	0	9,770,500
Veterans Affairs	0	13,579,900	0	0	9,418,600	0	0	9,244,000	32,242,500
UW System	156,068,000	153,378,900	0	0	1,000,000	765,000	42,600,800	0	353,812,700
Biostar	158,500,000	0	0	0	0	0	158,500,000	0	317,000,000
Subtotal	$470,566,100	$348,219,900	$8,813,300	$10,035,500	$18,130,600	$3,765,000	$328,045,800	$35,255,700	$1,222,831,900
All Agency									
Facilities Repair & Renovation	128,552,500	55,892,000	1,967,000	3,410,000	2,612,000	409,000	0	2,204,000	195,046,500
Utilities Repair & Renovation	42,140,000	7,629,000	139,000	0	1,273,000	4,072,000	150,000	1,365,000	56,768,000
Health, Safety & Environ. Protection	23,544,000	10,421,000	0	0	600,000	0	0	0	34,565,000
Preventative Maintenance Program	6,000,000	0	0	0	0	1,800,000	0	0	7,800,000
Capital Acquisition Program	3,695,000	0	0	0	0	4,722,000	0	101,000	8,518,000
Land and Property Acquisition	0	5,000,000	0	0	0	0	0	0	5,000,000
Subtotal	$203,931,500	$78,942,000	$2,106,000	$3,410,000	$4,485,000	$11,003,000	$150,000	$3,670,000	$307,697,500
TOTAL	$674,497,600	$427,161,900	$10,919,300	$13,445,500	$22,615,600	$14,768,000	$328,195,800	$38,925,700	$1,530,529,400

Assembly

Administration	$0	$48,761,100	$0	$0	$0	$0	$0	$0	$48,761,100
Building Commission	0	0	0	0	0	0	0	0	0
Corrections	90,015,600	0	0	0	0	0	0	5,001,400	95,017,000
Education Communication Bd.	14,200,000	0	0	0	0	0	0	0	14,200,000
Health and Family Services	1,590,000	0	0	0	0	0	0	0	1,590,000
Justice	12,000,000	0	0	0	0	0	0	0	12,000,000
Kickapoo Valley Reserve Board	0	0	2,370,000	0	0	0	0	0	2,370,000
Medical College of Wisconsin	25,000,000	0	0	0	0	0	63,000,000	0	88,000,000
Military Affairs	2,147,000	0	0	0	517,700	0	0	16,281,600	18,946,300
Natural Resources	0	0	8,813,300	265,000	4,176,200	0	175,000	4,728,700	18,158,200
State Fair Park	9,700,000	46,000,000	0	0	2,000,000	0	50,000,000	0	107,700,000
State Historical Society	0	0	0	0	0	0	0	0	0
Transportation	0	0	0	9,770,500	0	0	0	0	9,770,500
Veterans Affairs	0	13,579,900	0	0	9,418,600	0	0	9,244,000	32,242,500
UW System	191,150,200	144,494,900	0	0	1,000,000	765,000	37,924,800	0	375,334,900
Biostar	63,500,000	0	0	0	0	0	54,500,000	0	118,000,000
Subtotal	$409,302,800	$252,835,900	$11,183,300	$10,035,500	$17,112,500	$765,000	$205,599,800	$35,255,700	$942,090,500
All Agency									
Facilities Repair & Renovation	$50,691,600	$55,892,000	$1,967,000	$3,410,000	$2,612,000	$409,000	$0	$2,204,000	$117,185,600
Utilities Repair & Renovation	24,122,900	7,629,000	139,000	0	1,273,000	4,072,000	150,000	1,365,000	38,750,900
Health, Safety & Environ. Protection	13,477,700	10,421,000	0	0	600,000	0	0	0	24,498,700
Preventative Maintenance Program	3,434,700	0	0	0	0	1,800,000	0	0	5,234,700
Capital Acquisition Program	3,695,000	0	0	0	0	4,722,000	0	101,000	8,518,000
Land and Property Acquisition	0	5,000,000	0	0	0	0	0	0	5,000,000
Subtotal	$95,421,900	$78,942,000	$2,106,000	$3,410,000	$4,485,000	$11,003,000	$150,000	$3,670,000	$199,187,900
TOTAL	$504,724,700	$331,777,900	$13,289,300	$13,445,500	$21,597,500	$11,768,000	$205,749,800	$38,925,700	$1,141,278,400

Conference Committee/Legislature

	New General Obligation Bonds			Revenue	Existing General Obligation	Agency Operating	Gifts, Grants,		
	GPR	PR	SEG	Bonds	Bonds	Funds	and Other	Federal	Total
Administration	$0	$4,925,100	$0	$0	$0	$0	$0	$0	$4,925,100
Building Commission	2,500,000	0	0	0	0	2,000,000	3,500,000	0	8,000,000
Corrections	90,015,600	0	0	0	0	0	0	5,001,400	95,017,000
Education Communication Bd.	14,200,000	0	0	0	0	0	0	0	14,200,000
Health and Family Services	2,885,500	0	0	0	0	0	0	0	2,885,500
Justice	12,000,000	0	0	0	0	0	0	0	12,000,000
Kickapoo Valley Reserve Board	0	0	0	0	2,370,000	0	0	0	2,370,000
Medical College of Wisconsin	25,000,000	0	0	0	0	0	63,000,000	0	88,000,000
Military Affairs	2,147,000	0	0	0	517,700	0	0	16,281,600	18,946,300
Natural Resources	0	0	8,813,300	265,000	4,824,300	0	175,000	4,728,700	18,806,300
State Fair Park	9,700,000	40,000,000	0	0	2,000,000	0	50,000,000	0	101,700,000
State Historical Society	0	131,500,000	0	0	0	0	0	0	131,500,000
Transportation	0	0	0	9,770,500	0	0	0	0	9,770,500
Veterans Affairs	0	13,579,900	0	0	9,418,600	0	0	9,244,000	32,242,500
UW System	212,068,000	156,978,900	0	0	1,000,000	765,000	43,100,800	0	413,912,700
Biostar	158,500,000	0	0	0	0	0	158,500,000	0	317,000,000
Subtotal	$529,016,100	$347,083,900	$8,813,300	$10,035,500	$20,130,600	$2,765,000	$318,275,800	$35,255,700	$1,271,275,900
All Agency									
Facilities Repair & Renovation	$111,313,000	$55,892,000	$1,967,000	$3,410,000	$2,612,000	$409,000	$0	$2,204,000	$177,807,000
Utilities Repair & Renovation	38,694,900	7,629,000	139,000	0	1,273,000	4,072,000	150,000	1,365,000	53,322,900
Health, Safety & Environ. Protection	21,619,200	10,421,000	0	0	600,000	0	0	0	32,640,200
Preventative Maintenance Program	5,509,500	0	0	0	0	1,800,000	0	0	7,309,500
Capital Acquisition Program	3,695,000	0	0	0	0	4,722,000	0	101,000	8,518,000
Land and Property Acquisition	0	5,000,000	0	0	0	0	0	0	5,000,000
Subtotal	$180,831,600	$78,942,000	$2,106,000	$3,410,000	$4,485,000	$11,003,000	$150,000	$3,670,000	$284,597,600
TOTAL	$709,847,700	$425,925,900	$10,919,300	$13,445,500	$24,615,600	$13,768,000	$318,425,800	$38,925,700	$1,555,873,500

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Administration	$0	$4,925,100	$0	$0	$0	$0	$0	$0	$4,925,100
Building Commission	2,500,000	0	0	0	0	0	3,500,000	0	6,000,000
Corrections	90,015,600	0	0	0	0	0	0	5,001,400	95,017,000
Education Communication Bd.	14,200,000	0	0	0	0	0	0	0	14,200,000
Health and Family Services	2,885,500	0	0	0	0	0	0	0	2,885,500
Justice	12,000,000	0	0	0	0	0	0	0	12,000,000
Kickapoo Valley Reserve Board	0	0	0	0	2,370,000	0	0	0	2,370,000
Medical College of Wisconsin	25,000,000	0	0	0	0	0	63,000,000	0	88,000,000
Military Affairs	2,147,000	0	0	0	517,700	0	0	16,281,600	18,946,300
Natural Resources	0	0	8,813,300	265,000	4,176,200	0	175,000	4,728,700	18,158,200
State Fair Park	9,700,000	40,000,000	0	0	2,000,000	0	50,000,000	0	101,700,000
State Historical Society	0	131,500,000	0	0	0	0	0	0	131,500,000
Transportation	0	0	0	9,770,500	0	0	0	0	9,770,500
Veterans Affairs	0	13,579,900	0	0	9,418,600	0	0	9,244,000	32,242,500
UW System	212,068,000	156,978,900	0	0	1,000,000	765,000	43,100,800	0	413,912,700
Biostar	158,500,000	0	0	0	0	0	158,500,000	0	317,000,000
Subtotal	$529,016,100	$347,083,900	$8,813,300	$10,035,500	$19,482,500	$765,000	$318,275,800	$35,255,700	$1,268,627,800
All Agency									
Facilities Repair & Renovation	$111,313,000	$55,892,000	$1,967,000	$3,410,000	$2,612,000	$409,000	$0	$2,204,000	$177,807,000
Utilities Repair & Renovation	38,694,900	7,629,000	139,000	0	1,273,000	4,072,000	150,000	1,365,000	53,322,900
Health, Safety & Environ. Protection	21,619,200	10,421,000	0	0	600,000	0	0	0	32,640,200
Preventative Maintenance Program	5,509,500	0	0	0	0	1,800,000	0	0	7,309,500
Capital Acquisition Program	3,695,000	0	0	0	0	4,722,000	0	101,000	8,518,000
Land and Property Acquisition	0	5,000,000	0	0	0	0	0	0	5,000,000
Subtotal	$180,831,600	$78,942,000	$2,106,000	$3,410,000	$4,485,000	$11,003,000	$150,000	$3,670,000	$284,597,600
TOTAL	$709,847,700	$425,925,900	$10,919,300	$13,445,500	$23,967,500	$11,768,000	$318,425,800	$38,925,700	$1,553,225,400

TABLE 2

State Agency 2001-03 Enumerated Major Projects
Total Project Authority (All Funding Sources)

	Building Comm.	Jt. Finance	Senate	Assembly	Legislature	Act 16
Administration						
State Justice Center Purchase--Madison	$43,836,000	$43,836,000	$43,836,000	$43,836,000	$0	$0
Systems Furniture--Waukesha	3,700,100	3,700,100	3,700,100	3,700,100	3,700,100	3,700,100
Storage and Laboratory Facility--La Crosse	1,225,000	1,225,000	1,225,000	1,225,000	1,225,000	1,225,000
Total	$48,761,100	$48,761,100	$48,761,100	$48,761,100	$4,925,100	$4,925,100
Corrections						
Correctional Facility Purchase--Stanley	$79,917,000	$79,917,000	$79,917,000	$79,917,000	$79,917,000	$79,917,000
Inmate Workhouse	4,500,000	0	0	0	0	0
Women's Correctional Center--Milwaukee	8,100,000	8,100,000	8,100,000	5,100,000	5,100,000	5,100,000
Minimum Security Housing Unit--Waupun State Farm	3,045,000	0	0	0	0	0
Combined Health Services Units	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Probation & Parole Holding Facility--Thompson Corr. Center	11,323,000	0	0	0	0	0
Total	$116,885,000	$98,017,000	$98,017,000	$95,017,000	$95,017,000	$95,017,000
Educational Communications Board						
Digital Television Conversion	$14,200,000	$14,200,00	$14,200,000	$14,200,000	$14,200,000	$14,200,000
HR Academy, Inc.						
Youth and Family Center	$0	$0	$5,000,000	$0	$5,000,000	$5,000,000
Health and Family Services						
Administrative Building--Wisconsin Resource Center	$1,590,000	$1,590,000	$1,590,000	$1,590,000	$1,590,000	$1,590,000
Sand Ridge Treatment Center Expansion	7,000,000	0	0	0	0	0
Transitional Halfway House	1,295,500	1,295,500	1,295,500	0	1,295,500	1,295,500
Total	$9,885,500	$2,885,000	$2,885,500	$1,590,000	$2,885,500	$2,885,500
Justice						
Crime Laboratory Relocation and Expansion--Madison	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000
Milwaukee Public Schools Foundation						
Alumni Center	$0	$0	$2,000,000	$0	$0	$0
City of Kenosha						
Kenosha Civil War Museum	$7,000,000	$0	$2,000,000	$0	$0	$0
Kickapoo Valley Reserve Board						
Kickapoo Valley Reserve Visitor Center and Admin. Building	$2,370,000	$0	$2,370,000	$2,370,000	$2,370,000	$2,370,000
Medical College of Wisconsin						
Biomedical Research and Technology Incubator	$88,000,000	$88,000,000	$88,000,000	$88,000,000	$88,000,000	$88,000,000
Military Affairs						
U.S. Property and Fiscal Office--Camp Douglas	$15,054,200	$15,054,200	$15,054,200	$15,054,200	$15,054,200	$15,054,200
Armory Addition/Alteration--West Bend	2,683,000	2,683,000	2,683,000	2,683,000	2,683,000	2,683,000
Organizational Maint. Shop 6 Addition/Alteration--Kenosha	1,209,100	1,209,100	1,209,100	1,209,100	1,209,100	1,209,100
Total	$18,946,300	$18,946,300	$18,946,300	$18,946,300	$18,946,300	$18,946,300

	Building Comm.	Jt. Finance	Senate	Assembly	Legislature	Act 16
Natural Resources						
Milwaukee Lakeshore Park--Phase II Development	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000	$3,000,000
Mead Wildlife Area Headquarters	685,900	685,900	685,900	685,900	685,900	685,900
Rib Mountain State Park Chalet Reconstruction	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Northeast Regional Headquarters--Green Bay	5,316,800	5,316,800	5,316,800	5,316,800	5,316,800	5,316,800
General Executive Facility 2 Systems Furniture	2,317,200	2,317,200	2,317,200	2,317,200	2,317,200	2,317,200
Lake Poygan Breakwall	5,838,300	5,838,300	5,838,300	5,838,300	5,838,300	5,838,300
Grant Park Beach Redevelopment--Milwaukee County	0	0	648,100	0	648,100	0
Total	$18,158,200	$18,158,200	$18,806,300	$18,158,200	$18,806,300	$18,158,200
Racine County						
Discovery Place Museum	$0	$0	$3,000,000	$0	$3,000,000	$1,000,000
SOS Children's Village						
Foster Care Facility	$0	$0	$3,820,000	$0	$0	$0
State Fair Park Board						
Master Plan 2000 Implementation	$108,950,000	$2,000,000	$0	$2,000,000	$2,000,000	$2,000,000
Agricultural Buildings	0	0	0	9,000,000	9,000,000	9,000,000
Exposition Hall	0	0	0	34,000,000	34,000,000	34,000,000
Heritage Hall and Youth Area	0	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Grandstand Replacement	0	6,000,000	6,000,000	12,000,000	6,000,000	6,000,000
Great Lawn Project	0	2,000,000	2,000,000	0	0	0
Primary Electrical Systems Replacement	0	700,000	700,000	700,000	700,000	700,000
Total	$108,950,000	$60,700,000	$58,700,000	$107,700,000	$101,700,000	$101,700,000
State Historical Society						
Wisconsin History Center--Madison	$131,500,000	$0	$131,500,000	$0	$131,500,000	$131,500,000
Transportation						
District 3 Headquarters Renovation--Green Bay	$3,194,500	$3,194,500	$3,194,500	$3,194,500	$3,194,500	$3,194,500
Division of State Patrol Tower Projects--Phase II	5,110,400	5,110,400	5,110,400	5,110,400	5,110,400	5,110,400
Division of Motor Vehicles Service Center--Waukesha	1,465,600	1,465,600	1,465,600	1,465,600	1,465,600	1,465,600
Total	$9,770,500	$9,770,500	$9,770,500	$9,770,500	$9,770,500	$9,770,500
University of Wisconsin System						
Camp Randall Stadium Renovation--Madison	$99,800,000	$99,800,000	$99,800,000	$99,800,000	$99,800,000	$99,800,000
Klotsche Center Physical Education Addition--Milwaukee	42,117,000	42,117,000	42,117,000	42,117,000	42,117,000	42,117,000
Fine Arts Center Addition and Remodeling--Stevens Point	26,120,000	26,120,000	26,120,000	21,660,200	26,120,000	26,120,000
Veterinary Diagnostic Laboratory--Madison	23,600,000	0	0	23,600,000	23,600,000	23,600,000
Chamberlin Hall Renovation--Madison	20,795,000	20,795,000	20,795,000	20,795,000	20,795,000	20,795,000
Student Union--River Falls	20,451,800	20,451,800	20,451,800	20,451,800	20,451,800	20,451,800
Meat/Muscle Science Laboratory--Madison	20,000,000	0	0	20,000,000	20,000,000	20,000,000
Laboratory Science Building Remodeling--Green Bay	17,915,000	17,915,000	17,915,000	17,915,000	17,915,000	17,915,000
Mechanical Engineering Bldg. Renovation and Addition--Madison	16,500,000	16,500,000	16,500,000	33,000,000	33,000,000	33,000,000
Gates Physical Educ. Bldg. Addition and Remodeling--Superior	15,700,000	15,700,000	15,700,000	0	15,700,000	15,700,000
University Ridge Golf Course--Phase III--Madison	15,560,000	15,560,000	15,560,000	0	15,560,000	15,560,000
Upham Hall Science Building Addition/Renovation--Whitewater	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000	10,100,000

	Building Comm.	Jt. Finance	Senate	Assembly	Legislature	Act 16
Classroom Renovation/Instructional Technology--System	10,000,000	10,000,000	10,000,000	8,000,000	10,000,000	10,000,000
North Campus Master Plan Implementation--Phase I--Stout	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Lapham Hall North Wing Remodeling--Milwaukee	9,858,000	9,858,000	9,858,000	9,000,000	9,858,000	9,858,000
Davies Center Addition and Remodeling--Eau Claire	8,510,400	8,510,400	8,510,400	8,510,400	8,510,400	8,510,400
WI Agricultural Stewardship Initiative--Platteville and Madison	7,504,700	7,504,700	7,504,700	7,504,700	7,504,700	7,504,700
Computer Science Classrooms Administration--Platteville	6,956,000	6,956,000	6,956,000	6,956,000	6,956,000	6,956,000
Utility Distribution Systems Upgrade--Madison	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Weeks Hall Addition--Madison	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Aquatic Science and Tech. Education Center--Phase I--System	3,292,000	3,292,000	3,292,000	3,292,000	3,292,000	3,292,000
Athletic Administration Building Annex--Whitewater	1,432,800	1,432,800	1,432,800	1,432,800	1,432,800	1,432,800
Animal Facilities--Madison	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total	$397,412,700	$353,812,700	$353,812,700	$375,334,900	$413,912,700	$413,912,700
Biostar						
Biotechnology Building Addition--UW-Madison	$27,000,000	$27,000,000	$27,000,000	$27,000,000	$27,000,000	$27,000,000
Other Biostar Projects (Microbial Sciences, Biochemistry and Interdisciplinary Biology Buildings--UW-Madison	290,000,000	91,000,000	290,000,000	91,000,000	290,000,000	290,000,000
Total	$317,000,000	$118,000,000	$317,000,000	$118,000,000	$317,000,000	$317,000,000
Veteran's Affairs						
WI Veterans Home at King--Advanced Food Production Facility	$3,910,500	$3,910,500	$3,910,500	$3,910,500	$3,910,500	$3,910,500
Southern Wisconsin Veterans Retirement Center--Phase I	24,388,600	24,388,600	24,388,600	24,388,600	24,388,600	24,388,600
Wisconsin Veterans Home at King--Olson and Stordock Halls Member Space Enhancement	1,469,400	1,469,400	1,469,400	1,469,400	1,469,400	1,469,400
Gero-Behavioral Unit--Tomah	500,000	500,000	500,000	500,000	500,000	500,000
Homeless Veterans Assistance Facility--Dane County	500,000	500,000	500,000	500,000	500,000	500,000
Southern Wisconsin Veterans Memorial--Maintenance Building/Road Expansion	1,474,000	1,474,000	1,474,000	1,474,000	1,474,000	1,474,000
Total	$32,242,500	$32,242,500	$32,242,500	$32,242,500	$32,242,500	$32,242,500
All Agency						
Facility Maintenance and Repair	$195,046,500	$111,332,500	$195,046,500	$117,185,600	$177,807,000	$177,807,000
Utilities Repair and Renovation	56,768,000	35,966,000	56,768,000	38,750,900	53,322,900	53,322,900
Health, Safety and Environ. Protection	34,565,000	22,943,000	34,565,000	24,498,700	32,640,200	32,640,200
Preventative Maintenance Program	7,800,000	4,838,000	7,800,000	5,234,700	7,309,500	7,309,500
Capital Acquisition Program	8,518,000	8,518,000	8,518,000	8,518,000	8,518,000	8,518,000
Land and Property Acquisition	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total	$307,697,500	$188,597,500	$307,697,500	$199,187,100	$284,597,600	$284,597,600
TOTAL--ALL CATEGORIES	$1,640,779,300	$1,064,091,300	$1,530,529,400	$1,141,278,400	$1,555,873,500	$1,553,225,400

Veto by Governor [B-49]: Delete the project enumeration and $648,100 in existing stewardship bonding for the Grant Park Beach redevelopment project in Milwaukee County. In addition, delete $2,000,000 in agency operating funds from the Discovery Place Museum project in Racine County and reduce the project enumeration to $1,000,000 in general fund supported borrowing.

[Act 16 Section: 9107(1)]

[Act 16 Vetoed Section: 9107(1) as it relates to (i)2 &(p)]

2. 2001-03 BUILDING PROGRAM BONDING AUTHORIZATIONS [LFB Papers 255, 256, 257 and 267]

Building Commission: Provide $1,293,092,300 in new general obligation bonding authority for projects enumerated as part of the 2001-03 state building program, as shown in the following table.

Joint Finance: Provide $761,278,800 in new bonding authority for projects enumerated as part of the 2001-03 state building program, as shown in the following table.

Senate: Provide $1,113,028,300 in new general obligation bonding authority for projects enumerated as part of the 2001-03 state building program, as shown in the following table.

Assembly: Provide $840,141,900 in new general obligation bonding authority for projects enumerated as part of the 2001-03 state building program, as shown in the following table.

Conference Committee/Legislature: Provide $1,147,142,300 in new general obligation bonding authority for projects enumerated as part of the 2001-03 state building program, as shown in the following table.

	Building Comm.	Jt. Finance	Senate	Assembly	Legislature/ Act 16
Building Commission					
Other Public Purposes	$362,431,500	$148,331,500	$362,431,500	$158,921,900	$339,331,500
Housing State Agencies	76,956,500	76,956,500	76,956,500	76,956,500	33,120,500
Project Contingencies	8,819,100	8,819,100	8,819,100	8,819,100	8,819,100
Capital Equipment Acquisitions	10,469,000	10,469,000	10,469,000	10,469,000	10,469,000
Corrections					
Correctional Facilities	111,883,600	93,015,600	93,015,600	90,015,600	90,015,600
Educational Communications Board					
Educational Communications Facilities	14,200,000	14,200,000	14,200,000	14,200,000	14,200,000
Health and Family Services					
Mental Health Facilities	9,617,200	2,617,200	2,617,200	1,321,700	2,617,200
City of Kenosha					
Civil War Museum	2,000,000	0	1,000,000	0	0
HR Academy Inc.	0	0	1,500,000	0	1,500,000
Kickapoo Valley Reserve Board	0	0	0	2,370,000	0

	Building Comm.	Jt. Finance	Senate	Assembly	Legislature/ Act 16
Medical College of Wisconsin					
Biomedical Research and Technology Incubator	$25,000,000	$25,000,000	$25,000,000	$25,000,000	$25,000,000
Military Affairs					
Armories and Military Facilities	2,004,600	2,004,600	2,004,600	2,004,600	2,004,600
Milwaukee Public Schools Foundation, Inc.					
Alumni Center	0	0	2,000,000	0	0
Natural Resources					
SEG Supported Facilities	7,199,800	7,199,800	7,199,800	7,199,800	7,199,800
SEG Environmental Fund Supported Admin. Facilities	3,719,500	3,719,500	3,719,500	3,719,500	3,719,500
Racine County					
Discovery Place Museum	0	0	1,000,000	0	1,000,000
SOS Children's Village of Wisconsin					
Milwaukee Children's Village	0	0	550,000	0	0
State Fair Park					
Board Facilities	10,000,000	700,000	700,000	9,700,000	9,700,000
Self-Amortizing Facilities	96,950,000	1,000,000	1,000,000	46,000,000	40,000,000
State Historical Society					
Wisconsin History Center	131,500,000	0	131,500,000	0	131,500,000
Transportation					
Administrative Facilities	13,445,500	0	0	0	0
University of Wisconsin					
Academic Facilities	179,297,200	139,297,200	139,297,200	174,379,400	195,297,200
Self-Amortizing Facilities	214,018,900	214,368,900**	214,468,400**	205,484,900**	218,068,400**
Veterans Affairs					
Self-Amortizing Facilities	13,579,900	13,579,900	13,579,900	13,579,900	13,579,900
Total	$1,293,092,300*	$761,278,800	$1,113,028,300	$850,141,900	$1,147,142,300

*The Building Commission recommendation inadvertently included $13,445,500 of general obligation bonding for Transportation administrative facilities that was already provided under the biennial budget bill and excluded $3,600,000 of bonding for the veterinary diagnostic laboratory for the UW-Madison.

**Includes $350,000 of bonding for the aquaculture demonstration facility enumerated in the 1999-01 building program

[Act 16 Sections: 962e, 962g, 967m, 969e, 971n, 971r, 973c, 973e, 973h, 973L, 973p, 973r, 973t, 973y, 974r, 977, 977e, 977h, 977n, 978b, 978h, 978p, 978s and 978t]

3. REALLOCATION OF BONDING AUTHORIZATIONS [LFB Paper 255]

Joint Finance: Modify the Building Commission's recommendations by reducing the Building Commission's other public purpose general fund supported borrowing by $79.1 million, and direct the Division of Facilities Development in the Department of Administration

to submit a revised list of projects to the Joint Committee on Finance for consideration at the Committee's second quarterly meeting under s. 13.10 of the statutes of 2001-02. Specify that the Committee could introduce separate legislation at that time to amend the building program to reflect the Committee's approval of the revised list of projects under the reduced general fund supported borrowing provided in the 2001-03 program. (See Tables 1 and 2 for the funding and all agency enumerations.)

Senate: Increase the Building Commission's other public purpose general fund supported borrowing by $79.1 million to restore the project enumerations reduced from the Building Commission's recommended building program by Joint Finance. Eliminate the provision that would direct the Division of Facilities Development in the Department of Administration to submit a revised list of projects to the Joint Committee on Finance for consideration at the Committee's second quarterly meeting under s. 13.10 of the statutes of 2001-02.

Assembly: Increase the Building Commission's other public purpose general fund supported bonding by $25.0 million to restore a portion of the $79.1 million in unallocated reductions made by the Joint Committee on Finance to the building program project enumerations recommended by the Building Commission. The remaining $54.1 million in reductions in general fund supported bonding would have to be reallocated to the lower priority projects recommended by the Building Commission in the 2001-03 state building program.

Conference Committee/Legislature: Restore $66 million of the $79.1 million in unallocated reductions made by the Joint Committee on Finance.

Veto by Governor [E-15]: Delete the requirement that DFD submit a revised list of projects for consideration by the Joint Finance Committee and the requirements that the Committee review the revised list of projects and introduce separate legislation to amend the state building program to reflect the Committee's approval of the revised list of projects at the reduced bonding level. The $13.9 million in bonding reductions remain unchanged by the Governor's partial veto (this reduction in bonding is indicated in the tables under Items 1 and 2).

[Act 16 Vetoed Section: 9101(20z)]

4. REDUCTION IN BONDING FOR CAPITAL EQUIPMENT ACQUISITION

Assembly: Delete $14,409,600 in general fund supported bonding from the Building Commission's other public purpose bonding authorization to reflect a reduction in bonding for capital equipment purchases for major building projects included in the 2001-03 state building program. Require the Department of Administration to utilize the master lease program to acquire capital equipment for use under the 2001-03 authorized state building program in a total value at least equal to $14,409,600.

Direct the Division of Facilities Development in the Department of Administration to identify projects included in the 2001-03 building program from which the $14,409,600 reduction in bonding for capital acquisition would be taken. Require the Department to submit the list of projects to the Joint Committee on Finance for consideration at the Committee's second quarterly meeting under s. 13.10 of the statutes in 2001-02. Specify that the Committee could introduce separate legislation at that time to amend the building program to reflect the Committee's approval of the revised list of projects

Senate/Legislature: Delete provision.

5. DELAYED BOND ISSUANCE FOR CERTAIN PROJECTS [LFB Paper 256]

Building Commission: Specify that the bonding authorized for the following projects that would be enumerated as part of the 2001-03 state building program could not be issued prior to July 1, 2003 (See Tables 1 and 2 for project enumeration and funding).

Authorization/Enumeration	Amount
University of Wisconsin System	
Meat/Muscle Science Laboratory -- UW Madison	$20,000,000
Veterinary Diagnostic Laboratory -- UW Madison	20,000,000
Department of Health and Family Services	
Sand Ridge Treatment Center Expansion	7,000,000

Further, specify that $40 million in bonding that would be allocated for the repair and renovation of UW-System facilities could not be issued until July 1, 2003.

Joint Finance: Delete provision.

Senate: Restore $40 million in general fund supported borrowing for repair and renovation of UW System facilities and specify that the bonds could not be issued until July 1, 2003.

Assembly: Restore the Meat/Muscle Science Laboratory and Veterinary Diagnostic Laboratory at UW-Madison project enumerations and bonding authority as part of 2001-03 state building program. Direct the Building Commission, by July 1, 2002, to specify the amount of gifts, grants and other receipts that would have to be secured by the University of Wisconsin System to assist in the funding of the project. Specify that before any bonds may be issued for the project, the required funding from these nonstate revenue sources would have to be received by the state. Direct the Building Commission to substitute the gifts, grants and other receipts for a corresponding amount of borrowing authorized for the construction of the laboratory. In addition, specify that the $23 million in bonding for the UW-Madison Mechanical Engineering building project could not be issued prior to July 1, 2003.

Conference Committee/Legislature: Modify the Senate provision to restore $30 million of bonding for repair and renovation of UW System facilities and include the Assembly provision.

[Act 16 Sections: 973r and 9107(3q),(4v),(8g)&(9g)]

6. BIOSTAR INITIATIVE [LFB Paper 256]

Building Commission: Create a program known as the Biostar initiative for the purpose of providing financial support to attract federal and private funds to construct biological sciences facilities to spur biological sciences education and research activities at the University of Wisconsin-Madison. Require that projects financed under the program be designed to provide biological sciences education and research facilities, ancillary systems, and supporting infrastructure. Specify that the projects would be financed from the bonding provided under the Building Commission bonding authorization appropriation or as otherwise provided in the authorized state building program.

Provide the Building Commission authority to authorize $158,500,000 in general fund supported general obligations bonding under its other public purposes bonding authority (These amounts are included in the bonding authorizations listed under Item #2). Specify that the total amount of debt could not exceed the following amounts by the following dates:

a. prior to July 1, 2003, $18,000,000

b. July 1, 2003 to June 30, 2005, $63,500,000

c. July 1, 2005 to June 30, 2007, $95,000,000

d. July 1, 2007 to June 30, 2009, $127,500,000; and

e. July 1, 2009, or thereafter, $158,500,000

Joint Finance: Provide the Building Commission authority to authorize $63,500,000 in general fund supported bonding under its other public purposes bonding authority (these amounts are included in the bonding authorizations listed under Item #2). Specify that the total amount of debt could not exceed the following amounts by the following dates:

a. prior to July 1, 2003, $18,000,000; and

b. $63,500,000 on July 1, 2003 and thereafter

Senate/Legislature: Include the Building Commission recommendations to provide $158.5 million in general fund supported borrowing to fund Biostar projects through 2009-11.

[Act 16 Sections: 108d, 973p and 9107(1)(n)]

7. MEDICAL COLLEGE OF WISCONSIN [LFB Paper 259]

Building Commission: Authorize the Building Commission to issue up to $25 million in general fund supported borrowing to aid in the construction of a biomedical research and technology incubator at the Medical College of Wisconsin, Inc. (see Tables 1 and 2 for project enumeration and funding). Create a $25 million bonding authorization and a sum sufficient appropriation under the Medical College of Wisconsin to fund debt service and make payments that are attributable to the proceeds of obligations incurred in financing the constructions grants associated with project. The funding would be provided in the form of a construction grant to the Medical College of Wisconsin, Inc. Specify that the borrowing be authorized as follows:

a. Before July, 1, 2003, up to $1.5 million may be issued. Specify that before approving any state funding commitment for the incubator and before providing the funding for the construction of the incubator, the Building Commission would be required to determine that the Medical College of Wisconsin, Inc., has secured additional funding commitments of at least $3,500,000 from nonstate revenue sources; and

b. On July 1, 2003, up to an additional $23.5 million may be issued. Specify that before these funds are provided, the Medical College of Wisconsin, Inc., would be required to certify to the Building Commission that the total funding commitments of the state and nonstate sources will pay for the construction cost of the incubator.

Specify that the Building Commission would not be allowed to make any grant exceeding $1.5 million to the Medical College of Wisconsin, Inc., for the project, unless the Department of Administration (DOA) has reviewed and approved the plans for the project. Exclude the project from the current law state construction and contracting requirements for state construction projects by specifying that DOA would not be allowed to supervise any services or work or let any contract for the project. Further, exclude the contracts for the project from the written approval of the DOA Secretary or the Governor as required under current law for most state construction projects.

Specify that as a condition of the state construction grant for the facility, the Medical College of Wisconsin would be required to provide the state with an option to purchase the biomedical research and technology incubator, under the following conditions:

a. The option price is the fair market value at the time that the option is exercised less a credit recognizing the amount of the state's construction grant;

b. The option would be subject to any mortgage or other security interest of any private lender; and

c. The option could be exercised only if the operation of the biomedical research and technology program at the Medical College of Wisconsin, or any successor organization, is suspended or a private lender forecloses on any mortgage associated with the facility.

Specify that if the state does not exercise its option to purchase the incubator facility and the facility is sold to a third party, the sale agreement must provide the state the right to receive an amount equal to the state construction grant from the net proceeds of the sale after the mortgage and all other secured debts have been satisfied. Require that the state's right to the net proceeds be paramount to the right of the Medical College of Wisconsin.

Joint Finance/Legislature: Modify provision to eliminate the $1.5 million in general fund supported borrowing recommended to be authorized in 2001-03. Instead, provide that $25 million in borrowing would be authorized for construction of the facility in 2003-05. In addition, specify that the statewide public health, research, economic and welfare benefits associated with the biomedical research conducted at the facility would serve a statewide public purpose.

[Act 16 Sections: 108f, 541m, 962, 973y, 9107(1)(o)&(11)]

8. KENOSHA CIVIL WAR MUSEUM [LFB Paper 260]

Building Commission: Authorize the Building Commission to issue $2 million in general fund supported borrowing to aid in the construction of a Civil War museum in the City of Kenosha (See Tables 1 and 2 for project enumeration and funding). Create a $2 million bonding authorization for a Civil War museum in the City of Kenosha and create a sum sufficient appropriation under the Building Commission for debt service and to make payments determined by the Building Commission that are attributable to the proceeds of obligations incurred in the financing of the construction grant associated with project. Specify that the Building Commission would not be allowed to issue any bonding prior to July 1, 2003. Require that the state funding commitment be in the form of a construction grant to the City of Kenosha. Specify that before approving any state funding commitment for the museum and before awarding the construction grant, the Building Commission would be required to determine that the City of Kenosha has secured additional funding commitments of a at least $2 million from nonstate revenue sources. Provide that if the Commission authorizes a grant to the City of Kenosha and if the facility that is constructed with funds from the grant is not used as a Civil War museum, the state would retain an ownership interest in the facility equal to the amount of the grant.

Specify that the Building Commission would not be allowed to make any grant to the City of Kenosha for the project, unless the Department of Administration has reviewed and approved the plans for the project. Exclude the project from the current law state construction and contracting requirements for state construction projects by specifying that DOA would not be allowed to supervise any services or work or let any contract for the project. Further exclude the contracts for the project from the written approval of the DOA Secretary or the Governor as required under current law for most state construction projects.

Joint Finance: Delete provision.

Senate: Modify the Building Commission recommendations and provide the Building Commission authority to authorize $1 million in general fund supported borrowing to aid in the construction of the Kenosha Civil War Museum. Specify that $500,000 SEG annually be provided the project from funding provided the DNR recreational boating aids appropriation, which is funded from the water resources account of the conservation fund.

Assembly/Legislature: Delete provision.

9. WISCONSIN HISTORY CENTER [LFB Paper 262]

Building Commission: Specify that the Building Commission would not be allowed to issue $131.5 million in self amortizing bonding to contract for the construction of the Wisconsin History Center that would be enumerated in the 2001-03 state building program until the Building Commission determines that the Historical Society has secured funding commitments of at least $75 million from gifts, grants, or other receipts to finance the structure (See Tables 1 and 2 for project enumeration and funding). Modify the State Historical Society's existing program revenue debt service appropriation to also receive revenues from the Society's gifts and grants appropriation. Specify that the State Historical Society's existing self-amortizing bonding authorization for the acquisition, construction, development, enlargement and improvement of facilities at state historic sites could not be used for the construction of the Wisconsin History Center.

Joint Finance: Delete provision.

Senate: Restore the Building Commission's recommendation.

Conference Committee/Legislature: Modify the Senate provision to specify that the Building Commission would not be allowed to issue debt for the purpose of constructing the Wisconsin History Center until the Commission determines that the Historical Society has secured funding commitments from gifts, grants or other receipts equal to at least the amount of public debt proposed to be contracted to fund construction of the Center, excluding the parking facility.

Require the Building Commission to notify the Co-chairs of the Joint Committee on Finance in making a determination that gifts, grants and other receipts have been secured in a specified amount for the History Center, and to provide the Co-chairs supporting documentation. The Building Commission may authorize public debt to be contracted in the amount specified for the History Center, if the Co-chairs do not notify the Building Commission, within 14 working days, that the Committee has scheduled a meeting to review the determination. If the Co-chairs notify the Building Commission within 14 working days that the Committee has scheduled a meeting to review the request, the Building Commission may not authorize public debt for the Center unless the Committee approves the action.

Veto by Governor [E-9]: Delete the provisions that would have prohibited the Building Commission would from issuing debt for the purpose of constructing the $131.5 million Wisconsin History Center project included in the 2001-03 state building program until the Commission determined that the Historical Society had secured funding commitments from gifts, grants or other receipts equal to at least the amount of public debt proposed to be contracted to fund construction of the Center, excluding that portion of the center to be utilized solely as a parking facility. In addition, delete the provisions that would have also required the Building Commission to notify the Co-chairs of the Joint Committee on Finance of its determination that gifts, grants and other receipts had been secured in a specified amount for the History Center, and to provide the Co-chairs supporting documentation for the Committee's review under a 14-day passive review process.

[Act 16 Sections: 509, 977e, 977h and 9107(1)(e)]

[Act 16 Vetoed Section: 9107(7x)]

10. RACINE DISCOVERY PLACE MUSEUM

Senate: Authorize the Building Commission $1 million in general fund supported borrowing to aid in the construction of the Discovery Place Museum as part of the Racine Heritage Museum. Specify that $500,000 SEG annually from 2001-02 through 2004-05 be provided the project from funding under the DNR recreational boating aids appropriation, which is funded from the water resources account of the conservation fund. Enumerate the facility in the 2001-03 state building program (see Tables 1 and 2 for project enumeration and funding).

Create a $1 million bonding authorization for a Racine Heritage museum in the City of Racine and create a sum sufficient appropriation under the Building Commission for debt service and to make payments determined by the Building Commission that are attributable to the proceeds of obligations incurred in the financing of the construction grant associated with project. Require that the state funding commitment be in the form of a construction grant to the City of Racine. Specify that before approving any state funding commitment for the museum and before awarding the construction grant, the Building Commission would be required to determine that the City of Racine has secured additional funding commitments of a at least $1 million from nonstate revenue sources. Provide that if the Commission authorizes a grant to the City of Racine and if the facility that is constructed with funds from the grant is not used as part of the Racine Heritage museum, the state would retain an ownership interest in the facility equal to the amount of the grant.

Specify that the Building Commission and DNR would not be allowed to make any grant to the City of Racine for the project, unless the Department of Administration has reviewed and approved the plans for the project. Exclude the project from current state construction and contracting requirements for state construction projects by specifying that DOA would not be allowed to supervise any services or work or let any contract for the project.

Further exclude the contracts for the project from the written approval of the DOA Secretary or the Governor as required under current law for most state construction projects.

Conference Committee/Legislature: Modify the Senate provision to specify that the state funding commitment would be in the form of a construction grant to Racine County, rather than the City of Racine.

Veto by Governor [B-69]: Delete the $500,000 SEG annually from 2001-02 through 2004-05 for the construction of the Discovery Place Museum as part of the Racine Heritage Museum ($1 million in general obligation bonding authority would remain for this facility).

[Act 16 Sections: 108h, 962, 974r, 978t, 9107(1)(p) and 9107(13r)]

[Act 16 Vetoed Sections: 605, 605b, 605c, 1036yt, 9107 (as it relates to (1)(p)) and 9437(2q)]

11. MILWAUKEE CHILDREN'S VILLAGE

Senate: Provide the Building Commission authority to authorize up to $550,000 in general fund supported general obligation bonding for the construction of the SOS Milwaukee Children's Village-Milwaukee Chapter foster care facility in the City of Milwaukee. Enumerate the $3,820,000 Milwaukee Children's Village project, to be funded with $550,000 in general fund supported bonding and $3,270,000 in gifts, grants and other receipts as part of the 2001-03 state building program. Create a new bonding authorization under the Building Commission and specify that the $550,000 in bonding would be used to provide a grant to the SOS Children's Village-Milwaukee Chapter for the construction of a children's center. Create a sum sufficient GPR debt service appropriation for the payment of principal and interest costs incurred in financing the construction of the facility and to make payments that are determined by the Building Commission to be attributable to the bond proceeds incurred in financing the construction of the center. Require the Department of Health and Family Services to provide $75,000 in 2001-02 to SOS Children's Village for training foster parents of the Village.

Specify that the state funding commitment to the project be made in the form of a grant to the SOS Children's Villages of Wisconsin-Milwaukee Chapter for the construction of a SOS Milwaukee Children's Village on City's near north side. Before approving any state funds, the Building Commission would be required to determine that the Milwaukee Children's Village project has secured additional funding of at least $3,270,000 from nonstate donations for purposes of constructing the facility. Further, specify that if the Building Commission makes a grant to the SOS Children's Villages of Wisconsin-Milwaukee Chapter, and if, for any reason, the facility that is constructed with funds from the grant is not used as a children's village, the state would retain an ownership interest equal to the amount of the state's grant.

Specify that the Building Commission would not be allowed to make any grant to the SOS Children's Villages of Wisconsin-Milwaukee Chapter for the project, unless the Department of Administration has reviewed and approved the plans for the project. Exclude

the project from the current law state construction and contracting requirements for state construction projects by specifying that DOA would not be allowed to supervise any services or work or let any contract for the project. Further, exclude the contracts for the project from the written approval of the DOA Secretary or the Governor as required under current law for most state construction projects.

Specify that the Legislature finds and determines that providing good substitute parental care for children in foster care and helping those children grow up to be self-sufficient and productive adults are statewide responsibilities of statewide dimension. Further specify that the Legislature also determines that the children of the City of Milwaukee are disproportionately represented in the state's foster care system and that, because those youth are so disproportionately represented, the state has a specific concern in providing good substitute parental care for those children and in helping those children grow up to be self-sufficient and productive adults. In addition, specify that the Legislature finds and determines that the children's village model of substitute care provided by SOS Children's Village provides good substitute parental care for children and helps children grow up to be self-sufficient and productive adults by keeping together sibling groups that would otherwise be separated, providing one foster home for a child until the child is reunified with his or her family or achieves some other permanent placement, providing professionally trained caregivers for children, especially children with special needs and providing not just a home but an entire community in which a child may grow. Finally, the Legislature finds and determines that assisting SOS Children's Villages of Wisconsin-Milwaukee Chapter in the construction of Children's Village will have a direct and immediate effect on that specific statewide concern and on those state responsibilities of statewide dimension.

Conference Committee/Legislature: Delete provision.

12. HR ACADEMY, INC. YOUTH AND FAMILY CENTER

Senate/Legislature: Provide the Building Commission $1,500,000 in general fund supported borrowing to aid in the construction of a youth and family center at the HR Academy, Inc., in the City of Milwaukee. Enumerate the $5,000,000 youth and family center project, to be funded with $1,500,000 in general fund supported bonding and $3,500,000 in gifts, grants and other receipts as part of the 2001-03 state building program (see Tables 1 and 2 for project enumeration and funding). Create a new bonding authorization under the Building Commission and specify that the $1,500,000 in bonding would be used to provide a grant to the HR Academy, Inc., in the City of Milwaukee to aid in the construction of a youth and family center in the City. Create a sum sufficient GPR debt service appropriation for the payment of principal and interest costs incurred in financing the construction of the youth and family center and to make payment determined by the Building Commission to be attributable to the bond proceeds incurred in financing the construction of the center.

Before approving any state funds, the Building Commission would be required to determine that the HR Academy, Inc., has secured additional funding of at least $3,500,000 from nonstate donations for the purpose of constructing the youth and family center. Further, specify that if the Building Commission makes a grant to the HR Academy, Inc., and if, for any reason, the facility that is constructed with funds from the grant is not used as a youth and family center, the state would retain an ownership interest equal to the amount of the state's grant.

Specify that the Building Commission would not be allowed to make any grant to the HR Academy, Inc., for the project, unless the Department of Administration has reviewed and approved the plans for the project. Exclude the project from the current law state construction and contracting requirements for state construction projects by specifying that DOA would not be allowed to supervise any services or work or let any contract for the project. Further exclude the contracts for the project from the written approval of the DOA Secretary or the Governor as required under current law for most state construction projects.

[Act 16 Sections: 108m, 962, 973t, 978s, 9107(1)(ob) and 9107(6q)]

13. PABST UNIVERSITY RESEARCH PARK/MPS ALUMNI CENTER

Senate: Authorize the State Board of Commissioners of Public Lands (BCPL) to loan up to $25 million to the state for the purchase of land and buildings for the development of a university research park. Require the Department of Administration (DOA) to offer to purchase the former Pabst Brewing Company downtown brewery and headquarters property in the city of Milwaukee to be used for the Pabst University Research Park, which would be owned by the state and managed by DOA. Allow DOA to apply for a loan not to exceed $25 million from BCPL for the purchase of the land and buildings at the research park.

Require DOA to organize a nonstock corporation known as the Pabst University Research Foundation to develop the land and lease it for commercial purposes. Specify that the initial Board of Directors would include: (a) the Secretary of DOA, or his or her designee; (b) one representative from UW-Milwaukee, selected by the Board of Regents of the University of Wisconsin System; (c) one representative from Marquette University, selected by the governing body of that university; (d) one representative from Alverno College, selected by the governing body of that college; (e) one representative from Cardinal Stritch College, selected by the governing body of that college; (f) one representative from Concordia University-Wisconsin, selected by the governing body of that university; (g) one representative from Milwaukee School of Engineering, selected by the governing body of that institution; (h) one representative from the Milwaukee Area Technical College, selected by the governing body of that technical college; and (i) one representative from the Milwaukee Public Schools Foundation, Inc, selected by the governing body of that foundation.

Provide $25,000,000 BR for this purpose, to be issued only if a loan from the State Board of Commissioners of Public Lands is not forthcoming. Create a bonding authorization for this

purpose and a GPR sum sufficient debt service appropriation for principal and interest payments on the bonds.

Specify that the proposed Pabst University Research Foundation would purchase parcels from the state after the Foundation has developed the land and any structures on the land. Provide the Pabst University Research Foundation with authority to issue bonds or other obligations.

Enumerate Milwaukee Public Schools Alumni Center as part of the 2001-03 state building program. Provide $2 million of general fund supported bonding to fund a grant to the Milwaukee Public Schools Foundation, Inc. to be used to aid in the construction of a Milwaukee Public Schools alumni center to be located in the proposed Pabst University Research Park. Create a bonding authorization for this purpose and a GPR sum sufficient debt service appropriation for principal and interest payments on the bonds. Provide that if the building commission authorizes a grant to Milwaukee Public Schools, Inc., and if the facility that is constructed is not used as an alumni center, the state would retain an ownership interest in the facility equal to the amount of the grant.

Conference Committee/Legislature: Delete provision.

14. STEWARDSHIP-FUNDED PROJECTS [LFB Paper 261]

Building Commission: Require DNR to provide stewardship 2000 program bonding for the following projects (See Tables 1 and 2 for project enumeration and funding).

a. from the land acquisition subprogram, $1 million for the Wisconsin agricultural stewardship initiative at UW-Platteville and UW-Madison to be used for conducting research and for training farmers concerning the development of sound environmental farming practices;

b. from the property development and local assistance subprogram, $2 million for projects approved by the State Fair Park Board;

c. from the property development and local assistance subprogram, $1 million to reconstruct the chalet at Rib Mountain State Park; and

d. from the property development and local assistance subprogram, $3 million for the development of Milwaukee Lakeshore State Park.

Further, clarify that the $50,000 in funding previously provided to rebuild "a" chalet at Rib Mountain State Park refer instead to "the" chalet at that park. Under Stewardship 2000, $46 million in annual bonding authority is available through fiscal year 2009-10. Of this amount $34.5 million annually is designated for land acquisition and $11.5 million for property development and local assistance (with up to $8 million annually designated for local assistance

and at least $3.5 million for property development). Also, in referring to the stewardship funding provided Milwaukee Lakeshore State park, delete the reference to a state park that will provide access to Lake Michigan in the City of Milwaukee to refer instead to Milwaukee Lakeshore State Park.

Joint Finance/Legislature: Modify provision to allow the Department of Natural Resources to determine the stewardship categories from which the projects would be funded.

[Act 16 Sections: 1034h, 1034p, 1039c, 1039d, 1039n, 1039p and 1039w]

15. EDUCATIONAL COMMUNICATIONS FACILITIES

Building Commission/Legislature: Require that the President of the University System and the Chairperson of the Educational Communications Board (ECB) jointly submit a report to the DOA Secretary suggesting methods by which the UW-Extension and ECB can improve coordination with regard to provision of public broadcasting in the state. Specify that the report include specific identification of methods by which the UW-Extension and ECB can achieve operational efficiencies through greater coordination and sharing of resources between agencies. Specify that of the total bonding authorized ECB, $14.2 million would be allocated to finance the construction of digital television conversion enumerated in the 2001-03 state building program (See Tables 1 and 2 for enumeration and funding). Further, specify that the Building Commission would not be allowed to issue bonding to contract for digital television conversion in amounts exceeding $8 million prior to July, 1, 2003 and would not be allowed to issue any bonds unless the DOA Secretary has notified the Building Commission that the report on the coordination of public broadcasting has been submitted and approved.

Require the UW System Board of Regents and ECB to cooperate fully in an effort to secure the greatest possible federal financial participation in the digital television conversion project enumerated in the 2001-03 state building program. Also require that the President of University System and ECB submit a report concerning their efforts to secure federal financial participation to Building Commission no later than June 1, 2003. Specify that the Building Commission would be allowed to authorize bonding to contract for the conversion of digital television in an amount exceeding $8.0 million only after June 30, 2003 and only if the President of the University System and ECB submit this report.

[Act 16 Sections: 977, 9107(1)(c), 9107(5), 9156(2x) and 9159(2x)&(2y)]

16. DEBT SERVICE ON UW-MADISON ATHLETIC FACILITIES MAINTENANCE

Building Commission/Legislature: Decrease the GPR share of annual debt service associated with maintenance of UW-Madison intercollegiate athletic facilities from 70% to 60% and make a corresponding increase in the program revenue share of annual debt service from 30% to 40%. The provision would first be effective with projects authorized by the Building Commission on, or after, July 1, 2001.

[Act 16 Section: 580m]

17. STATE FAIR PARK BOARD PROJECT REQUIREMENTS

Building Commission/Legislature: Delete the following current law provisions relating to state contracting and project construction requirements for construction projects at the State Fair Park Board:

a. Delete the requirement that DOA adopt the architectural and engineering design proposed by the State Fair Park Board for any project constructed by the Board, if the design and specifications conform to applicable laws, rules, codes and regulations;

b. Delete the Board's current law exemption from the requirement for DOA approval on the appointment, and the DOA Secretary's written approval on the employment, of a principal engineer or architect by state departments, boards and commissions;

c. Delete the Board's current exemption from requirement that state construction contracts have written approval of the DOA Secretary or the Governor, as required under current law for most state constructions projects; and

d. Limit the current law exemption that the State Fair Park Board does not have to obtain Building Commission approval prior to permitting a private person, under a lease agreement with the Board, to construct a building, structure, or facility in the State Fair Park, to apply only to projects of $500,000 or less.

[Act 16 Sections: 105m, 318, 319m, 322i and 1405m]

18. STATE CONTRACTUAL SERVICES AND CONSTRUCTION CONTRACTING

Building Commission/Legislature: Increase the current threshold for exemption from $20,000 to $30,000 for contractual services contracts involving limited trades work and from $2,500 to $10,000 for construction contracts, from the state's purchasing, contracting and bidding requirements for such contracts. The contracts would continue to be subject to the state's minority contracting requirements. Specify that the modification relating to limited trades work contracts would first apply to contracts entered into on the effective date of the amendment.

Also, increase from $30,000 to $60,000 the size of state contracts or the size of a change order to existing contracts, including those entered into by the Department of Natural Resources, that would require the written approval of the Governor.

[Act 16 Sections: 267m, 322e, 322g, 1066b and 9301(2x)]

19. STATE REVENUE OBLIGATIONS

Building Commission/Legislature: Make the following modifications to the state revenue-producing enterprise and special fund revenue obligation requirements.

a. Allow monies set aside in a redemption fund for enterprise revenue obligations to be used for other obligations that are secured by the property or income, or both, of the enterprise or program. Currently, these funds are set aside only for the payment of principal and interest on enterprise revenue obligations for which the fund is created or any premiums due upon redemption of the obligations.

b. Allow monies set aside in a redemption fund for special fund revenue obligations to be used for other obligations that are secured by any fees, penalties, or excise taxes deposited in the special fund. Currently, these funds are set aside only for the payment of principal and interest on special fund revenue obligations for which the fund is created or any premiums due upon redemption of the obligations.

c. Specify that that all monies resulting from the issuance of evidences of enterprise revenue obligations or special fund revenue obligations could be used to make deposits to reserve funds. Currently, these monies can only be credited to the appropriate fund or applied to refunding or note renewal purposes. Also, include making deposits to required reserve funds as an allowable expense from these enterprise or special funds established for revenue obligations.

d. Specify that enterprise and special fund obligations reserve funds or any funds established for revenue obligations would not be included in the state investment fund managed by the State of Wisconsin Investment Board (SWIB). Expand the type of investments instruments in which any fund established for revenue obligations may be invested by SWIB from the current types of investments with a maturity of less than one-year to a list of investments with a maturity of up to 10-years in which SWIB can currently invest monies from the state investment fund.

e. Delete the requirement that all revenue obligation anticipation notes, or any renewal of those notes, must mature within five years from the date of issuance of the original notes.

f. Delete the requirement that no original revenue obligation bond anticipation notes may be issued until the state department or agency head carrying out the program

responsibilities for which the obligations have been authorized has certified to the Building Commission that contracts are to be let and that the note proceeds will be required for payment of the contracts.

g. Specify that the statutory limit on the amount of bonding that can be issued as transportation revenue obligations and PECFA revenue obligations would exclude any obligations that have been defeased under a cash optimization program administered by the Building Commission.

[Act 16 Sections: 382b, 382e, 382h, 382L, 382p, 382r, 382u, 1102e, 1102g, 1102k, 2310 and 2485]

20. STANLEY CORRECTIONAL FACILITY

Building Commission/Legislature: Specify that the correction facility at Stanley enumerated in the 2001-03 state building program be listed as a state prison and named the "correctional institution at Stanley."

[Act 16 Section: 3353m]

21. SPACE NEEDS OF DEPARTMENT OF VETERANS AFFAIRS

Building Commission/Legislature: Require the Department of Veteran's Affairs (DVA) and DOA to jointly conduct a review of the current and future space needs of DVA for departmental offices and for the Wisconsin's Veterans Museum. Require that the review include an analysis of the options available to meet those needs. Require that by July 1, 2002, the Departments jointly submit a report to the Building Commission describing the review and providing recommendations and alternatives for action to meet the DVA's space needs.

[Act 16 Section: 9159(2z)]

22. PROJECT CONTINGENCY FUNDING RESERVE

Building Commission/Legislature: Specify that the Commission could, during the 2001-03 biennium, use bonding provided for project contingencies for any project in the building program. Generally, projects include an allowance of 5% to 7% of the total budget to cover unanticipated costs during construction.

[Act 16 Section: 9107(4)]

23. PROJECT LOANS

Building Commission/Legislature: Authorize the Commission, during the 2001-03 biennium, to make loans from general fund-supported borrowing or the building trust fund to state agencies for any 2001-03 building program projects funded from non-GPR sources.

[Act 16 Section: 9107(3)]

24. STATEMENT OF BUILDING PROGRAM CONTINUATION

Building Commission/Legislature: Continue the building and financing authority enumerated under all previous building programs into the 2001-03 biennium. Each building program is approved only for the current biennium; this provision would continue all past building programs into the 2001-03 biennium.

[Act 16 Section: 9107(2)]

25. FUTURE GPR-SUPPORTED BIENNIAL BONDING AUTHORIZATIONS [LFB Paper 255]

Joint Finance/Legislature: Specify that no bill could be enacted by the Legislature that would cause the level of general fund supported general obligation bonds, excluding refunding bonds, authorized in a biennium to exceed an amount equal to 3.5% of the GPR tax revenues estimated to be received by the state in the first fiscal year of that biennium.

Veto by Governor [E-16]: Delete provision.

[Act 16 Vetoed Section: 392p]

26. LEASE PURCHASE OF STATE FACILITIES [LFB Paper 264]

Joint Finance/Legislature: Specify that the Building Commission could not enter into a lease or other agreement that provides for the construction of any building, structure or facility, or portion thereof, that is constructed for purposes of initial occupancy by the state and that contains an option to purchase the facility, unless the construction and purchase of the building, structure or facility is enumerated in a state building program prior to entering into the lease or other contract.

Veto by Governor [E-12]: Delete provision.

[Act 16 Vetoed Sections: 108b, 108c, 108e, 994e and 9307(1x)]

27. FACILITY OPERATING COST ESTIMATES [LFB Paper 265]

Joint Finance/Legislature: Specify that the Building Commission could not recommend any project for enumeration in state building program unless the Commission adopts and provides with its building program recommendations a statement of the amount of the anticipated annual operating costs, or the amount of any increased annual operating costs, plus anticipated annual debt service, generated by the project during the first full year following completion of the project, and the amount to be funded from each revenue source. Require the Department of Administration to provide the Building Commission with information on the annual operational costs, including debt service, associated with each building project that would require enumeration.

Veto by Governor [E-10]: Delete provision.

[Act 16 Vetoed Sections: 104m and 227m]

28. WAUSAU STATE OFFICE FACILITY STUDY

Joint Finance: Direct the State Building Commission to conduct a study on the feasibility of constructing a state office facility in the Wausau area to consolidate state employee staff. Require that a report on the study's findings and recommendations be submitted to the Legislature by July 1, 2002.

Assembly: Delete provision.

Senate/Legislature: Include Joint Finance provision.

Veto by Governor [E-17]: Delete provision.

[Act 16 Vetoed Section: 9107(12mk)]

29. RETAINAGE ON PUBLIC WORKS CONTRACTS

Joint Finance/Legislature: Reduce the retainage percentage from 10% to 5%, relative to amounts withheld from payments on public works contracts. Specify that this reduction would first apply to contracts entered into on the effective date of the bill. With regard to public works contracts for $1,000 or more, state law authorizes the state and local governments to periodically reimburse contractors for the proportionate value of the completed work. However, state law requires 10% of each reimbursement to be withheld, until 50% of the contract is complete. Thereafter, reimbursements are made in full. Amounts are retained to ensure that contractors fulfill the terms of public works contracts. These provisions would not apply to the Department of Transportation.

Veto by Governor [E-8]: Delete provision.

[Act 16 Vetoed Sections: 321m, 2026m and 9359(10b)]

30. NAMING OF STATE JUSTICE CENTER

Senate: Name the state office building located at 17 West Main Street in the City of Madison that is included in the 2001-03 building program as the "Fred A. Risser Justice Center."

Conference Committee/Legislature: Delete provision.

31. UTILITY SERVICE COST ALLOCATION STUDY

Assembly/Legislature: Require the Building Commission to direct the Department of Administration to contract with a private person, to study the extent to which utility services are provided to state programs funded with program revenue and to determine whether the charges made to the program utilizing the service are fairly compensating the state for the cost of the services provided to the programs. Require DOA to report the results of the study, together with any recommendations for changes in allocation of charges for utility service, to the Co-chairpersons of the Joint Committee on Finance no later than July 1, 2002.

Veto by Governor [E-14]: Delete provision.

[Act 16 Vetoed Section: 9107(12w)]

32. SALE OF RESIDUAL STATE PROPERTY

Assembly: Require each state agency that has jurisdiction over residual state property to solicit bids for the sale of that property no later than the end of a two-year period beginning on the effective date of the bill. Require that any agency selling residual state property during that two-year period would have to sell the property to the highest responsible bidder, if any, who offers to pay at least the fair market value of the property. Specify that if no responsible bids are received within the two-year period for the purchase of a parcel of residual property that are at or above the fair market value of the property, the state agency would be required to resolicit bids for the sale of property within one year after the two-year period ends and sell the property to the highest responsible bidder. Define residual property as vacant state-owned land, including any improvements on that land, which is not utilized under any statutory program or any plan or proposal of a state agency. Annually, no later than September 1, require each state agency that sold a parcel of residual property to file a report with the Co-chairpersons of the Joint Committee on Finance that specifies the location and size of each parcel sold, the date sold, the estimated fair market value of the parcel sold, sales price and the allocation of the proceeds of the sale.

Specify that the requirement for the sale of residual property would not apply to property that is leased to a person other than a state agency on the effective date of the bill, if the terms of lease preclude the sale of property during the term of the lease, until the lease expires or is modified, renewed, or extended, whichever occurs first. Further, specify that current law governing the sale of the surplus property by the Building Commission would be subject to the proposed requirements relating to the sale of residual property.

Conference Committee/Legislature: Modify the Assembly provision to sunset the entire provision effective March 1, 2004 and delete the requirement that an agency resolicit bids and sell the property to the highest responsible bidder, regardless of whether the bid is at or above the fair market value of the property.

Veto by Governor [E-13]: Delete provision.

[Act 16 Vetoed Sections: 107m, 107mm, 107n, 107nm, 107p, 107pm, 983m, 983mn, 2307jn, 2307jp and 9459(5s)]

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
FED	$917,000	$780,000	$780,000	$780,000	$780,000	- $137,000	- 14.9%
PR	4,280,600	4,449,100	4,295,800	4,295,800	4,295,800	15,200	0.4
SEG	60,000	87,000	43,000	43,000	43,000	- 17,000	- 28.3
TOTAL	$5,257,600	$5,316,100	$5,118,800	$5,118,800	$5,118,800	- $138,800	- 2.6%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
PR	4.00	5.00	4.00	4.00	4.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- $18,200

Governor/Legislature: Delete $9,100 annually to reflect: (a) the removal of noncontinuing elements from the base (-$12,600 annually); (b) full funding of salaries and fringe benefits ($2,600 annually); and (c) full funding of lease and directed move costs ($900 annually).

2. PRIMARY PREVENTION STAFF [LFB Paper 270]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
PR	$125,400	1.00	- $125,400	- 1.00	$0	0.00

Governor: Provide $58,600 in 2001-02 and $66,800 in 2002-03 to support 1.0 social services specialist position, beginning in 2001-02, to serve as a single point for resource and referral information pertaining to primary prevention of child abuse and neglect. The position would be supported by federal funds DHFS receives under Title IV-B of the Social Security Act and transfers to the Board.

Joint Finance/Legislature: Delete provision.

3. FEDERAL AND SEGREGATED REVENUE REESTIMATES [LFB Paper 271]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- $137,000	$0	- $137,000
SEG	27,000	- 44,000	- 17,000
Total	- $110,000	- $44,000	- $154,000

Governor: Delete $55,500 (-$68,500 FED and $13,000 SEG) in 2001-02 and $54,500 (-$68,500 FED and $14,000 SEG) in 2002-03 to: (a) reduce funding for federal project aids (-$50,000 FED) and operations (-$18,500 FED), based on reestimates of the amount of federal funding that will be available from federal grants; and (b) increase funding for activities supported from the children's trust fund, based on estimates of the amount of segregated revenue the Board will receive from the sale of "Celebrate Children" license plates ($28,000 SEG in 2001-02 and $29,000 SEG in 2002) and other sources (-$15,000 SEG annually).

Joint Finance/Legislature: Reduce funding by $23,100 SEG in 2001-02 and $20,900 SEG in 2002-03 to reflect reestimates of funding from the sales of "Celebrate Children" license plates.

4. SASI INITIATIVE

PR	$33,400

Governor/Legislature: Provide $16,700 annually for basic desktop information technology support as part of the small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support user fee charges of $2,200 for each user account at the Board and new BadgerNet line charges. The services supported include desktop applications and hardware, continuous help desk support, network infrastructure and security, centralized data storage, backup and disaster recovery, dialup service and E-mail/messaging services.

5. MISCELLANEOUS BUDGET ADJUSTMENTS [LFB Paper 272]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$27,900	- $27,900	$0

Governor: Provide $8,900 in 2001-02 and $19,000 in 2002-03 to fund projected increases in staff salaries ($7,000 in 2001-02 and $14,200 in 2002-03) and health insurance premiums ($1,900 in 2001-02 and $4,800 in 2002-03).

Repeal the Board's annual SEG appropriation that funds the Board's operations and statewide projects and transfer base funding ($30,000 SEG) from that appropriation to a continuing appropriation that enables the Board to use these funds to: (a) award grants; (b) pay for any actual and necessary operating costs of the Board; and (c) fund statewide projects.

Finally, repeal a GPR appropriation from which the Board previously funded grants for early childhood family education centers. No GPR funding was provided for this purpose in the 1999-01 biennium.

Joint Finance/Legislature: Delete $8,900 in 2001-02 and $19,000 in 2002-03 that would have been provided to fund projected increases in staff salaries and health insurance premiums in order to treat compensation reserves for the Board in the same manner as all other PR- and SEG- funded state operations appropriations.

[Act 16 Sections: 689, 690, 691d, 692, 1138 and 1652d thru 1656]

6. "CELEBRATE CHILDREN" LICENSE PLATE REVENUE [LFB Paper 271]

Governor: Authorize the Board to expend 50% of the revenue the Board receives from the sale of "Celebrate Children" license plates, and all interest earned on this revenue, to support: (a) grants to prevent child abuse and neglect; (b) the actual and necessary operation costs of the Board; and (c) statewide projects to prevent child abuse and neglect. Under current law, the Board may only expend interest earned on moneys received from the sale of these plates for these purposes. The revenue the Board receives from license plate sales accumulates indefinitely in the children's trust fund.

Joint Finance/Legislature: Delete provision.

CIRCUIT COURTS

Budget Summary							
						Act 16 Change Over Base Year Doubled	
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Amount	Percent
GPR	$154,986,200	$146,605,800	$146,711,400	$148,038,600	$148,038,600	- $6,947,600	- 4.5%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	511.00	511.00	511.00	511.00	511.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $3,097,800

Governor/Legislature: Delete $1,548,900 annually as the net adjustment for the following: (a) full funding of continuing salaries and fringe benefits (-$1,565,000 annually); and (b) fifth week of vacation as cash ($16,100 annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	- $5,382,600	$1,076,600	- $4,306,000

Governor: Reduce the Court's GPR sum sufficient circuit courts state operations appropriation by $2,691,300 annually. This amount represents a reduction of 5% of the Court's total GPR adjusted base for state operations.

Senate: Reduce the Circuit Court's total GPR state operations adjusted base by 1% annually, rather than 5% annually. Restore $2,153,000 annually to the Court's GPR sum sufficient state operations appropriation.

Conference Committee/Legislature: Reduce the Circuit Court's total GPR state operations adjusted base by 4% annually. Restore $538,300 annually to the Court's GPR sum sufficient state operations appropriation.

3. COURT INTERPRETERS [LFB Paper 275]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	$100,000	$105,600	$250,600	$456,200

Governor: Provide $50,000 annually for state reimbursement to counties of court interpreter costs. Under current law, counties have the responsibility for hiring and paying interpreters for court proceedings, with the state providing reimbursement to counties of $35 per half-day of interpreter services.

In addition, make the following statutory changes concerning court interpreters:

a. *Right to a Qualified Interpreter.* Create a new standard of "limited English proficiency" for courts and agencies to use when determining whether an individual may potentially have a right to a qualified interpreter. Define "limited English proficiency" as: (1) the inability, because of the use of a language other than English, to adequately understand or communicate effectively in English in a court proceeding; or (2) the inability, due to a speech impairment, hearing loss, deafness, deaf-blindness, or other disability, to adequately hear, understand, or communicate effectively in English in a court proceeding. Define a "qualified interpreter" to mean a person who is able to do all of the following: (1) readily communicate with a person who has limited English proficiency; (2) orally transfer the meaning of statements to and from English and the language spoken by a person who has limited English proficiency in the context of a court proceeding; and (3) readily and accurately interpret for a person who has limited English proficiency, without omissions or additions, in a manner that conserves the meaning, tone, and style of the original statement, including dialect, slang, and specialized vocabulary. Under current law, courts and government agencies holding administrative contested case proceedings use the following standard when determining whether an individual may potentially have a right to a qualified interpreter: does an individual have a language difficulty because of the inability to speak or understand English, a hearing impairment, is unable to speak or have a speech defect that is sufficient to prevent the individual from communicating with his or her attorney, reasonably understanding English testimony or reasonably being understood in English?

Modify current law provisions concerning agency use of interpreters for individuals who have a substantial interest in the proceeding and payment of interpreter expenses to refer to "qualified interpreters."

b. *Use of Qualified Interpreters by Clerks of Circuit Courts.* Permit clerks of circuit courts to provide qualified interpreters to respond to requests for assistance regarding a legal proceeding by individuals with limited English proficiency.

c. *Use of Qualified Interpreters Outside the Courtroom.* With court approval, permit qualified interpreters to provide interpreter services outside the courtroom that are related to the court proceedings, including court-ordered psychiatric or medical exams or mediation.

d. *Waiver of Right to a Qualified Interpreter.* Provide that a person with limited English proficiency may waive the right to a qualified interpreter at any point in a court proceeding if the court advises the person of the nature and effect of the waiver and determines on the record that the waiver has been made knowingly, intelligently, and voluntarily. Provide that at any point in a court proceeding, for good cause, a person may be allowed to retract his or her waiver and request that a qualified interpreter be appointed. Under current law, any courtroom waiver of the right to an interpreter is effective only if made voluntarily in person, in open court and on the record.

e. *Removal of a Qualified Interpreter for Good Cause.* Permit any party to a court proceeding to object to the use of any qualified interpreter for good cause. Permit a court to remove a qualified interpreter for good cause.

f. *Oath of a Qualified Interpreter.* Require every qualified interpreter, before commencing his or her duties in a court proceeding to take a sworn oath that he or she will make a true and impartial interpretation. Permit the Supreme Court to approve a uniform oath for qualified interpreters.

g. *Supreme Court Oversight of Qualified Interpreters.* Require the Supreme Court to establish the procedures and policies for the recruitment, training and testing of persons to act as qualified interpreters in a court proceeding and for the coordination, discipline and retention of those interpreters.

h. *Court Interpreter Training.* Request the Supreme Court to cooperate with the Technical College System Board in the development and implementation of a curriculum and testing program for training qualified interpreters.

i. *Delay in Appointing a Qualified Interpreter and Court Time Limitations.* Provide that delay resulting from the need to locate and appoint a qualified interpreter could constitute good cause for a court to stop the running of time limitations in court proceedings.

j. *Delays, Continuances and Extensions.* Provide that any delay resulting from the need to appoint a qualified interpreter would be excluded in determining whether time requirements

under the Children's Code (Chapter 48) or the Juvenile Justice Code (Chapter 938) are met, including the time requirement that a court must issue an order within three days after an initial appearance as to whether the requirement for parental consent to a minor's proposed abortion will be waived.

k. *Interpreter Privileged Communication.* Under current law, interpreters for persons with language difficulties or hearing or speaking impairments may be prevented from disclosing privileged communications by any person who has a right to claim the privilege. The interpreter may claim the privilege, but only on behalf of the person who has the right. Add interpreters for persons with limited English proficiency to these provisions.

l. *Initial Applicability and Effective Date.* Provide that these changes would take effect and would first apply to interpreters used or appointed on July 1, 2002.

Joint Finance: Provide $105,600 in 2002-03 to increase the state reimbursement rate to counties for court interpreters from $35 per half day to $20 per hour effective July 1, 2002. In addition, modify the proposed statutory changes as follows: (a) delete the definition of "qualified interpreter;" (b) delete the requirement for the Supreme Court to establish procedures and policies for the recruitment, training and testing of persons to act as qualified interpreters in a court proceeding and for the coordination, discipline and retention of those interpreters and the request for the Supreme Court to cooperate with the Technical College System Board in the development and implementation of a curriculum and testing program for training qualified interpreters; and (c) request the Legislative Council to study a potential definition for "qualified interpreter" for appointments in court proceedings and contested administrative case proceedings and, if conducted, report its conclusions to the Legislature.

Senate: Delete the Joint Finance provision. (The request that the Legislative Council study a potential definition for "qualified interpreter" in court proceedings and contested administrative case proceedings however, was inadvertently not deleted.) Instead, make the following changes to the Governor's provisions concerning court interpreters: (a) provide $356,200 GPR in 2002-03 to increase the reimbursement rate to counties for interpreter services from $35 per half day to $30 for the first hour and $15 for each additional 0.5 hour for qualified interpreters and $40 for the first hour and $20 for each additional 0.5 hour for certified interpreters; and (b) make the following modifications to the statutory provisions concerning court interpreters:

(1) Delete the request to the Supreme Court to cooperate with the technical college system board in the development and implementation of a curriculum and testing program for training qualified interpreters.

(2) Delete the application of the "limited English proficiency" standard in municipal court and state agency administrative contested case proceedings.

(3) Provide no definition of "qualified interpreter" in municipal court and state agency administrative contested case proceedings.

(4) Provide that the Director of State Courts reimburse counties up to four times each year for court interpreter costs. Require counties to submit, on forms provided by the Director of State Courts, an accounting of the amount paid for expenses related to court interpreters that are eligible for reimbursement by the state. Require the form to include expenses for the preceding three-month period and be submitted within 90 days after that three-month period ended. Do not permit the Director of State Courts to reimburse a county for any expenses related to court interpreters that would be submitted after the 90-day period had ended.

(5) Provide that the additional uses of qualified interpreters permitted by the bill qualify for state reimbursement.

(6) Provide that a court may appoint multiple qualified court interpreters and that their costs are reimbursable by the state to the extent provided otherwise, so long as the appointments are necessary.

(7) Provide that the following parties would qualify, if the other conditions were met, for a qualified interpreter: (a) a party in interest; (b) a witness, while testifying in a court proceeding; (c) an alleged victim; (d) a parent or legal guardian of a minor party in interest or the legal guardian of a party in interest; and (e) another party affected by the action, as deemed necessary and appropriate by the court.

(8) Provide that the reimbursement fee of interpreters attending before the Court of Appeals or Supreme Court would be determined by the Supreme Court.

(9) Specifically require the appointment of qualified interpreters for persons with limited English proficiency in the context of circuit and appellate courts to permit their service on a jury panel.

(10) Delete the current law provision that authorizes a court at its discretion to appoint an interpreter for indigent participants at public expense in actions and proceedings other than those mandated by statute (a party or witness, including children and parents in both children in need of protective services [CHIPS] actions and juvenile offenses, and in criminal, delinquency, protective service, Chapter 48 [Children's Code] and Chapter 51 [Mental Health Act] proceedings).

(11) Provide that these provisions would take effect and first apply to interpreters used or appointed on July 1, 2002.

Assembly/Legislature: Adopt the Senate provisions with the following modification: retain the current law provision that authorizes a court at its discretion to appoint an interpreter for indigent participants at public expense in actions and proceedings other than those

mandated by statute (a party or witness, including children and parents in both children in need of protective services [CHIPS] actions and juvenile offenses, and in criminal, delinquency, protective service, Chapter 48 [Children's Code] and Chapter 51 [Mental Health Act] proceedings). While currently authorized in the statutes, courts have infrequently appointed interpreters in discretionary cases.

[See "Supreme Court" for additional court interpreter changes.]

[Act 16 Sections: 926m, 1580, 1587, 3781d, 3836dd thru 3836g, 3852d thru 3860m, 3872, 3890, 9132(3z), 9309(1n) and 9409(1n)]

4. PROBATE, GUARDIANSHIP AND CONSERVATORSHIP FEE INCREASES

GPR-REV $5,814,000

Senate/Legislature: Increase estimated GPR revenues by $2,898,000 in 2001-02 and $2,916,000 in 2002-03 by increasing the fees for filing a petition for the estate of a deceased, for guardianship of an estate and for an application for conservatorship, from $10 to $20 if the value of the property subject to administration, less encumbrances, liens or charges is $10,000 or less and, if more than $10,000, from 0.1% to 0.2% of the value of the property subject to administration, less encumbrances, liens or charges. Specify that two-thirds of the revenue from probate fees would be paid to the state treasurer on a quarterly basis to be deposited into the general fund. The remaining revenue would be retained by the county. Currently, the funding split between counties and the state is 50% each. These changes would first apply to petitions filed on the effective date of the bill.

[Act 16 Sections: 3835g thru 3835i and 9309(6d)]

5. GPR-EARNED REESTIMATE [LFB Paper 276]

GPR-REV $1,000,000

Joint Finance/Legislature: Reestimate the revenues to be received by the Court and deposited to the general fund by $500,000 annually. Based on actual 1999-00 and estimated 2000-01 GPR-Earned revenues for the Court, it is estimated that GPR-Earned revenues for the Court will be $27,000,000 annually in 2001-03.

6. HARASSMENT RESTRAINING ORDERS AND INJUNCTIONS

Joint Finance/Legislature: Allow a judge or court commissioner to issue a temporary restraining order or grant an injunction ordering a harasser to avoid the victim's residence, or any premises temporarily occupied by the victim, or both. If the victim and the harasser are not married, the harasser owns the premises where the victim resides and the victim has no legal interest in the premises, in lieu of ordering the harasser to avoid the victim's residence, provide that the judge or court commissioner may order the harasser to avoid the premises for a

reasonable time until the victim relocates and shall order the harasser to avoid the new residence for the duration of the order. These provisions would first apply to petitions filed on the effective date of the bill. Under current law, a judge or court commissioner may issue a temporary restraining order or injunction ordering a person to cease or avoid the harassment of another person if the victim files a petition alleging that harassment has occurred and the judge or court commissioner finds reasonable grounds to believe that harassment has occurred.

[Act 16 Sections: 3830d thru 3830j and 9309(5mk)]

7. LEGAL CUSTODY AND PHYSICAL PLACEMENT STUDY SERVICES

Joint Finance/Legislature: Increase the fee charged for legal custody and physical placement study services from $300 to $500, to first apply to studies ordered on the effective date of the bill. Currently, a county or two or more contiguous counties are statutorily required to provide legal custody and physical placement study services in family court actions. These studies may be ordered whenever legal custody or physical placement of a minor child is contested and mediation is not used or does not result in agreement between the parties, or at any other time the court considers it appropriate. The county determines when and how to collect the fee for the study, and the fee is deposited into a separate county account for the exclusive purpose of providing mediation services and studies in family court actions.

Veto by Governor [D-1]: Delete provision.

[Act 16 Vetoed Sections: 3832k and 9309(4w)]

8. CIVIL ACTION FOR DOMESTIC ABUSE OR SEXUAL ASSAULT

Assembly/Legislature: Provide that any person, who suffers damage as the result of intentional conduct that constitutes sexual assault or as the result of domestic abuse, has a cause of action against the person who caused the damage. In addition, provide that: (a) the burden of proof is with the person who suffers damage or loss to prove his or her case by a preponderance of the credible evidence; (b) if the plaintiff prevails he or she may recover treble damages and all costs of investigation and litigation that were reasonably incurred; and (c) a person may bring such an action regardless of whether there has been a criminal action related to the alleged domestic abuse or sexual assault and regardless of the outcome of any such criminal action.

Veto by Governor [D-3]: Delete provision.

[Act Vetoed 16 Section: 3871x]

9. CIVIL ACTION FOR SEXUAL ASSAULT OF A CHILD

Joint Finance: Provide that an action to recover damages for injury caused by sexual assault of a child, engaging in repeated acts of sexual assault of the same child, incest with a child or sexual assault of a student by a school instructional staff person must be commenced within five years after the plaintiff discovers the fact and the probable cause, or with the exercise of reasonable diligence should have discovered the fact and the probable cause, of the injury, whichever occurs first. Under current law, such actions must be commenced within two years. Provide that this would not shorten the period to commence an action for persons who are under the age of 18 years or are mentally ill.

Assembly: Modify the Joint Committee on Finance provision in regards to civil actions for sexual assault of a child, to provide that the time limits for bringing such actions would only apply to such actions brought against the person who committed the sexual assault of a child.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 16 Sections: 3862x and 9309(5g)]

10. COURT REPORTER TRANSCRIPT FEES

Joint Finance/Legislature: Increase transcript fees charged parties requesting a transcript, excluding the state or any political subdivision, from $1.75 per 25-line page for the original and 60¢ per 25-line page for each copy to $2.25 and 50¢ respectively. Further, provide that for expedited transcripts, an additional fee of 75¢ per 25-line page for the original and 25¢ per 25-line page for each copy shall be charged to the party requesting the transcript. Define "expedited transcripts" as those transcripts that are requested by a party to be prepared within seven days but are not required to be prepared within seven days by Supreme Court rule or by statute.

[Act 16 Sections: 3780g, 3836r, 3836s and 9309(6c)]

11. TIME PERIOD TO ANSWER COMPLAINTS IN CIRCUIT COURT CIVIL ACTIONS

Assembly/Legislature: Specify that a defendant must respond within 20 days after a civil action summons has been served related to foreclosure or enforcement of a lien or security interest. Modify the statutorily-designated forms related to civil action summons to reflect the modification in the response time period. Modify the time period related to default judgment for actions processed through the Commissioner of Insurance or the Department of Financial Institutions to specify that in a foreclosure or enforcement of a lien or security interest, the plaintiff or the complainant is not entitled to a judgment by default until the expiration of 20 days after the date of mailing of a summons. Provide that these provisions would first apply to actions commenced on the effective date of the bill.

Under current law, defendants have 45 days to respond to civil action summons. Likewise, current law establishes a 45-day period during which plaintiffs or complainants are required to wait before being entitled to a judgment by default in insurance matters. Under the provision, the 45-day time period would remain in effect for other civil actions that are not related to foreclosure or enforcement of a lien or security interest.

[Act 16 Sections: 3737m, 3828g thru 3828jv and 9309(8z)]

12. ADMITTING HEALTH CARE RECORDS INTO EVIDENCE IN A TRIAL OR PROCEEDING

Senate/Legislature: Reduce, from 40 days to 20 days, the number of days before a trial or hearing by which time a party must either serve health care records on the other parties or notify the other parties of the location where the health care records may be inspected or photocopied, in order for the health care records to be admissible into evidence at a trial or hearing without testimony by the custodian of the records or other qualified witness.

Under current law, hearsay generally may not be admitted into evidence in a trial or hearing. Hearsay is a statement, including a written record, that is made other than while a person is testifying at a trial or hearing that is offered at a trial or hearing for the purpose of proving the truth of the matter asserted.

Under current law, an exception to the hearsay prohibition generally permits a party to introduce records of regularly conducted activities into evidence if the records were made at or near of the time the underlying acts, events, conditions, opinions or diagnoses occurred and if the custodian of the records or other qualified witness testifies as to the authenticity of the records. Under current law, health care provider records are admissible even without such testimony if the party who intends to offer such records into evidence at a trial or hearing does one of the following at least 40 days before the trial or hearing: (a) serves upon all appearing parties an accurate, legible and complete duplicate of the health care provider records for a stated period certified by the record custodian; or (b) notifies all appearing parties that an accurate, legible and complete duplicate of the health care provider records for a stated period certified by the record custodian is available for inspection and copying during reasonable business hours at a specified location within the county in which the trial or hearing will be held.

Veto by Governor [D-2]: Delete provision.

[Act 16 Vetoed Sections: 3872v and 9309(7p)]

13. DOMESTIC ABUSE RESTITUTION

Assembly/Legislature: Specify that when imposing sentence or ordering probation for a crime involving conduct that constitutes domestic abuse for which the defendant was convicted or that was considered at sentencing, a court, in addition to any other penalty authorized by law, is required to order the defendant to make full or partial restitution to any victim of a crime or, if the victim is deceased, to his or her estate, unless the court finds that imposing full or partial restitution will create an undue hardship on the defendant or victim and describes the undue hardship on the record.

As under current law, domestic abuse is defined as either:

a. Any of the following engaged in by an adult family member or adult household member against another adult family member or adult household member, by an adult against his or her adult former spouse or by an adult against an adult with whom the person has a child in common: (1) intentional infliction of physical pain, physical injury or illness; (2) intentional impairment of physical condition; (3) first-, second- or third-degree sexual assault; or (4) a threat to engage in any of these actions.

b. Any of the following engaged in by an adult person against his or her spouse or former spouse, against an adult with whom the person resides or formerly resided or against an adult with whom the person has a child in common: (1) intentional infliction of physical pain, physical injury or illness; (2) intentional impairment of physical condition; (3) first-, second- or third-degree sexual assault; or (4) a physical act that may cause the other person reasonably to fear imminent engagement in the conduct of any of these actions.

Under current law restitution provisions, when imposing sentence or ordering probation for any crime for which a defendant was convicted, the court, in addition to any other penalty authorized by law, is required to order the defendant to make full or partial restitution to any victim of a crime considered at sentencing or, if the victim is deceased, to his or her estate, unless the court finds substantial reason not to do so and states the reason on the record. Under current law, a restitution order is a condition of probation, extended supervision or parole served by the defendant for a crime for which the defendant was convicted. After the termination of probation, extended supervision or parole, or if the defendant is not placed on probation, extended supervision or parole, a restitution order is enforceable in the same manner as a judgment in a civil action by the victim named in the order to receive restitution or enforced under contempt of court provisions.

[Act 16 Section: 4028b]

14. JUDICIAL CIRCUIT COURT SUBDISTRICTS IN MILWAUKEE COUNTY

Senate: Provide that the 1st judicial administrative district, representing the 47 circuit court branches in Milwaukee County, be split into two judicial subdistricts "A" and "B". Require that, except in these subdistricts, circuit court judges be elected by the qualified electors of the circuit on a countywide basis and that a circuit court judge must reside in the circuit in which he or she is elected. Modify the current statutory requirement that a primary must be held in counties having a population of 500,000 or more whenever there are more than twice the number of candidates to be elected to any judicial office within the county to require that a primary must be held whenever there are more than twice the number of candidates to be elected to the office of circuit court judge from any one judicial subdistrict.

Require the circuit court judges for branches 1 to 24 in Milwaukee County to be elected from a new judicial subdistrict "A", composed of whole county board of supervisor districts. Require the circuit court judges for branches 25 to 47 in Milwaukee County to be elected from a new judicial subdistrict "B", composed of whole county board of supervisor districts. Provide that a circuit court judge must reside in the judicial subdistrict from which he or she is elected.

Require, within 30 days after Milwaukee County adopts a final plan adjusting its board of supervisor districts as a result of the 2000 federal decennial census of population, the Milwaukee County board of supervisors, to the extent possible, to adjust the designation of the supervisory districts that the judicial subdistricts are composed of, so that substantially the same territory exists in judicial subdistricts "A" and "B" as existed before the supervisory districts were adjusted. Provide that the adjusted subdistricts would apply to the election of a circuit court judge at the spring election following the adjustment.

Provide that prior to the adjustment of board of supervisor districts outlined above, the initial boundary of judicial subdistrict "A" would be the boundary that encloses Milwaukee County supervisory districts 1 to 7, 9, 10, 13, 15, 18 and 25 as of January 1, 2001. The initial boundary of judicial subdistrict "B" would be the boundary that encloses Milwaukee County supervisory districts 8, 11, 12, 14, 16, 17, 19, and 20 to 24 as of January 1, 2001.

Provide that if Milwaukee County adopts a final plan adjusting its board of supervisor districts as a result of the 2000 federal decennial census of population before the effective date of the budget bill, the Milwaukee County board of supervisors shall, by November 1, 2001, designate the supervisory districts that the judicial subdistricts are composed of so that, to the extent possible, substantially the same territory exists in judicial subdistrict "A" and "B" as would otherwise exist in judicial subdistricts "A" and "B" under the provisions outlined above.

Provide that these provisions first apply to the election of circuit court judges at the 2002 spring election.

Conference Committee/Legislature: Delete provision.

15. MARRIAGE LICENSE FEE

Assembly: Make the following changes to the marriage license fee: (a) reduce the minimum amount of the fee from $49.50 to $25 and retain the current law requirement that $25 be paid into the state treasury; (b) eliminate the requirement that $24.50 of the minimum fee is retained by the county; (c) eliminate the requirement that counties use $20 of the $24.50 for expenses incurred for family court counseling services; (d) allow county boards to increase the marriage license fee by up to $40, to be retained by the county; (e) eliminate the standard notary fee of 50 cents for each marriage license granted, which may be retained by the county clerk if operating on a fee or part fee basis, but which otherwise is retained by the county; and (f) provide that counties may, but are not required to, use funds received under the marriage license fee for expenses incurred for family court counseling services. These changes would first apply to marriage license fees collected on the effective date of the bill.

Create a fee of $100 to be charged for the first mediation session conducted upon referral to the county director of family court counseling services relating to legal custody or physical placement, to first apply to mediation services for which referrals are made on the effective date of the bill. Require counties to reduce or eliminate the fee in accordance with the parties' ability to pay. Under current law, there is no charge for this first mediation session.

Conference Committee/Legislature: Delete provision.

16. ELIGIBILITY OF RESERVE JUDGES

Assembly: Prohibit a person from serving as a reserve judge if he or she was defeated at the most recent time he or she sought election to a circuit court judgeship. Under current law, the Supreme Court Chief Justice may appoint any of the following as a reserve judge: (a) a person who has served a total of six or more years as a Supreme Court justice, a Court of Appeals judge or a circuit court judge; or (b) a person who was eligible to serve as a reserve judge before May 1, 1992.

Conference Committee/Legislature: Delete provision.

17. JUDGE SUBSTITUTION IN CRIMINAL CASES

Assembly: Eliminate the right of a criminal defendant to substitute a different judge for the judge currently assigned to his or her case, to first apply to actions commenced on the effective date of the bill. Under current law, a criminal defendant has the right to one substitution of a judge for the judge currently assigned to his or her case at different points in the criminal process if the request is made within the proper time and in the proper form. Upon the proper filing of a request for substitution, the judge whose substitution has been requested

has no authority to act further in the action except to conduct the initial appearance, accept pleas and set bail.

Conference Committee/Legislature: Delete provision.

18. PERSONAL REPRESENTATIVE IN INFORMAL ADMINISTRATION

Senate: Provide that when appointing a personal representative in the informal administration of an estate when no personal representative is named in a will or the named personal representative fails to qualify, the probate registrar may appoint as personal representative a bank or trust that is entitled to exercise fiduciary powers in the state and that has the consent of all interested persons, other than creditors of the deceased (as under current law) or a natural person who has the consent of all interested parties, other than creditors of the deceased, subject to qualification and acceptance. Provide that these provisions would first apply to informal administrations commenced as a result of deaths occurring on the effective date of the bill.

Under current law, if no personal representative is named or if the named personal representative fails to qualify, a natural person who has the consent of all interested parties, other than creditors of the deceased, may be appointed only if he or she is an heir, a beneficiary or an attorney admitted to practice law in this state.

Conference Committee/Legislature: Delete provision.

COMMERCE

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$43,772,800	$42,807,100	$38,887,800	$39,691,600	$39,691,600	- $4,081,200	- 9.3%
FED	73,066,000	73,359,200	73,592,200	73,592,200	73,592,200	526,200	0.7
PR	82,197,200	83,439,900	82,988,500	86,291,900	86,291,900	4,094,700	5.0
SEG	221,888,600	225,472,400	178,205,900	178,205,900	178,205,900	- 43,682,700	- 19.7
TOTAL	$420,924,600	$425,078,600	$373,674,400	$377,781,600	$377,781,600	- $43,143,000	- 10.2%
BR		$100,000,000	$72,000,000	$72,000,000	$72,000,000		

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	80.40	79.40	70.40	80.40	80.40	0.00
FED	29.60	30.80	34.00	34.00	34.00	4.40
PR	276.25	277.55	259.55	260.55	260.55	- 15.70
SEG	98.30	101.30	98.80	98.80	98.80	0.50
TOTAL	484.55	489.05	462.75	473.75	473.75	- 10.80

Budget Change Items

Departmentwide and Economic Development

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	- $300	0.00
FED	178,800	0.00
PR	- 269,700	- 1.50
SEG	- 82,600	- 2.00
Total	- $173,800	- 3.50

Governor/Legislature: Provide adjustments of -$1,700 GPR, $88,500 FED, -$91,000 PR, -$3,600 SEG, 1.5 PR positions and -1.0 SEG position in 2001-02 and $1,400 GPR, $90,300 FED,

-$178,700 PR, -$79,000 SEG, -1.5 PR positions and -2.0 SEG positions in 2002-03 as standard budget adjustments. Adjustments are for: (a) turnover reduction (-$81,700 GPR, -$324,800 PR and -$62,100 SEG annually); (b) removal of noncontinuing funding and positions (-$29,800 SEG and -1.0 SEG position in 2001-02 and -$129,900 PR, -$105,800 SEG, -3.0 PR positions and -2.0 SEG positions in 2002-03); (c) full funding of continuing salaries and fringe benefits ($57,500 GPR, $80,000 FED, $7,000 PR and $66,500 SEG annually); (d) continued funding of a s. 16.515 approval for implementation of the uniform dwelling code in small municipalities ($96,500 PR and 1.5 PR positions annually); (e) reclassifications and pay progressions ($8,000 GPR, $4,800 FED, $1,100 PR and $13,700 SEG in 2001-02 and $11,100 GPR, $6,600 FED, $43,300 PR and $14,300 SEG in 2002-03); (f) BadgerNet increases ($1,400 GPR, $500 FED, $4,500 PR and $2,100 SEG annually); (g) overtime ($99,900 PR annually); (h) fifth week vacation as cash ($13,100 GPR, $3,200 FED, $24,500 PR and $5,300 SEG annually); (i) full funding of lease costs and directed moves ($300 PR and $700 SEG annually); and (j) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would decrease funding by $7,800 in 2001-02 and $166,000 in 2002-03. Total position authority would be increased by 0.5 position in 2001-02 and decreased by 3.5 positions in 2002-03.

2. BASE BUDGET REDUCTION [LFB Paper 245]

GPR	- $823,400

Governor: Reduce the agency's largest GPR state operations appropriation (economic and community development general operations) by $411,700 each year. The total reduction was derived by making a reduction based on 5% of all of the Department's GPR state operations appropriations. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. BROWNFIELDS GRANT PROGRAM [LFB Paper 693]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$2,309,100	1.00	- $1,109,100	- 1.00	$1,200,000	0.00

Governor: Modify the brownfields grant program as follows:

a. *Funding Level.* Increase funding by $100,000 SEG in 2001-02 and $2,100,000 SEG in 2002-03. The source of the SEG funding would be the environmental fund. Base level funding for the brownfields grant program is $6,400,000 SEG from the environmental fund. It should be noted that the bill would transfer $500,000 in tribal gaming program revenues to the environmental fund in 2001-02 and $2,500,000 in 2002-03.

b. *Administrative Position.* Funding of $50,600 SEG in 2001-02 and $58,500 SEG in 2002-03 and 1.0 grants specialist position beginning in 2001-02 would be provided to meet additional workload related to the Department's brownfields activities. The position would be involved in: (1) underwriting brownfields grants; (2) administering the site assessment program that would be transferred from DNR under the bill; (3) participating in the brownfields study group; (4) interagency cooperative activities with DNR related to joint publications, joint public outreach and fulfillment of MOU requirements; (5) addressing the concerns of grant recipients; (6) application review and follow-up; and (7) public outreach. The source of SEG funding would be the petroleum inspection fund. Commerce has base level funding of $274,200 SEG from the petroleum inspection fund and 2.0 SEG positions for administration of brownfields redevelopment activities. One position serves as a brownfields ombudsman.

c. *Site Assessment Program.* Responsibility for administering the brownfields site assessment program would be transferred from DNR to Commerce. Site assessment grants would be funded from the brownfields grants appropriation and Commerce would be required to allocate $1,000,000 for site assessment grants in 2001-02. The Business Development Assistance Center in Commerce would be responsible for administering the site assessment program.

The brownfields site assessment grant program was created by 1999 Wisconsin Act 9 to provide local governments with grants to perform the initial investigation of contaminated properties and certain other eligible activities. DNR administers the program with $1,450,000 SEG in 1999-01 in a biennial appropriation from the environmental management account of the environmental fund. There is no base funding for the program.

Under the program, local governments can currently apply to DNR for a site assessment grant for eligible sites or facilities. Local governments are defined as cities, villages, towns, counties, tribes, redevelopment authorities, and housing authorities. A site or facility is eligible for a grant if it is an abandoned, idle or underused industrial or commercial facility or site, the expansion or redevelopment of which is adversely affected by actual or perceived

environmental contamination. A local government does not have to own the site but must have access to it to complete the grant activities.

A local government is not eligible for a grant if it caused the environmental contamination that is the basis of the request. An award can only be awarded if the person that caused the environmental contamination that is the basis for the grant request is unknown, cannot be located or is financially unable to pay the cost of eligible activities.

The following activities are eligible for a site assessment grant at an eligible site or facility: (1) phase I and phase II environmental assessments; (2) site investigation of environmental contamination; (3) demolition of structures, buildings or other improvements; (4) asbestos abatement, if it is a necessary part of the demolition activity; and (5) removal and proper disposal of abandoned containers, underground petroleum product storage tank systems or underground hazardous substance storage tank systems.

The local government is required to contribute matching funds equal to 20% of the grant amount, which may be in the form of cash or an in-kind contribution or both. Grants to a local government may not exceed 15% of the total amount appropriated for the program in the fiscal year. Before awarding a grant consideration must be given to the local government's commitment to completing the remediation activities on the eligible site, the degree to which the project will have a positive impact on public health and the environment and other criteria.

d. *Grant to Milwaukee Economic Development Corporation.* The Department would be required to make grants to the Milwaukee Economic Development Corporation (MEDC) to fund a program for grants to persons for remediation and economic development programs in the Menomonee Valley. MEDC would be required to make grants to the Menomonee Valley Partners, Inc. through its brownfields grant program. Grant proceeds would have to be used to support the creation of jobs and private sector implementation of the Menomonee Valley land use plan. In order to receive a grant from MEDC or the Menomonee Valley Partners, Inc. the grant recipient would be required to provide matching funds that were at least equal to the grant amount. Commerce could not make grants to MEDC after June 30, 2003. The bill does not specify the amount of grants that would be made to MEDC; however, the administration indicates that a total of $2,000,000 in grants would be made to MEDC in 2002-03 under this provision.

Under the provisions of 1999 Wisconsin Act 9, Commerce was required to make grants from the Indian gaming economic development or economic diversification grant and loan programs of up to $900,000 to MEDC for a grant program for remediation and economic development projects in the Menominee Valley.

e. *Grant Amount Requirements.* The requirement that the Department must allocate a specified amount of total brownfields grant monies for grants of certain amounts during the 1999-2001 biennium would be eliminated.

For fiscal year 2000-01, statutory provisions require Commerce to award a total of $960,000 in grants that do not exceed $300,000, a total of $2,240,000 in grants that are greater than $300,000 but do not exceed $700,000, and a total of $3,200,000 in grants that are greater than $7000,000 but do not exceed $1,250,000.

f. *Eligible Grant Recipients.* The definition of entities that would be eligible to receive brownfields grants would be expanded to include limited liability companies, nonprofit organizations, cities, towns, villages, counties, or trustees, including trustees in bankruptcy. Specific definitions of municipality and local development corporation would be eliminated. Currently, individuals, partnerships, corporations, municipalities and local development corporations are eligible for brownfields grants.

g. *Treatment of Liens and Delinquent Taxes.* Brownfields grant proceeds could not be used to pay DNR or federal EPA liens based on investigation or remediation activities or to pay delinquent property taxes or interest or penalties related to those taxes.

The brownfields grant program was created in the 1997-99 biennial budget to provide financial assistance to businesses and governmental entities to conduct brownfields redevelopment and related environmental remediation projects. Brownfields redevelopment includes any work or undertaking to: (1) acquire a brownfields facility or site; and (2) to raze, demolish, remove, reconstruct, renovate or rehabilitate the facility or existing buildings, structures or other improvements at the site. The redevelopment project must be for promoting the facility or site for commercial, industrial or similar economic development purposes Grants cannot be used to fund construction of new facilities on the site for any purpose other than environmental remediation. Base level funding of $6,400,000 SEG from the environmental fund is provided for grants.

Joint Finance: Include provisions with the following modifications:

a. Increase funding for the brownfields grant program by $500,000 in 2001-02 and decrease funding by $1,500,000 in 2002-03. As a result, total funding of $7,000,000 would be provided annually for the brownfields grant program.

b. Maintain the current law site assessment grant program within DNR and delete 1.0 grants specialist position and funding of $50,000 SEG in 2001-02 and $58,500 SEG in 2002-03 for the Department of Commerce. [See DNR for the bill's provisions related to the site assessment grant program.]

c. Require Commerce to adopt a semi-annual brownfields grant applications cycle.

d. Require the Department of Commerce to make brownfields grants of $375,000 each to the Milwaukee Economic Development Corporation (MEDC) and Menomonee Valley Partners, Inc. in each year of the 2001-03 biennium. These grants would be required to be used to fund projects that would receive the funding based on: (1) the degree of blight and underutilization in the area; (2) the potential for redevelopment; and (3) the project's

compatibility with the Menomonee Valley Land Use Plan. The grants could be used to fund the cost of acquisitions, demolition, Phase I and II environmental assessments, removal of underground storage tanks and abandoned containers, site investigations, remediation, monitoring and environmental costs associated with conducting such activities. The Department of Commerce would make the grants no later than 120 days after the effective date of the bill in 2001-02 and by October 1, 2002, in fiscal year 2002-03.

Senate: Require the Department of Commerce to make brownfields grants to the cities of Kenosha and Beloit. Specifically, Commerce would be required, notwithstanding current law provisions, to make a grant of $1,000,000 under the Brownfields Grant Program to a person for demolition and rehabilitation of the former American Brass factory in the City of Kenosha. In addition, Commerce would be required to make a brownfields grant of $100,000 to the City of Beloit for acquisition and cleanup in the fourth and fifth street rail corridor and adjacent industrial property.

For both grants, all of the following would apply: (1) the person submits a plan to Commerce detailing the proposed use of the grant and the Secretary of Commerce approves the plan; (2) the person enters into a written agreement with Commerce that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (3) the person agrees in writing to submit to Commerce, within six weeks after spending the entire amount of the grant, a report detailing how the grant proceeds were used. Commerce could not make a grant under these provisions after June 30, 2003.

Assembly: Require the Department of Commerce to make a brownfields grant of $386,600 to the City of Amery for purchase of existing land and structures, demolition and environmental cleanup related to the Apple River project. Commerce would be required to enter into an agreement with the City of Amery that specified the uses for the grant proceeds and reporting and auditing requirements.

Legislature: Include all provisions.

Veto by Governor [B-15]: Delete the provision that would have required Commerce to adopt a semi-annual brownfields grant applications cycle.

[Act 16 Sections: 458, 3625 thru 3634, 3643 thru 3646 and 9110(9c),(9d)&(9e)]

[Act 16 Vetoed Section: 3631m]

4. FOREST PRODUCT MARKETING [LFB Paper 280]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$500,000	- $500,000	$0

Governor: Provide $250,000 annually from the forestry account of the conservation fund to promote, advertise, publicize and otherwise market products that are made in Wisconsin from timber that is produced in Wisconsin. A separate SEG appropriation would be created to fund the program.

Joint Finance/Legislature: Delete provision.

5. GAMING ECONOMIC DEVELOPMENT AND DIVERSIFICATION GRANT AND LOAN PROGRAMS [LFB Paper 174]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $4,241,400	- 1.00	- $600,000	0.00	$300,000	0.00	- $4,541,400	- 1.00

Governor: Modify the gaming economic development and diversification grant and loan programs as follows:

a. *Consolidated Appropriations.* Consolidate, into one biennial program revenue appropriation, both the gaming economic development and economic diversification grant and loan programs. Similarly, a consolidated program revenue biennial repayments appropriation would be created for both programs. Repayments of loans made under the economic development and diversification programs would be placed in this appropriation. Currently, both the gaming economic development and the gaming economic diversification grant and loan programs each has separate annual awards and repayments appropriations.

b. *Funding Reduction.* Funding for the combined economic development and diversification appropriation would be reduced by $2,500,000 PR in 2001-02 and $1,500,000 in 2002-03. The source of program revenue for gaming economic development and diversification grant and loan programs is tribal gaming revenue provided to the state under state-tribal gaming compact amendments. The funding that would be deleted would be available for other uses.

c. *Administrative Position Transfer.* Beginning in 2001-02, annual funding of $120,700 and 1.0 gaming grants specialist position would be transferred from the gaming economic development grants and loans appropriation to the Department's Native American Liaison appropriation.

d. *Economic Diversification Project Expansion.* Economic diversification grants and loans could be used for brownfields remediation projects. "Remediating brownfields" would be defined as abating, removing or containing environmental pollution at a brownfields facility or site, or restoring soil or groundwater at a brownfields facility or site. In addition, in determining whether to make an economic diversification award Commerce would be required to consider whether a project would take place in a rural community, as determined by the Department.

Currently, gaming economic diversification grants and loans must be made for projects that diversify the economy. In making awards, the Department must consider: the project's potential to retain or increase the number of jobs; the project's potential to provide for significant capital investment; and a project's contribution to the economy of the community.

e. *Qualified Business.* The definition of a business that would be qualified to receive gaming economic development and diversification grants and loans would be expanded to specifically include start-up businesses. Under current law, qualified business is defined as an existing business, including a Native American business.

f. *Grant for Lincoln Park Center.* Commerce would be authorized to make a gaming economic development grant of up to $1,000,000 to the M7 Development Corporation for constructing a multipurpose center at Lincoln Park in the city of Milwaukee. M7 Development Corporation would be required to provide matching funds at least equal to the amount of the grant. In order to make a grant, Commerce would be required to enter into an agreement with the M7 Development Corporation that provided for reporting and auditing requirements, among other things.

g. *Grants to Chippewa Valley Technical College.* Commerce would be authorized to make gaming economic development grants of up to $250,000 in 2001-02 and 2002-03 to the Chippewa Valley Technical College for a health education center. In order to make a grant, the Department would be required to enter into an agreement with the Chippewa Valley Technical College that specified the uses for the grant proceeds and reporting and auditing requirements.

The gaming economic development and diversification grant and loan programs were created by 1999 Wisconsin Act 9 (the 1999-01 biennial budget) to provide financial assistance to businesses that are located in areas affected by Native American gaming operations. Funding for the programs is provided from tribal gaming revenue provided to the state under state-tribal gaming compact amendments. Commerce may not make an award to a business that is tourism-related unless the Department of Tourism concurs in the award. To be eligible for financial assistance under the programs, the claimant must be an existing business, including a Native American business, that is located or expanding in Wisconsin.

The types of financial assistance provided through the gaming economic development and diversification grant and loan programs include:

a. *Economic Impact Early Planning Grants.* Grants to provide funding for professional services necessary to evaluate the feasibility of a proposed project for starting, expanding, modernizing or improving a business. Awards can be made as business planning grants and special opportunity grants. Business planning grants are limited to funding the costs of obtaining comprehensive business plans from qualified independent third parties. Special opportunity grants are used for unique projects that have a statewide impact.

b. *Economic Impact Loans.* Loans to provide financial assistance to businesses that have been negatively impacted by gaming. Awards can be used to provide funding for fixed asset

financing related to modernizing and improving business operations. Eligible project costs include costs associated with land, new construction, remodeling, furniture and fixtures and equipment.

c. *Economic Diversification Loans.* Loans to provide financial assistance to businesses that are starting up or expanding to help diversify a community's economy so that it is less dependent upon revenue derived from gaming. Awards can be used to provide fixed asset financing for businesses to establish and expand operations. Awards can also finance the cost of, land, new construction, remodeling, furniture and fixtures, and, equipment.

Base level funding is $2,517,400 PR for gaming economic development grant and loans and $2,500,000 PR for gaming economic diversification grants and loans. The funding for economic development grants and loans includes $128,700 PR for salary and fringe benefits for 1.0 administrative position and related supplies and services. Under the bill, $2,388,700 in 2001-02 and $3,388,700 in 2002-03 would be available in the combined grants and loan appropriation.

Joint Finance: Include provisions with the following modifications:

a. Delete $250,000 PR annually from the gaming economic development and diversification program and the requirement that grants of those amounts be made to Chippewa Valley Technical College in each year of the biennium.

b. Transfer $50,000 PR annually in supplies and services funding from the gaming economic development and diversification program to the Native American economic development liaison appropriation to fund marketing activities.

c. Require Commerce to make grants of $500,000 PR annually from the gaming economic development and diversification grant and loan program to Oneida Small Business, Inc., and Project 2000 to be used to provide grants and loans to small businesses. To be eligible for a grant and loan from the grant proceeds, a business would have to be located in a Wisconsin county that contained or was adjacent to any portion of an Oneida reservation. In addition, the business would be required to meet any of the following criteria: (1) the business is a start-up business; (b) the business together with any affiliate, subsidiary or parent entity has fewer than 50 employees; and (3) the business is at least 51% owned, controlled, and actively managed by a member or members of the Oneida tribe.

d. Eliminate the requirement that M7 Development Corporation must provide matching funds in order to receive a gaming economic development grant for constructing the Lincoln Park Center.

Senate: Require the Department of Commerce to make the following awards from the gaming economic development and diversification grant program:

a. Provide a grant of $500,000 in 2001-02 for an economic development project for the Menominee Tribe. Further, $500,000 PR would be transferred to the Wisconsin Development

Fund (WDF) in 2002-03 to repay the fund for the grant that would be made to the tribe in 2001-02.

b. Make gaming economic development grants of up to $250,000 in 2001-02 and 2002-03 to the Chippewa Valley Technical College for a health education center. In order to make a grant, the Department would be required to enter into an agreement with the Chippewa Valley Technical College that specified the uses for the grant proceeds and reporting and auditing requirements.

c. Provide a grant of $450,000 in the 2001-03 biennium to the Great Lakes Forestry Museum in Rice Lake to develop a facility for educating the public about the history of forestry and logging in Wisconsin. Commerce would be required to enter into an agreement with the museum that specified the uses for the grant proceeds and reporting and auditing requirements.

Assembly: Require the Department of Commerce to make a grant of $250,000 PR each year of the 2001-03 biennium from the gaming economic development and diversification grant program to the City of Green Bay for the Port Plaza renovation project. The Department of Commerce would be required to enter into an agreement with the Port Plaza Renovation project that specified the uses of the grant proceeds and reporting and auditing requirements.

In addition, $150,000 in annual funding that was provided for the business employees' skills training (BEST) program would be transferred to the gaming economic development and diversification grant program. Allocate the additional funding as follows:

a. Provide a grant of $30,000 PR and $120,000 PR during the 2001-03 biennium to the Potosi Brewery Foundation, Inc. The $30,000 grant would be used for development of a historic report and the grant of $120,000 would be used for development of a marketing plan, restoration and salvage of the brewery structure, and restoration project fund raising. The Potosi Brewery Foundation would receive the grant if all of the following applied: (1) Potosi Brewery Foundation submits a plan to the Department of Commerce detailing the proposed use of the grant, the plan is in compliance with the required uses of the grant funds, and the Secretary of Commerce approves the plan; (2) Potosi Brewery Foundation provides matching funds of $120,000 for the project; (3) Potosi Brewery Foundation enters into a written agreement with Commerce that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (4) Potosi Brewery Foundation agrees in writing to submit to Commerce, within six months of spending the full amount of the grant, a report detailing how the grant proceeds were used.

b. Provide a grant of $100,000 PR in 2002-03 to Forward Wisconsin, Inc., for marketing activities. Forward Wisconsin, Inc., would be required to expend the grant proceeds in conformity with uniform travel schedule amounts approved under the statutes and could not expend the grant proceeds on entertainment, on foreign travel, or on payments to persons not providing goods and services to Forward Wisconsin, Inc., or for other purposes prohibited by the contract between Forward Wisconsin, Inc., and Commerce. Commerce would be required to

enter into an agreement with Forward Wisconsin, Inc., that specifies the uses for grant proceeds and reporting and auditing requirements.

c. Provide a grant of $50,000 PR in the 2001-03 biennium to the Florence County Keyes Peak Recreation Center for a construction project. Commerce would be required to enter into an agreement with the grant recipient that specified the uses for the grant proceeds and reporting and auditing requirements.

Conference Committee/Legislature: Include Joint Finance provisions. Further, require the Department of Commerce to make the following awards from the gaming economic development grant and loan programs: (a) grants of up to $250,000 in 2001-02 and 2002-03 to the Chippewa Valley Technical College for a health education center; (b) a grant of $450,000 in the 2001-03 biennium to the Great Lakes Forestry Museum in Rice Lake; and (c) a grant of $250,000 each year of the 2001-03 biennium to the City of Green Bay for the Port Plaza renovation project.

In addition, adopt Assembly provisions to transfer $150,000 PR annually from the BEST program to the gaming economic development and diversification grant program and provide: (a) grants of $30,000 and $120,000 during the 2001-03 biennium to the Potosi Brewery Foundation, Inc.; and (b) a grant of $50,000 in the 2001-03 biennium to the Florence County Keyes Peak Recreation Center. The earmark of a grant of $100,000 to Forward Wisconsin, Inc., would be eliminated.

Veto by Governor [B-16]: Delete the following required awards: (a) a grant of $1,000,000 to the M7 Development Corporation for constructing a multipurpose center at Lincoln Park in the City of Milwaukee; (b) a grant of $450,000 to the Great Lakes Forestry Museum in Rice Lake to develop a facility for educating the public about the history of forestry and logging in Wisconsin; and (c) a grant of $50,000 to the Florence County Keyes Peak Recreation Center for a construction project.

Under the act earmarks would remain for the following projects: (a) $250,000 annually for Chippewa Valley Technical College; (b) $500,000 annually for the Oneida Small Business Inc. and Project 2000; (c) $250,000 annually for Green Bay's Port Plaza renovation project; and (d) $150,000 for the Potosi Brewery Foundation, Inc.

[Act 16 Sections: 443, 445, 449, 451, 452, 882, 3632, 3634 thru 3646 and 9110(2k), (11pk)&(11zx)]

[Act 16 Vetoed Sections: 451 and 9110(1),(10fk)&(10p)]

6. WISCONSIN DEVELOPMENT FUND PROGRAM MODIFICATIONS [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	$0	$0	- $3,100,000	- $3,100,000
PR	2,000,000	- 1,000,000	3,100,000	4,100,000
Total	$2,000,000	- $1,000,000	$0	$1,000,000

Governor: Make the following modifications to Wisconsin Development Fund Programs:

a. *Manufacturing Extension Grants.* A separate program revenue appropriation would be created and tribal gaming revenues of $1,000,000 annually would be provided to fund the manufacturing extension grant program. The program would no longer be funded through WDF appropriations. In addition, the program's sunset date of June 30, 2001, would be repealed.

Manufacturing extension grants provide financial assistance to technology-based nonprofit organizations. A technology-based nonprofit organization is defined as a nonprofit corporation or organization under state or federal law that is exempt from the federal income tax and that has as a mission the transfer of technology to businesses in the state. In order to obtain a manufacturing extension center grant, the technology-based nonprofit organization is required to submit a plan to Commerce that details its proposed expenditures and performance measures related to the project and the Secretary of Commerce must approve the plan. The maximum amount of grants that can be awarded is $1 million in a fiscal year. Currently, the grants must be made from the WDF program revenue repayments appropriation. Grants can be used to provide financial support to the programs and operation of technology-based nonprofit organizations. Manufacturing extension center grants cannot be made after June 30, 2001.

Grants under this provision will only be made to the Wisconsin Manufacturing Extension Partnership (WMEP). WMEP is operated by an organization that includes the Department of Commerce, University of Wisconsin System and Extension, Wisconsin Technical College System (WTCS), Marquette University, Milwaukee School of Engineering, labor and business. WMEP provides process improvement and technology transfer services to small and medium-sized manufacturers. WMEP personnel work directly with the manufacturers to address their needs in areas such as production techniques, technology applications, business practices and specialized training. Solutions are offered through a combination of direct assistance from staff and work with outside resources. WMEP is part of a nationwide system of manufacturing extension partnerships that receive federal funding from the National Institute of Standards and Technology (NIST).

b. *Wisconsin Trade Project Program.* The WDF trade project program would be expanded to allow eligible businesses to receive reimbursements for fees and costs related to participation in U.S. trade shows if the business seeking reimbursement has developed a high-technology product with worldwide application. A U.S. trade show would be defined as an

event held in the United States that brought prospective foreign buyers to a central location and that was certified or coordinated by either the U.S. or Wisconsin Departments of Commerce. Also, the definition of eligible business would be modified to exclude parent companies from the $25,000,000 annual sales limit.

The Wisconsin Trade Project Program reimburses small- to medium-sized businesses for costs directly associated with attending international trade shows and U.S. Department of Commerce sanctioned "matchmaker" trade delegation events. Eligible applicants are businesses (including affiliates, subsidiaries and parent companies) with less than $25,000,000 in gross annual sales that are operating in the state and manufacturing a product and/or performing a service with potential to be exported. Commerce approval of reimbursement is based on: (1) the extent to which the business' export development plan demonstrates the potential of the product or service to be exported in a particular foreign market; and (2) the extent to which the business' proposed reimbursable activities are related to the potential success of the product or service to be exported.

The maximum reimbursement amount is $5,000 a year and not more than $5,000 for participation in a single trade show or matchmaker trade delegation event. An eligible business that is approved for a reimbursement is required to provide the Department, within 90 days after the trade show or matchmaker trade delegation event, documentation of the costs for which reimbursement is sought. A business cannot be reimbursed more than once for the same trade show or matchmaker trade delegation that is held at different times or different locations. The maximum total reimbursement amount is $15,000 over the life of the program. The maximum amount of WDF funds that can be used for trade project reimbursements is $100,000 for a fiscal year.

The following costs are eligible for reimbursement: (1) fees for participation in a trade show or matchmaker trade delegation event; (2) costs associated with shipping displays, sample products, catalogs or advertising material to a trade show or matchmaker trade delegation event; (3) costs incurred at a trade show or matchmaker trade delegation event for utilities, booth construction or necessary modifications or repairs; and (4) costs associated with foreign language translation of brochures or product information or with the use of translation services at a trade show or matchmaker delegation event.

c. *Urban Early Planning Grants.* Authorize Commerce to contract directly with and pay grant proceeds directly to any person providing technical or management assistance to the grant recipient under the WDF urban early planning grant program.

The urban early planning grant program provides financial assistance to entrepreneurs and small businesses to fund professional services related to business start-ups or expansions. Eligible applicants include for-profit businesses and individuals or cooperatives that, combined with affiliates, subsidiaries or parent entities, have fewer than 50 employees. Grants can be made for up to 75% of eligible project costs up to $15,000 to a single business. The program provides funding at two different levels: (1) grants of $3,000 or less approved by Commerce; and (2) grants of up to $15,000 approved by the Development Finance Board. Grant recipients

must provide at least 25% of the funding needed for the project. The total amount of urban early planning grants that can be awarded is $250,000 in a biennium.

Grants must be used to fund early planning projects. An early planning project is the preliminary stages of considering and planning the expansion or start-up of a business that is or will be located in an urban area in the state. An urban area would be: (1) a city, village or town that is located in a county with a population density of at least 150 persons per square mile; or (2) a city, village or town with a population of more than 6,000.

The Wisconsin Development Fund (WDF) consists of nine programs: (1) technology development grants and loans; (2) customized labor training grants and loans; (3) major economic development grants and loans; (4) urban early planning grants; (5) Wisconsin trade project; (6) employee ownership assistance grants; (7) manufacturing extension center grants; (8) revolving loan fund capitalization grants; and (9) the rapid response fund. (The manufacturing extension center grant program is sunset on July 30, 2001.) The WDF is funded through both a general purpose revenue (GPR) and a program revenue (PR) appropriation. The GPR appropriation is the primary source of funding for the WDF. The program revenue repayments appropriation was established to operate similar to a revolving loan fund. Amounts received from WDF loan repayments are credited to the repayments appropriation and these monies can be used to fund WDF grants and loans. Base level funding is $7,503,800 GPR and $2,500,000 PR.

Joint Finance: Include provisions with the following modifications:

a. Delete $500,000 PR in tribal gaming revenues annually from the manufacturing extension grant appropriation. As a result, annual funding of $500,000 PR would be provided.

b. Require Commerce to make a grant of $160,000 in 2001-02 from the Wisconsin Development Fund program revenue appropriation to the United Community Center in Milwaukee if all of the following apply: (1) the United Community Center submits a plan to the Department detailing the use of the grant and the Secretary of Commerce approves the plan; (2) the United Community Center enters into a written agreement with the Department that specifies the conditions for the use of the grant proceeds, including reporting and auditing requirements; and (3) the United Community Center agrees in writing to submit to the Department within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

Senate: Make the following modifications to the Wisconsin Development Fund (WDF):

a. Delete $6.0 million GPR annually from the Wisconsin Development Fund (WDF) and provide expenditure authority of $3.0 million PR annually for the WDF program revenue repayments appropriation. As a result, total annual funding for the WDF would be $1,503,800 GPR and $5,500,000 PR. The additional program revenue funding in the 2001-03 biennium would be from the appropriation balance. Since the WDF repayments appropriation is a program revenue, continuing appropriation, expenditure authority represents the most reliable

estimates of the amounts that will be expended. However, expenditures made from such appropriations are generally only limited by the amount of revenues available in the appropriation.

b. Require the Department of Commerce to make a grant of $100,000 annually from the Wisconsin Development Fund (WDF) to a nonprofit organization that provides assistance to organizations and individuals in urban areas. (The funding would be for Reggie White's Urban Hope Initiative that provides entrepreneurial opportunities for individuals in Wisconsin's central cities. State funding is matched by private funds.) The funds must be used in accordance with a memorandum of understanding (MOU) with the Department of Administration that specifies how the monies must be allocated for assistance. The MOU would be required to ensure that the nonprofit organization that received the grant provided assistance to organizations and individuals in an area that included the City of Beloit.

c. Require Commerce to make a grant of up to $100,000 annually for the continued development of a manufacturing and advanced technology training center in Racine.

d. Require Commerce to make a grant of $25,000 by June 30, 2003, to the Clearwater Lake Distilling Company, LLC, to fund business planning expenses related to a project that utilized potatoes and potato waste for vodka distillation. Commerce would be required to enter into an agreement specifying the uses for the grant proceeds and reporting and auditing requirements.

e. Require Commerce to make a grant of $500,000 in 2001-02 to the Menominee Tribe for an economic development project. Tribal gaming revenue of $500,000 PR would be transferred from the gaming economic development and diversification grant and loan program to the WDF in 2002-03 to repay the grant.

Assembly: Make the following modifications to the Wisconsin Development Fund (WDF):

a. Reduce GPR funding by $4,200,000 in 2001-02 and by $2,000,000 in 2002-03 and increase program revenue expenditure authority in the WDF repayments appropriation by $4,200,000 in 2001-02 and $1,000,000 in 2002-03. In addition, provide $1,000,000 PR in tribal gaming revenue in a separate PR appropriation in 2002-03. Under these provisions the total amount of funding for the WDF would not change from Joint Finance levels, but the sources of funding would. Specifically, $3,303,800 GPR and $6,700,000 PR would be provided in 2001-02 and $5,503,800 GPR and $4,500,000 PR in base level funding would be provided in 2002-03 ($3,500,000 from repayments and $1,000,000 from tribal gaming revenues).

b. Require the Department of Commerce to make a grant of $500,000 annually from the WDF program revenue repayments appropriation to a technology-based nonprofit organization to provide support for a manufacturing extension center if the following applied: (1) the technology-based nonprofit organization submitted to Commerce a plan detailing its proposed expenditures and performance measures related to the project; and (2) the Secretary

of Commerce approved the plan. No grants could be made under this provision after June 30, 2003.

Conference Committee: Include Joint Finance provisions with the following modifications:

a. Delete $1,550,000 GPR annually from the WDF and provide expenditure authority of $1,550,000 PR annually for the WDF repayments appropriation. As a result, total funding for the WDF would remain at $10,003,800 annually ($5,953,800 GPR and $4,050,000 PR).

b. Require the Department of Commerce to make a grant of $100,000 annually to a nonprofit organization that provides assistance to organizations and individuals in urban areas. (The funding would be for Reggie White's Urban Hope Initiative that provides entrepreneurial opportunities for individuals in Wisconsin's central cities. State funding is matched by private funds.) The funds must be used in accordance with a memorandum of understanding (MOU) with the Department of Administration that specifies how the monies must be allocated for assistance. The MOU would be required to ensure that the nonprofit organization that received the grant provided assistance to organizations and individuals in an area that included the City of Beloit.

c. Require Commerce to make a grant of up to $100,000 annually for the continued development of a manufacturing and advanced technology training center in Racine.

d. Require Commerce to make a grant of $25,000 by June 30, 2003, to the Clearwater Lake Distilling Company, LLC, to fund business planning expenses related to a project that utilized potatoes and potato waste for vodka distillation. Commerce would be required to enter into an agreement specifying the uses for the grant proceeds and reporting and auditing requirements.

e. Require Commerce to make a grant of $500,000 in 2001-02 to the Menominee Tribe for an economic development project.

f. Require the Department of Commerce to make a grant of $500,000 annually from the WDF program revenue repayments appropriation to a technology-based nonprofit organization to provide support for a manufacturing extension center if the following applied: (1) the technology-based nonprofit organization submitted to Commerce a plan detailing its proposed expenditures and performance measures related to the project; and (2) the Secretary of Commerce approved the plan. No grants could be made under this provision after June 30, 2003.

Veto by Governor [B-17]: Delete the following required awards: (a) a grant of $500,000 in 2001-02 to the Menomonee Tribe for an economic development project; and (b) a grant of $25,000 by June 30, 2003, to the Clearwater Lake Distilling Company, LLC, to fund business planning expenses related to a project that utilized potatoes and potato waste for vodka distillation.

[Act 16 Sections: 438m, 444, 454, 884, 3619w, 3653 thru 3663, 3665, 3692, 3692c, 3693, 9110(7g)&(10eg) and 9410(2xyf)]

[Act 16 Vetoed Sections: 438m and 9110(10eg)]

7. TECHNOLOGY RESEARCH GRANTS [LFB Paper 146]

PR	$1,500,000

Governor/Legislature: Provide $1,500,000 in 2001-02 for technology research grants. The Department would be authorized use the funding to make grants to the University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, Marquette University, the Milwaukee School of Engineering, and the Medical College of Wisconsin for research related to emerging technologies that would promote industrial and economic development in southeastern Wisconsin. Before awarding a grant, the Department would be required to enter into an agreement with the applicant that specified reporting and auditing requirements for the grant. No grants could be made after June 30, 2003. A separate program revenue appropriation would be created for receipt of monies from other state agencies with funds transferred through DOA from the Advanced Telecommunications Foundation endowment fund.

[Act 16 Sections: 457 and 9101(10)(a)11]

8. BUSINESS EMPLOYEES' SKILLS TRAINING PROGRAM FUNDING [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR	$600,000	- $300,000	- $300,000	$0

Governor: Provide $300,000 PR annually to fund the Business Employees' Skills Training (BEST) grant program. A separate program revenue appropriation would be created from tribal gaming revenue provided to the state under state-tribal gaming compact amendments.

The Business Employees' Skills Training Grant Program (BEST) was created by 1999 Wisconsin Act 177 to provide grants to certain small businesses to assist employees or prospective employees in acquiring work skills sought by the businesses. For Commerce to award a grant the following must apply:

a. The business must have paid state sales taxes for at least six months prior to applying for the grant.

b. The business submits a plan to the Department detailing the proposed use of the grant, and the Secretary of Commerce approves the plan.

c. The business enters into a written agreement with the Department that specifies the conditions for the use of the grant, including reporting and auditing requirements.

d. The business agrees in writing to submit a report to Commerce, six months after spending the full amount of the grant a report detailing how the grant proceeds were used.

Eligible applicants are businesses located in Wisconsin with: (1) no more than 25 full-time employees; and (2) no more than $2.5 million in gross annual income in the prior year.

In awarding BEST grants, Commerce is required to give preference to the following:

a. Businesses in industries with especially severe labor shortages.

b. Businesses in industries that the Department determines are especially adversely affected by any federal requirements or policies.

c. Businesses that conduct economic activity in areas designated as development or enterprise development zones.

A business cannot receive more than $10,000 in BEST grants. The maximum total amount of grants that can be awarded is $500,000 in fiscal year 2000-01. Grants cannot be used to pay more than 80% of the cost of any skills training or other education that is provided to the owner of the business, the owner's spouse or a child of the owner. Grants can be used to pay costs of providing skills training or other education for current or prospective employees that is related to the needs of the business. Grants may not be used to pay wages or compensate for lost revenue that is connected to providing the training or other education.

No single funding source is specified for BEST grants under current law. Commerce makes BEST grants from the Wisconsin Development Fund, Rural Economic Development program or Minority Business Finance programs depending on the type of applicant and project. Under the bill, BEST grants would be limited to the amounts appropriated in the PR appropriation.

Joint Finance: Delete $150,000 PR annually. As a result, annual funding of $150,000 PR in tribal gaming revenues would be provided.

Assembly/Legislature: Delete the separate appropriation and total funding of $150,000 PR annually in tribal gaming revenue funds from the Business Employee Skills Training (BEST) program and increase funding for the tribal gaming economic development and diversification grant and loan program by $150,000 PR annually.

9. NATIVE AMERICAN ECONOMIC DEVELOPMENT [LFB Paper 176]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$396,800	1.00	$100,000	0.00	$496,800	1.00

Governor: Provide $196,400 PR in 2001-02 and $200,400 PR in 2002-03 for Native American economic development activities as follows:

a. *Native American Technical Assistance.* Increased funding of $65,000 PR in 2001-02 and $69,000 PR in 2002-03 would be provided for the Department's Native American technical assistance grant appropriation. The increased funding would be used for salary, fringe benefits and supplies. The Native American technical assistance program appropriation provides funding to the Great Lakes Inter-Tribal Council (GLITC) for a position that provides technical assistance for economic development to Native American businesses on or near Native American communities.

b. *Native American Liaison.* The bill would provide increased funding of $10,700 PR annually for supplies and services related to the Department liaison's activities. In addition, annual funding of $120,700 PR and 1.0 PR gaming grants specialist position would be transferred, beginning in 2001-02, from the Indian gaming economic development grants and loans appropriation to consolidate Native American economic development administrative staff. The Department would be authorized to spend up to $100,000 from the liaison appropriation to market the Indian gaming economic development and diversification grant and loan programs. The Native American liaison appropriation funds the Department's economic liaison that is the main state government contact for Wisconsin's Native American tribes, tribal communities and entrepreneurs regarding business and economic development activities.

The source of increased PR funding would be tribal gaming revenue provided to the state under state-tribal gaming compact amendments.

The Department's Native American liaison position provides technical and economic development assistance to Native American entrepreneurs and tribal communities. Commerce also administers two grant programs that provide funds to GLITC--an economic development liaison grant and economic development technical assistance grant. The Commerce liaison position and the grant programs are funded through three separate PR appropriations. Base level funding is as follows: (1) Native American economic development; liaison--$61,800 PR and 1.0 PR position; (2) Native American economic development; technical assistance--$25,000 PR; (3) Native American economic development; liaison grants--$25,000 PR. The source of PR funding for the appropriations is tribal gaming revenues.

The gaming economic development and diversification grant and loan programs provide financial assistance to businesses that are located in areas that are affected by Native American gaming operations. The gaming economic development grant program includes base level fund of $128,700 PR for salary and fringe benefits for 1.0 PR administrative position and related supplies and services. The source of PR funding for the programs is tribal gaming revenue.

Joint Finance/Legislature: Include provisions and transfer $50,000 PR annually in supplies and services funding from the gaming economic development and diversification grant and loan program to fund marketing expenses.

[Act 16 Section: 449]

10. FUNDING FOR FORWARD WISCONSIN [LFB Paper 177]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$300,000	- $300,000	$0

Governor: Provide $100,000 PR in 2001-02 and $200,000 PR in 2002-03 to Forward Wisconsin to be used for activities to recruit out-of-state businesses to Wisconsin. A separate program revenue appropriation would be funded from tribal gaming revenue provided to the state under state-tribal gaming compact amendments.

Forward Wisconsin is a nonprofit organization created in 1984 to attract business to the state. Forward Wisconsin focuses on promotion and marketing in an effort to attract expanding and relocating businesses to the state. The organization also markets the state as a destination for job seekers and to attract former residents to help address labor shortages. Forward Wisconsin is provided base funding of $500,000 GPR annually through Commerce. The Secretary of Commerce also serves on Forward Wisconsin's Board of Directors.

Joint Finance: Delete provision. Annual funding of $500,000 GPR would continue to be provided.

Assembly: Provide a grant of $100,000 PR in 2002-03 to Forward Wisconsin, Inc., for marketing activities from the tribal gaming economic development and diversification grant program. Forward Wisconsin, Inc., would be required to expend the grant proceeds in conformity with uniform travel schedule amounts approved under the statutes and could not expend the grant proceeds on entertainment, on foreign travel, or on payments to persons not providing goods and services to Forward Wisconsin, Inc., or for other purposes prohibited by the contract between Forward Wisconsin, Inc., and Commerce. Commerce would be required to enter into an agreement with Forward Wisconsin, Inc., that specifies the uses for grant proceeds and reporting and auditing requirements.

Conference Committee/Legislature: Delete Assembly provision.

11. DENTAL LOAN REIMBURSEMENT PROGRAM [LFB Paper 178]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$120,000	$30,000	$150,000

Governor: Provide $40,000 PR in 2001-02 and $80,000 PR in 2002-03 to expand the current Physician Loan Assistance Program (PLAP) to include dentists. The source of program revenue funding would be tribal gaming revenue provided under the state- tribal gaming compact amendments.

Under the expanded program, Commerce would repay educational loans from public or private lending institutions for dentists that agreed to practice in a dental health shortage area. The dentist would be required to enter into an agreement with the Department to practice at least 32 clinic hours per week for three years in one or more dental health shortage areas in the state. The dentist would also have to agree to care for patients who were insured or for whom dental health benefits were payable under Medicare, medical assistance or any other governmental program. Dental health shortage area would be an area designated by the U.S. Department of Health and Human Services under federal law as having a shortage of dental professionals. A dentist who participated in a National Health Service Corps scholarship program or who failed to carry out his or her obligations under the program would not be eligible for the loan repayment program.

Through the expanded program, Commerce would repay, on behalf of the dentist, up to $50,000 over a three-year period in educational loans obtained by the dentist from a public or private lending institution for education in an accredited school of dentistry or for postgraduate dental training. The loans would be repaid according to the following schedule: (a) 40% of the principal up to $20,000 in the first year; (b) 40% of the principal up to $20,000 in the second year; and 20% of the principal up to $10,000 in the third year. A repayment agreement would not create a right of action against the state on the part of the dentist or lending institution for failure to make payments specified in the agreement.

Dentists would be also be able to participate in an expanded dental loan assistance program funded with federal and matching state monies if they were a U.S. citizen and did not have a lien against their property for a debt to the U.S. In addition, the dentist would have to meet the following requirements: (a) agree to practice at a public or private nonprofit entity in a dental health shortage area; (b) accept Medicare assignment as payment in full for services or articles provided; and (c) use a sliding fee scale or a comparable method of determining payment arrangements for patients who were not eligible for Medicare or medical assistance and who are unable to pay the customary fee for the dentist's services.

Commerce would be authorized to establish priorities among applicants using certain criteria when funding was insufficient to repay the loans of all applicants. The criteria would include: (a) the degree to which there was an extremely high need for dental care in the dental

health shortage area in which the dentist intended to practice; (b) the likelihood the dentist would remain in the area; (c) the per capita income in the dental health shortage area; (d) the financial and other support for dentist recruitment and retention from individuals, organizations or local governments in the dental health shortage area; and (e) the geographic distribution of dentists in the program and dental health shortage areas in which eligible applicants wish to practice. Commerce would be authorized, by rule, to establish penalties for dentists who breeched loan repayment agreements.

The Rural Health Development Council would be increased from 11 to 12 members to include a licensed dentist. The Council would be authorized to advise the Department on matters related to the dental loan assistance program.

Under the Commerce contract with the University of Wisconsin Office of Rural Health the Office would be required to: (a) advise the Department and Rural Health Development Council (Council) on the identification of dental health shortage areas with an extremely high need for dental care; (b) assist in publicizing the program to dentists and eligible communities; (c) assist dentists who are interested in applying to participate in the program; and (d) assist communities in obtaining dentists through the program.

Under current law, Commerce is responsible for administering the Physician Loan Assistance Program (PLAP) and the Health Care Provider Loan Assistance Program (HCPLAP). The programs provide loan repayments for physicians and certain health care professionals who practice in areas of the state that have a shortage of physicians or health care professionals. Under PLAP, Commerce may repay up to $50,000 in educational loans for eligible physicians. HCPLAP authorizes the Department to repay up to $25,000 in educational loans for eligible health care providers. The eleven-member Rural Health Development Council, which is attached to Commerce, advises the Department on matters related to PLAP, HCPLAP, and related rural health care issues. The Department is also required to contract with the University of Wisconsin Office of Rural Health for certain services. Annual state funding of $388,700 PR in tribal gaming revenue is provided through a single appropriation. In addition, federal matching funding of $150,000 for federal fiscal year 2000-01 was provided.

Joint Finance/Legislature: Include provisions and in addition, expand the Health Care Provider Loan Assistance Program to include dental hygienists and authorize Commerce to repay up to $25,000 in educational loans over three years. Funding of $10,000 in 2001-02 and $20,000 in 2002-03 in tribal gaming revenue would be provided to fund loan repayments for dental hygienists. The Rural Health Development Council would be expanded to 13 members to include a licensed dental hygienist.

[Act 16 Sections: 171, 172, 446, 447, 456, 885c and 3667 thru 3691]

12. DIVISION OF INTERNATIONAL AND EXPORT SERVICES [LFB Paper 281]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	0.00	-$4,003,800	-10.00	$4,003,800	10.00	$0	0.00
PR	106,500	0.00	-103,400	-2.30	103,400	1.00	106,500	-1.30
Total	$106,500	0.00	-$4,107,200	-12.30	$4,107,200	11.00	$106,500	-1.30

Governor: Provide $49,200 PR in 2001-02 and $57,300 PR in 2002-03 to fund an international liaison position in the Division of International and Export Services. The funding would be used for salaries, fringe benefits, and supplies and services. The funding would be used to fill a vacant position that would be converted to the international liaison. Commerce would be authorized to assess any state agency any amount that Commerce determined was required for the services of the international liaison. The Department could assess state agencies on a premium basis and pay all costs incurred on an actual basis. Assessments would be placed in the Department's economic and community development, sale of materials and services appropriation and used to provide funding for the liaison.

The Division of International and Export Services assists Wisconsin businesses in increasing their sales in the international marketplace. The Division contracts with individuals or agencies in foreign countries for assistance in the growth of Wisconsin exports and the promotion of Wisconsin as an investment location.

The Division has four international outreach consultants based in Waukesha, Oshkosh, Eau Claire, and Madison to assist firms that have been successful in the domestic market to expand their efforts into the international arena. Three additional staff people based in Madison, specialize in specific regions of the world and can assist exporters with questions about the business culture and market conditions of targeted countries. Staff will also arrange itineraries for visiting business delegations visiting Wisconsin.

The Division is authorized to charge fees for services that are provided. These are generally related to the recovery of costs associated with trade shows and trade missions. The fees collected are also used to fund a trade show specialist position. This person overseas recruitment and logistical services related to trade shows and missions.

Commerce's foreign trade offices and contracts provide in-country assistance to Wisconsin exporters. They supplement the international business counseling offered by Wisconsin-based staff, conduct market research and viability analyses, mail campaigns, conduct agent/distributor or client/end user searches, arrange appointments for visiting Wisconsin business people, conduct background and credit checks, and assist with trade shows and missions.

Joint Finance: Modify international liaison provisions to allow Commerce to charge on premium basis for costs incurred for international liaison services but require that an agency must request and agree to pay for the services before Commerce can charge the agency. A total

of 1.3 vacant PR positions would be deleted associated with the vocational rehabilitation economic development (VRED) program which expired in December, 2000. Finally, $2,001,900 GPR and $51,700 PR and 10.0 GPR and 1.0 PR positions annually would be deleted and the Division of International and Export Services and its functions would be eliminated from the Department of Commerce.

Assembly: Provide $2,001,900 GPR, $51,700 PR and 10.0 GPR and 1.0 PR positions to restore the Division of International and Export Services and its functions to the Department of Commerce.

Conference Committee/Legislature: Include Assembly provision to provide $2,001,900 GPR, $51,700 PR and 10.0 GPR and 1.0 PR positions to restore the Division of International and Export Services and its functions to the Department of Commerce. In addition, request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau, to conduct both a performance and financial audit of the Division and submit a report by January 1, 2003, to the chief clerk of each house of the Legislature and the Governor.

Veto by Governor [B-21]: Delete provision that would request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct an audit of the Division of International and Export Services.

[Act 16 Section: 3650 thru 3652 and 9110(9mq)]

[Act 16 Vetoed Section: 9132(5q)]

13. POSITION TRANSFER TO OFFICE OF THE GOVERNOR [LFB Paper 456]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $99,000	- 1.00	$84,500	1.00	- $14,500	0.00

Governor: Delete $49,500 GPR and 1.0 GPR position annually from the Department's economic development general program operations appropriation. The position would be primarily related to rural policy development as determined by the Secretary of Administration and the incumbent employee would be transferred to the Office of the Governor for rural policy development.

Joint Finance/Legislature: Delete transfer of the position to the Office of the Governor and delete $6,000 in 2001-02 and $8,500 in 2002-03 to fund the position at the same level as would have been the case in the Governor's office.

14. INFORMATION TECHNOLOGY CENTRAL SYSTEM COST REALLOCATION

GPR	- $43,000
FED	10,600
PR	80,200
SEG	- 47,800
Total	$0

Governor/Legislature: Provide $40,100 PR and $5,300 Fed annually and reduce funding by $21,500 GPR and $23,900 SEG annually to reallocate information technology (IT) system costs among various appropriations. Currently, the annual funding for IT central systems is $173,100 distributed among various appropriations. The funds are used to purchase routers, switches, servers, database software, printers and other IT items. This provision would reallocate funding among the Department's appropriations based on the distribution of full time positions in Commerce to more accurately reflect the distribution of IT system costs incurred.

15. ADMINISTRATIVE POSITION REALLOCATION [LFB Paper 282]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	$103,800	1.20	$233,000	3.20	$336,800	4.40
PR	- 103,800	- 1.20	- 233,000	- 3.20	- 336,800	- 4.40
Total	$0	0.00	$0	0.00	$0	0.00

Governor: Provide $51,900 FED and 1.20 FED positions annually and reduce funding by $51,900 PR and delete 1.20 PR positions annually to reallocate administrative positions and related funding to match revenues from charges for services provided. The Division of Administrative Services (AS) is supported by a number of appropriations which are funded by charges made to the Department's programs for administrative services provided. This provision would shift $116,500 PR and 3.20 PR from the AS program revenue administrative services appropriation to the program revenue sale of materials or services appropriation. In addition, $51,900 and 1.20 positions would be reallocated from the AS administrative services appropriation to the FED indirect cost reimbursements appropriation. The reallocation would align administrative personnel and related expenditure authority with administrative fee revenues from programs receiving services from the personnel.

Joint Finance/Legislature: Modify the Governor's recommendation to delete annual expenditure authority of $116,500 PR and 3.2 PR positions and instead provide annual expenditure authority of $116,500 FED and 3.2 FED positions. The 3.2 positions and related expenditure authority provide administrative support to the Department's leaking underground storage tank (LUST) personnel and activities. At the time Commerce prepared its budget request, funding for LUST was received through the interagency agreement with DNR. As a result, the positions were aligned with the program revenue funding source for revenue received through the DNR agreement. However, the Federal Environmental Protection Agency (EPA) approved a separate LUST grant for Commerce, effective April, 2001. This modification would realign the 3.2 positions and annual expenditure authority of $116,500 with the appropriate federal revenue funding source to reflect the LUST funding received from the direct contract with EPA.

16. ECONOMIC DEVELOPMENT ADMINISTRATION CONSOLIDATION [LFB Paper 283]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0		$95,500		- $95,500		$0	
PR	$0	0.00	- $101,700	- 1.00	$0	0.00	- $101,700	- 1.00

Governor: Transfer $116,500 PR and 2.0 PR positions from the Wisconsin Development Fund (WDF) administration appropriation to the Department's economic development operations appropriation to consolidate administrative personnel and funding. In addition, the WDF administration appropriation would be deleted but loan origination fees and the unencumbered balance in the appropriation would be placed in the economic development operations appropriation. Similarly, the Certified Capital Companies (CAPCO) administration appropriation would be deleted but CAPCO administrative fees and the unencumbered balance in the appropriation would be placed in the economic development operations appropriation.

Under current law, Commerce is authorized to charge an origination fee of up to 2% on WDF major economic development and customized labor training grants and loans in excess of $200,000. Fee collections are placed in a program revenue appropriation used to provide funding for administration of the WDF. Commerce also assesses registration and annual certification fees under the CAPCO program. Fee collections are placed in a separate program revenue appropriation for administration of the program.

Joint Finance/Legislature: Delete provisions. Instead, delete expenditure authority of $51,400 PR in 2001-02 and $50,300 PR in 2002-03 and 1.0 vacant PR position in the WDF administration appropriation. Further, delete authority for 2.0 PR positions in the CAPCO administration appropriation (these two positions are not included in the state's position accounting system due to a technical error). Also, the year-end balance in the CAPCO administration appropriation would be lapsed to the general fund as GPR-Earned. This would increase GPR-Earned by $80,500 in 2001-02 and $15,000 in 2002-03.

Veto by Governor [B-24]: Delete provision that would require the year-end balance in the CAPCO administration appropriation to be lapsed to the general fund. This would reduce GPR-Earned by $80,500 in 2001-02 and $15,000 in 2002-03.

[Act 16 Vetoed Section: 442g]

17. CONVERT COMMUNITY-BASED ECONOMIC DEVELOPMENT PROGRAM TO THE NEW ECONOMY FOR WISCONSIN PROGRAM [LFB Paper 284]

Governor: Eliminate the Community-Based Economic Development (CBED) program and replace it with the New Economy for Wisconsin (NEW) program that would provide grants to community-based business incubators and nonprofit organizations that promote entrepreneurship or provide services to high-tech businesses. The specific type of grants provided under NEW would be the following:

a. *Business Incubator Grants.* Grants of up to $100,000 to a community-based business incubator that focused on providing services to high-technology businesses or promoting entrepreneurship. The business incubator would be required to meet at least two of the following criteria: (1) charging below market space rental rates; (2) providing shared services; (3) offering management and technical assistance; and (4) providing access to financial capital through a direct relationship with at least one financial institution.

b. *Nonprofit Organization Grants.* Grants of up to $100,000 to nonprofit organizations that provided services to high-technology businesses, promoted entrepreneurship, or provided services or opportunities linking entrepreneurs with potential investors.

A community-based business incubator would be defined as a person who was involved in local economic development who operated a facility that was designed to encourage the growth of new businesses by providing office or laboratory space. A small business would be a business with fewer than 100 full-time employees.

Grant proceeds could only be used for projects that did any of the following:

a. Assisted small businesses in adopting new technologies in their operations.

b. Assisted technology-based small businesses in activities that furthered the transfer of technology.

c. Assisted entrepreneurs in discovering business opportunities

In awarding grants Commerce would be required to consider:

a. The quality of the applicant's proposal.

b. The applicant's commitment to the project.

c. The project's potential for economic growth.

d. The past performance of the applicant and of any proposed partners.

e. The qualifications of the individuals who would work on the project.

f. The need for the project by the applicant's clients.

g. The strength of the applicant's collaboration or partnership with other organizations.

h. The project's use of available resources from Wisconsin educational institutions.

i. The project's ability to produce sustainable and continuing benefits after it is completed.

j. The economic distress of the area served by the project.

k. The readiness of the applicant to implement the project.

Commerce would be required to develop an application that would be used for grants and to furnish the application upon request. The Department would also be required to enter into a written agreement with each grant recipient that required the recipient to submit a report, within six months after spending the full amount of the grant, detailing how the grant proceeds were used. The Department would promulgate administrative rules for administering the NEW grant program.

The CBED program currently provides the following types of financial assistance:

a. Grants to community-based organizations to conduct local development projects (Community-based organizations are organizations involved in economic development that assist businesses likely to employ persons.)

b. Grants to community-based organizations that use the funds to provide management services to small businesses planning a start-up or expansion project.

c. Grants to political subdivisions to develop economic development or diversification plans.

d. Grants to community-based organizations that use the grant monies to support business incubators or technology-based incubators.

e. Grants to community-based organizations that join with political subdivisions to conduct regional economic development projects.

f. Grants to private nonprofit organizations for entrepreneurship training for disadvantaged and at-risk children.

g. Grants to community-based organizations or private nonprofit organizations to conduct venture capital development conferences.

Under the bill, base funding of $762,100 GPR annually would be available for the NEW program and for grants of up to $125,000 annually to the women's business initiative corporation.

Joint Finance: Delete provisions. Instead, Commerce would be required to make a CBED grant of $25,000 to Gateway Technical College in 2001-02 for costs related to a consortium for a manufacturing training center if all of the following apply: (1) the consortium and manufacturing training center is located in the Racine-Kenosha area; (2) Gateway Technical College submits a plan to the Department detailing the proposed use of the grant and the Secretary approves the plan; (3) Gateway Technical College enters into a written agreement with the Department that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (4) Gateway Technical College agrees in writing to submit to the Department, within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used. The Department would also be required to make a CBED grant of $25,000 in 2001-02 to CAP Services, Inc., for providing technical assistance and management services to small businesses. Within six months after spending the full amount of the grant, CAP Services, Inc., would be required to submit a report to Commerce detailing how the grant proceeds were used.

Senate: Modify the provision that requires Commerce to make a Community-Based Economic Development (CBED) grant of $25,000 to Gateway Technical College for costs related to a consortium for a manufacturing center. Require the plan submitted to Commerce to provide for spending the grant proceeds specifically in Racine County.

Conference Committee/Legislature: Delete Senate provision.

Veto by Governor [B-19]: Delete provisions that would require Commerce to make the following grants from the community-based economic development (CBED) program: (a) a grant of $25,000 in 2001-02 to Gateway Technical College for costs related to a consortium for a manufacturing center; and (b) a grant of $25,000 in 2001-02 to CAP Services, Inc., for providing technical assistance and management services to small businesses.

[Act 16 Vetoed Sections: 439 and 9110(8x)&(8y)]

18. RURAL ECONOMIC DEVELOPMENT PROGRAM -- GRANTS FOR PROFESSIONAL SERVICES MODIFICATION [LFB Paper 285]

Governor/Legislature: Authorize the Department to contract directly with and pay grant proceeds directly to, any person providing technical or management assistance to a grant recipient under the Rural Economic Development (RED) grants for professional services (early planning grant) program.

The grants for professional services or early planning grant program provides funding for professional services related to starting or expanding a business and for management assistance continuing after the start-up or expansion. Eligible applicants are businesses that meet the following criteria: (1) employ fewer than 50 persons; (2) are located in a rural municipality; and

(3) are starting or expanding operations. Awards are in the form of grants and may not exceed $15,000 and a cash or in-kind match of at least 25% of the funds received is required.

Grants must be used to fund professional services related to starting or expanding a business or for management assistance continuing after the start-up or expansion. Professional services which may be funded include: preparation of preliminary feasibility studies; feasibility studies or business or financial plans; providing a financial package; engineering studies; appraisals or marketing assistance; and related legal, accounting or managerial services. Management assistance includes engineering and legal services and professional assistance in establishing or improving management systems, policies or procedures in such management concerns as financial planning, personnel, inventory control, production planning, purchasing, bookkeeping, record keeping and marketing.

The Rural Economic Development Program provides grants for professional services and for dairy farm and other agricultural business start-ups modernizations and expansions. The program also provides grants and loans for working capital and fixed asset financing in starting or expanding a business and to pay certain employee relocation and certain retraining costs. Loans and grants are made from both a GPR appropriation, as well as from a program revenue repayments appropriation. The GPR appropriation is the primary source of RED funding. Base level funding for RED is $656,500 GPR and $120,000 PR.

[Act 16 Section: 3664]

19. MINORITY BUSINESS FINANCE PROGRAM MODIFICATIONS [LFB Paper 285]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	$0	$0	- $100,000	- $100,000
PR	0	160,000	100,000	260,000
Total	$0	$160,000	$0	$160,000

Governor: Modify provisions of the minority business finance (MBF) program as follows:

a. *Definition of Eligible Project Costs.* The definition of eligible development project costs used for minority business development project and revolving loan fund and recycling development grant and loans would be modified to exclude expenses incurred more than six months before a grant or loan is approved. Under current law expenses incurred at any time before a grant or loan is approved are not eligible development project costs. Entertainment expenses would continue to be ineligible.

b. *Minority Business Early Planning Grants.* The Department would be authorized to contract directly with and pay grant proceeds directly to any person providing technical or management assistance to the grant recipient under the minority business finance early planning grant program.

The minority business finance early planning grant program funds projects that consist of the preliminary stages of considering and planning the start-up or expansion of a business that will be a minority business. Eligible applicants are individuals who are both minority group members and state residents and minority-owned businesses that are certified by the Department. Commerce may not award more than $15,000 in a biennium to any one person or for any one project. The total amount of MBF funds that can be awarded for early planning grants are limited to 25% of the amount appropriated for the biennium. The recipient must provide a match of at least 25% of the cost of the planning project. Grant recipients may use the funds to perform business feasibility studies, prepare business, management and marketing plans and prepare financial statements and packaging for business plans.

The MBF program was created in 1989 and consists of the following separate programs: (1) early planning grants; (2) business grants and loans; (3) business incubator grants; (4) business development project and revolving fund grants and loans; and (5) development finance and education and training grants. The MBF program is funded through both a GPR appropriation and a program revenue repayments appropriation. The GPR appropriation is the primary source of funding for the MBF. Loan repayments are placed in the program revenue appropriation and used to fund MBF awards. Base level funding for the MBF program is $329,200 GPR and $267,200 PR.

Joint Finance: Include provisions. In addition, provide $160,000 PR in 2001-02 and require Commerce to make a grant of $160,000 from the Minority Business Finance program revenue repayments appropriation to the United Community Center in Milwaukee if all of the following apply: (1) the United Community Center submits a plan to the Department detailing the use of the grant and the Secretary of Commerce approves the plan (2) the United Community Center enters into a written agreement with the Department that specifies the conditions for the use of the grant proceeds, including reporting and auditing requirements; and (3) the United Community Center agrees in writing to submit to the Department within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used. Expenditure authority for the program revenue repayment appropriation would be increased by $160,000 to $427,200 in 2001-02 to reflect this award.

Senate: Include Joint Finance provisions and require the Department of Commerce to make a grant of $50,000 annually from the Minority Business Finance (MBF) program to the Multi-Cultural Center of Green Bay for a program designed to educate community businesses and non-profit organizations on how to better recruit and retain a multi-cultural workforce.

Assembly: Include Joint Finance provisions and delete $100,000 GPR annually from the MBF program and provide annual expenditure authority of $100,000 PR for the MBF program revenue repayments appropriation. As a result, total base level funding for the MBF would remain unchanged.

Conference Committee/Legislature: Include Joint Finance and Senate provisions and modify Assembly provision to delete $50,000 GPR annually from the MBF program and provide annual expenditure authority of $50,000 PR for the MBF program revenue repayments

appropriation. Total funding for the MBF would be $279,200 GPR annually and $477,200 PR in 2001-02 and $317,200 PR in 2002-03.

Veto by Governor [B-18]: Delete provision that would require Commerce to make a grant of $50,000 annually to the Multi-Cultural Center of Green Bay for a program designed to educate community businesses and non-profit organizations on how to better recruit and retain a multi-cultural workforce.

[Act 16 Sections: 445g, 3709 thru 3712 and 9110(7g)]

[Act 16 Vetoed Section: 439c]

20. CONSOLIDATE BUSINESS DEVELOPMENT ASSISTANCE CENTER AND ENTREPRENEURIAL ASSISTANCE NETWORKS REPORTS

Governor/Legislature: Delete the requirement that the Business Development Assistance Center submit an annual report to the appropriate standing committees of the Legislature. Rather, require a biennial report submitted to the Governor and chief clerks of each house of the Legislature. Provisions that require specific information related to simplifying the process for obtaining state permits and the level of assistance provided would be deleted. Instead, the report would have to describe the Center's activities since the last report and could include recommendations for the Legislature, Governor, public records board, and regulatory agencies on simplifying the process of applying for permits, of reviewing and making determinations on permit applications, and of issuing permits. The report would be required to include information on the number of requests for assistance, the types of assistance provided and the center's success in resolving conflicts in permit application and review processes. The new report would be submitted along with Department's biennial report on its entrepreneurial assistance activities. The requirements that the entrepreneurial assistance report include an evaluation of the effectiveness of entrepreneurial and intermediary assistance programs and that the report be submitted on January 1 of odd-numbered years would be eliminated. The consolidated biennial report would be due beginning on October 15, 2003.

The Business Development Assistance Center assists individuals and businesses that request information on the process of obtaining state permits required for a particular business activity. The types of assistance provided includes: (1) acting as a clearinghouse for information on state permits; (2) expediting the process of permit application, review and issuance; (3) monitoring permit application status and agreements, and referring cases to the appropriate state agency; (4) advocacy services; and (5) mediation and dispute resolution. The Center is required to submit an annual report to the appropriate committee in each house of the Legislature that reviews the assistance provided during the year and makes recommendations for simplifying the permitting process.

Commerce is also required to prepare an inventory of entrepreneurial assistance programs that are offered in the state. The Department is directed to arrange programs that

train or assist intermediaries who provide assistance to entrepreneurs and to coordinate entrepreneurial assistance programs and intermediary assistance programs. Commerce is required to submit to the Governor and chief clerk of each house of the Legislature by January 1 of each odd numbered year a report that evaluates the effectiveness entrepreneurial and intermediary assistance programs and describes its activities related to those programs.

[Act 16 Sections: 3694, 3695, 3697 and 3698]

21. MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE AND CAPITAL INVESTMENT CREDIT [LFB Paper 105]

Governor/Joint Finance: Designate an area in the City of Milwaukee as a development opportunity zone. The Milwaukee development opportunity zone would exist for seven years, beginning with the effective date of the bill. Any corporation that conducted economic activity in the zone and that, in conjunction with the Common Council of the City of Milwaukee, submitted a project plan would be eligible to claim the development zone tax credit, the development zone investment credit and a development zone capital investment credit that would be created in the bill. The maximum amount of tax credits that could be claimed by businesses in the zone would be $4.7 million. (This provision is designed to provide assistance to Saks Fifth Avenue for the Grand Avenue Boston Store location in Milwaukee.)

As noted, in order to claim tax credits, a corporation that conducts or intends to conduct economic activity in the Milwaukee development opportunity zone would have to submit a project plan to Commerce, in conjunction with the Common Council. The project plan would have to include:

a. The name and address of the corporation's business for which tax benefits will be claimed.

b. The federal tax identification number of the business.

c. The names and addresses of other locations outside the development opportunity zone where the corporation conducts business and a description of the business activities at those locations

d. The amount the corporation proposes to invest in a business, or spend on the construction, rehabilitation, repair or remodeling of a building located in the development opportunity zone.

e. The estimated total investment of the corporation in the development opportunity zone.

f. The number of full-time jobs that would be created, retained or substantially upgraded as a result of the corporation's economic activity in relation to the amount of tax benefits estimated for the corporation.

g. The corporation's plan to make reasonable attempts to hire employees from the targeted population (public assistance recipients and other economically disadvantaged individuals).

h. A description of the commitment of the Milwaukee Common Council to the corporation's project.

i. Any other information required by Commerce or the Department of Revenue.

Commerce would be required to revoke the entitlement for tax credits of a corporation that: (a) supplied false or misleading information to obtain the tax benefits; (b) left the zone to conduct substantially the same business outside the development opportunity zone; and (c) ceased operations in the zone and did not renew the same or similar operations within 12 months. DOR would have to be notified within 30 days of a revocation.

Annually, Commerce would be required to estimate the amount of revenue that would be forgone due to tax credits claimed by businesses in the development opportunity zone. The zone would expire 90 days after the day on which Commerce determined that amount of forgone revenue equaled or exceeded the tax credit limit. Commerce would be required to notify the Milwaukee Common Council of any change in the expiration date. Commerce would also be required to notify DOR of corporations entitled to claim the tax credits and to verify information submitted by claimants.

A business in the Milwaukee development opportunity zone would be eligible to claim a development zone investment credit, the development zone credit provided under current law and a newly created development zone capital investment credit.

Tax Credits Claimed Based on the Economic Activity of Another. Commerce would be authorized to certify a person that was conducting economic activity in the development opportunity zone as eligible for claiming the available tax credits based on the economic activity of another person. (This is intended to address cases where a person developed a business location for lease to another business and the lessee business created jobs but could not claim the jobs component of the development zones credit.) In order for Commerce to certify a person as eligible for credits based on the economic activity of another person, the following would have to apply:

a. The person's (to be certified) economic activity was instrumental in enabling another person to conduct economic activity in the development opportunity zone.

b. Commerce determines that the economic activity of the other person would not occur without the involvement of the person to be certified.

c. The person to be certified for tax benefits would pass the tax benefits through to the other person conducting economic activity in the development opportunity zone.

d. The other person conducting economic activity in the zone would not claim tax benefits.

A person that intended to claim tax benefits based on the economic activity of another would be required to submit an application to Commerce, in the form prescribed by the Department, with information required by Commerce and by DOR. Commerce would be required to verify information submitted for tax credits and to notify DOR of all persons that were certified to claim tax credits.

Commerce would be required to revoke the certification for tax credits under this provision if it determined that the person: (a) supplied false or misleading information; (b) ceased operations in the development opportunity zone; or (c) did not pass tax benefits through to the other person conducting economic activity in the zone, as determined by Commerce. The Department would be required to notify DOR of any revocation of certification within 30 days of the revocation. See "General Fund Taxes -- Individual and Corporate Income Taxes" for additional information related to tax credits under these provisions.

Senate: Provide that the tax credits in the Milwaukee development opportunity zone created in the bill that are claimed based on the partnership's company's or corporation's activities in proportion to their ownership interest may offset the tax attributable to their income.

Conference Committee/Legislature: Include Senate provision and adopt a technical amendment to clarify that noncorporate businesses in the zone could claim tax credits in the zone.

Veto by Governor [B-28]: Delete provisions that require that the tax credits could only be used to offset taxes on a claimant's income from business operations directly related to those in the zone. This would clarify that the tax credits could be used to offset all of the income of eligible businesses.

[Act 16 Sections: 2143, 2146, 2147k, 2147m, 2147p, 2147r, 2147t, 2152, 2157, 2175, 2176, 2176m, 2177, 2178k, 2178m, 2178p, 2180, 2190p, 2191, 2192k, 2192m, 2192p, 2194, 2203, 2248, 3700, 3701, 3702, 3703, 3703p, 3704, 3704e thru 3708 and 9344(9),(10)&(11z)]

[Act 16 Vetoed Sections: 2146, 2147p, 2177, 2178p, 2191 and 2192p]

22. TECHNOLOGY ZONES AND AGRICULTURAL DEVELOPMENT ZONE PROGRAMS [LFB Paper 106]

Governor: Require Commerce to designate as technology zones up to seven areas in the state in fiscal year 2001-02, up to seven areas in 2002-03 and up to six areas in 2003-04. Designation of an area as a technology zone would be for 10 years. Commerce could change the boundaries of a technology zone at any time that its designation is in effect. A change in

boundaries would not affect the designation of the area as a technology zone or the maximum amount of tax credits that could be claimed in the technology zone.

A business that was located in a technology zone and that was certified by Commerce would be eligible to claim a technology zones credit that would be created under the bill.

Commerce could certify a business as eligible for technology zone tax credits if the business met the following requirements:

a. The business was located in a technology zone.

b. The business was a new or expanding business.

c. The business was a high-technology business.

In determining whether to certify a business for tax credits Commerce would be required to consider:

a. How many jobs the business was likely to create.

b. The extent and nature of the high technology used by the business.

c. The likelihood that the business would attract related enterprises.

d. The amount of capital investment that the business would be likely to make in Wisconsin.

e. The economic viability of the business.

When Commerce certified a business as eligible for tax credits, Commerce would establish a limit on the amount of tax credits the business could claim. Generally, unless certification was revoked and subject to the maximum limit on credits that could be claimed, a business could claim a tax credit for three years. However, if the business experienced growth, as determined by Commerce, it could claim a tax credit for up to five years.

Commerce would be required to enter into an agreement with a business that it certified. The agreement would specify the limit on the amount of tax credits that the business could claim, the extent and type of growth that that business would have to experience to extend eligibility for tax credits, the baseline against which growth would be measured, other conditions that would have to be met to extend eligibility for tax credits, and reporting requirements.

Commerce would be required to notify DOR of the following:

a. Designation of a technology zone.

b. Certification of a business and the limit on the amount of tax credits the business could claim.

c. Extension or revocation of a business' certification.

The bill would require Commerce to promulgate administrative rules for administering the technology zones program including:

a. Criteria for designating an area as a technology zone.

b. A business' eligibility for certification for tax credits as well as definitions of "new or expanding business" and "high-technology business."

c. Certifying a business, including use of criteria for consideration specified in the bill.

d. Standards for establishing a limit on the amount of tax credits that a business may claim.

e. Standards for extending a business' certification, including what measures, in addition to job creation, Commerce would use to determine the growth of a specific business and how Commerce would establish baselines for measuring growth.

f. Reporting requirements for certified businesses.

g. The exchange of information between Commerce and DOR.

h. Reasons for revoking a business' certification.

i. Standards for changing the boundaries of a technology zone.

See "General Fund Taxes -- Individual and Corporate Income Taxes" for additional information related to the tax credits.

Joint Finance: Modify provisions as follows: (a) authorize the Department of Commerce to create up to nine technology zones but provide that the Department could not designate more than three zones without approval of the Joint Committee on Finance; and (b) limit the total amount of technology zones tax credits that could be claimed in a zone to $3.0 million. Also, provide that partnerships, limited liability companies and S corporations could pass the technology zones credit on to partners and members.

Senate: Delete provisions.

Assembly: Include provisions that would require the Department of Commerce to designate as technology zones up to 18 areas in the state between fiscal years 2001-02 and 2003-04. However, the Department could not create more than three zones without approval of the Joint Committee on Finance. Designation of an area as a technology zone would be for 10 years. A business that was located in a technology zone and that was certified by Commerce would be

eligible to claim the technology zones tax credit that would be created under the bill that would equal the sum of the following: (a) the amount of real and personal property taxes that the business paid during the tax year; (b) the amount of state income and franchise taxes that the business paid during the tax year; and (c) the amount of state, county and special district sales and use taxes that the business paid during the tax year.

The maximum amount of tax credits that could be claimed in a technology zone would be $5 million. Credits that were not entirely used to offset income or franchise taxes in the current year could be carried forward up to 15 years to offset future tax liabilities.

Commerce would also be required to designate a technology zone in the City of Marshfield.

In addition, an agricultural development zone program would be created. Under the program, Commerce would be required to designate two agricultural development zones located in rural municipalities and that could exist for 10 years. A rural municipality would be: (a) a city, town or village that is located in a county with a population density of less than 150 persons per square mile; or (b) a city, town or village with a population of 6,000 or less. New or expanding agricultural businesses in a zone could claim the following tax credits under the state individual and corporate income and franchise taxes: (a) a development zones capital investment credit equal to 3% of the purchase price of depreciable real and tangible personal property primarily used in the zone and 3% of the amount expended to acquire, construct, rehabilitate, remodel or repair real property in the zone (this credit would be provided in the Milwaukee and Beloit development opportunity zones); and (b) the development zones jobs and environmental remediation credit. Unused tax credits could be carried forward up to 15 years to offset future tax liabilities. The maximum amount of credits that could be claimed by agricultural businesses in a zone would be $5 million and the tax credits would first apply to tax years beginning on or after January 1, 2003. The Department of Commerce would administer the program. Since the tax credits would first apply to tax years beginning on or after January 1, 2003, there would be no fiscal effect in the current biennium. However, it is estimated that the $10 million in authorized tax credits would be claimed beginning in the 2003-05 biennium.

Conference Committee/Legislature: Adopt Assembly provisions with the following modifications:

a. Limit the total number of technology zones that could be created to eight;

b. Require that Commerce could not create a technology or agricultural development zone without the approval of the Joint Committee on Finance;

c. Require that an agricultural development zone be authorized as specified under the Assembly provisions;

d. Include a technical amendment to clarify that noncorporate businesses could claim the technology zones and agricultural development zones tax credits;

e. Delete the provision that would require Commerce to designate a technology zone in the City of Marshfield.

Veto by Governor [B-12]: Delete the requirement that the Joint Committee on Finance must approve Commerce's designation of a technology or agricultural development zone.

[Act 16 Sections: 2143, 2146, 2146m, 2147k, 2147r thru 2148, 2153, 2157, 2175, 2177, 2177m, 2178k, 2178r thru 2179, 2181, 2182, 2191, 2191m, 2192k, 2192r thru 2193, 2195, 3700, 3700d, 3708m, 3713 and 9344(10),(11z)&(22)]

[Act 16 Vetoed Sections: 3708m and 3713]

23. BELOIT DEVELOPMENT OPPORTUNITY ZONE

Senate/Assembly/Legislature: Require the Department of Commerce to designate an area in the City of Beloit as a development opportunity zone that would exist for seven years. Any corporation that located and conducted economic activity in the zone would be eligible to claim the development zone tax credit and a development zone capital investment credit and the maximum amount of tax credits that could be claimed by businesses in the zone would be $4,700,000.

In order to claim tax credits, a corporation that conducts or intends to conduct economic activity in the Beloit development opportunity zone would have to submit a project plan to the Department of Commerce, in conjunction with the Common Council. Commerce would be authorized to revoke the entitlement for tax credits of a corporation that: (a) supplied false or misleading information to obtain the tax benefits; (b) left the zone to conduct substantially the same business outside the development opportunity zone; or (c) ceased operations in the zone and did not renew the same or similar operations within 12 months. DOR would have to be notified within 30 days of a revocation.

Commerce would be required to estimate the amount of revenue that would be forgone due to tax credits claimed by businesses in the development opportunity zone. The zone would expire 90 days after the day on which the Department of Commerce determined that the amount of forgone revenue equaled or exceeded the tax credit limit. Commerce would notify the Common Council of any change in the expiration date and notify the Department of Revenue of corporations entitled to claim the tax credits and to verify information submitted by claimants.

Based on information provided by the City of Beloit concerning the timing of investments in the proposed development opportunity zone, it is estimated that there would be a minimal fiscal effect during the 2001-03 biennium. However, it is anticipated that the $4.7 million in tax credits would likely be claimed in the 2003-05 biennium.

[Act 16 Sections: 2143, 2146, 2147k, 2147m, 2147r, 2147t, 2152, 2157, 2175, 2176, 2176m, 2177, 2178k, 2178m, 2180, 2190p, 2191, 2192k, 2192m, 2194, 2203, 2248, 3700, 3701m, 3702, 3703, 3703p, 3704, 3704e thru 3708 and 9344(9),(10)&(11z)]

24. MINORITY BUSINESS CERTIFICATION PROGRAM

Senate/Legislature: Require statewide uniform certification of minority businesses through the Department of Commerce. Commerce would be authorized to prescribe application forms by rule, but could not require applicants to file a copy of their tax return to certify income. All local governmental and county municipal ordinances regarding minority business certification would be required to conform with state certification rules and laws.

Under current law, Commerce certifies firms for eligibility to participate in the state's minority business bid preference program. A minority-owned business (sole proprietorship, partnership, corporation or joint venture) must meet the following criteria: (a) belong to a minority group including Native American, Black, Hispanic, Asian Indian, Asian Pacific, Aleut, Eskimo, or Native Hawaiian; (b) be at least 51% owned, controlled and actively managed by minority group members; (c) serve a useful business function and have customers other than the state of Wisconsin; and (d) the business must be at least one year old under the current ownership. In order to be certified, the business must complete an application for certification, provide documentation of ethnic status, and provide financial records and other information.

Veto by Governor [B-11]: Delete these provisions. In his veto message, the Governor indicated he would request the Departments of Commerce and Administration to conduct a thorough review of the process of minority certification and propose a uniform certification process in the next biennial budget. The plan should consider all affected minority groups including businesses, minority organizations and federal, state and local governments.

[Act 16 Vetoed Sections: 321j, 1111j, 1346t, 1372i, 1406w, 2001r, 2002m, 2003t, 2003vp, 2003vq, 2003wm, 2003wq, 2026k, 2307h, 2307i, 2307j, 2307ji, 2744m, 2760m, 3020h, 3020i, 3020j, 3020k, 3035x, 3037p, 3037q, 3037r, 3095j, 3097e, 3098v, 3141d, 3619sd, 3619sg, 3619sj, 3619sm, 3619sp and 3710j]

25. HERITAGE TRUST PROGRAM

Senate: Create a Heritage Trust Program administered by the Department of Commerce. Commerce would be provided $10 million in general obligation bonding authority and be authorized to expend $1 million per year for ten years for grants to local governmental units for preservation of historic buildings and properties owned by the governmental unit beginning with state fiscal year 2003-04. A GPR sum sufficient appropriation would be created for the principal and interest costs incurred in financing Heritage Trust grants.

Further, provide $1,000,000 GPR in a sum sufficient appropriation beginning in fiscal year 2003-04. Commerce could award up to $500,000 in grants to nonprofit organizations for historic

preservation. Grant recipients would be required to provide matching funds of 25%, unless Commerce decided to require a higher amount. The State Historical Society would determine the eligibility of historic preservation projects using federal standards for rehabilitation. Commerce would be authorized to promulgate rules to administer the program. The remaining $500,000 GPR would be used to match equal private contributions to the Heritage Trust.

Monies in the Trust would constitute an endowment fund that would provide grants to nonprofit organizations for historic preservation beginning on July 1, 2012 from a GPR sum sufficient appropriation. State funding that was not matched during a fiscal year would be carried over to the next fiscal year to fund local government and nonprofit organization grants.

Conference Committee/Legislature: Delete provision.

26. COMMUNITY DEVELOPMENT BLOCK GRANT TO WESTBY FIRE DEPARTMENT

Senate/Legislature: Require Commerce to make a community development block grant-public facilities grant of $260,000 by June 30, 2003, to the Westby Fire Department, if the fire department is denied a federal FEMA fire grant. Commerce would be required to enter into an agreement with the Westby Fire Department that specified the uses for the grant proceeds and reporting and auditing requirements.

Veto by Governor [B-20]: Delete provision.

[Act 16 Vetoed Section: 9110(10d)]

27. LEGISLATIVE REVIEW OF ECONOMIC DEVELOPMENT ENTITIES

Assembly: Require all private and nonprofit entities that receive permanent base level funding from the Department of Commerce to appear before and report to the appropriate standing committees of the Legislature to justify the permanent funding. Commerce would be required to advise the standing committees of the entities subject to the requirements and would also be required to notify those entities of the requirement.

Conference Committee/Legislature: Delete provision.

28. REPORT ON OFFICE OF ECONOMIC STRATEGY

Assembly/Legislature: Require the Department of Commerce, by July 1, 2002, to submit a report to the appropriate standing committees of the Legislature on a plan to create an office of economic strategy for coordinating all state government efforts and activities related to economic development.

Veto by Governor [B-22]: Delete provision.

[Act 16 Vetoed Section: 9110(8z)]

29. STRUCTURAL GRANT PROGRAM FOR RURAL FIRE DEPARTMENTS

Assembly: Authorize DNR to create a grant program that would provide grants to fire departments that are considered "first responders" in areas with a population below 6,000, and who have entered into mutual aid agreements for structural fire protection with neighboring fire departments. Grants would be awarded for up to 50% of the cost of equipment used to fight structural fires. Eligible grant uses would include all of the following: (a) personal protective equipment (including protective clothing, breathing apparatuses, and personal alert safety systems); (b) communication equipment (including radios, base stations, and pagers); (c) suppression tools (including pumps, hoses, dry hydrants, and tool trailers); (d) supplies related to fire prevention (including posters, handouts, and smoke detectors); and (e) training related to structural fires (including equipment, materials, and structural training towers). Ineligible grant expenditures would include buildings, vehicles, search and rescue or emergency medical equipment, or equipment or materials that would be used exclusively for the suppression of forest fires. A total of $320,000 SEG annually from the forestry account would be provided to fund the grant program and $30,000 SEG annually and 1.0 position from the forestry account would be provided to administer the grant program.

Conference Committee/Legislature: Authorize Commerce to create a grant program that would provide grants to fire departments that are considered "first responders" in areas with a population below 6,000, and who have entered into mutual aid agreements for structural fire protection with neighboring fire departments. Grants would be awarded for up to 50% of the cost of equipment used to fight structural fires. Eligible grant uses would include all of the following to the extent allowable by federal law: (a) personal protective equipment (including protective clothing, breathing apparatuses, and personal alert safety systems); (b) communication equipment (including radios, base stations, and pagers); (c) suppression tools (including pumps, hoses, dry hydrants, and tool trailers); (d) supplies related to fire prevention (including posters, handouts, and smoke detectors); and (e) training related to structural fires (including equipment, materials, and structural training towers). Ineligible grant expenditures would include buildings, vehicles, search and rescue or emergency medical equipment, or equipment or materials that would be used exclusively for the suppression of forest fires. Designate up to $250,000 annually be allocated from the Commerce federal small cities community development block grant (CDBG) program to fund the fire suppression grant program.

Veto by Governor [B-23]: Delete provision.

[Act 16 Vetoed Section: 3664m]

Building and Environmental Regulation

1. PECFA -- REVENUE OBLIGATION AUTHORITY [LFB Paper 302]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	$100,000,000	- $28,000,000	$72,000,000

Governor: Provide $100,000,000 in revenue obligation authority for the petroleum environmental cleanup fund award (PECFA) program, to increase revenue obligation authority under the program from $270 million to $370 million. The PECFA program reimburses owners for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. 1999 Act 9 authorized the Building Commission to issue revenue obligations of up to $270 million in principal amount (typically long-term bonds or short-term notes), to be paid from petroleum inspection fees, to fund the payment of claims under the PECFA program.

Joint Finance/Legislature: Approve $72 million instead of $100 million in additional revenue obligation authority for the PECFA program.

[Act 16 Section: 2485]

2. PECFA AWARDS [LFB Paper 302]

SEG	- $45,263,400

Joint Finance/Legislature: Decrease the PECFA awards appropriation by $19,131,700 SEG in 2001-02 to provide $75,000,000 and by $26,131,700 SEG in 2002-03 to provide $68,000,000 to reflect the reduction in amounts available for awards due to allocation of petroleum inspection funds to revenue obligation bond debt service.

3. PECFA STAFF [LFB Paper 303]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$605,100	4.00	$0	0.00	$605,100	4.00
PR	131,300	3.00	- 1,267,800	- 12.00	- 1,136,500	- 9.00
Total	$736,400	7.00	- $1,267,800	- 12.00	- $531,400	- 5.00

Governor: Provide $276,500 SEG in 2001-02 with 3.0 SEG positions from the petroleum inspection fund and $328,600 SEG and $131,300 PR in 2002-03 with 4.0 SEG positions and 3.0 PR positions for staff changes in the Petroleum Environmental Cleanup Fund Award (PECFA) program.

a. Provide $44,400 SEG in 2002-03 with 1.0 SEG project position to extend an attorney position to four years and extend the expiration date from September 1, 2002, to September 1, 2004. The position would work on PECFA appeals and other PECFA-related legal matters.

b. Provide $49,000 SEG in 2001-02 and $56,700 SEG in 2002-03 for 1.0 two-year project attorney position. The position would work on PECFA appeals and other PECFA-related legal matters. (A four-year project attorney position expires on January 13, 2002 and is deleted under standard budget adjustments.)

c. Provide $131,300 PR in 2002-03 to convert 3.0 project hydrogeologist positions to permanent for administration of cleanup provisions at PECFA sites. Program revenue for the positions comes from a federal Leaking Underground Storage Tank program grant received through an interagency agreement with the DNR. On May 3, 2000, the Joint Committee on Finance approved 3.0 PR, two-year project positions. The current two-year project positions expire on July 1, 2002.

d. Provide $82,500 SEG annually to convert the funding source for 2.0 PR project claim review positions that expire July 1, 2001, from program revenue in the safety and buildings general operations appropriation to SEG petroleum inspection fund and to extend the expiration date of the project positions by two years to July 1, 2003. On May 3, 2000, the Joint Committee on Finance approved 2.0 PR one-year project positions funded from petroleum tank review and inspection fees in the safety and buildings general operations appropriation and deleted 2.0 PR project positions under the appropriation for petroleum storage remedial action fees.

e. Provide $145,000 SEG annually to pay for contractual services with the Department of Justice for two special investigators to investigate fraud under the program.

Joint Finance/Legislature: Approve the Governor's recommendation as modified to: (a) provide the new project attorney with a four-year, instead of a two-year, term; and (b) delete $612,100 PR in 2001-02 and $655,700 PR in 2002-03 with 12.0 PR positions to reflect that ongoing funding for the positions will be provided through a direct federal LUST grant to Commerce instead of through an interagency agreement with DNR.

4. PECFA -- HIGH-COST SITES [LFB Paper 304]

Governor: Make changes related to Commerce and DNR administration of cleanup at "high-cost" PECFA sites and the responsibility of the two departments to ensure completion of cleanup at these sites. Currently, DNR administers remedial actions and completion of cleanup at high-risk petroleum storage tank discharge sites. Commerce administers remedial actions and completion of cleanup at low- and medium-risk petroleum storage tank discharge sites.

Under the bill, a "high-cost site" would mean the site of a discharge of a petroleum product from a petroleum storage tank at which more than $200,000 in eligible PECFA costs

have been incurred. DNR and Commerce, whichever agency has jurisdiction, would be required to oversee the remedial action activities for category one high-cost sites. A "category one high-cost site" would mean a site of a discharge that is a high-cost site on November 30, 2001, for which written approval of the completion of remedial action activities has not been issued on or before that date by DNR or Commerce, whichever agency has jurisdiction. The two Departments would be required to oversee the remedial action activities at these sites in a manner that remedial action activities are completed for at least 15% of those sites in each 12-month period and that remedial action activities are completed at all category one high-cost sites no later than December 1, 2006, or 10 years after the site investigation is completed, whichever is later.

Commerce would be required to oversee the remedial action activities for category 2 high-cost sites. A "category 2 high-cost site" would mean a site of a discharge that becomes a high-cost site after November 30, 2001, if either more than $400,000 in eligible PECFA costs have been incurred or remedial action activities have not been completed within seven years after the site investigation is completed. This means that sites classified as category 2 high-cost sites under the bill that are currently high-risk sites under the jurisdiction of DNR would be transferred to Commerce. Under the bill, Commerce would be required to administer the remedial action activities at category 2 high-cost sites so that remedial action activities are completed within three years after the site becomes a category 2 high-cost site.

The requirement that DNR and Commerce administer the remedial action activities at PECFA sites so that remediation is completed within a certain period of time would not apply to a PECFA claimant that: (a) is a local government, if federal or state financial assistance other than from PECFA, has been provided for that expansion or redevelopment; or (b) is engaged in the expansion or redevelopment of brownfields, if federal or state assistance other than PECFA, has been provided for that expansion or redevelopment.

Joint Finance/Legislature: Delete provision.

5. PECFA -- INTEREST COST REIMBURSEMENT [LFB Paper 305]

Governor: Limit PECFA program reimbursement for interest costs associated with loans for remediation under certain situations. Currently, the maximum reimbursable interest costs are 1% above the prime rate for loans secured on or after October 17, 1997, and before November 1, 1999. Currently, for loans secured on or after November 1, 1999, reimbursement for interest costs is limited based on the applicant's gross revenues in the most recent tax year as follows: (a) if gross revenues are up to $25 million, interest reimbursement is limited to the prime rate minus 1%; and (b) if gross revenues are over $25 million, interest reimbursement is limited to 4%.

Under the bill, interest cost reimbursement would be limited as follows: (a) if an applicant submits the final PECFA claim for reimbursement of cleanup costs under the program later than the 60th day after completing all remedial action activities, the applicant is ineligible for

reimbursement for interest costs incurred after that day; (b) if cleanup activities are not completed within 10 years (the first day of the 121st month) after the investigation of the petroleum storage tank discharge was completed, the applicant is ineligible for reimbursement for interest costs incurred after the 10-year period; and (c) if the site investigation was completed more than five years (the first day of the 61st month) after the applicant notified Commerce or DNR about the discharge or more than two years (the first day of the 25th month) after the effective date of the bill, whichever is later, the applicant is ineligible for reimbursement for interest costs incurred after the later of those periods. For a category one high-cost site, if the first day of the 121st month after completion of the investigation is before December 1, 2006, interest costs incurred after December 1, 2006 are ineligible costs.

The interest cost reimbursement limits under the bill would not apply to: (a) local government applicants who receive federal or state financial assistance other than PECFA for the expansion or redevelopment; and (b) applicants engaged in the expansion or redevelopment of brownfields, if federal or state financial assistance other than PECFA was provided for the expansion or redevelopment. Brownfields would be defined the same as under the Commerce brownfields grant program to mean abandoned, idle or underused industrial or commercial facilities or sites, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination.

Joint Finance/Legislature: Modify the Governor's recommendation as follows:

a. Provide an applicant with 120 days, rather than 60 days, to submit a PECFA claim for reimbursement of cleanup costs before becoming ineligible for interest cost reimbursement after that date. Specify that if an applicant received written notification that no further action is necessary before the effective date of the bill, he or she would have 120 days after the effective date of the bill to submit a final claim before becoming ineligible for interest cost reimbursement after that date.

b. Delete the Governor's recommendation that would have provided that: (1) if the remedial action activities were completed more than 10 years after the investigation was completed, the applicant is ineligible for reimbursement for interest costs incurred after the 10-year period; and (2) category one high-cost sites that incur more than $200,000 in eligible PECFA costs on November 30, 2001, would have until the later of 10 years after the investigation or December 1, 2006, to complete the cleanup before losing interest cost reimbursement.

c. Change the maximum reimbursable interest cost reimbursement for loans secured on or after the effective date of the bill to the prime rate minus 1%, instead of limiting applicants with gross revenues of over $25 million to interest cost reimbursement of 4%.

Veto by Governor [B-13]: Delete the change in the maximum reimbursable interest cost reimbursement to maintain the current requirement that applicants with gross revenues of greater than $25,000,000 in the previous tax year would be reimbursed for interest costs of 4%.

[Act 16 Sections: 2470 and 2471]

[Act 16 Vetoed Sections: 2470p, 2470r and 9310(1x)]

6. PECFA -- FARM TANK ELIGIBILITY [LFB Paper 306]

Governor: Modify PECFA eligibility for certain farm tanks. Currently farm petroleum product storage tanks of 1,100 gallons or less capacity are eligible under PECFA if the owner or operator owns at least 35 acres of contiguous land devoted primarily to agricultural use that produced gross farm profits of at least $6,000 in the year before the owner or operator submits a claim for PECFA reimbursement or gross farm profits of at least $18,000 during the three years before application, and if the owner or operator received a letter from DNR or Commerce indicating that the owner must conduct a cleanup. The bill would make the following changes: (a) an owner or operator who formerly owned at least 35 acres of contiguous land devoted primarily to agricultural use would be eligible to submit a PECFA claim if the owner or operator submits a PECFA claim within one year after he or she transferred ownership of the land, and the land produced gross farm profits of at least $6,000 in the year before the owner or operator transferred ownership or gross farm profits of at least $18,000 during the three years before the transfer of ownership; and (b) the current or former owner or operator of the farm tank, whichever is applying for PECFA reimbursement under the bill, is eligible only if the farm tank is located on the parcel that meets the gross profits eligibility test.

Joint Finance/Legislature: Modify the Governor's recommendation to allow an owner or operator who formerly owned a PECFA-eligible farm tank to submit a PECFA claim at any time after he or she transferred ownership of the land, if the land meets other program criteria, including the acreage test and the gross farm profits test on the date of the initial notification of the discharge.

[Act 16 Sections: 2464f, 2469 and 2472 thru 2482]

7. PECFA -- APPEALS PROCESS

Joint Finance/Legislature: Modify the PECFA appeals process as follows: (a) modify the current provision that allows a person to choose arbitration rather than an administrative hearing for an appeal of a decision of Commerce related to PECFA if the amount at issue would be $100,000 or less (instead of $20,000 or less currently); (b) direct Commerce to submit permanent administrative rules to the Legislature under s. 227.19 no later than May 1, 2002, to implement the voluntary arbitration provision; and (c) direct Commerce to submit to the Joint

Committee on Finance no later than March 1, 2002, recommendations for a process for mediating disputes over the Department's decisions related to PECFA.

Veto by Governor [B-14]: Delete the requirements that would have: (a) directed Commerce to submit administrative rules to the Legislature by May 1, 2002, to implement the current voluntary arbitration process; and (b) directed Commerce to submit to the Joint Committee on Finance no later than March 1, 2002, recommendations for a process for mediating disputes over the Department's decisions related to PECFA.

[Act 16 Section: 2483k]

[Act 16 Vetoed Sections: 9110(2x)&(2y)]

8. PECFA -- ANNUAL PROGRESS PAYMENTS

Joint Finance/Legislature: Allow an owner or operator to submit a claim annually if the owner or operator has incurred $50,000 or more in unreimbursed eligible PECFA costs and at least one year has elapsed since submission of the last claim.

[Act 16 Sections: 2468p and 2468r]

9. PETROLEUM TANK PLAN REVIEW FEES

PR-REV	- $2,035,300
SEG-REV	2,035,300

Governor/Legislature: Deposit fees collected since July 1, 1996, for petroleum tank plan review and installation inspection in the segregated petroleum inspection fund instead of in the safety and buildings program revenue general operations appropriation. This would result in a decrease of approximately $2,035,300 in safety and buildings program revenue during the 2001-03 biennium and a corresponding revenue increase in the petroleum inspection fund. The bill would include the following components: (a) transfer $1,280,641 from the safety and buildings program revenue appropriation to the petroleum inspection fund (the amount of tank fees collected between July 1, 1996 and June 30, 2000); (b) transfer the amount of tank fees collected between July 1, 2000, and the effective date of the bill, less the costs encumbered during that period for two PECFA program specialists from the safety and buildings program revenue appropriation to the petroleum inspection fund (estimated at $174,900 in 2000-01 revenues after deduction of the staff costs approved by the Joint Committee on Finance in May, 2000, under s. 16.505/515); and (c) deposit of tank fees in the petroleum inspection fund after the effective date of the bill (estimated at $289,900 annually beginning in 2001-02). Petroleum tank plan review and inspection revenues collected prior to 1995-96 were transferred to the petroleum inspection fund. Staff who perform tank plan reviews and installation inspections were transferred in the 1993-95 biennial budget act from the safety and buildings appropriation to a new SEG petroleum inspection appropriation. Due to an oversight, petroleum tank plan review and installation inspection revenues collected since July

1, 1996, continue to be deposited in the safety and buildings appropriation instead of the petroleum inspection fund.

[Act 16 Sections: 1129, 2449, 2490, 9101(1) and 9210(1)]

10. GROUNDWATER MONITORING NEAR ONSITE WASTEWATER TREATMENT SYSTEMS [LFB Paper 307]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$500,000	- $150,000	$350,000

Governor: Provide $250,000 PR annually in one-time funding in unallotted reserve for the Safety and Buildings Division to conduct a monitoring program to provide information about the long-term performance of private on-site wastewater treatment systems and long-term compliance with groundwater standards. Program revenue would be provided from building and private sewage system plan review and inspection activities. The Governor's Executive Budget Book indicates that funds would be released from unalloted reserve by DOA following development of a monitoring plan by Commerce. Commerce indicates that it would work with a technical advisory committee to develop the monitoring program. The Department indicates that possible types of monitoring costs might be: (a) testing of drinking water wells at $50 per test; and (b) sampling of soil cores at private on-site wastewater treatment systems at $4,000 to $4,500 per site.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified, to provide $175,000 annually on a one-time basis instead of $250,000 annually.

11. TRANSFER CODE CONSULTANT SECTION TO ADMINISTRATIVE SERVICES DIVISION [LFB Paper 308]

	Funding	Positions
SEG	$34,600	- 0.50
PR	854,800	0.50
Total	$889,400	0.00

Governor: Transfer $547,500 PR and 6.0 PR code consultant positions annually from the Safety and Buildings Division to the Administrative Services Division. The positions perform activities related to administrative rule development such as for building, electrical, elevator, plumbing, private sewage system, one- and two-family dwelling, manufactured building and multifamily dwelling codes. The Administrative Services Division performs agencywide activities.

Joint Finance/Legislature: Modify the Governor's recommendation to delete $517,500 PR annually and 5.5 PR positions from the Safety and Buildings Division and $38,300 SEG annually and 0.5 SEG position from the petroleum inspection operations appropriation and provide $555,800 PR annually and 6.0 PR positions to the Administrative Services Division (ASD). In

addition, provide $389,100 PR annually in the Safety and Buildings general program operations appropriation and $55,600 SEG annually in the petroleum inspection general program operations appropriation to pay ASD charges for the positions.

12. TRANSFER MOBILE HOME PARK WATER AND SEWER REGULATION FROM PUBLIC SERVICE COMMISSION [LFB Paper 300]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$122,800	1.00	- $15,300	0.00	$107,500	1.00

Governor: Provide $61,400 and 1.0 position annually and transfer the authority for mobile home park water and sewer regulation from the Public Service Commission (PSC) to Commerce, effective six months (first day of the seventh month) after the effective date of the bill. [See also the entry under "PSC."] Program revenue would be received from an annual assessment against manufactured home park owners or operators. 1999 Act 9 transferred regulation of manufactured homes formerly performed by the Department of Transportation and Department of Administration to Commerce. Prior to and after enactment of 1999 Act 9, Commerce regulated the manufacture and inspection of manufactured homes. The bill includes the following provisions:

a. Direct that Commerce would regulate the provision of water and sewer service to occupants of "manufactured home parks." Currently, the PSC regulates "mobile home parks." The current definition of manufactured home parks would be maintained which includes any plot or plots of ground upon which are located three or more manufactured homes that are occupied for dwelling or sleeping purposes but does not include a farm where the occupants of the manufactured home are the parents, children or siblings of the farm owner or operator or where the occupants of the manufactured homes work on the farm. Currently, the PSC definition of regulated mobile home parks includes any tract of land containing two or more individual plots of land that are rented for the accommodation of a mobile home, and defines mobile home as a manufactured home.

b. Direct that Commerce, instead of the PSC, would promulgate and administer rules that establish standards for water or sewer service that is provided to occupants of a manufactured home park by the park operator or a contractor.

c. Direct that Commerce, instead of the PSC, would annually, within 90 days after the beginning of the fiscal year, assess manufactured home park operators the total amount appropriated for departmental regulation of the provision of water or sewer service to manufactured home parks. The PSC would make the assessment for 2001-02 administrative expenses. After the regulatory functions are transferred from the PSC to Commerce under the bill, Commerce would make the assessment for 2002-03 administrative expenses. Commerce would have the same authority to collect unpaid assessments that the PSC currently has.

d. Provide Commerce with the same enforcement action authority that the PSC currently has.

e. Delete the current authority of the occupants of 25% of the total number of mobile homes in a park or the occupants of 25 such homes, whichever is less, to file a complaint with the PSC. Delete the current authority of the PSC to investigate the complaint. The bill does not create similar authority under Commerce.

f. Transfer from the PSC to Commerce, on the first day of the seventh month after the effective date of the bill, all of the assets and liabilities, tangible personal property, contracts, rules and orders and pending matters related to current PSC regulation of manufactured home parks.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified, to: (a) delete the statutory assessment of fees for regulation of water and sewer service beginning in 2002-03; (b) require that the manufactured home park permit fee cover the cost of regulation of water and sewer service to the parks beginning in 2002-03; (c) delete the creation of a separate Commerce appropriation for receipt of the assessment against manufactured home park owners or operators; (d) fund the provided Commerce position from the Safety and Buildings Division program revenue general program operations appropriation; (e) require the transfer of mobile home park water and sewer regulation from the Public Service Commission to the Department of Commerce on the effective date of the bill; (f) in Commerce, delete $15,300 PR in 2001-02 to provide $46,100 PR for nine months of funding instead of $61,400 PR for 12 months in 2001-02; and (g) direct Commerce to make the assessment for 2001-02 only, within 90 days of the effective date of the transfer.

[Act 16 Sections: 459r, 464, 465b, 2408, 2532 thru 2539, 2540 thru 2541, 2973 thru 2977, 2989 thru 2994, 3002 thru 3007, 3014b thru 3017, 9110(3z), 9142(2) and 9210(3z)]

13. FIRE DUES DISTRIBUTION AMOUNT [LFB Paper 309]

PR	$3,075,000

Joint Finance/Legislature: Provide $1,475,000 PR in 2001-02 and $1,600,000 PR in 2002-03 to reestimate from $7,000,000 to $8,475,000 in 2001-02 and $8,600,000 in 2002-03 the amount available for fire dues distribution to cities, villages and towns that maintain a fire department that complies with state law.

14. FIRE DUES ELIGIBILITY AND RULES

Joint Finance/Legislature: Prohibit Commerce from withholding fire dues distribution payments to ineligible fire departments until the following conditions are met: (a) the Legislative Audit Bureau conducts a performance audit of current Commerce administrative rules related to determination of eligibility for fire dues payments; (b) that based on the results of the audit, the Joint Legislative Audit Committee proposes changes to the current rules related

to the determination of when a fire department is ineligible for fire dues payments; (c) that before Commerce can resume withholding fire dues distribution payments to ineligible fire departments, administrative rule changes must be written in consultation with representatives of the Wisconsin Fire Service and volunteer fire departments; and (d) the rules must be approved by the Joint Legislative Audit Committee before the rule changes go into effect. In addition, specify that when Commerce performs an audit of a fire department's eligibility for fire dues distribution payments, if errors are found, the fire department would have 30 days after the errors are identified to correct the errors. If the fire department corrects the errors within 30 days after they are identified, it would be in compliance with fire dues eligibility requirements.

Veto by Governor [B-26]: Delete provision.

[Act 16 Vetoed Sections: 2490r thru 2497m]

15. RECYCLING MARKET DEVELOPMENT BOARD [LFB Paper 697]

	Funding	Positions
SEG	- $128,600	- 1.00
PR	- 600,000	0.00
Total	- $728,600	- 1.00

Joint Finance: Delete $64,300 SEG annually and 1.0 SEG position from the recycling fund to reduce Recycling Market Development Board staff from two to one. Delete $300,000 PR annually to reestimate the financial assistance PR appropriation to reflect anticipated loan repayment revenues. In addition, delete the statutory requirement that the RMDB provide an annual contract to the statewide materials exchange program that received funding from the RMDB in the 1997-99 biennium.

Senate: Make the following changes in current RMDB requirements:

a. Direct the RMDB to give priority to grants, loans or manufacturing rebates for projects that involve recovered materials that either: (1) constitute a relatively high volume of solid waste generated in the state; or (2) are hazardous to human health or the environment

b. Direct the RMDB to allocate up to $200,000 annually for forgivable loans for projects that have exceptional potential to meet one of the existing four criteria that the RMDB must consider before awarding financial assistance, but that do not comply with the standard criteria established by the RMDB or Commerce to meet their fiduciary responsibilities in managing state resources. Currently, before the RMDB awards a grant, loan or manufacturing rebate, the RMDB is required to consider the extent to which the project: (1) maximizes the marketability of recovered materials on a statewide basis; (2) minimizes the amount of recovered materials disposed of in landfills or burned without energy recovery in incinerators; (3) includes materials that are banned from landfills and that will support community recycling efforts; and (4) maintains present markets or creates new or expanded markets for recovered materials.

c. Direct the RMDB, in consultation with the Council on Recycling, to annually establish a list of materials recovered from solid waste for which it may award financial assistance.

d. Restore the requirement that was deleted under Joint Finance to require that Commerce annually contract for the operation of a statewide materials exchange program that received funding from the RMDB beginning in the 1997-99 biennium. (The RMDB provided $100,000 in each of 1999-00 and 2000-01 to the Business Materials Exchange of Wisconsin.)

In addition, provide $106,300 SEG in 2001-02 and $425,000 SEG in 2002-03 in a biennial appropriation to create a new financial assistance program to be administered by the RMDB. Direct the RMDB to award grants or loans under the program to: (a) develop markets for high-volume industrial waste (defined as fly ash, bottom ash, paper mill sludge or foundry process waste); or (b) assist generators of high-volume industrial waste in marketing of high-volume industrial waste. Before awarding a grant or loan under the program, direct the RMDB to consider whether the project does all of the following: (a) maximizes the marketability of high-volume industrial waste on a statewide basis; (b) minimizes the amount of high-volume industrial waste disposed of in landfills; and (c) maintains present markets or creates new or expanded markets for high-volume industrial waste. Create a continuing program revenue appropriation to receive all repayments of loans made under the program, and authorize the RMDB to use the program revenue appropriation to award grants or loans under the program.

Conference Committee/Legislature: Adopt the Senate provisions "a" through "d" above.

Veto by Governor [B-36]: Delete the requirements that the RMDB: (a) give priority to grants, loans or manufacturing rebates for projects that involve recovered materials that constitute a relatively high volume of solid waste generated in the state or that are hazardous to human health or the environment; (b) annually allocate up to $200,000 annually for forgivable loans for projects that have exceptional potential to meet one of the existing four criteria that the RMDB must consider before awarding financial assistance but that do not comply with the standard criteria established by the RMDB or Department of Commerce for meeting its fiduciary responsibilities in managing state resources; and (c) in consultation with the Council on Recycling, annually establish a list of materials recovered from solid waste for which it may award financial assistance.

[Act 16 Vetoed Sections: 3619k thru 3619s]

16. GUIDELINES RELATING TO OUTDOOR LIGHT FIXTURES

Senate: Make the following changes related to outdoor light fixtures and lamps used in outdoor light fixtures:

a. Require Commerce to promulgate administrative rules establishing voluntary guidelines relating to the design, construction, installation and use of outdoor light fixtures and lamps used in outdoor light fixtures. Require that the guidelines include provisions to achieve

all of the following: (1) improved energy efficiency of outdoor lighting; (2) appropriate light intensity, distribution and color of outdoor lighting; (3) reduced glare; (4) direction of light only to areas that are intended to be illuminated; (5) greater capability of outdoor lighting to provide nighttime security; and (6) reduced interference with the functions of any astronomical observatory.

b. Require Commerce to promulgate administrative rules establishing: (1) standards for determining compliance with the voluntary guidelines promulgated under (a) above and a self-certification process for building owners; and (2) a means of acknowledging the building owners who comply with the voluntary guidelines.

c. Require that Commerce disseminate a summary of the voluntary guidelines and that Commerce urge voluntary compliance with the guidelines.

d. Require Commerce to consult with DOA regarding the outdoor light fixtures and lamps used in outdoor light fixtures for state buildings and facilities.

e. Require DOA to comply with the voluntary guidelines promulgated in Commerce rules to the extent practicable.

f. Notwithstanding the authority that municipalities may exercise jurisdiction over electrical construction and inspection of electrical construction in public buildings and places of employment by passage of ordinances that meet minimum requirements of Commerce rules, authorize a city, village, town or county to enact and enforce standards for outdoor lighting that are similar to, less restrictive or more restrictive than the voluntary guidelines promulgated by Commerce. Authorize a city, village, town or county to apply its standards to outdoor light fixtures and lamps for outdoor light fixtures constructed or installed before the effective date of the local standards.

g. Specify that outdoor lighting may not be found to be a nuisance or trespass if all of the following apply: (1) the outdoor lighting complies with the voluntary guidelines promulgated in Commerce rules; (2) the outdoor lighting meets the requirements for certification under the self-certification process promulgated in Commerce rules; and (3) the outdoor lighting does not present a substantial threat to public health or safety.

Conference Committee/Legislature: Delete provision.

17. CERTIFICATION OF CRANE OPERATORS

Senate/Legislature: Direct Commerce to administer a program for the certification of crane operators that includes the following provisions. The program would be effective on the first day of the 12th month after publication of the bill, except where noted.

a. *Definitions.* Define "crane" as a power-operated hoisting machine that is used in construction, demolition, or excavation work, that has a power-operated winch and load line,

and that has a power-operated boom that moves laterally by the rotation of the machine on a carrier. The definition of crane would not include a forklift, a digger derrick truck, a bucket truck, a boom truck used for sign erection, or a machine with a movable bridge carrying a movable or fixed hoisting mechanism and traveling on an overhead, fixed, runway structure.

b. *Certification requirement.* No person would be allowed to operate a crane with a lifting capacity of 15 tons or more in Wisconsin without a valid crane operator certificate, received from a crane operator certification program authorized by Commerce. This requirement would not apply to any of the following: (1) an individual who is receiving training as a crane operator, if the individual is under the direct supervision of a certified crane operator; (2) an individual who is a member of a uniformed service or who is a member of the U.S. Merchant Marine, if the individual is performing work for the uniformed service of which the individual is a member or for the U.S. Merchant Marine, respectively; (3) an individual who is operating a crane for personal use on a premises that is owned or leased by the individual; (4) an individual who is operating a crane in an attempt to remedy an emergency; (5) an individual who is an employee or subcontractor of a public utility, a cooperative association organized for the purpose of producing or furnishing heat, light, power, or water to its members only, a telecommunications carrier, a commercial mobile radio service provider, or an alternative telecommunications utility, and who is operating a crane within the scope of his or her employment or contract; (6) an individual who is operating a crane in the construction, operation, or maintenance of an electric substation; and (7) an individual who is affected by a collective bargaining agreement that contains provisions that are inconsistent with the certification requirements. No employer may permit an employee to perform work in violation of the certification requirements. No person who is under a contract to construct an improvement to land may permit an agent of the person, or an independent contractor under contract with the person, to perform work on the improvement in violation of the certification requirements.

c. *Certification programs.* Commerce would be required to administer a program under which the Department authorizes crane operator certification programs to grant certificates that satisfy the certification requirements. Commerce could authorize a crane operator certification program only if all of the following are satisfied: (1) the program requires an individual who is applying for a certificate to satisfactorily complete a written examination regarding safe crane operation; (2) the program requires an individual who is applying for a certificate to meet physical standards necessary for safe crane operation, consistent with any national standard that the Department determines is appropriate; (3) the program requires an individual who is applying for a certificate to satisfactorily complete a practical examination regarding safe crane operation, unless the individual is applying for recertification and provides sufficient evidence that the individual has safely completed at least 1,000 hours of crane operation during the five–year period before the date of the application for recertification; (4) the program is consistent with any applicable certification and recertification requirements established by the federal Occupational Safety and Health Administration (OSHA) and, to the extent feasible, the National Commission for the Certification of Crane Operators; and (5) the

program issues a crane operator certificate that has a term of five years. Commerce would be required to maintain a list of crane operator certification programs authorized by the department.

d. *Fees.* Authorize Commerce to assess and collect fees to equal the cost of authorizing crane operator certification programs. Any fees collected would be deposited in the safety and buildings general program operations appropriation.

e. *Rules.* Direct Commerce to promulgate rules to administer the crane operator certification program. No later than the first day of the 9th month beginning after the effective date of the biennial budget act, Commerce would be required to submit proposed administrative rules governing certified crane operator programs and associated fees, to the Legislative Council staff under section 227.15 (1) of the statutes.

f. *Federal Approval.* Direct Commerce to submit to the federal Secretary of Labor a plan for the certification of crane operators, if required to do so under federal regulation. Commerce would be required to request the federal secretary of labor to approve the plan. The plan submitted by the Department would have to be consistent with all of the provisions of this section. If no approval is required under federal regulations or if an approval that is consistent with all of the provisions of this section is granted and in effect, Commerce would be required to implement the crane certification program. If approval is required under federal regulations, Commerce would not be allowed to implement the program unless an approval that is consistent with all of the provisions of the statutes is granted and in effect. The certification requirement would not apply if approval of the Department's plan for the certification of crane operators is required under federal code but is not granted and in effect. No later than the first day of the third month beginning after the effective date of the biennial budget act, Commerce would be required to submit the plan to the federal Secretary of Labor, if required to do so under federal code.

g. *Penalties.* Any person who violates the certification requirements may be fined not more than $500 or imprisoned for not more than three months or both.

h. *Short-term crane operator certification.* Notwithstanding the requirements for components of certification programs, and except as otherwise provided under the crane operator certification program, Commerce could authorize a crane operator certification program only if a crane operator certificate issued by the program within the first year after the effective date of the crane operator certification program requirements (meaning within two years after the effective date of the biennial budget act) expires on the first day of the 12th month beginning after the effective date of the requirements. This provision would not apply to a crane operator certificate issued to an individual who satisfactorily completes a practical examination regarding safe crane operation that is approved by Commerce.

Veto by Governor [B-25]: Delete provision.

[Act 16 Vetoed Sections: 2447x, 2490b, 2490f, 9110(9q),(9qq)&(9qr), 9310(2q) and 9410(2q)]

18. CERTIFICATION OF IRONWORKERS

Senate: Direct Commerce to administer a program for the certification of ironworkers that includes the following provisions. The program would be effective on the first day of the 12th month after publication of the bill, except where noted.

a. *Definitions.* Define "ironworker" as an individual who does any of the following: (1) raises, places, or unites girders, columns, and other structural steel members; (2) positions and secures reinforcing rods or post tensioning cables during on–site construction of buildings or bridges; (3) installs prefabricated, ornamental metalwork; or (4) erects precast girders during on–site construction of bridges.

b. *Certification requirement.* No person would be allowed to perform work as an ironworker in Wisconsin without a master ironworker or journeyman ironworker certificate received from Commerce. An individual with a master ironworker or journeyman ironworker certificate would be required to perform work consistent with rules promulgated by Commerce. This requirement would not apply to any of the following: (1) an individual who is receiving training as an ironworker, if the individual is under the direct supervision of an ironworker who holds a valid master ironworker certificate received from Commerce; (2) an individual who is enrolled in and performing tasks that are within the scope of an ironworker apprenticeship program that is approved by Commerce and the Department of Workforce Development; (3) an individual who is a member of a uniformed service or who is a member of the U.S. Merchant Marine, if the individual is performing work for the uniformed service of which the individual is a member or for the U.S. Merchant Marine, respectively; (4) an individual who is performing ironwork on a premises that is owned or leased by the individual; (5) an individual who is performing ironwork in an attempt to remedy an emergency; (6) an individual who is performing ironwork within the scope of his or her employment, if the individual is employed to do primarily any of the following: (a) install, assemble, construct, or repair electrical work; (b) install, adjust, repair, or dismantle fire protection and fire control systems; (c) erect, install, or repair transmission poles, fabricated metal transmission towers, outdoor substations, switch racks, or similar electrical structures, electric cables, and related auxiliary equipment for high–voltage transmission and distribution power lines that are used to conduct energy between generating stations, substations, and consumers; (d) install, repair, alter, or recondition gas distribution pipeline; (e) install or repair residential potable water lines, gravity waste disposal systems inside curb or fence lines, plumbing fixtures, and plumbing appliances such as dishwashers and water heaters; and (f) lay out, assemble, install, or maintain pipe systems, pipe supports, and related hydraulic and pneumatic equipment for steam, hot water, heating, cooling, lubricating, or industrial production and processing systems; and (7) an individual who is affected by a collective bargaining agreement that contains provisions that are inconsistent with the certification requirements. No employer may permit an employee to

perform work in violation of the certification requirements. No person who is under a contract to construct an improvement to land may permit an agent of the person, or an independent contractor under contract with the person, to perform work on the improvement in violation of the certification requirements.

c. *Certification programs.* Commerce would be required to administer a program for the certification of master ironworkers and journeymen ironworkers. A master ironworker certificate or journeyman ironworker certificate issued by the Department would have a term of 5 years. Commerce could certify an individual as a master ironworker only if all of the following apply: (1) the individual satisfactorily complete a written examination regarding ironworking, unless the individual applies for recertification and provides sufficient evidence that the individual has safely completed at least 5,000 hours of work as a master ironworker or journeyman ironworker during the five–year period before the date of the application for recertification and has successfully completed at least 30 hours of training approved by the department during the five–year period before the date of the application for recertification; and (2) the individual holds a valid journeyman ironworker certificate for at least one year before the date of the individual's application for certification as a master ironworker, unless the individual has successfully completed an ironworker apprenticeship program that is approved by Commerce and the Department of Workforce Development.

Commerce would be allowed to certify an individual as a journeyman ironworker only if all of the following apply: (1) the individual satisfactorily completes a written examination regarding ironworking, unless the individual applies for recertification and provides sufficient evidence that the individual has safely completed at least 5,000 hours of work as a journeyman ironworker during the five–year period before the date of the application for recertification and has successfully completed at least 15 hours of training approved by the department during the five–year period before the date of the application for recertification; (2) the individual successfully completes an ironworker apprenticeship program that is approved by Commerce and the Department of Workforce Development, or safely completes at least 8,000 hours of work in the ironworking trade, before the date of the individual's application for certification as a journeyman ironworker.

d. *Ironworker Ratios.* An "apprentice ironworker" would mean an individual who is enrolled in an ironworker apprenticeship program that is approved by Commerce and by the Department of Workforce Development. A "master ironworker" would mean an individual who is certified as a master ironworker by Commerce. Commerce would be required to promulgate rules specifying a minimum number of master ironworkers that are required to provide work at a construction site, and a maximum number of apprentice ironworkers and individuals training as ironworkers that are permitted to provide work at a construction site, in order to provide for the safety of individuals at the construction site. The Department could vary the minimum and maximum numbers established under the rules based upon the type of work being performed at the construction site. The rules would not apply to an individual who is affected by a collective bargaining agreement that contains provisions that are inconsistent with the rules.

e. *Fees.* Authorize Commerce to assess and collect fees to equal the cost of certifying master ironworkers and journeymen ironworkers. Any fees collected would be deposited in the safety and buildings general program operations appropriation.

f. *Rules.* Direct Commerce to promulgate rules to administer the ironworker certification program. The rules would be required to specify the tasks related to ironworking that an individual certified as a master ironworker may perform and that an individual certified as a journeyman ironworker may perform. To the extent feasible, the rules would have to be consistent with national standards applicable to ironworkers. Commerce would have to promulgate any rules with regard to approved ironworker apprenticeship programs in consultation with the Department of Workforce Development.

No later than the first day of the 9th month beginning after the effective date of the biennial budget act, Commerce would be required to submit proposed administrative rules governing master ironworkers, journeymen ironworkers, ironworker apprentices and individuals training as ironworkers, and associated fees, to the Legislative Council staff under section 227.15 (1) of the statutes.

g. *Federal Approval.* Direct Commerce to submit to the federal Secretary of Labor a plan for the certification of ironworkers, if required to do so under federal regulation. Commerce would be required to request the federal secretary of labor to approve the plan. The plan submitted by the Department would have to be consistent with all of the provisions of this section. If no approval is required under federal regulations or if an approval that is consistent with all of the provisions of this section is granted and in effect, Commerce would be required to implement the ironworker certification program. If approval is required under federal regulations, Commerce would not be allowed to implement the program unless an approval that is consistent with all of the provisions of the statutes is granted and in effect. The certification requirement would not apply if approval of the Department's plan for the certification of ironworkers is required under federal code but is not granted and in effect.

Commerce would be required to submit to the federal Secretary of Labor a plan for enforcing the minimum and maximum numbers of ironworkers established in the ironworker ratio section, if required to do so under federal code, and would be required to request the federal Secretary of Labor to approve the plan. The plan submitted by Commerce would have to be consistent with all of the provisions of the state program. If no approval is required under Federal code or if an approval that is consistent with all of the provisions of the state program is granted and in effect, the department shall promulgate and enforce the rules required under state statutes. If approval is required under federal code, the Department may not promulgate or enforce the required rules unless an approval that is consistent with all of the provisions of state statutes is granted and in effect.

No later than the first day of the third month beginning after the effective date of the biennial budget act, Commerce would be required to submit the two plans to the federal Secretary of Labor, if required to do so under federal code.

h. *Certification of certain existing ironworkers.* Except as provided in definitions of Commerce licenses and notwithstanding the ironworker certification requirements, if approval of the Department's plan to certify ironworkers is not required under federal code or if an approval that is consistent with all of the provisions of the certification program is granted and in effect, the Department would be required to certify as a master ironworker any individual who applies for a master ironworker certification within two years after the effective date of the bill and who provides the Department with sufficient evidence that the individual safely completed at least 15,000 hours of work in the ironworking trade during the 15–year period before the date of the application for certification. In addition, the Department would be required to certify as a journeyman ironworker any individual who applies for a journeyman ironworker certification within two years after the effective date of the bill and who provides the Department with sufficient evidence of any of the following: (1) that the individual, before the date of the application for certification, successfully completed an apprenticeship program for ironworking that is approved by the Department of Workforce Development; and (2) that the individual safely completed at least 8,000 hours of work in the ironworking trade during the 8–year period before the date of the application for certification.

i. *Penalties.* Any person who violates the certification requirements may be fined not more than $500 or imprisoned for not more than three months or both.

Conference Committee/Legislature: Delete provision.

19. STORAGE AND HANDLING OF ANHYDROUS AMMONIA

Assembly/Legislature: Require that when Commerce promulgates administrative rules under 2001 Act 3 to prescribe reasonable standards relating to the safe storage and handling of anhydrous ammonia, the rules would not apply to: (a) facilities where ammonia is used in pollution control devices; (b) facilities where ammonia is manufactured; and (c) electric generating or cogenerating facilities where ammonia is used as a refrigerant. This would be in instead of the 2001 Act 3 requirements that the rules would not apply to ammonia manufacturing plants and would be in addition to the 2001 Act 3 requirement that the rules would not apply to refrigeration plants where ammonia is used solely as a refrigerant and ammonia transportation pipelines. In addition, specify that if ammonia is used on the premises of an exempt facility or plant for a different or unrelated purpose or manner from the exempt purpose, the exemption would not apply to that use.

Veto by Governor [B-27]: Delete the requirement that facilities where ammonia is used in pollution control devices would be exempt from the administrative rules.

[Act 16 Section: 2449d]

[Act 16 Vetoed Section: 2449d]

20. EXEMPT HORSE BOARDING AND HORSE TRAINING FACILITIES FROM BUILDING CODE

Assembly: Exempt horse boarding facilities and horse training facilities that do not contain an area for the public to view a horse show from the definition of "place of employment" and "public building." This would exempt such facilities from construction standards, plan submission and building plan approval requirements that generally apply to places of employment and public buildings.

Conference Committee/Legislature: Adopt the Assembly provision, but specify the exemption would only apply: (a) between August 1, 2000, through the first day of the second month after publication of the biennial budget act (October 1, 2001); and (b) to places of employment that are horse boarding facilities and horse training facilities that do not contain an area for the public to view a horse show first operated during the time period of effectiveness and to public buildings, the initial construction of which was begun during the period of effectiveness.

[Act 16 Sections: 2446r thru 2447db and 9410(3z)]

21. UNIFORM DWELLING CODE COUNCIL MEMBERSHIP

Assembly/Legislature: Restore the Governor's recommendation to add one member who represents remodeling contractors to the Dwelling Code Council. The member would have an initial term expiring on July 1, 2004. The Council is attached to the Department of Commerce and reviews the standards and administrative rules for one- and two-family dwellings. The current 17 members are appointed by the Governor and approved by the Senate, and include four representatives of building trade labor organizations, four local government building inspectors, two building contractors who construct one- and two-family homes, two manufacturers or installers of manufactured homes, an architect, engineer or designer of one- and two-family homes, two representatives of the construction material supply industry and two representatives of the public, one of whom represents persons with disabilities.

[Act 16 Sections: 170d and 9110(4q)]

22. TITLING OF MANUFACTURED HOMES

Assembly/Legislature: Specify that an owner of a manufactured home would be exempt from having to obtain a title if the owner intends, upon acquiring the manufactured home, to permanently affix the manufactured home to land that the owner of the manufactured home owns. Currently, every manufactured home must be titled and the home is treated as personal property for purposes of a security interest held by a lender. The provision includes the following requirements: (a) if an owner has no title because of the exemption, when the owner transfers an interest in the manufactured home, the owner would not have to execute an assignment and warranty of title to the transferee; (b) if an owner of a manufactured home has a title and transfers an interest in the manufactured home to a transferee who is exempt from having to obtain a title, the transferee would not have to execute the application for a new certificate of title showing the transfer of ownership; (c) if a manufactured home dealer acquires a manufactured home for resale and the manufactured home has no title as a result of the exemption, the dealer would be exempt from the requirement to give the purchaser a title (because there would be no title); (d) if a manufactured home dealer acquires a manufactured home for resale and the manufactured home has a title, the dealer would be exempt from the requirement to mail or deliver the transferee's application for a new certificate of title to Commerce if the transferee is exempt from having to obtain a title; (e) if the interest of an owner of a manufactured home transfers other than by voluntary transfer, the transferee would have to deliver the last certificate of title to Commerce, unless there is no title because of the previous owner's exemption and would have to apply for a new certificate of title, unless the transferee is exempt; (f) if the interest of the owner is terminated or the manufactured home is sold under a security agreement by a secured party named in the certificate of title, the transferee would have to deliver the last certificate of title to Commerce, unless there is no title because of the previous owner's exemption and would have to apply for a new certificate of title, unless the transferee is exempt from the title requirement; (g) in cases of the transfer of a manufactured home owned by a decedent, ward, trustee or bankrupt, Commerce would no longer accept a title as evidence of the transfer of ownership if there is no title because the owner was exempt; (h) the requirement that Commerce transfer the decedent's interest in any manufactured home to his or her surviving spouse upon receipt of the title executed by the surviving spouse would not apply if the manufactured home has no certificate of title as a result of the exemption; (i) when Commerce issues a new certificate of title in the name of a transferee as owner, the Department would no longer be able to require the owner to provide a properly assigned certificate of title if the manufactured home for which the new certificate of title is requested has no certificate of title as a result of the exemption; and (j) the methods of perfecting and giving notice of security interests would not apply to a manufactured home that the owner intends, upon acquiring, to permanently affix to land that the owner of the manufactured home owns, in addition to the current provision that the methods do not apply to a manufactured home that is a fixture to real estate.

Under the provision, manufactured homes that are exempt from title requirements would not have to pay title fees. Industry officials estimate that under the provision, 65% of manufactured homes would be exempt from the title requirements and title fees. The proposed

exemption from title fees would be expected to result in a reduction of revenues to the segregated environmental fund and segregated transportation fund. However, Commerce indicates that it does not currently require the manufactured homes that would become exempt from title requirements and title fees under the provision to obtain a title or pay title fees. Thus, the provision would not result in a revenue reduction under current Commerce practice. Currently, Commerce collects the following fees when manufactured homes are titled and deposits the first fee in the segregated environmental fund and the remaining fees in the segregated transportation fund: (a) a $6 per title environmental impact fee (increased to $9 on the first day of the second month after the effective date of the act); (b) $8.50 for filing an application for the first certificate of title; (c) $4 for the original notation and subsequent release of each security interested noted upon a certificate of title; (d) $8.50 for a certificate of title after a transfer; (e) $1 for each assignment of a security interest noted upon a certificate of title; (f) $8 for a replacement certificate of title; (g) for processing applications for certifications of title which have a special handling request for fast service, a fee to be established by rule which shall approximate the cost to Commerce for providing the special handling service to persons who request it (to date Commerce has not promulgated a rule under this provision); and (h) $25 for the reinstatement of a certificate of title previously suspended or revoked.

[Act 16 Sections: 2539c, 2539d and 2539n thru 2539ny]

CORRECTIONS

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$1,528,727,400	$1,734,943,600	$1,688,593,900	$1,679,457,000	$1,679,457,000	$150,729,600	9.9%
FED	5,179,800	5,219,500	5,219,500	5,219,500	5,219,500	39,700	0.8
PR	285,291,200	296,222,100	296,663,000	296,360,400	296,360,400	11,069,200	3.9
SEG	1,023,200	773,500	771,700	670,900	670,900	- 352,300	- 34.4
TOTAL	$1,820,221,600	$2,037,158,700	$1,991,248,100	$1,981,707,800	$1,981,707,800	$161,486,200	8.9%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	8,028.50	9,564.10	9,581.83	9,542.33	9,542.33	1,513.83
FED	2.00	0.00	0.00	0.00	0.00	- 2.00
PR	1,454.15	1,418.40	1,415.00	1,412.00	1,412.00	- 42.15
SEG	4.00	4.00	4.00	3.00	3.00	- 1.00
TOTAL	9,488.65	10,986.50	11,000.83	10,957.33	10,957.33	1,468.68

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 310]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR	$98,074,800	241.02	- $2,213,900	0.00	$95,860,900	241.02
PR	9,897,800	- 7.00	- 799,400	0.00	9,098,400	- 7.00
FED	39,700	- 2.00	0	0.00	39,700	- 2.00
SEG	- 565,200	- 4.00	- 1,800	0.00	- 567,000	- 4.00
Total	$107,447,100	228.02	- $3,015,100	0.00	$104,432,000	228.02

Governor: Provide $53,485,800 and 229.02 positions in 2001-02 ($48,815,700 GPR and 242.02 GPR positions, $4,913,400 PR and –7.0 PR positions, $39,700 FED and -2.0 FED positions and -$283,000 SEG and -4.0 SEG positions) and $53,961,300 and 228.02 positions in 2002-03 ($49,259,100 GPR and 241.02 GPR positions, $4,984,400 PR and -7.0 PR positions, -2.0 FED positions and -$282,200 SEG and -4.0 SEG positions) for the following adjustments to the base budget: (a) turnover reduction (-$6,989,400 GPR and -$1,156,200 PR annually); (b) removal of noncontinuing elements (-$3,736,100 GPR and -1.0 GPR position, -$2,155,400 PR and -7.0 PR positions, -$39,800 FED and -2.0 FED positions and -$283,300 SEG and -4.0 SEG positions in 2001-02 and -$3,801,900 GPR and -2.0 GPR positions, -$2,166,400 PR and -7.0 PR positions, -$79,500 FED and -2.0 FED positions, and -$283,300 SEG and -4.0 SEG positions in 2002-03); (c) full funding of salaries and fringe benefits ($26,511,500 GPR, $4,930,800 PR, $79,500 FED and -$24,700 SEG annually); (d) full funding of costs approved under s. 13.10 in 2000-01 ($11,854,000 GPR and 243.02 GPR positions in 2001-02 and $11,876,900 GPR and 243.02 GPR positions in 2002-03); (e) full funding of BadgerNet cost increases ($94,400 GPR and $17,200 PR annually); (f) overtime costs ($13,860,900 GPR, $2,303,600 PR and $25,000 SEG in 2001-02 and $14,343,200 GPR, $2,384,300 PR and $25,800 SEG in 2002-03); (g) night and weekend pay differential ($7,092,900 GPR and $943,100 PR annually); (h) fifth week of vacation as cash ($95,700 GPR and $30,300 PR in 2001-02 and $99,700 GPR and $31,600 PR in 2002-03); and (i) full funding of private lease costs and directed moves ($31,800 GPR annually). The 15.0 positions removed as noncontinuing elements include: (a) 2.0 FED project positions for a career development project grant that terminate on January 1, 2002; (b) 4.0 SEG project positions for computer recycling that terminate on June 30, 2001; (c) 1.0 PR project position for an employment program grant in the Division of Community Corrections that terminates on September 1, 2001; (d) 1.0 GPR project position for an employment program in the Division of Community Corrections that terminates on March 29, 2002; (e) 1.0 GPR project administrative rules officer position that terminates on January 4, 2003; (f) 1.0 PR project teacher position at the Milwaukee Juvenile Reporting Center that terminates on July 30, 2001; and (g) 5.0 PR health services positions at the Prairie du Chien Correctional Facility deleted because health services are provided through a contract provider. The 243.02 positions created as full funding of costs approved under s. 13.10 in 2000-01 include the following positions created at the September, 2000, s. 13.10 meeting: (a) Milwaukee Secure Correctional Facility staffing, 139.03 GPR positions; (b) Redgranite Correctional Institution food service staffing, 4.0 GPR positions; (c) Division of Community Corrections information technology support, 1.0 GPR position; (d) Fox Lake Correctional Institution educational programming, 11.17 GPR positions; and (e) Burke and Ellsworth Correctional Centers and Fox Lake Correctional Institution staffing associated with the return of female offenders from out-of-state contract beds, 87.82 GPR positions.

Joint Finance/Legislature: Reduce funding by $925,500 GPR, $370,100 PR and $600 SEG in 2001-02 and $1,288,400 GPR, $429,300 PR and $1,200 SEG in 2002-03, as follows: (a) delete $1,249,600 GPR and $189,800 PR annually associated with turnover reductions; (b) provide $637,400 GPR and delete $94,200 PR annually associated with the full funding of salaries and fringe benefits; (c) delete $49,800 GPR in 2001-02 and $61,900 GPR in 2002-03 associated with the full funding in the 2001-03 biennium of 2000-01 s. 13.10 actions; (d) delete $334,600 GPR, $55,200

PR and $600 SEG in 2001-02 and $682,000 GPR, $113,300 PR and $1,200 SEG in 2002-03 associated with overtime costs; (e) provide $73,100 GPR and delete $30,100 PR annually associated with night and weekend pay differentials; and (f) delete $2,000 GPR and $800 PR in 2001-02 and $5,400 GPR and $1,900 PR in 2002-03 for providing employees' fifth vacation week as cash costs.

2. GENERAL PROGRAM OPERATIONS REDUCTION

GPR	- $768,200

Senate/Legislature: Delete $384,100 annually from the Department of Corrections' general program operations appropriation.

3. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $3,512,600

Governor: Reduce the Department's largest GPR state operations appropriation by $1,756,300 in each year. The total reduction amount was derived by making a reduction of 5% to Corrections' central office costs. No later than 90 days after the effective date of the bill, permit the agency to submit an alternative plan to the Secretary of the Department of Administration for allocating the required reduction among its sum certain GPR state operations appropriations. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

4. FULL FUNDING OF NON-SALARY COSTS [LFB Paper 311]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,973,800	- $204,400	$1,769,400

Governor: Provide $986,900 annually to annualize non-salary costs, including rent, supplies and services and internal service charges associated with positions created for only a portion of a year under previous legislative actions. Annual funding associated with positions created in 1999 Act 9 would be provided as follows: (a) Division of Community Corrections, $348,900; (b) Redgranite Correctional Institution, $529,200; and (c) New Lisbon Correctional Institution, $6,600. In addition, provide annual funding associated with positions created in

1997 Act 237 as follows: (a) Supermax Correctional Institution, $59,800; (b) Fox Lake Correctional Institution dormitories, $31,600; and (c) Green Bay Correctional Institution segregation unit, $10,800.

Joint Finance/Legislature: Delete $102,200 annually for costs associated with positions created in 1997 Act 237 (Supermax Correctional Institution, -$59,800 annually; Fox Lake Correctional Institution dormitories, -$31,600 annually; and Green Bay Correctional Institution segregation unit, -$10,800 annually).

5. DEBT SERVICE REESTIMATES [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$38,059,700	- $10,022,900	$28,036,800
PR	673,700	0	673,700
Total	$38,733,400	- $10,022,900	$28,710,500

Governor: Provide $14,594,400 GPR and $207,700 PR in 2001-02 and $23,465,300 GPR and $466,000 PR in 2002-03 to reflect a reestimate of debt service costs in the Department of Corrections. The total reestimate is divided as follows: (a) adult corrections, $14,547,500 GPR in 2001-02 and $23,418,000 GPR in 2002-03; (b) juvenile corrections, $46,900 GPR in 2001-02 and $47,300 GPR in 2002-03; and (c) Badger State Industries, $207,700 PR in 2001-02 and $466,000 PR in 2002-03. In total, debt service costs for Corrections would be: (a) adult corrections, $70,176,200 GPR in 2001-02 and $79,046,700 GPR in 2002-03; (b) juvenile corrections, $4,171,700 GPR in 2001-02 and $4,172,100 GPR in 2002-03; and (c) Badger State Industries, $309,600 PR in 2001-02 and $567,900 PR in 2002-03.

Joint Finance/Legislature: Delete $3,702,100 GPR in 2001-02 and $6,320,800 GPR in 2002-03 to reestimate debt service costs associated with adult and juvenile correctional institutions. Funding would be reestimated as follows: (a) -$3,800,600 GPR in 2001-02 and -$6,418,300 GPR in 2002-03 for adult correctional institutions; and (b) $98,500 GPR in 2001-02 and $97,500 GPR in 2002-03 for juvenile correctional facilities. In total, reestimated debt service costs for Corrections would be: (a) $66,375,600 GPR in 2001-02 and $72,628,400 GPR in 2002-03 for adult correctional institutions; and (b) $4,270,200 GPR in 2001-02 and $4,269,600 GPR in 2002-03.

6. FUEL AND UTILITY REESTIMATES

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	$4,003,200	- $800,700	$3,202,500

Governor: Provide $2,272,300 in 2001-02 and $1,730,900 in 2002-03 for estimated fuel and utility costs at the adult correctional institutions and centers. Funding would be divided as

follows: (a) correctional institutions, $1,954,200 in 2001-02 and $1,488,600 in 2002-03; and (b) correctional centers, $318,100 in 2001-02 and $242,300 in 2002-03.

Assembly/Legislature: Transfer $454,500 in 2001-02 and $346,200 in 2002-03 from the Department of Corrections' fuel and utilities appropriation to the Joint Committee on Finance's supplemental appropriation for possible release to the Department for fuel and utility costs under s. 13.10.

7. RENT

GPR	$1,267,000
PR	246,100
SEG	24,100
Total	$1,537,200

Governor/Legislature: Provide $679,500 ($559,500 GPR, $108,100 PR and $11,900 SEG) in 2001-02 and $857,700 ($707,500 GPR, $138,000 PR and $12,200 SEG) in 2002-03 for rental costs on a departmentwide basis. The request would be divided as follows: (a) Division of Management Services, $297,000 GPR and $93,900 PR in 2001-02 and $308,200 GPR and $103,000 PR in 2002-03; (b) Division of Adult Institutions, -$5,800 GPR, $77,600 PR and $11,900 SEG in 2001-02 and -$5,800 GPR, $86,700 PR and $12,200 SEG in 2002-03; (c) Division of Program Planning and Movement, -$26,200 GPR and -$13,200 PR in 2001-02 and -$25,500 GPR and -$12,900 PR in 2002-03; (d) Division of Community Corrections, $273,100 GPR and -$2,400 PR in 2001-02 and $408,300 GPR and -$2,400 PR in 2002-03; (e) Secretary's Office, -$2,400 GPR annually; (f) Division of Juvenile Corrections, $17,600 GPR and -$47,800 PR in 2001-02 and $17,800 GPR and -$36,400 PR in 2002-03; and (g) Parole Commission, $6,200 GPR in 2001-02 and $6,900 GPR in 2002-03.

8. GPR-EARNED REESTIMATE [LFB Paper 314]

GPR-REV - $2,116,000

Joint Finance/Legislature: Reestimate the amount of revenues to be received by the Department of Corrections and deposited to the general fund by -$608,000 in 2001-02 and -$1,508,000 in 2002-03. Based on reestimated federal reimbursement grant amounts and telephone commission revenues, it is estimated that the Department's GPR-Earned revenues will be $8,120,000 in 2001-02 and $7,420,000 in 2002-03.

9. INFORMATION TECHNOLOGY SYSTEMS AND EQUIPMENT

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$1,585,100	2.00	$0	18.00	$1,585,100	20.00

Governor: Provide $461,100 in 2001-02 and $1,124,000 in 2002-03 and 2.0 positions annually for information technology systems and equipment as follows:

a. *Corrections System Integration.* Provide $140,200 in 2001-02 and $162,200 in 2002-03 and 2.0 positions annually for continued development of an integrated corrections system (ICS). The ICS is designed to serve as a single correctional database that includes arrest and conviction data, medical and other treatment records and location and status information for each offender. The system is intended to provide information for Corrections staff, law enforcement and the general public.

b. *Information Technology Equipment Replacement.* Provide $640,900 in 2002-03 to replace workstations, personal computers for the inmate education local area network, printers, network hardware and communications software. Costs would be financed utilizing the state's master lease program and repaid over a four-year period. According to the executive budget book, master lease payments would total $3.5 million in 2003-04, $5.9 million in 2004-05, $5.2 million in 2005-06 and $2.4 million in 2006-07.

c. *Funding of Data Communications Lines.* Provide $320,900 annually to fully fund costs of existing T-1 data communications lines currently funded by the operating divisions within the Department.

Joint Finance/Legislature: Delete $461,100 in 2001-02 and $1,124,000 in 2002-03 associated with the replacement of Corrections' information technology systems and equipment. Instead, provide $317,400 in 2001-02 and $1,267,700 in 2002-03 and 18.0 positions annually to fund continued development of the Department of Corrections' integrated corrections system (ICS). Of the total, $114,600 in 2001-02 and $760,500 in 2002-03 would be utilized for the payment of masterlease payments on ICS equipment. In addition, require the Department, in connection with the integrated corrections system, to convert all inmate medical histories including prescription, laboratory and x-ray orders, to electronic format that will be accessible by Corrections staff using the intranet. Require that the conversion to electronic format be accomplished by June 30, 2003. Total project costs for ICS over a seven-year period are estimated to be $22.1 million.

Veto by Governor [D-9]: Delete provision that requires the Department, in connection with the integrated corrections system, to convert, by June 30, 2003, all inmate medical histories including prescription, laboratory and x-ray orders, to electronic format that will be accessible by Corrections staff using the intranet.

[Act 16 Vetoed Section: 3329e]

10. INTEGRATED CORRECTIONS SYSTEM REQUIREMENTS

Senate/Legislature: Require that Corrections, as part of its integrated corrections system, publish statistics related to adult corrections on its public internet web site which include at a minimum: (a) the total prison population; (b) prison population by institution; (c) commitments to the correctional system; (d) releases from the correctional system; (e) average sentence length;

(f) offenses; (g) race; (h) gender; (i) educational level; (j) marital status; (k) parental status; (l) religion; and (m) county of commitment. Require Corrections, as part of its integrated corrections system, to publish statistics related to juvenile corrections on its public internet web site which includes at a minimum: (a) the total population; (b) population by institution; (c) gender; (d) race; (e) average age; (f) offenses; (g) county of commitment; (h) admissions; (i) releases; and (j) average population.

Veto by Governor [D-9]: Delete provisions.

[Act 16 Vetoed Sections: 3330e and 3330f]

11. INMATE TRACKING SYSTEM

Senate/Legislature: Require the Department of Corrections to establish an inmate tracking system which includes information related to: (a) criminal history; (b) medical and mental health history; (c) alcohol and other drug abuse history; (d) educational and vocational history; (e) victimization history; (f) violence history; (g) religion; (h) marital status; and (i) the status of all of the offender's children.

Require Corrections to track the number of offenders returning to prison due to a probation or parole revocation and whether the revocation is due to a new crime or a violation of a rule of probation or parole.

Veto by Governor [D-9]: Delete provisions.

[Act 16 Vetoed Sections: 3330c and 3330d]

12. BUREAU OF TECHNOLOGY MANAGEMENT STAFFING [LFB Paper 312]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$1,459,400	18.00	- $134,900	0.00	$1,324,500	18.00

Governor: Provide $430,100 and 10.0 positions in 2001-02 and $1,029,300 and 18.0 positions in 2002-03 for increased staffing for the Bureau of Technology Management (BTM). In total, positions would be divided as follows: (a) 1.0 information systems supervisor in 2001-02 and 2.0 information systems supervisors in 2002-03 to provide BTM supervision; (b) 1.0 web designer annually to develop and maintain web pages for Corrections; (c) 1.0 systems/business analyst in 2001-02 and 2.0 systems/business analysts in 2002-03 to support the development, implementation, maintenance and support of administrative systems (for example, personnel, asset management, electronic forms and procurement); (d) 1.0 systems integration/customer

service manager in 2001-02 and 2.0 systems integration/customer service managers in 2002-03 to work with divisions with regards to IT issues; (e) 1.0 asset manager annually to oversee the Department's asset management system; (f) 1.0 database administrator annually to support the databases associated with administrative systems and specialized applications; (g) 1.0 information systems specialist in 2001-02 and 2.0 information specialists in 2002-03 to support the operating systems associated with the administrative databases; (h) 1.0 field technician in 2001-02 and 2.0 field technicians in 2002-03 to provide information technology staff at Corrections' locations statewide; (i) 1.0 programmer/analyst in 2001-02 and 3.0 programmer/analysts in 2002-03 to maintain administrative and specialized applications; and (j) 1.0 operations support technician in 2001-02 and 2.0 operations support technicians in 2002-03 to provide operations support. Base funding for BTM is $7,854,200 GPR and 70.5 GPR positions and $1,907,600 PR and 9.0 PR positions.

Joint Finance/Legislature: Reduce funding by $134,900 in 2002-03 to reflect modified position classifications and a delay in the start of positions created in 2002-03.

13. PROGRAM REVENUE REESTIMATES FOR ADULT CORRECTIONS

PR	- $2,873,500

Governor/Legislature: Delete $1,437,800 in 2001-02 and $1,435,700 in 2002-03 associated with the following program revenue appropriation reestimates: (a) -$525,500 annually associated with supplies and services costs at the Waupun Central Warehouse; (b) -$584,400 in 2001-02 and -$574,400 in 2002-03 associated with home detention costs provided to counties based on estimated usage; and (c) -$327,900 in 2001-02 and -$335,800 in 2002-03 associated with decreased monitoring fee revenues as a result of the reduction in the utilization of the intensive sanctions program.

14. PERSONNEL RECRUITMENT [LFB Paper 313]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$300,000	- $150,000	$150,000

Governor: Provide $150,000 annually to allow the Department to expand personnel recruitment efforts in southeastern Wisconsin and statewide. At the December, 2000, s. 13.10 meeting, the Joint Committee on Finance approved a one-time transfer of $141,500 GPR in 2000-01 from the Department's prison contracts appropriation for expanded employee recruitment efforts.

Joint Finance/Legislature: Delete $75,000 annually for personnel recruitment. Specify that Corrections may not use billboards or similar structures to recruit its employees.

[Act 16 Section: 3352m]

15. SEX OFFENDER REGISTRY CERTIFIED MAIL

GPR	$52,000

Governor/Legislature: Provide $26,000 annually to allow Corrections to mail updated and verification information via certified mail to individuals required to register as sex offenders.

16. RISK MANAGEMENT POSITION

	Positions
GPR	1.00

Governor/Legislature: Provide 1.0 risk management specialist position annually to manage the Department's owned and leased vehicles and permanent property. The position would be funded using base resources.

17. BASE LEVEL FUNDING AND POSITIONS REALLOCATIONS

Governor/Legislature: Transfer base level funding and positions between and within appropriations in the Department for the following purposes: (a) creation of a separate Office of Procurement; (b) transfer of responsibility for supervision of the health services unit at the Dodge Correctional Institution (DCI) from the Bureau of Health Services central office in Madison to the warden at DCI; (c) reallocation of staff and funding within the Division of Program Planning and Movement from the Office of Program Audit and Evaluations to the program planning and evaluation section in the Bureau of Offender Programs; (d) consolidation of GPR funding and position authority for Division of Management Services activities to a single appropriation; (e) creation of four staff development specialists from four probation and parole agent positions for training purposes; (f) transfer of responsibility for monitoring the Outagamie County jail contract from the correctional centers to the Division of Adult Institutions; and (f) reallocation of positions and funding to reflect organizational changes.

While funding and position totals by funding source and fiscal year do not change, the following changes occur by appropriation: (a) general program operations, adult corrections, $1,169,300 GPR and 19.50 GPR positions annually; (b) services for community corrections, -$483,600 GPR and -9.50 GPR positions annually; (c) general program operations, juvenile corrections, -$685,700 GPR and -10.00 GPR positions; (d) general operations, -$19,500 PR and -0.50 PR position annually; (e) administration of restitution, $19,500 PR and 0.50 PR position annually; (f) juvenile correctional services, -$5,500 PR and 0.17 PR position annually; and (g) juvenile corrective sanctions program, $5,500 PR and -0.17 PR position annually.

18. OPERATIONS AND MAINTENANCE APPROPRIATION

Governor/Legislature: Create a continuing program revenue appropriation in the Department of Corrections to receive fees paid by Corrections employees and vendors, to provide administrative services. The Department of Administration indicates that the appropriation is intended to be used for employee parking fees and cafeteria expenses at the new Department of Corrections building in Madison.

[Act 16 Section: 682]

19. APPROPRIATION DELETIONS

Governor/Legislature: Delete the following appropriations in the Department of Corrections: (a) home detention, GPR (an appropriation created to fund start-up costs associated with home monitoring, now supported through program revenues); (b) offender release information, GPR (an appropriation created to fund costs of providing offender release information, now funded from general program operations); (c) state-owned housing maintenance, PR (an appropriation to receive rental payments for state-owned housing. Housing is no longer provided for state employees); and (d) federal aid for foster care and treatment foster care, FED (an appropriation that Corrections does not utilize since federal foster care funding is claimed by the Department of Health and Family Services on Corrections' behalf). Delete obsolete statutory language specifying that on June 30, 1992, June 30, 1993, and June 30, 1994, one-third of the amount expended in fiscal year 1990-91 from the appropriation under the GPR home detention appropriation shall lapse to the general fund.

[Act 16 Sections: 677, 679, 680, 681 and 687]

20. DEPARTMENT OF CORRECTIONS AND COUNTY NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS

Assembly/Legislature: Create the following provisions related to contracts with, or awards to, religious organizations by the Department of Corrections or counties (all county departments, boards, commissions, institutions, offices and other agencies of the county government for which funds may be legally appropriated) for the prevention of delinquency and crime and the rehabilitation of offenders:

a. Specify that the purpose of the provision is to allow the Department of Corrections or a county to contract with, or award grants to, religious organizations, under any program administered by the Department or county related to the prevention of delinquency and crime or the rehabilitation of offenders, on the same basis as any other nongovernmental provider, without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of assistance funded under such program.

b. Specify that if the Department or county is authorized to contract with a nongovernmental entity, or to award grants to a nongovernmental entity, religious organizations are eligible, on the same basis as any other private organization, as contractors and grantees under any program administered by Corrections or a county so long as the programs are implemented consistently with the First Amendment of the U.S. Constitution and article I, section 18, of the Wisconsin Constitution. Specify that Corrections and a county may not discriminate against an organization that is or applies to be a contractor or grantee on the basis that the organization does or does not have a religious character or because of the specific religious nature of the organization.

c. Require Corrections and counties to allow a religious organization with which the Department or the counties contract or to which the Department or counties award a grant to retain its independence from government, including the organization's control over the definition, development, practice and expression of its religious beliefs. Further specify that the Department or a county may not require a religious organization to alter its form of internal governance or to remove religious art, icons, scripture or other symbols in order to be eligible for a contract or grant.

d. Specify that if Corrections or a county contracts with or awards grants to a religious organization for the provision of crime prevention or offender rehabilitation assistance under a program administered by the Department or a county, an individual who is eligible for the assistance must be informed in writing that assistance of equal value and accessibility is available from a nonreligious provider upon request. Require that if an individual has an objection to the religious character of the organization from which the individual receives, or would receive, assistance funded under any program administered by Corrections or the county and requests assistance from a nonreligious provider, Corrections or the county must provide the individual, if otherwise eligible for such assistance, with assistance of equal value from a nonreligious provider. Require Corrections or a county to provide assistance within a reasonable period of time after the date of objection and ensure that it is accessible to the individual.

e. Specify that a religious organization may not discriminate against an individual in regard to rendering assistance funded under any program administered by Corrections or a county on the basis of religion, a religious belief or nonbelief or refusal to actively participate in a religious practice.

f. Specify that any religious organization that contracts with, or receives a grant from, Corrections or a county is subject to the same laws and rules as other contractors and grantees to account in accord with generally accepted auditing principles for the use of funds provided under such programs. Further specify that if the religious organization segregates funds provided under programs administered by Corrections or a county into separate accounts, only the financial assistance provided with those funds is subject to audit.

g. Specify that any party that seeks to enforce its rights related to nondiscrimination against religious organizations may bring a civil action for injunctive relief against the entity that allegedly commits the violation.

h. Specify that no funds provided directly to religious organizations by Corrections or a county may be expended for sectarian worship, instruction or proselytization.

i. Require every religious organization that contracts with, or receives a grant from, Corrections or a county to provide delinquency and crime prevention or offender rehabilitation services to eligible recipients to certify in writing that it has complied with the requirements against sectarian worship, instruction or proselytization and nondiscrimination against beneficiaries. Further require that every religious organization submit to Corrections or the county a copy of its certification and a written description of the policies adopted by the organization to ensure that it has complied with the requirements.

j. Specify that nothing in the sections related to nondiscrimination against religious organizations may be construed to preempt any other statute that prohibits or restricts the expenditure of federal or state funds by, or granting federal or state funds to, religious organizations.

[Act 16 Sections: 2002j and 3334j]

21. ALCOHOL AND OTHER DRUG ABUSE SERVICES TO MALE AND FEMALE INMATES

Senate/Legislature: Require the Department of Corrections to offer the same level of alcohol and other drug abuse (AODA) services to female inmates as to male inmates. Require Corrections to report to the Joint Committee on Finance no later than six months after passage of the budget act the status of male and female AODA programming in the Department.

Veto by Governor [D-10]: Delete provision.

[Act 16 Vetoed Sections: 3327q and 9111(7d)]

22. PERFORMANCE EVALUATIONS FOR SUBSTANCE ABUSE INTERVENTION AND TREATMENT GRANTS

Assembly/Legislature: Require the Department of Corrections to promote the efficient use of resources for substance abuse intervention and treatment services by doing all of the following: (a) developing one or more methods to evaluate the effectiveness of, and developing performance standards for, substance abuse intervention and treatment services adminstered by Corrections; (b) adopting policies to ensure that, to the extent possible under state and federal law, funding for substance abuse intervention and treatment services that are administered by Corrections are distributed giving primary consideration to the effectiveness of

the services in meeting department performance standards for substance abuse services; (c) requiring every application for funding from Corrections for susbtance abuse intervention or treatment services to include a plan for the evaluation of the effectiveness of the services in reducing substance abuse by the service recipients; and (d) requiring every funding recipient to provide Corrections the results of the evaluation conducted under (c).

Veto by Governor [D-11]: Delete provision.

[Act 16 Vetoed Section: 3327r]

23. GENDER-SPECIFIC TREATMENT PROGRAMS

Senate/Legislature: Require the Departments of Corrections and Health and Family Services to jointly develop a gender-specific treatment program for addressing individual treatment needs for incarcerated female offenders. Require the Departments to jointly prepare and submit a report to the Legislature with a program plan by July 1, 2002.

Veto by Governor [D-10]: Delete provision.

[Act 16 Vetoed Sections: 3329x and 9111(6e)]

24. ACCESS TO INMATE RECORDS

Senate: Require the Department of Corrections to provide public access to records that do not compromise institutional security, including final mortality reviews. Specify that inmate privacy be protected by redacting the name and number of the inmate.

Conference Committee/Legislature: Delete provision.

Adult Correctional Facilities

1. ADULT CORRECTIONAL FACILITY POPULATIONS [LFB Papers 326, 328 and 329]

Governor: Estimate an average daily population in adult correctional facilities (correctional institutions and centers) of 20,835 in 2001-02 and 20,699 in 2002-03. The following table identifies the distribution of this population.

	March 2, 2001 Actual Population	Average Daily Population 2001-02	2002-03
Institutions	13,609	14,450	16,658
Centers	1,866	2,210	2,449
Contract Beds			
In-state[1]	609	318	318
Out-of-state	4,551	3,857	1,274
Total	20,635	20,835	20,699

[1]In-state contract beds in 2001-03 are provided by the Division of Juvenile Corrections at Prairie du Chien (300 beds) and by the federal prison in Oxford (18 beds). The bill assumes that no beds will be provided by Wisconsin counties in the 2001-03 biennium.

Joint Finance: Estimate an average daily population in adult correctional facilities as follows:

	Average Daily Population 2001-02	2002-03
Institutions[1]	14,359	16,004
Centers[1]	2,061	2,368
Contract Beds		
In-state[2]	318	318
Out-of-state[1]	4,097	2,009
Total	20,835	20,699

[1]Populations in the correctional institutions and centers were reduced from the Governor's estimates by an average of 240 inmates in 2001-02 and 735 in 2002-03 as a result of the delay in the opening of some prisons. A corresponding increase in contract beds was provided to house the estimated prison population.

[2]In-state contract beds in 2001-03 are provided by the Division of Juvenile Corrections at Prairie du Chien (300 beds) and by the federal prison in Oxford (18 beds). The bill assumes that no beds will be provided by Wisconsin counties in the 2001-03 biennium.

Senate: Estimate an average daily population in adult correctional facilities as follows:

	Average Daily Population	
	2001-02	2002-03
Institutions[1]	14,324	15,341
Centers[1]	2,044	2,218
Contract Beds		
In-state[2]	318	318
Out-of-state[1]	4,114	2,555
Total	20,800	20,432

[1]Populations in the correctional institutions and centers were reduced from the Governor's estimates by an average of 257 inmates in 2001-02 and 1,281 inmates in 2002-03 as a result of the delay in the opening of some prisons. Correctional institution populations were further reduced by 35 inmates in 2001-02 and 267 inmates in 2002-03 as a result of utilizing the intensive sanctions program. A corresponding increase in contract beds was provided to house the estimated prison population associated with the prison delays (an average of 257 inmates in 2001-02 and 1,281 inmates in 2002-03).

[2]In-state contract beds in 2001-03 are provided by the Division of Juvenile Corrections at Prairie du Chien (300 beds) and by the federal prison in Oxford (18 beds). The bill assumes that no beds will be provided by Wisconsin counties in the 2001-03 biennium.

Conference Committee/Legislature: Estimate an average daily population in adult correctional facilities as follows:

	Average Daily Population	
	2001-02	2002-03
Institutions[1]	14,359	15,668
Centers[1]	2,061	2,368
Contract Beds		
In-state[2]	318	318
Out-of-state[1]	4,097	2,345
Total	20,835	20,699

[1]Populations in the correctional institutions and centers were reduced from the Governor's estimates by an average of 240 inmates in 2001-02 and 1,071 in 2002-03 as a result of the delay in the opening of some prisons. A corresponding increase in contract beds was provided to house the estimated prison population.

[2]In-state contract beds in 2001-03 are provided by the Division of Juvenile Corrections at Prairie du Chien (300 beds) and by the federal prison in Oxford (18 beds). The act assumes that no beds will be provided by Wisconsin counties in the 2001-03 biennium.

2. INMATE POPULATION ADJUSTMENTS [LFB Papers 325 and 328]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$18,143,100	- $2,108,400	$16,034,700

Governor: Provide $6,631,900 in 2001-02 and $11,511,200 in 2002-03 to reflect population-related cost adjustments for prisoners in facilities operated by the Divisions of Adult Institutions and Community Corrections as follows: (a) -$465,300 in 2001-02 and $1,621,900 in 2002-03 for food costs; (b) -$370,300 in 2001-02 and $1,140,200 in 2002-03 for variable non-food costs, such as clothing, laundry, inmate wages and other supplies; and (c) $7,467,500 in 2001-02 and $8,749,100 in 2002-03 for inmate health care.

Joint Finance: Delete $274,100 in 2001-02 and $1,834,300 in 2002-03 associated with population adjustments at the Fox Lake, New Lisbon and Highview Correctional Institutions, the inmate workhouses in Winnebago and Sturtevant and the Probation and Parole Hold Facility in Sturtevant.

Senate: Delete an additional $35,500 in 2001-02 and $1,137,700 in 2002-03 associated with: (a) the delay in the opening of the New Lisbon Correctional Institution, the Highview Geriatric Facility and the inmate workhouse at the Winnebago until January 1, 2004; and (b) health care costs for inmates placed in out-of-state correctional facilities.

Conference Committee/Legislature: Include Joint Finance provision.

3. PRISON CONTRACT BED FUNDING [LFB Papers 326, 328 and 329]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	- $101,705,200	$1,302,800	$5,396,200	- $95,006,200

Governor: Delete $32,232,800 in 2001-02 and $69,472,400 in 2002-03 related to in-state and out-of-state prison contract beds. Total funding would be $79,422,800 in 2001-02 and $42,183,200 in 2002-03. Funding would support 4,411 contract beds in 2001-02 and 2,180 contract beds in 2002-03, and would fund the costs of temporary lockup of intensive sanctions and correctional center system inmates, detention of probation and parole violators in county jails and two county jail programs. (It should be noted that the contract bed numbers are higher than those shown under the population figures of Item #1.) Under the bill, the state would no longer contract with Wisconsin counties for prison beds. Base funding for contract beds is $111,805,600.

Joint Finance: Provide -$106,600 in 2001-02 and $1,409,400 in 2002-03, associated with the following: (a) adjusting contract bed funding to be consistent with population projections (-$4,073,500 in 2001-02 and -$10,021,400 in 2002-03); (b) the delayed opening of the New Lisbon and Highview Correctional Institutions, the inmate workhouses in Winnebago and Sturtevant, and the Milwaukee Secure Detention Facility ($3,854,600 in 2001-02 and $12,158,300 in 2002-03); (c) reducing the budgeted daily rate for the Corrections Corporation of America in 2002-03 from $45.32 to $44.00 to reflect the currently authorized contract rate (-$785,300 in 2002-03); (d) reducing inmate health care costs related to out-of-state inmates by $37,700 in 2001-02 and

$92,200 in 2002-03; and (e) providing $150,000 annually for contract monitor travel costs that were inadvertently removed. Total funding for contract beds would be $79,353,900 in 2001-02 and $43,684,800 in 2002-03. Funding would support an average of 4,397 contract beds in 2001-02 and 2,309 contract beds in 2002-03, and would fund the costs of temporary lockup of intensive sanctions and correctional center system inmates, detention of probation and parole violators in county jails and two county jail programs.

Senate: Reduce funding for prison contract beds by $293,300 in 2001-02 and provide $4,347,400 in 2002-03 as follows: (a) $273,000 in 2001-02 and $8,768,800 in 2002-03 associated with a delay in the opening of the New Lisbon Correctional Institution, the Highview Geriatric Facility and the Winnebago inmate workhouse until January 1, 2004; and (b) -$566,300 in 2001-02 and -$4,421,400 in 2002-03 associated with the utilization of the intensive sanctions program.

Conference Committee/Legislature: Provide an additional $5,396,200 in 2002-03 for the placement of an average of an additional 336 inmates in out-of-sate contract facilities associated with a delay in the opening of the New Lisbon Correctional Institution and the Highview Geriatric Facility until June 1, 2003. Total funding for contract beds would be $79,353,900 in 2001-02 and $49,081,000 in 2002-03. Funding would support an average of 4,397 contract beds in 2001-02 and 2,645 contract beds in 2002-03, and would fund the costs of temporary lockup of intensive sanctions and correctional center system inmates, detention of probation and parole violators in county jails and two county jail programs.

4. STAFFING INCREASES ASSOCIATED WITH PRISON EXPANSIONS [LFB Papers 327 and 328]

Governor: Provide funding and positions over the 2001-03 biennium associated with the operation of an additional 3,303 prison beds. Of the total, 3,000 are related to the operation of new correctional facilities, with the remaining 303 beds associated with expansions at existing institutions. The following table identifies the institution, the total number of additional beds and the total operational and staffing increases provided in the bill.

Institution	Additional Beds	2001-02 (All Funds) Amount	2001-02 (All Funds) Positions	2002-03 (All Funds) Amount	2002-03 (All Funds) Positions
Stanley	1,500	$20,615,000	340.21	$23,030,700	400.00
New Lisbon	750	3,635,700	237.14	14,910,000	280.00
Highview Geriatric	300	5,028,200	217.00	11,053,300	217.00
Taycheedah[1]	253	2,364,800	61.00	2,995,700	61.00
Oshkosh[2]	50	260,400	10.00	440,500	10.00
Inmate Workhouses[3]	300	2,596,800	50.00	3,238,300	50.00
Sturtevant P&P Hold[4]	150	1,756,500	50.00	3,063,300	50.00
Total	3,303	$36,257,400	965.35	$58,731,800	1,068.00

[1]Of the total number of additional beds, 64 segregation beds will not result in increased prison capacity.
[2]The additional 50 segregation beds will not result in increased prison capacity.
[3]The Winnebago inmate workhouse is scheduled to open in February, 2002; the Sturtevant inmate workhouse in June, 2002.
[4]The Sturtevant probation and parole hold facility is scheduled to open in June, 2002. These beds will not result in increased prison capacity.

Joint Finance: Reduce funding for staffing of prison expansions by a total of $20,729,900 and 535.64 positions in 2001-02 and $5,110,800 and 2.67 positions in 2002-03. The following table identifies the institution, the total number of additional beds and the total operational and staffing increases provided.

Institution	Beds	2001-02 (All Funds) Amount	2001-02 (All Funds) Positions	2002-03 (All Funds) Amount	2002-03 (All Funds) Positions
Stanley	1,500	$11,725,800	338.71	$22,864,800	398.50
New Lisbon[1]	750	0	0.00	10,668,300	280.00
Highview Geriatric[1]	300	276,900	5.00	9,804,200	215.83
Taycheedah[2]	253	2,349,900	61.00	2,978,400	61.00
Oshkosh[3]	50	0	0.00	392,600	10.00
Inmate Workhouses[4]	300	1,174,900	25.00	3,833,300	50.00
Sturtevant P&P Hold[5]	150	0	0.00	3,079,400	50.00
Total	3,303	$15,527,500	429.71	$53,621,000	1,065.33

[1]Opening of the facility was delayed from July, 2002, to January, 2003.
[2]Of the total number of additional beds, 64 segregation beds will not result in increased prison capacity.
[3]The additional 50 segregation beds will not result in increased prison capacity. Opening of the facility was delayed from March, 2002, to January, 2003.
[4]Opening of the Winnebago workhouse was delayed from February, 2002, to May, 2002. Opening of the Sturtevant workhouse was delayed from June, 2002 to January, 2003.
[5]Opening of the Sturtevant probation and parole hold facility was delayed from June, 2002, to January, 2003. These beds will not result in increased prison capacity.

Senate: Reduce funding for staffing of prison expansions by an additional $1,451,800 and 30.0 positions in 2001-02 and $22,878,100 and 530.83 positions in 2002-03. The following table

identifies the institution, the total number of additional beds and the total operational and staffing increases provided.

Institution	Beds	2001-02 (All Funds) Amount	2001-02 (All Funds) Positions	2002-03 (All Funds) Amount	2002-03 (All Funds) Positions
Stanley	1,500	$11,725,800	338.71	$22,864,800	398.50
New Lisbon[1]	750	0	0.00	0	0.00
Highview Geriatric[1]	300	0	0.00	0	0.00
Taycheedah[2]	253	2,349,900	61.00	2,978,400	61.00
Oshkosh[3]	50	0	0.00	0	0.00
Inmate Workhouses[4]	300	0	0.00	1,820,300	25.00
Sturtevant P&P Hold[5]	150	0	0.00	3,079,400	50.00
Total	3,303	$14,075,700	399.71	$30,742,900	534.50

[1]Opening of the facility was delayed from July, 2002, to January, 2004.
[2]Of the total number of additional beds, 64 segregation beds will not result in increased prison capacity.
[3]The additional 50 segregation beds will not result in increased prison capacity. Opening of the facility was delayed from March, 2002, to January, 2004.
[4]Opening of the Winnebago workhouse was delayed from February, 2002, to January, 2004. Opening of the Sturtevant workhouse was delayed from June, 2002 to January, 2003.
[5]Opening of the Sturtevant probation and parole hold facility was delayed from June, 2002, to January, 2003. These beds will not result in increased prison capacity.

Conference Committee/Legislature: Reduce funding for staffing of prison expansions by an additional $276,900 and 5.00 positions in 2001-02 and $7,948,000 in 2002-03, to reflect the delayed opening of the New Lisbon Correctional Institution, the Highview Geriatric Facility and the Oshkosh Correctional Institution segregation unit. The following table identifies the institution, the total number of additional beds and the total operational and staffing increases provided.

Institution	Beds	2001-02 (All Funds) Amount	2001-02 (All Funds) Positions	2002-03 (All Funds) Amount	2002-03 (All Funds) Positions
Stanley	1,500	$11,725,800	338.71	$22,864,800	398.50
New Lisbon[1]	750	0	0.00	6,742,800	280.00
Highview Geriatric[1]	300	0	0.00	5,913,900	215.83
Taycheedah[2]	253	2,349,900	61.00	2,978,400	61.00
Oshkosh[3]	50	0	0.00	260,400	10.00
Inmate Workhouses[4]	300	1,174,900	25.00	3,833,300	50.00
Sturtevant P&P Hold[5]	150	0	0.00	3,079,400	50.00
Total	3,303	$15,250,600	424.71	$45,673,000	1,065.33

[1]Opening of the facility was delayed from July, 2002, to June, 2003.
[2]Of the total number of additional beds, 64 segregation beds will not result in increased prison capacity.
[3]The additional 50 segregation beds will not result in increased prison capacity. Opening of the facility was delayed from March, 2002, to June, 2003.
[4]Opening of the Winnebago workhouse was delayed from February, 2002, to May, 2002. Opening of the Sturtevant workhouse was delayed from June, 2002 to January, 2003.
[5]Opening of the Sturtevant probation and parole hold facility was delayed from June, 2002, to January, 2003. These beds will not result in increased prison capacity.

5. STANLEY CORRECTIONAL INSTITUTION STAFFING AND LEASE COSTS [LFB Paper 327]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$43,468,900	397.00	- $9,030,300	- 1.30	$34,438,600	395.70
PR	176,800	3.00	- 24,800	- 0.20	152,000	2.80
Total	$43,645,700	400.00	- $9,055,100	- 1.50	$34,590,600	398.50

Governor: Provide $20,593,700 GPR and 337.21 GPR positions and $21,300 PR and 3.0 PR positions in 2001-02 and $22,875,200 GPR and 397.0 GPR positions and $155,500 PR and 3.0 PR positions in 2002-03 to operate the 1,500-bed Stanley Correctional Institution. The facility has been privately constructed in Stanley, Wisconsin, by Dominion Venture Group, LLC, of Edmund, Oklahoma. Modify current law to name any correctional institution that has been constructed by a private person and leased or purchased by the state for use by Corrections as a state prison.

On September 1, 2000, DOA entered into an agreement with Stanley Correctional Properties, LLC (SCP) to lease, with an option to purchase, the Stanley Correctional Facility. Under the agreement to lease, SCP agreed to: (a) provide state access to the facility beginning on September 1, 2000, to prepare the facility for prison use; and (b) make certain changes to the facility. In exchange, DOA agreed to: (a) include a request for authorization of the lease and funds for operation of the facility in the 2001-03 biennial budget; and (b) pay operating expenses at the facility after entering into the agreement. If a lease is entered into for the facility, and as consideration for the right to occupy the facility, the agreement to lease states that DOA is required to pay SCP $7,370,545.50 for rent of the facility from September 1, 2000, to June 30, 2001, (plus interest if the payment is made after September 1, 2001), on or before 30 days after the effective date of the budget bill. The executive budget book indicates that the Facility will be purchased by the State by December, 2001, and open in July, 2002. Under the option to purchase agreement, the purchase price, subject to adjustments described below, is $76,916,000, unless the Facility is purchased before February 28, 2002. In that case, the purchase price would be reduced by $2 million, to $74,916,000. The purchase price would be adjusted at the time of purchase by the following: (a) the state would be responsible for all real estate taxes under the lease; (b) the state would pay all special assessments levied or assessed after May 31, 2000; (c) the state would pay the recording fee for the deed; and (d) the state would pay any amounts due under the lease through the date of purchase.

At the December, 1999, s. 13.10 meeting, $103,500 GPR in 1999-00 and $447,100 GPR in 2000-01 and 9.0 GPR positions annually were provided to: (a) address issues of correctional institution crowding and long-range planning; (b) staff correctional facilities. Of the 9.0 GPR positions, Corrections allocated 2.0 positions to enhanced staff recruitment efforts. The remaining 7.0 GPR positions were allocated to the Stanley Correctional Facility as follows: 1.0 warden, 1.0 secretary for the warden, 1.0 human resources director, 1.0 business director, 1.0

buildings and grounds superintendent, 1.0 electronics technician and 1.0 security director. In 2000-01, $367,200 GPR is budgeted for these positions.

The bill includes the following positions for the Stanley facility beginning in 2001-02: 1.0 GPR deputy warden, 1.0 GPR program assistant in the warden's office, 4.0 GPR personnel positions, 3.0 GPR positions associated with inmate complaints, 10.5 GPR financial services positions, 11.5 GPR food service positions, 16.0 GPR maintenance positions, 5.0 GPR institutional stores and canteen positions, 1.0 GPR institutional programs director, 1.0 GPR program assistant for the institutional programs director, 6.0 GPR records office positions, 2.0 GPR chaplains, 33.0 GPR education/recreation positions (1.0 GPR education director, 15.0 GPR teachers, 7.0 GPR teacher assistants, 1.0 GPR librarian, 1.0 GPR librarian assistant, 1.0 GPR client services assistant, 4.0 GPR recreation leaders and 3.0 GPR program assistants), 5.0 GPR psychological services positions (1.0 GPR psychologist supervisor, 3.0 GPR psychologists and 1.0 GPR program assistant), 26.25 GPR health service unit positions (1.0 GPR physician, 1.0 GPR dentist, 2.0 GPR dental assistants, 0.5 GPR dental hygienist, 1.0 GPR nursing supervisor, 1.0 GPR nurse practitioner, 10.75 GPR nurse clinicians, 6.5 GPR licensed practical nurses, 0.5 GPR diagnostic radiological technician and 2.0 GPR program assistants) 13.67 GPR positions for institutional security supervision for administration, security and training, 49.86 GPR housing unit positions generally associated with the first two of five housing units to open (5.0 GPR unit supervisors, 35.86 GPR correctional officers, 8.0 social workers and 1.0 GPR program assistant), a segregation unit with 17.04 GPR positions (1.0 unit supervisor, 2.0 crisis intervention workers, 1.0 social worker and 13.04 correctional officers), 127.39 GPR correctional officers for institutional security, 3.0 GPR program review committee staff and 3.0 PR prison industry staff. In 2002-03, the bill would provide an additional 59.79 GPR positions to open the remaining three housing units (53.79 GPR officers and 6.0 GPR social workers).

The following table summarizes total funding (all funds) associated with the Stanley Correctional Institution.

Item	2001-02	2002-03
Personnel Costs	$2,572,700	$15,686,400
Supplies	1,213,100	2,434,100
Lease Payments	11,457,500	0
Property Taxes	1,562,000	0
Sewer and Water Payments to City	272,000	272,000
Inmate Food, Health and Supplies	0	4,249,400
Correctional Officer Training	1,362,300	388,800
Startup Costs	1,685,100	0
Vehicle Purchases	490,300	0
Total	$20,615,000	$23,030,700

Joint Finance: Modify the provision as follows:

a. Adjust funding by -$34,500 GPR and -1.3 GPR positions and $2,800 PR and -0.2 PR position in 2001-02 and -$138,300 GPR and -1.3 GPR positions and -$27,600 PR and -0.2 PR position in 2002-03 to reflect the partial PR support of 1.0 storekeeper position, the deletion of 0.5 GPR program assistant for security administration, the deletion of 1.0 PR industries specialist associated with a potential private industry project, adjustments associated with reduced correctional officer preservice training costs, and turnover reduction and overtime calculation modifications.

b. Delete $11,457,500 GPR in 2001-02 for lease costs. Require DOA to renegotiate the Stanley Correctional Facility lease agreement and submit a report to the Joint Committee on Finance for its approval specifying the final lease payment and the source of that funding.

c. Provide $2,600,000 GPR in 2001-02 for carrying costs associated with the facility of $650,000 per month for up to four months.

d. Remove the provision that would allow Corrections to maintain and govern any correctional institution that has been constructed by a private person and leased or purchased by the state for use by the Department.

e. Specify that the Building Commission may not lease or acquire or authorize the leasing or acquisition of any building, structure, or facility or portion thereof for initial occupancy by the Department of Corrections for the purpose of confining persons serving a sentence of imprisonment to the Wisconsin state prisons or for the purpose of confining juveniles alleged or found to be delinquent unless the construction of the building, structure, or facility or the conversion of the building, structure, or facility into a correctional facility either was completed before January 1, 2001, or began after the building, structure, or facility was enumerated in the authorized state building program.

f. Define the following terms:

(1) "Authorized jurisdiction" means a county, two counties, jointly establishing a jail, the United States, or a federally recognized American Indian tribe or band in this state.

(2) "Correctional facility" means a building, structure, or facility or portion thereof to be used to confine persons serving a sentence of imprisonment to the Wisconsin state prisons or to confine juveniles alleged or found to be delinquent.

g. Specify that no person may commence construction of a correctional facility or commence the conversion of an existing building, structure, or facility into a correctional facility unless the building, structure, or facility is enumerated in the authorized state building program. This provision does not apply to any of the following:

(1) A building, structure, or facility that is constructed or converted under a contract with, and for use by, an authorized jurisdiction (a county, two counties jointly establishing a jail, the United States, or a federally recognized American Indian tribe or band in this state).

(2) A building, structure or facility the construction of which was completed before January 1, 2001, if the building, structure, or facility was designed to confine persons convicted of criminal offenses.

In addition, enumerate a $79,917,000 project ($74,915,600 in general fund supported borrowing and $5,001,400 in federal funds) entitled "Correctional facility purchase-Stanley" in the 2001-03 state building program under the Department of Corrections.

Modify current law to specify that the correctional institution at Stanley enumerated in the 2001-03 state building program be listed as a state prison and named "the correctional institution at Stanley."

Senate/Legislature: Modify the Joint Finance provision related to the Stanley Correctional Institution staffing and lease costs as follows:

a. Specify that the Department of Corrections is required to pay the owners of the Stanley facility $650,000 per month for carrying costs for the period beginning on July 1, 2001, and ending on the earlier of October 31, 2001, or the date on which the Building Commission purchases the facility. Specify that if the Building Commission purchases the facility before October 31, 2001, the carrying costs for the month in which the purchase takes place be prorated.

b. Modify the definition of "correctional facility" to mean an institution or facility or portion of an institution or facility, that is used to confine juveniles alleged or found delinquent or a prison, jail, house of correction or lockup facility, but not a secured group home.

c. Specify that the Building Commission may not lease or acquire a building for the purpose of confining persons, unless one of the following applies: (1) if the building, structure or facility was converted for use as a prison, the conversion either was completed before January 1, 2001, or was enumerated in the state building program; or (2) if the building, structure or facility was constructed as a prison, the construction was completed before January 1, 2001, or was enumerated in the state building program.

[Act 16 Sections: 108b, 108c, 108e, 994d, 3337m, 3353m, 9107(1)(b)1.&2., 9111(5gk)&(9q) and 9307(1x)]

6. NEW LISBON CORRECTIONAL INSTITUTION STAFFING [LFB Paper 328]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$18,373,300	277.00	-$7,814,200	-0.40	-$3,925,500	0.00	$6,633,600	276.60
PR	172,400	3.00	-63,200	0.40	0	0.00	109,200	3.40
Total	$18,545,700	280.00	-$7,877,400	0.00	-$3,925,500	0.00	$6,742,800	280.00

Governor: Provide $3,608,300 GPR and 234.14 GPR positions and $27,400 PR and 3.0 PR positions in 2001-02 and $14,765,000 GPR and 277.0 GPR positions and $145,000 PR and 3.0 PR positions in 2002-03 to operate the 750-bed New Lisbon Correctional Institution. The facility is scheduled to open in July, 2002. The executive budget book indicates that the facility will focus on inmates with developmental delays or mental health problems. Initial funding and staffing for the New Lisbon facility was provided in 1999 Act 9 ($728,700 GPR and 9.0 GPR positions in 2000-01).

Under the bill, positions in 2001-02 are funded for five months or less. The recommended institutional staffing includes the following positions in 2001-02: 1.0 GPR deputy warden, 2.0 GPR personnel positions, 2.0 GPR inmate complaint examiners, 6.0 GPR financial services positions, 10.0 GPR food service positions, 14.0 GPR maintenance positions, 4.0 GPR institutional stores positions, 1.0 GPR program assistant for the institutional programs director, 4.0 GPR records office positions, 1.0 GPR chaplain, 19.0 GPR education/recreation positions (1.0 education director, 13.0 teachers, 1.0 librarian, 3.0 recreation leaders and 1.0 program assistant), 5.0 GPR psychological services positions (1.0 psychologist supervisor, 3.0 psychologists and 1.0 program assistant), 11.0 GPR security supervisors for administration, security and training, one housing unit with 21.93 positions for alcohol and other drug abuse treatment (1.0 unit supervisor, 17.93 correctional officers and 3.0 social workers), one housing unit for inmates with special needs with 18.93 GPR positions (1.0 unit supervisor and 17.93 correctional officers), two housing units each with 1.0 unit supervisor, a segregation unit with 15.04 GPR positions (1.0 crisis intervention worker, 1.0 social worker and 13.04 correctional officers), 92.74 GPR correctional officers for institutional security, 0.5 GPR nursing consultant, 3.0 GPR program review committee staff and 3.0 PR prison industry staff. In 2002-03, an additional 42.86 GPR positions are created to staff the special management unit (2.0 social workers and 1.0 psychologist) and the two housing units (4.0 social workers and 35.86 correctional officers).

The bill includes $1,103,400 GPR in 2001-02 and $259,200 GPR in 2002-03 for correctional officer training, $2,095,800 GPR in 2002-03 for contracted health services, $410,000 GPR in 2001-02 for institutional start-up costs and $47,900 GPR in 2001-02 for vehicle purchases.

Identify the New Lisbon Correctional Institution as a medium-security correctional institution that Corrections is required to establish and name the facility as a state prison.

Joint Finance: Delete $3,608,300 GPR and 234.14 GPR positions and $27,400 PR and 3.0 PR positions in 2001-02 and delete $4,205,900 GPR and 0.4 GPR position and $35,800 PR in 2002-03 and provide 0.4 PR position in 2002-03 to operate the New Lisbon Correctional Institution. This reflects the following modifications: (a) partially supports 1.0 storekeeper position associated with the inmate canteen with PR; (b) modifies turnover reduction and overtime calculations; (c) reduces correctional officer preservice training costs; and (d) delays the opening of the institution from July, 2002, to January, 2003.

Senate: Delete funding and positions provided for the New Lisbon Correctional Institution and specify that the facility could not open prior to January 1, 2004.

Conference Committee/Legislature: Reduce funding by $3,925,500 GPR in 2002-03 to reflect a delayed opening date of June 1, 2003.

[Act 16 Sections: 3337 and 3353m]

7. HIGHVIEW GERIATRIC CORRECTIONAL FACILITY STAFFING [LFB Paper 328]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$16,081,500	217.00	-$6,013,700	-1.57	-$4,167,200	0.00	$5,900,600	215.43
PR	0	0.00	13,300	0.40	0	0.00	13,300	0.40
Total	$16,081,500	217.00	-$6,000,400	-1.17	-$4,167,200	0.00	$5,913,900	215.83

Governor: Provide $5,028,200 in 2001-02 and $11,053,300 in 2002-03 and 217.0 positions annually to operate the 300-bed Highview Geriatric Correctional Facility on the grounds of the Department of Health and Family Service's Northern Center for the Developmentally Disabled in Chippewa Falls. The facility is scheduled to open in July, 2002.

The institutional staffing would include the following positions: 1.0 warden, 1.0 deputy warden, 1.0 secretary for the warden, 3.0 personnel positions, 1.0 inmate complaint examiner, 2.0 financial services positions, 4.0 business office positions, 1.0 institutional stores position, 4.5 food service positions, 2.0 records office positions, 1.0 chaplain, 1.0 librarian, 2.0 positions for institutional security (1.0 security director and 1.0 program assistant), 11.78 security supervisors for administration, security and training, one housing unit with 43.29 positions (1.0 unit supervisor, 13.04 correctional officers, 1.0 social worker, 1.0 chief psychologist, 1.0 program assistant, 1.0 nursing supervisor, 5.0 nurse clinicians, 8.5 licensed practical nurses and 11.75 nursing assistants), two housing units with 41.79 positions (1.0 unit supervisor, 13.04 correctional officers, 1.0 social worker, 0.5 psychologist, 1.0 nursing supervisor, 5.0 nurse clinicians, 8.5 licensed practical nurses and 11.75 nursing assistants), 43.35 correctional officers for institutional security, 8.5 institutional health care staff (1.0 physician, 0.5 psychiatrist, 1.0 nursing supervisor, 1.0 nurse practitioner, 0.5 dentist, 0.5 dental assistant, 0.5 dental hygienist, 0.5 phlebotomist, 1.0 occupational therapist, 1.0 physical therapist and 1.0 medical records technician) and 2.0 program review committee staff.

The bill includes $1,089,800 in 2001-02 for institutional start-up costs (inmate clothing, cleaning supplies, linens and supplies for the facility canteen, food service, health services unit and the facility generally) and $218,500 in 2001-02 for vehicle purchases. Maintenance services, food service, laundry and other miscellaneous services would be provided through contracts with Northern Center.

Joint Finance: Delete $4,751,300 GPR and 212.0 GPR positions in 2001-02 and $1,262,400 GPR and 1.57 GPR positions in 2002-03 and provide $13,300 PR and 0.4 PR position in 2002-03 to operate the Highview Geriatric Facility. This reflects the following modifications: (a)

partially supports 1.0 storekeeper position associated with the inmate canteen with PR; (b) modifies turnover reduction and overtime calculations; (c) makes adjustments associated with reduced correctional officer preservice training costs; (d) appropriately staffs nursing positions; and (e) delays the opening of the facility from July, 2002, to January, 2003.

Senate: Delete funding and positions provided for the Highview Geriatric Facility and specify that the facility could not open prior to January 1, 2004.

Conference Committee/Legislature: Reduce funding by $276,900 GPR and 5.0 GPR positions in 2001-02 and $3,890,300 GPR in 2002-03 to reflect a delayed opening date of June 1, 2003.

8. TAYCHEEDAH CORRECTIONAL INSTITUTION SEGREGATION, MENTAL HEALTH AND HOUSING UNIT STAFFING [LFB Paper 328]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$5,360,500	61.00	- $32,200	0.00	$5,328,300	61.00

Governor: Provide $2,364,800 in 2001-02 and $2,995,700 in 2002-03 and 61.0 positions annually for staffing of a new 125-bed housing unit, a 64-bed segregation unit and a 64-bed mental health unit at the Taycheedah Correctional Institution. These facilities are scheduled to open in January, 2002. The recommended staffing for the new units includes: 18.3 positions for the 125-bed housing unit (1.0 unit supervisor, 1.0 social worker and 16.3 correctional officers), 9.15 positions for the 64-bed segregation unit (1.0 crisis intervention worker and 8.15 correctional officers), 30.55 positions for the 64-bed mental health unit (3.0 psychologists, 1.0 crisis intervention worker, 1.0 nurse practitioner, 1.0 nursing supervisor, 4.0 psychiatric nurses, 1.75 social workers, 1.0 treatment specialist and 17.8 correctional officers).

In addition, the bill provides the following positions at Taycheedah to provide support associated with the new units: 1.0 security supervision position, 1.0 purchasing agent and 1.0 food service position. The recommendation includes $349,500 in 2001-02 for correctional officer training, $26,500 in 2001-02 and $53,000 in 2002-03 for a contracted psychiatrist and $166,200 in 2001-02 for institutional start-up costs.

Joint Finance/Legislature: Delete $14,900 in 2001-02 and $17,300 in 2002-03 related to turnover reduction and overtime calculation adjustments, and adjustments associated with reduced correctional officer preservice training costs.

9. OSHKOSH CORRECTIONAL INSTITUTION SEGREGATION UNIT STAFFING [LFB Paper 328]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$700,900	10.00	- $308,300	0.00	- $132,200	0.00	$260,400	10.00

Governor: Provide $260,400 in 2001-02 and $440,500 in 2002-03 and 10.0 positions annually for staffing of a new 50-bed segregation unit at the Oshkosh Correctional Institution. The facility is scheduled to open in March, 2002. The recommended staffing for the new unit includes 0.5 crisis intervention worker and 9.5 correctional officers. The bill includes $68,700 in 2001-02 for correctional officer training and $31,300 in 2001-02 for start-up costs.

Joint Finance: Delete $260,400 and 10.0 positions in 2001-02 and $47,900 in 2002-03 associated with the Oshkosh Correctional Institution segregation unit related to turnover reduction and overtime calculations adjustments, correctional officer preservice training costs reductions and a delay in the opening of the facility from March, 2002, to January, 2003.

Senate: Delete funding and positions provided for the Oshkosh Correctional Institution segregation unit and specify that the unit may not open prior to January 1, 2004.

Conference Committee/Legislature: Modify the Joint Finance provision by reducing funding by $132,200 GPR in 2002-03 to reflect delayed opening date of June 1, 2003.

10. INMATE WORKHOUSES [LFB Paper 328]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$5,835,100	50.00	- $826,900	0.00	$5,008,200	50.00

Governor: Provide $2,596,800 in 2001-02 and $3,238,300 in 2002-03 and 50.0 positions annually to staff and operate two 150-bed inmate workhouses (one at the Winnebago Correctional Center and the other in the Sturtevant area). The Winnebago facility is scheduled to open in February, 2002 and the Sturtevant facility in June, 2002. Staffing at the Sturtevant facility would also provide administrative and support services for the Sturtevant probation and parole hold facility. The recommended staffing for the Winnebago facility includes the following: 13.0 correctional officers for housing unit security, 1.0 correctional officer for mailroom, property and transportation, 2.0 supervising officers, 2.0 correctional officers for work release coordination, 2.0 correctional officers for work crew supervision, 1.0 social worker, 1.0 maintenance position, 1.0 food service position and 2.0 program assistants for administration. Administrative supervision at the Winnebago workhouse will be provided by

the Winnebago Correctional Center. The recommended staffing for the Sturtevant facility includes the following: 1.0 correctional center superintendent, 2.0 program assistants for administration, 12.0 correctional officers for housing unit security, 1.0 correctional officer for mailroom, property and transportation, 2.0 supervising officers, 2.0 correctional officers for work release coordination, 2.0 correctional officers for work crew supervision, 1.0 social worker, 1.0 maintenance position and 1.0 food service position.

The bill includes $281,900 in 2001-02 for correctional officer training, $474,600 in 2001-02 for startup costs, $493,700 in 2001-02 for vehicles, $58,000 in 2001-02 and $297,400 in 2002-03 for contracted health services, and $103,000 in 2001-02 and $247,200 in 2002-03 for purchase of services for inmates.

Joint Finance: Delete $1,421,900 and 25.0 positions in 2001-02 and provide $595,000 in 2002-03 for the inmate workhouses. This reflects the following: (a) modifies turnover reduction and overtime calculations; (b) reduces correctional officer preservice training costs; (c) increases funding for health care costs; and (d) delays the opening of the Winnebago facility from February, 2002, to May, 2002 and the Sturtevant facility from June, 2002, to January, 2003.

Senate: Delete $1,174,900 and 25.0 positions in 2001-02 and $2,013,000 and 25.0 positions in 2002-03 provided for the Winnebago inmate workhouse and specify that the unit may not open prior to January 1, 2004.

Conference Committee/Legislature: Retain Joint Finance provision.

11. STURTEVANT PROBATION AND PAROLE HOLD FACILITY [LFB Paper 328]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$4,819,800	50.00	-$1,740,400	0.00	$3,079,400	50.00

Governor: Provide $1,756,500 in 2001-02 and $3,063,300 in 2002-03 and 50.0 positions annually to staff the Sturtevant Probation and Parole Hold Facility. The 150-bed regional hold facility is scheduled to open in June, 2002. The requested staffing includes the following positions: 13.04 correctional officers for the housing unit, 9.57 correctional officers for inmate intake, 9.5 correctional officers for inmate transportation, 11.64 correctional officers for other institutional security duties, 1.75 positions for psychological services, 1.0 electronics technician position, 1.5 food service positions, 1.0 records assistant and 1.0 program assistant for administration.

The bill includes $316,300 in 2001-02 for correctional officer training, $5,500 in 2001-02 and $148,700 in 2002-03 for contracted health services, $405,700 in 2001-02 for institutional start-up costs, $233,700 in 2001-02 for vehicle purchases and $4,200 in 2001-02 and $50,000 in 2002-03 to

purchase interpretive and religious services. The hold facility will be located with the Sturtevant inmate workhouse, also being constructed.

Joint Finance/Legislature: Delete $1,756,500 and 50.0 positions in 2001-02 and provide $16,100 in 2002-03. This reflects the following: (a) modifies turnover reduction and overtime calculations; (b) reduces correctional officer preservice training costs; (c) increases funding for health care costs in 2002-03; and (d) delays the opening of the facility from June, 2002, to January, 2003.

12. MILWAUKEE SECURE DETENTION FACILITY FULL FUNDING OF NON-SALARY COSTS [LFB Paper 329]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$17,366,000	- $3,614,600	$13,751,400

Governor: Provide $8,623,700 in 2001-02 and $8,742,300 in 2002-03 to fully fund non-salary costs at the 1,048-bed Milwaukee Secure Detention Facility (MSDF), scheduled to open in August, 2001. The funding would be divided as follows: (a) inmate-related food and supplies costs, $4,174,800 annually; (b) inmate contracted health services, $2,667,100 in 2001-02 and $2,779,100 in 2002-03; (c) supplies and services, $1,331,600 in 2001-02 and $1,338,200 in 2002-03; (d) fuel and utilities, $281,700 annually; (e) educational services, $120,000 annually; and (f) permanent property, $48,500 annually. The bill assumes that the average daily population at MSDF would be 1,048 inmates annually.

Joint Finance/Legislature: Reduce funding by $3,630,000 in 2001-02 associated with inmate-related costs. The facility is not scheduled to begin accepting inmates until October, 2001. Given that the facility will not be open for a full year in 2001-02, the average daily population of the facility will be 525 in 2001-02. In addition, provide $15,400 in 2001-02 associated with inmate health care for inmates placed in out-of-state contract beds as a result of the delayed opening.

13. MINIMUM AGE LIMIT FOR SUPERMAX PLACEMENT

Senate/Legislature: Prohibit the Department of Corrections from placing anyone under the age of 18 at the Supermax Correctional Institution in Boscobel. Provide that, if on the effective date of the bill, any person under the age of 18 is incarcerated in Supermax, the Department must transfer the person out of the institution within 30 days. In addition, modify current law related to placement of persons under 15 years of age to change "prisoners" to "a

person," "facilities" to "facility," "institutions" to "institution" and specify that the provision applies to persons "who are sentenced to the Wisconsin state prisons."

[Act 16 Sections: 1585d, 3386d, 3879d, 4014d and 9111(6d)]

14. SUPERMAX CORRECTIONAL FACILITY STUDY

Senate: Require the Department of Corrections to study, in conjunction with the Department of Health and Family Services and a consortium of non-profit, community-based and faith-based organizations, the impact of the Supermax Correctional Facility on inmates. Require the Department to submit its findings and recommendations to the Legislature by July 1, 2002.

Conference Committee/Legislature: Delete provision.

15. REDUCTION TO MILWAUKEE WOMEN'S CORRECTIONAL FACILITY PROJECT

Joint Finance: Enumerate a $8.1 million project funded with general fund supported bonding entitled "Women's Correctional Center -- Milwaukee" in the 2001-03 state building program under the Department of Corrections.

Assembly/Legislature: Reduce the general obligation bonding authorization for the Department of Corrections by $3.0 million associated with a reduction to the women's correctional facility project in Milwaukee. Decrease the enumeration of the facility in the 2001-03 state building program from $8.1 million to $5.1 million to reflect the reduction in bonding.

[Act 16 Section: 9107(1)(b)1.]

16. CONTINUED USE OF PRAIRIE DU CHIEN FACILITY AS ADULT PRISON

Governor/Legislature: Extend the period for operating the secured juvenile correctional facility at Prairie du Chien as an adult prison for inmates who are not more than 21 years of age and who are not violent offenders, as determined by the Department of Corrections, to July 1, 2003. Under current law, the secured juvenile correctional facility at Prairie du Chien may be operated, until July 1, 2001, as an adult prison for inmates who are not more than 21 years of age and who are not violent offenders, as determined by Corrections.

Under 1995 Act 27 (the 1995-97 biennial budget), the Prairie du Chien Correctional Facility was designed as a juvenile correctional facility. In 1997 Act 4, Corrections was authorized to utilize Prairie du Chien as a facility for young adult prisoners from July 1, 1997, until July 1, 1998. In 1997 Act 27 (the 1997-99 biennial budget), the authority to operate the Facility as an adult prison was extended until July 1, 1999. Also, 1997 Act 27 specified that inmates at the Facility could not be more than 21 years of age and must be nonviolent offenders,

as determined by the Department of Corrections. In 1999 Act 9 (the 1999-01 biennial budget), the authority to use the prison for nonviolent, youthful adult offenders was again extended until July 1, 2001.

[Act 16 Section: 4035]

17. ADULT CORRECTIONAL FACILITIES INCREASED STAFFING FOR POPULATION MANAGEMENT [LFB Paper 330]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$4,799,800	56.08	- $451,000	0.00	$4,348,800	56.08

Governor: Provide $2,295,100 in 2001-02 and $2,504,700 in 2002-03 and 56.08 positions annually in the adult correctional system to provide staff and funding associated with the return of inmates from out-of-state contract prison facilities. Positions are provided as follows: (a) Dodge Correctional Institution, 27.17 positions annually (18.17 correctional officers for property/mail, internal escort and transportation, 2.0 offender records positions, 1.0 financial specialist, 1.0 social worker, 3.0 nurse clinicians, 1.0 dental hygienist and 1.0 health information technician); (b) Racine Correctional Institution, 23.91 positions annually (14.91 correctional officers for property/mail, internal escort and transportation, 2.0 offender records positions, 1.0 financial specialist, 1.0 social worker, 3.0 nurse clinicians, 1.0 dental hygienist and 1.0 health information technician); (c) medical services at the Dodge and Racine Correctional Institutions, 1.0 physician annually; and (d) offender classification, 4.0 positions annually (2.0 offender classification specialists and 2.0 program assistants). Under the bill, the 18.17 officer positions at the Dodge Correctional Institution and the 14.91 officer positions at the Racine Correctional Institution are created as two-year project positions. The bill includes $239,100 in 2001-02 for correctional officer training and $22,800 in 2001-02 for a 12-passenger van for Racine Correctional Institution.

Joint Finance/Legislature: Delete $437,900 and 10.5 positions in 2001-02 and $13,100 in 2002-03, and provide that all positions are two-year project positions. These modifications are associated with the computation of overtime costs, turnover reductions and preservice training costs and the delays in the opening of the Highview Geriatric Facility and the inmate workhouses.

18. CORRECTIONAL HEALTH CARE SERVICES

	Funding	Positions
GPR	$1,214,500	28.75
PR	54,000	0.00
Total	$1,268,500	28.75

Governor: Provide $559,300 GPR and 28.75 GPR positions and $27,000 PR in 2001-02 and $655,200 GPR and 28.75 GPR positions and $27,000 PR in 2002-03 for the following correctional health care services items:

a. *Increased Health Services Staffing.* Provide 20.0 GPR positions annually for increased health services staffing as follows: (1) Waupun Correctional Institution, 1.75 nurse clinicians and 0.5 licensed practical nurse; (2) Green Bay Correctional Institution, 2.0 nurse clinicians; (3) Taycheedah Correctional Institution, 2.0 nurse clinicians and 0.25 licensed practical nurse; (4) Fox Lake Correctional Institution, 1.0 nurse clinician; (5) Columbia Correctional Institution, 1.0 nurse clinician; (6) Kettle Moraine Correctional Institution, 0.5 nurse clinician; (7) Dodge Correctional Institution health service unit and infirmary, 3.25 nurse clinicians, 0.75 licensed practical nurse and 2.0 medical assistants; (8) Racine Correctional Institution, 2.25 nurse clinicians; (9) Oshkosh Correctional Institution, 2.0 nurse clinicians and 0.5 licensed practical nurse; and (10) Jackson Correctional Institution, 0.25 nurse clinician. Positions would be funded through the reallocation of base resources.

b. *24-Hour Health Care Coverage.* Provide $326,200 GPR in 2001-02 and $387,700 GPR in 2002-03 and 5.75 GPR positions annually to provide 24-hour per day health services coverage at three correctional institutions as follows: (1) Taycheedah Correctional Institution, 1.75 nurse clinicians; (2) Columbia Correctional Institution, 2.0 nurse clinicians; and (3) Oakhill Correctional Institution, 2.0 nurse clinicians.

c. *CPR and Defibrillator Training.* Provide $105,100 GPR and $27,000 PR annually to pay overtime costs of providing cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) training to current correctional officers, youth counselors and supervising officers in each year of the biennium.

d. *Increased Physician Coverage.* Provide $128,000 GPR in 2001-02 and $162,400 GPR in 2002-03 and 1.0 GPR physician position annually at the Dodge Correctional Institution to provide increased physician coverage. The additional physician position would be used to provide coverage for vacancies at institutions.

e. *Dialysis Unit Dodge Correctional Institution.* Provide $170,800 GPR in 2001-02 and $209,800 GPR in 2002-03 and 2.0 GPR positions annually to provide dialysis treatment to an additional four inmates. Reduce inmate health services costs by $170,800 GPR in 2001-02 and $209,800 GPR in 2002-03. Currently, the unit has the capacity to treat eight offenders; additional inmates needing dialysis are treated at local hospitals. The request would provide 1.0 hemodialysis technician, 0.75 nurse clinician and 0.25 correctional officer.

Assembly: Delete $226,300 in 2001-02 and $269,000 in 2002-03 and 4.0 positions annually associated with 24-hour health care at the Columbia and Oakhill Correctional Institutions.

Conference Committee/Legislature: Include Governor's provision.

19. INMATE DEATH INVESTIGATIONS

GPR	$60,000

Governor/Legislature: Provide $30,000 annually to pay for the costs of performing autopsies on inmates who died while in the legal custody to the Department of Corrections. Create statutory language regarding inmate death investigations, applicable for deaths occurring on and after the effective date of the bill, as follows:

a. *Deaths in a Wisconsin Institution.* Specify that if an inmate dies while in a correctional facility in Wisconsin, the coroner or medical examiner in the county where the death occurred is required to perform an autopsy on the deceased individual. If the coroner or medical examiner determines that the death may have been the result of any of the following circumstances, require the coroner or medical examiner to immediately notify the district attorney about the circumstances surrounding the death: (a) felony murder; (b) first- or second-degree intentional homicide; (c) first- or second-degree reckless homicide; (d) homicide by negligent handling of a dangerous weapon, explosives or fire; (e) homicide by negligent operation of a vehicle; (f) homicide by negligent control of a vicious animal; (g) homicide by intoxicated user of a vehicle or firearm; (h) suicide; and (i) unexplained or suspicious circumstances.

Under current law, a coroner or medical examiner may request that the district attorney order an inquest into the inmate death. If the district attorney refuses to order an inquiry, the coroner or medical examiner may petition the circuit court to order the inquest. The court may issue the order if it finds that the district attorney has abused his or her discretion in not ordering an inquest. These statutory provisions remain unchanged under the bill.

b. *Deaths in an Institution Outside of Wisconsin.* Specify that if an inmate dies while in an out-of-state correctional facility under a contract with the federal government, a contract with another state or out-of-state local government or under the interstate corrections compact, Corrections would be required to have an autopsy performed by an appropriate authority in the other state or by the coroner or medical examiner of the county in which the circuit court is located that sentenced the inmate. If a coroner or medical examiner performs the autopsy in Wisconsin and determines that the inmate's death may have resulted from any of the situations identified above, the coroner or medical examiner would be required to forward the results of the autopsy to the appropriate authority in the other state.

[Act 16 Sections: 4034 and 9311(4)]

20. INMATE DEATH REPORTING REQUIREMENTS

Senate/Legislature: Require the Department of Corrections to comply with the federal Death in Custody Reporting Act. Require Corrections, on a quarterly basis, to provide the U.S. Attorney General and the Wisconsin Attorney General with information required under the

federal act for all persons under the jurisdiction of the Department of Corrections, including inmates housed out-of-state.

The federal Death in Custody Reporting Act was enacted on October 13, 2000. In order for states to receive federal violent offender incarceration and truth-in-sentencing incentive grants, a state is required to give assurances that it will follow guidelines established by the U.S. Attorney General to report, on a quarterly basis, information regarding the death of any person who is in the process of arrest, is in route to be incarcerated, or incarcerated at a municipal or county jail, state prison, or other state or local correctional facility. At a minimum, the following information is required: (a) the name, gender, race, ethnicity and age of the deceased; (b) the date, time and location of the death; and (c) a brief description of the circumstances surrounding the death.

Veto by Governor [D-8]: Delete provision.

[Act 16 Vetoed Section: 3330g]

21. MEDICAL AND DENTAL SERVICES COPAYMENT

Governor/Legislature: Delete the criteria that an inmate in a state prison or resident of a secured juvenile correctional facility must earn a wage during their residency in order to be charged a medical and dental copayment, to take effect with medical or dental care provided on or after the effective date of the bill. Under current law, Corrections may require a resident housed in a prison or in a secured correctional facility who earns wages during residency and who receives medical or dental services to pay a deductible, coinsurance, copayment or similar charge upon the medical or dental service that he or she receives. Statutes specify that if the resident requests the medical services or dental services, Corrections is required to collect the copayment and the charge may not be less than $2.50 for each request. Fees collected are deposited in Corrections' program revenue appropriation for general operations. No provider of medical or dental services may deny care or services because the resident is unable to pay the copayment, but an inability to pay the charges does not relieve the resident of liability for the charges unless Corrections excepts or waives the liability under criteria establish by rule.

[Act 16 Sections: 3388 and 9311(3)]

22. OVERTIME COST REDUCTIONS [LFB Paper 331]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$1,550,100	20.00	- $20,100	0.00	$1,530,000	20.00
PR	682,200	10.00	- 6,400	0.00	675,800	10.00
Total	$2,232,300	30.00	- $26,500	0.00	$2,205,800	30.00

Governor: Provide $795,500 GPR and 20.0 GPR positions and $296,300 PR and 10.0 PR positions in 2001-02 and $754,600 GPR and 20.0 GPR positions and $385,900 PR and 10.0 PR positions in 2002-03 to reduce the utilization of overtime funding at various adult correctional institutions and the Prairie du Chien Correctional Facility as follows: (a) $723,200 GPR in 2001-02 and $754,600 GPR in 2002-03 and 20.0 GPR correctional officer positions annually at the Waupun (12.0 positions), Fox Lake (1.0 position), Kettle Moraine (2.0 positions), Oakhill (1.0 position) and Jackson (2.0 positions) Correctional Institutions and the Racine Youthful Offender Correctional Facility (2.0 positions) to fund security positions which have been created at these institutions and are currently staffed using overtime; and (b) $72,300 GPR and $296,300 PR in 2001-02 and $385,900 PR in 2002-03 and 10.0 PR positions annually at the Prairie du Chien Correctional Facility to fund security positions currently staffed using overtime.

Joint Finance/Legislature: Delete $12,300 GPR and $2,400 PR in 2001-02 and $7,800 GPR and $4,000 PR in 2002-03 associated with correctional officer position training and overtime costs and adjustments for turnover reduction calculations.

23. DODGE CORRECTIONAL INSTITUTION TRANSPORTATION UNIT [LFB Paper 331]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$913,000	6.25	- $4,100	0.00	$908,900	6.25

Governor: Provide $913,000 and 6.25 positions in 2002-03 for an expansion of the inmate transportation unit at the Dodge Correctional Institution (DCI). Positions include 1.0 supervising officer and 5.25 correctional officers. Of the total funding, $378,500 would be utilized for vehicle purchases (one motor coach and one 15-passenger van), $233,900 for ongoing vehicle-related supplies and services and $45,200 for correctional officer training. The current 15-person transportation unit at DCI provides all inter-institutional transportation services for the adult correctional system.

Joint Finance/Legislature: Delete $4,100 in 2002-03 associated with correctional officer position training and overtime costs and adjustments for turnover reduction calculations.

24. OAKHILL CORRECTIONAL INSTITUTION TREATMENT PLANT [LFB Paper 332]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$870,000	- $108,900	$761,100

Governor: Provide $870,000 in 2001-02 on a one-time basis to fund projected costs of upgrading the Oregon sewage treatment plant associated with the Oakhill Correctional Institution. Funding would be placed in unallotted reserve pending a final determination of the actual amount owed.

Joint Finance/Legislature: Reduce funding provided for the Oakhill Correctional Institution for a Village of Oregon sewage treatment facility expansion by $108,900 in 2001-02.

25. NEW LISBON CORRECTIONAL INSTITUTION TREATMENT PLANT

GPR	$685,000

Governor/Legislature: Provide $150,000 in 2001-02 and $535,000 in 2002-03 on a one-time basis to fund projected costs of the New Lisbon sewage treatment plant associated with the New Lisbon Correctional Institution. Funding would be placed in unallotted reserve pending a final determination of the actual amount owed.

26. CORRECTIONAL CENTER SYSTEM ADDITIONAL CORRECTIONAL OFFICERS [LFB Paper 331]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$236,600	3.00	- $2,900	0.00	$233,700	3.00

Governor: Provide $115,000 in 2001-02 and $121,600 in 2002-03 and 3.0 positions annually for increased correctional officer staffing at three northern Wisconsin centers (one officer each at the Flambeau, Gordon and McNaughton Correctional Centers.)

Joint Finance/Legislature: Delete $1,700 in 2001-02 and $1,200 in 2002-03 associated with correctional officer position training and overtime costs and adjustments for turnover reduction calculations.

27. ADDITIONAL TEACHER POSITIONS AT ELLSWORTH CORRECTIONAL CENTER

	Funding	Positions
GPR	$87,300	1.00

Senate: Provide $113,900 in 2001-02 and $147,900 in 2002-03 and 3.0 teacher positions annually for increased teaching resources at the Ellsworth Correctional Center for women. Currently, Ellsworth has 5.0 teachers for 283 inmates.

Conference Committee/Legislature: Provide $38,000 in 2001-02 and $49,300 in 2002-03 and 1.0 position annually for increased teaching resources at the Ellsworth Correctional Center for women.

28. INMATE SECURED WORK PROGRAM

Senate: Delete $171,500 GPR and 3.0 GPR positions annually in the Department of Corrections associated with the secure inmate work program ("chain gangs"). Repeal statutory provisions (s. 303.063) related to the secure inmate work program.

Conference Committee/Legislature: Delete provision.

29. CORRECTIONAL INSTITUTION VISITORS BUS

Assembly: Prohibit Corrections from furnishing transportation services for family members of inmates to visit state prisons. The Department currently allocates $60,000 GPR annually from its purchase of services appropriation for a visitors bus service. The Department contracts with a bus company to provide transportation services from the City of Milwaukee to certain state prisons on a scheduled basis.

Conference Committee/Legislature: Delete provision.

30. PRAIRIE DU CHIEN KITCHEN OPERATION [LFB Paper 333]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$0	3.00	- $196,700	0.00	- $196,700	3.00

Governor: Provide 3.0 positions for the operation of the kitchen at the Prairie du Chien secured correctional facility. The facility is currently operated as an adult prison under contract with the Division of Juvenile Corrections for inmates who are not more than 21 years of age and who are not violent offenders. Food services at the facility were converted from a vendor contract to operation by Corrections' staff late in 2000. The bill provides no additional expenditure authority for the positions or other operating costs because the kitchen operations would be funded by reallocating funds previously used for the vendor contract. However, funding under the bill was not adjusted to reflect the cost difference between the 6.5 positions requested by the Department and the 3.0 positions provided under the bill.

Joint Finance/Legislature: Delete $85,200 in 2001-02 and $111,500 in 2002-03 relating to the Prairie du Chien secured correctional facility. Transfer $83,700 and 2.0 positions annually to Prairie du Chien from the Ethan Allen and the Lincoln Hills Schools and authorize a reduction to statutory daily rates for secured juvenile correctional facility care to reflect the transfer.

31. ESTABLISHMENT OF THE REDGRANITE CORRECTIONAL INSTITUTION

Governor/Legislature: Identify the Redgranite Correctional Institution as a medium-security correctional institution that Corrections is required to establish and name the facility as a state prison.

[Act 16 Sections: 3336 and 3353m]

32. NAMING OF THE JACKSON CORRECTIONAL INSTITUTION

Governor/Legislature: Name the medium-security Jackson Correctional Institution as a state prison.

[Act 16 Section: 3353m]

33. INSTITUTIONAL OPERATIONS AND CHARGES LAPSE

GPR-REV	$1,000,000

Governor/Legislature: Direct that $1,000,000 from the annual program revenue institutional operations and charges appropriation lapse to the general fund on the effective date of the bill. Under current law, expenditures from the appropriation may be made for the use, production and provision of state institutional facilities, services and products (other than those of prison industries, correctional farms and correctional institution enterprises involving the activities of inmates) and for the remodeling or construction of buildings. Revenues for the appropriation are generated from the rental of state institutional facilities and from the sale of institutional services and products (other than those of prison industries, correctional farms and correctional institution enterprises involving the activities of inmates). Base level funding for the appropriation is $12,869,500 and 36.0 positions.

[Act 16 Section: 9211(1)]

34. INCREASED PRESERVICE TRAINING FUNDING

PR	$483,000

Governor/Legislature: Provide $241,500 annually to fund correctional officer preservice training necessary as a result of correctional officer attrition. Program revenue funding is provided through the penalty assessment surcharge receipts. Base level PR funding for correctional officer training is $1,499,200 and 9.0 positions annually.

35. BADGER STATE INDUSTRIES COST INCREASES

	Funding	Positions
PR	$3,446,700	1.00

Governor/Legislature: Provide $1,161,100 in 2001-02 and $2,285,600 in 2002-03 and 1.0 position annually for cost increases in Badger State Industries (BSI). The recommendation is divided as follows: (a) $20,000 annually for operation and

maintenance of a BSI products web site; (b) $330,000 annually for increased permanent property expenditure authority; (c) $775,400 in 2001-02 and $1,898,600 in 2002-03 for increased supplies and services costs (fuel, utilities, transportation of goods and raw materials); and (d) $35,700 in 2001-02 and $37,000 in 2002-03 and 1.0 officer position annually at the Waupun Correctional Institution. Currently, the officer position is staffed through the use of overtime. Revenue for BSI is generated from charges to customers for various services and products.

36. COMPUTER RECYCLING [LFB Paper 697]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$0	0.00	$100,800	1.00	$100,600	1.00
SEG	291,400	4.00	- 100,800	- 1.00	190,600	3.00
Total	$291,400	4.00	$0	0.00	$291,400	4.00

Governor: Provide $145,800 SEG in 2001-02 and $145,600 SEG in 2002-03 and 4.0 SEG positions annually for continuation of the computer recycling program. Under the bill, funding and position authority associated with 4.0, two-year project SEG positions provided in the 1999-01 biennial budget for computer recycling are removed as noncontinuing elements under the standard budget adjustments. The bill restores the 4.0 positions as permanent, rather than project, positions. Adjusted base funding for the computer recycling program is $511,600 SEG. Total funding for the program (including standard budget adjustments and rent cost increases) would be $386,300 SEG in 2001-02 and $387,200 SEG in 2002-03 with 4.0 SEG positions annually. Funding for the program is provided from the recycling fund.

Conference Committee/Legislature: Convert $50,200 SEG in 2001-02 and $50,600 SEG in 2002-03 and 1.0 SEG position to program revenue generated from computer recycling activities.

[Act 16 Section: 9111(2L)]

37. PRIVATE BUSINESS/PRISON EMPLOYMENT PROGRAM COST REESTIMATE

PR	- $655,200

Governor: Delete $333,000 in 2001-02 and $322,200 in 2002-03 for the private business/prison employment program. The private business/prison employment program allows up to six selected private businesses to operate in state correctional institutions using inmate labor. Under the bill, total funding for the program would be $360,000 in 2001-02 and $370,800 in 2002-03 associated with the one business currently operating in the state prisons (Fabry Glove). Revenue to support the program is generated from charges to the private business operating in the correctional institutions.

Joint Finance: Reduce the number of allowed private business/prison employment programs to two projects. Under current law, the Department of Corrections may, under specific conditions, have up to six private businesses operating in correctional facilities using inmate labor.

Senate: Specify that on the effective date of the bill, Corrections may not enter into, extend, renew or amend a contract under the private business/prison employment program. Sunset the program effective September 1, 2004. Delete provisions related to: (a) approval of contracts by the Joint Committee on Finance; (b) the requirement that the contract or amendment specify the location of each program; and (c) the requirement that Corrections consult with appropriate trade organizations and labor unions prior to issuing and selecting a request for proposal.

Conference Committee/ Legislature: Maintain Joint Finance provision.

[Act 16 Section: 3389g]

38. TELEMARKETING AND DATA ENTRY

	Funding	Positions
PR	- $403,400	- 4.00

Senate/Legislature: Delete $172,900 in 2001-02 and $230,500 in 2002-03 and 4.0 positions annually associated with telemarketing and data entry operations performed by inmates.

Specify that the Department of Corrections may not enter into a contract or other agreement if, in the performance of the agreement, a prisoner would perform data entry or telemarketing services and would have access to any personal identifying information of an individual who is not a prisoner. Define "personal identifying information" to include an individual's name, address, telephone number, driver's license number, and social security number, an individual's employer or place of employment, an identification number assigned to an individual by his or her employer, the maiden name of an individual's mother and the numbers of certain types of bank accounts. Provide that these provisions would first apply to contracts entered into or renewed by Corrections on the effective date of the bill.

Require inmates making telephone solicitations or answering toll-free telephone numbers to do the following immediately after the person called answers the telephone:

a. When making a telephone solicitation: (1) state his or her name; (2) state that he or she is a prisoner; and (3) inform the person answering the call of the name and location (city and state) of the correctional facility in which he or she is a prisoner. Specify that these requirements apply to unsolicited initiations of a telephone conversation to encourage a person to purchase property, goods or services, to solicit charitable contributions, or to conduct opinion polls or surveys. In addition, specify that the requirements apply to prisoners located in a facility outside of Wisconsin if they make telephone solicitations to persons in Wisconsin.

b. When answering a toll-free telephone number: (1) state his or her name; (2) state that he or she is a prisoner; and (3) inform the caller of the name and location of the correctional facility in which he or she is a prisoner. Specify that these requirements apply to prisoners employed directly or indirectly by a charitable organization or toll-free service vendor to answer calls made to the charitable organization or toll-free service vendor. Require a charitable organization or toll-free service vendor that directly or indirectly employs a prisoner to provide reasonable supervision of the prisoner to assure the prisoner's compliance. In addition, specify that the requirements apply to prisoners located in a facility outside of Wisconsin if the prisoner is answering toll-free calls made by persons in Wisconsin.

Specify that a prisoner who violates the disclosure requirements is subject to a forfeiture (a civil monetary penalty) of not more than $500, while an employer of a prisoner who is a party to a prisoner's violation of the requirements is subject to a forfeiture of not more than $10,000. Specify that an employer may be a party to a prisoner's violation of the requirements by aiding and abetting the violation, by conspiring with a prisoner to commit the violation, or by advising, hiring, counseling, or otherwise procuring a prisoner to violate the requirements.

Under current law, the Department may not enter into any contract or other agreement if, in the performance of the contract or agreement, a prisoner would perform data entry or telemarketing services and have access to an individual's financial transaction card numbers, checking or savings account numbers or social security number. In addition, Corrections may not enter into any contract or other agreement if, in the performance of the contract or agreement, a prisoner would perform data entry services or telemarketing services and have access to any information that may serve to identify a minor.

Veto by Governor [D-4]: Delete the provision which specifies that Corrections may not enter into a contract or other agreement, if in the performance of the agreement, a prisoner would perform data entry or telemarketing services and have access to any personal identifying information of an individual who is not a prisoner.

[Act 16 Sections: 2826m, 2826p, 2981m, 2981p, 2981r and 2981s]

[Act 16 Vetoed Sections: 3325q and 9311(7k)]

39. PRISON FARM COST INCREASES

PR	$296,600

Governor/Legislature: Provide $154,400 in 2001-02 and $142,200 in 2002-03 for increased permanent property expenditure authority. Base level permanent property funding is $227,400 annually. Under the bill, total permanent property expenditure authority would increase to $381,800 in 2001-02 and $369,600 in 2002-03. Revenue for the prison farm program is generated from the sale of beef, pork and dairy products produced by the prison farms.

40. PRISON FARM PROGRAM EXPANSION

	Funding	Positions
PR	$856,500	1.00

Governor/Legislature: Provide $305,800 in 2001-02 and $550,700 in 2002-03 and 1.0 position annually to expand the prison farm program. Increased funding would support the cost of 1.0 correctional officer, an expansion of the dairy herd by 150 head and associated costs. Costs would be divided as follows: (a) correctional officer position, $31,900 in 2001-02 and $48,300 in 2002-03; (b) feed for additional livestock, $153,200 in 2001-02 and $237,100 in 2002-03; (c) veterinary and breeding service costs, $14,500 in 2001-02 and $29,000 in 2002-03; (d) packaging costs for increased dairy production, $31,700 in 2001-02 and $63,500 in 2002-03; (e) additional inmate wages, $10,600 in 2001-02 and $21,300 in 2002-03; and (f) four-year master lease costs for equipment and livestock, $63,900 in 2001-02 and $151,500 in 2002-03. Revenue for the prison farm program is generated from the sale of beef, pork and dairy products produced by the prison farms.

41. PRISON CHAPLAINS

	Positions
GPR	3.00

Joint Finance: Provide 3.0 GPR chaplain positions annually in the Department of Corrections. The Department currently has a total of 30.4 chaplain positions in its adult correctional facilities (25.9 GPR positions) and juvenile schools (4.5 PR positions). On an annualized basis, the positions would cost $138,600 GPR.

Assembly: Delete Joint Finance provision.

Conference Committee/Legislature: Maintain Joint Finance provision.

42. INMATE HEALTH CARE REPORT AND PROCEDURES

Joint Finance/Legislature: Require the following of the Department of Corrections regarding inmate health care:

a. A report to the Joint Committee on Finance by January 4, 2002, concerning its implementation of the Legislative Audit Bureau's (LAB) recommendation that it identify and review all professional medical services contracts, including those for medical, laboratory, dental and optical services, to determine whether costs can be controlled by either seeking better rates with alternate vendors or consolidating contracts.

b. A report to the Joint Committee on Finance by January 4, 2002, concerning its implementation of a plan to provide at least 12 hours of annual continuing education and staff development for health care staff and provide correctional officers with increased training in the delivery of controlled medications.

c. Examination of the allocation of mental health resources to ensure that, within available resources, the mental health needs of inmates are met in an equitable and efficient

manner and an evaluation of the effectiveness of efforts to allocate mental health resources to meet the mental health needs of inmates in an equitable and efficient manner.

d. Regular, random reviews of medical charts by a physician to help ensure that proper medical procedures are followed and an evaluation of the outcome and findings of medical chart reviews.

e. A report to the Joint Legislative Audit Committee and the Joint Committee on Finance by September 1, 2001, or by the first day of the second month after the effective date of the bill, whichever is later, on its progress toward meeting the standards it has selected as the basis for health care delivery to inmates.

f. The preparation of written contracts for all health care vendors, for the delivery of basic health services at correctional institutions with the requirement that any contract, agreement or extension of existing contracts or agreements over $500,000 be submitted to the Joint Committee on Finance for prior approval.

g. A report to the Joint Committee on Finance by January 4, 2002, regarding all monies collected from reimbursement available in health care services contracts.

h. The requirement that the Department of Corrections negotiate in all of its future contracts with hospitals that provide inpatient care for inmates the willingness to accept medical assistance (MA) rates for those who are eligible and evaluate the outcome of efforts to negotiate in all future hospital contracts providing inpatient care for inmates that MA rates be accepted for the care.

i. The requirement that the Department of Corrections work with the Department of Health and Family Services to explore options for determining medical assistance eligibility for inmates and for Corrections and DHFS to evaluate the progress of efforts to determine MA eligibility.

Veto by Governor [D-7]: Delete provision.

[Act 16 Vetoed Sections: 3329p thru 3329u and 9111(3c) thru 9111(3cd)]

43. COMMUNITY REINTEGRATION FACILITY

Joint Finance/Legislature: Require the Department of Corrections to prepare a feasibility study for a transitional placement facility for parolees. Require that the Department submit the study to the Joint Committee on Finance, including a proposal on funding the facility. Require that the Department consider the following criteria in conducting the study:

a. The facility house not less than 150 parolees.

b. The facility be located in a region of the state closest to the inmate population it will serve.

c. The facility be located in a nonresidential area.

d. Qualified respondents must be considered non-profit entities by the Internal Revenue Service.

e. Qualified respondents must have control over an identified and properly zoned site.

f. There must be at least 180 days between the awarding of the winning bid to opening of the facility in order to allow the contractor sufficient time to acquire and remodel a facility and secure necessary local approvals.

g. The facility provide alcohol and other drug abuse (AODA) treatment, education, job preparation, and other elements of programming designed to prepare parolees for their return to the community.

h. The treatment program must be provided on a continuum of care, moving from the most restrictive level of care to the least restrictive.

i. The facility provide a comprehensive curriculum emphasizing assessment, education, substance abuse treatment and relapse prevention.

j. The assessment phase provide comprehensive assessments of individuals in order to decide on appropriate courses of treatment and rehabilitation needs. Areas assessed must include academic and vocational factors as well as risks of substance abuse and recidivism. Treatments must be designed for each parolee with the objective of successful reintegration into the community.

k. The treatment phase of the program focus on successful re-integration of the offender into the community which requires that: (1) treatments be carried out by trained, certified, clinically supervised staff; and (2) treatment progress be managed and monitored by a team of licensed professionals, including educators, certified alcohol and drug counselors, vocational specialists and medical professionals.

L. Residential treatment be provided seven days a week and include the following: substance abuse treatment; offender rehabilitation; life-skills training; education; group therapy; family program; experiential workshops; anger management; and conflict resolution.

m. A plan to contract for a third-party evaluation of the program to measure effectiveness and rate of recidivism.

Veto by Governor [D-12]: Delete provision.

[Act 16 Vetoed Section: 9111(3g)]

44. PROBATION AND PAROLE HOLD FACILITY FEASIBILITY STUDY

Joint Finance: Require the Department of Corrections, in connection with its 2003-05 capital budget request, to study the feasibility of constructing a probation and parole hold facility in north central Wisconsin.

Assembly: Delete Joint Finance provision.

Conference Committee/Legislature: Maintain Joint Finance provision.

[Act 16 Section: 9111(3d)]

45. INMATE REHABILITATION AND AFTERCARE

Assembly/Legislature: Specify that the Department of Corrections may permit one or more nonprofit community-based organizations meeting specific requirements to operate an inmate rehabilitation program in any correctional facility if the Department determines that operation of that program does not constitute a threat to the security of the facility or the safety of inmates or the public and the operation of the program is in the best interest of the inmates.

Specify that an organization seeking to operate a rehabilitation program is required to submit a detailed proposal for the operation of the program. Require that the proposal include all of the following: (a) a description of the services to be provided, including aftercare services, and a description of the geographic area in which aftercare services will be provided; (b) a description of the activities to be undertaken and the approximate daily schedule of programming for inmates participating in the program; (c) a statement of the qualifications of the individuals providing services; (d) a statement of the organization's policies regarding eligibility of inmates to participate in the program; (e) a statement of the goals of the program; (f) a description of the methods by which the organization will evaluate the effectiveness of the program in attaining the goals; and (g) any other information required by Corrections.

Specify that an organization seeking to operate a rehabilitation program must agree in writing to all of the following: (a) the organization may not receive compensation from Corrections for services provided in the rehabilitation program; (b) the organization may not deny an inmate the opportunity to participate in the program for any reason related to the inmate's religious beliefs or nonbelief; (c) an inmate may stop participating in the program at any time; and (d) upon the inmate's release, the organization must provide community-based

aftercare services for each inmate who completes the program and who resides in the geographic area in which aftercare services will be provided.

Require Corrections to establish policies that provide an organization operating a rehabilitation program reasonable access to inmates. Require Corrections to designate a specific portion of the facility for operation of a rehabilitation program, if one is established. To the extent possible, require that inmates participating in the program be housed in the portion of the facility in which the program is operated. Specify that the Department may not require an inmate to participate in the rehabilitation program and may not base any decision regarding an inmate's conditions of confinement, including discipline, or an inmate's eligibility for release, on an inmate's decision to participate or not to participate in the rehabilitation program. Specify that the treatment of inmates, including the provision of housing, activities in which an inmate may participate, freedom of movement and work assignments, will be substantially the same for inmates who participate in the rehabilitation program and inmates who do not participate in such a program. Specify that Corrections may restrict an inmate's participation in the rehabilitation program only if the restriction is necessary for the security of the facility or the safety of the inmates or the public. Allow Corrections to suspend or terminate operation of the rehabilitation program if the organization operating the program fails to comply with any of the requirements. Require Corrections to suspend or terminate the operation of the program if it determines that suspension or termination of the program is necessary for the security of the facility or the safety of the inmates or the public or is in the best interests of the inmates.

Specify that an organization operating a rehabilitation program may suspend or terminate an inmate's participation in a program for reasons unrelated to religious beliefs, including the inmate's failure to participate meaningfully in the program.

Specify that if an organization operating a rehabilitation program promotes or informs Corrections that the organization intends to promote sectarian worship, instruction, or proselytization in connection with the rehabilitation program, the Department must permit all other religious organizations meeting the requirements of the inmate rehabilitation and aftercare program to operate an inmate rehabilitation program. Specify that Corrections is not required to permit a religious organization to operate an inmate rehabilitation program if it determines that the organization's operation of that program constitutes a threat to the security of the facility or the safety of the inmates or the public.

Require Corrections to evaluate or contract with a public or private agency for an evaluation of the effectiveness of each authorized rehabilitation program in reducing recidivism and alcohol and other drug abuse among program participants. Specify that Corrections must collect the data and information necessary to evaluate the program. Require that no later than three years from the date on which the rehabilitation program begins operating, Corrections must submit a report of the evaluation to the Governor and to the appropriate standing committees of the Legislature.

Specify that the Parole Commission may not deny presumptive mandatory release to an inmate because of the inmate's refusal to participate in a rehabilitation program.

Veto by Governor [D-6]: Modify the provision that Corrections may restrict an inmate's participation in a rehabilitation program only if the restriction is necessary for the security of the facility or the safety of the inmates or the public to instead provide that Corrections may restrict an inmate's participation in a rehabilitation program. Delete the ability of an organization operating a rehabilitation program to suspend or terminate an inmate's participation in a program for reasons unrelated to religious beliefs, including the inmate's failure to participate meaningfully in the program.

[Act 16 Sections: 3333j and 3354j]

[Act 16 Vetoed Section: 3333j]

46. REPORT ON OUT-OF-STATE INMATE TRANSFERS

Senate: Require the Department of Corrections to prepare a report on inmates transferred to out-of-state contract facilities for submission to the Joint Committee on Finance by July 1, 2002. Specify that the report address the following issues:

a. Overall impact transfers have on prison populations and a projection of future out-of-state transfers.

b. Total cost of out-of-state transfers including the cost of incarceration and transportation.

c. Types of inmates being transferred identified by crimes committed prior to incarceration.

d. Policies on how inmates are selected for out-of-state transfers.

e. Average length of stay in out-of-state prisons.

f. Specific treatments received by inmates in out-of-state facilities compared to inmates housed in Wisconsin facilities.

g. Complaint procedures for inmates, including the number of complaints received, types of grievances submitted and ways the out-of-state prison facility has addressed the complaints.

h. Rate of recidivism for prisoners who have been housed out-of-state compared to those remaining in Wisconsin for the entire sentence, by specific crimes.

i. Impact of the transfers on inmates' families in Wisconsin, including the information families receive on treatment of inmates and ways Corrections has attempted to respond to concerns of the families.

j. Steps taken to implement alternative measures to prison transfers, including the number of persons involved in enhanced community supervision programs, the success of these programs, and the feasibility of reducing prison transfers through increasing some combination of community supervision programs.

k. The effect that the elimination of parole and probation would have on the number of prisoners who will be sentenced to a term of imprisonment and on recidivism rates for all prisoners.

l. An evaluation of health status of prisoners and health care provided to prisoners.

Conference Committee/Legislature: Delete provision.

Community Corrections

1. COMMUNITY CORRECTIONS POPULATION ESTIMATES [LFB Paper 350]

Governor: Estimate an end-point population (June 30) of 56,840 in 2001-02 and 57,741 in 2002-03. As of December 31, 2000, the probation and parole population was 55,107. The budgeted end-point population for 2000-01 is 64,010.

Senate: Increase estimated end-point community corrections populations by 130 offenders in 2001-03 and 400 offenders in 2002-03 associated with the increased utilization of the intensive sanctions program.

Conference Committee/Legislature: Maintain the Governor's community corrections population estimates.

2. COMMUNITY CORRECTIONS PURCHASE OF SERVICES FUNDING [LFB Paper 351]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	$9,859,200	- $5,224,100	$4,635,100

Governor: Provide $4,831,900 in 2001-02 and $5,027,300 in 2002-03 for increased purchase of services funding in the Division of Community Corrections. Total community corrections purchase of services funding would increase from $16,589,600 in 2000-01 to $21,421,500 in 2001-02 and $21,616,900 in 2002-03. Total funding would include $1,595,500 annually transferred from the intensive sanctions program to the probation and parole program. Under the provision, purchase of service funding (exclusive of 800 offenders in the enhanced supervision program and absconders) is estimated at $347 per offender in 2001-02 and $345 per offender in 2002-03.

Assembly: Delete $4,831,900 in 2001-02 and $5,027,300 in 2002-03 associated with purchase of services for offenders on probation, parole and extended supervision. Purchase of service funding would remain at the current base level of $14,629,600 in 2000-01, and is estimated to provide purchase of services funding at $261 per offender in 2001-02 and $257 per offender in 2002-03.

Conference Committee/ Legislature: Reduce community corrections purchase of services funding by $2,649,500 in 2001-02 and $2,574,600 in 2002-03. Total community purchase of services funding would be $18,772,000 in 2001-02 and $19,042,300 in 2002-03. Purchase of service funding would be provided at an estimated $300 per offender in probation, extended supervision and parole (exclusive of 800 offenders in the enhanced supervision program and absconders) during the 2001-03 biennium.

3. COMMUNITY CORRECTIONS INCREASED STAFFING [LFB Paper 350]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$6,939,500	97.00	- $2,755,700	- 40.50	$4,183,800	56.50

Governor: Provide $1,068,800 and 21.5 positions in 2001-02 and $5,870,700 and 97.0 positions in 2002-03 to provide additional community corrections supervision. Under the bill, the following positions would be provided: (a) probation and parole agents, 17.0 positions in 2001-02 and 75.0 positions in 2002-03; (b) probation and parole supervisors, 1.0 position in 2001-02 and 6.0 positions in 2002-03; (c) program assistant supervisors, 2.0 positions in 2002-03; and (d) program assistants, 3.5 positions in 2001-02 and 14.0 positions in 2002-03. Increased funding and positions are estimated to create an agent-to-offender ratio of one agent to 47.1 offenders in 2001-02 and one to 45.7 in 2002-03. Based on 2000-01 estimated end-point populations each agent currently has a caseload of approximately 54 offenders.

Assembly: Delete $1,068,800 and 21.5 positions in 2001-02 and $4,647,800 and 76.0 positions in 2002-03 to provide an estimated agent-to-offender ratio for all offenders, excluding the enhanced supervision programs, of one agent to 48 offenders.

Conference Committee/Legislature: Provide an additional $54,200 and 7.5 positions in 2001-02 and delete $2,809,900 and 40.5 positions in 2002-03 to provide an estimated agent-to-offender ratio for all offenders, excluding the enhanced supervision programs, of one agent to 47 offenders. The total number of additional positions would be: (a) 20.0 agents in 2001-02 and 39.25 in 2002-03; (b) 1.75 probation and parole supervisors in 2001-02 and 3.25 in 2002-03; (c) 1.0 program assistant supervisor in 2001-02 and 1.75 in 2002-03; and (d) 6.25 program assistants in 2001-02 and 12.25 in 2002-03. Total increased funding would be $1,123,000 and 29.0 positions in 2001-02 and $3,060,800 and 56.5 positions in 2002-03.

4. MILWAUKEE DRUG COURT PROJECT [LFB Paper 352]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$840,000	- $490,000	$350,000

Governor: Provide $420,000 annually for increased purchase of services funding associated with the Milwaukee drug court project. The executive budget book indicates that Corrections will utilize the 210-bed AODA unit at the Milwaukee Secure Correctional Facility for the program. Funding under the bill is intended to provide purchase of services support at $2,000 per offender in the program. Currently, the Department operates a full-time, 48-bed felony drug offender alternative to prison program serving young male Milwaukee drug offenders. These offenders enter the program as an alternative to prison as determined by the sentencing drug court judge. The program was designed by representatives of the Milwaukee County District Attorney's office, the State Public Defender's office, Milwaukee County circuit court judges and community organizations. The 12-month program includes intensive treatment during the first four- to six-month phase of incarceration. The intensive treatment phase is followed by up to two months at a correctional center where offenders are assisted to gain employment. A six-month period of enhanced supervision in the community, including aftercare services and close surveillance, is the final program phase. Upon successful completion, offenders are subsequently supervised by probation and parole agents until completion of their sentence.

Joint Finance/Legislature: Reduce funding by $280,000 in 2001-02 and $210,000 in 2002-03 to reflect revised program participation figures (a population of 70 on June 30, 2002, and 105 on June 30, 2003). Place funding in the purchase of services appropriation. Total funding for purchase of services for the program would be $140,000 in 2001-02 and $210,000 in 2002-03. Modify current law to allow the Milwaukee Secure Detention Facility and a correctional center to be utilized for the Milwaukee Drug Court project. Specify that, with the consent of the Department and when recommended in a presentence investigation, a court may order that a felony offender be confined in MSDF or a correctional center for the drug court project.

[Act 16 Sections: 4026g, 4026r and 9311(6tk)]

5. COMMUNITY CORRECTIONS FUNDING AND POSITION REALLOCATION [LFB Paper 350]

Governor/Legislature: Transfer $1,587,800 GPR in 2001-02 and $1,589,900 GPR in 2002-03 and 24.0 GPR positions annually from the intensive sanctions program to probation and parole. Total funding allocated to intensive sanctions in the 2001-03 biennium would be $200,000 GPR annually for a mother-young child care program and $175,000 PR in 2001-02 and $167,100 PR in 2002-03 for offender monitoring costs.

6. INTENSIVE SANCTIONS PROGRAM

Senate: Provide $697,300 GPR and 9.25 GPR positions in 2001-02 and $2,206,700 GPR and 29.0 GPR positions in 2002-03 to staff and fund the intensive sanctions program to support a population of 400 offenders. Reduce prison contract bed funding by $566,300 in 2001-02 and $4,421,400 in 2002-03 associated with decreased prison populations.

Modify statutory language related to use of the intensive sanctions program under truth-in-sentencing to:

a. Delete the requirement that a judge may not sentence an individual to the intensive sanctions program for an offense that occurs on or after December 31, 1999.

b. Delete the provision that an offender convicted of an offense that occurs on or after December 31, 1999 is not eligible for the program while serving the confinement portion of a bifurcated sentence.

c. Specify that a court, in its sole discretion, may order a person to participate in the intensive sanctions program during the confinement portion of a bifurcated sentence.

d. Allow a sentencing judge to determine the date at which an offender may be eligible for release to the community portion of the program, but specify that this may be no sooner than one year or longer than two years. Specify that a court may make the intensive sanctions program a condition of extended supervision.

e. Require that the determination to place a person sentenced under a bifurcated sentence in the community portion of the intensive sanctions program is solely the discretion of the sentencing court, based on a recommendation from the Department of Corrections at the time of the potential placement decision. Specify that if a court places a person in the community portion of the intensive sanction program, the total length of the bifurcated sentence remains the same, but the confinement portion is shortened and the extended supervision portion is increased by equal amounts. Specify that the court may not increase the length of a bifurcated sentence when making the modification for intensive sanctions community placement.

f. Specify that no earlier than 30 days before the eligibility date specified by a court, Corrections may petition the court for permission to release a person to the community portion of the intensive sanctions program. Upon the filing of a petition, allow a court, with or without a hearing, to authorize Corrections to release the person from his or her placement any time after the eligibility date. If a court schedules a hearing on the petition, require the clerk of the circuit court in which the petition is filed to send a copy of the petition and a notice of hearing to the victim of the crime committed by the inmate, if the victim has submitted a card requesting notification, at least 10 days before the date of the hearing. Specify that the notice inform the victim that he or she may appear at the hearing and inform the victim of the manner in which he or she may provide written statements concerning the inmate's petition for release to extended supervision. Require the Director of State Courts to design and prepare cards for a victim to send to the clerk of the circuit court in which the inmate is convicted and sentenced.

g. Specify that if the court schedules a hearing on a petition, the clerk of the court will provide a copy of the petition and a notice of the hearing to the district attorney at least 10 days before the hearing.

h. Specify that a court or Corrections may require the person ordered to participate in the program to remain in the intensive sanctions program as a condition of extended supervision.

i. Specify that if a person is sentenced to the program and his or her extended supervision is revoked, the time remaining on the bifurcated sentence is the total length of the bifurcated sentence, less time served before release to extended supervision.

Specify that the current provisions of the intensive sanctions program continue to apply to persons convicted of offenses occurring before December 31, 1999.

Conference Committee/Legislature: Delete provision.

7. PAROLE COMMISSION MEMBERSHIP AND STAFFING [LFB Paper 353]

	Funding	Positions
GPR	$672,800	6.00

Governor: Provide $321,300 in 2001-02 and $351,500 in 2002-03 and 6.0 positions annually (2.0 parole commissioners and 4.0 program assistants) for increased staffing of the Parole Commission. Modify current law to expand the membership of the Commission from six members to eight members beginning on the date of enactment of the bill until June 30, 2003. Funding would be provided as follows: (a) staff costs including rent, $267,200 in 2001-02 and $287,400 in 2002-03; (b) limited-term employees, $21,500 annually; and (c) additional supplies and services for the Commission, $32,600 in 2001-02 and $42,600 in 2002-03. While the bill would expand the size of the Commission by two members until June 30, 2003, permanent commissioner positions would be created.

Joint Finance/Legislature: Specify that the expansion of the Parole Commission from six members to eight is permanent, rather than until June 30, 2003.

[Act 16 Sections: 129 and 169]

8. RESIDENCE OF SEX OFFENDERS ON PAROLE OR EXTENDED SUPERVISION

Joint Finance/Legislature: Require that serious sex offenders live in a residence approved by the Department of Corrections as a condition of extended supervision or parole. Define "serious sex offense" as: (a) first- or second-sexual assault; (b) first- or second-degree sexual assault of a child; (c) engaging in repeated acts of sexual assault of the same child; (d) incest with a child; (e) child enticement; and (f) a solicitation, conspiracy or attempt to commit any of the previously identified serious sex offenses. Define "sex offender" as a person serving a sentence as a serious sex offense. Require the Department of Corrections and the Parole Commission to work cooperatively to minimize, to the greatest extent possible, the residential population density of sex offenders who are on probation, parole, or extended supervision or placed on supervised release as a sexually violent person.

Extended Supervision. Specify that before releasing a sex offender to extended supervision, Corrections is required to assess the appropriateness of the sex offender's prospective residence by doing at least all of the following:

a. Considering the sex offender's access to potential victims if he or she lives there. If the victim of the serious sex offense that the sex offender committed was a child, require the Department to contact the Department of Health and Family Services, the local county department responsible for certification of child care providers and the local school board to determine whether there are any day care providers located near the sex offender's prospective residence.

b. Ensuring that others living in the prospective residence are aware of the sex offender's offense history.

Require Corrections to use its best efforts to select a residence that is in the sex offender's county of residence. Provide that if the victim of the serious sex offense that the sex offender committed was a child who resided with the sex offender at the time of the offense, Corrections may not permit the sex offender to return home, unless the extended supervision officer and any person providing sex offender treatment to the sex offender determines that the sex offender's return will not jeopardize the safety of anyone residing in the home.

Specify that Corrections may not approve a residence if it is located in a county where there is a correctional institution that has a specialized sex offender treatment program, unless that county is also the sex offender's county of residence. Require Corrections to determine a sex offender's county of residence by doing all of the following: (a) considering residence as the

voluntary concurrence of physical presence with intent to remain in a place of fixed habitation and considering physical presence as prima facie evidence of intent to remain; and (b) applying the criteria for consideration of residence and physical presence to the facts that existed on the date on which the sex offender committed the serious sex offense that resulted in the sentence that the sex offender is serving.

Special Action Parole Release. Specify that a prisoner may not be released on special action parole release, unless he or she agrees to live in a residence that Corrections has approved. Under current law, the Secretary of the Department of Corrections may, under certain circumstances, release inmates serving sentences for crimes occurring before December 31, 1999, to parole supervision.

Parole. Provide that neither the Parole Commission nor Corrections may parole a sex offender unless he or she agrees to live in a residence that the Parole Commission or Corrections has approved. Specify that the Parole Commission may deny presumptive mandatory release for any sex offender who has committed a serious sex offense if the inmate refuses to live in a residence that the Parole Commission has approved. Specify that a sex offender who has committed a serious sex offense may not be released on mandatory release unless he or she agrees to live in a residence that the Parole Commission or Corrections has approved.

Specify that before releasing a sex offender on parole, the Parole Commission or Corrections must assess the appropriateness of the sex offender's prospective residence by doing at least all of the following:

a. Considering the sex offender's access to potential victims if he or she lives there. If the victim of the serious sex offense that the sex offender committed was a child, require the Parole Commission or Corrections to contact the Department of Health and Family Services, the local county department responsible for certification of child care providers and the local school board to determine whether there are any day care providers located near the sex offender's prospective residence.

b. Ensuring that others living in the prospective residence are aware of the sex offender's offense history.

Require the Parole Commission or Corrections to use its best efforts to select a residence that is in the sex offender's county of residence. Specify that if the victim of the serious sex offense that the sex offender committed was a child who resided with the sex offender at the time of the offense, neither the Parole Commission nor Corrections may permit the sex offender to return home, unless the parole officer and any person providing sex offender treatment to the sex offender determines that the sex offender's return will not jeopardize the safety of anyone residing in the home.

Specify that no sex offender may be paroled to any county where there is a correctional institution that has a specialized sex offender treatment program unless that county is also the sex offender's county of residence. Require the Parole Commission or Corrections to determine a sex offender's county of residence by doing all of the following: (a) considering residence as the voluntary concurrence of physical presence with intent to remain in a place of fixed habitation and considering physical presence as prima facie evidence of intent to remain; and (b) applying the criteria for consideration of residence and physical presence to the facts that existed on the date on which the sex offender committed the serious sex offense that resulted in the sentence that the sex offender is serving.

Veto by Governor [D-5]: Delete the provisions, except: (a) require the Department of Corrections to work to minimize, to the greatest extent possible, the residential population density of sex offenders who are on probation, parole or extended supervision or placed on supervised release; and (b) specify that, as a condition of extended supervision, a sex offender, defined as a person serving a sentence for a serious sex offense as defined above, would be required to live in a residence that Corrections has approved.

[Act 16 Sections: 3329m, 3367g, 3377m, 3385g, 3385r and 3984m]

[Act 16 Vetoed Sections: 3329m, 3354g, 3354r, 3357m, 3385r and 3389m thru 3389y]

9. SEX OFFENDER NOTIFICATION

Assembly/Legislature: Require the Department of Corrections to provide information on sex offenders employed or enrolled at the UW System to the Board of Regents, including: (a) the person's name, including any aliases; (b) identifying physical characteristics; (c) the nature of the conviction; (d) the address of the person; (e) the location where the person is employed or attending; and (f) the most recent date that the information was updated. Require the UW System Board of Regents to provide information, on request, to students and their parents or guardians of the enrollment or employment of sex offenders at the UW System institution at which the sex offender works or is a student. This provision would first apply to a person who is required to register with Corrections or who updates information with Corrections after the effective date of the bill.

Veto by Governor [A-22]: Delete provision.

[Act 16 Vetoed Sections: 1351zd, 3352p, 3352w and 9311(7c)]

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES [LFB Paper 360]

Governor: Estimate the juvenile secured correctional facility average daily population (ADP) from 1,031 in 2000-01 to 942 in 2001-02 and 945 in 2002-03, and the total juvenile average daily population from 1,439 in 2000-01 to 1,320 in 2001-02 and 1,324 in 2002-03 as shown in the following table. On March 2, 2001, 944 juveniles were in a secured correctional facility and a total of 1,310 juveniles were under state supervision. The population projections include juveniles funded under the serious juvenile offender (SJO) program. The SJO population projections under the bill are summarized below under "Serious Juvenile Offender Funding." Under the bill, the population projections in the table are used in the calculation of daily rates for each type of care, excluding alternate care.

Average Daily Population

		Projected ADP	
	2000-01*	2001-02	2002-03
Secured Correctional Facilities	1,031	942	945
Other Placements			
Corrective Sanctions	136	136	136
Aftercare Services	272	242	243
Subtotal -- Other	408	378	379
Total ADP	1,439	1,320	1,324
Alternate Care	203	188	189

* Estimates under the 1999-01 biennial budget act.

The secured facilities include Ethan Allen School, Lincoln Hills School, Southern Oaks Girls School, the Youth Leadership Training Facility (Boot Camp), the SPRITE Program, the Mendota Juvenile Treatment Center, and the Prairie du Chien facility. (Under current law, the Prairie du Chien facility is designated a temporary prison for young adult males until July 1, 2001. Under the bill, this use as a prison would be extended to July 1, 2003.)

Aftercare services include juveniles under state supervision following release from a juvenile correctional facility. Placement may be in an alternate care setting, a relative's home or the juvenile's own home.

Alternate care includes child caring institutions, group homes, foster homes and treatment foster homes. The average daily population for alternate care is a subset of aftercare services.

Joint Finance/Legislature: Reestimate the juvenile secured correctional facility average daily population (ADP) from 1,031 in 2000-01 to 960 in 2001-02 and 961 in 2002-03, and the total juvenile average daily population from 1,439 in 2000-01 to 1,352 in 2001-02 and in 2002-03 as shown in the following table. The table reflects the changes to the estimates made under the Governor's bill.

Average Daily Population
Act 16

	Governor 2001-02	Act 16 2001-02	Change to Bill	Governor 2002-03	Act 16 2002-03	Change to Bill
Secured Correctional Facilities	942	960	18	945	961	16
Other Placements						
Corrective Sanctions	136	136	0	136	136	0
Aftercare Services	242	256	14	243	255	12
Subtotal -- Other	378	392	14	379	391	12
Total ADP	1,320	1,352	32	1,324	1,352	28
Alternate Care	188	200	12	189	199	10

2. STATUTORY DAILY RATES [LFB Papers 360 and 361]

Governor: Provide two modifications to the statutory provisions relating to daily rates for juvenile care: (a) specify statutory daily rates on a fiscal-year, rather than a calendar-year, basis; and (b) eliminate statutory daily rates for alternate care placements.

Under the statutes, daily rates for juvenile care in a given biennium are specified for periods matching calendar year periods. Under current law, daily rates are specified for the periods: (a) July 1, 1999 to December 31, 1999; (b) January 1, 2000 to December 31, 2000; and (c) January 1, 2001 to June 30, 2001. Under the bill, statutory rates in the 2001-03 biennium would instead be specified on a fiscal-year basis.

Under current law, a statutory daily rate is specified for each type of alternate care setting, including child caring institutions, group homes, treatment foster homes and foster homes. While a single rate for each type of care is set in statute, individual facilities or homes providing each type of care change a variety of daily rates. Under the bill, the statutory daily rates would be eliminated for alternate care. As a result, counties and the state (in the case of juveniles whose costs are paid through the serious juvenile offender appropriation) would be

charged the actual daily rate charged at each alternate care facility. See the entry below on "Alternate Care" for these estimated costs.

Under the bill, the following statutory daily rates would be established for juvenile correctional services provided by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid through the serious juvenile offender appropriation.

	Statutory Rates	Statutory Rates Under Bill	
	1-1-01 thru	7-1-01 thru	7-1-02 thru
	6-30-01	6-30-02	6-30-03
Secured Correctional Facilities*	$154.08	$171.16	$176.06
Child Caring Institutions	190.70	NA	NA
Group Homes	123.45	NA	NA
Corrective Sanctions	76.71	82.89	84.87
Treatment Foster Homes	78.23	NA	NA
Regular Foster Homes	27.16	NA	NA
Aftercare Supervision	18.62	23.25	23.80

*Includes transfers from a secured correctional facility to the Mendota Juvenile Treatment Center.

Joint Finance/Legislature: Approve the Governor's recommendation to specify statutory daily rates on a fiscal-year, rather than a calendar-year, basis. Retain statutory daily rates for alternate care settings. Revise the daily rates for juvenile correctional services provided or purchased by the Department, as shown in the following table. The table reflects changes to the daily rates for secured correctional facilities, corrective sanctions and aftercare supervision based on revised population estimates and modified cost factors, including modifications of standard budget adjustments (Paper 310), Prairie du Chien kitchen operations (Paper 333) and population-related cost adjustments (Paper 363). The rates for child caring institutions, group homes, treatment foster care and regular foster care are identical to the rates used to calculate the alternate care budget under the bill, but under legislative action, are designated in statute.

Statutory Daily Rates
Act 16

Type of Care	Governor 2001-02	Act 16 2001-02	Change to Bill	Governor 2001-02	Act 16 2002-03	Change to Bill
Secured Correctional Facilities*	$171.16	$167.57	-$3.59	$176.06	$172.51	-$3.55
Child Caring Institutions	NA	213.00	NA	NA	226.00	NA
Group Homes	NA	129.00	NA	NA	135.00	NA
Corrective Sanctions	82.89	82.56	-0.33	84.87	84.50	-0.37
Treatment Foster Homes	NA	81.00	NA	NA	85.00	NA
Regular Foster Homes	NA	41.00	NA	NA	43.00	NA
Aftercare Supervision	23.25	21.96	-1.29	23.80	22.66	-1.14

*Includes transfers from a secured correctional facility to the Mendota Juvenile Treatment Center.

[Act 16 Sections: 3338 thru 3342 and 3902]

3. ALTERNATE CARE [LFB Paper 361]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	$1,849,000	$1,253,800	$3,102,800

Governor: Provide $515,300 in 2001-02 and $1,333,700 in 2002-03 for juvenile residential aftercare (alternate care). The residential aftercare appropriation funds the costs of care for juveniles placed in child caring institutions, foster care homes, treatment foster care homes, group homes and certain other living arrangements. Base funding for the residential aftercare appropriation is $12,387,500. The average daily population (ADP) for alternate care totaled 174 in 1999-00. Through December, 2000, the 2000-01 ADP totaled 187. Under the bill, the alternate care ADP is projected at 188 in 2001-02 and 189 in 2002-03.

As noted above, under the bill, the statutory daily rates for alternate care would be repealed and charges to both the counties and the state (in the case of juveniles whose costs are paid through the serious juvenile offender appropriation) would be based on the actual daily rates charged at each alternate care setting utilized. While statutory rates would be eliminated, average daily rates for alternate care must still be estimated in order to establish the Department's budget for the residential aftercare appropriation.

Under the bill, these rates are estimated by taking the actual average daily rates paid for each type of care for the six-month period, January through June, 2000, and applying annual percentage increases (6% for child caring institutions and 5% for all other types of alternate care) to estimate 2000-01, 2001-02 and 2002-03 average rates. The 2001-02 and 2002-03 average rates and projected ADP are then used to calculate the funding for alternate care.

In addition to the alternate care types specified in statute, the Department also utilizes other settings for certain placements. These typically involve monitored living situations (dorm-style settings or small apartments) for individuals who are 18 to 21 years of age and still subject to a juvenile disposition, but who are too old to be placed in a juvenile facility. An average cost for these other types of living arrangements is also estimated in order to budget for alternate care.

The following table shows the statutory alternate care rates for 2000-01 and the average rates projected under the bill for 2001-02 and 2002-03.

	Statutory Rates	Governor (Non-Statutory)	
	1-1-01 thru 6-30-01	7-1-01 thru 6-30-02	7-1-02 thru 6-30-03
Child Caring Institutions	$190.70	$213.00	$226.00
Group Homes	123.45	129.00	135.00
Treatment Foster Homes	78.23	81.00	85.00
Regular Foster Homes	27.16	41.00	43.00
Other Living Arrangements	None	53.00	56.00

Joint Finance/Legislature: Provide $666,000 in 2001-02 and $587,800 in 2002-03 for juvenile residential aftercare to reflect average daily populations in alternate care settings of 200 in 2001-02 and 199 in 2002-03. Maintain statutory daily rates for alternate care, which are the same as the Governor's nonstatutory rates used for budgeting purposes shown in the above table.

[Act 16 Sections: 3340d thru 3342]

4. SERIOUS JUVENILE OFFENDER FUNDING [LFB Paper 362]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$8,255,200	- $2,360,400	$5,894,800

Governor: Provide $4,131,800 in 2001-02 and $4,123,400 in 2002-03 to address population and cost increases associated with state-funded serious juvenile offenders (SJO).

The SJO appropriation reimburses juvenile correctional institutions, secured child caring institutions, alternate care providers, aftercare supervision providers and corrective sanctions supervision providers for costs incurred, beginning on July 1, 1996, for: (a) the care of any juvenile 14 years of age or over who has been adjudicated delinquent for an act that is equivalent to a Class A or B felony or a juvenile 10 years of age or older who has attempted or committed first-degree intentional homicide or has committed first-degree reckless or second-degree intentional homicide, and who has a disposition as a serious juvenile offender; (b)

juveniles less than 16 years of age under the jurisdiction of the adult court and sentenced to state prison, but placed by Corrections at a secured juvenile correctional facility or a secured child caring institution; (c) correctional services for juveniles adjudicated as violent juvenile offenders for certain offenses committed prior to July 1, 1996 (all violent juvenile offenders are now out of the juvenile correctional system); and (d) juveniles under extended jurisdiction orders prior to July 1, 1996 who receive juvenile correctional services.

Base funding for the SJO appropriation totals $13,813,200. Under the bill, the following average daily populations for the SJO appropriation, including SJO juveniles and extended jurisdiction (EJ) juveniles, are projected for the 2001-03 biennium:

	SJO		EJ	
Type of Care	2001-02	2002-03	2001-02	2002-03
Secured Correctional Facilities	148	143	9	8
Corrective Sanctions Program	85	84	3	1
Aftercare Supervision	85	83	5	2
Total ADP	318	310	17	11
Alternate Care*	70	68	0	0

*Includes child caring institutions and group homes and are a subset of aftercare supervision.

Joint Finance/Legislature: Reduce funding by $1,458,100 in 2001-02 and $902,300 in 2002-03 to reflect reestimated serious juvenile offender populations and revised daily rates. SJO funding would total $16,486,900 in 2001-02 and $17,034,300 in 2002-03. The average daily populations for the SJO appropriation, including SJO juveniles and extended jurisdiction (EJ) juveniles, are reestimated for the 2001-03 biennium, as follows:

	SJO		EJ	
Type of Care	2001-02	2002-03	2001-02	2002-03
Secured Correctional Facilities	161	162	8	7
Corrective Sanctions Program	83	85	3	1
Aftercare Supervision	70	72	5	2
Total ADP	314	319	16	10
Alternate Care*	49	50	0	0

*Includes child caring institutions and group homes and are a subset of aftercare supervision.

5. POPULATION-RELATED STAFF REDUCTIONS AT SECURED CORRECTIONAL FACILITIES [LFB Paper 366]

	Funding	Positions
PR	- $4,344,800	- 53.25

Governor: Delete $2,172,400 and 53.25 positions annually to reflect a projected decrease, from prior budget estimates, in juvenile populations for the state's secured correctional facilities. The funding reduction is based on the elimination of 53.25 vacant positions with vacancy dates ranging from June 25, 1994, to July 26, 2000, and are identified as follows: (a) -10.8 positions budgeted in the Division of Juvenile Corrections central office (including 4.25 from juvenile aftercare, 4.0 from juvenile boot camp, 1.55 from the corrective sanctions program and 1.0 from juvenile operations); (b) -21.5 positions at the Ethan Allen School; (c) -8.45 positions at the Lincoln Hills School; (d) -7.5 positions at the Southern Oaks Girls School; and (e) -5.0 positions at the Prairie du Chien facility. A technical correction is necessary to properly reflect the elimination of the identified positions. The classifications and full-time equivalent (FTE) positions that would be deleted are as follows:

Position Classification	FTE
Assistant corrections unit supervisor	1.00
Chaplain	1.00
Corrections unit supervisor	1.00
Custodian	1.00
Electronics technician	1.00
Experiential recreation specialist	1.00
Facilities repair worker	1.00
Financial clerk	1.00
Food service worker	1.00
Juvenile review and release specialist	1.00
Maintenance mechanic	1.00
Nurse clinician	3.00
Nurse practitioner	0.50
Power plant operator	1.00
Probation and parole agent	4.00
Program assistant	5.50
School psychologist	1.00
Social worker	4.50
Teacher	10.50
Teacher supervisor	1.00
Treatment specialist	1.00
Youth counselor	10.25
Total	53.25

Joint Finance/Legislature: Approve the recommendation but recognize that the Department would have flexibility, within the appropriation, to identify the specific positions to be eliminated, which could vary from the list above.

6. TRANSFER OF YOUTH DIVERSION PROGRAM TO THE OFFICE OF JUSTICE ASSISTANCE [LFB Paper 190]

	Funding	Positions
GPR	- $923,200	- 1.50
PR	- 2,076,800	- 0.50
Total	- $3,000,000	- 2.00

Governor: Delete $461,600 GPR and 1.5 GPR positions and $1,038,400 PR and 0.5 PR position annually and transfer the administration and grant funding of the Office of Gang Intervention and Prevention (youth diversion program) to the Office of Justice Assistance (OJA) in DOA. Repeal Corrections' GPR youth diversion and the PR youth diversion program and interagency programs; alcohol and other drug abuse appropriations.

Under current law, a total of $1,400,000 is provided to Corrections annually for youth diversion grants ($380,000 GPR, $720,000 PR from penalty assessment revenue and $300,000 PR from federal funds administered by DHFS). Of this total, $500,000 combined GPR and PR from penalty assessment funds is allocated for an organization in Milwaukee County to provide services designed to divert juveniles from gang activities into productive activities. The $300,000 provided from DHFS federal funding is designated for the provision of substance abuse education and treatment services for juveniles participating in the organization's youth diversion program. In addition, $600,000 annually (composed of GPR and PR from penalty assessment funds) is budgeted to provide $150,000 each to organizations in Racine, Kenosha, and Brown Counties and the City of Racine. These organizations provide gang diversion services, including substance abuse education and treatment services for program participants. Under the bill, no modification of the grant recipients or grant amounts would be made.

In addition to the transfer of these grant funds, $100,000 annually ($81,600 GPR and $18,400 PR) and 2.0 positions (1.5 GPR and 0.5 PR) would be transferred from Corrections to OJA for the administration of the program. The PR funding and 0.5 position would be taken from the juvenile corrective sanctions program appropriation funded with revenue provided by counties and the state (under the serious juvenile offender appropriation) for juvenile correctional services. (A nonstatutory provision under the bill, which would delete the 0.5 PR position, requires a technical correction.) Under the bill, the $18,400 PR and 0.5 PR position provided to OJA would be funded from penalty assessment revenues.

Under the bill, statutory modifications are made to transfer the authority to operate the program from Corrections to OJA. On the effective date of the bill, the assets and liabilities of Corrections primarily related to the youth diversion program, as determined by the DOA Secretary, would become assets and liabilities of DOA. The bill provides that the incumbent employees holding the transferred positions would be transferred to DOA and would maintain their employment rights and status. Tangible personal property, pending matters, contracts and contract responsibilities relating to the youth diversion program would be transferred to

DOA. Rules and orders relating to the program under Corrections would remain in effect until their specified expiration date or until modified or rescinded by DOA.

Joint Finance/Legislature: Create separate GPR and PR annual appropriations for youth diversion grant funds under OJA and transfer $380,000 GPR and $720,000 PR annually to these appropriations from OJA's GPR general program operations appropriation and its PR appropriation under the bill relating to the administration of anti-drug law enforcement programs and the youth diversion program. Modify OJA appropriation titles and language under the bill to reflect these provisions. Correct a nonstatutory provision under the bill, which deletes the 0.5 PR position from DOC, to reflect that the deletion is made from the appropriation relating to the corrective sanctions program. Direct that, in the appropriation relating to the $300,000 provided annually to Milwaukee County for the provision of substance abuse education and treatment services for juveniles participating in the youth diversion program, the grant amount be reallocated from the supplies and services budget line to the aids to individuals and organizations budget line.

[Act 16 Sections: 285, 684d thru 686, 853d, 856d, 857d, 3348 thru 3351d and 9111(1)]

7. POPULATION-RELATED COST ADJUSTMENTS [LFB Paper 363]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$12,800	$0	$12,800
PR	1,488,400	264,300	1,752,700
Total	$1,501,200	$264,300	$1,765,500

Governor: Provide -$1,900 GPR and $672,300 PR in 2001-02 and $14,700 GPR and $816,100 PR in 2002-03 to reflect population-related cost adjustments as follows: (a) -$209,100 PR in 2001-02 and -$143,600 PR in 2002-03 for food costs at juvenile correctional institutions; (b) $5,600 GPR and $240,100 PR in 2001-02 and $5,600 GPR and $243,400 PR in 2002-03 for variable non-food costs (such as laundry, clothing and personal items) for institutionalized juveniles; and (c) -$7,500 GPR and $641,300 PR in 2001-02 and $9,100 GPR and $716,300 PR in 2002-03 to reflect juvenile health care cost adjustments.

Joint Finance/Legislature: Provide $131,300 PR in 2001-02 and $133,000 PR in 2002-03 to reflect population-related cost adjustments as follows: (a) $2,000 in 2001-02 and $5,600 in 2002-03 for food costs; (b) $66,000 in 2001-02 and $63,700 in 2002-03 for variable non-food costs; and (c) $63,300 in 2001-02 and $63,700 in 2002-03 for health care costs.

8. YOUTH LEADERSHIP TRAINING CENTER (JUVENILE BOOT CAMP) [LFB Paper 364]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-$1,475,400	-4.00	$0	0.00	-$1,475,400	-4.00
PR	0	4.00	0	-4.00	0	0.00
Total	-$1,475,400	0.00	$0	-4.00	-$1,475,400	-4.00

Governor: Delete $729,400 GPR in 2001-02 and $746,000 GPR in 2002-03 and 4.0 GPR positions annually, transfer $2,396,700 PR in 2001-02 and $2,402,300 PR in 2002-03 and 48.0 PR positions and provide 4.0 PR positions annually to reflect the elimination of the Youth Leadership Training Center (the juvenile boot camp) under the bill. Under current law, Corrections is authorized to operate a juvenile boot camp program, for juveniles placed at secured correctional facilities. The boot camp is located at Camp Douglas in Juneau County. Base funding and position authority for the program is $3,043,800 ($724,500 GPR and $2,319,300 PR) and 52.0 positions (4.0 GPR and 48.0 PR).

Under the bill, the Department's authority to operate the boot camp program would be repealed effective on the first day of the third month beginning after publication. Corrections would be authorized to operate the boot camp until this date with PR funding only; no GPR funding would be provided for the program during its phase-out. The PR funding and position authority for the program in 2001-02 and 2002-03, as well as an additional 4.0 PR positions created under the bill, would be transferred to two secured correctional facilities, as follows: (a) $1,198,400 in 2001-02 and $1,201,200 in 2002-03 and 26.0 positions annually would be transferred to the Ethan Allen School; and (b) $1,198,300 in 2001-02 and $1,201,100 in 2002-03 and 26.0 positions annually would transfer to the Lincoln Hills School. While PR position authority for the facilities is increased by 4.0 positions, no funding for these positions is provided under the bill.

Program revenue funding for the program derives from a daily rate charged to counties or the state for the care of juveniles in secured correctional facilities The boot camp has a capacity of 48 juveniles and the average daily population for the camp in 1999-00 was 39.5 juveniles. The program provides military academy-style training over 16 weeks with components on military drill and ceremonies, education, vocational training, treatment, adventure activities and community services. Following this phase, a 20-week aftercare component is provided in partnership with community mentoring agencies.

Joint Finance/Legislature: Delete the provision to eliminate the juvenile boot camp and retain program revenue funding and 48.0 PR positions for the operation of the facility. Eliminate 4.0 PR positions provided under the bill. [No PR funding was provided for the positions that would be deleted.]

[Act 16 Sections: 683 and 3910]

9. MENDOTA JUVENILE TREATMENT CENTER

PR	$661,800

Governor/Legislature: Provide $204,500 in 2001-02 and $457,300 in 2002-03 for cost increases associated with the care and treatment of juveniles placed at the Mendota Juvenile Treatment Center (MJTC). The MJTC facility, operated by the Department of Heath and Family Services (DHFS), provides evaluations for and mental health treatment of male juvenile offenders under state custody. The facility has a capacity of 43 beds. Under a contract agreement, DOC is providing $3,869,200 in 2000-01 ($1,379,300 GPR and $2,489,900 PR) to DHFS for the facility. Under the bill, these payments would increase to $4,073,700 in 2001-02 ($1,379,300 GPR and $2,694,400 PR) and $4,326,500 in 2002-03 ($1,379,300 GPR and $2,947,200 PR).

Veto by Governor [D-13]: Eliminate the statutory requirement that DOC transfer to DHFS $2,694,400 PR in 2001-02 and $2,947,200 PR in 2002-03. The partial veto does not reduce the DOC PR appropriation from which the transfer to DHFS is made, so the funding increase ($204,500 PR in 2001-02 and $457,300 PR in 2002-03) remains. The result of the veto is that DOC will make PR payments to DHFS in 2001-03 to cover actual MJTC costs in excess of the GPR funding provided for this purpose. The Governor's veto message indicates that based on current population projections, the nonstatutory program revenue payments are estimated to be $1,817,200 PR in 2001-02 and $2,070,000 PR in 2002-03. The statutory GPR transfer amounts for 2001-02 and 2002-03 remain.

[Act 16 Section: 1491]

[Act 16 Vetoed Section: 1491]

10. PURCHASE OF COMMUNITY-BASED SERVICES FOR THE CORRECTIVE SANCTIONS PROGRAM

PR	- $142,000

Governor/Legislature: Delete $71,000 annually to reflect reestimated costs to purchase community-based services for participants in the corrective sanctions program. The reestimated budget for these services assumes an average annual cost of $2,500 per corrective sanctions slot. Modify a statutory annual spending requirement for these community-based services from an average of $3,000 to an average of not more than $3,000 for each corrective sanctions slot. Under current law, a juvenile participating in the corrective sanctions program is placed in the community and the Department of Corrections must provide intensive surveillance of the juvenile. The Department is statutorily required to expend an average of $3,000 a year per corrective sanctions slot to purchase community-based treatment services for participants.

[Act 16 Section: 3914]

11. SOUTHERN OAKS GIRLS SCHOOL SUNSET HOUSE CONTRACT

PR	$20,200

Governor/Legislature: Provide $6,500 in 2001-02 and $13,700 in 2002-03 for increased contract costs associated with the Sunset House at the Southern Oaks Girls School. Sunset House is an eight-bed transitional housing unit for juvenile girls returning to the community. The unit is operated by a private provider under a contract with Corrections.

12. LICENSING AND TRAINING FUNDING

PR	$18,000

Governor/Legislature: Provide $9,000 annually to fund certification training costs of certain special education teachers at secured correctional facilities who are required to be certified as a condition of employment.

13. SERIOUS JUVENILE OFFENDER CONFINEMENT LIMITS

Governor: Provide that the Department may extend the period for which a participant in the serious juvenile offender (SJO) program may be placed in a secured correctional facility or secured child caring institution, if the adjudicated act was a Class B felony offense, for an additional period of not more than 30 days. A participant would not entitled to a hearing regarding the Department's exercise of this authority unless the Department provides for a hearing by rule.

Provide that the Department or the district attorney of the county in which the dispositional order was entered may petition the court to extend the period for which a participant may be placed in a secured facility for an additional period of not more than two years. The petition would be required to set forth in detail facts showing that the participant is in need of the supervision, care and rehabilitation that a secured placement provides and that public safety considerations require that the participant be placed in that placement. The court would be required to hold a hearing on the petition, unless written waivers of objection to the extension are signed by all parties entitled to receive notice and the court approves. If a hearing is held, the court would be required to provide notice of the hearing, together with a copy of the petition, to the participant, the participant's parent, guardian and legal custodian, all parties bound by the dispositional order, and the district attorney of the county in which the dispositional order was entered at least three days prior to the hearing. At the hearing, any of those persons would be allowed to present evidence relevant to the issue of extension and make alternative placement recommendations. If the court finds by a preponderance of the evidence that the participant is in need of the supervision, care and rehabilitation that a secured placement provides and that public safety considerations require that the participant be placed in that placement, the court would be authorized to extend the period of the secured placement up to two additional years.

The venue for the court proceeding would be in the county where the dispositional order was issued, unless the juvenile's county of residence has changed, or the parent of the juvenile has resided in a different county of this state for six months. In either case, the court would be authorized, upon a motion and for good cause shown, to transfer the case, along with all appropriate records, to the county of residence of the juvenile or parent.

Under current law, an SJO disposition may only be made if the judge finds that the only other disposition that would be appropriate is placement in a secured correctional facility. For a juvenile receiving an SJO disposition, the court is required to make the order apply for a period of five years (with a three-year maximum placement in a secured correctional facility or secured child caring institution) if the adjudicated act was a Class B felony offense, or until the juvenile reaches 25 years of age if the adjudicated act was a Class A felony offense.

Under the bill, an extension of a participant's placement by up to 30 days by the Department would not preclude an extension of that participant's placement by up to two years by the court, and vice versa. The extension provisions would also be applicable to SJO participants who are returned to secured placements from less restrictive placements.

Provide that, by the first day of the 2nd month beginning after the effective date of the bill, the Department must provide notice to all participants in the SJO program that a placement may be extended under these provisions. Provide that the Department would not be allowed to extend, or petition the court to extend, the placement of a juvenile who is a participant in the SJO program on the effective date of the bill, based on acts committed by that participant prior to the date on which the notice is given to that participant.

Senate/Legislature: Delete provision.

14. PLACEMENT OF JUVENILES IN PRISONS

Governor: Modify statutory provisions relating to prison placements for: (a) juveniles adjudicated delinquent; and (b) juveniles sentenced to prison in adult court.

Adjudicated Juveniles. Repeal statutory provisions that authorize Corrections to transfer a juvenile who is placed in a secured juvenile correctional facility to the Racine Youthful Offender Correctional Facility (a prison for sentenced offenders 15 to 21 years of age), if the juvenile is 15 years of age or over and the Office of Juvenile Offender Review in the Department has determined that the conduct of the juvenile in the secured juvenile correctional facility presents a serious problem to the juvenile or others. Repeal statutory provisions that authorize Corrections to place serious juvenile offenders adjudicated under the serious juvenile offender (SJO) program who are 17 years of age or over in an adult prison, including the intensive sanctions program. The treatment of the provisions would first apply to violations committed on July 1, 1996. The repeal of these provisions relate to a 1998 Wisconsin Supreme Court ruling (State of Wisconsin v. Hezzie R.) that held that the placement of juveniles who are adjudicated

delinquent in a prison is unconstitutional because juveniles have no right to a jury trial under Wisconsin law.

Sentenced Juveniles. Require Corrections to place a juvenile under 15 years of age who is sentenced to prison (a juvenile waived to adult court or under the original jurisdiction of the adult court and found guilty) in a secured juvenile correctional facility. Under current law, one statutory section requires such a placement if the juvenile is under 15 years of age and another section requires the placement if the juvenile has not attained the age of 16 years. The provision under the bill would remove this conflict by setting the requirement at under the age of 15 years. Notwithstanding this modification, Corrections would maintain its authority under current law to determine, for sentenced juveniles who would otherwise be placed in a secured juvenile correctional facility because of their age, that placement in a prison is appropriate based on the person's prior record of adjustment in a correctional setting, if any; the person's present and potential vocational and educational needs, interests and abilities; the adequacy and suitability of available facilities; the services and procedures available for treatment of the person within the various institutions; the protection of the public; and any other considerations promulgated by Corrections by rule.

Provide that juveniles sentenced to prison under the original jurisdiction of the adult court who attain the age of 15 years may be placed in a prison. Under current law, one statutory section allows such a placement if the juvenile attains 15 years of age and another section, relating to original adult court jurisdiction, allows the placement when the juvenile attains the age of 17 years. The provision under the bill would remove this conflict by allowing the placement for juveniles who attain the age of 15 years. The provisions concerning placement of sentenced juveniles would first apply to violations committed on the effective date of the bill.

Senate/Legislature: Delete provision.

15. YOUTH AIDS FUNDING AND CALENDAR YEAR ALLOCATION OF YOUTH AIDS [LFB Paper 365]

GPR	$3,153,200

Governor: Modify statutory provisions relating to the calendar year allocation of community youth and family aids (youth aids) funding in the 2001-03 biennium. Continue to allocate funding provided under 1999 Act 9 (the 1999-01 biennial budget bill) according to a three-factor formula as follows: (a) each county's proportion of the total statewide juvenile population for the most recent year for which that information is available; (b) each county's proportion of the total Part I juvenile arrests reported statewide under the uniform crime reporting system during the most recent three-year period for which that information is available; and (c) each county's proportion of the number of juveniles statewide who are placed in a secured correctional facility, a secured child caring institution or a secured group home during the most recent three-year period for which that information is available. Under current law, the allocations relate to calendar year allocations for the 1999-01 biennium. Statutory allocations are specified to reflect calendar year allocations in the following areas: (a) total GPR

and PR youth aids funding appropriated in the biennium for distribution to counties; (b) youth aids increases provided under 1999 Act 9, which are required to be distributed to counties according to a three-factor formula; (c) youth aids funding earmarked for emergency funding for small counties; (d) youth aids funding earmarked for counties participating in the corrective sanctions program; and (e) youth aids funding earmarked for alcohol and other drug abuse treatment programs. Under the bill, the statutory sections are amended to reflect the calendar years in the 2001-03 biennium; however, the amounts specified for total GPR and PR funding for the last six months of 2001 and calendar year 2002 were not adjusted to reflect the funding provided under the bill. Also, the amounts specified for allocation to counties on the basis of a three-factor formula for the last six months of 2001 and calendar year 2002 were not adjusted. Base funding for youth aids totals $86,183,700 ($83,734,500 GPR and $2,449,200 PR). Under the bill, no change to base funding for youth aids is provided.

Joint Finance: Allocate youth aids in amounts not to exceed $43,091,800 for the last six months of 2001 and $86,183,700 for 2002. Of these amounts, allocate $2,000,000 for the last six months of 2001 and $4,000,000 for 2002 to counties according to the three-factor formula. This is a technical correction to the statutory language and does not affect the funding for youth aids under the bill.

Senate: Provide $2,093,400 GPR in 2001-02 and $4,239,100 GPR in 2002-03, for youth aids. Allocate the additional funding to counties using the three-factor formula under current law with the following additional override factor: provide that no county would receive an allocation less than 93 percent nor more than 115 percent of the amount it would have received if juvenile correctional placements (the third factor in the three-factor formula) were the sole factor used to determine county allocations. The funding represents a 2.5% annual increase in GPR youth aids funding. Under this provision, calendar year youth aids allocations to counties would total $44,138,500 for the last six months of 2001, $89,349,900 for 2002 and $45,211,400 for the first six months of 2003. The calendar year allocation of the youth aids increases subject to the three-factor formula and the override factor would total $1,046,700 for the last six months of 2001, $3,166,300 for 2002 and $2,119,500 for the first six months of 2003.

Conference Committee/Legislature: Provide $1,046,700 in 2001-02 and $2,106,500 in 2002-03, which represents a 1.25% annual increase in GPR youth aids funding, and allocate the additional funding using the three-factor formula with the Senate override factor. Calendar year youth aids allocations would total $43,615,200 for the last six months of 2001, $87,760,300 for 2002 and $44,145,100 for the first six months of 2003. The calendar year allocation of the youth aids increases subject to the three-factor formula and the override factor would total $523,300 for the last six months of 2001, $1,576,600 for 2002 and $1,053,300 for the first six months of 2003.

[Act 16 Sections: 3343 thru 3347]

16. CRITERIA FOR HOLDING A JUVENILE IN CUSTODY

Governor: Modify the provisions in the Juvenile Justice Code (Chapter 938) relating to taking a juvenile into custody, release or delivery from custody, criteria for holding a juvenile in physical custody and criteria for holding a juvenile in a secure detention facility to include juveniles who violate a condition of placement in a Type 2 secured juvenile correctional facility or a Type 2 child caring institution, or violate a condition of the juvenile's participation in the intensive supervision program. For those juveniles, provide that: (a) they may be taken into custody by a law enforcement officer; (b) they may be held in physical custody, under the authority of an intake worker, if probable cause exists to believe that the juvenile will run away or be taken away so as to be unavailable for action by Corrections or a county department relating to the violation; (c) they may be held in a secure detention facility if probable cause exists to believe that the juvenile presents a substantial risk of physical harm to another person or a substantial risk of running away so as to be unavailable for action by Corrections; (d) an intake worker would be required to notify the juvenile's parent, guardian, and legal custodian of the reasons for holding the juvenile in custody and of the juvenile's whereabouts unless there is reason to believe that notice would present imminent danger to the juvenile; (e) an intake worker would be required to notify Corrections or the county department, whichever has supervision over the juvenile, of the reasons for holding the juvenile in custody, of the juvenile's whereabouts, and of the time and place of the detention hearing required under the juvenile code; and (f) an intake worker would be authorized to release the juvenile to Corrections or the county department, whichever has supervision of the juvenile, and if this release is made, the intake worker would be required to immediately notify the juvenile's parent, guardian and legal custodian of the time and circumstances of the release and the person, if any, to whom the juvenile was released.

These provisions would take effect on the first day of the fourth month beginning after publication of the bill and would first apply to violations of a condition of a placement committed on this date.

Under current law, juveniles may be taken into custody by law enforcement officials and held in custody by intake workers under certain circumstances, including the violation of the terms of aftercare supervision administered by Corrections or a county department.

Under current law, Type 2 status is available to Corrections, as a condition of aftercare and, by statute, applies to all juveniles placed in the Corrective Sanctions program and the Serious Juvenile Offender program. When given "Type 2" institutional status by Corrections or the court, a juvenile is allowed to serve all or part of his or her dispositional period in a less restrictive community placement, rather than in a "Type 1" secured juvenile correctional facility. The juvenile in a Type 2 placement continues to legally be on institutional status and may be administratively transferred to different placements, including more restrictive placements. A juvenile who violates a condition of his or her Type 2 placement in a less restrictive setting may be taken into custody by Corrections and, without a hearing, be placed in a secure detention facility, a secured correctional facility, or a secured child caring institution.

At the discretion of the court, a juvenile may, under certain circumstances, be given a disposition that places the juvenile in a Type 2 child caring institution under the supervision of the county and subject to Type 2 status. This disposition also provides the counties with the ability to administratively transfer a juvenile who violates a condition of his or her placement in the Type 2 child caring institution to a secured juvenile correctional facility, without a hearing, for not more than ten days.

Counties are also authorized to provide intensive supervision for juveniles who have been adjudicated delinquent and ordered to participate in an intensive supervision program. Under the program, a county must purchase or provide intensive surveillance and community-based treatment services for participants. Electronic monitoring may also be provided. If a juvenile violates a condition of the program, the juvenile's caseworker or other authorized person may, without a hearing, take the juvenile into custody and place the juvenile in a secure detention facility for not more than 72 hours while the alleged violation is being investigated. Placement in a secure detention facility for up to 72 hours is also a possible sanction under certain circumstances for violating a condition of the program.

Senate: Delete provision.

Conference Committee/Legislature: Retain Governor's provision.

[Act 16 Sections: 3881 thru 3886, 3898 thru 3900, 3915, 3916, 3921d, 3926, 9309(2) and 9409(2)]

17. SOUTHERN OAKS GIRLS SCHOOL MENTAL HEALTH UNIT FUNDING

Joint Finance/Legislature: Direct the Office of Justice Assistance (OJA), to the extent allowable under federal regulations, to provide $433,100 in 2001-02 and $541,700 in 2002-03 in federal Juvenile Accountability Incentive Block Grant (JAIBG) funds to operate the mental health unit at the Southern Oaks Girls School.

Veto by Governor [D-23]: Delete provision.

[Act 16 Vetoed Section: 9201(5v)]

18. SMOKING PROHIBITIONS AT SECURED CORRECTIONAL FACILITIES

Joint Finance/Legislature: Provide the following: (a) prohibit smoking in any enclosed, indoor area of a Type 1 secured correctional facility or on the grounds of such a facility; (b) prohibit any person in charge of such a Type 1 secured correctional facility, or his or her agent, to designate any smoking areas in the facility; (c) provide that any person who willfully violates the smoking prohibition after being advised by an employee of the facility that smoking in the area is prohibited would be subject to a forfeiture of not more than $10; (d) provide that the forfeiture would not be subject to the fee assessed in forfeiture actions, the jail assessment, the

crime laboratories and drug law enforcement assessment and the penalty assessment; and (e) provide that the provisions would take effect on the first day of the twelfth month after publication.

Type 1 secured correctional facilities include the Ethan Allen School, the Lincoln Hills School, the Southern Oaks Girls School, the Mendota Juvenile Treatment Center and the Youth Leadership Training Center (juvenile boot camp program). Under current law, the Secretary of the Department of Health and Family Services (DHFS) is authorized to designate areas in juvenile secured correctional facilities where smoking is allowed.

[Act 16 Sections: 2245d, 2449f thru 2449t, 2857t, 3389f, 3774c, 3832m and 9459(5q)]

19. YOUTH REPORT CENTER DISPOSITION

Senate/Legislature: Authorize a juvenile court to impose as a disposition for a juvenile an order requiring the juvenile to report to a youth report center after school, in the evening, on weekends, on other nonschool days, or at any other time that the juvenile is not under immediate adult supervision, for participation in the social, behavioral, academic, community service, and other programming of the center. The disposition could apply to a juvenile who has been: (a) adjudicated delinquent; (b) found to have committed a civil law or ordinance violation; (c) found to be in need of protection or services; or (d) as a sanction for a juvenile who has violated a condition of his or her dispositional order. Provide that reporting to a youth report center and participation in the center's programming may be included as a requirement under a deferred prosecution agreement or as a condition of a consent decree. The provisions would first apply to a juvenile who commits a delinquent act or a civil law or ordinance violation, or who is found to be in need of protection or services, on the effective date of the bill.

[Act 16 Sections: 2559k, 2679t, 2679u, 3878e, 3889e, 3889g, 3890e thru 3893t, 3894s, 3894t, 3895f, 3895j, 3897v, 3900k thru 3900p and 9309(6q)]

20. JUVENILE JUSTICE SYSTEM STUDY

Assembly/Legislature: Create a juvenile justice system committee to study the costs of the state assuming, from the counties, responsibility for the operation of the juvenile justice system. Provide that the committee consist of the Secretary of the Department of Administration or the Secretary's designee, the Secretary of the Department of Corrections or the Secretary's designee, the Secretary of the Department of Health and Family Services or the Secretary's designee, a representative of the Wisconsin Counties Association, and a representative of Milwaukee County. Provide that the Governor appoint the chairperson of the committee. Require that, beginning on January 1, 2002, each county adopt a uniform system of accounts prescribed by the committee for the recording of all revenues and expenditures relating to the operation of the juvenile justice system in the county. By March 15, 2003, require each county to report its calendar year 2002 revenues and expenditures to the committee. By

May 1, 2003, require the committee to report its findings, conclusions, and recommendations to the Legislature and to the Governor. Require that the report include proposed legislation for all of the following: (a) the assumption by the state of all or part of the operating costs of the juvenile justice system, beginning on January 1, 2004; and (b) the elimination of youth aids payments to counties and a reduction in the amount of shared revenue payments and mandate relief payments to counties, as a result of the state's assumption of the costs of operating the juvenile justice system.

Veto by Governor [D-14]: Delete provision.

[Act 16 Vetoed Section: 9111(6c)]

21. YOUTH DIVERSION FUNDING -- CITY OF RACINE

Senate: Provide $30,000 GPR annually for youth diversion programming to an organization in the City of Racine. The organization provides gang diversion services, including substance abuse education and treatment services for program participants. The funding would increase the annual youth diversion grant at this site from $150,000 to $180,000.

Conference Committee/Legislature: Delete provision.

COURT OF APPEALS

Budget Summary							
						Act 16 Change Over Base Year Doubled	
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Amount	Percent
GPR	$15,784,200	$14,587,400	$14,587,400	$14,745,200	$14,745,200	- $1,039,000	- 6.6%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	75.50	75.50	75.50	75.50	75.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $407,600

Governor/Legislature: Provide -$203,800 annually for the following: (a) full funding of continuing salaries and fringe benefits (-$210,500 annually); and (b) fifth week of vacation as cash ($6,700 annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR	- $789,200	$157,800	- $631,400

Governor: Reduce the Court's GPR sum sufficient general program operations appropriation by $394,600 annually. This amount represents a reduction of 5% of the Court's total GPR adjusted base for state operations.

Senate: Reduce the Court's total GPR state operations adjusted base by 1% annually, rather than 5% annually. Restore $315,700 annually to the Court's GPR sum sufficient general program operations appropriation.

Conference Committee/Legislature: Reduce the Court's total GPR state operations adjusted base by 4% annually. Restore $78,900 annually to the Court's GPR sum sufficient general program operations appropriation.

3. GPR-EARNED REESTIMATE [LFB Paper 376]

GPR-REV	$5,000

Joint Finance/Legislature: Reestimate revenues from filing fees received by the Court and deposited to the general fund by $5,000 in 2002-03. It is estimated that the Court's GPR-Earned revenues will be $225,000 annually in 2001-03.

DISTRICT ATTORNEYS

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$70,405,800	$72,384,100	$72,384,100	$72,384,100	$72,384,100	$1,978,300	2.8%
PR	2,798,600	2,713,900	4,166,200	4,374,900	3,239,900	441,300	15.8
TOTAL	$73,204,400	$75,098,000	$76,550,300	$76,759,000	$75,624,000	$2,419,600	3.3%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	375.65	375.65	375.65	375.65	375.65	0.00
PR	36.50	27.00	41.55	43.75	29.00	-7.50
TOTAL	412.15	402.65	417.20	419.40	404.65	-7.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	$2,072,800	0.00
PR	0	- 10.50
Total	$2,072,800	- 10.50

Governor/Legislature: Provide $1,036,400 GPR annually and -10.5 PR positions in 2002-03 for the following: (a) turnover reduction (-$200,500 GPR annually); (b) removal of noncontinuing elements from the base (-10.5 PR positions in 2002-03); (c) full funding of continuing salaries and fringe benefits ($1,100,800 GPR annually); (d) night and weekend differential ($61,200 GPR annually); and (e) fifth week of vacation as cash ($74,900 GPR annually). The 10.5 PR positions removed as non-continuing elements include: (a) 6.0 PR Milwaukee County assistant district attorney (ADA) positions funded by federal high-intensity drug trafficking area (HIDTA) grants that terminate in September, 2002; (b) 3.0 PR Dane County ADA positions funded by the federal Violence Against Women Act that terminate in January, 2003; (c) 1.0 PR Dane County ADA position funded by the Wisconsin Department of Transportation and the Federal National Highway Traffic Safety Administration that terminates in January, 2003; and (d) 0.5 PR Milwaukee County children in need of protection or services (CHIPS) ADA position that terminates in April, 2003.

2. ELIMINATION OF SPECIAL PROSECUTION CLERKS FEE AND APPROPRIATION [LFB Paper 380]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	- $395,200	$395,200	$0
PR	- $349,400	$349,400	$0

Governor: Delete $174,700 annually and the appropriation that supports clerical staff in the Milwaukee County District Attorney's office who provide clerical services to prosecutors handling violent crime and felony drug violations in Milwaukee County's speedy drug and violent crime courts. The appropriation currently reimburses Milwaukee County for the salary and fringe benefits of 4.5 clerks. In addition, eliminate the $2 special prosecution clerks fee. These changes would first apply to cases filed on the effective date of the bill. Under current law, the special prosecution clerks fee is assessed, in Milwaukee County only, whenever a person pays a fee for civil, small claims, forfeiture (except for safety belt use violations), wage earner or garnishment actions, or for an appeal from municipal court, third party complaint in a civil action or for filing a counterclaim or cross complaint in a small claims action. The fee generates approximately $197,600 annually in program revenue. The executive budget book indicates that the intent was to turn over responsibility for the $2 special prosecution clerks fee to Milwaukee County. However, the bill deletes the fee. As provided for in current law, upon the deletion of the appropriation, the appropriation's unencumbered balance, estimated at $150,800, would lapse to the general fund.

Joint Finance/Legislature: Delete provision.

3. DNA EVIDENCE PROSECUTOR

	Funding	Positions
PR	$238,500	1.00

Governor/Legislature: Provide $116,400 in 2001-02 and $122,100 in 2002-03 and 1.0 assistant district attorney position annually in Milwaukee County to serve as a statewide authority and resource on the use of DNA evidence in the courtroom. Create a new deoxyribonucleic acid (DNA) evidence activities program revenue appropriation for DNA evidence activities. Program revenue would be provided from a portion of the existing $5 crime lab and drug law enforcement assessment and the $250 DNA surcharge imposed in certain criminal and forfeiture actions.

[Act 16 Sections: 770 and 783]

4. OPERATION CEASEFIRE

GPR	- $94,500

Governor/Legislature: Delete $48,400 in 2001-02 and $46,100 in 2002-03 from the firearm prosecution costs; firearm law media campaign appropriation and make the following statutory changes: (a) delete $60,000 annually and eliminate statutory authorization for a state-funded media campaign deterring the unlawful possession and use of firearms in the City of Milwaukee; (b) delete statutory authority for the cost of Milwaukee County DA's office computers to be funded from the appropriation; and (c) provide $11,600 in 2001-02 and $13,900 in 2002-03 to fully fund the costs of two clerk positions in the Milwaukee County DA's office that provide clerical services involving the prosecution of unlawful possession or use of firearms. Rename the appropriation the "firearm prosecution costs appropriation." In 1999 Act 9, an initiative was created in Milwaukee County, known as "Operation Ceasefire," to prosecute in federal court persons who illegally possess or illegally use weapons. Under the bill, the firearm prosecution costs appropriation would only reimburse Milwaukee County for the costs of the two clerks. Six ADA positions created in 1999 Act 9 for Operation Ceasefire continue as permanent positions, funded under the salaries and fringe benefits appropriation.

[Act 16 Sections: 781, 2004 and 4032m]

5. CONTINUED FUNDING FOR ANTI-DRUG PROSECUTORS IN DANE AND MILWAUKEE COUNTIES

PR	$26,200

Governor/Legislature: Provide $2,800 in 2001-02 and $23,400 in 2002-03 in federal Byrne anti-drug enforcement program grant money and matching penalty assessment funds in order to continue to fund four ADA positions in Dane and Milwaukee Counties which prosecute drug-related crimes. Direct the Office of Justice Assistance (OJA) to provide the Dane County Multijurisdictional Enforcement Group (MEG) a total of $84,000 in 2001-02 and $91,000 in 2002-03 to fund one ADA position, and the Milwaukee County MEG a total of $277,900 in 2001-02 and $291,400 in 2002-03 to fund three ADA positions. These four positions are funded through grants awarded to Milwaukee and Dane Counties by DOA's Office of Justice Assistance. The Byrne grant program is a federal program established under the Anti-Drug Abuse Act of 1988. Under current law, penalty assessment revenues are used to match the federal Byrne funds that are distributed to state agencies and local units of government.

[Act 16 Sections: 9101(2)&(3)]

6. VEHICLE FINES AND FORFEITURES AND ADDITIONAL PROSECUTORS [LFB Paper 381]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	$1,284,000		$0		- $1,284,000		$0	
PR	$1,102,900	14.55	$32,100	0.20	- $1,135,000	- 14.75	$0	0.00

Joint Finance: Provide $368,100 in 2001-02 and $734,800 in 2002-03 and 14.55 assistant district attorney positions beginning January 1, 2002, as follows: Brown (2.0), Chippewa (0.75), Columbia (1.0), Dane (1.85), Jefferson (0.5), Kenosha (1.0), Juneau (0.5), La Crosse (0.7), Manitowoc (1.0), Marathon (1.0), Outagamie (2.0), Rock (0.5), Sauk (0.5), and Winnebago (1.25).

Program revenue funding for the positions would be generated from vehicle-related fines and forfeitures as follows. Provide that counties would: (a) retain 50% as fees for receiving and paying into the state treasury money received by the county for the state for state forfeitures, fines and penalties under Chapters 341 to 347, 349, and 351, unless, during the relevant state fiscal year the county has already retained an amount equal to the fee amount retained by the county for such state forfeitures, fines and penalties in state fiscal year 2000-01; and (b) forward to the state treasurer all money received by the county for the state for state forfeitures, fines and penalties under Chapters 341 to 347, 349, and 351 if, during the relevant state fiscal year, the county has already retained a fee amount under these chapters equal to the amount the county retained as fees for receiving and paying into the state treasury such state forfeitures, fines and penalties in state fiscal year 2000-01. In order to preserve the common school fund's current share of 50% of these state forfeitures, fines and penalties, provide that when a county stops retaining a share of these state forfeitures, fines and penalties because it has reached the amount it retained of such state forfeitures, fines and penalties in 2000-01, the state treasurer would be required to distribute 50% of these monies to the common school fund and 50% of these monies to a newly-created fees from vehicle-related offenses appropriation under the District Attorneys, with estimated program revenues of $421,000 in 2001-02 and $863,000 in 2002-03.

Senate: Provide an additional 0.2 district attorney position to Pepin County, effective January 1, 2002, reduce assistant district attorney positions for Juneau and Rock counties by 0.25 each and provide 0.5 assistant district attorney position to Ashland County.

Assembly: Transfer 0.25 assistant district attorney position from Rock County to Ashland County.

Conference Committee/Legislature: Provide an additional $10,700 in 2001-02 and $21,400 in 2002-03 and 0.2 district attorney position to Pepin County, effective January 1, 2002, and transfer 0.25 assistant district attorney position from Rock County to Ashland County.

Veto by Governor [D-15]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.475(1)(g)), 781m, 1996f thru 1996j and 9113(1q)]

7. RESTORATIVE JUSTICE ASSISTANT DISTRICT ATTORNEYS

	Funding	Positions
PR	$176,600	2.00

Assembly: Provide $113,400 in 2001-02 and $151,500 in 2002-03 and 3.0 project assistant district attorney (ADA) positions annually, to Milwaukee and Dane Counties and one other county to perform restorative justice services, funded with federal Byrne anti-drug enforcement program grant money and matching penalty assessment funds.

Provide that the district attorneys (DAs) of Dane and Milwaukee Counties as well as one other county must assign one ADA in his or her prosecutorial unit to be a restorative justice coordinator. Direct the Attorney General, in consultation with the Department of Corrections (DOC), to select the third county that would receive a restorative justice coordinator under this provision. Require an ADA assigned to be a restorative justice coordinator to do all of the following: (a) establish restorative justice programs that provide support to the victim, help reintegrate the victim into community life, and provide a forum where an offender may meet with the victim or engage in other activities to discuss the impact of the offender's crime on the victim or on the community, explore potential restorative responses by the offender and provide methods for reintegrating the offender into community life; (b) provide assistance to district attorneys in other counties relating to the establishment of restorative justice programs; and (c) maintain a record of the amount of time spent implementing restorative justice programs and assisting other DAs in implementing restorative justice programs, the number of victims and offenders served, the types of offenses addressed and the rate of recidivism among offenders served by the DA's restorative justice programs compared to the rate of recidivism by offenders not served, by such programs. Provide that the Milwaukee and Dane County DAs as well as the unspecified DA must each submit an annual report to the Department of Administration (DOA), on a date specified by DOA, summarizing the records required to be maintained by the restorative justice coordinator. Provide that DOA must maintain this information submitted by the relevant DAs.

Require that by October 1, 2004, the Legislative Audit Bureau evaluate, on a quantitative and qualitative basis, the success of restorative justice programming in the three counties in serving victims, offenders and communities affected by crime and must report its findings to the appropriate standing committees of the Legislature, as determined by the Speaker of the Assembly and the President of the Senate.

Provide that the 3.0 project ADA restorative justice positions would terminate on June 30, 2005, and that the associated provisions would not apply after June 30, 2005.

Conference Committee/Legislature: Modify the Assembly provision as follows: (a) provide $75,600 in 2001-02 and $101,000 in 2002-03 and 2.0 project assistant district attorney (ADA) positions annually, rather than 3.0 ADA positions; and (b) specify that the positions be assigned to Milwaukee County and one other county, rather than Milwaukee County, Dane County and one other county, to perform restorative justice services.

Veto by Governor [D-16]: Delete the provision that the Attorney General, in consultation with DOC, select the second county to provide restorative justice services. Under the Act, therefore, DOC will solely make this determination.

[Act 16 Sections: 4031j thru 4031r, 9113(2m) and 9132(4m)]

[Act 16 Vetoed Section: 4031p]

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$14,552,400	$14,132,900	$14,462,500	$14,462,500	$14,462,500	- $89,900	- 0.6%
FED	943,600	2,203,600	2,203,600	2,203,600	2,203,600	1,260,000	133.5
PR	14,565,600	17,517,600	17,517,600	17,517,600	17,517,600	2,952,000	20.3
TOTAL	$30,061,600	$33,854,100	$34,183,700	$34,183,700	$34,183,700	$4,122,100	13.7%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	61.75	61.75	61.75	61.75	61.75	0.00
PR	32.75	31.75	31.75	31.75	31.75	- 1.00
TOTAL	94.50	93.50	93.50	93.50	93.50	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$177,600
PR	117,400
Total	$295,000

Governor/Legislature: Adjust the base budget by $86,100 GPR and $58,100 PR in 2001-02 and by $91,500 GPR and $59,300 PR in 2002-03 for: (a) full finding of continuing position salaries and fringe benefits (-$36,000 GPR and $20,100 PR annually); (b) reclassifications ($1,700 GPR and $7,500 PR annually); (c) BadgerNet increases ($700 GPR and $400 PR annually); (d) overtime ($68,000 GPR and $9,900 PR annually); (e) night and weekend differential ($7,600 GPR and $3,300 PR annually); (f) fifth week of vacation as cash ($23,700 GPR and $3,900 PR in 2001-02 and $29,100 GPR and $5,100 PR in 2002-03); and (g) full funding of lease and directed move costs ($20,400 GPR and $13,000 PR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $567,600

Governor/Legislature: Reduce the agency's GPR state operations appropriations by $283,800 in each year. The total reduction amount was derived by making a reduction of 5% to each appropriation, except those for debt service and energy costs. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

[Act 16 Section: 9159(1)]

3. FUEL AND UTILITY REESTIMATE

GPR	- $29,200

Governor/Legislature: Reduce funding by -$15,500 in 2001-02 and -$13,700 in 2002-03 to reflect reestimated costs for fuel and utilities.

4. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $300	$329,600	$329,300

Governor: Reestimate debt service costs by -$1,300 in 2001-02 and $1,000 in 2002-03 from the base level of $845,300.

Joint Finance/Legislature: Provide $79,800 in 2001-02 and $249,800 in 2002-03 to reflect reestimated debt service costs.

5. PROGRAM AND FEDERAL REVENUE REESTIMATE

FED	$1,260,000
PR	2,940,000
Total	$4,200,000

Governor/Legislature: Reestimate federal and program revenue expenditure authority by $560,000 FED and $1,440,000 PR in 2001-02 and $700,000 FED and $1,500,000 PR in 2002-03.

6. DELETE POSITION

	Funding	Positions
PR	- $105,400	-1.00

Governor/Legislature: Delete $52,700 PR and 1.0 FTE

position annually. A corresponding increase in funding and authorized positions is made to the TEACH Board. The position organizes the annual educational technology conference.

7. DEBT SERVICE APPROPRIATION

Governor: Create a sum sufficient appropriation for debt service funded with gifts and grants. Require the funds be used for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement, or improvement of facilities approved by the Building Commission for operation by the ECB and to make any required federal arbitrage repayments. Require that if the Secretary of Administration determines that the Federal Communications Commission has approved the transfer of all broadcasting licenses held by the ECB to the broadcasting corporation proposed under the bill, on and after the effective date of the last license transferred as determined by the Secretary of Administration, no monies from this appropriation may be encumbered.

Senate/Legislature: Delete the requirement that if the Secretary of Administration determines that ECB broadcasting licenses have been transferred, then no monies from this appropriation could be encumbered.

[Act 16 Sections: 475, 477 and 962]

8. RESTRUCTURE PUBLIC BROADCASTING [LFB Paper 390]

Governor: Restructure public broadcasting in the State of Wisconsin as follows:

Public Broadcasting Transitional Board. Create a 20-member transitional board that would include the following individuals: (a) the Secretary of DOA, or his or her designee; (b) the State Superintendent of Public Instruction, or his or her designee; (c) the President of the University of Wisconsin System, or his or her designee; (d) the Director of the Wisconsin Technical College System (WTCS), or his or her designee; (e) the President of the Wisconsin Association of Independent Colleges and Universities, or his or her designee; (f) one legislator from the majority party of each house of the Legislature, appointed as are members of standing committees; (g) two members appointed by the Governor who belong to the Wisconsin Public Radio Association (WPRA); (h) one member appointed by the Governor who belongs to the Friends of WHA-TV; (i) one member appointed by the Governor who resides in Wisconsin but outside of the WHA-TV viewing area; (j) one member appointed by the Governor who is a representative of public elementary and secondary school administrators; and (k) eight members appointed by the Governor who are employed in the private sector.

Provide that the members of the transitional board in sections (g) through (k) would be subject to Senate confirmation and that these members would be appointed for a three-year term. Provide that the members of the transitional board would be subject to the code of ethics for public officials and employees. Provide that this transitional board would be eliminated on the first day of the 36th month beginning after the effective date of the budget act.

Duties of Transitional Board. Specify the following transitional board duties:

a. Draft and file articles of incorporation for a nonstock corporation under state law and take all actions necessary to exempt the corporation from federal taxation under 501(c)(3) of the Internal Revenue Code. This corporation would be referenced as the Broadcasting Corporation;

b. Provide in the articles of incorporation that the initial directors of the corporate board would be the members of the Transitional Board;

c. Draft bylaws for adoption of the corporate board of the Corporation.

d. Prepare an application for submission by the corporate board to the Federal Communications Commission (FCC) to transfer all broadcasting licenses held by the ECB and the UW Board of Regents, except licenses for student radio, to the Corporation;

e. Negotiate an agreement with the WPRA for the transfer of funds raised by the Association to the Corporation;

f. Negotiate an agreement with each friends of public television group for the transfer of funds raised by each group to the corporation; and

g. Retain, if necessary, staff and legal, administrative and technical assistance from the UW and the ECB, which would be provided at no cost to the transitional board.

Elimination of ECB. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, ECB would be eliminated on and after the effective date of the last license transferred as determined by the Secretary of DOA. Provide that no monies could be encumbered from any of ECB's appropriations after that date. As part of the elimination of ECB, the ECB member on the TEACH Board would be replaced with another member appointed by the Governor.

Eliminate Public Broadcasting Responsibility of UW Board of Regents. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW to the Broadcasting Corporation, except for licenses for student radio, then current law requiring the Board of Regents to operate WHA and WHA-TV would no longer apply effective on the date of the transfer of the last license.

Duties of Broadcasting Corporation. The Broadcasting Corporation would be required to do each of the following as a condition of receiving state aid:

a. Maintain a state system of radio broadcasting for the presentation of educational, informational and public service programs, and formulate policies regulating the operation of such a state system, and coordinate the public radio activities of the various educational and informational agencies, civic groups, and citizens that contribute to the public interest and welfare;

b. Maintain educational television channels reserved for Wisconsin, and take such action as is necessary to preserve such channels in Wisconsin for educational use;

c. Maintain a comprehensive state plan for the orderly operation of a statewide television system for the presentation of noncommercial instructional programs that will best serve the interests of the state;

d. Work with the educational agencies and institutions of the state as a reviewer, adviser and coordinator of their joint efforts to meet the educational needs of the state through radio and television;

e. Furnish leadership in securing adequate funding for statewide joint use of radio and television for educational and cultural purposes, including funding for media programming for broadcast over the state networks;

f. Lease, purchase or construct radio and television facilities for joint use with state and local agencies, including broadcast network and production facilities, network interconnection or relay equipment, mobile units, and other equipment available for statewide use;

g. Maintain radio and television transmission equipment in order to provide broadcast service to all areas of this state;

h. Establish and maintain a continuing evaluation of the effectiveness of the joint efforts of all participating educational institutions in terms of jointly-established goals in the area of educational radio and television;

i. Act as an informational source for educational radio and television activities in this state and provide such information to legislators, offices of government, educational institutions and the general public;

j. Provide educational programming for elementary and secondary schools in this state and transmit public radio and television to remote and underserved areas of the state.

k. Contract with the UW Board of Regents for the services of its public broadcasting staff; and

l. Make the most effective use of its digital broadcasting spectrum.

Additional Requirements for State Aid. Provide that the Broadcasting Corporation could receive state aid if each of the following is satisfied:

a. The articles of incorporation state the purpose of the Broadcasting Corporation is to provide public broadcasting to this state and that, if the Broadcasting Corporation dissolves or discontinues public broadcasting in this state, the Corporation would be required to, in good faith, take all reasonable measures to transfer or assign the Broadcasting Corporation's assets, licenses and rights to an entity whose purpose is to advance public broadcasting in this state;

b. The Corporation initially adopts the bylaws drafted by the transitional board;

c. The Corporation permits public inspection and copying of any records of the corporation to the same extent as required of, and subject to the same terms and enforcement provisions that apply to, an authority designated under state law;

d. The Corporation provides public access to its meetings to the same extent as is required of, and subject to the same terms and enforcement provisions that apply to, a governmental body;

e. The Corporation provides the Secretary of DOA, the Legislative Audit Bureau and the Legislative Fiscal Bureau with access to all of the Corporation's records, except records identifying the names of private donors;

f. If the broadcast licenses of the ECB are transferred to the Corporation, it carries out any obligation of the ECB under any contract entered into by the ECB that relates to the provision of public broadcasting in this state until the contract is modified or rescinded by the Corporation to the extent allowed under the contract and the Corporation pays off any outstanding state debt related to the ECB state office building; and

g. If the broadcast licenses of the UW are transferred to the Corporation, it carries out any obligation of the UW under any contract entered into by the UW that relates to the provision of public broadcasting in this state until the contract is modified or rescinded by the Corporation to the extent allowed under the contract.

Specify that the Secretary of DOA would pay state aid to the Corporation in installments, as determined by the Secretary.

Duties of Secretary of DOA. The Secretary of DOA would be required to determine each of the following: (a) whether the FCC has approved the transfer of all broadcasting licenses held by ECB and the Board of Regents of the UW, except for licenses for student radio, to the proposed Broadcasting Corporation; (b) if the Secretary of DOA determines that the FCC has approved the transfer of all ECB broadcasting licenses, then the Secretary would determine the effective date of the transfer of the last license to the Broadcasting Corporation; and (c) if the Secretary of DOA determines that the FCC has approved the transfer of all UW broadcasting licenses, then the Secretary would determine the effective date of the transfer of the last license to the Broadcasting Corporation. The Secretary of DOA would be required to notify the Revisor of Statutes in writing of the effective date of the last license transferred.

Transfer of Appropriation Balances. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, each of the following transfers would occur on the effective date of the transfer of the last license to the Broadcasting Corporation: (a) the unencumbered balance of all of ECB's sum certain GPR appropriations would be transferred to a new section of the state appropriation schedule created for the Corporation, which would include two GPR sum certain appropriations, one for operational costs of public television broadcasting and one for

operational costs of public radio broadcasting; (b) the unencumbered balance of ECB's PR appropriation for emergency broadcasting would be transferred to a newly-created GPR appropriation under DOA for the same purpose; and (c) the unencumbered balance of the rest of ECB's PR and FED appropriations would be transferred to a newly-created PR appropriation under DOA, and the Secretary of DOA would be required, to the extent allowed under federal law, to pay the Broadcasting Corporation a grant equal to the unencumbered balance of the new PR appropriation under DOA.

If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW to the Broadcasting Corporation, except for licenses for student radio, on the effective date of the transfer of the last license to the Corporation all unencumbered balances appropriated to the UW for public broadcasting, as determined by the Secretary of DOA, would be transferred to the Corporation.

Transfer of ECB Positions. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, all ECB positions and incumbent employees holding the positions would be transferred to DOA. Provide that employees would retain the same rights and status that they enjoyed at ECB, and no permanent employee would be required to serve a probationary period. Specify that ECB unclassified positions for the deputy, four division administrators and 11 professional staff members would continue to be unclassified positions after transfer to DOA. Provide that all employees transferred to DOA would be required to provide broadcasting services to the Broadcasting Corporation under a contract between DOA and the Corporation. The contract would be required to specify that the employees providing services would be supervised solely by the Broadcasting Corporation. A PR appropriation would be created under DOA to allow the expenditure of monies received from the Corporation for services provided under the contract.

UW Positions Provide Services to Broadcasting Corporation. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW Board of Regents to the Broadcasting Corporation, except licenses for student radio, then the following provisions would apply: (a) the Board of Regents would be required to contract with the Broadcasting Corporation to provide the Corporation with the services of all the employees of the UW who provided public broadcasting services prior to the license transfer; (b) the Board of Regents could not contract for the services of any employee who did not provide public broadcasting services prior to the license transfer; and (c) any contract must specify that the Broadcasting Corporation would have supervisory authority over the employees. If any employee of the UW who provided public broadcasting services prior to the license transfer terminates employment with the UW after the license transfer, the Board of Regents could not fill that position and could not expend any money that would otherwise have been paid to or on behalf of the employee as salary or fringe benefits. A PR appropriation would be created under the UW to allow the expenditure of monies received from the Corporation for services provided under the contract.

Transfer of ECB and UW Assets. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the broadcasting corporation, the following asset transfer provisions would apply: (a) the state office building used by ECB would be transferred to the Broadcasting Corporation if the Corporation pays $476,228, which represents the Foundation's remaining interest in the building, to the Wisconsin Public Broadcasting Foundation or the Foundation waives the payment; (b) assets of the state used by ECB that are not shared assets would be transferred to the Broadcasting Corporation on the effective date of the last license transferred; (c) assets of the state used by ECB for the emergency weather warning system would be transferred to the DOA; and (d) current general obligation bonding authorized for ECB facilities would transfer to DOA. Any asset transferred under (a) or (b) would revert to the state if the asset would not be used for providing public broadcasting. A GPR debt service appropriation would be created under DOA for debt service costs associated with transferred ECB facilities.

If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW Board of Regents to the broadcasting corporation, except licenses for student radio, assets of the state used by the UW that are not shared assets would be transferred to the Broadcasting Corporation on the effective date of the last license transferred. Any UW asset transferred would revert to the state if the asset would not be used for providing public broadcasting.

Transfer Provisions for Shared Assets. A shared asset would be defined as any asset of the state that, as determined by the Secretary of DOA, is used for the purpose of providing public broadcasting, including a tower, transmitter, transmission facility or other related structure, equipment or property, and that is also used by another state agency.

If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, the Secretary of DOA would be required to negotiate and enter into an agreement to lease, sell or otherwise transfer any shared asset used by ECB to the Corporation. In addition, the Secretary would be required to negotiate and enter into an agreement with the Broadcasting Corporation regarding the payment of any outstanding ECB debt service relating to public broadcasting. A PR appropriation would be created under DOA to allow expenditure of monies received from the Corporation to pay this debt service.

If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW Regents to the Broadcasting Corporation, except licenses for student radio, the Secretary of DOA would be required to negotiate and enter into an agreement to lease, sell or otherwise transfer any shared asset used by the UW to the Corporation. In addition, the Secretary would be required to negotiate and enter into an agreement with the Broadcasting Corporation regarding the payment of any outstanding UW debt service relating to public broadcasting.

Emergency Weather Warning System. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the broadcasting corporation,

after the date of the last license transfer, DOA would be required to contract with the Broadcasting Corporation for the operation of an emergency weather warning system.

Other Provisions. Modify current law references to ECB to instead refer to the Broadcasting Corporation in areas relating to public broadcasting licenses held by the Milwaukee Area Technical College.

Senate/Legislature: Delete provision.

ELECTIONS BOARD

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$1,827,600	$2,033,900	$1,854,600	$1,899,600	$1,899,600	$72,000	3.9%
PR	84,400	84,400	84,400	84,400	84,400	0	0.0
SEG	1,400,000	800,000	800,000	800,000	800,000	- 600,000	- 42.9
TOTAL	$3,312,000	$2,918,300	$2,739,000	$2,784,000	$2,784,000	- $528,000	- 15.9%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	13.00	14.00	13.00	13.00	13.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$43,600

Governor/Legislature: Provide $19,900 in 2001-02 and $23,700 in 2002-03 for the following: (a) full funding of continuing salaries and fringe benefits ($8,600 annually); (b) reclassifications ($6,100 in 2001-02 and $9,900 in 2002-03); (c) BadgerNet increases ($1,100 annually); and (d) fifth week of vacation as cash ($4,100 annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $91,400

Governor/Legislature: Reduce the Board's general program operations appropriation by $45,700 annually. This amount represents a reduction of 5% of the Board's total GPR adjusted base for state operations.

3. SASI INITIATIVE

GPR	$74,800

Governor/Legislature: Provide $37,400 annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by the Department of Administration (DOA). The proposed funding would support DOA user fee charges of $2,200 per year for each user account at the Board. The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

4. WISCONSIN ELECTION CAMPAIGN FUND

SEG	- $600,000

Governor/Legislature: Delete $600,000 in 2001-02 as a reestimate of funds needed for campaign finance grants. Total grant levels would be budgeted at $100,000 in 2001-02 and $700,000 in 2002-03.

5. RECALL ELECTIONS

Joint Finance/Legislature: Provide the following changes in recall elections regarding city, village, town or school district officials:

a. Require a petition requesting the recall of a city, village, town or school district officer to contain a statement of each cause for the recall, defined as neglect of duty or official misconduct, and the specific allegations that constitute each cause.

b. Require the municipal clerk, board of election commissioners, or school district clerk to notify the officer against whom the petition is filed: (1) immediately after a petition for the recall is offered for filing; and (2) immediately, in writing, upon finding a petition sufficient.

c. Require the officer, within three days following receipt of the notification, to inform the municipal clerk, school district clerk, or board of election commissioners, in writing, as to whether the officer contests the petition. If the officer fails to inform the municipal clerk, school district clerk, or board of election commissioners within three days following receipt of the notification, of if the officer does not contest the petition, the municipal clerk, school district clerk, or board of election commissioners would be required to issue a certificate declaring that a recall election be held. If the officer contests the petition, the municipal clerk, school district clerk, or board of election commissioners would be required to transmit the petition to the circuit court for the county in which the office of the clerk or board of election commissioners is located.

d. Require the circuit court, within ten days after receipt of a contested petition, to determine, after hearing, whether the allegations in the petition are true and, if true, whether the allegations constitute cause for the recall. Require the clerk of court to notify the officer for whom the recall is sought of the hearing date. Provide that the officer and the person who

offers the recall petition for filing may appear by counsel and the court may take testimony with respect to the petition. If the circuit court determines that the allegations in the petition are true and constitute cause for the recall, require the court to issue a certificate directing that a recall election be held. If the court determines that the allegations in the recall petition are not true or do not constitute cause, the court could not issue a certificate directing that a recall election be held.

e. Within 15 days after entry of a circuit court judgment either issuing or not issuing a certificate directing that a recall election be held, provide that either party could file an appeal to the Court of Appeals, which would be given precedence over other matters not accorded similar precedence by law. Provide that the appeal would stay the holding of a recall primary and election under a certificate issued by the circuit court until the Court of Appeals determined the validity of the certificate, but other acts required to prepare for the recall primary and election would be required to proceed while the appeal was underway.

f. Provide that these changes would first apply to recall petitions offered for filing on the effective date of the bill.

Veto by Governor [E-18]: Delete provision.

[Act 16 Vetoed Sections: 94f thru 94s, 3828m and 9359(11q)]

6. ELIMINATION OF PUNCH CARD VOTING SYSTEMS

Assembly/Legislature: Provide that no voting system could be used in Wisconsin that employs any mechanism by which a ballot is punched or punctured to record the votes cast by an elector, effective January 1, 2002. Create a voting system transitional assistance biennial GPR appropriation under the Elections Board to assist counties and municipalities in eliminating punch card voting systems. Provide that funds from the appropriation be used to assist municipalities that used punch card electronic voting systems at the 2001 spring election to enable the municipalities to employ another type of electronic voting system, and provide training for election officials in the use of replacement systems.

Require the Department of Administration to enter into a master lease on behalf of the Elections Board to obtain sufficient electronic voting system equipment suitable for use with an electronic voting system in municipalities that employed a punch card voting system at the 2001 spring election, with master lease payments made from the newly-created voting system transitional assistance appropriation. Repeal this appropriation and associated statutory language on July 1, 2008.

Require the Elections Board to sublease the equipment to any county in which municipalities using punch card electronic voting systems at the 2001 spring election are wholly or partly contained at nominal cost to the county.

Provide that, if the Elections Board requests a supplemental appropriation from the Joint Committee on Finance for the purpose of providing voting system transitional assistance, no finding of emergency is required. Provide that if the Elections Board requests a supplement for this purpose from the Joint Committee on Finance under sections 13.10 and 13.101(3) of the statutes and the Co-Chairpersons of the Joint Committee on Finance do not notify the Elections Board that a meeting of the Committee has been scheduled to discuss the request within 14 working days of the date that the request is made, the request would be considered approved by the Committee.

Under current law, the Department of Administration is authorized to enter into a master lease without the appropriation of moneys to pay for payments required under the master lease if the master lease contains a statement in substance that its continuance beyond the limits of funds already available is contingent upon appropriation of the necessary funds.

Veto by Governor [E-19]: Delete: (a) the requirement that the Department of Administration enter into a master lease on behalf of the Elections Board to obtain sufficient electronic voting system equipment for use in municipalities that employed a punch card electronic voting system at the 2001 spring election; (b) the requirement that the Elections Board sublease the equipment to any qualifying county at nominal cost to the county; and (c) the requirement that the Elections Board make master lease payments from the newly-created appropriation. Under the Act, therefore, the prohibition on punch card voting systems becomes effective on January 1, 2002, and the authority remains, through June 30, 2008, for the Elections Board to: (a) provide assistance to municipalities that used punch card electronic voting systems at the 2001 spring election to enable the municipalities to employ another type of electronic voting system and provide training for election officials in the use of replacement systems; and (b) request a supplemental appropriation from the Joint Committee on Finance for this purpose, without a finding of emergency, that could be approved through a 14-day passive review process.

[Act 16 Sections: 2m thru 9y, 29p thru 69s, 76ab, 76ac, 81m, 87o thru 87s, 94sm thru 96m, 906m, 906n, 1994m, 9129(1x) and 9415(2x)&(2y)]

[Act 16 Vetoed Sections: 906m, 9101(20x), 9115 and 9129(1x)]

7. TRAINING AND CERTIFICATION OF CHIEF INSPECTORS

GPR	$45,000

Assembly/Legislature: Provide $45,000 in 2001-02 for the training of chief inspectors in a newly-created biennial training of chief inspectors appropriation. Require daily compensation to be provided to chief inspectors for attendance at chief inspector training sessions and associated examinations required by the Elections Board.

Provide that it would be the responsibility of the municipal clerk, in coordination with the Elections Board, to instruct election officials in their duties. Under current law, it is the responsibility of the municipal clerk to instruct election officials in their duties. Require the Elections Board to: (a) prescribe, by rule, requirements for certification of individuals to serve as

chief inspectors; (b) upon application, to issue certificates with expiration dates to qualified individuals who meet the requirements to be certified as chief inspectors; (c) require each individual issued a chief inspector certificate to meet requirements to maintain that certification; (d) renew the certificate of any individual who requests renewal and meets the requirements established by the Elections Board; (e) conduct regular training and administer examinations to ensure that individuals who are certified by the Elections Board as chief inspectors are knowledgeable concerning their authority and responsibilities; and (f) pay all costs required to conduct the chief inspector training and to administer the examinations. Provide that no person may serve as chief inspector at any election who is not certified by the Elections Board at the time of the election.

Permit a municipal governing body to select more than two sets of officials to work at different times on election day, and permit the municipal clerk or board of election commissioners to establish different working hours for different officials assigned to the same polling place. Require sufficient alternate officials be appointed to maintain adequate staffing of polling places.

Provide that these changes would first apply to elections held on September 1, 2002.

[Act 16 Sections: 72m, 81aa, 83ab thru 85s, 906j and 9315(1k)]

8. ELECTION RECOUNTS

Assembly/Legislature: Provide that upon receiving a petition for a recount, the clerk or body receiving the petition must calculate any fee due or reasonably estimate any fee due, and promptly provide the petitioner with the total due or an estimate. Provide that if the fee prepaid by the petitioner later proves insufficient, the petitioner must pay any balance owing toward the fee due within 30 days after the clerk or body receiving the petition provides the petitioner with a written statement of the amount due. Provide that if the petitioner initially overpaid the fee due, the clerk or body receiving the petition shall refund the amount overpaid within 30 days after the board of canvassers makes its determination in the recount.

Provide that the fee is calculated as follows: (a) if the difference between the votes cast for the leading candidate and those cast for the petitioner or the difference between the affirmative and negative votes cast upon any referendum question is at least 10 if 1,000 or less votes are cast or is more than 0.5% but not more than 2% if more than 1,000 votes are cast, the petitioner must pay a fee of $5 for each ward for which the petition requests a ballot recount, or $5 for each municipality for which the petition requests a recount where no ward exists; or (b) if the difference between the votes cast for the leading candidate and those cast for the petitioner or the difference between the affirmative and negative votes cast upon any referendum question is more than 2% if more than 1,000 votes are cast, the petitioner must pay a fee equal to the actual cost of performing the recount in each ward for which the petition requests a recount, or in each municipality for which the petition requests a recount where no ward exists. Under current

law, the $5 fee applies to all petitions where the difference between votes is at least 10 if 1,000 or less votes are cast or at least 0.5% if more than 1,000 votes are cast.

Provide that county boards of canvassers must convene no later than 9 a.m. on the second day after receipt of an order from the Elections Board to commence a recount. Under current law, they must convene no later than 9 a.m. on the day following receipt of an order from the Elections Board to commence a recount.

Provide that these changes would first apply to petitions for recounts filed on the effective date of the bill.

[Act 16 Sections: 93m thru 93t and 9315(1q)]

9. SERVICE AS AN ELECTION OFFICIAL BY LOCAL GOVERNMENT EMPLOYEES

Assembly/Legislature: Provide that a local governmental unit may permit its employees to serve as election officials without loss of fringe benefits or seniority privileges earned for the period when serving as an election official, without loss of pay for scheduled working hours during this period and without any other penalty. Require that local government employees serving as election officials have deducted from their pay the amount of compensation received for serving as an election official during the employee's scheduled working hours. Under current law, state agencies must permit employees to serve as election officials in the same manner.

Provide that, for state employees included in a collective bargaining unit, the provisions described above apply unless otherwise provided in a collective bargaining agreement. Provide that this change would first apply to state employees who are affected by a collective bargaining agreement containing provisions inconsistent with the provisions on the day on which the collective bargaining agreement expires, or is extended, modified, or renewed, whichever would occur first.

[Act 16 Sections: 87f, 87m, 2615v and 9315(1y)]

10. ELIGIBILITY FOR LOCAL OFFICE

Senate/Legislature: Provide that a volunteer fire fighter, emergency medical technician or first responder in a city, village or town whose annual compensation, including fringe benefits, does not exceed the amount of a private interest in a public contract that public officers or public employees are permitted (currently $15,000), may also hold an elective office in that city, village or town. Under current law, a volunteer fire fighter, emergency medical technician or first responder in a city, village or town whose annual compensation, including fringe benefits, does not exceed $2,500 may also hold an elected office in that city, village or town.

[Act 16 Section: 2022td]

11. SCHEDULING OF LOCAL GOVERNMENT REFERENDA

Assembly: Provide that, unless otherwise required by law or authorized under the procedure described below, a referendum held by any local governmental unit could only be held concurrently with the spring primary, spring election, or general election, or on the first Tuesday after the first Monday of November of an odd-numbered year. Further provide that, unless otherwise required by law or authorized under the procedure described below, no referendum submitted by the same local governmental unit relating to substantially similar subject matter or relating to authorization for the borrowing of money may be held more than once in any 12-month period.

Provide that if a local governmental unit wishes to hold a special referendum on a date that is not one of the above dates, the local governmental unit could petition a newly-created Referendum Appeal Board for a determination that an emergency exists with respect to a particular question. Require the Referendum Appeal Board to make a determination within 10 days after receipt of a petition. If the Referendum Appeal Board finds, with the concurrence of at least four members, that an emergency exists which requires a special referendum to be held on a different date, authorize the Board to permit a referendum relating to the question specified in the petition to be held on a date determined by the local governmental unit.

Create a Referendum Appeal Board, to be attached to the Elections Board, consisting of the Governor, the Senate Majority Leader, the Senate Minority Leader, the Speaker of the Assembly and the Assembly Minority Leader or the designees of these persons. Provide that members of the Board would serve for indefinite terms.

Provide that these provisions would first apply with respect to referenda called on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

12. WISCONSIN ELECTION CAMPAIGN FUND

Assembly: Make the following changes to the Wisconsin Election Campaign Fund:

a. *Wisconsin Election Campaign Fund Checkoff.* Amend current law regarding the taxfiler designations for the Wisconsin Election Campaign Fund (WECF) to provide that any such designation by a taxfiler would increase the taxfiler's liability by increasing the taxes owed or reducing the tax refund due. Under current law, if a taxfiler designates $1 ($2 for joint returns) for the WECF, there is no impact on the taxfiler's liability and the amounts of the designations are transferred to the WECF from general tax revenues (that is, they are general fund expenditures). Under this provision, each taxpayer's liability would be increased by a designation to the WECF, but the amount of designations would continue to be transferred as a GPR appropriation to the WECF. This provision would first take effect for CY 2001 personal income taxes filed by April 15, 2002.

It is estimated that increasing taxfilers' liability will decrease the number of designations, resulting in a decrease in the estimated amount of designations to the WECF for 2002-03 from the currently estimated $325,000 to $34,100. This change would result in a net gain to the general fund of $325,000 in 2002-03 because, under the provision, any designation is additional revenue to the state that would otherwise not be collected. In addition, revenue to the WECF would be reduced by an estimated $290,900 SEG-REV in 2002-03 because the estimated fewer designations would result in less funding being available for WECF grants.

b. *Wisconsin Election Campaign Fund Grant Qualification.* Require that, in order to receive a WECF grant, a candidate running for Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State, Supreme Court justice, Superintendent of Public Instruction, State Senate or State Assembly must receive 100% of his or her qualifying individual contributions from individuals who reside in the state. In addition, require candidates running for state legislative office who wish to qualify for a WECF grant to receive at least 50% of their qualifying individual contributions from individuals who reside in a county having territory within the legislative district in which the candidate seeks office. Under current law, in addition to other requirements, a candidate running for state office must receive a qualifying amount of individual contributions of $100 or less to be eligible for a grant from the WECF, but there is no requirement that these individual contributions come from state residents.

c. *Full Funding of Supreme Court Justice Wisconsin Election Campaign Fund Grants.* Before making distributions to any other state office account from the WECF, require the State Treasurer to finance payment of the full amount of the grants authorized for candidates for Supreme Court justice, subject to reduction for contributions received from political action committees and other candidates' campaign committees. Require any unencumbered balance in the Supreme Court account after an election for Supreme Court justice to revert to the unallocated corpus of the WECF. Provide that if there are insufficient moneys in the WECF to make the required transfers to candidates for Supreme Court justice, the State Treasurer would be required to transfer the balance in the fund to the Supreme Court account. Require the State Treasurer to make the required 2001 allocations on December 31, 2001.

Conference Committee/Legislature: Delete provision.

13. ELECTION GRANT PROGRAMS

Senate: Provide $114,600 annually and create an election assistance grant program to be administered by the Elections Board. Provide that under the program: (a) municipalities would be eligible for grant funding to recruit and train inspectors, conduct voter education campaigns or to upgrade voting equipment; (b) grant awards would range from $5,000 to $20,000 annually at the discretion of the Elections Board; (c) to receive grant funding a municipality would be required to submit a proposal to the Elections Board clearly stating the purpose of and need for the grant and detailing how the municipality would allocate the grant money; (d) the Elections Board would be required to allocate grant moneys based on need and ensure to the extent

possible that grants are provided to a representative group of municipalities in the state; (e) municipalities could expend awards only for the purposes specified in the grant; (f) municipalities would be required to match an amount equal to the grant; (g) a municipality would be required to reimburse the state for any grant amounts a municipality expends: (1) for a purpose not identified in the municipality's application; (2) based on an application that contains false information, or (3) if the municipality fails to appropriate and expend funds in substantial compliance with the agreement contained in the municipality's application.

Provide $500,000 in 2002-03 and create an "election rapid response team" grant program to be administered by the Elections Board. Provide up to $50,000 annually to cities with a population of at least 40,000 to assist cities in establishing teams of reserve inspectors to ensure that waiting times at polling places would not exceed 15 minutes in order to vote in a general election. Require the Elections Board to allocate grant moneys based on need and to give preference in awarding grants to cities in which firefighters serve as reserve inspectors to reduce waiting times at polling places. Require a city to reimburse the state for any grant amounts the city receives based on an application that contains false information or that the city expends for a purpose not identified in the city's application.

Conference Committee/Legislature: Delete provision.

14. CENTRALIZED VOTER REGISTRATION

Assembly: Make the following changes concerning voter registration:

a. *Every Municipality Required to Register Electors.* Provide that all municipalities be required to register electors for all elections, and every municipal clerk or board of election commissioners of each municipality be required to prepare and maintain the registration list, as described below. Under current law, every municipality over 5,000 in population must keep a registration list consisting of all currently registered electors.

Under current law, in municipalities without registration, election officials must enter each name and address on a poll list in the same order as the votes are cast, or the municipal clerk can maintain a poll list consisting of the full name and address of electors compiled from previous elections (domestic abuse victims with a confidential listing may use their identification cards in lieu of providing their full names and addresses). Election officials are required to keep separate lists for overseas voters and those voters being allowed to vote only for president and vice president. Poll lists in municipalities without registration must be kept on forms or in an electronic format prescribed by the Elections Board to be substantially similar to the standard registration list forms used in municipalities where registration is required. With the requirement that all municipalities be required to register voters, the provisions regarding municipalities without registration requirements would be repealed.

b. *Official Statewide Registration List.* Require the Elections Board to compile and maintain electronically an official statewide registration list. Except for victims of domestic

abuse who obtain a confidential listing, the list would be required to contain the name and address of each registered elector in the state and such other information as the Board would prescribe by rule. The list would be required to be open to public inspection and electronically accessible by any person as follows: by name and in alphabetical order of the electors' names for the entire state and for each county, municipality, ward, and combination of wards authorized by statute.

No person other than an election official authorized by a municipal clerk would be allowed to make a change to the list. The list would be required to be designed in such a way that the municipal clerk or board of election commissioners of any municipality could, by electronic transmission utilizing a format prescribed by the Elections Board, add, revise, or remove entries on the list for any elector who resided in, or who the list identified as residing in, that municipality and no other municipality.

c. *Registration Functions/Electronic Filing By Municipalities and Counties.* Whenever a municipal clerk (except for certain town clerks described below) would receive a valid registration or a valid change of a name or address under an existing registration and whenever a municipal clerk would cancel a registration, require the municipal clerk to promptly enter electronically on the official registration list maintained by the Elections Board the required information, except that the municipal clerk would be allowed to update any entries that change on the date of an election in the municipality within 10 days after that date, and the municipal clerk would be required to provide to the Elections Board information regarding electors qualifying for confidential listings in such manner as the Elections Board would prescribe.

The town clerk of any town having a population of not more than 5,000 would be allowed to designate the county clerk as the town clerk's agent to carry out the registration functions/electronic filing duties of the town clerk. The town clerk would be required to notify the county clerk of the designation in writing. The town clerk would be allowed, by similar notice to the county clerk at least 14 days prior to the effective date of any change, to discontinue the designation. If the town clerk designated the county clerk as his or her agent, the town clerk would be required to immediately forward all registration changes filed with the town clerk to the county clerk for electronic entry on the registration list.

Whenever discrepancies occurred in entering information from the forms, the original registration forms would be controlling.

d. *Individual Polling Place Registration Lists.* Require each registration list prepared for use at a polling place to contain a certification of the Executive Director of the Elections Board stating that the list is a true and complete registration list of the municipality or the wards or wards for which the list is prepared. Consistent with the new system of having one official statewide registration list, municipalities would no longer be required to prepare at least two copies of the registration list for each ward of the municipality and bind them in book form.

e. *Confidential Listings of Domestic Abuse Victims.* Under current law, the municipal clerk must withhold from public inspection the name and address of a domestic abuse victim who files a valid written request with the clerk to protect the individual's confidentiality. Provide that the Elections Board and county clerks designated as agents of municipal clerks for purposes of electronic election filing are additional parties obligated to keep the names and addresses of domestic abuse victims confidential. The written request for a confidential listing could be provided to the county clerk if the county clerk was the municipal clerk's agent and the county clerk would be required to promptly forward a valid request to the municipal clerk. The county clerk would also be authorized to issue a voting identification card, with a unique identification serial number issued by the Elections Board, to electors qualifying for a confidential listing.

f. *Filing/Maintaining Original Registration Forms.* Require that all original registration forms of electors be maintained in the office of the municipal clerk or board of election commissioners at all times. Remove the requirements for municipalities not employing data processing to: (a) maintain duplicate registration forms; and (b) maintain the original registration forms by ward.

g. *Registration at Register of Deeds Office.* Clarify the current statutory right of a person to register to vote at the office of the register of deeds to mean the office of the register of deeds for the county in which the person's residence is located.

h. *Effective Date.* Provide that these provisions would take effect on September 1, 2003.

Conference Committee/Legislature: Delete provision.

15. PHOTO IDENTIFICATION

Assembly: Require photo identification as follows:

a. *Election Day Voting.* Before being permitted to vote, require the voter to present a valid Wisconsin operator's license or a valid identification card issued by the Department of Transportation (DOT). In municipalities without registration, before permitting an individual to vote who does not appear on the prepared poll list, require the individual to present a valid Wisconsin operator's license or a valid DOT identification card. Provide that if the identification is not acceptable proof of residence, also require the person to present acceptable proof of residence. Delete current law provisions by which a voter can substantiate residency by having another voter in the municipality corroborate that he or she is a resident.

Provide that domestic abuse victims with confidential listings could present their voter identification cards in lieu of the identification otherwise required to be presented by voters.

b. *Polling Place/Alternate Polling Place Registration.* Provide that upon executing the registration form, a person would be required to present a valid Wisconsin operator's license or a valid DOT identification card and, if the identification presented was not acceptable proof of

residence, acceptable proof of residence. Eliminate the process by which a voter can substantiate the information in the registration form, without presenting proof of residence, by having another voter in the municipality corroborate the statements in the form.

c. *Persons Who Claim to be Registered but Whose Names Do Not Appear on the Registration List.* After executing the required certification that he or she is a qualified elector, require a person who claims to be registered but whose name does not appear on the registration list to present a valid Wisconsin operator's license or a valid DOT identification card and, if the identification presented was not acceptable proof of residence, acceptable proof of residence. Delete the current law provisions by which a voter can substantiate residency by having another voter in the municipality corroborate that he or she is a resident of the municipality.

d. *New Residents Voting in the Presidential and Vice-Presidential Election Only.* Require a new resident applying to vote in person in the presidential and vice-presidential election only to present a valid Wisconsin operator's license or a valid DOT identification card. Require the municipal clerk to verify that the name on the identification provided by the new resident is the same as the name on the new resident's application and that the photograph contained in the identification reasonably resembles the elector. Upon proper completion of the application and cancellation card, and compliance with the photo identification requirements, require the municipal clerk to permit the new resident to cast his or her ballot for president and vice-president. Provide that such an application may not be made sooner than nine days nor later than 5 p.m. on the day before the election. Under current law, application may be made any time during the 10-day period in which the elector's residence requirement is incomplete, but not later than the applicable deadline for making application for an absentee ballot.

Provide that if the new resident makes application in writing but does not appear in person, and the municipal clerk receives a properly completed application and cancellation card from the new resident, the clerk must provide the new resident with a ballot without any requirement to review any personal identification. If the ballot is to be mailed, the application must be received no later than 5 p.m. on the Friday before the election. In order to be counted, the ballot must be received by the municipal clerk no later than 5 p.m. on the day before the election.

Provide that a new resident making application at the polling place follow the same photo identification procedures created for pre-election application at the municipal clerk's office. Upon proper completion of the application and cancellation card and compliance with the photo identification requirements, require the inspectors to permit the new resident to cast his or her ballot for president and vice-president. Require the inspectors to return the cancellation card to the municipal clerk.

e. *Late Registration in Person.* Require those registering late to vote in person to comply with the photo identification requirements, and provide that such persons are entitled to vote if they comply with all other requirements for voting at the polling place.

f. *Absentee Ballots.* If a person applies for an absentee ballot in person, prohibit the municipal clerk from issuing an absentee ballot unless the voter presents a valid Wisconsin operator's license or a valid DOT identification card. Require voters, other than military and overseas voters, who obtain an absentee ballot by mail to provide a photocopy of a valid Wisconsin operator's license or a valid DOT identification card along with their applications.

g. *Department of Transportation Identification Cards.* Provide that a DOT identification card, as well as the renewal of a DOT identification card, may be issued, upon the request of the applicant or holder, without charge, if the person is unable to pay due to economic hardship as determined by DOT rule.

Conference Committee/Legislature: Delete provision.

16. EMPLOYER/EMPLOYEE AND LABOR UNION POLITICAL CONTRIBUTIONS AND DISBURSEMENTS

Assembly: Prohibit employers (including the state and every local governmental unit) and labor organizations from: (a) increasing the salary of an officer or employee, or giving an emolument to an officer, employee, or other person, with the intention that the increase in salary, or the emolument, or a part of it, be used to make a contribution or disbursement for campaign financing; or (b) discriminating against an officer or employee with respect to any term or condition of employment for failing to make a contribution; failing to support or oppose a candidate, proposition, political party, or committee; or supporting or opposing a candidate, proposition, political party, or committee.

Provide that no employer (including the state and every local governmental unit) or other person who is responsible for the disbursement of moneys in payment of wages or salaries could withhold any portion of an employee's wages or salary for the purpose of making a contribution to a committee or for use as a contribution to a committee except upon the written request of the employee. Require that such a request be made on a form prescribed by the Elections Board informing the employee of the discrimination prohibition. Such a request by an employee would be valid for 12 months from the date on which it is made by the employee unless an earlier termination is provided or authorized under the agreement. Provide that any person who withholds moneys from an employee's wages or salary to make a contribution must maintain open for public inspection for a period of no less than three years from the date on which a withholding occurs, during normal business hours, documents and books of accounts which must include a copy of each employee's request for withholding, the amounts and dates on which moneys were withheld under the request, and the amounts and dates on which moneys were transferred to any committee by the person. Require the person who withholds moneys to deliver or transmit copies of the information to the Elections Board upon its request.

Provide that no labor organization could use moneys derived from an all-union agreement or a fair-share agreement that are paid by an individual who is not a member of the organization for the purpose of making a contribution or disbursement, unless authorized by

the individual as provided above. Under the provision, an "all-union agreement" would mean an agreement between an employer other than the University of Wisconsin Hospitals and Clinics Authority and the representative of the employer's employees in a collective bargaining unit whereby all or any of the employees in such unit are required to be members of a single labor organization. A "fair-share agreement" would mean an agreement between: (a) a municipal employer and a labor organization under which all or any of the employees in the collective bargaining unit are required to pay their proportionate share of the cost of the collective bargaining process and contract administration measured by the amount of dues uniformly required of all members; and (b) an agreement between the employer and a labor organization representing employees, or supervisors specified by the Employment Relations Commission as a statewide collective bargaining unit of professional supervisors or a statewide unit of nonprofessional supervisors in the classified service, under which all of the employees or supervisors in a collective bargaining unit are required to pay their proportionate share of the cost of the collective bargaining process and contract administration measured by the amount of dues uniformly required of all members. The provisions concerning labor organization use of moneys from all-union or fair-share agreements would take effect on the first day of the second month beginning after publication of the bill.

Conference Committee/Legislature: Delete provision.

17. RESERVE INSPECTORS

Senate: Make the following changes concerning reserve inspectors: (a) allow a municipal governing body to provide for the appointment of reserve inspectors who may be called by the municipal clerk or board of election commissioners to serve at a polling place for any election in addition to the regularly appointed inspectors whenever the number of regularly appointed inspectors serving the polling place is insufficient to adequately serve the number of electors reasonably expected to vote at an election at the polling place; (b) allow a municipal governing body to provide by ordinance for the selection of more than two sets of officials to work at different times on election day and to permit the municipal clerk or board of elections commissioners to establish different working hours for different officials assigned to the same polling place; (c) provide that reserve inspectors, special registration deputies and election officials appointed to fill a vacancy need not be qualified electors of the municipality; and (d) provide that reserve inspectors be appointed in consultation with the party committeemen or committeewomen or the political party committees of the two recognized political parties which received the largest number of votes for president, or governor in nonpresidential general election years (if they submit nominations for regularly-appointed inspectors) and provide, to the extent possible, that there be equal numbers of reserve inspectors in the municipality from the two parties.

Conference Committee/Legislature: Delete provision.

18. UNIFORM POLLING HOURS

Assembly: Require that the polls at every election be open from 7 a.m. until 8 p.m.

Conference Committee/Legislature: Delete provision.

19. NONRESIDENT REPORTING UNDER THE CAMPAIGN FINANCE LAWS

Assembly: Require nonresident registrants required to register under state campaign finance laws to file the same financial reports of contributions received, contributions or disbursements made, and obligations incurred that resident registrants are required to file. Provide that this requirement would first apply to campaign finance reporting periods that begin on or after the effective date of the bill.

Conference Committee/Legislature: Delete provision.

ELECTRONIC GOVERNMENT

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
PR	$0	$264,933,500	$264,431,700	$264,431,700	$264,431,700	$264,431,700	N.A.

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
PR	0.00	227.30	228.30	230.30	230.30	230.30

Budget Change Items

1. DEPARTMENT OF ELECTRONIC GOVERNMENT CREATED [LFB Papers 191 and 400]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
PR	$264,933,500	227.30	- $501,800	1.00	$264,431,700	228.30

Governor: Create an independent state agency to be known as the Department of Electronic Government. Specify that the Department of Electronic Government is under the direction and supervision of the Secretary of Electronic Government, known as the "chief information officer." Authorize the Governor to appointment the chief information officer, with the advice and consent of the Senate, to serve at the Governor's pleasure. Provide $132,443,800 in 2001-02 and $132,489,700 in 2002-03 and 227.3 positions annually for the new agency. The Department of Electronic Government would be created through the transfer of current statutory authority related to information technology (IT) from DOA to the new Department, including procurement related to IT (but excluding educational technology), and through the

creation of new and expanded statutory authorities under the Department of Electronic Government. Funding and positions for each of the Department of Electronic Government's appropriations transferred or created under the bill are identified in the following table.

Department of Electronic Government
Summary of Funding and Position Transfers, and Total Funding
Governor

Electronic Government Appropriation	2001-02 Amount	2001-02 Positions	2002-03 Amount	2002-03 Positions	Source of Funding
General Program Operations, Services to State Agencies (s. 20.530(1)(ke))					
	$50,335,100	124.30	$50,311,400	124.30	DOA info. technology processing
	37,102,300	29.00	37,102,300	29.00	DOA telecommunications
	21,990,000	44.00	22,059,600	44.00	DOA printing and mail services
	258,200	4.00	258,200	4.00	DOA support positions
	409,800	3.00	409,800	3.00	Create unclassified positions (new)*
Appropriation Total	$110,095,400	204.30	$110,141,300	204.30	
General Program Operations, Services to Nonstate Entities (s. 20.530(1)(is))					
	$12,666,600	0.00	$12,666,600	0.00	Estimated expenditures (new)*
Relay Services (s. 20.530(1)(ir))					
	$5,013,500	1.00	$5,013,500	1.00	DOA relay services
Justice Information Systems (s. 20.530(1)(kp))					
	$1,602,400	19.00	$1,602,400	19.00	DOA justice information system fee
	2,024,100	0.00	2,024,100	0.00	DOA Byrne grant
	133,300	0.00	133,300	0.00	Appropriation reestimate*
Appropriation Total	$3,759,800	19.00	$3,759,800	19.00	
Justice Information Systems Development, Operation and Maintenance (s. 20.530(1)(kq))					
	$1,226,700	3.00	$1,226,700	3.00	DOA penalty assessment surcharge
	-318,200	0.00	-318,200	0.00	Appropriation reestimate*
Appropriation Total	$908,500	3.00	$908,500	3.00	
Gifts, Grants and Bequests (s. 20.530(1)(g))					
	$0	0.00	$0	0.00	New appropriation
Electronic Communications Services, Nonstate Entities (s. 20.530(1)(it))					
	$0	0.00	$0	0.00	New appropriation
Electronic Communications Services, State Agencies (s. 20.530(1)(kf))					
	$0	0.00	$0	0.00	New appropriation
Federal Aid (s. 20.530(1)(m))					
	$0	0.00	$0	0.00	New appropriation
Department Total	$132,443,800	227.30	$132,489,700	227.30	
		221.30		221.30	Classified positions
		6.00		6.00	Unclassified positions

*These funding increases are in addition to the amounts identified for transfer from DOA.

Joint Finance: Approve the creation of the Department of Electronic Government as recommended by the Governor, except; (a) modify the funding of unclassified positions; (b) provide staff support for budgeting, financial management, procurement and personnel services; (c) delete the funding and position transfer authority granted to the chief information officer; (d) maintain separate PR appropriations in the new department; (e) create annual appropriations, rather than continuing appropriations; (f) delete the provision allowing the new department to expend additional amounts equal to the value of depreciated assets; (g) modify the structure of the Information Technology Management Board; (h) exclude the University of Wisconsin System; (i) modify procurement provisions as they relate to local governments; and (j) require performance measures. Total funding and position authority, as modified by the Joint Committee on Finance, are identified in the following table.

Department of Electronic Government
Summary of Funding and Position Transfers, and Total Funding
Joint Finance

Electronic Government Appropriation	2001-02 Amount	2001-02 Positions	2002-03 Amount	2002-03 Positions	Source of Funding
Printing, Mail Processing and Information Technology Processing Services to Agencies (s. 20.530(1)(kL))					
	$50,335,100	124.30	$50,311,400	124.30	DOA information technology processing
	21,990,000	44.00	22,059,600	44.00	DOA printing and mail services
	170,700	3.00	170,700	3.00	DOA support positions
	107,000	3.00	103,100	3.00	DOA budget, financial management, procurement and personnel services
Appropriation Total	$72,602,800	174.30	$72,644,800	174.30	
Telecommunications Services; State Agencies (s. 20.530(1)(ke))					
	$37,102,300	$29.00	$37,102,300	$29.00	DOA telecommunications
	87,500	1.00	87,500	1.00	DOA support positions
	54,900	1.00	52,800	1.00	DOA budget, financial management, procurement and personnel services
Appropriation Total	$37,244,700	31.00	$37,242,600	31.00	
Information Technology and Telecommunications Services; Nonstate Entities (s. 20.530(1)(is))					
	$12,666,600	0.00	$12,666,600	0.00	Estimated expenditures (new)
Relay Services (s. 20.530(1)(ir))					
	$5,013,500	1.00	$5,013,500	1.00	DOA relay services
Justice Information Systems (s. 20.530(1)(ja))					
	$1,602,400	19.00	$1,602,400	19.00	DOA justice information system fee
	51,000	0.00	51,000	0.00	Appropriation reestimate--utilize justice information system fee
Appropriation Total	$1,653,400	19.00	$1,653,400	19.00	

Electronic Government Appropriation	2001-02 Amount	2001-02 Positions	2002-03 Amount	2002-03 Positions	Source of Funding
Interagency Assistance; Justice Information Systems (s. 20.530(1)(kp))					
	$2,024,100	0.00	$2,024,100	0.00	DOA Byrne grant
	133,300	0.00	133,300	0.00	Appropriation reestimate
Appropriation Total	$2,157,400	0.00	$2,157,400	0.00	
Justice Information Systems Development, Operation and Maintenance (s. 20.530(1)(kq)					
	$1,226,700	3.00	$1,226,700	3.00	DOA penalty assessment surcharge
	-318,200	0.00	-318,200	0.00	Appropriation reestimate
	-51,000	0.00	-51,000	0.00	Appropriation reestimate--utilize justice information system fee
Appropriation Total	$857,500	3.00	$857,500	3.00	
Information Technology Development and Management Services (s. 20.530(1)(kr)					
	$0	0.00	$0	0.00	Transferred from DOA
Gifts, Grants and Bequests (s. 20.530(1)(g))					
	$0	0.00	$0	0.00	New appropriation
Electronic Communications Services, Nonstate Entities (s. 20.530(1)(it))					
	$0	0.00	$0	0.00	New appropriation
Electronic Communications Services, State Agencies (s. 20.530(1)(kf))					
	$0	0.00	$0	0.00	New appropriation
Federal Aid (s. 20.530(1)(m))					
	$0	0.00	$0	0.00	New appropriation
Department Total	$132,195,900	228.30	$132,235,800	228.30	
		222.30		222.30	Classified positions
		6.00		6.00	Unclassified positions

Senate: Delete the Joint Finance provisions that would have created a Department of Electronic Government, including funding, positions and expanded statutory authority. Transfer $132,195,900 PR in 2001-02 and $132,235,800 PR in 2002-03 and 228.3 PR positions annually back to appropriations in the Department of Administration.

Conference Committee/Legislature: Restore Joint Finance provision.

Veto by Governor [E-20, E-21, E-22 and E-24]: Delete or modify provisions related to: (a) the appropriation structure for the new department; (b) administrative rules for the Department's fee setting methodology; (c) the voting status of the chief information officer on the Information Technology Management Board; and (d) distance learning support provided for the Department of Veteran's Affairs. Total funding and position authority under Act 16 are identified in the following table. A summary of each of the Governor's partial vetoes is then included under the following detailed descriptions of the powers, duties and functions of the new department.

Department of Electronic Government
Summary of Funding and Position Transfers, and Total Funding
Act 16

Electronic Government Appropriation	2001-02 Amount	2001-02 Positions	2002-03 Amount	2002-03 Positions	Source of Funding
***[Appropriation Title Deleted by Governor's Veto]* (s. 20.530(1)(g))**					
	$85,269,400	174.30	$85,311,400	174.30	New appropriation
Telecommunications Services; State Agencies (s. 20.530(1)(ke))					
	$37,102,300	$29.00	$37,102,300	$29.00	DOA telecommunications
	87,500	1.00	87,500	1.00	DOA support positions
	54,900	1.00	52,800	1.00	DOA budget, financial management, procurement and personnel services
Appropriation Total	$37,244,700	31.00	$37,242,600	31.00	
Relay Services (s. 20.530(1)(ir))					
	$5,013,500	1.00	$5,013,500	1.00	DOA relay services
Justice Information Systems (s. 20.530(1)(ja))					
	$1,602,400	19.00	$1,602,400	19.00	DOA justice information system fee
	51,000	0.00	51,000	0.00	Appropriation reestimate--utilize justice information system fee
Appropriation Total	$1,653,400	19.00	$1,653,400	19.00	
Interagency Assistance; Justice Information Systems (s. 20.530(1)(kp))					
	$2,024,100	0.00	$2,024,100	0.00	DOA Byrne grant
	133,300	0.00	133,300	0.00	Appropriation reestimate
Appropriation Total	$2,157,400	0.00	$2,157,400	0.00	
Justice Information Systems Development, Operation and Maintenance (s. 20.530(1)(kq)					
	$1,226,700	3.00	$1,226,700	3.00	DOA penalty assessment surcharge
	-318,200	0.00	-318,200	0.00	Appropriation reestimate
	-51,000	0.00	-51,000	0.00	Appropriation reestimate--utilize justice information system fee
Appropriation Total	$857,500	3.00	$857,500	3.00	
Federal Aid (s. 20.530(1)(m))					
	$0	0.00	$0	0.00	New appropriation
Department Total	$132,195,900	228.30	$132,235,800	228.30	
		222.30		222.30	Classified positions
		6.00		6.00	Unclassified positions

[Act 16 Sections: 100, 109 thru 111, 113, 114, 119, 135 thru 138, 162, 175, 176, 230, 259, 260, 268, 269, 273 thru 276, 278 thru 282, 291 thru 294, 296 thru 298, 307, 308, 345 thru 380, 383, 479, 572 thru 576, 808, 809b, 812b, 816, 818, 819 thru 821, 845, 854, 914, 928, 983, 989, 1026, 1027, 1029 thru 1034, 1160, 1357, 1419, 1420, 1433, 1439, 1440b, 2321, 2983, 3018, 3019, 3024, 3048, 3050, 3218, 3781, 9101(7)&(15), 9159(2) and 9201(4v)]

[Act 16 Vetoed Sections: 176, 395 (as it relates to s. 20.530(1)(g),(is),(it),(kf),(kL)&(kr)), 914, 1030d, 1030m, 9101(7) and 9201(4v)]

2. POWERS AND DUTIES TRANSFERRED FROM DOA

Governor: Transfer and modify the powers and duties of DOA associated with IT to the new Department of Electronic Government as follows:

a. *Definitions.* Transfer current law definitions used in connection with DOA's IT responsibilities. In addition, define the following terms: (a) "telecommunications" to mean all services and facilities capable of transmitting, switching, or receiving information in any form by wire, radio, or other electronic means; (b) "board" to mean the Information Technology Management Board (identified below); and (c) "information technology portfolio" to mean IT systems, applications, infrastructure, and information resources and human resources devoted to developing and maintaining IT systems. Delete the definition of "small agency" (an agency having fewer than 50 authorized full-time equivalent positions).

b. *Powers and Duties Transferred from DOA's Division of Technology Management.* Transfer the current duties of DOA's Division of Technology Management to the Department of Electronic Government. These duties include: (a) ensuring that an adequate level of IT services is made available to all agencies by providing systems analysis and application programming services to augment agency resources, as requested; (b) ensuring that executive branch agencies make effective and efficient use of the IT resources of the state; (c) in cooperation with agencies, establishing policies, procedures and planning processes for the administration of IT services, which executive branch agencies must follow; (d) monitoring adherence to policies, procedures and processes; (e) reviewing and approving, modifying or rejecting most forms approved by a records and forms officer for jurisdiction, authority, standardization of design and nonduplication of existing forms; (f) prescribing a forms management program for agencies; (g) developing and maintaining IT resource planning and budgeting techniques at all levels of state government; (h) developing and maintaining procedures to ensure IT resource planning and sharing between executive branch agencies; (i) developing review and approval procedures which encourage timely and cost-effective hardware, software and professional services acquisitions, and reviewing and approving the acquisition of such items and services under those procedures; (j) collecting, analyzing and interpreting, in cooperation with agencies, data necessary to assist the IT resource planning needs of the Governor and Legislature; (k) providing advice and assistance during budget preparation concerning IT resource plans and capabilities; (l) ensuring that management reviews of IT organizations are conducted; (m) gathering, interpreting and disseminating information on new technological developments, management techniques and IT resource capabilities and their possible effect on current and future management plans to all interested parties; (n) ensuring that a level of IT services are provided to all agencies that are equitable in regard to resource availability, cost and performance; (o) ensuring that all executive branch agencies develop and operate with clear guidelines and standards in the areas of IT systems development and that they employ good management practices and cost-benefit justifications; (p) ensuring that all state data processing

facilities develop proper privacy and security procedures and safeguards; (q) maintaining an IT resource center to provide appropriate technical assistance and training to small agencies; (r) requiring each executive branch agency to adopt and submit for approval, a strategic plan for the utilization of IT to carry out the functions of the agency; (s) requiring each executive branch agency that receives funding under a biennial budget for an IT development project to file an amendment to its strategic plan for the utilization of information technology, no later than 60 days after enactment of each biennial budget act; and (t) assisting in coordination and integration of plans of executive branch agencies relating to IT and, using these plans and the statewide long-range telecommunications plan to formulate and revise biennially a consistent statewide strategic plan for the use and application of information technology.

Require that executive branch agency strategic plans be adopted and submitted annually by March 1, rather than biennially as required under current law.

Transfer DOA's current responsibilities to the Department of Electronic Government related to: (a) computer licensing; (b) the requirement that the Revisor of Statutes approve the specifications for preparation and schedule for delivery of computer databases containing the Wisconsin Statutes; and (c) the authority, in conjunction with the Public Defender Board, the Director of State Courts, the Departments of Corrections and Justice and district attorneys, to maintain, promote and coordinate integrated justice information systems. Transfer to the new Department DOA's current ability to charge executive branch agencies for IT development and management services provided to them.

Delete the requirement that the Joint Committee on Finance be notified in writing of the proposed acquisition of any IT resource that DOA considers major or that is likely to result in a substantive change of service, and that was not considered in the regular budgeting process and is to be financed from general purpose revenues or corresponding revenues in a segregated fund. In addition, delete the current law provision that requires the Secretary of DOA to promptly notify the Joint Committee on Finance in writing of the proposed acquisition of any IT resource that DOA considers major or that is likely to result in a substantive change in service, and that was not considered in the regular budgeting process and is to be financed from program revenues or corresponding revenues from program receipts in a segregated fund.

c. *Powers and Duties Transferred from DOA's Division of Information Technology Services.* Transfer to the new Department the current powers of DOA's Division of Information Technology Services. Under the bill, the Department would be allowed to: (a) provide telecommunications services to state agencies; (b) provide such computer services and telecommunications services to local governmental units and telecommunications services to qualified private schools, postsecondary institutions, museums and zoos as the Department considers to be appropriate and can be efficiently and economically provided; (c) provide such supercomputer services to agencies, local governmental units and entities in the private sector as the Department considers to be appropriate and can be efficiently and economically provided; (d) undertake such studies, contract for the performance of such studies, and appoint such councils and committees for advisory purposes as the Department considers appropriate to ensure that plans, capital investments and operating priorities meet the needs of state

government and of agencies and of local governmental units and entities in the private sector served by the Department; and (e) provide technical services to agencies in making hardware acquisitions to be used for computer services.

Under the bill, the Department would be required to: (a) provide or contract with a public or private entity to provide computer services to agencies; (b) facilitate the implementation of statewide initiatives, including development and maintenance of policies and programs to protect the privacy of individuals who are the subjects of information contained in the databases of agencies, and of technical standards and sharing of applications among agencies and any participating local governmental units or entities in the private sector; (c) ensure responsiveness to the needs of agencies for delivery of high-quality IT processing services on an efficient and economical basis, while not unduly affecting the privacy of individuals who are the subjects of the information being processed by the Department; (d) utilize all feasible technical means to ensure the security of all information submitted for processing by agencies, local governmental units and entities in the private sector; and (e) with the advice of the Ethics Board, adopt and enforce standards of ethical conduct applicable to its paid consultants which are similar to the standards prescribed for public officials.

Transfer to the new Department the current duties of DOA's Division of Information Technology Services to withhold from access under open records laws all information submitted to the Department by agencies, local governmental units or entities in the private sector for the purpose of processing. Modify the provision to include information submitted by authorities and units of the federal government.

Joint Finance: Maintain the current requirement that that the Joint Committee on Finance: (a) be notified in writing and approve the proposed acquisition of any major IT resource or any resource that is likely to result in a substantive change of service, and that was not considered in the regular budgeting process and is to be financed from general purpose revenues or corresponding revenues in a segregated fund; and (b) be promptly notified in writing of the proposed acquisition of any major IT resource or any resource that is likely to result in a substantive change in service, and that was not considered in the regular budgeting process and is to be financed from program revenues or corresponding revenues from program receipts in a segregated fund. Modify the provision to require that the chief information officer provide the notification.

Senate: Delete provision.

Conference Committee/Legislature: Include provision, as modified by Joint Finance.

3. TELECOMMUNICATIONS PLANNING TRANSFERRED FROM DOA

Governor: Transfer to the new Department current DOA responsibilities related to telecommunications operations and planning, including: (a) developing and maintaining a statewide long-range telecommunications plan, which serves as a major element for budget

preparation, as guidance for technical implementation and as a means of ensuring the maximum use of shared systems by agencies when this would result in operational or economic improvements or both; (b) developing policy, standards and technical and procedural guidelines to ensure a coordinated and cost-effective approach to telecommunications system acquisition and utilization; (c) maintaining a comprehensive inventory of all state-owned or leased telecommunications equipment and services; (d) monitoring overall state expenditures for telecommunications systems and preparing an annual financial report on such expenditures; (e) reviewing the operation of all telecommunications systems in Wisconsin to ensure technical sufficiency, adequacy and consistency with goals and objectives; and (f) performing the functions of agency telecommunications officer for those agencies with no designated focal point for telecommunications planning, coordination, technical review and procurement. In addition, transfer the ability to allow regionally accredited four-year nonprofit colleges and universities that are incorporated in Wisconsin or that have their regional headquarters and principal place of business in Wisconsin to participate in any telecommunications network administered by the Department.

Senate: Delete provision.

Conference Committee/Legislature: Include provision.

4. NEW POWERS OF THE DEPARTMENT OF ELECTRONIC GOVERNMENT

Governor: Create the following new powers authorizing the Department to:

a. Acquire, operate, and maintain any IT equipment or systems required by the Department to carry out its functions, and provide IT development and management services related to those systems. Specify that the Department may assess executive branch agencies for the costs of equipment or systems acquired, operated, maintained, or provided or services provided in accordance with a methodology determined by the chief information officer. Further specify that the Department may also charge any agency for such costs as a component of any of the services provided by the Department to the agency.

b. Assume direct responsibility for the planning and development of any IT system in the executive branch that the chief information officer determines to be necessary to effectively develop or manage the system, with or without the consent of any affected executive branch agency. Allow the Department to charge any executive branch agency for the Department's reasonable costs incurred in carrying out its functions on behalf of that agency.

c. Establish master contracts for the purchase of materials, supplies, equipment, or contractual services relating to information technology or telecommunications for use by agencies, authorities, local governmental units, or entities in the private sector and require any executive branch agency to make any purchases of materials, supplies, equipment, or contractual services included under the contract pursuant to the terms of the contract.

d. Accept gifts, grants, and bequests, to be used for the purposes for which made, consistent with applicable laws.

Joint Finance: Require that the methodologies used by the new Department for establishing fees be promulgated as administrative rules.

Specify that the University of Wisconsin System would be excluded from the group of executive branch agencies over which the Department of Electronic Government has oversight authority.

Senate: Delete provision.

Conference Committee/Legislature: Include provision, as modified by Joint Finance.

Veto by Governor [E-21]: Delete the requirement that the methodologies used by the new Department for establishing fees be promulgated as administrative rules.

5. GENERAL POWERS OF THE CHIEF INFORMATION OFFICER

Governor: Specify that the chief information officer may:

a. Enter into and enforce an agreement with any agency, any authority, any unit of the federal government, any local governmental unit, or any entity in the private sector to provide services authorized to be provided by the Department to that agency, authority, unit, or entity at a cost specified in the agreement.

b. Establish and collect assessments and charges for all authorized services provided by the Department.

c. Develop or operate and maintain any system or device facilitating internet or telephone access to information about programs of agencies, authorities, local governmental units, or entities in the private sector, or otherwise permitting the transaction of business by agencies, authorities, local governmental units, or entities in the private sector by means of electronic communication. Specify that the chief information officer may assess executive branch agencies for the costs of systems or devices that are developed, operated or maintained in accordance with a methodology determined by the officer. Further, specify that the chief information officer may charge any agency, authority, local governmental unit, or entity in the private sector for such costs as a component of any services provided by the Department to that agency, authority, local governmental unit or entity.

d. Review and approve, approve with modifications, or disapprove any proposed contract for the purchase of materials, supplies, equipment, or contractual services relating to information technology or telecommunications by an executive branch agency.

Senate: Delete provision.

Conference Committee/Legislature: Include provision.

6. BUDGETARY AND POSITION CONTROL AUTHORITY GRANTED TO THE CHIEF INFORMATION OFFICER

Governor: Specify that the chief information officer may transfer monies from the unencumbered balance in the account of any appropriation made to any executive branch agency, other than a sum sufficient appropriation, to the Department's general program operations or electronic communications services appropriations or to any other appropriation made to an executive branch agency, without the consent of any affected executive branch agency, for the purpose of facilitating more efficient or effective funding of information technology or electronic communications services within the executive branch. Require that the transfer must be consistent with state and federal law and with any requirement imposed by the federal government as a condition to the receipt of aids. Require that if a transfer is made to or from a sum certain appropriation, the amount in the appropriations schedule for the account from which the transfer is made for the period during which the transfer is made is decreased by the amount transferred. Correspondingly, the amount in the appropriations schedule for the account to which the transfer is made for the period during which the transfer is made is increased by the amount transferred.

Require DOA to execute transfers between appropriations upon direction by the chief information officer.

Specify that the chief information officer may transfer any whole or fractional number of authorized full-time equivalent positions having responsibilities related to information technology or telecommunications functions from any executive branch (including the UW System) agency to the Department of Electronic Government or another executive branch agency, or may transfer the funding source for any positions within the appropriations made to an executive branch agency, for the purpose of carrying out the authorized functions of the Department. Specify that the chief information officer may also change the funding source, in whole or in part, for any position transferred to the Department or another executive branch agency.

Allow the chief information officer to rescind any previous transfer action. Require that if the funding source for any position is changed and the transfer or change in funding sources is rescinded, the funding source for that position reverts to the original funding source. Require that the number of authorized full-time equivalent positions for the Department of Electronic Government or any other executive branch agency from which or to which positions are transferred (and the allocation among funding sources of full-time equivalent positions in the Department or other executive branch agencies) be adjusted to reflect the transfer on the date on which the transfer is made.

On the effective date of any transfer of employees between executive branch agencies, specify that any incumbent in an affected position is transferred to the appropriate executive

branch agency. Specify that all employees transferred have all of the rights and the same status in the executive branch agency to which they are transferred that they enjoyed in the executive branch agency in which they were employed immediately prior to the transfer. Further, specify that no transferred employee who has attained permanent status in class may be required to serve a probationary period in the position to which the employee is transferred.

Promptly following the completion of each calendar quarter, require the chief information officer to report the following information to the Secretary of DOA: (a) the number of position changes made by the chief information officer during the preceding calendar quarter, itemized by each executive branch agency and funding source; and (b) if applicable, the specific appropriations from which funding for any position was provided or from which funding for any position was deleted.

Include program revenue position modifications made by the chief information officer in the s. 16.517 report that is provided for Joint Committee on Finance approval related to adjustments of program revenue positions and funding levels not reflected in each new biennial budget act. This report is provided to the Committee 30 days after the effective date of each biennial budget.

Joint Finance/Legislature: Delete provision.

7. APPROPRIATIONS STRUCTURE OF THE NEW DEPARTMENT

Governor: Transfer and modify the DOA appropriations related to the Division of Information Technology Services and the Division of Technology Management. Create four new appropriations in the Department of Electronic Government. Appropriation transfers, modifications and creations would be as follows:

a. *Information Technology Processing Services to Non-State Agencies.* Transfer DOA's continuing PR appropriation for information technology processing services to non-state agencies to the Department. Modify the appropriation to create a general program operations appropriation for services to non-state entities. Specify that the appropriation receive funding not only from local governmental units and entities in the private sector but also from state authorities and units of the federal government. Further, specify that the appropriation be used not only for provision of computer services, telecommunications services and supercomputer services, but also the provision of any authorized service in accordance with an agreement and for the general program operations of the Department.

Funding for the appropriation would be generated from charges to state authorities, units of the federal government, local governmental units and entities in the private sector for the provision of computer, telecommunications and supercomputer services and for the general program operations of the Department based on charges determined in accordance with a methodology designated by the chief information officer or in accordance with costs specified in any agreement. Under the bill, the appropriation also would receive funding from a charge to educational agencies under the TEACH Board's program for telecommunications access of not

more than $250 per month for each data line or video link that is provided to the educational agency or a charge not to exceed $100 per month for each data line or video link that relies on a transport medium that operates at a speed of 1.544 megabits per second.

b. *Telecommunications and Data Processing Services.* Transfer DOA's annual PR appropriation for telecommunications and data processing services to the Department. Delete DOA's continuing appropriation for information technology processing services for state agencies. Modify the transferred telecommunications and data processing services appropriation to create a continuing general program operations appropriation for services to state agencies. Under a continuing appropriation, the dollar amounts in the appropriations schedule are only estimates of the amount of funds that the agency expects to spend and an agency may expend as much as the accumulated revenue in the appropriation level will allow. Under an annual appropriation, an agency may expend only up to the maximum amount appropriated.

Delete current provisions specifying that the appropriation be used to provide state telecommunications services and data processing oversight and management services and telecommunications and data processing inventory items primarily to state agencies and to provide for the initial costs of establishing and operating the Division of Information Technology Services.

Specify that the transferred appropriation may receive funding from charges associated with the Department's provision of information technology processing, mail processing, printing, and telecommunications services to state agencies, other than monies received and disbursed for emergency weather warning system operations, monies received from the provision of information technology development and management services to executive branch agencies and monies transferred to the appropriation from any other appropriation as directed by the chief information officer. Specify that funding in the appropriation be used for providing the identified services and the general program operations of the Department.

The new PR continuing appropriation in the Department of Electronic Government combines: (a) DOA's continuing appropriation associated with state agency use of the state computer utility; (b) DOA's annual appropriation for state telecommunications services and data processing oversight and management services and telecommunications and data processing inventory items primarily to state agencies; and (c) publishing services and mail services functions currently performed by DOA.

c. *Justice Information Systems, Interagency Assistance.* Transfer the justice information systems, interagency assistance appropriation from DOA to the Department. Delete the DOA appropriation for development and operation of automated justice information systems, which receives $2 of the $9 justice information system fee. Modify the justice information systems, interagency assistance appropriation by renaming the appropriation "justice information systems." Further modify the appropriation to specify that the appropriation not only receives funding from the Office of Justice Assistance's (OJA) federal Byrne grant, but also from justice

information system fee revenues. [A technical correction is needed to properly reflect receipt of Byrne federal dollars.]

Modify the definition of program revenues-service (PR-S), to exempt the justice information system appropriation in the Department of Electronic Government, from the definition of this revenue source. Under current law, PR-S appropriations consist of appropriated monies in the general fund derived from any revenue source that are transferred between or within state agencies or miscellaneous appropriations. These monies are shown as expenditures in the appropriation of the state agency or program from which the monies are transferred and are also shown as program revenue in the appropriation of the agency or program to which the monies are transferred. Under the bill, the justice information system appropriation would consist of revenues transferred from OJA (PR-S) and from the justice information systems fee deposited directly to the justice information system appropriation (PR).

Specify that the unencumbered balance in the DOA appropriation for development and operation of automated justice information systems is transferred to the justice information systems, interagency assistance appropriation. As combined, this appropriation is transferred to the Department.

Delete the court operations information technology appropriation in the Director of State Courts Office which provides information technology development and management services to the court system, using monies transferred from DOA's appropriation for development and operation of automated justice information systems.

d. *Justice Information Systems Development, Operation and Maintenance.* Transfer the justice information systems development, operation and maintenance appropriation from DOA to the Department. Funding in the appropriation is generated from penalty assessment surcharge revenues transferred by OJA.

e. *Information Technology Development and Management Services.* Delete DOA's appropriation for information technology development and management services.

f. *Relay Service.* Transfer the relay service appropriation from DOA to the Department. Modify the appropriation to delete the phrase "and for general program operations" from the purposes for which the appropriation may be used. [According to the Legislative Reference Bureau, this reference was originally intended to finance the operation of a proposed Relay Service Board, the creation of which was partially vetoed.] Relay services allow a hearing or speech impaired person to communicate by telephone with hearing persons. Relay services utilize operators who translate between a person using a telecommunications device for the deaf (TDD) and a person who does not use a TDD.

g. *Gifts, Grants, and Bequests.* Create a continuing appropriation for all monies received from gifts, grants and bequests, to be used to carry out the purposes for which the gifts, grants or bequests are made and received.

h. *Electronic Communication Services for Nonstate Entities.* Create a continuing appropriation for all monies received from state authorities, units of the federal government, local governmental units, and entities in the private sector for electronic communications services provided to those entities by the Department. Under the bill, the chief information officer may develop or operate and maintain any system or device facilitating internet or telephone access to information about programs of agencies, authorities, local governmental units, or entities in the private sector, or otherwise permitting the transaction of business by agencies, authorities, local governmental units, or entities in the private sector by means of electronic communication.

i. *Electronic Communications Services for State Agencies.* Create a continuing appropriation for all monies received from state agencies for electronic communications services provided to the agencies by the Department and for all monies transferred to the appropriation from any other appropriation as directed by the chief information officer, to be used for the purpose of providing these services. Services included under the appropriation are those to develop or operate and maintain any system or device facilitating internet or telephone access to information about programs of agencies or otherwise permitting the transaction of business by agencies by means of electronic communication.

j. *Federal Aid.* Create a continuing appropriation for all monies received from the federal government, to be used for the purposes for which received.

k. *Incurring of Financial Liability.* Modify current law to specify that the Department of Electronic Government may create liabilities and expend monies from four of its appropriations (the general program operations appropriations for state agencies and for nonstate entities and the electronic communications services appropriations for state agencies and for nonstate entities) in an additional amount not exceeding the depreciated value of the equipment for operations financed under these appropriations. As under current law, the Secretary of the Department of Administration may require such statements of assets and liabilities as he or she deems necessary before approving expenditure estimates in excess of the unexpended monies in the appropriation.

Joint Finance: Maintain separate appropriations for information technology processing, telecommunications, information technology development and management services, BJIS justice information system fee and BJIS Byrne grant funding. Change all continuing appropriations under the Department of Electronic Government, other than the gifts, grants and bequests appropriation and the federal aid appropriation, to annual appropriations. Delete the modification to the definition of program revenue-service.

Require that, on the effective date of the bill, the Secretary of DOA apportion and transfer the unencumbered monies and accounts receivable that are attributable to state telecommunications services under the information technology processing appropriation to the new printing, mail processing and information technology processing services to state agencies appropriation in the Department of Electronic Government.

Specify that the unencumbered balances in DOA's appropriations for IT processing for nonstate entities, IT processing and IT development and management services immediately before the effective date of the bill, are transferred to new appropriations in the Department of Electronic Government.

Delete the provision allowing the new Department to expend additional amounts equal to the value of depreciated assets.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision, as modified by Joint Finance.

Veto by Governor [E-20]: Delete the title of the Gifts, Grants and Bequests appropriation as well as the statutory purpose of the appropriation, retaining only the appropriation paragraph designation ("(g)") for what is now an unnamed appropriation and the words "All moneys received from". For each of the following appropriations, delete the statutory appropriation paragraph designations, the appropriation titles, the term "the amounts in the schedule" and the final periods (".") [other than the final period in the IT Development and Management Services appropriation] at the end of each of the appropriations: (a) information technology and telecommunications services; nonstate entities; (b) electronic communications services; nonstate entities; (c) electronic communication services; state agencies; (d) printing, mail processing, and information technology processing services to agencies; and (e) information technology development and management services. [The effect of the partial veto is to consolidate all of the appropriation purposes [a thru e] under a single, unnamed "all moneys received" continuing appropriation for the provision of IT and telecommunications services to nonstate entities; electronic communications services to state and nonstate entities; printing, mail processing and IT processing services to state agencies; and IT development and management services functions.]

Modify the Secretary of DOA's authority to apportion and transfer the unencumbered monies and accounts receivable that are attributable to state telecommunications services under the information technology processing appropriation to the new printing, mail processing and information technology processing services to state agencies appropriation in the Department of Electronic Government by deleting references to specific appropriations. As a result, the Secretary is provided with broad authority to apportion and transfer funds between Department of Administration appropriations and the Department of Electronic Government appropriations.

Delete the requirement that the unencumbered balances in DOA's appropriations for IT processing for nonstate entities, IT processing and IT development and management services immediately before the effective date of the bill, be transferred to corresponding new appropriations under the Department of Electronic Government.

Under the act, $85,269,400 in 2001-02 and $85,311,400 in 2002-03 and 174.30 positions are eliminated, and the expenditures under the untitled appropriation are shown as $0 annually. However, under a continuing appropriation, the specific dollar amounts in the schedule

represent only estimates of the amounts to be expended or encumbered during any given fiscal year and are not controlling. As a result, the Department is authorized to expend all monies received for any of the stated appropriation purposes, and it is anticipated that the new Department would fully expend $85,269,400 in 2001-02 and $85,311,400 under the continuing appropriation. Furthermore, the Secretary of Administration's existing authority under section 9101(15) of Act 16 permits the transfer from DOA of 174.30 FTE positions to the new appropriation.

8. FUNDING AND POSITIONS IN THE NEW DEPARTMENT

Governor: Provide funding and create positions in the Department of Electronic Government as follows:

a. *Transferred IT Appropriations from DOA.* Provide $109,427,400 in 2001-02 and $109,473,300 in 2002-03 and 197.3 positions annually (195.3 classified positions and 2.0 unclassified positions) in the Department of Electronic Government's general program operations services for state agencies appropriation. Funding in the appropriation would be used to support costs of IT processing, mail processing, printing, telecommunications services, IT development and management services and general program operations of the Department. The appropriation is composed of funding and positions transferred from DOA's: (a) continuing appropriation for state agency use of the state computer utility ($50,335,100 in 2001-02 and $50,311,400 in 2002-03 with 123.3 classified positions and 1.0 unclassified position after standard budget adjustments and base budget reductions); (b) annual appropriation for state telecommunications services and data processing oversight and management services ($37,102,300 and 28.0 classified position and 1.0 unclassified position annually after standard budget adjustments, base budget reductions and the transfer of 2.0 positions associated with DOA's land information program); and (c) publishing services and mail services ($21,990,000 in 201-02 and $22,059,600 in 2002-03 with 44.0 classified positions).

Specify that the unencumbered balances in the information technology processing services for state agencies appropriation and the information technology development and management services appropriation, immediately before the effective date of the bill are transferred to the Department of Electronic Government's general program operations services to state agencies appropriation.

In DOA, base level funding in the appropriation for state agency use of the state computer utility is $49,859,000 with 124.0 classified position, 1.0 unclassified position and 1.0 project position. Base level funding in the state telecommunications services and data processing oversight and management services appropriation is $37,359,600 with 33.0 classified position, 1.0 unclassified position and 1.0 project position.

b. *Create Unclassified Positions.* Provide $409,800 and 3.0 new unclassified positions annually and convert 1.0 classified position to unclassified status in the Department's general program operations services for state agencies appropriation to establish 1.0 chief information

officer position, 1.0 deputy secretary position, 1.0 executive assistant position and 1.0 division administrator position. Under the bill, an unspecified 1.0 classified position that is transferred from DOA would be eliminated to create an additional division administrator. In total, the Department of Electronic Government would have 6.0 unclassified positions, including 3.0 division administrators. Decrease the statutory number of unclassified division administrator positions in DOA to 10 from 12, and specify that the Department of Electronic Government is authorized three unclassified division administrators.

c. *Transfer Support Services Positions from DOA.* Provide $258,200 and 4.0 positions annually in the Department's general program operations services for state agencies appropriation to fund support services positions. The 4.0 positions (1.0 financial specialist, 1.0 IT management consultant and 2.0 information services positions) would be transferred from DOA and are currently performing duties in DOA that are primarily associated the activities of the Division of Technology Management.

d. *General Program Operations, Services to Nonstate Entities.* Provide $12,666,600 annually in expenditure authority in the continuing appropriation for general program operations services to nonstate entities. Funding in the appropriation currently in DOA is generated primarily from charges to educational agencies associated with the TEACH Board program for telecommunications access. While the current base level funding for the DOA appropriation is $0, the current budget authority for the appropriation is $12,800,000 in 2000-01.

e. *Transfer Relay Service.* Provide $5,013,500 and 1.0 position associated with the provision of telecommunications relay services. In DOA, base level funding for the relay service appropriation is $5,011,400 and 1.0 position.

f. *Justice Information Systems.* Provide a total of $4,668,300 and 22.0 positions annually for operations of the Bureau of Justice Information Systems (BJIS). Funding would be provided as follows: (a) $3,759,800 and 19.0 positions annually funded from a combination of revenues from the justice information system fee and federal Byrne grant monies through OJA; and (b) $908,500 and 3.0 positions annually funded from penalty assessment surcharge revenues. Base level funding in DOA for BJIS is: (a) $1,355,100 and 19.0 positions funded from the justice information system fee; (b) $2,024,100 funded from federal Byrne grant monies through OJA; and (c) $1,208,700 and 3.0 positions funded from penalty assessment surcharge revenues.

Under the bill, standard budget adjustments totaling $265,300 annually ($247,300 funded from the justice information system fee and $18,000 funded from penalty assessment surcharge revenues) are applied to BJIS prior to the transfer of the program to the Department of Electronic Government. In addition, subsequent to the transfer, expenditures funded from the combined justice information system fee and Byrne grant monies are increased by $133,300 annually, while expenditures funded from the penalty assessment surcharge are reduced by $318,200 annually. Under the bill, total funding for BJIS would be increased by $80,400 annually from $4,587,900 to $4,668,300 in each year of the 2001-03 biennium.

Joint Finance: Require that all of the new, 4.0 PR unclassified positions associated with the Department (1.0 Chief Information Officer, 1.0 Deputy Secretary, 1.0 Executive Assistant and 1.0 additional division administrator) be reallocated from those resources transferred from DOA. Create 4.0 PR unclassified positions and delete 4.0 PR classified positions. Delete the increased funding and position authority associated with the new unclassified positions ($409,800 PR and 3.0 PR positions annually).

Provide $161,900 PR in 2001-02 and $155,900 PR in 2002-03 and 4.0 PR positions annually in the new Department associated with budgeting, financial management, procurement and personnel services.

Proportionally divide the expenditures and positions associated with support positions and unclassified positions between the information technology processing appropriation and the telecommunications appropriation.

Provide $51,000 annually for BJIS from the justice information system fee and reduce funding for BJIS from penalty assessment revenues by a corresponding amount.

Senate: Delete provision.

Conference Committee/Legislature: Include provision, as modified by Joint Finance.

9. INFORMATION TECHNOLOGY PROCUREMENT AUTHORITY

Governor: Require every executive branch agency, including the University of Wisconsin System, to make all purchases of materials, supplies, equipment and contractual services related to information technology and telecommunications from the Department of Electronic Government, unless the Department requires the agency to make the purchases under a master contract (identified below) or the Department grants written authorization to the agency: (a) delegating it authority to make the purchase; (b) allowing it to procure the materials, supplies, equipment and contractual services from another agency; or (c) allowing it to provide the materials, supplies, equipment and contractual services itself. Specify that the procurement statutes do not apply to purchases of information technology and telecommunications materials, supplies, equipment or contractual services purchased by any agency from the Department of Electronic Government.

Under current law, every agency, other than the Board of Regents of the University of Wisconsin System and the legislative and judicial branches, is required to purchase all computer services from DOA's Division of Information Technology Services, unless the Division grants written authority to the agency to procure the services, purchase the services from another agency or provide the service itself. Under current law, the UW System is allowed to purchase computer services from DOA. Further, current law exempts any agency making a purchase of computer services from DOA's Division of Information Technology Services from the procurement statutes.

Specify that DOA may not delegate to any executive branch agency the authority to enter into any contract for materials, supplies, equipment, or contractual services relating to information technology or telecommunications prior to review and approval of the contract by the head of the new Department (the chief information officer). Specify that no executive branch agency may enter into any such contract without review and approval of the contract by the chief information officer. Require that DOA delegate authority to make all purchases for the Department of Electronic Government to that Department. Specify that the delegation may not be withdrawn, but that the Department of Electronic Government may elect to make any purchase through DOA.

Specify that any procurement specification for the purchase of materials, supplies, equipment or contractual services for information technology or telecommunications are subject to the approval of the chief information officer.

Specify that the Department of Electronic Government is exempt from the following requirements: (a) all supplies, materials, equipment and contractual services be purchased for and furnished to any agency only upon requisition to DOA; (b) DOA prescribe the form, contents, number and disposition of requisitions and promulgate rules as to time and manner of submitting such requisitions for processing; and (c) no agency or officer may engage any person to perform contractual services without the specific prior approval of DOA for each such engagement. Under current law, purchases of supplies, materials, equipment or contractual services by the Legislature, the Courts or legislative service or judicial branch agencies do not require approval. Under the bill, this authority would be extended to include the Department of Electronic Government.

Specify that procurement statutes related to low bid, general bid procedures and procurement from prison industries do not apply to the Department of Electronic Government. Require that annually, not later than October 1, the Department of Electronic Government report to DOA, concerning all procurements by the Department of Electronic Government during the preceding fiscal year that were not made in accordance with low bid, general bid procedures and procurement from prison industries statutes. Specify that the Department of Electronic Government does not have to obtain materials, supplies, equipment and services from a list maintained by the State Use Board for procurements from work centers for the severely disabled.

Delete the definition of "major procurement" (a procurement by DOA for the use of the Division of Information Technology Services that is related to the functions of the division).

Transfer to the Department DOA's current authority related to purchases of computers by teachers. Under current law, DOA is required to negotiate with private vendors to facilitate the purchase of computers and other educational technology by public and private elementary and secondary school teachers for their private use. DOA is also required to attempt to make available types of computers and other educational technology that will encourage and assist teachers in becoming knowledgeable about the technology and its uses and potential uses in education.

Joint Finance: Require the Department of Electronic Government to offer the opportunity to local governments to voluntarily obtain computer and supercomputer services and voluntarily participate in master contracts and use informational systems and devices provided by the Department.

Senate: Delete provision.

Conference Committee/Legislature: Include provision, as modified by Joint Finance.

10. STRATEGIC PLANS FOR EXECUTIVE BRANCH AGENCIES

Governor: Annually, require that as a part of each proposed strategic plan, the Department of Electronic Government must require each executive branch agency to address the business needs of the agency and identify all proposed IT development projects that serve those business needs, the priority for undertaking such projects, and the justification for each project, including the anticipated benefits of the project. Specify that each proposed plan identify any changes in the functioning of the agency under the plan. In each even-numbered year, require that the plan include an identification of any IT development project that the agency plans to include in its biennial budget request.

Specify that each proposed strategic plan separately identify the initiatives that the executive branch agency plans to undertake from resources available to the agency at the time that the plan is submitted and initiatives that the agency proposes to undertake that would require additional resources.

Specify that following receipt of a proposed strategic plan from an executive branch agency, the chief information officer must, before June 1, notify the agency of any concerns that the chief information officer may have regarding the plan and provide the agency with his or her recommendations regarding the proposed plan. Specify that the chief information officer may also submit any concerns or recommendations regarding any proposed plan to the Information Technology Management Board (described below) for its consideration. Specify that the Board must then consider the proposed plan and provide the chief information officer with its recommendations regarding the plan. The executive branch agency may submit modifications to its proposed plan in response to any recommendations.

Require that before June 15, the chief information officer must consider any recommendations provided by the Board and must then approve or disapprove the proposed plan in whole or in part. Specify that no executive branch agency may implement a new or revised information technology development project authorized under a strategic plan until the implementation is approved by the chief information officer in accordance with procedures prescribed by the officer.

Require the Department of Electronic Government to consult with the Joint Committee on Information Policy and Technology in providing guidance for planning by executive branch agencies.

Under current law, the Secretary of DOA is required to compile and submit to the Governor or the Governor-elect and to each person elected to serve in the Legislature during the next biennium, not later than November 20 of each even-numbered year, a compilation giving information regarding the state budget for the succeeding biennium, except for the recommendations of the Governor. Specify that the Secretary of DOA may not include in the statutorily required budget compilation any provision for the development or implementation of an IT development project for an executive branch agency that is not consistent with the approved strategic plan of the agency.

Under current law, each executive branch agency is required to adopt, revise biennially, and submit for DOA's approval, a strategic plan for the utilization of information technology to carry out the functions of the agency. As a part of each plan, the Division of Technology Management must require each executive branch agency to address the business needs of the agency and identify all proposed IT development projects that serve those business needs, the priority for undertaking such projects and the justification for each project, including the anticipated benefits of the project. Under current law, each plan must identify any changes in the functioning of the agency under the plan. Current law also specifies that the Division of Technology Management must consult with the Joint Committee on Information Policy and Technology in providing guidance for and scheduling of planning by executive branch agencies.

Senate: Delete provision.

Conference Committee/Legislature: Include provision.

11. INFORMATION TECHNOLOGY PORTFOLIO MANAGEMENT

Governor: Specify that, with the assistance of executive branch agencies and the advice of the Information Technology Management Board (described below), the Department of Electronic Government manage the information technology portfolio of state government in accordance with a management structure that includes all of the following: (1) criteria for selection of information technology assets to be managed; (2) methods for monitoring and controlling information technology development projects and assets; and (3) methods to evaluate the progress of information technology development projects and the effectiveness of information technology systems, including performance measurements for the information technology portfolio.

Senate: Delete provision.

Conference Committee/Legislature: Include provision.

12. INFORMATION TECHNOLOGY MANAGEMENT BOARD

Governor: Create a seven member Information Technology Management Board, attached to the Department of Electronic Government, consisting of the Governor, the chief information officer, the Secretary of DOA, two heads of departments or independent agencies appointed to serve at the pleasure of the Governor, and two other members appointed to serve four-year terms. As under current law, the public members would not be subject to confirmation by the Senate. Specify that the Governor serve as chair of the Board and the chief information officer serve as vice-chair. Require the Board to meet at least four time per year and at other times on the call of the Governor.

Require the Board to provide the chief information officer with its recommendations concerning any elements of the strategic plan of an executive branch agency that are referred to it. Specify that the Board may advise the chief information officer with respect to management of the information technology portfolio of state government. Allow the Board, upon petition of an executive branch agency, to review any decision of the chief information officer to transfer positions or other IT issues affecting that agency. Specify that upon review, the Board may affirm, modify or set aside the decision. Require that if the Board modifies or sets aside the decision of the chief information officer, the decision of the Board stands as the decision of the chief information officer and the decision is not subject to further review or appeal. Specify that the Board may monitor the progress in attaining goals for information technology and telecommunications development set by the chief information officer or executive branch agencies, and may make recommendations to the officer or agencies concerning appropriate means of attaining those goals.

Create a nonstatutory provision specifying that of the two public members first appointed to serve as members of the Information Technology Management Board, the Governor must designate one to serve for a term expiring on May 1, 2003, and one to serve for a term expiring on May 1, 2005.

Joint Finance: Expand the Board by four members to eleven, and place four legislators (the Co-chairs of the Joint Committee on Information Policy and Technology, or their designees who are legislators, and one minority party member from each house) on the Board. Make the chief information officer a nonvoting member of Board, who serves as the Board Secretary and remove the chief information officer as vice-chair of the Board.

Senate: Delete provision.

Conference Committee/Legislature: Include provision, as modified by Joint Finance.

Veto by Governor [E-22]: Delete the nonvoting status of the chief information officer.

13. TEACH BOARD-RELATED MODIFICATIONS

Governor: Specify that DOA may only delegate procurement authority to the Technology for Educational Achievement in Wisconsin (TEACH) Board to make purchases of educational technology equipment for use by school districts, cooperative educational service agencies and public educational institutions with the approval of the Department of Electronic Government. Require that rules promulgated by the TEACH Board, in consultation with DOA, establishing an educational telecommunications access program to provide educational agencies with access to data lines and video links, be subject to approval by the Department of Electronic Government. Specify that procurement standards and specifications, established by the TEACH Board in cooperation with DOA, related to the purchase of educational technology hardware and software by educational agencies be subject to the approval of the Department of Electronic Government. Specify that with the approval of the Department of Electronic Government, the TEACH Board may purchase or permit educational agencies to purchase or lease educational technology equipment.

Senate: Delete provision.

Conference Committee/Legislature: Include provision.

14. MISCELLANEOUS STATUTORY PROVISIONS

Governor: Change statutory references related to the information technology or telecommunication duties of the Department of Administration to the Department of Electronic Government. Change statutory references related to the information technology or telecommunication duties of the Secretary of DOA to the chief information officer. Change statutory cross references from those identifying DOA to the Department of Electronic Government.

Senate: Delete provision.

Conference Committee/Legislature: Include provision.

15. PERFORMANCE MEASURES AND REPORT

Joint Finance: Require the Department of Electronic Government to annually develop performance measures for the executive branch related to financial aspects of information technology, personnel utilization in information technology and information technology customer satisfaction. Require that a report regarding the performance measures and executive branch achievement be submitted to the Joint Committee on Information Policy and Technology and the Information Technology Management Board annually by March 31.

Senate: Delete provision.

Conference Committee/Legislature: Include provision.

16. VETERANS MUSEUM DISTANCE LEARNING SUPPORT

PR	2.00

Assembly/Legislature: Direct the Department of Electronic Government in consultation with the Department of Veterans Affairs (DVA) to administer a program to: (a) increase outreach to veterans on matters relating to veterans services and benefits; and (b) provide training to DVA employees and county veterans service officers. Require the Department to make the program available through a satellite system linked to five remote locations in this state.

Modify the Department's telecommunications services to state agencies appropriation to permit these expenditures and authorize 2.0 PR positions funded from this appropriation to administer these functions.

Veto by Governor [E-24]: Delete the requirement that the Department of Electronic Government make the program available through a satellite system linked to five remote locations in this state.

[Act 16 Sections: 816, 1030m and 9159(3b)]

[Act 16 Vetoed Section: 1030m]

EMPLOYEE TRUST FUNDS

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$9,983,800	$7,774,900	$7,233,300	$8,083,300	$7,233,300	- $2,750,500	- 27.5%
SEG	32,079,000	38,935,100	34,430,900	34,430,900	34,430,900	2,351,900	7.3
TOTAL	$42,062,800	$46,710,000	$41,664,200	$42,514,200	$41,664,200	- $398,600	- 0.9%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	3.50	3.50	3.50	3.50	3.50	0.00
SEG	198.35	187.85	209.85	209.85	209.85	11.50
TOTAL	201.85	191.35	213.35	213.35	213.35	11.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
SEG	- $2,103,400	- 27.50

Governor/Legislature: Provide standard adjustments for: (a) turnover reduction (-$210,300 annually); (b) removal of noncontinuing elements from the base (-$1,364,500 and -27.5 project positions annually); (c) full funding of continuing salaries and fringe benefits ($379,100 annually); (d) BadgerNet increases ($3,700 annually); (e) overtime ($47,900 annually); (f) night and weekend differential ($75,900 annually) and (g) fifth week of vacation as cash ($16,500 annually).

2. BENEFITS PAYMENT SYSTEM REDESIGN [LFB Paper 410]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
SEG	$6,349,200	2.50	- $6,155,000	1.00	$194,200	3.50

Governor: Provide $5,461,600 in 2001-02 and $887,600 and 1.0 permanent and 2.5 project positions annually to enable the agency to continue the redesign of its current Wisconsin Retirement System (WRS) benefits payment system. To recognize the expected increases in internal efficiencies as a result of implementing the new benefits system, the Governor would also delete position authority for 1.0 undesignated permanent position on June 30, 2003. The Department's proposed budget erroneously deletes the position authority for 1.0 permanent position for the 2002-03 fiscal year.

The purpose of the redesign is to replace the agency's current annuity, lump sum, accumulated sick leave conversion credit and disability payment systems. The intended benefits of the redesign project are to enhance on-line access to annuity and other payment data, improve data maintenance and updating capabilities and increase the integration of agency data systems. While it is anticipated that the agency would utilize some contract programmers for the project, most of the redesign effort would be undertaken by a "consulting partner" with a significant amount of the actual specialized software development being subcontracted to "offshore" (overseas) consultants.

Of the amounts provided, $5,364,500 in 2001-02 and $790,500 would be budgeted in unallotted reserve to be released by DOA, once ETF has developed and submitted a detailed implementation plan for the project. Included in the amounts placed in unallotted reserve is funding for the 1.0 new permanent position ($55,300 in 2001-02 and $76,500 in 2002-03). The remaining $97,100 annually and 2.5 two-year project positions under the proposal would extend expiring project positions associated with the current benefits payment system redesign effort. Funding for these continuing project positions would not be placed in unallotted reserve.

Joint Finance/Legislature: Delete $5,364,500 in 2001-02 and $790,500 in 2002-03 associated with the WRS benefits payment system redesign project and delay the deletion of 1.0 undesignated permanent position due to increases in internal efficiencies until July 1, 2003. Place $2,631,200 in 2001-02 and $2,887,300 in 2002-03 in 2002-03 in the Joint Committee on Finance's supplemental appropriation for possible future release to ETF once the Department had developed and submitted a detailed implementation plan for the project. The fiscal effect of reserving these funds is shown under Program Supplements. Specify that the Department could seek a release of the reserved funds under a 14-day passive review mechanism.

[Act 16 Section: 9116(1mk)]

3. REDUCTION OF APPEALS BACKLOG

SEG	$724,700

Governor/Legislature: Provide $301,700 in 2001-02 and $423,000 in 2002-03 to begin implementation of a projected six-year effort to address the agency's current benefit appeals case backlog. At the end of the 1999-00 fiscal year, the agency's pending appeals caseload stood at 311.

The proposed funding would be used to: (a) contract with DOA's Division of Hearings and Appeals to provide additional examiner services ($80,700 in 2001-02 and $88,600 in 2002-03); (b) contract on a case retainer basis with one or more private firms to represent the agency in formal appeals ($157,000 in 2001-02 and $262,000 in 2002-03); (c) contract for an additional agency hearing examiner to process appeals under an expedited case review procedure ($28,800 annually); (d) retain additional court reporter services associated with resolving backlogged cases ($17,200 in 2001-02 and $25,600 in 2002-03); and (e) retain an expert counsel to research specialized legal questions involving the WRS for the agency and the various retirement boards ($18,000 annually).

Newly authorize the Secretary of ETF to settle any appeal of a determination made by the agency that is subject to review by the Employee Trust Funds Board, the Teachers Retirement Board, the Wisconsin Retirement Board or the Group Insurance Board, provided the relevant Board approves the Secretary's actions. In deciding whether to settle such a dispute, the Secretary would be required to consider the costs of litigation, the likelihood of success on the merits, the cost of delay in resolving the dispute, the actuarial impact on the trust fund and any other relevant factor that the Secretary deems appropriate. Provide that any monies paid under a dispute settlement would be disbursed from an off-budget appropriation account through which payments may be made from the accounts and reserves of the appropriate benefit program.

Authorize the Secretary to order the correction of errors to prevent inequity if the Secretary determines that an otherwise eligible participant has unintentionally forfeited or otherwise involuntarily ceased to be eligible for any benefits provided under Ch. 40 of the statutes principally because of an administrative error of the Department. Specify that such a decision by the Secretary would not be subject to review. Require the Secretary to submit a quarterly report to the ETF Board on decisions made to correct administrative errors.

[Act 16 Sections: 1392 and 1393]

4. PARTICIPANT SERVICES STAFFING INCREASES [LFB Paper 411]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$687,800	8.00	- $14,500	0.00	$673,300	8.00

Governor: Provide $376,400 in 2001-02 and $311,400 in 2002-03 and 8.0 positions in the Member Services Bureau to improve the agency's response time in scheduling pre-retirement counseling sessions, preparing retirement benefit estimates, executing purchase of service requests and processing disability and survivor's benefits applications. The proposed funding would be used to: (a) support the conversion of 4.0 expiring project positions to permanent status at the beginning of the 2001-02 fiscal year ($155,700 annually); (b) support 4.0 new

positions ($116,700 in 2001-02 and $155,700 in 2002-03); and (c) provide one-time funding for IT equipment, software and modular furniture for all the positions ($104,000 in 2001-02).

Joint Finance/Legislature: Delete $14,500 in 2001-02 to reflect the fact that certain IT-related printer costs will not actually be incurred for these new positions ($11,500) and existing system furniture can be used to offset some of the new permanent property needs requested ($3,000).

5. CUSTOMER CALL CENTER ENHANCEMENTS [LFB Paper 412]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	$622,000	6.50	- $32,000	0.00	$590,000	6.50

Governor: Provide $308,000 in 2001-02 and $314,000 in 2002-03 and 2.0 permanent and 4.5 two-year project positions for additional enhancements to the agency's customer service call center. The call center provides a single telecommunications point of contact between WRS participants, annuitants and employers and the appropriate member services and administrative staff in ETF. The proposed funding would be used to: (a) convert 2.0 expiring positions to permanent status at the beginning of the 2001-02 fiscal year ($77,700 annually); (b) extend 4.5 expiring project positions for another two years ($175,300 annually); (c) support ongoing call center software enhancements ($25,000 annually) and (d) fund DOA InfoTech charges ($30,000 in 2001-02 and $36,000 in 2002-03).

Joint Finance/Legislature: Delete $16,000 annually of salary and fringe benefits funding to reflect the reallocation of excess base level funding that is available to offset a portion of the costs of the new positions. Provide a total of 4.0 permanent and 2.5 two-year project positions annually for call center staffing, rather than 2.0 permanent and 4.5 two-year project positions.

6. ELECTRONIC DOCUMENT ACCESS ENHANCEMENTS

SEG	$575,800

Governor/Legislature: Provide $287,900 annually to fund direct access storage device (DASD) technology for the agency's electronic records. The DASD technology would reduce the amount of retrieval time required to access any of the agency's more than 10.4 million pages of files maintained on an electronic imaging system.

7. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE [LFB Paper 413]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $2,208,900	- $741,900	- $2,950,800

Governor: Reestimate base level funding by -$837,000 in 2001-02 and -$1,371,900 in 2002-03 to reflect the decreased amounts expected to be required for the payment of benefit supplements to retirees who first began receiving WRS annuities before October 1, 1974. These supplements were authorized primarily by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394 and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements because of deaths. Current base level funding for the appropriation is $4,986,500.

Joint Finance/Legislature: Decrease estimated expenditures by $215,400 in 2001-02 and $526,500 in 2002-03 to reflect updated projections of the amount of benefit supplements to be paid to eligible annuitants.

8. GROUP INSURANCE BOARD AUTHORITY TO MODIFY OR EXPAND STATE EMPLOYEE GROUP INSURANCE COVERAGE [LFB Paper 414]

Governor: Authorize the Group Insurance Board to enter into an agreement to modify or expand group insurance coverage in a manner that materially affects: (a) the level of premiums required to be paid by the state or its employees; or (b) the level of benefits to be provided under any group insurance coverage, if the modification or expansion would reduce the costs incurred by the state in providing group health insurance to state employees.

This proposed modification would be created as an express exception to the current law requirement that the Group Insurance Board may not enter into any agreements to modify or expand group insurance coverage in a manner that materially affects the level of premiums required to be paid by the state or its employees or the level of benefits provided under any group insurance plan.

Joint Finance/Legislature: Delete provision.

9. QUALIFIED TRANSPORTATION BENEFIT PROGRAM FOR STATE EMPLOYEES

Governor/Legislature: Authorize the ETF Board to offer to state employees an employee-funded reimbursement account that may be used to pay for certain future transportation expenses of the employee, as authorized under section 132 of the federal Internal Revenue Code (IRC). Include reference to the new plan under the current statutory definition of an employee-funded reimbursement account plan, authorize the ETF Board to maintain separate employee accounts for each state employee participating in the qualified transportation benefit program and authorize the payment from the appropriate accounts of the administrative costs incurred by the transportation expense reimbursement account plan provider.

The federal Energy Policy Act of 1992, as further modified by the Taxpayer Relief Act of 1997, amended s. 132(f) of the IRC to allow employees to set aside some of their pre-tax income

to pay for eligible transportation expenses related to employment. Three types of qualified transportation benefits are available: (a) parking expenses at or near the employer's business premises or at or near a location from which the employee commutes to work by car pool, commuter highway vehicle or mass transit facilities; (b) transit passes, tokens, fare cards, vouchers or similar items entitling an employee to ride, free of charge or at a reduced rate; and (c) van pool expenses incurred in a commuter highway vehicle (a vehicle seating at least six adults and a driver with at least 80% of its mileage used for employee commuting purposes).

Employees may exclude from gross income (and thereby forego taxation on the excluded amounts) a maximum of $65 per month for the value of employer-provided transit passes or van pool expenses in tax year 2001. Beginning in tax year 2002 and thereafter, this amount will be increased to $100 per month. In addition, employees may exclude up to $180 per month from gross income for the value of employer-provided parking in tax year 2001. Both of these maximums are subject to annual inflation adjustments.

State employees participating in a qualified transportation benefits program would derive a benefit from its operation in the form of federal and state income tax and Social Security contribution savings on the amounts placed in the pre-tax account. The state, as employer, would also realize savings by virtue of the fact that the amounts placed in the pre-tax reimbursement account by the employee would not be subject to the current 7.65% employer Social Security contribution requirement, resulting in increased lapses from budgeted fringe benefits amounts. There would also be some small state income tax collection loss from the amounts that employees place in the pre-tax accounts and exclude from state taxation. No estimate is currently available with respect to the amounts that might be allocated to pre-tax transportation benefit reimbursement accounts and the resulting potential state fringe benefits savings or state income tax collection losses.

Upon enactment, these provisions would immediately apply to nonrepresented state employees. Represented state employees would only be eligible for the new qualified transportation benefit to the extent permitted by collective bargaining agreements.

[Act 16 Sections: 1388, 1389, 1396, 1397, 1398, 1399 and 1400]

10. ADDITIONAL RESOURCES FOR 1999 WISCONSIN ACT 11 IMPLEMENTATION COSTS [LFB Paper 415]

	Funding	Positions
SEG	$1,600,000	20.00

Joint Finance/Legislature: Extend, for another two years until July 1, 2003, the sunset date of the agency's biennial appropriation that funds the costs associated with planning for the implementation of major retirement benefits improvement legislation (1999 Wisconsin Act 11). The implementation of Act 11 has been delayed pending a review by the Wisconsin Supreme Court on the legality of several of the principal provisions of the legislation. (The Court upheld the constitutionality of Act 11 on June 12, 2001.) Provide $1,600,000 in 2001-02 and authorize 20.0 two-year project positions to implement the provisions of Act 11, following the Wisconsin Supreme Court decision. Budget these funds in unallotted

reserve for release to ETF by DOA, based on the decision's workload impact on the Department and ETF's actual need for the funds.

[Act 16 Sections: 910q, 910r and 9416(1mk)]

11. GROUP HEALTH INSURANCE OMBUDSPERSON POSITION [LFB Paper 416]

	Funding	Positions
SEG	$97,300	1.00

Joint Finance/Legislature: Provide $44,100 in 2001-02 and $53,200 in 2002-03 and authorize 1.0 ombudsperson position to provide the agency with a second ombudsperson to address a growing volume of group health insurance-related complaints and complaint backlogs.

12. FUNDING FOR ACCUMULATED SICK LEAVE CONVERSION CREDITS FOR CERTAIN RETIRED STATE EMPLOYEES [LFB Paper 417]

GPR	- $10,800

Joint Finance/Legislature: Repeal an appropriation that funds post-retirement health insurance costs for certain individuals hired as National Guard technicians prior to 1966 who also retired from state service prior to May 3, 1996, and delete base level funding of $5,400 annually.

The post-retirement sick leave credits that were granted to a small number of WRS retirees by 1995 Wisconsin Act 240 to fund post-retirement health insurance costs have now been completely exhausted. The last payment from a special GPR-funded sum sufficient appropriation created to support the benefit was made during the 1999-00 fiscal year. No additional payments will be made from this appropriation.

[Act 16 Sections: 910m and 1398m]

13. PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM STAFF FUNDING

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Veto (Chg. to Leg)	Net Change
GPR	$211,100	$850,000	- $850,000	$211,100

Joint Finance: Provide $211,100 in 2001-02 for salaries, fringe benefits and associated supplies and services for the current staff of the Private Employer Health Care Coverage program.

This program is authorized 3.5 FTE positions of which 2.5 FTE are currently filled. There is no base level funding budgeted to the agency to support these positions during the 2001-03

biennium. Of the amounts provided to support the 2.5 FTE filled positions in 2001-02 only, $163,700 would support salary and fringe benefits costs and $47,400 would fund the associated supplies and services costs for the program.

Senate: Provide $1,000,000 in 2001-02 and $264,800 in 2002-03 for the Private Employer Health Care Coverage program to support: (a) legal and actuarial consulting services and marketing and promotional activities for the program ($1,000,000); and (b) salaries, fringe benefits and associated supplies and services costs for 3.5 FTE existing staff in the Department's Office of Private Employer Health Care Coverage ($264,800). Stipulate that before the funds could be used for legal and actuarial services and for marketing and promotional activities, the Department would be required to seek additional funding from the federal government, foundations and other private sources. Specify that any of the GPR-funded amounts expended for legal and actuarial services and for marketing and promotional activities must be reimbursed from program fees by June 30, 2007.

Include the following statutory modifications to the program:

a. Authorize ETF to subcontract both marketing and maintenance of a toll-free telephone number through the administrator;

b. Authorize the Private Employer Health Care Coverage Board to determine the manner in which rates will be made available to employers and employees and delete the requirement for annual publication of the rates;

c. Clarify that the minimum number of hours an employee must work to be eligible for coverage under the program is 30 hours per week, unless individual health plans agree to a lower standard;

d. Clarify that the minimum employer contribution toward coverage will be 50% of the lowest single premium rate available for that employee's coverage; remove the requirement that employers pay no more than 100% of the lowest cost plan's premium;

e. Clarify that agents must be "listed" with each health plan offering coverage under the program and authorize the Board to establish additional agent training requirements;

f. Remove the requirement to display agent commissions on the first page of policies sold under the program; and

g. Specify that for coverage issued on or after January 1, 2002, the insurance rates charged to small employers with similar case characteristics for the same or similar benefit designs may not be different.

Assembly: Direct the State Life Fund to make a loan of $850,000 to the general fund no later than the first day of the second month following the general effective date of the biennial budget act. The fiscal effect of this loan is reflected in the general fund condition statement.

Provide $850,000 in 2001-02 to the Private Employer Health Care Coverage program to support general program operations.

Stipulate that interest on the loan would accrue at the same rate earned by the state on its deposits in the State Investment Fund during the period of the loan. Specify that the loan would be repaid from monies lapsed from the program's general program operations appropriation at the end of the 2001-03 biennium, if any, and from monies lapsed from small employer payments credited to the program. Specify that funds would be lapsed from this appropriation when the Secretary of DOA, in consultation with the Private Employer Health Care Coverage Board, determines that sufficient funds are available. Specify that the funds lapsed would be equal to the principal and interest costs, less any lapses from the program's general program operations appropriation that were previously made. Authorize the Secretary to make installment payments. Specify that if insufficient monies can be lapsed from the program's appropriations to repay the loan after a reasonable period of time, the Secretary would be authorized to transfer monies from the general fund to repay the State Life Fund.

Include the following statutory modifications to the program:

a. Authorize ETF to promulgate rules, with the approval of the Board, on the administration of the program;

b. Modify the current definition of "small employer," as it is used for the purpose of determining eligibility for policies issued to such employers under Chapter 635 of the statutes. Define such employers as those that employ at least two but not more than 50 "eligible employees" (rather than the current law "employees"). Define an "eligible employee" for this purpose as a person who works on a permanent basis more than 30 hours a week, including a sole proprietor, a business owner, owner of a farm business, a partner of a partnership and a member of a limited liability company (if the sole proprietor, business owner, partner or member is included as an employee for health insurance purposes). An eligible employee would not be deemed a person who works on a temporary or substitute basis.

c. Authorize ETF to subcontract both marketing and maintenance of a toll-free telephone number through the administrator;

d. Direct the Private Employer Health Care Coverage Board to publish each year the current new business premium rates for small employers. Direct the Board to submit an annual report to the appropriate standing committees of the Legislature specifying the average insurance rate for health care coverage under the program by county or other regional factor;

e. Specify that an employer may offer coverage under the program to part-time employees, to the extent authorized by the insurer;

f. Clarify that an employer must offer coverage to at least 50% of its eligible employees;

g. Clarify that the minimum employer contribution toward coverage will be 50% of the lowest single premium rate available for that employee's coverage and remove the requirement that employers pay no more than 100% of the lowest cost plan's premium;

h. Specify that ETF, in consultation with the Board, may limit the current "guaranteed issue" program requirement that an insurer must provide coverage to any employer enrolling in the program and must insure the employer's employees without regard to health condition or claims experience by imposing any of the current law limits on issuance that currently apply under the small insurer health insurance statute [Chapter 635];

i. Clarify that agents must be "listed" with each health plan offering coverage under the program and authorize the Board to establish additional agent training requirements for agents; and

j. Delete "occupation" from the case characteristics of the employees of an employer that are used by small employer insurers to determine premium rates for a small employer. Such characteristics are not currently subject to rate banding. Occupation would become a risk characteristic that would be subject to current rate banding limitations. Current law limits variation of insurance rates based on risk to no more than 35% above or below the midpoint for premiums on a policy for a group with similar case characteristics and benefit plan design.

Provide that these rate provisions would first apply on the first day of the 13th month following the general effective date of the biennial budget act.

Conference Committee/Legislature: Include Assembly provisions with the following modifications: (a) stipulate that the $850,000 loan from the State Life Fund would be interest-free; and (b) specify that the premium rates charged to small employers with similar case characteristics for the same or similar benefit design characteristics could not vary by more than 10%, rather than the current 35%, above or below the midpoint premium rate for such policies, first effective on the first day of the 13th month following the general effective date of the biennial budget act.

Veto by Governor [E-25]: Delete the provisions that:

a. Direct the State Life Fund to make an interest-free loan of $850,000 to the general fund no later than the first day of the second month following the general effective date of the bill and provide $850,000 in 2001-02 to the Private Employer Health Care Coverage program to support its general program operations;

b. Require that the loan be repaid from monies lapsed from the program's general program operations appropriation at the end of the 2001-03 biennium, if any, and from monies lapsed from small employer payments credited to the program; direct that the funds be lapsed

from this appropriation when the Secretary of DOA, in consultation with the Private Employer Health Care Coverage Board, determines that sufficient balances are available; specify that the funds lapsed equal the amounts necessary to repay the loan, less the amount of any previous lapses from the program's general program operations appropriation; and authorize the Secretary to make installment payments on the loan from the program's appropriation or to transfer monies from the general fund to repay the State Life Fund, if insufficient monies are available from the program's appropriations to repay the loan after a reasonable period of time;

c. Specify that the insurance premium rates charged to small employers with similar case characteristics for the same or similar benefits may not vary by more than 10%, rather than the current 35%, above or below the midpoint premium rate for such insurance policies, first effective for policies issued or renewed on the first day of the 13th month following the general effective date of the bill; and

d. Modify the current definition of "small employer," to mean an employer that employs at least two but not more than 50 "eligible employees" (newly defined to mean an employee that works on a permanent basis and has a normal workweek of 30 or more hours).

[Act 16 Sections: 1391h, 1400b thru 1400m, 3766e, 3766f thru 3766j, 9327(3q) and 9427(3q)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.515(2)(a)), 910t, 1400mm, 3741amb, 3766ec, 3766ef, 3766em, 9327(3q)(a) (as it relates to the treatment of s. 635.05(1) of the statutes) and 9427(3q) (as it relates to the treatment of s. 635.05(1) of the statutes)]

14. ESTABLISHING A PRESUMPTION OF EMPLOYMENT-RELATED DISEASE FOR STATE AND COUNTY FIREFIGHTERS

Joint Finance/Legislature: Extend to state and county firefighters a presumption of employment-related heart or lung disease or cancer, for the purposes of claiming duty disability or death benefits that under current law are provided to municipal firefighters.

Under current law, if a municipal firefighter claiming a benefit due to cancer has served 10 or more years as a firefighter and a qualifying medical examination was given at the time of initial employment as a firefighter and no cancer was found at the time, the finding is deemed presumptive evidence that the cancer was caused by his or her employment as a firefighter. Similarly, if a municipal firefighter claiming a benefit due to heart or respiratory impairment has served five or more years as a firefighter and a qualifying medical examination was given at the time of initial employment as a firefighter and no heart or respiratory impairment was found at the time, the finding is deemed presumptive evidence that the heart or respiratory impairment was caused by his or her employment as a firefighter.

Based on an estimated 484 state firefighters that would be subject to this provision, additional employer-paid duty disability premium payments of $81,500 GPR and $99,500 (all

other funds) annually would be anticipated. No additional funding would be provided to agencies; consequently, any increased fringe benefits costs for premium payments would have to be funded from base level resources. To the extent that an agency had insufficient base level fringe benefits funding to support these costs, the agency could be supplemented from compensation reserves.

It is estimated that that there are 20 county firefighters that would be subject to these provisions. County employers with such personnel would likely incur additional fringe benefits costs of between 0.4% and 1.0% of payroll, depending on the prior claims experience of their current employees covered by the duty disability benefit program.

[Act 16 Sections: 3862c, 3862h, 3862p, 3862t and 9316(1m)]

15. LAPSE OF WRS CONTRIBUTION CREDIT BALANCES ATTRIBUTABLE TO GPR-FUNDED SALARIES DUE TO 1999 WISCONSIN ACT 11

GPR-Lapse	
2000-01	$15,914,400
2001-02	9,942,800

Senate/Legislature: Increase GPR-Lapse amounts by an estimated $15,914,400 in 2000-01 and by an estimated $9,942,800 in 2001-02 to reflect the distribution by the Department of a credit balance due to the partial WRS "contribution holiday" provisions of 1999 Wisconsin Act 11. The fiscal effect of these lapses is reflected in the general fund condition statement, with the amounts attributable to 2000-01 serving to increase the general fund opening balance for the 2001-03 fiscal biennium.

These credit balance amounts represent funds that have already been budgeted to state agencies as part of their regular fringe benefits costs that will not now be expended. These unexpended fringe benefits amounts will lapse to their respective source funds. This provision reflects the recognition of the lapse amounts attributable to GPR-funded salaries.

16. TRANSFER TO THE GENERAL FUND OF WRS CONTRIBUTION CREDIT BALANCES ATTRIBUTABLE TO CERTAIN PR- AND SEG-FUNDED SALARIES DUE TO 1999 WISCONSIN ACT 11

GPR-REV	$22,194,300

Assembly/Legislature: Direct the Secretary of DOA to determine for each state agency, other than for DOT, ETF and the State of Wisconsin Investment Board, the amounts credited by ETF to each agency's nonfederal PR, PR-S, SEG and SEG-S appropriations during the 2000-01 and the 2001-02 fiscal years in order to implement a partial WRS contribution payment holiday for employers authorized under 1999 Wisconsin Act 11. In making the calculation, direct the Secretary of DOA to determine the amounts credited by ETF for the payment of contributions under the WRS for 2000-01 and for 2001-02.

During the 2001-02 fiscal year, direct the Secretary of DOA to transfer from each affected state agency's nonfederal PR and PR-S appropriations to the general fund the amounts calculated. Similarly, direct the Secretary to transfer from each affected agency's nonfederal SEG and SEG-S appropriations to the appropriate segregated fund the amounts calculated. After making this transfer, direct the Secretary to transfer from the appropriate segregated funds to the general fund an amount equal to the amounts calculated. It is anticipated that $22,194,300 would be transferred to the general fund in 2001-02 from agency PR and SEG accounts and funds. A separate provision under Transportation requires DOT to lapse $3,530,800 in 2001-02 of Act 11 credits from the agency's SEG, SEG-S, PR and PR-S appropriations to the transportation fund.

[Act 16 Section: 9101(23q)]

17. REQUIRED MINIMUM MONTHLY CONTRIBUTION BY STATE EMPLOYEES TO GROUP HEALTH INSURANCE PREMIUMS

Assembly: Require each insured state employee under the state group health insurance program to contribute $5 per month (and the balance of any other required premium amounts) after applying the required employer contribution amounts, if any.

Under current law, the state contributes an amount equal to 90% of the monthly premium cost of the Standard Plan or 105% of the premium cost of the lowest cost alternative health care plan (but not more than the total amount of the remaining premium), whichever contribution amount is less. Initially, the provision would apply only to nonrepresented state employees. The provision would apply to represented employees only to the extent provided under applicable collective bargaining agreements.

It is estimated that there are 25,311 FTE nonrepresented state employees. No information is available on the number of such employees who currently pay less than $5 per month for state group health insurance coverage. However, if $5 per month were collected from all nonrepresented employees, the maximum amount collected would be $1,518,700 annually. These employee contribution amounts would offset state group health insurance premium contribution payments from state agency budgeted costs in their fringe benefits lines. Since health insurance premiums are typically paid two months in advance, there would be only 10 months of $5 per month payments in 2001-02. The maximum amounts that could be lapsed are estimated at $581,700 GPR, $157,700 FED, $426,700 PR and $99,400 SEG in 2001-02 and $698,100 GPR, $189,300 FED, $512,100 PR and $119,200 SEG in 2002-03.

Conference Committee/Legislature: Delete provision.

18. ESTABLISHMENT OF A UNIFORM STATUTORY 5% EMPLOYEE-REQUIRED CONTRIBUTION RATE FOR ALL CLASSIFICATIONS OF WRS PARTICIPANTS

Assembly: Repeal the requirement that any annual WRS contribution rate increase or decrease be apportioned equally between the statutory employee-required contribution rate (or benefit adjustment contribution rate, if any) and the employer-required contribution rate. Repeal the requirement that general classification participants and protective classification participants (with Social Security coverage) are subject to the payment of a benefit adjustment contribution that is credited to the employer accumulation account. Delete a provision prohibiting the state, as employer, from bargaining to pay any increase to the benefit adjustment contribution rate due to the apportionment of costs that would normally be payable by the employee. Instead, establish a uniform employee-required contribution rate of 5.0% for all classifications of WRS participants, first effective for contributions made on and after January 1, 2002.

Under this proposed change: (a) the amount of the employee-required contribution rate would remain invariable from year to year, while the amount of the employer-required contribution rate, net of investment earnings, would become subject to the full amount of any contribution rate increase or decrease necessary to fully fund the System's current year revenue requirements; (b) the remaining benefit adjustment contributions for general classification participants (currently 0.2% of payroll) would become part of the overall employer-required contribution rate; (c) employees would cease to be liable for any out-of-pocket contribution payments as may now occur once required contributions exceed a certain percentage of payroll; and (d) the value of WRS benefits that are determined by the amount of employee-required contributions (that is, separation benefits, death benefits and money purchase benefits) would be increased for those employee classifications where the current employee-required contribution rates have fallen below 5.0% (elected and state executive classification participants, protective classification participants with Social Security coverage and protective classification participants without Social Security coverage).

Currently, more that 99.6% of the combined total of all employee- and employer-required contributions are actually paid by the employer. Consequently, these proposed adjustments would likely have only a negligible contribution rate impact on those few local employers who do not fully pay all employee-required contributions on behalf of their employees. The principal effect of the proposal will be to realign the amount of employer-paid contributions being credited respectively to employee accumulation accounts and to the employer accumulation account. Under this proposed change, the impact of any future contribution rate increases or decreases will be borne entirely by the employer.

Conference Committee/Legislature: Delete provision.

19. ANNUAL ENROLLMENT OPTION PROVIDED FOR PARTICIPANTS IN THE ACCUMULATED SICK LEAVE CONVERSION CREDIT PROGRAM

Assembly/Legislature: Direct ETF to establish an annual enrollment period during which a retired state employee or surviving insured dependent may elect to initiate or delay continuation of deductions from the retired employee's accumulated sick leave conversion credit account. Specify that the retired employee or surviving insured dependent may elect to continue or delay continuation of the deduction any number of times, but stipulate that rejoining the program may occur only during the annual enrollment period. Provide that if deductions have been initiated and are subsequently suspended, the retired employee or surviving insured dependent would have to be covered by a comparable health insurance plan or policy during the period of the suspension to the date that deductions from the accumulated sick leave conversion credit account are resumed. A health insurance plan or policy would be deemed comparable if it provided hospital and medical benefits substantially similar to those provided under the state Standard Plan coverage. Delete a conflicting statutory provision that would authorize certain retired employees or surviving insured dependent to make a single election to delay or suspend deductions from their accumulated sick leave conversion credit account.

Under current law, state employees may accumulate unused sick leave, and the amount of that unused sick leave may be converted at retirement into credits for payment of post-retirement health insurance premiums. Upon retirement, a former state employee may continue his or her state group health insurance coverage, but the entire monthly cost of the premiums must be paid by the retiree. Under the accumulated sick leave conversion credit program, a state employee may convert the total value of his or her unused sick leave into a "credit" amount that is available to the annuitant for payment of the premium costs of the continued health insurance coverage. The amount of the credit is determined by multiplying the number of hours of regular and supplemental unused sick leave at retirement by the employee's final hourly base rate of pay. Under current law, a retiree may delay the initiation of deductions from the resulting credit account only once after retirement.

[Act 16 Sections: 1398s thru 1398u and 3095r]

20. ACCUMULATED SICK LEAVE CONVERSION CREDIT PROGRAM STUDY

Assembly/Legislature: Direct the Joint Survey Committee on Retirement Systems to study the issue of allowing participants who have terminated covered employment under the WRS after 25 years of creditable service but who are not yet eligible to receive an WRS annuity upon termination to be able to convert their accumulated unused sick leave into credits for the payment of health insurance premiums on the date on which ETF receives the person's application for a WRS annuity or lump sum payment. Direct ETF and DER to provide any information requested by the Joint Survey Committee on Retirement Systems. Require the Joint Survey Committee to report its findings and recommendations to DER by January 1, 2002. No

later than 30 days after receiving these results and recommendations, require DER to submit proposed legislation incorporating the recommendations of the Joint Survey Committee to the Joint Committee on Employment Relations.

Under current law, with limited exceptions applicable to state elected and certain appointed state officials, a person who terminates state service before attaining the minimum age for retirement from the WRS will forfeit his or her accumulated sick leave.

[Act 16 Section: 9132(3xx)]

21. AUTHORIZE LIMITED-TERM EMPLOYEE PARTICIPATION IN THE STATE DEFERRED COMPENSATION PROGRAM

Assembly/Legislature: Authorize limited-term employees (LTEs) to participate in the state deferred compensation program offered by ETF. Under current law, all fringe benefits, other than those that are expressly enumerated, are denied to LTEs. Currently, LTEs are eligible only for the following fringe benefits coverage: worker's compensation, unemployment insurance, group insurance, retirement and Social Security.

[Act 16 Section: 3072h]

EMPLOYMENT RELATIONS

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$12,194,000	$11,740,800	$11,714,800	$11,714,800	$11,714,800	- $479,200	- 3.9%
PR	1,526,800	1,672,800	1,698,800	1,698,800	3,074,300	1,547,500	101.4
TOTAL	$13,720,800	$13,413,600	$13,413,600	$13,413,600	$14,789,100	$1,068,300	7.8%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	80.05	80.05	79.90	79.90	79.90	- 0.15
PR	5.95	5.95	6.10	6.10	6.10	0.15
TOTAL	86.00	86.00	86.00	86.00	86.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$156,600
PR	14,800
Total	$171,400

Governor/Legislature: Provide adjustments to the base budget for: (a) turnover (-$106,600 GPR annually); (b) full funding of continuing salaries and fringe benefits ($170,800 GPR and $3,900 PR annually); (c) reclassifications ($3,400 PR annually); (d) BadgerNet increases ($1,000 GPR and $100 PR annually); (e) fifth week vacation as cash ($7,400 GPR annually); and (f) full funding of lease costs ($5,700 GPR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $609,800

Governor: Reduce the agency's largest GPR numeric state operations appropriation by $304,900 in each year. The total reduction amount was derived by

calculating a reduction of 5% of each of the four numeric GPR appropriations making up the single Chapter 20 GPR appropriation for this agency. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the DER's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. EXPANDED EMPLOYEE DEVELOPMENT AND TRAINING COURSES [LFB Paper 420]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$0	0.00	-$26,000	-0.15	-$26,000	-0.15
PR	131,200	0.00	26,000	0.15	157,200	0.15
Total	$131,200	0.00	$0	0.00	$131,200	0.00

Governor: Provide additional funding for the Department's Office of Training and Development as follows: (a) $43,000 annually for additional supervisory training courses ($33,000) and to increase base level funding for supplies and services costs ($10,000); and (b) $22,600 annually for additional advance labor management training ($10,600 for LTE expenses and $12,000 for supplies and services costs).

Joint Finance/Legislature: Modify the Governor's recommendation to provide additional PR funding for advanced labor management training courses of $13,000 annually and decrease GPR funding by $13,000 annually. This would reflect the transfer of all of the salary and fringe benefits costs for instructors in these courses to PR funding. The PR funding comes fees charged to participants in these courses.

4. FUNDING FOR SHARED HUMAN RESOURCES SYSTEM [LFB Paper 421]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR	$0	$1,375,500	$1,375,500

Joint Finance/Legislature: Change the appropriation from which the state Shared Human Resources System (SHRS) is funded from a continuing appropriation to a sum certain appropriation. This system is a new automated human resources (personnel) information processing system that can be used by state agencies (or by DER for state agencies) for all personnel transactions involving the announcement, examination and certification process for filling positions in the classified service. In addition, include session law language providing that no supplemental funding for this appropriation above the $16,000 budgeted may be provided by the Joint Committee on Finance until the following reports have been provided to the Committee: (a) a report from the Department of Employment Relations (DER) providing a detailed plan on the costs of the operation of the SHRS, including any future development costs, and explaining how DER plans to fund the costs of the system in 2001-03 (including the amount of any costs to be assessed against individual state agencies) and in future biennia; and (b) a report from DOA on: (1) steps that it will take in the budgeting process to ensure that the Legislature will be provided the opportunity in future budgets to review all such assessment proposals in the context of the biennial budget process; (2) how state agencies are to handle any unbudgeted assessment costs that DER may propose for operation of SHRS; and (3) why increased funding to state agencies was not provided for such unbudgeted costs if it was the administration's intent that agencies were to pay the cost of this new system.

Veto by Governor [E-26]: Delete provisions. As a result of the partial veto, the existing continuing appropriation remains in place and increased expenditures of $700,500 in 2001-02 and $675,000 in 2002-03 are projected.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.512(1)(k)), 910d and 9129(1m)]

5. LEAVES OF ABSENCE FOR ADJUTANT GENERALS

Governor/Legislature: Modify current law relating to leaves of absence for state employees who are members of the national guard or armed forces reserve to provide that the State Adjutant General (head of the state national guard and of the Department of Military Affairs) and any deputy adjutant general in DMA may be granted a leave of absence for an absence of less than three days. Current law permits such leaves (for military purposes) to be granted to employees in state service only for absences of three days or more.

[Act 16 Section: 3080]

6. CATASTROPHIC LEAVE PROGRAM

Senate/Legislature: Incorporate the provisions of SB 183/AB 398 into the budget. Under current law, the Secretary of DER is authorized to establish by rule a catastrophic leave program to permit classified employees to donate certain types and amounts of their leave credits to other classified employees who have been granted an unpaid leave of absence due to a catastrophic need for which no paid leave or replacement income is available. Senate Bill 183 (and a companion bill, AB 398) would allow the Secretary of DER to establish by rule such a leave program for all state employees. These bills were introduced by the Joint Committee on Employment Relations at the request of the Secretary of DER.

[Act 16 Sections: 3079e and 3079r]

EMPLOYMENT RELATIONS COMMISSION

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$5,566,600	$5,300,600	$5,251,000	$5,300,600	$5,300,600	- $266,000	- 4.8%
PR	459,200	456,400	535,800	456,400	456,400	- 2,800	- 0.6
TOTAL	$6,025,800	$5,757,000	$5,786,800	$5,757,000	$5,757,000	- $268,800	- 4.5%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	28.50	28.50	28.25	28.50	28.50	0.00
PR	3.00	3.00	3.25	3.00	3.00	0.00
TOTAL	31.50	31.50	31.50	31.50	31.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- $139,200
PR	- 18,800
Total	- $158,000

Governor/Legislature: Provide standard budget adjustments to the base budget for: (a) full funding of continuing salaries and fringe benefits (-$99,200 GPR and -$9,500 PR annually); (b) BadgerNet increases ($1,000 GPR and $100 PR annually); and (c) fifth week of vacation as cash ($28,600 GPR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $278,400

Governor/Legislature: Reduce the Commission's GPR state operations appropriation by $139,200 in each year. This amount represents a 5% reduction to the Commission's GPR adjusted base budget.

3. SASI INITIATIVE

GPR	$151,600
PR	16,000
Total	$167600

Governor/Legislature: Provide $75,800 GPR and $8,000 PR annually for basic desktop information technology support as part of a small agency support infrastructure (SASI) program. This support is currently provided to small agencies by DOA. The proposed funding would support DOA user fee charges of $2,200 per year for each user account at the Commission ($59,700 GPR and $6,300 PR annually) and new BadgerNet connections ($16,100 GPR and $1,700 PR annually). The services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services.

4. ARBITRATION AWARDS AFFECTING CITY OF MILWAUKEE POLICE OFFICERS [LFB Paper 425]

Governor: Authorize an arbitrator appointed to resolve a collective bargaining impasse between the City of Milwaukee and its police officers to include in a compulsory, final and binding arbitration award provisions relating to the establishment of a system for conducting interrogations of members of the police department that is limited to the hours between 7 a.m. and 5 p.m. on working days, if the interrogations could lead to disciplinary action, demotion or dismissal. Define "working day" to include all days except Saturday, Sunday and current state government holidays. Specify that this new authority would first apply to petitions for arbitration involving City of Milwaukee police officers that are filed after the general effective date of the biennial budget act.

Under current law, an arbitrator appointed to resolve a collective bargaining impasse involving the City of Milwaukee and its police officers may unilaterally determine the economic and noneconomic issues in dispute without regard to the parties' respective bargaining positions. Without restriction because of enumeration, the arbitrator is currently authorized to include in the award any of the following matters: (a) all items of compensation; (b) working hours, overtime standards, and the criteria for the assignment and scheduling of work; (c) seniority issues, promotional programs, criteria and procedures for merit increases, and work rules (except those work rules created by law); (d) any educational programs for police officers deemed appropriate; (e) a system for resolving disputes under the contract, including final and binding arbitration; (f) the duration of the contract; and (g) a system for administration of the collective bargaining agreement between the parties by an employee of the Police Department who is not directly accountable to the Chief of Police or the Milwaukee Board of Fire and Police Commissioners in matters relating to that administration. The proposed language on establishing a system for conducting interrogations would be added to this enumeration.

Joint Finance: Specify that the limitation on the times during which members of the City of Milwaukee Police Department could be interrogated would not apply if the interrogation were part of a criminal investigation.

Senate: Delete provision.

Assembly/Legislature: Restore provision, as modified by Joint Finance.

[Act 16 Sections: 2610 and 9317(6)]

5. STAFF SUPPORT FOR COLLECTIVE BARGAINING TRAINING ACTIVITIES [LFB Paper 426]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $49,600	- 0.25	$49,600	0.25	$0	0.00
PR	79,400	0.25	- 79,400	- 0.25	0	0.00
Total	$29,800	0.00	- $29,800	0.00	$0	0.00

Joint Finance: Convert $24,800 GPR and 0.25 GPR position annually associated with the supervision of the Commission's labor/management cooperative training program to PR funding to be supported from collective bargaining training fees and clarify that the training fees appropriation is an operations appropriation. Provide an additional $29,800 PR in 2001-02 from collective bargaining training fees to permit the Commission to contract with the Department of Employment Relations to deliver labor/management cooperative training to supervisors and represented employees, primarily in state agencies.

Senate: Delete provision, except for technical clarification of appropriations language.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision, except for technical clarification of appropriations language.

[Act 16 Section: 687m]

6. GENERAL PROGRAM OPERATIONS PARTIAL FUNDING CONVERSION

Assembly: Delete $100,000 GPR in 2001-02 and $200,000 GPR in 2002-03 and 2.0 GPR positions and provide $100,000 PR in 2001-02 and $200,000 PR in 2002-03 and 2.0 PR positions to reflect the partial funding conversion of a portion of the Commission's general program operations function, effective January 1, 2002. Authorize the Commission to assess and collect a reasonable fee for any service that it provides under provisions of the Employment Peace Act (Subchapter I of Chapter 111 of the statutes), the Municipal Employment Labor Relations Act (Subchapter IV of Chapter 111 of the statutes), and the State Employment Labor Relations Act (Subchapter V of Chapter 111 of the statutes). Specify that these additional fees would be credited to an existing PR-supported fee appropriation.

Conference Committee/Legislature: Delete provision.

7. ELIMINATION OF GENERAL COUNSEL POSITION

Senate: Delete $128,800 GPR and 1.0 GPR position annually to reflect the elimination of the position of General Counsel at the Commission. Prohibit the Commission from designating any other employee as General Counsel.

Conference Committee/Legislature: Delete provision.

8. REPEAL THE AUTHORITY OF THE COMMISSION CHAIRPERSON TO APPOINT AN EXECUTIVE ASSISTANT

Senate: Repeal the current statutory authority for the Chairperson of the Commission to designate an Executive Assistant. Although the Chairperson of the Commission is currently authorized under s. 230.08(2)(m)2. to name an Executive Assistant, the Legislature has neither authorized nor funded such a position at the Commission.

Conference Committee/Legislature: Delete provision.

9. SELECTION BY SCHOOL DISTRICTS OF GROUP HEALTH INSURANCE PROVIDERS MADE A PERMISSIVE SUBJECT OF BARGAINING UNDER CERTAIN CIRCUMSTANCES

Assembly: Make the following changes to the Municipal Employment Relations Act relating to the selection of group health care benefits providers by school district employers:

Selection of Health Insurer Made a Permissive Subject of Bargaining under Certain Circumstances. Provide that no school district employer would be required to bargain with respect to the selection of any group health care benefits provider for the district's professional employees if the provider offers health care benefits coverage that is "substantially similar" to that offered by other providers who submit sealed bids for such services to the school district. Include reference to this new permissive subject of bargaining exception in the current statutory provision stipulating that matters relating to wages, hours and conditions of employment are deemed mandatory subjects of bargaining and the parties to a collective bargaining agreement have a duty to bargain on such matters.

Under current practice, the Commission has consistently held that matters such as changing the benefits provided under group health insurance coverage or choosing an insurance carrier to provide such coverage are mandatory subjects of bargaining. Also, current law requires a school district to solicit sealed bids for the provision of health care benefits to the district's professional employees prior to the selection of any provider. There is no requirement that the school district actually contract with the lowest cost bidder.

Commissioner of Insurance to Promulgate Rules on "Substantially Similar" Coverage. Direct the Commissioner of Insurance to promulgate administrative rules setting out a standardized summary of benefits provided under health care coverage policies and plans for use in determining benefit similarities and differences among policies and plans.

Employment Relations Commission Determination of Whether the School District Employer Has Maintained Health Care Benefits for Purposes of a Qualified Economic Offer (QEO). Stipulate that for the purposes of determining whether the fringe benefits provided by the school district employer to its represented school teacher employees have been maintained for QEO purposes, the Commission would be required to consider substantially similar health care benefits to be identical to existing health care benefits. The Commission would be required to use the rules promulgated by the Commissioner of Insurance to determine if the health care benefits were substantially similar.

Under current law governing QEOs, a school district employer must maintain both the existing fringe benefits package and the district's percentage contribution effort to that package. The employer must also provide any annual funding increase required to maintain the fringe benefits provisions up to the equivalent of 1.7% of total compensation and fringe benefits costs for the school teacher employees. In the event that the school district employer would not have to incur additional expenditures amounting to 1.7% of total compensation and fringe benefits because of the selection of "substantially similar" health care benefits coverage, current law would require that the difference between the lower actual costs and 1.7% (deemed "fringe benefits savings") be passed on to employees as an additional element of the QEO salary offer.

Initial Applicability. Specify that the above provisions would first apply to collective bargaining agreements that expire or are extended, modified, or renewed, whichever occurs first, on and after the general effective date of the biennial budget act.

Conference Committee/Legislature: Delete provision.

10. TREATMENT OF HEALTH INSURANCE COST INCREASES UNDER A QUALIFIED ECONOMIC OFFER

Senate: Modify current law qualified economic offer (QEO) provisions applicable to school district employers, as follows:

Funding of Health Insurance Cost Increases. Specify that for the purpose of calculating fringe benefits costs under a QEO, the Commission must develop forms that exclude from the calculation of fringe benefits costs that must be maintained under the QEO any increased costs for health insurance benefits that are in excess of the U. S. Consumer Price Index, U. S. city average (CPI-U), as determined by the federal Department of Labor for the 12-month period ending the preceding December 31.

Effective Date. Specify that this provision would first apply to the calculation of fringe benefits costs under a QEO submitted by a school district employer on and after the general

effective date of the biennial budget act. For most districts, these provisions would not apply until the 2003-05 biennium.

Potential Fiscal Impact. Under current law, the school district employer must maintain both the existing employee fringe benefits package and the district's percentage contribution effort to that package. The employer must provide any funding increase required to maintain these fringe benefits provisions up to the equivalent of 1.7% of total compensation and fringe benefits per employee. Where the costs of maintaining the fringe benefits effort are less than 1.7%, the employer must pass on the difference between the lower percentage and 1.7% as an additional element of the salary offer. Where the costs of maintaining the fringe benefits effort are between 1.7% and 3.8%, the employer may reduce the amount of the salary offer element by an amount corresponding the difference between the higher percentage and 1.7%. Where the costs of maintaining the fringe benefits effort exceed 3.8%, the employer may provide for a decrease in current salaries sufficient to fund the fringe benefits costs in excess of 3.8%.

Under this proposal, health insurance cost increases that exceeded the CPI-U for the preceding calendar year would no longer be funded under the QEO. School districts do not centrally report their annual health insurance costs but do report total employee fringe benefits costs. Consequently, only general cost approximations based on aggregate data are possible. Using estimated current costs as an example, if it is assumed that school districts expended the same proportion of their fringe benefits costs on health insurance as does the state in the most recent year, total instructional employee health benefits costs for all school districts of $451,822,000 in 2000-01 are estimated. For this example, the CPI-U increase for calendar year 2000 was 3.4%, meaning that, in the aggregate for all school districts, the first $15,362,000 of increased health insurance costs for 2001-02 would be funded as part of the QEO and any cost increases in excess of this amount would have to be funded by the district outside the QEO. If health insurance costs were to increase for 2001-02 at the same annual rate experienced by the state over the last three years (14.63%), the amount of aggregate additional health insurance costs for all districts would be an estimated $66,101,500, or $50,739,500 more in 2001-02 than the CPI-U threshold. It should be emphasized that an individual district's health insurance cost increase experience could differ markedly from these aggregate projections.

If the provision is enacted and additional costs above the CPI-U threshold were incurred by school district employers beginning in the 2003-05 biennium, the school districts would have to take one or more of the following actions: (a) reallocate the required additional sums to fund the QEO from elsewhere in the district's base budget; (b) generate revenues to fund these increased costs from the property tax levy, to the extent allowed under the district's revenue limit, in which case such costs would be included as shared costs in the following year's calculation of equalized aids; or (c) go to referendum to seek voter approval to exceed the revenue limits, in which case such costs would also be included as shared costs in the following year's calculation of equalized aids.

Conference Committee/Legislature: Delete Senate provision and include the following language applicable to QEOs:

New QEO Component: Maintenance of All Conditions of Employment. In order for a school district employer's offer to be deemed "qualified," newly require the employer to maintain all conditions of employment as those conditions existed 90 days prior to the expiration of any previous collective bargaining agreement between the employer and its represented teaching employees or 90 days prior to the commencement of negotiations, if there was no previous collective bargaining agreement.

New QEO Component: Maintenance of Any Provisions Relating to Permissive Subjects of Bargaining. In order for a school district employer's offer to be deemed "qualified," newly require the employer to maintain any provisions relating to permissive subjects of bargaining that existed in the previous collective bargaining agreement between the employer and its represented teaching employees or that existed 90 days prior to the expiration of any previous collective bargaining agreement between the parties in any written agreement by the parties.

Binding Arbitration Authorized if Employer's Offer is Not "Qualified." Specify that if an investigator from the Employment Relations Commission determines, as part of an investigation whether a bargaining impasse exists between the parties, that the employer has not submitted a timely QEO, either the labor organization representing the school district professional employees or the school district employer would be authorized to petition for compulsory, final and binding arbitration, and the current law QEO provisions whereby an employer could avoid such arbitration procedures would not apply. Require the Commission to prescribe by rule the methodology to be used to determine whether or not a proposal submitted by a school district employer constitutes a timely QEO.

Initial Applicability. Provide that these provisions would first apply to petitions for arbitration filed by school district employers or their represented teaching employees after the general effective date of the biennial budget act.

Veto by Governor [F-4]: Delete provision.

[Act 16 Vetoed Sections: 2609L, 2609m, 2609p, 2609t and 9317(8m)]

11. ESTABLISHMENT OF A SCHOOL CALENDAR MADE A PERMISSIVE SUBJECT OF BARGAINING

Assembly: Provide that no school district would be required to bargain collectively on matters relating to the establishment of a school year calendar. Specify that this provision would not be construed to eliminate the duty of the employer to bargain collectively with its represented employees with respect to: (a) the total number of days of work and the number of those days which are allocated to different purposes, such as the days on which school is taught, in-service days, staff preparation days, convention days, paid holidays and parent-teacher conference days; and (b) the impact of the school calendar on wages, hours and conditions of employment. Repeal a duplicative current law school district governance provision establishing a school district duty to bargain collectively over any calendaring proposal that is primarily related to wages, hours and conditions of employment. Specify that

these provisions would first apply to collective bargaining agreements that expire or are extended or are modified or renewed on and after the general effective date of the biennial budget act.

Conference Committee/Legislature: Delete provision.

12. DISCIPLINARY ACTION AGAINST SUBORDINATES BY CITY POLICE AND FIRE COMMISSIONS

Senate: Specify that a hearing on a suspension of a subordinate by a police or fire chief may be heard before an arbitrator appointed by the Wisconsin Employment Relations Commission in addition to before the Board of Police and Fire Commissioners, as currently authorized. Make conforming modifications to reflect the fact that it is no longer the Board alone that would be making determinations on the charges against the subordinate. Delete a requirement that the Board must set the date for the hearing not less than 10 nor more than 30 days following the service of charges against the subordinate and specify instead that the Board or the arbitrator must render a final decision on the charges not later than 180 days after the date on which the hearing commences.

In addition to the current listing of statutory standards that must be applied by the Board or the arbitrator in determining whether the charges should be sustained, newly include provision for rules for such determinations where the rules are collectively bargained with representatives of the bargaining unit of which the subordinates are members. Explicitly authorize the labor organization representing the person on whom the discipline is imposed to appeal to Circuit Court for a motion to change the decision.

Conference Committee/Legislature: Delete provision.

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Act 16 Change Over Base Year Doubled Percent
GPR	$61,648,200	$65,936,400	$60,999,000	$60,999,000	$60,999,000	- $649,200	- 1.1%
SEG	8,000,000	12,000,000	16,200,000	16,200,000	16,200,000	8,200,000	102.5
TOTAL	$69,648,200	$77,936,400	$77,199,000	$77,199,000	$77,199,000	$7,550,800	10.8%
BR		$177,000,000	$185,600,000	$185,600,000	$185,600,000		

FTE Position Summary

Positions for the Environmental Improvement Fund are provided under the Departments of Administration and Natural Resources.

Budget Change Items

1. GENERAL OBLIGATION AND REVENUE BONDING AUTHORITY [LFB Papers 430 and 431]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	$177,000,000	$8,600,000	$185,600,000

Governor: Provide $177 million in additional bonding authority for the clean water fund program, as follows: (a) increase general obligation bonding authority by $65 million on the effective date of the biennial budget act, from $552,743,200 to $617,743,200; (b) increase general obligation bonding authority by an additional $20 million on July 1, 2003, from $617,743,200 to $637,743,200; and (c) increase revenue bonding authority by $92 million, from $1,297,755,000 to $1,389,755,000. No change is being requested in the general obligation bonding authority for the safe drinking water loan program, which is currently authorized $26,210,000.

Joint Finance/Legislature: Provide the $85 million in general obligation bonding authority on the effective date of the biennial budget act, instead of deferring authorization of

$20 million of the amount until July 1, 2003, for total general obligation bonding authority of $637,743,200. Provide an additional $8,600,000 in revenue bonding authority, to provide $1,398,355,000 in total revenue bonding authority.

[Act 16 Sections: 963 and 3168]

2. ENVIRONMENTAL IMPROVEMENT FUND DEBT SERVICE [LFB Papers 266 and 431]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$4,288,200	- $4,937,400	- $649,200
SEG	4,000,000	4,200,000	8,200,000
Total	$8,288,200	- $737,400	$7,550,800

Governor: Provide a decrease of $35,700 GPR in 2001-02 and an increase of $4,323,900 GPR in 2002-03 for estimated increases in general fund debt service costs of general obligation bonds. This would include: (a) a decrease of $881,300 in 2001-02 and an increase of $2,986,200 in 2002-03 for clean water fund debt service, which would result in total general fund debt service of $29.2 million in 2001-02 and $33.0 million in 2002-03; and (b) $845,600 in 2001-02 and $1,337,700 in 2002-03 for safe drinking water loan program debt service, which would result in total general fund debt service of $1.6 million in 2001-02 and $2.1 million in 2002-03.

In addition, provide $2,000,000 SEG annually from the clean water fund program to increase from $4,000,000 to $6,000,000 annually the amount of general obligation bond debt service paid by loan repayments received from municipalities from loans that were originally provided from the proceeds of general obligation bonds. Under current law, an equal amount of GPR would be used for general obligation bond debt service.

Joint Finance/Legislature: Provide an additional $4,200,000 SEG in 2001-02 from the clean water fund program to increase from $6,000,000 to $10,200,000 the amount of general obligation bond debt service paid by loan repayments. Decrease by $4,200,000 GPR in 2001-02 the amount of GPR that would be used for general obligation bond debt service.

Further, reestimate the general fund debt service costs of general obligation bonds as follows: (a) increase by $73,500 GPR in 2001-02 and decrease by $290,300 GPR in 2002-03 the amount for clean water fund debt service, which when combined with the additional use of SEG for general obligation bond debt service, would result in total general fund debt service of $25.0 million in 2001-02 and $32.7 million in 2002-03; and (b) decrease by $360,300 GPR in 2001-02 and $160,300 GPR in 2002-03 the amount for safe drinking water loan program debt service, which would result in total general fund debt service of $1.3 million in 2001-02 and $2.0 million in 2002-03.

3. PRESENT VALUE SUBSIDY LIMIT

Governor/Legislature: Provide a "present value subsidy limit" totaling $110.01 million for the environmental improvement fund as follows: (a) $90.0 million for the clean water fund program; (b) $10.9 million for the safe drinking water loan program; and (c) $9.11 million for the land recycling loan program. The subsidy limit represents the estimated state cost, in 2000 dollars, to provide 20 years of subsidy for the projects that would be funded in the 2001-03 biennium. The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction or modification of public water systems. The land recycling loan program provides financial assistance to certain local governments for the investigation and remediation of contaminated (brownfields) properties.

[Act 16 Sections: 3165 thru 3167]

4. STATUTORY CHANGES [LFB Paper 433]

Governor: Provide for the following changes to the environmental improvement fund:

a. Reduce the threshold for allocating clean water funds based on a priority list. Currently, if the amount of present value subsidy, general obligation bonding authority or revenue bonding authority available for a biennium is 85% or less of the amount requested in the biennial finance plan prepared by DOA and DNR, funding is allocated on the basis of a priority list and funding may only be provided in a fiscal year to projects for which an application is submitted by the June 30 preceding that fiscal year. Under current law, if under the Governor's budget bill recommendation, the amount of present value subsidy, general obligation bonding authority or revenue bonding authority available for a biennium is 85% or less of the amount requested in the biennial finance plan, DNR is required to inform municipalities that, if the Governor's recommendations are approved, clean water fund assistance during a fiscal year of that biennium will only be available to municipalities that submit financial assistance applications by the June 30 preceding that fiscal year. The bill would reduce both thresholds to 75%. The bill's provision of $65 million of general obligation bonding authority during 2001-03 would equal 59% of the $110.12 million in general obligation bonding authority requested in the biennial finance plan. (The bill would provide an additional $20 million in general obligation bonding authority on July 1, 2003, in the 2003-05 biennium.) The bill would provide 83.3% of the present value subsidy ($90 million of the requested $108 million) requested in the biennial finance plan.

b. Replace the clean water fund requirement that at least two-thirds of the flow for new sewage collection systems be from homes built prior to October 17, 1972, in order for the facilities to be eligible for low-interest financing, with a requirement that two-thirds of the flow

be from homes built prior to the date that is 10 years before DNR approved the facility plan for the project.

c. Eliminate the safe drinking water loan program requirement that a local government must submit a new notice of intent to apply for a safe drinking water loan if the local government does not apply for a loan by April 30 of the second year following the year in which it submitted its original notice of intent to apply. The bill would retain the current requirement that a local government must submit notice of its intent to apply for financial assistance under the safe drinking water loan program at least six months before the beginning of the fiscal year in which it intends to receive financial assistance, and would make the intent to apply deadline consistent in the safe drinking water loan program, clean water fund program and land recycling loan program within the environmental improvement fund.

Joint Finance/Legislature: Delete the statutory threshold for when a priority list must be implemented. Rather, require DNR and DOA to implement a priority list if the agencies determine that the amount of present value subsidy, general obligation bonding authority or revenue bonding authority proposed by the Governor or provided by the Legislature in the budget act is insufficient to provide funding for all projects for which applications will be approved during that biennium.

In addition, delete part (b) to maintain the current law requirement that at least two-thirds of the initial wastewater flow must be from residences that were in existence prior to October 17, 1972, in order for the wastewater treatment facility to be eligible for low-interest financing.

[Act 16 Sections: 3163, 3164, 3169 and 3170]

5. FEDERAL RURAL COMMUNITIES HARDSHIP GRANT PROGRAM

Joint Finance/Legislature: Modify the federal rural communities hardship grant program that is part of the clean water fund program as follows: (a) delete the current eligibility criterion that requires that on the date the municipality applies for assistance, the unemployment rate for the county in which the municipality is located exceeds by 1% or more the average yearly national unemployment rate most recently reported by the federal Bureau of Labor Statistics; and (b) specify that if federal financial hardship assistance is not fully allocated at the time the clean water fund financial hardship assistance funding list is published, DNR may accept an application for federal hardship assistance after June 30.

[Act 16 Sections: 3164j and 3164L]

6. LAND RECYCLING LOAN PROGRAM

Joint Finance/Legislature: Make the following changes in the land recycling loan program: (a) eliminate the requirement that applicants submit an intent to apply form by December 31 of the preceding fiscal year; (b) direct DNR to accept applications at least two times per year; (c) specify

that 40% of funds allocated in each fiscal year could be used for landfills; (d) allow applicants to use credit quality collateral other than general obligation bonds that will meet typical financial underwriting criteria to provide adequate security for land recycling loans; (e) clarify that demolition is an eligible activity under the program when a necessary part of remediation; and (f) direct DNR to provide loans for site assessments and site investigations, as allowed by US EPA, when a local government can demonstrate in its application that a remediation will be necessary.

Veto by Governor [B-38 and B-39]: Delete the requirement that DNR provide loans for site assessments and site investigations, as allowed by US EPA, when a local government can demonstrate in its application that a remediation will be necessary. Further, restore the requirement (that would have been deleted under the enrolled bill) that applicants submit an intent to apply form by December 31 of the preceding fiscal year.

[Act 16 Sections: 3168n and 3168r thru 3168v]

[Act 16 Vetoed Sections: 3168n thru 3168r]

ETHICS BOARD

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$473,000	$494,600	$494,600	$494,600	$494,600	$21,600	4.6%
PR	624,400	726,600	726,600	726,600	726,600	102,200	16.4
TOTAL	$1,097,400	$1,221,200	$1,221,200	$1,221,200	$1,221,200	$123,800	11.3%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	3.00	3.00	3.00	3.00	3.00	0.00
PR	3.50	3.50	3.50	3.50	3.50	0.00
TOTAL	6.50	6.50	6.50	6.50	6.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$21,200
PR	23,600
Total	$44,800

Governor/Legislature: Provide $10,600 GPR and $11,800 PR annually for the following: (a) full funding of continuing salaries and fringe benefits ($8,500 GPR and $9,600 PR annually); (b) reclassifications ($1,500 GPR and $1,700 PR annually); and (c) BadgerNet increases ($600 GPR and $500 PR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $23,600

Governor/Legislature: Reduce the Board's GPR general program operations appropriation by $11,800 annually. This amount represents a reduction of 5% of the Board's total GPR adjusted base for state operations.

3. SASI INITIATIVE

GPR	$24,000
PR	28,000
Total	$52,000

Governor: Provide $12,000 GPR and $14,000 PR annually for: (a) additional connections to the BadgerNet data transmission network (a network of high-speed telecommunication lines); and (b) basic desktop information technology support as part of a small agency support infrastructure (SASI) program. SASI support is currently provided to small agencies by the Department of Administration (DOA). The proposed funding would support DOA user fee charges of $2,200 per year for each user account at the Board. SASI services supported at DOA include desktop applications and hardware; continuous help desk support; network infrastructure and security; centralized data storage, backup and disaster recovery; dialup service; and E-mail/messaging services. Program revenue is generated from lobbying fees.

Joint Finance/Legislature: Permit the Board to either participate in DOA's SASI program or to utilize its SASI funding to procure computer support services from other sources.

Veto by Governor [E-23]: Delete the Board's authority to utilize the funding to make procurements from other sources.

[Act 16 Vetoed Sections: 275m and 355m]

4. INFORMATION TECHNOLOGY

PR	$41,400

Governor/Legislature: Provide $20,700 annually: (a) to fund information technology (IT) training for Board staff; and (b) to retain outside IT consultants to upgrade the Board's website's active server pages, which permit users of the internet to search and retrieve information from the Board's database of lobbying and legislative data. The Board has developed and maintains a website that allows anyone with internet access to search and review data relating to lobbyists, the organizations that employ them, the issues on which they are lobbying, and lobbying activities and expenditures for current and past sessions. Program revenue is generated from lobbying fees.

5. LIABILITY INSURANCE INCREASE

PR	$9,200

Governor/Legislature: Provide $4,600 annually to fund the Board's higher premium under the state's self-insurance, risk management fund. The Board's premium was raised by the Department of Administration as a result of two court-ordered judgments against the Board. Program revenue is generated from lobbying fees.

FINANCIAL INSTITUTIONS

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
PR	$30,694,600	$31,177,500	$30,024,400	$30,264,400	$30,264,400	- $430,200	- 1.4%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
PR	168.50	170.25	168.50	168.50	168.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- $430,200

Governor/Legislature: Adjust the agency's base budget for: (a) turnover reductions (-$193,000 annually); (b) nonrecurring costs (-$266,500 annually); (c) full funding of salaries and fringe benefits ($126,900 annually); (d) reclassifications ($45,800 in 2001-02 and $64,100 in 2002-03); (e) BadgerNet increases ($1,600 annually); and (f) fifth week of vacation as cash ($58,700 in 2001-02 and $63,200 in 2002-03).

2. CORPORATION INFORMATION TECHNOLOGY INITIATIVES [LFB Paper 440]

	Governor (Chg. to Base) Funding	Positions	Jt. Finance/Leg. (Chg. to Gov) Funding	Positions	Net Change Funding	Positions
GPR-REV	$0	0.00	$582,600	0.00	$582,600	0.00
PR	$582,600	1.75	- $582,600	- 1.75	$0	0.00

Governor: Provide $423,900 and 1.0 position in 2001-02 and $158,700 and 0.75 position in 2002-03 for three corporate information technology initiatives, described separately below.

Corporate Registration Information system—On-line Filing and Name Registration. Provide $321,900 and 1.0 project position in 2001-02 and $85,600 in 2002-03 to modify the corporate registration information system to allow on-line filings of corporate forms and name reservations. In the first year, funding would be provided for three contract positions ($260,300) and the project position ($61,600). In the second year, two contract positions would be funded. The work would be conducted primarily by the contract staff; the project position in the first year would assist in project coordination, perform administrative duties and test the system.

Business Portal. Provide $82,100 and 1.0 project position in 2002-03 to develop and implement a "build-your-business" portal to enable new businesses in Wisconsin to complete the necessary application forms on-line and to provide information to potential new businesses. The portal would provide a single entry point for businesses to file application forms with DFI, the Department of Revenue, the Department of Workforce Development, the Department of Natural Resources and other state agencies.

Conversion of Corporation Annual Reports. Provide $102,000 in 2001-02 and -$9,000 and -0.25 position in 2002-03 for the costs of scanning the last seven years of corporation annual reports to make them available on-line. It is estimated that 850,000 documents would be scanned at a cost of $0.12 per document. Scanning services would be performed by a private vendor. The reduced funding and position authority in 2002-03 are intended to reflect anticipated efficiencies from having this information available on-line.

Joint Finance/Legislature: Delete provision. Because unexpended funds from DFI's general program operations appropriation lapse to the general fund at the end of each year, the Joint Finance Committee's modification would increase GPR-Earned amounts by $423,900 in 2001-02 and $158,700 in 2002-03.

3. OTHER INFORMATION TECHNOLOGY INITIATIVES [LFB Paper 440]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	$0	0.00	$330,500	0.00	$330,500	0.00
PR	$330,500	2.00	- $330,500	- 2.00	$0	0.00

Governor: Provide $179,000 in 2001-02 and $151,500 in 2002-03 and 1.0 project position in each year for technology initiatives in the Division of Securities (DOS) and continuation and expansion of the Department's administrative information system (AIS). These initiatives are described briefly below.

Division of Securities Database Server. Provide $65,900 and 0.5 project position in 2001-02 to oversee conversion of the database format used by DOS to maintain licensing information from cyber-query/cyber-screen (CQCS) to structured query language (SQL).

Electronic Filing of Securities Documents. Provide $105,000 and 0.5 project position in 2002-03 to enable the Division of Securities to accept required corporate franchise and mutual fund filings electronically. This initiative would begin after conversion of the database outlined above, and the project position would be the same individual who performed work on the database conversion.

Administrative Information System. Provide $113,100 in 2001-02 and $46,500 in 2002-03 and 0.5 project position each year to continue and expand the administrative information system project included in 1999 Wisconsin Act 9. The AIS is an administrative computer network system that supports agency-wide licensing, examination, tracking, billing and receipting functions. The recommended funds would be used to enable the Department and financial institutions to conduct these activities on-line and to make the system more accessible and user friendly.

Joint Finance/Legislature: Delete provision. Because unexpended funds from DFI's general program operations appropriation lapse to the general fund at the end of each year, the Joint Finance Committee's modification would increase GPR-Earned amounts by $179,000 in 2001-02 and $151,500 in 2002-03.

4. BUSINESS ASSOCIATION FEES [LFB Paper 441]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Net Change
GPR-REV	$0	$80,000	$80,000

Governor: Require DFI to establish, by rule, fees for all of the following:

a. Providing electronic access to, or preparing and supplying copies or certified copies of, any resolution, deed, bond, record, document or paper deposited with or kept by DFI under the statutes relating to business formation records.

b. Providing in an expeditious manner, electronic access to any document deposited with or kept by DFI under the statutes relating to business formation records.

c. Preparing, in an expeditious manner, any copies, certified copies, certificates or statements provided under the statutes relating to business formation records.

d. Issuing certificates or statements, in any form, relating to the results of searches of DFI's records and files.

e. Processing any service of process, notice or demand served on the Department.

f. Processing, in an expeditious manner, a document filed with the Department.

Eliminate the current statutory fees for certain services provided by the Department and, instead, specify that these fees would be established by rule. The specific fees that would be affected and the current statutory fee amounts are listed below. The current statutory fees would stay in effect until DFI has established new fees by rule, but not after December 31, 2002.

Current Statutory Fees Relating to Business Associations

Serving process on DFI under the uniform partnership act, the uniform limited partnership act or the statutes relating to corporations, nonstock corporations, LLCs and cooperative associations: $10.

Expedited processing of documents filed with DFI under these statutes and the statutes relating to business formation records and for expeditiously providing certain information: $25.

Providing verification of the existence or registration of, or certain other information pertaining to, a limited partnership or cooperative association: $4 if written, $7 if faxed.

Providing names and addresses of general partners and an office address for a partnership: $7 plus $.50 per additional page if more than one page is needed.

Certificate or statement of status of a corporation or LLC: $5.

Certificate or statement of status of a nonstock corporation: $5, or $10 if additional information is requested.

Copying a document deposited or kept by DFI under the statutes relating to business formation records and attaching a certificate: $.50 per page and $5 for a certificate. If a copy is not to be certified and if the reproduction is performed by DFI: the actual and necessary costs of reproduction and transcription or $2, whichever is greater.

Recording any document authorized or required by law to be recorded in DFI: $1 per page.

Providing certified copies of certificates of incorporations or amendments, licenses of foreign corporations, or similar certificates, and for certificates as to results of searches of DFI records and files, when a printed form is used: $5. If a specially prepared form is required: $10.

Telegraphic reports as to results of record searches: $5 plus the cost of the telegram.

Written information regarding the status of a cooperative association plus a list of the names and addresses of officers and directors, and the association's principal place of business: $7 plus $.50 per additional page if more than one page is needed.

Joint Finance/Legislature: Include the Governor's recommendation and estimate additional GPR-earned of $40,000 per year.

[Act 16 Sections: 2913 thru 2917, 2918, 2919, 2920, 2921 thru 2923, 2924, 2927, 2928, 2933 thru 2936 and 9120(2)]

5. CHANGES TO REGISTRATION AND REPORTING REQUIREMENTS FOR CERTAIN CONSUMER CREDIT ENTITIES

Governor/Legislature: Amend current statutes to require persons who make or solicit consumer credit transactions to list the year-end balance of all consumer credit transactions rather than the average monthly outstanding balance in the required registration statement filed with DFI. Specify that credit transactions a person has obtained or entered into by assignment be included in the year-end balance reported. No requirement to include these types of transactions in the balance exists in current law.

Alter the calculation of the registration fee paid by persons who make or solicit consumer credit transactions by basing it on the person's year-end balance rather than on the average monthly outstanding balance. Require the Secretary of DFI to establish the registration fee by administrative rule. Currently, the Secretary determines the fee but no rule is required. Repeal the current registration fee limits, which are $25 at minimum and the lesser of $1,500 or 0.005% of the average monthly outstanding balance at maximum.

Alter the registration requirement so that persons who make or solicit consumer credit transactions would be required to register annually only if the person's year-end balance is greater than $250,000.

[Act 16 Sections: 3493 thru 3504]

6. ELIMINATE FUNDING FOR FINANCIAL EDUCATION PROGRAM

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR-REV	$240,000	- $240,000	$0
PR	- $240,000	$240,000	$0

Joint Finance: Decrease the Department's base budget by $120,000 in 2001-02 and in 2002-03 to eliminate funding provided in the 1999-01 budget to educate the public about their rights and responsibilities in financial matters.

Senate/Assembly/Legislature: Restore funding.

7. REGULATION OF CREDIT UNIONS

Governor: Specify that credit unions are not included in the definition of "business" that is subject to regulation by the Department of Agriculture, Trade and Consumer Protection. Currently, banks, savings banks, saving and loan associations and insurance companies are excluded from this definition.

Make the following changes to the statutes relating to the regulation of credit unions (Chapter 186 of the statutes):

Definitions

Modify the current definition of "credit union" to provide exceptions for credit unions resulting from interstate acquisitions and mergers and for non-Wisconsin credit unions that operate in this state under provisions outlined below. Under current law, "credit union" means a cooperative, nonprofit corporation, incorporated under Chapter 186 to encourage thrift among its members, create a source of credit at a fair and reasonable cost and provide an opportunity for its members to improve their economic and social conditions.

Credit Union Bylaws and Board Duties

Change the statutes related to credit union bylaws and board duties as follows:

a. Specify that credit union bylaws would have to prescribe the conditions that determine eligibility for membership. Currently, the bylaws must prescribe the conditions of residence or occupation that qualify persons for membership.

b. Amend the current requirement that credit unions be open to certain groups of individuals, including residents within a well-defined neighborhood, community or rural district to require, instead, that credit unions be open to individuals who reside or are employed within: (1) well-defined and contiguous neighborhoods and communities; or (2) well-defined and contiguous rural districts or multicounty regions. Provide that if, following a merger of credit unions, DFI's Office of Credit Unions (OCU) determines that it would be inappropriate to require members of the resulting credit union to reside or be employed within well-defined and contiguous neighborhoods and communities, the requirement under (1) would not apply.

c. Eliminate the definition of "members of the immediate family" in the current provision specifying that members of the immediate family of all qualified persons are eligible for membership. Under present law, "members of the immediate family" include the wife, husband, parents, stepchildren and children of a member whether living together in the same household or not and any other relatives of the member or spouse of a member living together in the same household as the member. Under the provision, "members of the immediate family" would be defined in the general bylaws establishing membership criteria under (a) above.

d. Provide that organizations and associations of individuals could be admitted to membership in a credit union in the same manner and under the same conditions as individuals if the majority of the association's or organization's directors, owners or members are eligible. Current law provides that such organizations and associations are eligible if the majority of individuals in the association or organization are eligible for membership. Also, specify that an organization or association that has its principal business location within the geographic limits of the credit union's field of membership could be admitted to membership.

Investments of Credit Unions

Make the following changes to the statutes relating to investments of credit unions:

a. Change all references regarding investment in "credit union service corporations" to, instead, refer to "credit union service organizations."

b. Permit a credit union to invest more than 1.5% of its total assets in the capital shares or obligations of a credit union service organization organized primarily to provide goods and services to credit unions, credit union organizations and credit union members, if approved by OCU. Allow such investments in service organizations that are structured as corporations, limited partnerships, limited liability companies or other entities that are permitted under state law and approved by OCU. Under current law, a credit union may invest up to 1.5% of its total assets in the capital shares or obligations of a credit union service corporation. OCU may not approve a higher percentage, and the service organization must be a corporation.

c. Add electronic transaction services to the list of services that credit union service organizations may provide.

Credit Union Powers

Make the following changes to the statutes on credit union powers:

a. Provide that, with OCU's approval, a credit union could establish branch offices inside this state or outside of this state. Currently, a credit union may establish branch offices in Wisconsin or no more than 25 miles outside of this state if the need and necessity exist and with the approval of OCU.

b. Provide that the current law provisions that authorize a credit union to establish limited services offices outside this state to serve any member of the credit union under specified conditions would only apply to such services established prior to the budget bill's general effective date. [Out-of-state branch offices would be permitted after that date.]

c. Authorize credit unions to: (1) act as trustees or custodians of member tax deferred retirement funds, individual retirement accounts, medical savings accounts or other employee benefit accounts or funds permitted by federal law to be deposited in a credit union; and (2) act as a depository for member qualified and nonqualified deferred compensation funds as permitted by federal law. Current law authorizes credit unions to act as trustees of member tax

deferred funds permitted by federal law to be deposited in a credit union and to act as a depository for member-deferred compensation funds as permitted by federal law.

d. Create a provision that would authorize a credit union to accept deposits made by members for the purpose of funding burial agreements by certain trusts.

Financial Privacy

Create a new provision requiring credit unions to comply with federal requirements and regulations prescribed by the National Credit Union Administration relating to financial privacy, and requiring OCU to examine a credit union to determine compliance with these provisions.

Office of Credit Unions

a. Require employees of OCU and members of the Credit Union Review Board to keep secret all facts and information obtained in the course of examinations or contained in any report provided by a credit union other than any semiannual or quarterly financial report that is regularly filed with OCU, except in specified situations. Current law does not include the reference to information "contained in any report provided by a credit union other than any semiannual or quarterly financial report that is regularly filed with the Office of Credit Unions."

b. Provide that if an OCU employee or Credit Union Review Board member illegally discloses information about the private account or transactions of a credit union or information obtained in the course of a credit union examination, that person could be required to forfeit his or her office or position and could be fined between $100 and $1,000, imprisoned for six months to three years, or both.

c. Specify that examination reports possessed by credit unions are confidential, remain the property of OCU and must be returned to the office immediately upon request.

d. Repeal the current provision that allows OCU to accept certain audits in lieu of conducting an annual examination. Under present law, at least annually, OCU must examine the records and accounts of each credit union. However, instead of conducting an examination, OCU may accept an audit report made by a certified public accountant not an employee of the credit union in accordance with rules of the Office or may accept an examination or audit made or approved by the National Credit Union Administration Board (NCUAB).

Sales of Insurance in Credit Unions

Require any officer or employee of a credit union, when acting as an agent for the sale of insurance on behalf of the credit union, to pay all commissions received from the sale of insurance to the credit union. Current law provides similar provisions but specifies that they apply to such commissions received from the sale of credit life insurance or credit accident and sickness insurance.

Interstate Acquisitions and Mergers of Credit Unions

Amend the statutes related to interstate acquisitions and mergers of credit unions as follows:

a. Define a "Wisconsin credit union" as a credit union having its principal office located in this state. Current law applies this definition to an "in-state credit union" rather than a "Wisconsin credit union."

b. Authorize a Wisconsin credit union to acquire or merge with credit unions located in any other state. Currently, an in-state credit union may acquire or merge with one or more regional credit unions (a state or federal credit union that has its principal office located in Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri or Ohio).

c. Allow any out-of-state credit union (a state or federal credit union that has its principal office in a state other than Wisconsin) to acquire or merge with Wisconsin credit unions. Current law allows only regional credit unions to acquire or merge with in-state credit unions.

d. Repeal a current provision that requires any in-state or regional credit union that has acquired assets of or merged with an in-state credit union and that ceases to be an in-state credit union or regional credit union to immediately notify OCU of the change in its status and, as soon as practical within two years after the event causing it to no longer be one of these entities, divest itself of control of any interest in the assets or operations of any in-state credit union. In addition, repeal the current penalty for failure to immediately notify OCU (a forfeiture of $500 for each day beginning with the day its status changes and ending with the day notification is received by the Office).

Wisconsin Offices of a Non-Wisconsin Credit Union

Create the following provisions related to a Wisconsin office of a non-Wisconsin Credit Union

Definitions. Define a "non-Wisconsin credit union" as a credit union organized under the laws of and with its principal office located in another state. Specify that "Wisconsin credit union" would have the meaning given under "Interstate Acquisitions and Mergers of Credit Unions."

Authority. Permit non-Wisconsin credit unions to open an office and conduct business as a credit union in this state if OCU finds that Wisconsin credit unions are allowed to do business in the other state under conditions similar to those contained under these provisions and that all of the following apply to the non-Wisconsin credit union: (a) it is organized under laws similar to the credit union laws of this state; (b) it is financially solvent based upon NCUAB ratings; (c) it has member savings insured with federal share insurance; (d) it is effectively examined and supervised by the credit union authorities of the state in which it is organized; (e) it has received approval from the credit union authorities of the state in which it is organized; (f) it has a need

to place an office in this state to adequately serve its members in this state; and (g) it meets all other relevant standards or qualifications established by OCU.

Requirements. Require non-Wisconsin credit unions to do all of the following: (a) grant loans at rates not in excess of the rates permitted for Wisconsin credit unions; (b) comply with Wisconsin laws; and (c) designate and maintain an agent for the service of process in this state.

Records. Specify that, as a condition of a non-Wisconsin credit union doing business in this state, OCU could require the non-Wisconsin credit union to provide copies of examination reports and other related correspondence from the state in which the non-Wisconsin credit union has its principal office.

False Statements

Create a provision that would prohibit an officer, director, or employee of a credit union from: (a) willfully and knowingly subscribing to or making, or causing to be made, a false statement or entry in the books of the credit union; (b) knowingly subscribing to or exhibiting false information with the intent to deceive any person authorized to examine the affairs of the credit union; and (c) knowingly making, stating, or publishing any false report or statement of the credit union. Specify that any person who commits any of these infractions could be fined not less than $1,000 nor more than $5,000 or imprisoned for not less than one year nor more than 15 years, or both.

Joint Finance: Delete provision as non-fiscal policy.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision.

8. UNIVERSAL BANKING

Governor: Authorize the Division of Banking (DOB) within the Department of Financial Institutions to certify savings banks, saving and loan associations and state banks as "universal banks" under the procedures and with the powers outlined below. Provide that a universal bank would be one of the regulated entities under the powers of supervision and control of DOB. The provisions relating to universal banks would be created in a new chapter of the statutes, and could be cited as the "Wisconsin universal bank law" (UB Law).

General Provisions

Under current law, the Division of Savings Institutions (DSI) regulates savings banks and savings and loan associations. DOB regulates state banks. The powers and regulation of these financial institutions are specified in the statutes and vary by type of institution. The UB Law would allow such financial institutions organized under state statutes to apply to DOB to be certified as a universal bank. Certification as a universal bank would provide expanded powers

when compared to those currently held by the individual financial institutions. Financial institutions certified as universal banks would remain subject to existing requirements, duties and liabilities and would retain their powers as savings banks, savings and loan associations or state banks, except that, in the event of a conflict between the UB Law and such requirements, duties, liabilities or powers, the UB Law would control.

The Division of Banking would be required to administer the UB Law for all universal banks and to establish such fees as it determined were appropriate for documents filed with the Division and for services provided by the Division. DOB would also be authorized to promulgate rules to carry out the UB Law and to establish additional limits or requirements on universal banks if it determined that the limits or requirements were necessary for the protection of depositors, members, investors or the public.

Certification

A state-chartered savings bank, savings and loan association or bank would be allowed to apply to become certified as a universal bank by filing a written application with DOB including such information as the Division required and on such forms and in accordance with such procedures as DOB prescribed. DOB would be required to approve or disapprove the application in writing within 60 days after its submission to the Division. However, DOB and the financial institution could mutually agree to extend the application period for an additional 60 days.

DOB would be required to approve an application for certification as a universal bank if the applying financial institution met all of the following requirements:

a. It was chartered or organized, and regulated, as a savings bank, savings and loan association or state bank under Wisconsin statutes and had been in existence and continuous operation for a minimum of three years prior to the date of the application.

b. It was "well-capitalized" as defined by federal law related to banks and banking.

c. It did not exhibit a combination of financial, managerial, operational and compliance weaknesses that were moderately severe or unsatisfactory, as determined by the Division based upon the Division's assessment of the financial institution's capital adequacy, asset quality, management capability, earnings quantity and quality, adequacy of liquidity and sensitivity to market risk.

d. During the 12-month period prior to the application, it had not been the subject of an enforcement action and had no enforcement action pending against it by any state or federal financial institution regulatory agency, including DOB.

e. The most recent evaluation under federal community reinvestment laws rated the financial institution as "outstanding" or "satisfactory" in helping to meet the credit needs of its

entire community, including low-income and moderate-income neighborhoods, consistent with safe and sound operation of the institution.

f. The financial institution's federal-level regulator determined, by means of an examination, that the institution was in substantial compliance with federal laws regarding the protection of customers' nonpublic personal information.

For any period during which a universal bank failed to meet such requirements, the Division would be required to limit or restrict the exercise of the powers of the universal bank under the UB Law. In addition, the Division could revoke the universal bank's certificate of authority.

DOB would be required to issue to an applicant approved for certification as a universal bank a certificate of authority stating that the financial institution was so certified.

A financial institution certified as a universal bank would be authorized to terminate its certification upon 60 days' prior written notice to the Division and written approval of the Division. As a condition to the termination, the financial institution would be required to terminate its exercise of all powers granted under the UB Law prior to the termination of the certification. Written approval of the termination by DOB would be void if the financial institution failed to satisfy this precondition to termination.

Organization

Articles of Incorporation and Bylaws. A universal bank would continue to operate under its articles of incorporation and bylaws as in effect prior to certification as a universal bank or as such articles or bylaws were subsequently amended in accordance with the provisions of the statutes under which the universal bank was organized or chartered.

Name of a Universal Bank. Under current law and with certain exceptions, an institution organized as a state savings bank is required to adopt a name that identifies it as such and that includes the term "savings." With certain exceptions, an institution organized as a mutual savings and loan association or as a capital stock savings and loan association is required to include the words "savings and loan association" or "savings association" in its name. Such an institution is required to include the word "savings" in its name if its name includes the word "bank."

Subject to certain provisions on distinguishability and use of the same name, as described below, the UB Law would allow a state savings bank, state mutual savings and loan association or state capital stock savings and loan association that had been certified as a universal bank to use the word "bank" in its name, without having to include the word "savings." In addition, subject to the same provisions on distinguishability and use of the same name, the UB Law would specify that a universal bank organized as a savings and loan association that used the word "bank" in its name in accordance with the UB Law need not include the words "savings and loan association" or "savings association" in its name.

The UB Law would require that, with certain exceptions, the name of the universal bank be distinguishable upon the records of DOB from the following: (a) the name of any other financial institution organized under the laws of this state; and (b) the name of a national bank or foreign bank authorized to transact business in this state.

However, a universal bank would be allowed to apply to the Division for authority to use a name that did not meet such requirements as to a distinguishable name. DOB could authorize the use of the name if either of the following conditions were met: (a) the other bank consented to the use in writing and submitted an undertaking, in a form satisfactory to DOB, to change its name to a name that was distinguishable upon the records of the Division from the name of the applicant; or (b) the applicant delivered to DOB a certified copy of the final judgment of a court of competent jurisdiction establishing the applicant's right to use the name applied for in this state. Such exceptions to the distinguishable name requirements are consistent with current law for state banks.

In addition, a universal bank would be able to use a name that was used in this state by another financial institution, or by an institution authorized to transact business in this state, if the universal bank had done any of the following: (a) merged with the other institution; (b) been formed by reorganization of the other institution; or (c) acquired all or substantially all of the assets, including the name, of the other institution.

Capital Requirements

Current law provides differing requirements related to capital, net worth and capital stock for the various types of financial institutions. For a savings bank, the statutes specify that such an institution may be organized to exercise the powers conferred by the relevant statutes with minimum capital, surplus and reserves for operating expenses as determined by the Division of Savings Institutions. Additional specifications are made in such areas as evidence and maintenance of capital, dividends and the nature of capital stock, capital stock loans and retirement or reduction of capital stock.

The statutes on savings and loan associations provide that such institutions must maintain net worth at an amount not less than the minimum amount established by DSI and authorize DSI to take appropriate action if an association fails to maintain the minimum net worth required.

Under current law, DOB determines the required capital of a state bank, subject to review by the Banking Review Board. The statutes also specify that a contingent fund and paid-in surplus each in an amount equal to at least 25% of the aggregate amount of the capital stock must be subscribed at the time the subscription list of shareholders is prepared by the incorporators.

Notwithstanding such provisions, the UB Law would authorize DOB to determine the minimum capital requirements of a savings bank, savings and loan association and state bank certified as a universal bank.

The UB Law would define capital for a universal bank organized as a stock organization as the sum of the following, less the amount of intangible assets that were not considered to be qualifying capital by a deposit insurance corporation or the Division: (a) capital stock; (b) preferred stock; (c) undivided profits; (d) surplus; (e) outstanding notes and debentures approved by DOB; (f) other forms of capital designated as capital by the Division; and (g) other forms of capital considered to be qualifying capital of the universal bank by a deposit insurance corporation. For a universal bank organized as a mutual organization, the same definition would apply except that net worth would be substituted for capital and preferred stock. "Deposit insurance corporation" would mean the Federal Deposit Insurance Corporation or other instrumentality of, or corporation chartered by, the United States that insures deposits of financial institutions and that is supported by the full faith and credit of the U.S. government as stated in a congressional resolution.

Under current law, a state savings bank is required to achieve and maintain status as an Internal Revenue Service qualified thrift lender. Such status requires meeting either the 60% asset test of the section of the Internal Revenue Code (IRC) on domestic building and loan associations, or an asset test prescribed by rule of DSI that is not less than the percentage prescribed by such section of the IRC. The UB Law would specify that this requirement does not apply to universal banks.

Acquisitions, Mergers and Asset Purchases

The UB Law would authorize a universal bank, with the approval of DOB, to purchase the assets of, merge with, acquire or be acquired by any other financial institution, universal bank, national bank, federally chartered savings bank or savings and loan association, or by a holding company of any of these entities. An application for approval of such acquisitions, mergers and asset purchases would have to be submitted on a form prescribed by DOB and accompanied by a fee determined by the Division. Notwithstanding other provisions of state law, DSI approval would not be required for acquisitions or mergers involving a state savings bank or savings and loan association.

In processing and acting on applications for approval of acquisitions, mergers and asset purchases involving a universal bank, DOB would be required to apply the standards specified in the statutes governing the type of financial institution under which the universal bank had been organized or chartered.

Federal Financial Institution Powers

Subject to the limitations outlined below, the UB Law would authorize universal banks to exercise all powers that may be exercised, directly or indirectly through a subsidiary, by a

federally chartered savings bank, a federally chartered savings and loan association or a federally chartered national bank. A universal bank would be required to file a written request with DOB to exercise a power under these provisions. Within 60 days after receiving the request, the DOB would be required to approve or disapprove it. The 60-day deadline could be extended by an additional 60 days if DOB and the institution mutually agree to an extension. The UB Law would specify that DOB could require that certain powers exercisable by universal banks be exercised through a subsidiary of the universal bank with appropriate safeguards to limit the risk exposure of the universal bank.

Loan Powers

General Provisions. The UB Law would permit a universal bank to make, sell, purchase, arrange, participate in, invest in or otherwise deal in loans or extensions of credit for any purpose. With the exceptions described below, the total liabilities of any person, other than a municipal corporation, to a universal bank for a loan or extension of credit could not exceed 20% of the capital of the universal bank at any time. In determining compliance with this restriction, liabilities of a partnership would include the liabilities of the general partners, computed individually as to each general partner on the basis of his or her direct liability.

However, the UB Law would provide that the percentage limitation described above would be 50% of the universal bank's capital if the borrower's debts were limited to certain types of liabilities. The first type includes a liability secured by warehouse receipts issued by warehouse keepers who are licensed and bonded under state law or under the federal Bonded Warehouse Act or who hold a registration certificate under Wisconsin law referred to as the Warehouse Keepers and Grain Dealers Security Act, if: (a) the receipts cover readily marketable nonperishable staples; (b) the staples are insured, if it is customary to insure the staples; and (c) the market value of the staples is not, at any time, less than 140% of the face amount of the obligation.

The second type of liability for which the percentage limitation described above would be 50% of the universal bank's capital is a liability in the form of a note or bond that met any of the following qualifications: (a) the note or bond is secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States; (b) the note or bond is secured or covered by guarantees or by commitments or agreements to take over, or to purchase, the bonds or notes, and the guarantee, commitment or agreement was made by a federal reserve bank, the federal Small Business Administration, the federal Department of Defense or the federal Maritime Commission; or (c) the note or bond is secured by mortgages or trust deeds insured by the federal Housing Administration.

Local Governmental Units. The UB Law would specify that liabilities of a local governmental unit could not exceed 25% of a universal bank's capital. However, if the local governmental unit's liabilities were in the form of general obligations, the limit would be extended to 50%. If the liabilities included both revenue and general obligations, the limit

would be 25% for the revenue obligations and a total of 50% for the combination of revenue and general obligations.

In addition, the total amount of temporary borrowings of any local governmental unit maturing within one year after the date of issue could not exceed 60% of the capital of the universal bank. Temporary borrowings and longer-term general obligation borrowings of a single local governmental unit could be considered separately in determining compliance with this provision.

Foreign National Government Bonds. A universal bank would be authorized to purchase general obligation bonds issued by any foreign national government if the bonds were payable in United States funds. The aggregate investment in these foreign bonds would not be permitted to exceed 3% of the capital of the universal bank, except that this limitation would not apply to bonds of the Canadian government and Canadian provinces that were payable in United States funds.

Other Foreign Bonds. The UB Law would authorize a universal bank to purchase bonds offered for sale by the International Bank for Reconstruction and Development and the Inter-American Development Bank or such other foreign bonds as were approved under rules established by DOB. The UB Law would specify that the aggregate investment in any of these bonds issued by a single issuer could not exceed 10% of the capital of the universal bank.

Limits Established by the Board of Directors. The UB Law would provide that the board of directors of a universal bank could establish an aggregate total level above which a universal bank could not make or renew a loan or loans without being supported by a signed financial statement of the borrower, unless the loan was secured by collateral having a value in excess of the amount of the loan. A signed financial statement furnished by the borrower to a universal bank in compliance with this provision would have to be renewed annually as long as the loan or any renewal of the loan remained unpaid and was subject to this provision. A loan or a renewal of a loan made by a universal bank in compliance with the level established by the board of directors of the universal bank, without a signed financial statement, could be treated by the universal bank as entirely independent of any secured loan made to the same borrower if the loan did not exceed the limitations provided under the UB Law related to loan powers.

Exceptions to Loan Powers of Universal Banks. The limits on individual liabilities would not apply to the following:

a. Liabilities secured by certain short-term federal obligations. A liability that was secured by not less than a like amount of direct obligations of the United States which would mature not more than 18 months after the date on which such liabilities to the universal bank were entered into;

b. Certain federal and state obligations or guaranteed obligations. A liability that was a direct obligation of the United States or this state, or an obligation of any governmental

agency of the United States or this state, that was fully and unconditionally guaranteed by the United States or this state;

c. Commodity Credit Corporation liabilities. A liability in the form of a note, debenture or certificate of interest of the Commodity Credit Corporation;

d. Discounting bills of exchange or business or commercial paper. A liability created by the discounting of bills of exchange drawn in good faith against actually existing values or the discounting of commercial or business paper actually owned by the person negotiating the same; and

e. Certain other federal or federally guaranteed obligations. In obligations of, or obligations that were fully guaranteed by, the United States and in obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Export-Import Bank of Washington or the Federal Deposit Insurance Corporation.

Additional Loan Authority. Under current law for state banks, debts due a bank on which interest is past due and unpaid for a period of 12 months generally must be considered bad debts. Such bad debts must be charged off to the profit and loss account at the expiration of one year from the date on which the debt became past due, unless the debts are well secured or in the process of collections.

The UB Law would permit a universal bank to lend, to all borrowers, up to 20% of its capital, which would not be subject to classification as bad debts or losses for a period of two years. A universal bank or its subsidiary would be permitted to take an equity position or other form of interest as security in a project funded under this additional loan authority. Every transaction by a universal bank or its subsidiary under these provisions would require prior approval by the governing board of the universal bank or its subsidiary, respectively. Such loans could be dispersed directly or through a subsidiary. However, neither a universal bank nor any subsidiary of the universal bank could lend to any individual borrower an amount that would result in an aggregate amount for all loans to that borrower to exceed 20% of the universal bank's capital. As outlined below, DOB could suspend this additional loan authority.

Suspension of Additional Loan Authority. DOB could suspend the additional loan authority and, in such case, specify how an outstanding loan would be treated by the universal bank or its subsidiary. Among the factors that the Division could consider in suspending authority under this provision are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity and sensitivity to market risk and the ability of the universal bank's management.

Exercise of Loan Powers; Prohibited Considerations. In determining whether to make a loan or extension of credit, no universal bank could consider any health information obtained

from the records of an affiliate of the universal bank that is engaged in the business of insurance, unless the person to whom the health information relates consents.

Investment Powers

Investment Securities. With certain exceptions described below, a universal bank would be authorized to purchase, sell, underwrite and hold investment securities, consistent with safe and sound banking practices, up to 100% of the universal bank's capital. A universal bank would not be permitted to invest greater than 20% of its capital in the investment securities of one obligor or issuer. For purposes of this provision, "investment securities" would include commercial paper, banker's acceptances, marketable securities in the form of bonds, notes, debentures and similar instruments that are regarded as investment securities.

Equity Securities. Subject to the same exceptions, a universal bank would also be authorized to purchase, sell, underwrite and hold equity securities, consistent with safe and sound banking practices, up to 20% of capital or, if approved by the Division in writing, a greater percentage of capital.

Exceptions to Securities Investment Powers. The UB Law would specify the following exceptions to the general powers of a universal bank to invest in investment and equity securities.

a. Housing Activities. With the prior written consent of DOB, a universal bank would be permitted to invest in the initial purchase and development, or the purchase or commitment to purchase after completion, of home sites and housing for sale or rental, including projects for the reconstruction, rehabilitation or rebuilding of residential properties to meet the minimum standards of health and occupancy prescribed for a local governmental unit, the provision of accommodations for retail stores, shops and other community services that were reasonably incident to that housing, or in the stock of a corporation that owned one or more of those projects and that was wholly owned by one or more financial institutions. The total investment in any one project could not exceed 15% of the universal bank's capital, nor could the aggregate investment under these provisions exceed 50% of capital. Under these provisions, a universal bank could not make an investment unless it was in compliance with the capital requirements set by DOB under the UB Law and with the capital maintenance requirements of its deposit insurance corporation.

b. Profit-Participation Projects. The UB Law would specify that a universal bank could take equity positions in profit-participation projects, including projects funded through loans from the universal bank, in an aggregate amount not to exceed 20% of capital. However, DOB could suspend the investment authority under this provision. If the Division suspended the investment authority, the Division could specify how outstanding investments in such projects would be treated by the universal bank or its subsidiary. Among the factors that the Division could consider in suspending authority under this provision are the universal bank's capital adequacy, asset quality, earnings quantity, earnings quality, adequacy of liquidity and

sensitivity to market risk and the ability of the universal bank's management. These provisions would not authorize a universal bank, directly or indirectly through a subsidiary, to engage in the business of underwriting insurance.

c. Debt Investments. In general, the UB Law would authorize a universal bank to invest in bonds, notes, obligations and liabilities as described under the UB Law with respect to loan powers, subject to the limitations under those provisions. However, the limits outlined in the section on loan powers would not apply to the following liabilities: (a) liabilities secured by certain short-term federal obligations; (b) certain federal and state obligations or guaranteed obligations; (c) Commodity Credit Corporation liabilities; (d) liabilities created by discounting bills of exchange or business or commercial paper; or (e) certain other federal or federally guaranteed obligations. Such liabilities are described in greater detail under the preceding provisions on loan powers.

Additional Investments. The UB Law would provide that a universal bank could invest without limitation in any of the following:

a. Stocks or obligations of a corporation organized for business development by this state or by the United States or by an agency of this state or the United States.

b. Obligations of an urban renewal investment corporation organized under the laws of this state or of the United States.

c. An equity interest in an insurance company or an insurance holding company organized to provide insurance for universal banks and for persons affiliated with universal banks, solely to the extent that this ownership was a prerequisite to obtaining directors' and officers' insurance or blanket bond insurance for the universal bank through the company.

d. Shares of stock, whether purchased or otherwise acquired, in a corporation acquiring, placing and operating remote service units of a savings banks or savings and loan association or for bank communications terminals.

e. Equity or debt securities or instruments of a service corporation subsidiary of the universal bank.

f. Advances of federal funds.

g. With the prior written approval of the Division, financial futures transactions, financial options transactions, forward commitments or other financial products for the purpose of reducing, hedging or otherwise managing the bank's interest rate risk exposure.

h. A subsidiary organized to exercise corporate fiduciary powers under state law.

i. An agricultural credit corporation. Unless a universal bank owned at least 80% of the stock of the agricultural credit corporation, a universal bank could not invest more than 20% of the universal bank's capital in the agricultural credit corporation.

j. Deposit accounts or insured obligations of any financial institution, the accounts of which are insured by a deposit insurance corporation.

k. Obligations of, or obligations that are fully guaranteed by, the United States and stocks or obligations of any federal reserve bank, federal home loan bank, the Student Loan Marketing Association, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Deposit Insurance Corporation.

l. Any other investment authorized by DOB.

In addition to the authority granted under the UB Law on acquisitions, mergers and asset purchases and on stock in bank-owned banks, and subject to the provisions of the UB Law with respect to equity securities, a universal bank would be authorized to invest in other financial institutions.

A universal bank would be permitted to make investments under the provisions outlined above, directly or indirectly through a subsidiary, unless DOB determined that an investment should be made through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank.

Universal Bank Purchase of its Own Stock

With certain exceptions, a universal bank could hold or purchase not more than 10% of its own capital stock, notes or debentures. However, a universal bank could exceed this limit if approved by DOB. In addition, a universal bank could hold or purchase more than 10% of its capital stock, notes or debentures if the purchase was necessary to prevent loss upon a debt previously contracted in good faith. Stock, notes or debentures held or purchased under this provision could not be held by the universal bank for more than six months if the securities could be sold for the amount of the claim of the universal bank against the holder of the debt previously contracted. The universal bank would be required to either sell the stock, notes or debentures within 12 months of acquisition under this provision or to cancel the stock, notes or debentures. Cancellation of the stock, notes or debentures would reduce the amount of the universal bank's capital stock, notes or debentures. If the reduction decreased the universal bank's capital below the minimum level required by DOB, the universal bank would have to increase its capital to the required amount.

A universal bank could not loan any part of its capital, surplus or deposits on its own capital stock, notes or debentures as collateral security, except that a universal bank would be allowed to make a loan secured by its own capital stock, notes or debentures to the same extent

that the universal bank could make a loan secured by the capital stock, notes and debentures of a holding company for the universal bank.

Stock in Bank-Owned Banks

With the approval of DOB, a universal bank would be authorized to acquire and hold stock in one or more banks chartered under state statutes on bank-owned banks or national banks chartered under federal law or in one or more holding companies wholly owning such a bank. Aggregate investments under this provision could not exceed 10% of the universal bank's capital.

General Deposit Powers

The UB Law would provide that a universal bank could set eligibility requirements for, and establish the types and terms of, deposits that the universal bank could solicit and accept. The terms set under this provision could include minimum and maximum amounts that the universal bank would be able to accept and the frequency and computation method of paying interest.

A universal bank would be allowed to pledge its assets as security for deposits, subject to the limitations under current law applicable to banks.

With the approval of DOB, a universal bank would be permitted to securitize its assets for sale to the public. The Division could establish procedures governing the exercise of authority granted under this provision.

A universal bank would be authorized to take and receive, from any individual or corporation for safekeeping and storage, gold and silver plate, jewelry, money, stocks, securities, and other valuables or personal property. A universal bank could also rent out the use of safes or other receptacles upon its premises. A universal bank would have a lien for its charges on any property taken or received by it for safekeeping. If the lien was not paid within two years from the date the lien accrued, or if property was not called for by the person depositing the property, or by his or her representative or assignee, within two years from the date the lien accrued, the universal bank could sell the property at public auction. A universal bank would be required to provide the same notice for a sale under this provision that is required for sales of personal property on execution. After retaining from the proceeds of the sale all of the liens and charges due the bank and the reasonable expenses of the sale, the universal bank would be required to pay the balance to the person depositing the property, or to his or her representative or assignee.

Other Service and Incidental Activity Powers

Unless otherwise prohibited or limited by the UB Law, a universal bank would be authorized to exercise all powers necessary or convenient to effect the purposes for which the

universal bank was organized or to further the businesses in which the universal bank was lawfully engaged.

Reasonably Related and Incidental Activities. Subject to any applicable state or federal regulatory or licensing requirements, a universal bank could engage, directly or indirectly through a subsidiary, in activities reasonably related or incident to the purposes of the universal bank. Such activities would be those that are part of the business of financial institutions, or closely related to the business of financial institutions, or convenient and useful to the business of financial institutions, or reasonably related or incident to the operation of financial institutions or are financial in nature. Activities that would be considered reasonably related or incident to the purposes of a universal bank would specifically include the following:

1. Business and professional services;
2. Data processing;
3. Courier and messenger services;
4. Credit-related activities;
5. Consumer services;
6. Real estate-related services, including real estate brokerage services;
7. Insurance and related services, other than insurance underwriting;
8. Securities brokerage;
9. Investment advice;
10. Securities and bond underwriting;
11. Mutual fund activities;
12. Financial consulting;
13. Tax planning and preparation;
14. Community development and charitable activities;
15. Debt cancellation contracts;
16. Any activities reasonably related or incident to activities on the list above as determined by rule of DOB;
17. An activity that is authorized by statute or regulation for financial institutions to engage in as of the effective date of this provision (the first day of the third month beginning after publication of the budget bill); and
18. An activity permitted under the Bank Holding Company Act.

In addition, DOB would be authorized to expand, by rule, the list of activities reasonably related or incident to the purposes of a universal bank. Any additional activity approved by the Division would be authorized for all universal banks.

A universal bank would be required to give 60 days' prior written notice to DOB of the universal bank's intention to engage in an activity under these provisions.

Standards for Denial. DOB would be permitted to deny the authority of a universal bank to engage in an activity under these provisions, other than the first 15 activities listed above, if the Division determined any of the following: (a) that the activity was not an activity reasonably

related or incident to the purposes of a universal bank; (b) that the universal bank was not well-capitalized; (c) that the universal bank was the subject of an enforcement action; or (d) that the universal bank did not have satisfactory management expertise for the proposed activity.

Insurance Intermediation. A universal bank, or an officer or salaried employee of a universal bank, would be permitted to obtain a license as an insurance intermediary, if otherwise qualified. A universal bank could not, directly or indirectly through a subsidiary, engage in the business of underwriting insurance.

Activities Approved by DOB. A universal bank would be authorized to engage in any other activity that was approved by rule of DOB. In addition, a universal bank could engage in activities under these provisions, directly or indirectly through a subsidiary, unless the Division determined that an activity had to be conducted through a subsidiary with appropriate safeguards to limit the risk exposure of the universal bank.

Activities Provided Through a Subsidiary. The amount of the investment in any one subsidiary that engaged in an activity under these provisions could not exceed 20% of capital or a higher percentage if approved by DOB. The aggregate investment in all subsidiaries that engaged in an activity under this provision could not exceed 50% of capital or a higher percentage authorized by the Division. A subsidiary that engaged in an activity under these provisions could be owned jointly, with one or more other financial institutions, individuals or entities.

Trust Powers

Subject to rules of DOB, a universal bank would be permitted to exercise trust powers in accordance with such authority granted by the statutes to state banks.

Rule-Making

DOB would be permitted to establish a rule specifying activities that are related to or incident to the purposes of a universal bank without complying with the notice, hearing and publication procedures under Chapter 227. The Division would be required to file the rule with the Secretary of State and the Revisor of Statutes, as generally required under Chapter 227. At the time of filing, DOB would be required to mail a copy of the rule to the chief clerk of each house and to each member of the Legislature. In addition, DOB would be required to publish a class 1 notice containing a copy of the rule in the official state newspaper and take any other step it considers feasible to make the rule known to persons who will be affected by it.

For other rules related to the UB Law, DOB would be allowed to use the emergency rule-making procedures to promulgate rules for the period before permanent rules became effective. However, DOB would not be required to provide evidence of an emergency.

Effective Date

These provisions would take effect on the first day of the third month beginning after publication of the budget bill.

Joint Finance: Delete provision as non-fiscal policy.

Assembly: Restore provision.

Conference Committee/Legislature: Delete provision.

9. CONVERSIONS OF BUSINESS ENTITIES

Assembly: Modify current laws regarding conversions of business entities as described below.

Conversion to Another Form of Business Entity

Conversion of Corporations. New provisions would be created in Chapter 180 (relating to business corporations) to allow domestic corporations to convert to another form of business entity if the corporation satisfies the requirements listed below and if the conversion is permitted under the applicable law of the jurisdiction that governs the organization of the business entity into which the domestic corporation is converting. In addition to satisfying any applicable legal requirements of the jurisdiction that governs the organization of the business entity into which the domestic corporation is converting and that relate to the submission and approval of a plan of conversion, the domestic corporation would have to follow the procedures identified in state law regarding actions on a plan of merger or share exchange [s. 180.1103] for the submission and approval of a plan of conversion.

A business entity other than a domestic corporation (a domestic LLC, limited partnership, partnership, limited liability partnership or nonstock corporation or a foreign LLC, limited partnership or corporation) could convert to a domestic corporation if it satisfies the requirements described below and if the conversion is permitted under the applicable law of the jurisdiction that governs the business entity. Such an entity would have to use the procedures that govern the submission and approval of a plan of conversion of the jurisdiction that governs the business entity.

Conversion of LLCs. The proposal would also add new provisions to Chapter 183 (relating to limited liability companies) to permit a domestic LLC to convert to another form of business entity if it satisfies the requirements identified below and if the conversion is permitted under the applicable law of the jurisdiction that governs the organization of the business entity into which the company is converting. Domestic LLCs would have to use the procedures that govern a plan of merger under current law [s. 183.1202] for the submission and approval of a plan of conversion.

A business entity other than a domestic LLC could convert to a domestic LLC if it satisfies the requirements outlined below and if the conversion is permitted under the applicable law of the jurisdiction that governs the business entity. Such business entities would have to use the procedures that govern the submission and approval of a plan of conversion of the jurisdiction that governs the business entity.

Required Elements of a Plan of Conversion. A plan of conversion would have to set forth all of the following:

a. The name, form of business entity, and the identity of the jurisdiction governing the business entity that is to be converted.

b. The name, form of business entity, and the identity of the jurisdiction that will govern the new business entity.

c. The terms and conditions of the conversion.

d. The manner and basis of converting the shares or other ownership interests of the business entity that are to be converted into the shares or other ownership interests of the new business entity.

e. The delayed effective date of the conversion, if applicable.

f. If a business entity other than a domestic corporation or LLC is converting to a domestic corporation or LLC, a copy of the articles of incorporation of the new domestic corporation or the articles of organization of the new domestic LLC.

g. Other provisions relating to the conversion.

Effective Date of Conversion. A conversion would be effective when all of the following occur:

a. The business entity that is to be converted is no longer subject to the applicable law of the jurisdiction that governed the organization of the business entity and is subject to the applicable law of the jurisdiction that governs the new business entity.

b. The new business entity has assumed all liabilities of the business entity that is to be converted.

c. The new business entity is vested with title to all property owned by the business entity that is to be converted without reversions or impairment.

d. The articles of incorporation, articles of organization, bylaws, operating agreement, certificate of limited partnership, or other similar governing document, whichever is applicable, of the new business entity are amended as provided in the plan of conversion.

e. All other provisions of the plan of conversion apply.

Certificate of Conversion. After a plan of conversion is submitted and approved, the business entity that is to be converted would have to deliver to DFI for filing a certificate of conversion that includes all of the following:

a. The plan of conversion.

b. A statement that the plan of conversion was approved in accordance with the applicable law of the jurisdiction that governs the organization of the business entity.

c. The delayed effective date of the conversion, if applicable.

d. If a business entity other than a domestic corporation or LLC is converting to a domestic corporation or LLC, a copy of the articles of incorporation or organization of the new domestic corporation or LLC.

e. If a domestic corporation or LLC is to be converted to another form of business entity, a copy of the articles of incorporation, articles of organization, bylaws, operating agreement, certificate of limited partnership, or other similar governing document, whichever is applicable, of the new entity.

Provisions Regarding Pending Investigatory Proceedings. The provision would provide that any civil, criminal, administrative, or investigatory proceeding that is pending against a business entity that is to be converted may be continued against the business entity after the effective date of conversion or against the new business entity.

Certificate of Conversion Filing Fee. The provision would establish a certificate of conversion filing fee of $150, to be paid to DFI.

Effect of Delivery or Filing of LLC Articles of Organization and Other Documents

Under current law, an LLC is formed when the articles of organization are filed with DFI, and the Department's filing of the articles of organization is conclusive proof that the LLC is organized and formed. The provision would add the following new provisions to this section of the statutes:

a. The status of a domestic or foreign LLC registered to transact business in this state and the liability of any member of any such company would not be adversely affected by errors or subsequent changes in any information stated in any filing under the statutes relating to LLCs.

b. DFI's filing of the articles of organization of a foreign LLC would be considered the certificate of authority for that company to transact business in this state and would be notice of all other facts set forth in the registration statement.

c. If a domestic or foreign LLC that is registered to transact business in this state dissolves, but its business continues without winding up and without liquidating the company, the status of the company before dissolution would continue to be applicable to the company as

it continues its business, and the company would not be required to make any new filings. Any filings made by such an LLC before dissolution would be considered to have been filed by the company while it continues its business.

d. If a domestic or foreign LLC that is registered to transact business in this state dissolves, any filings made by the company before dissolution would remain in effect as to the company and its members during the period of winding up and to the members during the period after the company's liquidation or termination with respect to the liabilities of the company.

Series of Members, Managers or LLC Interests

The provision would provide that an LLC operating agreement may establish, or provide for the establishment of, designated series or classes of members, managers or LLC interests that have separate or different preferences, limitations, rights or duties, with respect to profits, losses, distributions, voting, property or other incidents associated with the company.

Withdrawal from an LLC

Under current law, one of the ways a person may cease to be a member of an LLC is to withdraw from the LLC by a voluntary act. Except as provided below, unless the LLC operating agreement provides that a member does not have the power to withdraw by voluntary act from the LLC, the member may do so at any time by giving written notice to the other members, or on any other terms as are provided in the agreement. If the member has the power to withdraw but the withdrawal is a breach of an operating agreement or the withdrawal occurs as a result of otherwise wrongful conduct of the member, the LLC may recover damages for breach of the agreement or as a result of the wrongful conduct and may offset the damages against the amount otherwise distributable to the member, in addition to pursuing any remedies provided for in an operating agreement or otherwise available under applicable law. Unless otherwise provided in an operating agreement, in the case of an LLC for a definite term or particular undertaking, a withdrawal by a member before the expiration of that term or completion of that undertaking is a breach of the operating agreement.

If a member acquired an interest in an LLC for no or nominal consideration, the member may withdraw from the LLC only in accordance with the operating agreement and only at the time or upon the occurrence of an event specified in the agreement. If the operating agreement does not specify such a time or event, such members may not withdraw prior to the time for the dissolution and commencement of winding up of the LLC without the written consent of all members of the LLC.

The proposal would modify these provisions by:

a. Specifying that, in general, a member could withdraw from an LLC at any time by giving written notice to the other members, or on any other terms as are provided in the agreement.

b. Eliminating the provision that specifically allows LLCs to recover damages for breach of an operating agreement in cases where the withdrawing member has the power to withdraw but the withdrawal is a breach of the agreement.

c. Eliminating the provision that specifies that, in the case of an LLC for a definite term or particular undertaking, a withdrawal by a member before the expiration of that term or completion of that undertaking is a breach of the operating agreement.

d. Providing that, if a member owns an interest in an LLC as to which the power to withdraw is restricted in the operating agreement, the member could withdraw only in accordance with the operating agreement and only at the time or upon the occurrence of an event specified in the agreement.

e. Specifying that, unless otherwise provided in an operating agreement, in the case of an LLC that is organized for a definite term or particular undertaking, the agreement would be considered to provide that a member may not withdraw before expiration of that term or completion of that undertaking.

Dissolution of LLCs

Under current law, unless otherwise provided in an LLC operating agreement, a domestic LLC is dissolved and its affairs must be would up if a member dissociates from the LLC. However, the business of the LLC may be continued by the consent of all of the remaining members within 90 days after the date on which the dissociation occurs at which time the remaining members may agree to the admission of one or more additional members or to the appointment of one or more additional managers, or both. The proposal would eliminate this provision for domestic LLCs that are organized after the budget bill's general effective date.

Applicability of Law to a Foreign LLC Filing to Become a Domestic LLC

Under current law, the laws of the state or other jurisdiction under which a foreign LLC is organized govern its organization and internal affairs and the liability and authority of its managers and members, regardless of whether the LLC obtained or should have obtained a Wisconsin certificate of registration. The proposal would modify this provision to specify that a foreign LLC that has filed a certificate of conversion to become a domestic LLC would be subject to the Wisconsin statutory provisions governing domestic LLCs on the effective date of the conversion and no longer subject to the requirements governing foreign LLCs.

Conference Committee/Legislature: Delete provision.

10. MODIFICATIONS TO CORPORATION AND LIMITED LIABILITY COMPANY FILING FEES

GPR-REV	$295,000

Assembly/Legislature: Modify corporation filing fees as outlined below.

a. Establish the fee for filing articles of incorporation at $100. The current fee generally is 1 cent for each authorized share, subject to a minimum of $90 and a maximum of $10,000.

b. Establish the filing fee for amending articles of incorporation at $40. The current fee generally is $40 plus 1 cent for each authorized share after the amendment, less a credit of 1 cent for each authorized share immediately before the amendment, subject to a maximum of $10,000.

c. Establish the fee for filing a restatement of articles of incorporation with or without amendment of articles at $40. The current fee generally is $40 plus 1 cent for each authorized share after the restatement and any amendment, less a credit of 1 cent for each authorized share immediately before the restatement and any amendment, subject to a maximum fee of $10,000.

d. Establish the fee for filing articles of merger at $50 for each domestic corporation and each foreign corporation authorized to transact business in this state that is a party to the merger. The current fee generally is $50 for each domestic corporation and each foreign corporation that is party to the merger plus 1 cent for each authorized share of the surviving domestic corporation after the merger, less a credit of 1 cent for each share that is authorized immediately before the merger by each domestic corporation that is a party to the merger, subject to a maximum fee of $10,000.

e. Establish the fee for filing articles of share exchange at $50 for each domestic corporation and each foreign corporation authorized to transact business in this state that is a party to the share exchange. The current fee generally is $50 for each domestic corporation and each foreign corporation that is a party of the share exchange plus 1 cent for each authorized share of the acquiring domestic corporation after the share exchange, less a credit of 1 cent for each share that is authorized immediately before the share exchange by the acquiring domestic corporation, subject to a maximum fee of $10,000.

f. Establish the fee for filing an annual report for a domestic corporation at $25 if submitted by authorized electronic means and at $40 if submitted on paper. The current fee is $25, regardless of how the report is submitted.

g. Establish the filing fee for an annual report for a foreign corporation at $65 if submitted by authorized electronic means and at $80 if submitted on paper. The current general fee is $50, regardless of how the report is submitted. The current provisions for an additional fee if the report shows that the foreign corporation employs in this state capital in excess of the amount of capital on which a fee has previously been paid--an additional $20 for each $1,000 or fraction thereof of the excess--would remain in place.

h. Establish the fee for filing an annual report for a foreign limited liability company at $65 if the report is submitted by authorized electronic means and at $80 if submitted on paper. The current fee is $50, regardless of how the report is submitted.

i. Specify that investment companies would pay the fees specified above. Under current law, investment companies pay different fees in certain cases.

It is estimated that these changes would result in additional program revenue to DFI of $135,000 in 2001-02 and $160,000 in 2002-03. Because funds not expended by the Department lapse to the general fund at the end of each fiscal year, GPR-earned would increase by the same amounts.

[Act 16 Sections: 2917b thru 2917p, 2918m, 2928r and 9320(1q)]

11. MERGER OR CONSOLIDATION OF COOPERATIVES

Assembly/Legislature: Modify current statutes regarding the merger or consolidation of cooperatives to provide that the currently required written plan of merger or consolidation must include a description of the treatment of the equity interest of the members under the merger or consolidation. Current law requires such plans to describe the proposed effect of the plan on members and stockholders of the cooperative, but does not specifically require a description of the treatment of the equity interest of the members.

Provide that the surviving association (in the case of a merger) or the new association (in the case of a consolidation) must prepare an annual report on the implementation of any provision in the plan of merger or consolidation relating to the equity interest of any member that was affected by the merger or consolidation. Specify that the report must be kept in the principal office of the surviving association or new association and that the report must be available for inspection by any member whose equity interest was affected by the merger or consolidation. Provide that the surviving association or new association must prepare the report until such time that the implementation of any provision in the plan of merger or consolidation to retire or repurchase the equity interest of any member that was affected by the merger or consolidation is complete.

These provisions would first apply to plans of merger or consolidation that are submitted to the board of directors of a cooperative on the bill's general effective date.

[Act 16 Sections: 2932h, 2932r and 9320(1j)]

12. SECURITIES REGISTRATION EXEMPTIONS

Assembly: Modify certain securities registration exemptions as outlined below.

Accredited Investors. Under current law, a person generally may not offer or sell any security in this state unless a registration statement relating to the security is filed with the Division of Securities (DOS) in the Department of Financial Institutions or unless the security is exempt from state registration requirements under federal law. Current law exempts certain types of securities and transactions from the registration requirements, however. One

exemption applies when the offer or sale is made to an individual who qualifies as an accredited investor under DOS's rules, as long as the security issuer reasonably believes the accredited investor has the knowledge and experience in financial matters that enables him or her to evaluate the merits and risks of the investment

The provision would specify that an offer or sale of a security to an accredited investor would be exempt from registration if the individual or person receiving the offer or making the purchase qualifies as an accredited investor under federal regulations [17 CFR 230.501(a)]. These regulations define "accredited investor" to include, among other things, financial entities such as banking institutions; individuals who have a net worth of greater than $1,000,000 or who have had an income of greater than $200,000 in the two most recent years; and a director, executive officer or general partner of the issuer of the securities being offered or sold.

In addition, the provision would eliminate the requirement that the issuer of securities must reasonably believe the accredited investor has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment in order for the transaction to be exempt from the registration requirement.

Limited Issuances. Another exemption under current law applies when: (a) the issuer of the security has its principal office in Wisconsin; (b) not more than 15 persons (other than the issuer, accredited investors, government agencies and financial institutions) will hold all of the securities after the sale; (c) no commission or other remuneration is paid for soliciting any person in this state, except to licensed broker-dealers and agents; and (d) no advertising is published, except as permitted by DOS. This provision would be modified by increasing the maximum number of persons who could hold the securities from 15 to 25.

An additional exemption under current law applies for transactions pursuant to an offer directed to not more than 10 persons in this state (excluding the issuer, accredited investors, government agencies and financial institutions, but including persons exempt under the provision described in the preceding paragraph), during any period of 12 consecutive months, if the offer or reasonably believes that all the persons in this state are purchasing for investment, and no commission or other remuneration is paid for soliciting any person in this state other than accredited investors. DOS may waive or modify these requirements by rule or order, and may require reports of sales under this exemption. The provision would modify this provision by increasing the maximum number of persons who could hold the securities from 10 to 25.

Agents Acting on Behalf of Securities Issuers. Under current law, a person generally must obtain a license from DOS in order to transact business as a securities broker-dealer or as a securities agent in this state. Current law exempts persons who give certain group presentations relating to securities, persons who engage exclusively in transactions on account of or with certain financial and governmental entities, and certain persons who are exempt from state licensing requirements under federal law. The provision would create a new exemption for agents who are acting exclusively on behalf of an issuer of securities and who make offers and sales of the issuer's securities in transactions involving accredited investors.

Conference Committee/Legislature: Delete provision.

13. REGULATION OF RENT-TO-OWN AGREEMENTS

Assembly/Legislature: Modify Wisconsin statutes to exclude rent-to-own agreements from the coverage provided under the Uniform Commercial Code -- Secured Transactions (Chapter 409) and from the Wisconsin Consumer Act (Chapters 421 to 427). Instead, create a new subchapter of the statutes for the purposes of regulating rent-to-own agreements, as outlined below.

Under current law, a consumer credit transaction that is entered into for personal, family, or household purposes is generally subject to the Wisconsin Consumer Act. The consumer act grants consumers certain rights and remedies and contains notice and disclosure requirements and prohibitions relating to consumer credit transactions. Currently, a consumer lease that has a term of more than four months is among the consumer credit transactions that are subject to the consumer act. In addition, the consumer act applies to any other consumer lease, if the lessee pays or agrees to pay at least an amount that is substantially equal to the value of the leased property and if the lessee will become, or for not more than a nominal additional payment has the option to become, the owner of the leased property.

Definitions

"Rental-purchase company" would mean a person engaged in the business of entering into rent-to-own agreements in this state or acquiring or servicing rent-to-own agreements that are entered into in this state.

"Rent-to-own agreement" would mean an agreement between a rental-purchase company and a lessee for the use of personal property if all of the following conditions are met: (a) the personal property that is rented is to be used primarily for personal, family or household purposes; (b) the agreement has an initial term of four months or less and is automatically renewable with each payment after the initial term; (c) the agreement does not obligate or require the lessee to renew the agreement beyond the initial term; and (d) the agreement permits, but does not obligate, the lessee to acquire ownership of the property.

Scope; Obligation of Good Faith

A rent-to-own agreement regulated under these provisions would not be governed by the laws relating to a security interest or a lease under the uniform commercial code or by the statutes relating to consumer transactions. The new provisions would not apply to any of the following: (a) a lease or bailment of personal property that is incidental to the lease of real property; (b) a lease of a motor vehicle; or (c) a credit sale, as defined under federal consumer protection laws and regulations.

Every agreement or duty under these provisions would impose an obligation of good faith in its performance or enforcement.

Territorial Application

For the purposes of these provisions, a rent-to-own agreement would be considered entered into in this state if either of the following applies: (a) a writing signed by a lessee and evidencing the obligation under the agreement or an offer of a lessee is received by a rental-purchase company in this state; or (b) the rental-purchase company induces a lessee who is a resident of this state to enter into the rent-to-own agreement by face-to-face solicitation or by mail or telephone solicitation directed to the particular lessee in this state.

License Requirement

No person could operate as a rental-purchase company without a valid license issued by the Division of Banking within the Department of Financial Institutions.

A written application for a rental-purchase company license would have to be made to DOB in the form prescribed by the Division, and would have to include the applicant's social security number (for individuals) or federal employer identification number (for business entities). The Division could only disclose this information to the Department of Revenue for the sole purpose of denying a license for delinquent taxes or to the Department of Workforce Development (DWD) for the purpose of denying a license for nonpayment of support. Applicants would be required to pay an application fee specified by rule. DOB could also require any applicant or licensee to file and maintain in force a bond, in a form prescribed by and acceptable to the Division, and in an amount determined by the Division.

Upon the filing of an application, DOB would be required to perform an investigation. In general, if the Division finds that the character, general fitness and financial responsibility of the applicant, its members (for partnerships and limited liability companies and associations) and its officers and directors (for corporations) warrant the belief that the business will be operated in compliance with these provisions, DOB would be required to issue a license to the applicant. The Division could deny an application by providing written notice to the applicant stating the grounds for the denial. A person whose application is denied could request a hearing within 30 days. DOB could appoint a hearing examiner to conduct the hearing.

DOB would be prohibited from issuing a license if: (a) the applicant fails to provide a social security number or employer identification number; (b) DOR certifies that the applicant is liable for delinquent taxes; or (c) the applicant fails to comply, after appropriate notice, with a subpoena or warrant issued by DWD or a county child support agency related to paternity or child support proceedings or is delinquent in making court-ordered support payments.

The license would have to identify the location at which the licensee is permitted to conduct business. A separate license would be required for each place of business maintained

by the licensee, and the license would have to be posted in a conspicuous place at the business location. Licenses would not be assignable.

Licenses would remain in force until suspended or revoked or surrendered by the licensee. By July 1 of each year, each licensee would be required to pay to DOB an annual license fee specified by rule and provide a rider or endorsement to increase the amount of any required bond required by the Division.

Unless authorized to do so, in writing, by DOB, licensees could not conduct business as a rental-purchase company within any office, room or place of business in which any other business is solicited or engaged in.

DOB would be authorized to issue an order suspending or revoking any license if the Division finds that any of the following applies: (a) the licensee has violated any of the statutory provisions regarding rental-purchase companies and rent-to-own agreements, any rules promulgated by DOB under these statutes, or any lawful order of the Division; (b) a fact or condition exists that, if it had existed at the time of the original application for the license, would have warranted the Division in refusing to issue the license; (c) the licensee has made a material misstatement in a license application or in information furnished to DOB; (d) the licensee has failed to pay the annual license fee or has failed to maintain in effect any required bond; (e) the licensee has failed to timely provide any additional information, data and records required by DOB; or (f) the licensee has failed to pay any penalties due under these provisions within 30 days after receiving notice that the penalties are due

DOB would be required to restrict or suspend a license if the Division finds that the licensee is an individual who fails to comply, after appropriate notice, with a subpoena or warrant issued by DWD or a county child support agency related to paternity or child support proceedings or who is delinquent in making court-ordered support payments. The Division would also be required to revoke a license if DOR certifies that the licensee is liable for delinquent taxes. Licensees would be entitled to notice and a hearing under the child support and tax delinquency license revocation provisions. No other notice or hearing would be provided.

Except as provided above in the provisions regarding child support and delinquent taxes, DOB would have to provide a written notice to the licensee of the Division's intent to issue an order suspending or revoking the license. The notice would have to specify the grounds for and the effective date of the proposed order. The licensee could file with DOB a written response to the allegations within 20 days after receiving the notice. The written response could contain a request for a contested case hearing, otherwise the right to a contested case hearing would be waived. If a timely request for a contested case hearing is received by DOB and if, in the opinion of the Division, the matter satisfies all of the requirements for a hearing, the matter would have to be scheduled for a hearing to commence within 60 days. DOB would be authorized to suspend or revoke the license if the licensee: (a) fails to file a timely response; (b) files a timely response but does not request a contested case hearing; or (c) files a timely response requesting

a hearing but, in DOB's opinion, the matter fails to satisfy all of the conditions required for a hearing. If the licensee files a timely response containing a proper request for a hearing, any order of the Division suspending or revoking the licensee's license would be stayed pending completion of the hearing proceedings.

No licensee could change its place of business to another location without DOB's prior approval. Licensees would have to provide at least 15 days' prior written notice of a proposed change under this provision and would have to pay any applicable fees specified by rule. Upon approval of the new location, DOB would have to issue an amended license specifying the date on which the amended license is issued and the new location.

Except as provided in the preceding paragraph, a licensee would have to notify DOB of any material change to the information provided in the licensee's original application for a license or provided in a previous notice of change. Licensees would have to provide such notice within 10 days after the change. Licensees would have to provide any additional information, data and records about the change to DOB within 20 days after the Division requests the information. DOB would be required to determine the cost of investigating and processing the change, and the licensee would be required to pay the cost within 30 days after the Division demands payment. Any change that is subject to this notice requirement would be subject to DOB approval. In reviewing the change, the Division would have to apply the criteria that are used for approval of an original license application.

By March 31 of each year, licensees would be required to file a report with DOB giving such reasonable and relevant information as the Division may require concerning the business and operations conducted by the licensee.

Licensees would be required to keep such books and records in the licensed location as, in the opinion of the Division, will enable DOB to determine whether these provisions are being observed. Licensees would have to preserve their records of a rent-to-own agreement for at least three years after making the final entry with respect to the agreement.

Powers and Duties of DOB; Administration

DOB would be authorized to issue any general order or special order in execution of or supplementary to these provisions, except that the Division could not issue an order that conflicts with these provisions.

For the purpose of discovering violations of these provisions, DOB could cause an investigation or examination to be made of the business of a licensee transacted under these provisions. The place of business, books of accounts, papers, records, safes and vaults of the licensee would be open to the Division for the purpose of an investigation or examination, and DOB would have the authority to examine under oath all persons whose testimony is required for an investigation or examination. The Division would be required to determine the cost of an investigation or examination, which would be paid by the licensee. The licensee would also

have to pay the cost of any hearing, including witness fees, unless DOB or a court finds that the licensee has not committed a violation. All costs owed to DOB would have to be paid within 30 days after the Division demands payment. The state could maintain an action for the recovery of any costs owed under this provision.

DOB would be authorized to promulgate rules for the administration of the provisions regarding rental-purchase companies and rent-to-own agreements. DOB would have the same power to conduct hearings, take testimony and secure evidence as is provided under statutes relating to sellers of checks.

The Division would have the duty, power, jurisdiction and authority to investigate, ascertain and determine whether these provisions or any lawful order issued under these provisions are being violated. DOB could report violations to the Attorney General or the district attorney of the proper county for prosecution.

General Requirements of Disclosure

The information required to be included in a rent-to-own agreement would have to be clearly and conspicuously disclosed in writing (in not less than 8-point standard type) on the face of the rent-to-own agreement above the line for the lessee's signature. The information would have to be disclosed before the time that the lessee becomes legally obligated under the agreement.

The required information would have to be accurate at the time it is disclosed to the lessee. If any information subsequently becomes inaccurate as a result of any act, occurrence or agreement by the lessee, the resulting inaccuracy would not be a violation.

Rental-purchase companies would be required to provide lessees with a copy of the completed rent-to-own agreement signed by the lessee. If more than one lessee is legally obligated under the same agreement, delivery of a copy of the completed agreement to one of the lessees would satisfy this requirement.

In a rent-to-own agreement, the lessee's payment obligations would have to be evidenced by a single instrument, which includes the signature of the rental-purchase company, the signature of the lessee and the date on which the instrument is signed.

Required Provisions of Rent-to-Own Agreements

Rental-purchase companies would have to include all of the following information, to the extent applicable, in every rent-to-own agreement:

a. A brief description of the rental property, sufficient to identify the property, including any identification number, and a statement indicating whether the property is new or

used. A statement that incorrectly indicates that new rental property is used would not be a violation.

b. The price at which the rental-purchase company would sell the property to the lessee if the lessee were to pay for the rental property in full on the date on which the rent-to-own agreement is executed, along with a statement that, if the lessee intends to acquire ownership of the rental property and is able to pay for the property in full or is able to obtain credit to finance the purchase, the lessee may be able to purchase similar property from a retailer at a lower cost.

c. The periodic rental payment for the rental property.

d. Any payment required of the lessee at the time that the agreement is executed or at the time that the property is delivered, including the initial rental payment, any application or processing charge, any delivery fee, the applicable tax and any charge for a liability damage waiver or for other optional services agreed to by the lessee.

e. The total number, total dollar amount, and timing of all periodic rental payments necessary to acquire ownership of the property.

f. The dollar amount, both itemized and in total, of all taxes, liability damage waiver fees, fees for optional services, processing fees, application fees, and delivery charges that the lessee would incur if the lessee were to rent the rental property until the lessee acquires ownership, assuming that the lessee does not add or decline the liability damage waiver or optional services after signing the rent-to-own agreement.

g. The total of all charges to be paid by the lessee to acquire ownership of the rental property, which consists of the sum of the total dollar amount of all periodic rental payments and the total dollar amount of all other charges and fees, along with a statement that this is the amount a lessee will pay to acquire ownership of the property if the tax rates do not change and if the lessee does not add or decline the liability damage waiver or optional services after signing the rent-to-own agreement.

h. An itemized description of any other charges or fees that the rental-purchase company may charge the lessee.

i. A statement summarizing the terms of the lessee's option to acquire ownership of the property, including a statement indicating that the lessee has the right to acquire ownership at any time after the first payment by paying all past-due payments and fees and an amount not to exceed the cash price of the property multiplied by a fraction that has as its numerator the number of periodic rental payments remaining under the agreement and that has as its denominator the total number of periodic rental payments.

j. A statement that, unless otherwise agreed, the lessee is responsible for the fair market value of the property, determined according to the early-purchase option formula (item "i"), if the property is stolen, damaged, or destroyed while in the possession of or subject to the control of the lessee. The statement would have to indicate that the fair market value would be determined as of the date on which the property is stolen, damaged or destroyed.

k. A statement that during the term of the agreement, the rental-purchase company is required to service the property to maintain it in good working condition, as long as no other person has serviced the property. In lieu of servicing the property, the company could, at its option, replace the property. The company's obligation to provide service would be limited to defects not caused by improper use or neglect by the lessee or harmful conditions outside the control of the company or manufacturer.

l. A statement that the lessee could terminate the agreement at any time without penalty by surrendering or returning the property in good repair.

m. A brief explanation of the lessee's right to reinstate a rent-to-own agreement.

n. A statement that the lessee will not own the rental property until the lessee has made all payments necessary to acquire ownership or has exercised the early-purchase option. The rental-purchase company would also have to include a notice reading substantially as follows: "You are renting this property. You will not own the property until you make all payments necessary to acquire ownership or until you exercise your early-purchase option. If you do not make your payments as scheduled or exercise your early-purchase option, the lessor may repossess the property."

o. The names of the rental-purchase company and the lessee, the rental-purchase company's business address and telephone number, the lessee's address and the date on which the rent-to-own agreement is executed.

Prohibited Provisions of Rent-to-Own Agreements

A rental-purchase company could not include any of the following provisions in a rent-to-own agreement:

a. A confession of judgment.

b. A provision granting the company a security interest in any property except the rental property delivered by the company under the rent-to-own agreement.

c. A provision authorizing the rental-purchase company or its agent to enter the lessee's premises or to commit a breach of the peace in the repossession of rental property provided by the company under the rent-to-own agreement.

d. A waiver of a defense or counterclaim, a waiver of any right to assert any claim that the lessee may have against the rental-purchase company or its agent or a waiver of statutory provisions regarding rental-purchase companies and rent-to-own agreements

e. A provision requiring periodic rental payments totaling more than the total dollar amount of all periodic rental payments necessary to acquire ownership, as disclosed in the rental-purchase agreement.

f. A provision requiring the lessee to purchase insurance from the company to insure the rental property.

g. A provision requiring the lessee to pay attorney fees.

Liability Waiver

A rental-purchase company could offer a liability waiver to the lessee. The terms of the waiver would have to be provided to the lessee in writing, and the face of the writing would have to clearly disclose that the lessee is not required to purchase the waiver. The fee for the waiver could not exceed 10% of the periodic rental payment due under the rent-to-own agreement. The lessee would be entitled to cancel the waiver at the end of any rental term.

Early-Purchase Option

An early-purchase option under a rent-to-own agreement would have to permit the lessee to purchase the rental property at any time after the initial periodic rental payment for an amount determined according to the early-purchase option formula disclosed in the agreement. As a condition of exercising the early-purchase option, the rental-purchase company could require the lessee to be current on the payments under the lessee's rent-to-own agreement or to pay any past-due rental charges and other outstanding fees that are owed.

Receipts and Statements

Rental-purchase companies would be required to provide a written receipt to a lessee for any payment made by the lessee in cash, or upon the request of the lessee, for any other type of payment.

Upon the request of a lessee, rental-purchase companies would have to provide a written statement showing the lessee's payment history under each rent-to-own agreement between the lessee and the company. The statement would not be required for agreements that terminated more than one year before the date of the lessee's request. Rental-purchase companies would have the option to provide a single statement covering all rent-to-own agreements or separate statements for each agreement.

Rental-purchase companies would also be required to provide a written statement to any person designated by the lessee showing the lessee's payment history under the rent-to-own agreement, if the lessee requests the statement in writing during the term of the agreement or within one year after the termination of the agreement.

A lessee or, if appropriate, a lessee's designee would be entitled to receive one statement under these provisions without charge once every 12 months. The company could require lessees to pay the company's reasonable costs of preparing and furnishing additional statements.

Price Cards

In general, rental-purchase companies would be required to display a card or tag that clearly and conspicuously states all of the following information on or next to any property displayed or offered by the company for rent under a rent-to-own agreement: (a) the cash price that an individual would pay to purchase the property; (b) the amount of the periodic rental payment and the term over which the payment must be made; (c) the total number and total dollar amount of all periodic rental payments necessary to acquire ownership of the property under a rent-to-own agreement and (d) whether the property is new or used.

However, if property is offered for rent through a catalog, or if the size of the property is such that displaying a card or tag on or next to the property is impractical, the company could make the required disclosures in a catalog or list that is readily available to prospective lessees.

Advertising

As a general requirement, if an advertisement for a rent-to-own agreement refers to or states the amount of a payment for a specific item of property, the rental-purchase company would have to ensure that the advertisement clearly and conspicuously states all of the following: (a) that the transaction advertised is a rent-to-own agreement; (b) the total number and total dollar amount of all periodic rental payments necessary to acquire ownership of the property; and (c) that the lessee does not acquire ownership of the property if the lessee fails to make all periodic rental payments or other payments necessary to acquire ownership.

This requirement would not apply to an in-store display or to an advertisement that is published in the yellow pages of a telephone directory or in a similar directory of businesses.

Referral Transactions

Rental-purchase companies would be prohibited from inducing any individual to enter into a rent-to-own agreement by giving or offering to give a rebate or discount to the individual in consideration of the individual giving to the company the names of prospective lessees if the earning of the rebate or discount is contingent on the occurrence of any event that takes place after the time that the individual enters into the rent-to-own agreement.

After entering into a rent-to-own agreement, a rental-purchase company could give or offer to give a rebate or discount to the lessee in consideration of the lessee giving to the company the names of prospective lessees. Such a rebate or discount could be contingent on the occurrence of any event that takes place after the time that the names are given to the rental-purchase company.

Termination of Rent-to-Own Agreements

The termination date of a rent-to-own agreement would be the earlier of: (a) the day specified in the agreement, unless a different day has been established pursuant to the terms of the agreement; or (b) the date on which the lessee voluntarily surrenders the rental property.

Late Payment, Grace Period and Late Fees

In general, if a lessee fails to make a periodic rental payment when due or if, at the end of any rental term, the lessee fails to return the rental property or to renew the rent-to-own agreement for an additional term, the rental-purchase company would be authorized to charge a late fee. This provision would not apply if the lessee's failure to return the property or failure to renew the agreement is due to the lessee's exercise of an early-purchase option or is due to the lessee making all periodic rental payments necessary to acquire ownership of the rental property.

The following grace periods would apply to periodic rental payments made with respect to a rental-purchase agreement: (a) for an agreement that is renewed on a weekly basis, no late fee could be assessed for a periodic rental payment that is made within two days after the due date; and (b) for an agreement that is renewed for a term that is longer than one week, no late fee could be assessed for a periodic rental payment that is made within five days after the due date.

Late fees would be subject to all of the following limitations: (a) they could not exceed $5 for each past-due periodic rental payment; (b) they could be collected only once on each periodic rental payment due, regardless of how long the payment remains past due; (c) payments received would have to be applied first to the payment of any rent that is due and then to late fees and any other charges; and (d) a late fee could be collected at the time that the late fee accrues or at any time afterward.

A rental-purchase company could require payment of any outstanding late fees before transferring ownership of rental property to a lessee.

Reinstatement of a Terminated Rent-to-Own Agreement

In general, a lessee could reinstate a terminated rent-to-own agreement without losing any rights or options previously acquired if: (a) the lessee returned or surrendered the property

within five days after the termination of the agreement; and (b) not more than 21 days have passed after the date on which the rental property was returned to the rental-purchase company or, if the lessee has paid two-thirds or more of the total number of periodic rental payments necessary to acquire ownership of the rental property, not more than 45 days have passed since the date on which the property was returned.

As a condition of reinstatement, the rental-purchase company could require the payment of all past-due rental charges, any applicable late fees, a reinstatement fee not to exceed $5 and the periodic rental payment for the next term.

These provisions would not prohibit a rental-purchase company from attempting to repossess rental property upon termination of a rent-to-own agreement, but repossession efforts would not affect the lessee's right to reinstate the agreement as long as the rental property is voluntarily returned or surrendered within five days after the termination of the agreement.

Upon reinstatement, the rental-purchase company would have to provide the lessee with the same rental property, if the property is available and is in the same condition as when it was returned to the company, or with substitute rental property of comparable quality and condition.

Reduced Periodic Rental Payment Due to Reduced Income

If a lessee's monthly income is reduced by 25% or more due to pregnancy, disability, involuntary job loss or involuntary reduction in the amount of hours worked or wages earned, the rental-purchase company would be required to reduce the amount of each periodic rental payment due by the same percentage that the lessee's monthly income is reduced or by 50%, whichever is less, for the period of time during which the lessee's income is reduced. This requirement would apply only if: (a) the total dollar amount of periodic rental payments made by the lessee under the agreement equals more than 50% of the amount necessary to acquire ownership of the rental property; and (b) the lessee has provided the rental-purchase company with reasonable evidence of the amount and cause of the reduction in the lessee's monthly income.

At reasonable intervals after reducing the amount of a periodic rental payment, a rental-purchase company could require the lessee to provide evidence of the lessee's monthly income and evidence that the cause of the reduction in the lessee's monthly income has not abated.

If a rental-purchase company reduces the amount of a periodic rental payment, the company could increase the total number of payments necessary to acquire ownership of the property. In addition, if the lessee's monthly income is increased, the rental-purchase company could increase, by the same percentage that the lessee's monthly income is increased, the amount of each periodic rental payment due after the date on which the lessee's monthly income is increased.

If a rental-purchase company increases the amount or number of periodic rental payments due, the increase would only affect the rights or duties of the lessee to the extent authorized in the preceding paragraph. No rental-purchase company, acting under the above provisions, could increase the total dollar amount of payments necessary to acquire ownership of the rental property, or the amount of a payment, to greater than the amount disclosed in the rent-to-own agreement.

Default and Right to Cure

In general, a lessee would be in default under a rent-to-own agreement if: (a) the lessee fails to return the rental property within seven days after the date on which the last term for which a periodic rental payment was made expires, unless the lessee has exercised an early-purchase option or has made all periodic rental payments necessary to acquire ownership of the rental property; or (b) the lessee materially breaches any other provision of the agreement.

No cause of action would accrue against a lessee with respect to the lessee's obligations under a rent-to-own agreement except upon default and the expiration of any applicable period of time allowed for cure of the default.

Generally, as a condition precedent to bringing an action against a lessee arising out of the lessee's default, a rental-purchase company would be required to provide the lessee with written notice of the default and of the right to cure the default. The notice would have to specify the default and the action required to cure the default and inform the lessee that, if the default is not cured within 15 days after the notice is given, the company would have the right to bring an action against the lessee. This requirement would not apply if each of the following occurred twice during the 12 months before the date of the current default with respect to the same rent-to-own agreement: (a) the lessee was in default; (b) the rental-purchase company gave the lessee written notice of the default and of the lessee's right to cure; and (c) the lessee cured the default.

A rental-purchase company could request the voluntary return or surrender of rental property prior to the declaration of a default and the sending of written notice of default and right to cure. Such a request would be subject to the requirements regarding rental-purchase company collection practices outlined below.

Rental-Purchase Company Collection Practices

In attempting to recover possession of rental property or to collect past-due periodic rental payments or other charges owed under a rent-to-own agreement, a rental-purchase company could not do any of the following:

a. Use or threaten to use force or violence to cause physical harm to the lessee or the lessee's property or to a person related to the lessee.

b. Threaten criminal prosecution. However, it would not be a violation of this provision for a rental-purchase company to inform a lessee that intentionally failing to return rental property within 10 days after the rental agreement has expired is criminal theft under state law [s. 943.20(1)(e)] and the consequences of violating that section.

c. Disclose or threaten to disclose information adversely affecting the lessee's reputation for creditworthiness with knowledge or reason to know that the information is false.

d. Initiate or threaten to initiate communication with the lessee's employer prior to obtaining final judgment against the lessee, except for the purpose of enforcing an assignment of earnings. This provision would not prohibit a rental-purchase company from communicating with a lessee's employer solely to verify employment status or earnings or to determine if the employer has an established debt counseling service or procedure.

e. Disclose or threaten to disclose to a person other than the lessee or the lessee's spouse information affecting the lessee's reputation, whether or not for creditworthiness, with knowledge or reason to know that the other person does not have a legitimate business need for the information. However this provision would not prohibit the disclosure to another person of information permitted to be disclosed to that person by statute or an inquiry solely for the purpose of determining the location of the lessee or the rental property.

f. Disclose or threaten to disclose information concerning the existence of a debt known to be reasonably disputed by the lessee without disclosing the fact that the lessee disputes the debt.

g. Communicate with the lessee or a person related to the lessee with such frequency, at such unusual hours, or in such a manner as can reasonably be expected to threaten or harass the lessee or a person related to the lessee, or engage in any other conduct that can reasonably be expected to threaten or harass the lessee or a person related to the lessee.

h. Use obscene or threatening language in communicating with the lessee or a person related to the lessee.

i. Threaten to enforce a right with knowledge that the right does not exist.

j. Use a communication that simulates legal or judicial process or that gives the appearance of being authorized, issued or approved by a government, government agency or attorney-at-law when it is not.

k. Threaten to file a civil action against the lessee unless the civil action is of a type that the rental-purchase company files in the regular course of business or unless the rental-purchase company intends to file the civil action against the lessee.

Assignment of Earnings

Rental-purchase companies would be prohibited from taking or arranging for an assignment of earnings of an individual for payment or as security for payment of an obligation arising out of a rent-to-own agreement unless the assignment is revocable at will by the individual.

Penalties

The following offenses by rental-purchase companies would be punishable with a forfeiture of up to $50: (a) failure to timely file an annual report or pay the annual license fee; (b) failure to timely provide any required rider or endorsement to increase the amount of a bond; (c) failure to timely provide examination records; (d) failure to timely notify DOB of a relocation of the licensee's place of business; or (e) failure to provide a required notice to the Division of other changes. Each day that such a failure continues would constitute a separate offense.

A licensee that fails to timely provide any additional information, data or records requested by DOB could be required to forfeit not more than $100. Each day that such a failure continues would constitute a separate offense.

Any person who violates the provisions regarding investigations and examinations by DOB or any provision relating to licensure of rental-purchase companies (other than those described in the preceding two paragraphs) could be fined up to $1,000, imprisoned for up to six months, or both.

Civil Actions and Defenses

In general, a rental-purchase company that violates any provision of the statutes relating to rental-purchase companies and rent-to-own agreements would be liable to a lessee damaged as a result of that violation for the costs of the action and for reasonable attorney fees as determined by the court, plus an amount equal to the greater of: (a) the actual damages, including any incidental and consequential damages, sustained by the lessee as a result of the violation; or (b) an amount equal to 25% of the total amount of payments due in one month under the lessee's rent-to-own agreement, but not less than $100 nor more than $1,000.

If a rental-purchase company violates the statutes regarding prohibited provisions of a rent-to-own agreement, the lessee could retain the rental property without obligation to pay any amount and could recover any amounts paid to the rental-purchase company under the agreement.

In the case of a class action, a rental-purchase company that violates any provision of the statutes relating to rental-purchase companies and rent-to-own agreements would be liable to the members of the class in an amount determined by the court, except that the total recovery for all lessees whose recovery is computed under item (b) above could not exceed $100,000 plus

the costs of the action and reasonable attorney fees. In determining the amount to award in a class action, the court would have to consider, among other relevant factors, the amount of actual damages sustained by the members of the class, the frequency and persistence of the violations by the rental-purchase company, the resources of the company, the number of persons damaged by the violation, the presence or absence of good faith on the part of the rental-purchase company and the extent to which the violation was intentional.

A rental-purchase company would not be liable for a violation resulting from an error by the company if, within 60 days after discovering the error, the company notifies the lessee of the error and makes any adjustments necessary to correct the error.

A rental-purchase company would also not be liable for a violation if the company shows by a preponderance of the evidence that the violation was not intentional, that the violation resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error, and that the company has acted to correct the error. A bona fide error would include a clerical error, an error in making calculations, an error due to computer malfunction or to computer programming, or a printing error.

In general, multiple violations in connection with the same rent-to-own agreement would entitle the lessee to only a single recovery. However, additional recoveries could be made for a violation of prohibited collection practices that occurs after recovery has been granted with respect to that rent-to-own agreement.

If more than one lessee is a party to the same rent-to-own agreement, all of the lessees that are parties to the agreement would be joined as plaintiffs in any action against the rental-purchase company, and the lessees would be entitled to only a single recovery.

Limitation on Actions

An action brought by a lessee under these provisions would have to be commenced within one year after the date on which the alleged violation occurred, two years after the date on which the rent-to-own agreement was entered into, or one year after the date on which the last payment was made under the agreement, whichever is later.

Venue

In general, the venue for a claim arising out of a rent-to-own agreement would be any of the following counties: (a) where the lessee resides or is personally served; (b) where the rental property is located; or (c) where the lessee sought or acquired the property or signed the document evidencing his or her obligation under the terms of the agreement.

When it appears from the return of service of a summons or otherwise that the county in which an action is pending under the above provisions is not a proper place of trial for the

action, unless the defendant appears and waives the improper venue, the court would be required to transfer the action to any county that is a proper place of trial.

If there are several defendants in an action arising out of a rent-to-own agreement, and if venue is based on residence, venue could be in the county of residence of any of the defendants.

Emergency Rules

DOB would be authorized to promulgate emergency rules prescribing license fees for the period before the date on which permanent rules take effect without making a finding of emergency.

Effective Date

These provisions would take effect on the first day of the 6th month beginning after publication of the budget act, and would first apply to rent-to-own agreements entered into on that date.

Veto by Governor [F-5]: Delete provision.

[Act 16 Vetoed Sections: 3020p, 3020v, 3021v, 3021w, 3492f, 3492r, 9120(1d), 9320(1d) and 9420(1d)]

FORESTRY

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$0	$0	$0	$438,200	$0	$0	0.0%
FED	0	0	0	1,727,500	0	0	0.0
PR	0	0	0	1,553,900	0	0	0.0
SEG	0	0	0	65,123,700	0	0	0.0
TOTAL	$0	$0	$0	$68,843,300	$0	$0	0.0%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
FED	0.00	0.00	0.00	3.50	0.00	0.00
PR	0.00	0.00	0.00	1.48	0.00	0.00
SEG	0.00	0.00	0.00	609.59	0.00	0.00
TOTAL	0.00	0.00	0.00	614.57	0.00	0.00

Budget Change Items

1. CREATE A DEPARTMENT OF FORESTRY

	Legislature (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$438,200	0.00	- $438,200	0.00	$0	0.00
FED	1,727,500	3.50	- 1,727,500	- 3.50	0	0.00
PR	1,553,900	1.48	- 1,553,900	- 1.48	0	0.00
SEG	65,123,700	609.59	- 65,123,700	- 609.59	0	0.00
Total	$68,843,300	614.57	- $68,843,300	- 614.57	$0	0.00

Conference Committee/Legislature: Create a Department of Forestry (DOF), including all staff, funding, and responsibilities associated with the current Division of Forestry effective on July 1, 2002.

The new Department would be responsible for the operation of six major state forests (Northern Highlands-American Legion, Flambeau River, Black River, Brule River, Governor Knowles and the Coulee Experimental forest) and several smaller forest properties. In addition, DOF would oversee three tree nurseries; local governmental and private forestry assistance; forest health and fire management; and grants, loans and payments to certain towns, counties and private forest owners. Forestry revenues would continue to support the seven state forests generally referred to as the "southern forests" (Point Beach, Havenwoods and five units of the Kettle Moraine State Forest) that would remain under the jurisdiction of the DNR Bureau of Parks for operations and maintenance purposes. A Secretary appointed by the Governor with the advice and consent of the Senate would head DOF. The creation of the new Department would have no fiscal effect in 2002-03, as current appropriations and positions would either be retained in DNR or allocated to the new agency.

2002-03 Agency Funding Based on Enrolled SB 55
Department of Forestry

Forestry	$42,404,200	493.51
Integrated Science Services	901,100	10.03
Forestry Resource Aids	9,230,200	---
Acquisition and Development	5,204,000	---
Forestry Administration and Technology	8,403,700	80.67
Forestry Customer Service and Education	2,680,100	30.36
	$68,843,300	614.57
Total by fund source		
GPR	$438,200	0.00
FED	1,727,500	3.50
PR	1,553,900	1.48
SEG	65,123,700	609.59
Total	$68,843,300	614.57

Veto by Governor [B-35]: Delete provisions. [See "Natural Resources -- Departmentwide" for a complete summary of proposed changes to the organization of the Department of Natural Resources.]

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

Budget Summary							
						Act 16 Change Over Base Year Doubled	
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Amount	Percent
SEG	$0	$216,700	$216,700	$216,700	$216,700	$216,700	N.A.

FTE Position Summary
There are no state authorized positions for the Fox River Navigational System Authority.

Budget Change Items

1. CREATION OF THE FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY [LFB Paper 445]

Governor: Create a Fox River Navigational System Authority to rehabilitate, repair, replace, operate, and maintain the navigational system on the Fox River. The system refers to 17 locks and about 94 acres of federal land along the Fox River from Lake Winnebago to Green Bay. Three locks are currently operational and one is permanently sealed as a sea lamprey barrier. The Authority would be created upon the transfer of the navigational system to the state by the U.S. Army Corps of Engineers and would replace both the Fox River Management Commission and the Fox-Winnebago Regional Management Commission.

Under current law, the Fox-Winnebago Regional Management Commission would have replaced the Fox River Management Commission upon receipt by the state of federal funding for the restoration of the locks system. Under the bill, the Fox River Navigational System Authority would replace the Fox River Management Commission after the federal land has been transferred to the State and the State and the Authority enter into a lease for the navigational system property. All assets, liabilities, personal property, contracts, policies and procedures of the Commission would transfer to the Authority on the day after the lease is signed. In case of disagreement the DOA Secretary would determine the matter.

The Fox River Navigational System Authority would be governed by a nine-member board of directors consisting of the Secretaries of the Departments of Natural Resources and Transportation, and the Director of the State Historical Society (or their designees) as well as six individuals appointed by the Governor for three-year terms. The initial term of three appointed members would expire on July 1, 2004, and the remaining three on July 1, 2005. Board members would not be paid; however, they would be reimbursed for expenses incurred in the performance of their duties (including travel). The chairperson would be elected annually by the board. Five voting members of the board of directors would constitute a quorum, and the board would decide by majority rule, unless the bylaws of the Authority require a larger number. The board would be responsible for appointing a non-board member as the Authority's chief executive officer and determine his or her compensation. The Authority may delegate, by resolution, to one or more of its members or to its executive director any powers or duties that it considers proper. The board would be required to designate an individual to keep a record of the proceedings of the Authority, the minutes of meetings, and its official seal.

Require the Authority to take over the rehabilitation, repair, replacement, operation, and maintenance of the Fox River navigational system after the transfer of the system to the state from the federal government. The navigational system does not include dams on the Fox River. After the system has been transferred to the state, the state would enter into a lease with the Authority (overseen by the Department of Administration) to transfer the system to the Authority for nominal consideration. The Secretary of DOA would determine the amount of the rental payments. The Authority would be prohibited from subletting any part of the navigational system without the approval of the Department of Administration.

The Authority would not be required to submit plans for rehabilitation projects to the Building Commission for approval; in addition, the Authority could permit a privately-owned or operated facility to be constructed on state-owned land without the Commission's approval. Any building constructed by the Authority would be required to comply with all state laws and regulations, but would be exempted from local ordinances other than zoning. DOA would review and approve the design and specifications of construction projects and have review and compliance duties during construction. The Authority would be able to enter into contracts with third parties as necessary for the rehabilitation, repair, replacement, operation, or maintenance of the navigational system. All construction contracts entered into by the Authority would be subject to state anti-discrimination, prevailing wage and other labor management standards. Any activity or project involving the navigational system, including abandonment, would be exempt from any permit or approval requirements of Wisconsin Statutes Chapter 30 (Navigable Waters, Harbors and Navigation) or 31 (Regulation of Dams and Bridges).

The federal government is expected to initially provide $10 million upon transfer of the Locks system. In addition, the Authority would be eligible to receive federal matching funds for monies provided by the state to the Authority. Require the DNR to set aside from the recreational boating aids grant program $400,000 annually for seven fiscal years ($2.8 million in total) to meet the state's match funding requirement. Further, require the DNR to release the

set-aside funding on an annual basis in amounts to match the amounts raised by nonprofit corporations. In addition, the Authority would receive any revenue raised from user fees for services provided by the Authority to operators of watercraft on the navigational system.

In order to receive state funding, require the Authority to contract with one or more non-profit corporations to provide marketing and fundraising services. The funds raised by these corporations would provide matching amounts to state dollars, and would be used for the rehabilitation and repair of the Locks system. Require all corporations contracting with the authority to submit an annual audited financial statement of the amount raised by the corporation each fiscal year. The goal of the corporations would be to raise $2,750,000 of local or private funding for the rehabilitation and repair of the navigational system. The Authority may incur debt, but would be prohibited from issuing bonds to raise funding for the Locks system.

Allow the nonprofit corporations to invest the funding received by the Authority for the rehabilitation and repair of the navigational system. Require that these corporations be based in one or more of the counties in which the navigational system is located.

An authority is an entity with a board of directors that is established by state law but that is not a state agency. However, the Authority would be considered a state agency in the following respects: (a) it would be required to comply with the open records and open meetings laws; (b) it would be subject to the lobbying regulation law to the same extent as state agencies; (c) the members of its board of directors and its chief executive officer would be subject to the code of ethics for state public officials; (d) it would be exempt from the sales and use tax and from property taxes; (e) its employees would receive state health and retirement benefits; and (f) its employees would be subject to laws prohibiting political activities by state employees while engaged in official duties.

The Authority would differ from a state agency in several ways: (a) it would approve its own budget without going through the state budgetary process; (b) it would hire its own staff outside of the state hiring system; (c) it would not be subject to statutory administrative rule making procedures, including requirements for legislative review of proposed rules; (d) it would keep its own operating fund in its own account outside of the state treasury; and (e) the Department of Justice would not represent the Authority, and the Authority would instead retain its own legal counsel.

Require the Authority to submit a management plan to DOA that addresses the costs of and funding for the rehabilitation, repair, replacement, operation, and maintenance of the navigational system and describes how the Authority would manage its funds to insure that there would be sufficient funds available to abandon the navigational system if its operation were no longer feasible. Require the Authority to submit the initial plan within 180 days after the date on which the state and the authority enter into their initial lease, and require the authority to update the plan upon the request of DOA. State funding for rehabilitation ($400,000 annually for seven years) would be available beginning in the first fiscal year after submission of the plan. The Authority would be required to submit an audited financial statement to DOA each fiscal year identifying funding received from DNR, contributions, and other funding

sources. Should the operation of the system become infeasible, the Authority would be required to submit a plan for its abandonment. Before abandoning the system, DOA and DNR would be required to determine that the abandonment plan would preserve the public rights in the Fox River and would ensure safety.

Require the Authority to maintain the sea lamprey barrier at the Rapide Croche lock according to DNR specifications. If the Authority would decide to construct a means to transport watercraft around the Rapide Croche lock, require them to develop a plan to control sea lampreys and other aquatic nuisance species to prevent them from moving upstream. The Authority would be required to submit the plan to DNR and receive the Department's approval before implementing the plan.

Joint Finance: Modify the Authority's exemption from permits under chapters 30 and 31 of the statutes to only apply to dredging and other work associated with the actual lock and spillway structure but not the canal or the body of the riverway. The Authority would be required to obtain permits for additional dredging or other work involving the canals or the body of the Fox River. In addition, specify that the Legislative Audit Bureau and the Legislative Fiscal Bureau be given access to records and information from the Fox River Navigational System Authority. Further, specify that of the six individuals appointed by the Governor to serve on the Board of Directors of the Authority, two shall be from Brown County, two from Outagamie County, and two from Winnebago County. Require that three of the appointed members (one from each of the counties) reside in a municipality in which a Fox River navigational system lock is located. Finally, require Senate confirmation of the Governor's appointments to the Board of Directors of the Authority.

Senate: Delete provisions.

Conference Committee/Legislature: Restore provisions of the Governor and Joint Finance.

[Act 16 Sections: 86, 105 thru 107, 112, 114g, 114r, 131, 132, 180, 189 thru 192, 194, 202, 228, 229b, 249, 253, 254, 256, 267, 299 thru 306, 310, 312, 319, 321, 322, 381, 382, 385, 388, 605, 625 thru 627, 629, 1039, 1200, 1332, 1334 thru 1339, 1391, 2109, 2174, 2246, 2434, 2557, 2558, 2559, 2575, 3038, 3128, 3208, 3220, 3769 and 9137(2)]

2. AUTHORITY OPERATIONS COSTS [LFB Paper 445]

SEG	$216,700

Governor: Provide $90,000 in 2001-02 and $126,700 in 2002-03 from the water resources account of the conservation fund for costs of the Authority and to operate the portion of the navigational system currently operated by the Fox River Management Commission. Funding would be transferred from the Fox River Management Commission appropriation in DNR.

Senate: Delete provisions authorizing the creation of the Fox River Navigational System Authority. (Segregated funds of $90,000 in 2001-02 and $126,700 in 2002-03 from the water

resources account would remain in the DNR appropriation for the Fox River Management Commission).

Conference Committee/Legislature: Restore provisions.

[Act 16 Sections: 625, 626, 629 and 3128]

GENERAL PROVISIONS

1. STATE OPERATIONS APPROPRIATIONS REDUCTIONS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-Lapse	$15,895,800	$0	$15,895,800
PR-Lapse	20,051,000	- 20,051,000	0
FED-Lapse	8,099,800	- 8,099,800	0
SEG-Lapse	1,655,400	- 1,655,400	0
Total	$45,702,000	- $29,806,200	$15,895,800

Assembly: Provide that, within 30 days of the effective date of the budget, the Secretary of the Department of Administration shall determine for each executive branch agency, excluding the University of Wisconsin System, the number of positions in each agency that had been, as of July 1, 2001, vacant for a period of six months or more. Require that the Secretary then determine the annualized salary and fringe benefit costs associated with each of those identified vacant positions. Specify that the Secretary shall exclude from listing in this report any position that is vacant because the institution or facility for which it is authorized has not yet opened or begun operations as of July 1, 2001. Direct that the Secretary then notify each state agency of the result of these determinations. Provide that any affected agency may request a different allocation of the proposed lapses from state operations appropriations and a modification of the number of vacant positions to be deleted and, if the Secretary approves the request, the Secretary shall modify the determination. Based on his or her final determinations, require that the Secretary: (a) lapse to the general fund or to the respective program revenue account or segregated fund from which the positions are funded an amount equal to the salary and fringe benefit amounts identified for the vacant positions; (b) reduce or reestimate the corresponding appropriations to reflect the lapses; and (c) reduce the authorized positions for each agency by the number of vacant positions included in the final determinations. Direct that the Secretary report the results of all actions taken to the Joint Committee on Finance. It is estimated that there would be, as a result of this provision, annualized lapses of the following amounts: $11,836,600 GPR; $13,429,100 PR; $6,774,600 FED and $2,375,400 SEG.

Conference Committee/Legislature: Modify Assembly provision to provide that only positions vacant nine months or more on July 1, 2001, be used for the purposes of these appropriations and position reductions. It is estimated that there would be, as a result of this provision, annualized lapses of the following amounts: $7,947,900 GPR; $10,025,500 PR; $4,049,900 FED; and $827,700 SEG.

Veto by Governor [E-1]: Modify the provision in the following ways: (a) delete the requirement that the Secretary make the determinations within 30 days of the effective date of the budget bill; (b) delete the reference to agencies in the executive branch of government so that the provision would apply to all state agencies (except the University of Wisconsin),

including the Courts and Legislature; (c) delete the requirement that the Secretary make the determinations of vacant positions on an appropriation-by-appropriation basis; (d) modify the amount that each agency shall lapse to be such amount as identified by the Secretary's determination rather than the identified cost of an agency's vacant positions and provide that that determination is only of the total number and cost of those positions vacant nine months or more so that there is no specified linkage in the session law language as to how the amount of lapse for each agency is to be determined by the Secretary; (e) delete the requirement that each agency's authorized number of positions be reduced by the number of vacant positions identified; and (f) delete provisions relating to lapses of monies to other than the general fund. Although the remaining language could be read to require that the total cost of identified vacant positions is to be lapsed to the general fund, the Governor's veto message indicates the Governor's intent that the provision will be implemented by having the Secretary apply the vacant positions determination only to GPR-funded positions and "to give the secretary flexibility to apportion the required general purpose revenue equitably among all agencies". The veto message indicates an intent that only the general fund lapse of $7.9 million annually will be required by the Secretary.

[Act 16 Section: 9101(26n)]

[Act 16 Vetoed Section: 9101(26n)]

2. STATE AGENCY MEMBERSHIP DUES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-Lapse	$1,000,000	$0	$1,000,000
PR-Lapse	1,002,200	- 1,002,200	0
SEG-Lapse	156,000	0	156,000
Total	$2,158,200	- $1,002,200	$1,156,000

Assembly/Legislature: Require the Secretary of DOA to lapse, in 2001-02 and in 2002-03, to the general fund or to the respective program revenue account or segregated fund of each state agency, excluding federal funds, an amount equal to 20% of the amounts expended in 2000-01 by the respective agency for the costs of membership dues in national and state organizations and reduce or reestimate the corresponding appropriations to reflect the lapses. Provide that these amounts shall be lapsed from the respective agency appropriations from which the membership dues were paid in 2000-01. It is estimated that this provision would result in the lapses totaling $1,079,100 annually (consisting of annual lapses of $500,000 GPR, $501,100 PR and $78,000 SEG).

Veto by Governor [E-2]: Delete the references to a required lapse for each state agency and for each individual appropriation from which the membership dues were paid in 2001-02. Also delete the requirement that the lapse or appropriation reduction be equal to 20% of the total expenditure made for membership dues in 2000-01. Finally, delete the requirement that there be any lapse for membership dues that are paid from program revenue appropriations or

from any segregated fund appropriation where the revenue received is separately accounted for within the specific segregated appropriation. The result of this partial veto is to allow the Secretary of DOA to determine which agencies and which appropriations within those agencies will have lapses of monies originally appropriated for membership dues and to determine the amount of the money to be lapsed from each agency [the Governor's veto message states that the total fiscal effect will be unchanged; however, as a result of the partial veto, no lapses from program revenue appropriations will be required].

[Act 16 Section: 9101(22k)]

[Act 16 Vetoed Section: 9101(22k)]

3. TRANSFER OF AGENCY PR AND SEG APPROPRIATION AMOUNTS TO GENERAL FUND

GPR-REV	$37,600,000

Conference Committee/Legislature: Provide that, in fiscal year 2001-02 and in fiscal year 2002-03, the Secretary of Administration shall transfer to the general fund, from those respective executive branch state operations appropriations, funded from program revenues or segregated funds, as determined by the Secretary, an amount equal to $18,800,000 annually. Require that the Secretary exclude, for the purposes of this transfer requirement, any program revenue or segregated fund appropriation which is funded from federal revenues. In addition, provide that the Secretary may not require a transfer under this provision from any of the following: (a) any appropriation to the University of Wisconsin System, the Department of Employee Trust Funds and the State of Wisconsin Investment Board; (b) any appropriation which is for debt retirement or lease rental payments, construction projects of the Department of Transportation, operation of state institutions for the care or custody of individuals, or state patrol operations; (c) any appropriation funded from gift, grant or endowment funds; and (d) any appropriation subject to limitations as to expenditure or use as a result of federal law or the state constitution that would prohibit a lapse under this provision. Provide that the Secretary shall submit the proposed transfers in each year to the Joint Committee on Finance for approval under a 14-day passive review process.

[Act 16 Section: 9101(23r)]

4. REGISTER OF DEEDS FEES FOR CERTIFYING COPIES

Governor/Legislature: Increase the fee that registers of deeds charge for certifying copies of records or papers from $0.25 to $1, effective with copies certified on the effective date of the bill. Each county has a register of deeds responsible for maintaining records pertaining to real estate, personal property, births, deaths, marriages, other vital statistics, historical societies in the county, posts of the Grand Army of the Republic in the county and the organization of corporations, fraternal societies, religious groups, associations and other entities. When

providing copies of records, current law authorizes registers of deeds to charge $2 for the first page and $1 for each additional page, plus the certification fee.

[Act 16 Sections: 2000 and 9359(9)]

5. BIFURCATED SENTENCING STRUCTURE MODIFICATIONS

Governor: Modify the current bifurcated sentencing (truth-in-sentencing) structure as follows:

a. *Revocation of Extended Supervision.* Specify that every person released to extended supervision remains in the legal custody of Corrections. If the Department alleges that any condition or rule of extended supervision has been violated, the Department may take physical custody of the person for the investigation of the alleged violation.

In regards to revocation hearings, create a definition of "reviewing authority" (the Division of Hearings and Appeals in the Department of Administration, upon proper notice and hearing, or the Department of Corrections, if the parolee waives a hearing). Specify that the reviewing authority may consolidate parole and extended supervision revocation hearings for the same person. If an extended supervision revocation hearing is held before the Division of Hearing and Appeals, allow the hearing examiner to order the taking and allow the use of a videotaped deposition under certain circumstances.

Specify that if there is a hearing before the Division of Hearings and Appeals, the person on extended supervision may seek review of a decision to revoke extended supervision and the Department of Corrections may seek review of a decision to not revoke extended supervision. Review of a decision may be sought only by an action for certiorari.

Specify that if a person on extended supervision (other than an individual serving a life sentence) is returned to prison, the maximum amount of additional confinement time is the person's total sentence less confinement time already served, including any extensions imposed for infractions, and all time served in confinement for previous revocations of extended supervision under the sentence. If a person is returned to prison for a period of time that is less than the time remaining on a bifurcated sentence, specify that the person be released to extended supervision after he or she has served the period of time specified by the reviewing authority and any extensions imposed the Department. Specify that the remaining extended supervision portion of the bifurcated sentence is the total length of the bifurcated sentence, less the time served in confinement under the bifurcated sentence, including time served in confinement for any revocation.

Require the Division of Hearings and Appeals to assign and supervise hearing examiners for extended supervision hearings.

b. *Penalties for Criminal Attempt.* If a court imposes a bifurcated sentence for an attempt to commit a felony offense or a misdemeanor battery, battery to an unborn child or

theft offense, the following requirements would apply: (1) if the completed crime is a classified felony, the maximum term of confinement in prison for an attempt is one-half of the maximum term of confinement in prison for the classified felony; or (2) if the completed crime is not a classified felony, the maximum term of confinement for the attempt is 75% of the maximum term of imprisonment for the crime. Subject to the required minimum extended supervision term, the maximum term of confinement in prison for an attempt may be increased for habitual criminality or a second or subsequent drug offense. Specify that if the maximum term of confinement in prison is increased for habitual criminality or a second or subsequent drug offense, the maximum term of imprisonment is increased by the same amount. These provisions would become effective and applicable to crimes committed on the first day of the seventh month after publication of the bill.

c. *Not Guilty by Reason of Mental Disease or Defect.* Specify that when a defendant is found not guilty by reason of mental disease or mental defect for a crime committed on or after the first day of the seventh month after publication of the bill and the crime is one for which a court may impose a bifurcated sentence, the court is required to commit the person to the Department of Health and Family Services for a specified period not exceeding the maximum term of confinement in prison that could be imposed on an offender convicted of the same crime, including imprisonment authorized by any applicable penalty enhancement statutes. The provision would become effective and applicable to crimes committed on the first day of the seventh month after publication of the bill.

Specify that when a defendant is found not guilty by reason of mental disease or mental defect for a misdemeanor committed before the first day of the seventh month after publication of the bill, or a misdemeanor committed on or after the first day of the seventh month after publication of the bill for which a court may not impose a bifurcated sentence, the court is required to commit the person to the Department of Health and Family Services for a specified period not exceeding two-thirds of the maximum term of imprisonment that could be imposed against an offender convicted of the same misdemeanor, including imprisonment authorized by any applicable penalty enhancement statutes.

d. *Misdemeanants Sentenced to Prison as a Result of Penalty Enhancers or Placed on Probation.* Specify that for misdemeanors committed on or after the first day of the seventh month after publication of the bill, if a court sentences an individual to prison (rather than to county jail) as a result of the application of penalty enhancers, the person sentenced receives a bifurcated sentence.

Create the following definitions: (a) "bifurcated sentence misdemeanor," a misdemeanor committed on or after the first day of the seventh month after publication of the bill, for which a court may impose a bifurcated sentence; and (b) "indeterminate sentence misdemeanor," a misdemeanor other than a bifurcated sentence misdemeanor. Specify that individuals placed on probation as a result of a "bifurcated sentence misdemeanor" are required to be serve terms of probation as are individuals placed on probation for felony offenses.

Under current law, a person placed on probation for a felony is required to serve a term of not less than one year nor more than the maximum term of imprisonment for the crime or three years, whichever is greater. If a probationer is convicted of two or more crimes including at least one felony, at the same time, the maximum term of probation may increase by one year for each felony conviction. Include bifurcated sentence misdemeanors under the provision for increasing probation terms. These provisions would become effective and applicable on the first day of the seventh month after publication of the bill.

e. *Consecutive and Concurrent Sentences.* Create the following definitions: (a) "determinate sentence," a bifurcated sentence or a life sentence under which a person is eligible for release to extended supervision; (b) "indeterminate sentence," a sentence to the Wisconsin state prisons other than a determinate sentence or a sentence under which the person is not eligible for release on parole; and (c) "period of confinement in prison," with respect to any sentence to the Wisconsin state prisons, any time during which a person is incarcerated under that sentence, including any extensions and any period of confinement in prison required to be served as a result of revocation.

1. Determinate Sentence to Run Concurrently with or Consecutive to Determinate Sentences. Specify that if a court provides that a determinate sentence is to run concurrently with another determinate sentence, the person sentenced is required to serve the periods of confinement in prison under the sentences concurrently and the terms of extended supervision under the sentences concurrently. If a court provides that a determinate sentence is to run consecutive to another determinate sentence, the person sentenced is required to serve the periods of confinement in prison under the sentences consecutively and the terms of extended supervision under the sentences consecutively and in the order in which the sentences have been pronounced.

2. Determinate Sentence to Run Concurrently with or Consecutive to Indeterminate Sentences. Specify that if a court provides that a determinate sentence is to run concurrently with an indeterminate sentence, the person sentenced is required to serve the period of confinement in prison under the determinate sentence concurrently with the period of confinement in prison under the indeterminate sentence and the term of extended supervision under the determinate sentence concurrently with the parole portion of the indeterminate sentence. If a court provides that a determinate sentence is to run consecutive to an indeterminate sentence, the person sentenced is required to serve the period of confinement in prison under the determinate sentence consecutive to the period of confinement in prison under the indeterminate sentence and the parole portion of the indeterminate sentence consecutive to the term of extended supervision under the determinate sentence.

3. Indeterminate Sentence to Run Concurrently with or Consecutive to Determinate Sentences. Specify that if a court provides that an indeterminate sentence is to run concurrently with a determinate sentence, the person sentenced is required to serve the period of confinement in prison under the indeterminate sentence concurrently with the period of confinement in prison under the determinate sentence and the parole portion of the

indeterminate sentence concurrently with the term of extended supervision required under the determinate sentence. If a court provides that an indeterminate sentence is to run consecutive to a determinate sentence, the person sentenced is required to serve the period of confinement in prison under the indeterminate sentence consecutive to the period of confinement in prison under the determinate sentence and the parole portion of the indeterminate sentence consecutive to the term of extended supervision under the determinate sentence.

4. Indeterminate or Determinate Consecutive Sentences. Specify that all consecutive sentences for crimes committed before December 31, 1999, be computed as one continuous sentence. Specify that all consecutive sentences imposed for crimes committed on or after December 31, 1999, be computed as one continuous sentence.

5. Revocation in Multiple Sentence Cases. Specify that if a person is serving concurrent determinate sentences and extended supervision is revoked in each case, or if a person is serving a determinate sentence concurrent with an indeterminate sentence and both extended supervision and parole are revoked, the person shall concurrently serve any periods of confinement in prison required under those sentences.

f. *No Parole.* Clarify that a person serving a bifurcated sentence is not eligible for release on parole under that sentence. (A person may be paroled under an indeterminate sentence running concurrently or consecutively with the bifurcated sentence.)

Senate/Legislature: Delete provision.

6. TIME LIMITS FOR PROSECUTING CERTAIN SEXUAL ASSAULT CRIMES AND DEOXYRIBONUCLEIC ACID (DNA) EVIDENCE

Governor: Define "deoxyribonucleic acid (DNA) profile" as any analysis of DNA that results in the identification of an individual's patterned chemical structure of genetic information. Specify that for first- or second-degree sexual assault, the state may commence prosecution of a person within 12 months after comparison of DNA evidence relating to the crime results in a probable identification of a person, if: (a) the state has evidence of a DNA profile of a person who committed the crime; (b) the evidence was collected before the statute of limitation expired (prosecution commenced within six years); and (c) comparisons of the evidence to DNA profiles of known persons made before the time limitation expired did not result in a probable identification of the person. Specify that for first- or second-degree sexual assault of a child or engaging in repeated acts of sexual assault of the same child, the state may commence prosecution of a person within 12 months after comparison of DNA evidence relating to the crime results in a probable identification of the person, if: (a) the state has evidence of a DNA profile of a person who committed the crime; (b) the evidence was collected before the statute of limitation expired (prosecution commenced before the victim reaches the age of 31); and (c) comparisons of the evidence to DNA profiles of known persons made before the time limits expired did not result in a probable identification of the person. These

provisions would first apply to offenses not barred from prosecution on the effective date of the bill.

Senate: Delete provision. Instead, provide the following concerning time limits for prosecuting certain sexual assault crimes and DNA evidence:

Statutory Definition of "Deoxyribonucleic Acid (DNA) Profile". Define "deoxyribonucleic acid (DNA) profile" to mean an individual's patterned chemical structure of genetic information identified by analyzing biological material that contains the individual's deoxyribonucleic acid. Current law limits the definition of DNA profile to the identification of an individual's patterned chemical structure of genetic information using only the restriction fragment length polymorphism form of analysis.

Time Limits for Prosecuting Certain Sexual Assault Crimes. Create an exception to the time limits for prosecuting the crimes of first- and second-degree sexual assault, sexual assault of a child, and repeated sexual assault of the same child in certain circumstances if the state has DNA evidence related to the crime. Provide that the state may prosecute an individual for first- or second-degree sexual assault, if within six years of the commission of the crime: (a) the state collected biological material that is evidence of the identity of the individual who committed the sexual assault; (b) the state identified a DNA profile from the biological material; and (c) comparisons of that DNA profile to DNA profiles of known persons did not result in a probable identification of the individual who is the source of the biological material. Further provide that the state may prosecute an individual for sexual assault of a child or engaging in repeated sexual assault of the same child if, before the victim reaches 31 years of age: (a) the state collected biological material that is evidence of the identity of the individual who committed the sexual assault; (b) the state identified a DNA profile from the biological material; and (c) comparisons of that DNA profile to DNA profiles of known persons did not result in a probable identification of the individual who is the source of the biological material. Provide that the state may prosecute an individual under these circumstances who is the source of the biological material within 12 months after comparison of the DNA profile relating to the sexual assault results in a probable identification of the individual, if there is probable cause to believe that the biological material was left by the individual at the time of the sexual assault. These provisions would first apply to offenses not barred from prosecution on the effective date of the bill.

Postconviction and Post Commitment Deoxyribonucleic Acid (DNA) Testing of Evidence. Provide that at any time after being convicted of a crime, adjudicated delinquent, or found not guilty by reason of mental disease or defect, a person could make a motion in the court in which he or she was convicted, adjudicated delinquent, or found not guilty by reason of mental disease or defect for an order requiring forensic DNA testing of evidence to which all of the following would apply: (a) the evidence was relevant to the investigation or prosecution that resulted in the conviction, adjudication, or finding of not guilty by reason of mental disease or defect; (b) the evidence is in the actual or constructive possession of a government agency (meaning any department, agency, or court of the federal government, of this state, or of a city, village, town, or county in this state); and (c) the evidence has not previously been subjected to

forensic DNA testing or, if the evidence was previously tested, it could now be subjected to another test using a scientific technique that was not available or was not utilized at the time of the previous testing and that provides a reasonable likelihood of more accurate and probative results.

Require a party bringing such a motion or his or her attorney to serve a copy of the motion on the district attorney's office that prosecuted the case that resulted in the conviction, adjudication, or finding of not guilty by reason of mental disease or defect. The court in which the motion is made would be required to notify the appropriate district attorney's office that a motion had been made and would be required to give the district attorney an opportunity to respond to the motion. Failure by a party bringing the motion to serve a copy on the appropriate district attorney's office would not deprive the court of jurisdiction and would not be grounds for dismissal of the motion.

Require the clerk of the circuit court in which such a motion would be made to send a copy of the motion and, if a hearing on the motion was scheduled, a notice of the hearing to the victim of the crime or delinquent act committed by the party bringing the motion, if the clerk was able to determine an address for the victim. The clerk of the circuit court would be required to make a reasonable attempt to send the copy of the motion to the address of the victim within seven days of the date on which the motion was filed and would be required to make a reasonable attempt to send a notice of hearing, if a hearing was scheduled, to the address of the victim, postmarked at least ten days before the date of the hearing. Require the Department of Corrections, the Parole Commission, and the Department of Health and Family Services to assist clerks of court in obtaining information regarding the mailing address of victims for the purpose of sending copies of motions and notices of hearings.

Upon receiving a copy of a motion or notice from a court that a motion had been made, whichever occurred first, require the district attorney to take all actions necessary to ensure that all DNA evidence that was collected in connection with the investigation or prosecution of the case and that remained in the custody of a government agency was preserved pending completion of the proceedings.

Upon demand, require the district attorney to disclose to the party bringing the motion or his or her attorney whether DNA evidence had been tested and to make available to the party bringing the motion or his or her attorney the following materials: (a) findings based on testing of DNA evidence; and (b) physical evidence that was in the actual or constructive possession of a government agency and that contained biological material or on which there was biological material.

Upon demand, require the party bringing the motion or his or her attorney to disclose to the district attorney whether biological material had been tested and would be required to make available to the district attorney the following materials: (a) findings based on testing of biological materials; and (b) the party's biological specimen.

Upon motion of the district attorney or the party bringing the motion, permit the court to impose reasonable conditions on availability of material requested under the above two paragraphs in order to protect the integrity of the evidence. The above disclosure obligations would not apply unless the information being disclosed or the material being made available was relevant to the party's claim of innocence at issue in the motion.

Require a court in which a motion is made for postconviction DNA testing of certain evidence to order forensic DNA testing if all of the following would apply: (a) it is reasonably probable that the party bringing the motion would not have been prosecuted, convicted, found not guilty by reason of mental disease or defect, or adjudicated delinquent for the offense at issue in the motion, if exculpatory DNA testing results had been available before the prosecution, conviction, finding of not guilty, or adjudication for the offense; (b) the evidence is in the actual or constructive possession of a government agency; (c) the chain of custody of the evidence to be tested establishes that the evidence had not been tampered with, replaced, or altered in any material respect or, if the chain of custody did not establish the integrity of the evidence, the testing itself could establish the integrity of the evidence; and (d) the evidence had not previously been subjected to forensic DNA testing or, if the evidence had previously been tested, it could now be subjected to another test using a scientific technique that was not available or was not utilized at the time of the previous testing and that could provide a reasonable likelihood of more accurate and probative results.

Permit a court to order forensic DNA testing if all of the following would apply or if the court would determine that testing is in the interest of justice: (a) the conviction or sentence in a criminal proceeding, the finding of not guilty by reason of mental disease or defect, commitment for persons found not guilty by reason of mental disease or defect, or the adjudication or disposition in a juvenile justice proceeding, would have been more favorable to the party bringing the motion if the results of DNA testing had been available before he or she was prosecuted, convicted, found not guilty by reason of mental disease or defect, or adjudicated delinquent for the offense; (b) the evidence is in the actual or constructive possession of a government agency; (c) the chain of custody of the evidence to be tested establishes that the evidence had not been tampered with, replaced, or altered in any material respect or, if the chain of custody did not establish the integrity of the evidence, the testing itself could establish the integrity of the evidence; and (d) the evidence had not previously been subjected to forensic DNA testing or, if the evidence had previously been tested, it could now be subjected to another test using a scientific technique that was not available or was not utilized at the time of the previous testing and that could provide a reasonable likelihood of more accurate and probative results.

Permit a court to impose reasonable conditions on any testing ordered in order to protect the integrity of the evidence and the testing process. If appropriate and if stipulated to by the party bringing the motion and the district attorney, permit the court to order the state crime laboratories to perform the testing. If the laboratories would receive biological material under a court order, the laboratories would be required to analyze the DNA in the material and submit

the results to the court that ordered the analysis. The laboratories would be permitted to compare the data obtained from the court with data obtained from other specimens. The laboratories would be permitted to make data obtained from any analysis and comparison available to law enforcement agencies in connection with criminal or delinquency investigations and, upon request, to any prosecutor, defense attorney, or subject of the data. Allow the data to be used in criminal and delinquency actions and proceedings. The laboratories would normally be precluded from including data obtained under a court order for testing under this section in the state's DNA data bank. Exceptions would apply for DNA specimens received under the involuntary commitment for treatment, juveniles adjudged delinquent, mental disease or defect and the DNA analysis requirements statutory sections.

If a court would not order forensic DNA testing, or if the results of forensic DNA testing ordered were not supportive of the party's innocence claim, require the court to determine the disposition of the evidence specified in the motion subject to the following: (a) if a person other than the party bringing the motion is in custody, the evidence is relevant to the criminal, delinquency, or commitment proceeding that resulted in the person being in custody, the person has not been denied DNA testing or postconviction relief, and the person had not waived his or her right to preserve the evidence, the court would be required to order the evidence preserved until all persons entitled to have the evidence preserved are released from custody, and the court would be required to designate who shall preserve the evidence; and (b) if the conditions in (a) were not present, the court would be required determine the disposition of the evidence, and, if the evidence was to be preserved, by whom and for how long. Require the court to issue appropriate orders concerning the disposition of the evidence based on its determinations.

If the results of forensic DNA testing ordered supported the party's claim of innocence, require the court to schedule a hearing to determine the appropriate relief to be granted to the party. After the hearing, and based on the results of the testing and any evidence or other matter presented at the hearing, require the court to enter any order that serves the interests of justice, including any of the following: (a) an order setting aside or vacating the party's judgment of conviction, judgment of not guilty by reason of mental disease or defect, or adjudication of delinquency; (b) an order granting the party a new trial or fact–finding hearing; (c) an order granting the party a new sentencing hearing, commitment hearing, or dispositional hearing; (d) an order discharging the party from custody; and (e) an order specifying the disposition of any evidence that remained after the completion of the testing. Provide that a court could order a new trial under this section even if the evidence had come to the party's notice before the original trial was over and regardless of whether the party's failure to discover the evidence was due to a lack of diligence.

Require a court considering a motion made by a party who is not represented by counsel, if the party claims or appears to be indigent, to refer the party to the state public defender for determination of indigency and appointment of counsel if qualified. Allow a court to order a

party to pay the costs of any testing ordered by the court if the court determined that the party was not indigent.

If the court determined that the party was indigent, require the court to order the costs of the testing to be paid from a newly-created Department of Corrections' postconviction evidence testing costs appropriation. A party would be considered indigent if any of the following applied: (a) the party was referred to the state public defender for a determination of indigency and was found to be indigent; (b) the party was referred to the state public defender for a determination of indigency and was found not to be indigent, but the court determined that the party did not possess the financial resources to pay the costs of testing; or (c) the party was not referred to the state public defender for a determination of indigency but the court determined that the party did not possess the financial resources to pay the costs of testing.

An appeal could be taken from an order entered under this section as from a final judgment.

Reversal, Vacation or Setting Aside of Judgment Relating to a Sexually Violent Offense. Define "judgment relating to a sexually violent offense" as a judgment of conviction for a sexually violent offense, an adjudication of delinquency on the basis of a sexually violent offense, or a judgment of not guilty of a sexually violent offense by reason of mental disease or defect.

Provide that if, at any time after a person is committed as a sexually violent person, a judgment relating to a sexually violent offense committed by the person is reversed, set aside, or vacated and that sexually violent offense was a basis for the allegation made in the petition to be committed as a sexually violent person, the person could bring a motion for postcommitment relief in the court that committed the person. Require the court to proceed as follows on the motion for postcommitment relief: (a) if the sexually violent offense was the sole basis for the allegation that the person was a sexually violent person and there were no other judgments relating to a sexually violent offense committed by the person, the court would be required to reverse, set aside, or vacate the judgment that the person is a sexually violent person, vacate the commitment order, and discharge the person from the custody or supervision of the Department of Health and Family Services; and (b) if the sexually violent offense was the sole basis for the allegation made in the petition to be committed as a sexually violent person but there were other judgments relating to a sexually violent offenses committed by the person that have not been reversed, set aside, or vacated, or if the sexually violent offense was not the sole basis for the allegation that the person was a sexually violent person, the court would be required to determine whether to grant the person a new trial under the sexually violent person commitments chapter because the reversal, setting aside, or vacating of the judgment for the sexually violent offense would probably change the result of the trial.

An appeal could be taken from an order entered under this section as from a final judgment.

New Hearing Under the Juvenile Justice Code. Permit a juvenile adjudged delinquent or the juvenile's parent, guardian, or legal custodian, at any time after the entering of the court's order to petition the court for a rehearing on the ground that new evidence had been discovered affecting the advisability of the court's original jurisdiction. Upon a showing that such evidence did exist, require the court to order a new hearing. This section would not apply to a motion for postconviction DNA testing.

Preservation of DNA Evidence by Courts, Law Enforcement Agencies, District Attorneys and the State Crime Laboratories. Direct courts, law enforcement agencies, district attorneys, and the state crime laboratories to preserve biological specimen evidence if a person in custody could potentially be exonerated as a result of DNA testing of the evidence and if the person in custody has not waived his or her right to preserve the evidence. Define "custody" to mean actual custody of a person under a sentence of imprisonment, custody of a probationer, parolee, or person on extended supervision by the Department of Corrections, actual or constructive custody of a person pursuant to a dispositional order under the juvenile justice code, supervision of a person, whether in institutional care or on conditional release, pursuant to a commitment order for persons found not guilty by reason of mental disease or mental defect and supervision of a sexually violent person, whether in detention before trial or while in institutional care or on supervised release pursuant to a commitment order.

If physical evidence in the possession of a crime laboratory, law enforcement agency or district attorney includes any biological material that was collected in connection with a criminal investigation that resulted in a criminal conviction, delinquency adjudication or commitment by reason of mental disease or defect or as a sexually violent person, require the crime laboratory or law enforcement agency to preserve the physical evidence until every person in custody as a result of the conviction, adjudication or commitment has reached his or her discharge date. Define "discharge date" to mean the date on which a person is released or discharged from custody that resulted from a criminal action, a delinquency proceeding, a commitment by reason of mental disease or defect or as a sexually violent person or, if the person is serving consecutive sentences of imprisonment, the date on which the person is released or discharged from custody under all of the sentences.

Provide that DOJ, a law enforcement agency or a district attorney may destroy biological material before the expiration of the time period outlined above if all of the following apply: (a) DOJ, a law enforcement agency or a district attorney sends a notice of its intent to destroy the biological material to all persons who remain in custody as a result of the criminal conviction, delinquency adjudication, or commitment by reason of mental disease or defect or as a sexually violent person, and to either the attorney of record for each person in custody or the state public defender; (b) no person who is notified filed a motion for postconviction testing of the biological material or submitted a written request to preserve the biological material to DOJ, the law enforcement agency or district attorney within 90 days after the date on which the person received the notice; and (c) no other provision of federal or state law requires DOJ, the law enforcement agency or the district attorney to preserve the biological material. Require the

notice to clearly inform the recipient that the biological material will be destroyed unless, within 90 days after the date on which the person receives the notice, either a motion for postconviction testing of the material is filed or a written request to preserve the material is submitted. If, after providing notice of its intent to destroy biological material, DOJ, a law enforcement agency or a district attorney receives a written request to preserve the material, DOJ, the law enforcement agency or the district attorney must preserve the material until the discharge date of the person who made the request or on whose behalf the request was made, unless a court authorizes the destruction of the biological material.

If an exhibit in a criminal action or a delinquency proceeding included any biological material that was collected in connection with the action or proceeding, require the trial court to ensure that the exhibit was preserved until every person in custody as a result of the action or proceeding, or as a result of a commitment as a sexually violent person based on a judgment of guilty or not guilty by reason of mental disease or defect in the action or proceeding, had reached his or her discharge date. Trial courts would be subject to the same procedures regarding the destruction of biological material that applies to DOJ, law enforcement agencies and district attorneys.

Provide that the rights of victims and witnesses and of other parties to have property returned would be subject to the obligation of law enforcement to preserve biological material as spelled out above.

DNA Evidence Discovery Rules. Eliminate the list of specific forms of test results that a party who intends to introduce DNA evidence must provide to the opposing party, and instead rely on general discovery rules for production of scientific test results. Provide that if any party intends to submit DNA profile evidence at a trial to prove or disprove the identity of a person, the party seeking to introduce the evidence must notify the other party of the intent to introduce the evidence in writing by mail at least 45 days before the date set for trial; and must provide the other party, within 15 days of request, the material that relates to the evidence. Require a court to exclude DNA profile evidence at trial, if the notice and production deadlines are not met, except the court may waive the 45-day notice requirement or may extend the 15-day production requirement upon stipulation of the parties, or for good cause, if the court finds that no party will be prejudiced by the waiver or extension. Allow the court in appropriate cases to grant the opposing party a recess or continuance.

Current law provides separate discovery rules for use of DNA evidence in a criminal or delinquency proceeding. The rules include a definition for DNA evidence that applies only to evidence obtained by using the restriction fragment length polymorphism (RFLP) technique of DNA analysis. More recently adopted DNA testing techniques such as polymerase chain reaction and mitochondrial DNA testing are not covered by the current rules.

The discovery rules for DNA evidence specify what test results a party that intends to use DNA evidence must provide to the opposing party. The specified results are only created when the RFLP testing technique is used. The DNA evidence discovery rules also set specific time frames for providing notice of intent to use DNA evidence at trial and for producing test results.

Conference Committee/Legislature: Make the following modifications to the Senate provisions: (a) delete the requirement of a showing of probable cause to believe that the biological material was left by the individual at the time that the violation was committed as a prerequisite to extending the time limits for prosecution of first- or second-degree sexual assault, sexual assault of a child or engaging in repeated sexual assault of the same child; (b) delete the provision permitting courts that review postconviction DNA testing motions discretion to order testing of DNA evidence "in the interest of justice"; (c) provide that if discovery of new evidence other than DNA evidence presents a constitutional or statutory issue and meets other statutory criteria, allow a court to order a new trial after one year has passed from the date of the trial; (d) require a court to order DNA testing if, in addition to making the other required showings, the person bringing a motion for testing claims that he or she is innocent of the offense at issue in the motion and the evidence to be tested is relevant to the investigation or prosecution that resulted in the conviction, adjudication, or finding of not guilty by reason of mental disease or defect; (e) permit a court to order DNA testing if, in addition to making the other required showings, it is reasonably probable that the outcome of the proceedings that resulted in the conviction, finding of not guilty by reason of mental disease or defect, or the delinquency adjudication, the terms of the sentence, not guilty by reason of mental disease or defect commitment, or the disposition under the juvenile justice code would have been more favorable to the individual bringing the motion if the results of the DNA testing had been available and the evidence to be tested is relevant to the investigation or prosecution that resulted in the conviction, adjudication, or finding of not guilty by reason of mental disease or defect; (f) permit DOJ, upon being informed by the submitting officer or agency that physical evidence in the possession of the state crime laboratories is no longer needed, to return the physical evidence to the submitting officer or agency subject to the return of property seized provisions of the statutes; (g) unless otherwise provided in a court order issued under the postconviction DNA testing statute, permit the state crime laboratories to return biological material to the agency that submitted the evidence; and (h) provide that a court may not issue an order under the postconviction DNA testing statute requiring that an agency transfer evidence to a state crime laboratory for the purpose of preservation of the evidence by the state crime laboratory, unless the state crime laboratory consents to the transfer.

Veto by Governor [D-17]: Delete: (a) the requirement that the cost of forensic DNA testing of indigent movants be paid from the Department of Corrections' postconviction evidence testing costs appropriation created in Enrolled Senate Bill 55; (b) the Department of Corrections' postconviction evidence testing costs appropriation; and (c) the prohibition on courts from issuing an order requiring that an agency transfer evidence to a state crime laboratory for the purpose of preservation of the evidence by the state crime laboratory, unless the state crime laboratory consents to the transfer. The Governor's veto message indicates that it is his intent to grant the courts authority to order the Department of Justice to cover the costs of indigent testing, with program revenue funding provided from the crime laboratories and drug law enforcement assessment and the DNA surcharge imposed on certain violations.

[Act 16 Sections: 2858c thru 2858k, 3780c, 3780d, 3828c, 3828k, 3828L, 3829d thru 3829p, 3889p, 3889r, 3908g, 3934 thru 3936c, 3984j, 3984p, 3998c thru 3998n, 4002r thru 4002v, 4003r, 4003t, 4028c thru 4028j, 4031c, 4031e, 4031s, 4034ys and 9359(5)&(12c)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.410(1)(be)), 676r and 4028j]

7. CLUB DRUG PENALTIES

Governor/Legislature: Include 4-methylthioamphetamine, commonly known as 4-MTA or flatliner, to the list of Schedule I controlled substance stimulants. Specify that the manufacture, distribution or delivery or the possession with intent to manufacture, distribute or deliver Gamma-hydroxybutyric acid (GBH), gamma-butyrolactone (GBL), 3,4-methylenedioxymetham-phetamine (ecstasy), 4-bromo-2,5-dimethoxy-beta-phenylethylamine (nexus), 4-methylthioam-phetamine, ketamine, or any of these substances' controlled substance analogs, and flunitrazepam is subject to the following penalties based on quantity:

a. Three grams or less, the person shall be fined not less than $1,000 nor more than $200,000 and may be imprisoned for not more than seven years and six months.

b. More than three grams but not more than 10 grams, the person shall be fined not less than $1,000 nor more than $250,000 and shall be imprisoned for not less than six months nor more than seven years and six months.

c. More than 10 grams but not more than 50 grams, the person shall be fined not less than $1,000 nor more than $500,000 and shall be imprisoned for not less than one year nor more than 22 years and six months.

d. More than 50 grams but not more than 200 grams, the person shall be fined not less than $1,000 nor more than $500,000 and shall be imprisoned for not less than three years nor more than 22 years and six months.

e. More than 200 grams but not more than 400 grams, the person shall be fined not less than $1,000 nor more than $500,000 and shall be imprisoned for not less than five years nor more than 22 years and six months.

f. More than 400 grams, the person shall be fined not less than $1,000 nor more than $500,000 and shall be imprisoned for not less than 10 years nor more than 45 years.

Specify that the manufacture, distribution, delivery, possession with intent to manufacture, distribute, or deliver, or the manufacture, distribution, delivery or possession with intent to manufacture, distribute or deliver counterfeits to any of the above substances is punishable by the applicable fine and imprisonment for the manufacture, distribution, delivery, or possession with intent to manufacture, distribute or deliver the genuine controlled substance.

Under current law, the penalty for the manufacture, distribution, delivery, possession with intent to manufacture, distribute or deliver the above substances or counterfeits of the substances, with the exception of 4-MTA, is a fine of not more than $15,000 or imprisonment for not more than seven years and six months or both.

Specify that the manufacture, distribution, delivery, possession with intent to manufacture, distribute or deliver, or the manufacture, distribution, delivery or possession with intent to manufacture, distribute or deliver counterfeits of phencyclidine (PCP), methamphetamine and lysergic acid diethylamide (LSD) is punishable by the applicable fine and imprisonment for the manufacture, distribution, delivery, or possession with intent to manufacture, distribute or deliver the genuine controlled substance.

Under current law, the penalty for the manufacture, distribution, delivery, possession with intent to manufacture, distribute or deliver counterfeit PCP, methamphetamine or LSD is a fine of not more than $15,000 or imprisonment for not more than seven years and six months or both. The penalties for the manufacture, distribution, delivery, or possession with intent to manufacture, distribute or deliver the genuine controlled substance vary by specific substance but range from a fine of not less than $1,000 nor more than $100,000 and imprisonment for not more than seven years and six months for three grams or less of PCP and one gram or less of LSD, to a fine of not less than $1,000 nor more than $1,000,000 and imprisonment for not less than 10 years nor more than 45 years for more than 400 grams of methamphetamine.

[Act 16 Sections: 3985 thru 3996]

8. CRIMES RELATED TO COMPUTERS, OBSCENITY, NUDITY AND PORNOGRAPHY

Governor: Modify current law related to computer crimes, obscenity, nudity and pornography as follows:

a. *Computer Crimes.* Create a new crime of intentionally causing an interruption in computer service by submitting a message, or multiple messages, to a computer, computer program, computer system, or computer network that exceeds the processing capacity of the computer, computer program, computer system, or computer network. Add the following definitions to the statutory computer crimes provisions: (a) "access" means to instruct, communicate with, interact with, intercept, store data in, retrieve data from, or otherwise use the resources of; and (b) "interruption in services" means inability to access a computer, computer program, computer system, or computer network, or an inability to complete a transaction involving a computer. Provide that the new crime would be a Class A misdemeanor (punishable by a fine of not more than $10,000 or nine months in jail, or both) unless: (a) the offense is committed to defraud or obtain property or the offense results in damage valued at more that $1,000 but not more than $2,500 (Class E felony, punishable by a fine of not more than $10,000 or not more than two years in prison and three years on extended supervision, or both); or (b) the offense results in damage valued at more than $2,500 or creates a substantial and unreasonable risk of death or great bodily harm to another (Class C felony,

punishable by a fine of not more than $10,000 or 10 years in prison and five years on extended supervision, or both).

Modify the penalties for existing offenses against computer data and programs as follows: (a) make any offense that results in damage valued between $1,000 and $2,500 a Class E felony; and (b) make any offense resulting in damage valued at more than $2,500, and any offense that causes an interruption or impairment of governmental operations or public communication, of transportation, or of a supply of water, gas, or other public service a Class C felony. Under current law, it is a Class E felony if the offense is committed to defraud or to obtain property; a Class D felony (punishable by a fine of not more than $10,000 or five years in prison and five years on extended supervision, or both) if the damage caused is greater than $2,500 or if it causes an interruption or impairment of governmental operations or public communication, of transportation or of a supply of water, gas or other public service; and a Class C felony if the offense creates a substantial and unreasonable risk of death or great bodily harm to another. All other offenses against computer data and programs under current law are Class A misdemeanors.

Specify that if a person disguises the identity or location of the computer at which he or she is working while committing an offense against computer data and programs with the intent to make it less likely that he or she will be identified with the crime, the penalties could be increased as follows: (a) in the case of a misdemeanor, the maximum fine prescribed by law for the crime could be increased by not more than $1,000 and the maximum term of imprisonment prescribed by law for the crime may be increased so that the revised maximum term of imprisonment is 12 months; and (b) in the case of a felony, the maximum fine prescribed by law for the crime may be increased by not more than $2,500 and the maximum term of imprisonment prescribed by law for the crime may be increased by not more than two years.

b. *Images Depicting Nudity.* Modify the prohibition against making a photograph, film, videotape or other visual representation that depicts nudity by requiring that, at the time the recording (defined as the creation of a reproduction of an image or a sound or the storage of data representing an image or a sound) is made, the subject of the depiction be both nude and in a place and circumstance in which he or she can reasonably expect privacy. Specify that no one may copy, possess, exhibit, store or distribute a recording of an image without the subject's consent if the reproducer knows or should know that the original recording was unlawfully made. Under the bill, the prohibitions against possessing and distributing representations depicting nudity are treated similarly to the prohibition against making reproductions. As under current law, both offenses are Class E felonies. Similar to current law, exemptions are provided for parents, guardians and legal custodians who record, copy, possess, exhibit, store or distribute a recording of their nude child, if not done for commercial purposes.

Under current law, producing, possessing, or distributing a photograph, motion picture, videotape, or other visual representation or reproduction that depicts nudity is prohibited if the person depicted nude did not consent to the representation or reproduction and if the person who makes, possesses, or distributes the representation or reproduction knows or should know

that the person depicted nude did not consent to the nude depiction. The State Supreme Court recently found this prohibition unconstitutional because it prohibits all depictions of nudity made without consent, including artistic, political, or newsworthy depictions that are protected by the First Amendment.

c. *Obscene Material or Performances.* In connection with the definition of obscene material: (a) delete the term "sound recording" and instead include the term "other recording" as material that may be obscene; and (b) define "recording" to be the creation of a reproduction of an image or a sound or the storage of data representing an image or a sound. Modify current law to apply criminal penalties to anyone who "plays" or "distributes" obscene material with knowledge of the character and content of the material or performance and for commercial purposes, or plays or distributes such materials to persons under 18 years old. Specify that in determining whether material is obscene, a judge or jury is required to examine the recording of images in the context of the work in which they appear.

Create a criminal penalty specifying that whoever sends an unsolicited electronic mail solicitation to a person that contains obscene material or a depiction of sexually explicit conduct without including the words "ADULT ADVERTISEMENT" in the subject line of the electronic mail solicitation is guilty of a Class A misdemeanor. "Electronic mail solicitation" means an electronic mail message, including any attached program or document, that is sent for the purpose of encouraging a person to purchase property, goods, or services.

d. *Sexual Exploitation of a Child and Child Enticement.* Modify provisions related to the offenses of sexual exploitation of a child and child enticement to specify that recordings (the creation of a reproduction of an image or a sound or the storage of data representing an image or a sound) are included in connection with these offenses.

e. *Exposing a Child to Harmful Materials or Harmful Descriptions or Narrations.* Delete the definitions of "knowledge of the nature of the description or narrative account" (knowledge of the character and content of a harmful description or narrative account) and "knowledge of the nature of the material" (knowledge of the character and content of any material described in the material). In connection with the criminal penalty for the offense, modify current law to specify that it applies to whoever has knowledge of the "character and content" of the material, rather than the "nature" of the material. Further, specify that the penalty applies to anyone who not only sells, rents, exhibits or loans harmful material to a child, but also anyone who plays or distributes. Create statutory language specifying that the criminal penalty for anyone who sells, rents, exhibits, plays, distributes or loans to a child any harmful material, with or without monetary consideration, applies if: (a) the person knows or reasonably should know that the child has not attained the age of 18 years; or (b) the person has face-to-face contact with the child before or during the sale, rental, exhibit, playing, distribution, or loan. Create statutory language specifying that the criminal penalty for anyone who possesses harmful material with the intent to sell, rent, exhibit, play, distribute or loan the material to a child, applies if: (a) the person knows or reasonably should know that the child has not attained the age of 18 years; or (b) the person has face-to-face contact with the child.

f. *Possession of Child Pornography.* Create a criminal penalty specifying that whoever exhibits or plays a recording of a child engaged in sexually explicit conduct is guilty of a Class E felony, if all of the following apply: (a) the person knows that he or she has exhibited or played the recording; (b) before the person exhibited or played the recording, he or she knew the character and content of the sexually explicit conduct; and (c) before the person exhibited or played the recording, he or she knew or reasonably should have known that the child engaged in sexually explicit conduct had not attained the age of 18 years.

g. *Effective Date of Penalty Provisions.* The provisions related to computer crimes, obscenity, nudity and pornography would first apply to offenses committed on the effective date of the bill.

Senate: Delete the Governor's provision related to images depicting nudity. Instead, provide that taking a photograph or making a motion picture, videotape, or other visual representation of the person who is nude in a place and circumstance in which he or she has a reasonable expectation of privacy is a Class E felony, if the person taking the photograph or making the motion picture, videotape, or other visual representation knows or has reason to know that the nude person does not know of and consent to the taking of the photograph or the making of the motion picture, videotape, or other visual representation.

Specify that making a reproduction of a photograph, motion picture, videotape, or other visual representation that the person knows or has reason to know was made in violation of the previous paragraph and that depicts the illegally-made depiction of nudity is a Class E felony, if the person depicted nude in the reproduction did not consent to the making of the reproduction.

Modify current law to specify that possessing or distributing a photograph, motion picture, videotape, or other visual representation or reproduction that depicts nudity and that was taken or made in violation of either of the above two paragraphs is a Class E felony, if the person possessing or distributing the representation or reproduction knows or has reason to know that the photograph, motion picture, videotape, or other visual representation or reproduction was taken or made in violation of either of the above two paragraphs and if the person depicted nude in the representation or reproduction did not consent to the possession or distribution.

As under current law, specify that the above provisions do not apply to a parent, guardian, or legal custodian of a child making, possessing, or distributing a photograph, motion picture, videotape, or other visual representation or reproduction that does not violate the statutory provisions regarding sexual exploitation of a child or possession of child pornography.

Conference Committee/Legislature: Maintain Governor's provisions.

[Act 16 Sections: 3940 thru 3951, 3952 thru 3966, 3967 thru 3984 and 9359(1)]

9. THEFT OF A RENTED OR LEASED MOTOR VEHICLE

Governor/Legislature: Specify that intentional failure to return a rented or leased motor vehicle constitutes a theft at any time after the written lease or written rental agreement expires. The provision first applies to lease or rental agreements that expire on the effective date of the bill. Under current law, a theft occurs when a person intentionally fails to return rented or leased personal property, including a motor vehicle, within 10 days after the lease or rental agreement expires. Applicable penalties vary depending upon the value of the personal property, ranging from a fine of not more than $10,000 or nine months in jail, or both, for property valued at $1,000 or less (Class A misdemeanor) to a fine of not more that $10,000 or not more than 10 years in prison and five years on extended supervision, or both, for personal property valued at over $2,500 (Class C felony).

[Act 16 Sections: 3939 and 9359(2)]

10. PRISONER LITIGATION DEFINITION OF CORRECTIONAL INSTITUTION

Governor: Delete the definition of a correctional institution (any state or local facility that incarcerates or detains any adult accused of, charged with, convicted of, or sentenced for any crime including a state prison, the intensive sanctions program, a county jail and a house of correction) related to the commencement of civil actions. Modify the definition of prisoner to delete the requirement that the prisoner be detained in a correctional institution, and instead specify that a prisoner includes any person who is incarcerated, imprisoned or otherwise detained and who is in the custody of the Department of Corrections or of the sheriff, superintendent, or other keeper of a jail or house of correction or any person who is arrested or otherwise detained by a law enforcement officer. Current law provisions that prohibit prisoners from commencing a civil action or special proceeding with respect to prison or jail conditions until the person has exhausted all available administrative remedies continue to apply. [In a recent Wisconsin Court of Appeals case (State ex rel. Speener v. Gudmanson), it was determined that the current definition of "correctional institution" related to prisoner litigation does not include an out-of-state jail. As a result of that decision, persons who are in the custody of Corrections and placed in a jail or prison that is located outside of Wisconsin are not subject to the requirements of the laws related to prisoner litigation.]

Senate/Legislature: Delete provision.

11. FISCAL IMPACT STATEMENT ON CRIMINAL PENALTY BILLS

Senate/Legislature: Repeal the exemption from the fiscal estimate requirement for bills which only contain penalty provisions.

[Act 16 Section: 96w]

12. LIABILITY FOR INCARCERATION COSTS ASSOCIATED WITH CIVIL ACTIONS

Assembly/Legislature: Repeal the current law provisions related to plaintiff and county liability for incarceration costs associated with civil actions. Under current law, whenever a person is committed to jail for failure to pay in a civil action or under civil arrest for certain actions, the creditor, agent, or attorney is required to advance to the jailer, within 24 hours of the commitment, sufficient money to pay for the support of the person incarcerated during the time for which the prisoner may be imprisoned. If money is not advanced or, if during the time the prisoner is confined the money is expended in the support of the prisoner, the jailer is required to discharge the prisoner from custody. Any discharge by a jailer has the same effect as a discharge by order of the court. The word "support" includes medical and hospital care. Current law also provides that whenever a person is committed to jail because of refusal or failure to comply with any order of a court respecting the payment of maintenance payments or suit money in a divorce or legal separation action, it is not be necessary to advance to the jailer money to pay for the support of such a prisoner, but the county where the commitment is made is liable to the jailer for the support of the prisoner during imprisonment.

[Act 16 Sections: 3836t and 3871y]

13. PROPERTY DEVELOPMENT RIGHTS

Joint Finance: Provide that a person who sells property development rights for a period of 30 years or longer in real property or his or her heir or devisee must bring an action within three years after the sale of the property development rights to recover the difference between the value of the property development rights and the sale price of those rights or be barred. A person could bring such an action only if the following conditions are met: (a) the purchaser is a non-profit organization, the state, an agency of the state, or a political subdivision; and (b) the amount paid for the property development rights was at least 5% below the value of the property development rights. Provide that if the transfer of the property development rights involved a gift, a person could only recover for the portion of the transfer that was not a gift. Authorize a person having the right to bring this action to request that the Department of Justice bring the action on behalf of the person. If a person was successful in obtaining a judgment, require the court to include in the judgment compounded interest from the date that the property was sold, using the interest rate charged for delinquent property taxes by the county in which the property is located.

For the purpose of this provision, define the following terms to mean:

a. "Nonprofit organization" means an organization recognized under the Internal Revenue Code as a nonprofit organization that has jointly pursued or is currently pursuing the acquisition of property development rights with the state, a state agency, or a political subdivision.

b. "Political subdivision" means a city, village, town or county, or a department, division board or other agency of a city, village, town or county.

c. "Property development rights" means the property owner's nonpossessory interest in real property imposing any limitation or affirmative obligation the purpose of which may include retaining or protecting natural, scenic, or open space values of real property, assuring the availability of real property for agricultural, forest, recreational, or open space use, protecting natural resources, maintaining or enhancing air or water quality, preserving a burial site or preserving the historical, architectural, archaeological, or cultural aspects of real property.

d. "Value" means the amount paid for comparable property development rights in an arm's-length sale completed within 12 months before the sale in question.

Senate: Delete provision.

Conference Committee/Legislature: Modify the Joint Finance provisions as follows: (a) provide that a person who sells property development rights for a period of 30 years or longer in real property or his or her heir or devisee would be required to bring an action within one year, rather than within three years, after the sale of the property development rights to recover the difference between the value of the property development rights and the sale price of those rights or be barred; (b) delete the provision authorizing a person having the right to bring such an action to request that the Department of Justice bring the action on behalf of the person; and (c) specify that these provisions would first apply to transactions for the sale of property development rights entered into on the effective date of the bill.

Veto by Governor [B-33]: Delete provision.

[Act 16 Vetoed Sections: 3862w and 9309(5z)]

14. TOBACCO PRODUCT SALES TO MINORS

Joint Finance: Provide that a defense to a prosecution of a retailer relating to the sale or provision for nominal or no consideration of cigarettes or tobacco products to any person under the age of 18, would be proof by a retailer that the act for which the retailer is being prosecuted was committed by his or her agent or employee and that the retailer provided training to the agent or employee on the prohibitions relating to the sale or provision of cigarettes or tobacco products to any person under the age of 18. Provide that the defense would not be available to a retailer who knowingly permits his or her agent or employee to sell, or provide for nominal or no consideration, cigarettes or tobacco products to individuals under the age of 18. Provide that these provisions would first apply to violations committed on the effective date of the bill.

Senate/Legislature: Delete provision.

15. STATE BALLAD AND STATE WALTZ

Joint Finance/Legislature: Enumerate in the statutes a state ballad ("Oh Wisconsin, Land of My Dreams") and a state waltz ("The Wisconsin Waltz"), list the author of the music and the words to the music for both the proposed state ballad and state waltz and require that the Wisconsin Blue Book include information on the state ballad and the state waltz. Currently, there is a state song, a state dance and 16 state symbols enumerated in the statutes.

[Act 16 Sections: 1d, 1f, 1g, 1j and 1x]

16. UNIFORM ELECTRONIC TRANSACTIONS ACT

Assembly: Adopt the Uniform Electronic Transaction Act (UETA), as approved by the National Conference of Commissioners on Uniform State Laws. Specify the following:

Definitions. Create the following definitions: (a) agreement; (b) automated transaction (a transaction conducted or performed, in whole or in part, by electronic means or by the use of electronic records, in which the acts or records of one or both parties are not reviewed by an individual in the ordinary course in forming a contract, performing under an existing contract, or fulfilling an obligation required by the transaction); (c) computer program; (d) contract; (e) electronic (relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities); (f) electronic agent (a computer program or an electronic or other automated means used independently to initiate an action or respond to electronic records or performances in whole or in part, without review or action by an individual); (g) electronic record (a record that is created, generated, sent, communicated, received, or stored by electronic means); (h) electronic signature (an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record); (i) governmental unit (defined as any of the following: an agency, department, board, commission, office, authority, institution, or instrumentality of the federal government or of a state or of a political subdivision of a state or special purpose district within a state, regardless of the branch or branches of government in which it is located; a political subdivision of a state or special purpose district within a state; an association or society to which appropriations are made by law; any body within one or more of the entities specified previously that is created or authorized to be created by the constitution, by law, or by action of one or more of the entities previously specified; or any combination of any of the entities specified as a governmental unit); (j) information; (k) information processing system; (m) record (information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form); (n) security procedure; (o) state (a state of the United States, the District of Columbia, Puerto Rico, the U. S. Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States, including an Indian tribe or band, or Alaskan native village, which is recognized by federal law or formally acknowledged by a state); and (p) transaction (an action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs).

Applicability. Specify that the provisions apply to electronic records and electronic signatures relating to a transaction. Specify that the provision do not generally apply to a transaction to the extent that it is governed by either any law governing the execution of wills or the creation of testamentary trusts, or the Uniform Commercial Code (other than the waiver or renunciation of claim or right after breach and the statute of frauds for kinds of personal property). Specify that: (a) a transaction subject to the UETA is also subject to other applicable substantive law; and (b) the UETA applies to the State unless expressly provided.

Use of Electronic Records and Signatures. Specify that the provisions do not require a record or signature to be created, generated, sent, communicated, received, stored, or otherwise processed or used by electronic means or in electronic form. The provisions apply only to transactions between parties each of which has agreed to conduct transactions by electronic means. Specify that whether the parties agree to conduct a transaction by electronic means is determined from the context and surrounding circumstances, including the parties' conduct. Specify that a party that agrees to conduct a transaction by electronic means may refuse to conduct other transactions by electronic means and that the right granted by the provisions may not be waived by agreement.

Statutory Construction of the Provisions Governing Electronic Transactions. Specify that the provisions be construed and applied: (a) to facilitate electronic transactions consistent with other applicable law; (b) to be consistent with reasonable practices concerning electronic transactions and with the continued expansion of those practices; and (c) to effectuate its general purpose to make uniform the law with respect to electronic transactions among states enacting laws substantially similar to the Uniform Electronic Transactions Act as approved and recommended by the National Conference of Commissioners on Uniform State Laws in 1999.

Legal Recognition of Electronic Records. Require that a record or signature may not be denied legal effect or enforceability solely because it is in electronic form and that a contract may not be denied legal effect or enforceability solely because an electronic record was used in its formation. Specify that if a law requires a record to be in writing, an electronic record satisfies that requirement in that law and if a law requires a signature, an electronic signature satisfies that requirement in that law.

Provision of Information in Writing. Require that if parties have agreed to conduct a transaction by electronic means and a law requires a person to provide, send, or deliver information in writing to another person, a party may satisfy the requirement with respect to that transaction if the information is provided, sent, or delivered in an electronic record capable of retention by the recipient at the time of receipt. Specify that an electronic record is not capable of retention by the recipient if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record.

Presentation of Records. Require that if another law requires a record to be posted or displayed in a certain manner, to be sent, communicated, or transmitted by a specified method, or to contain information that is formatted in a certain manner, then: (a) the record must be posted or displayed in the manner specified in the other law; (b) the record shall be sent,

communicated, or transmitted by the method specified in the other law; and (c) the record must contain the information formatted in the manner specified in the other law. Specify that if a sender inhibits the ability of a recipient to store or print an electronic record, the electronic record is not enforceable against the recipient.

Specify that in regard to providing information in writing and presenting records, the requirements may not be varied by agreement, but: (a) to the extent another law requires information to be provided, sent, or delivered in writing but permits that requirement to be varied by agreement, the requirement that the information be in the form of an electronic record capable of retention may also be varied by agreement; and (b) a requirement under another law to send, communicate, or transmit a record by 1st-class or regular mail or with postage prepaid may be varied by agreement to the extent permitted by the other law.

Attribution and Effect of Electronic Records. Create provisions related to the attribution and effect of electronic records and electronic signatures. Specify procedures related to a change or error in an electronic record in a transmission between parties to a transaction for: (a) parties that agreed to use security procedures to detect changes or errors and only one party has conformed to the procedure; or (b) individuals. For all other parties, specify that the change or error has the effect provided by other law, including the law of mistake, and the parties' contract, if any. Specify that procedures related to changes or error for individuals and for parties other than those that agreed to use security procedures may not be varied by agreement.

Notarization and Acknowledgement. Specify that if a law requires a signature or record to be notarized, acknowledged, verified, or made under oath, the requirement is satisfied if the electronic signature of the person authorized to administer the oath or to make the notarization, acknowledgment, or verification, together with all other information required to be included by other applicable law, is attached to or logically associated with the signature or record.

Retention of Records. Specify that if a law requires that a record be retained, the requirement is satisfied by retaining the information set forth in the record as an electronic record which: (a) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and (b) remains accessible for later reference. The provision specifies that a requirement to retain a record does not apply to any information the sole purpose of which is to enable the record to be sent, communicated, or received. Specify that if a law requires a record to be presented or retained in its original form, or provides consequences if the record is not presented or retained in its original form, a person may comply with that law by using an electronic record that is retained in accordance with provisions. Specify that if a law requires retention of a check, that requirement is satisfied by retention of an electronic record containing the information on the front and back of the check in accordance with the provisions. Specify that a record retained as an electronic record satisfies a law requiring a person to retain a record for evidentiary, audit, or like purposes, unless a law enacted after the effective date of the provision, specifically prohibits the use of an electronic record for the specified purpose. Under the provisions, a governmental unit is not precluded

from specifying additional requirements for the retention of any record subject to the jurisdiction of that governmental unit.

Admissibility of Records in Evidence. Specify that in a proceeding, a record or signature may not be excluded as evidence solely because it is in electronic form.

Automated Transactions, Sending and Receipt of Records and Transferable Records. Create provisions related to the formation of contracts by interaction of electronic agents, specifying what constitutes sending and receipt of an electronic record, the timing and place of sending and receiving an electronic record and the transfer and transferability of electronic records.

Agency Rules. Delete the responsibility for the Department of Financial Institutions to promulgate rules related to electronic forms and electronic signatures for records submitted to a governmental unit. Specify that unless otherwise provided by law, with the consent of a governmental unit in Wisconsin that is to receive a record, any record that is required by law to be submitted in writing to that governmental unit and that requires a written signature may be submitted as an electronic record, and if submitted as an electronic record may incorporate an electronic signature. Require the Department of Administration to promulgate rules concerning the use of electronic records and electronic signatures by governmental units, which will govern the use of electronic records or signatures by governmental units, unless otherwise provided by law. Create a nonstatutory provision, specifying that DOA is not required to provide evidence that promulgating a rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency.

Specify that DOA and the Secretary of State must jointly promulgate rules establishing requirements that, unless otherwise provided by law, a notary public must satisfy in order to use an electronic signature for any attestation. Specify that the joint rules be numbered as rules of each agency in the Wisconsin Administrative Code. Create a nonstatutory provision specifying that the Secretary of State and DOA must promulgate initial rules related to notary publics to become effective no later than January 1, 2004.

Miscellaneous Provisions. Specify that if a governmental unit adopts standards regarding its receipt of electronic records or electronic signatures, the governmental unit must promote consistency and interoperability with similar standards adopted by other governmental units in Wisconsin and other states and the federal government and nongovernmental persons interacting with governmental units. Specify that any standards adopted may include alternative provisions if warranted to meet particular applications.

Exclude records governed by the electronic transaction and records provisions from current law provisions related to photographic copies of business records as evidence and the admissibility of duplicates.

Initial Applicability. Specify that provisions related to electronic transactions and records first apply to electronic records or electronic signatures that are created, generated, sent, communicated, received, or initially stored on the effective date of the provision.

Conference Committee/Legislature: Delete provision.

17. COLLECTION OF PERSONALLY IDENTIFIABLE INFORMATION FROM INTERNET USERS

Assembly/Legislature: Specify that no state authority (defined as a state elected official, agency, board, commission, committee, council, department or public body corporate and politic created by constitution, statute, rule or order; a state governmental or quasi-governmental corporation; the Supreme Court or Court of Appeals; the Assembly or Senate; or a nonprofit corporation operating the Olympic Ice Training Center) that maintains an internet site may use that site to obtain personally identifiable information from any person who visits that site without the consent of the person from whom the information is obtained. Specify that this prohibition would not apply with respect to the acquisition of internet protocol addresses. Define "internet protocol address" to mean an identifier for a computer or device on a transmission control protocol–internet protocol network.

Under current law, personally identifiable information is defined as information that can be associated with a particular individual through one or more identifiers or other information or circumstances. In addition, any person who willfully collects, discloses or maintains personally identifiable information in violation of federal or state law may be required under current law to forfeit not more than $500 for each violation.

[Act 16 Sections: 389e and 389m]

18. PERFORMANCE REVIEW PILOT PROGRAM

Assembly/Legislature: Require DOR to establish a pilot program to study governmental services delivered by and to certain governmental units (any city, village, town or county with a population greater than 2,500). Direct DOR to solicit counties and municipalities to participate in the program and select five units, of which at least one is a county and one is a municipality, all of which have a population exceeding 2,500.

Direct each participating government to create a five-member council by January 1, 2002, consisting of the following members appointed by the government's chief executive officer: (a) the government's chief executive officer, or that person's designee; (b) an employee of the governmental unit; (c) a resident of the governmental unit with cost accounting experience, but who is not an officer or employee of the governmental unit; and (d) two additional residents of the governmental unit who are not officers or employees of the governmental unit. Require the governmental unit's chief executive officer to appoint two members to initial terms of two years and two to terms of four years, but specify that successors' terms are for four years. Require the council to select a chairperson at its first meeting of each year. Specify that a quorum consists of four members.

Direct the councils to conduct an analysis (defined as a performance analysis of the cost and benefit of government providing a service compared to a private person) of the services provided by the governmental unit that includes: (a) establishing benchmarks for performance, including goals related to intergovernmental cooperation to provide governmental services; (b) conducting research and establishing new methods to promote efficiency in governmental service delivery; and (c) identifying and recommending collaborative agreements to be developed with other governmental units for delivering governmental services. Define governmental service to include services related to law enforcement, fire protection, emergency services, public health, solid waste collection and disposal, recycling, public transportation, public housing, animal control, libraries, recreation and culture, human services and youth services.

Authorize councils to conduct analyses of governmental services at their own initiative or based on suggestions or complaints. Authorize councils to receive written suggestions regarding delegating governmental services to private persons or reviewing governmental services that have been delegated to private persons and to receive written complaints regarding governmental services that compete with identical or similar services provided by private persons. Require councils to meet to decide whether each suggestion or complaint shall be the subject of an analysis. Allow a council to hold hearings, conduct inquiries and gather data to make this decision. Require each analysis conducted by a council to include the following determinations: (a) the costs of providing the service, including personnel and capital asset costs; (b) the frequency, extent and quality of the service; (c) the costs and benefits of the services, based on the preceding determinations; (d) whether or not a private person can provide the governmental service at a cost savings to the government at a quality equal to that provided by the governmental unit; and (e) whether the service should be retained in its present form, modified or eliminated, if the council determines a service is not appropriate for delegating to a private person. Require councils to make recommendations, which shall be published, after the completion of each analysis that specify each recommendation's impact on the governmental unit and the unit's employees.

Require each council to submit reports to DOR on or before June 30 of both 2002 and 2003. Require each report to describe the council's activities. Require the final reports to also include a description of the council's recommendations, the extent to which its recommendations have been adopted by the governmental unit and a detailed explanation of all analyses conducted by the council. Require DOR to submit a report to the Legislature and the Governor that summarizes the activities and recommendations contained in the council reports it received and that describes ways that those recommendations could be implemented on a statewide basis. Require the DOR report to be submitted on or before July 31, 2003.

Require the board of regents of the University of Wisconsin System to direct the University of Wisconsin System-Extension to assist councils and to work with the League of Wisconsin Municipalities, the Wisconsin Alliance of Cities, the Wisconsin Towns Association and the Wisconsin Counties Association to provide training on performance standards. Require

the board of regents to ensure that council members are trained to: (a) conduct analyses of governmental services; (b) determine ways to improve the efficiency of delivering governmental services; (c) establish, quantify and monitor performance standards; and (d) prepare the reports the councils must submit to DOR.

[Act 16 Sections: 2022s and 9156(1d)]

19. AREA COOPERATION COMPACTS

Assembly/Legislature: Specify that an area cooperation compact must provide a plan for any municipalities or counties that enter into the compact to collaborate to provide certain governmental services. Enumerate the following services for inclusion in compacts: (a) law enforcement; (b) fire protection; (c) emergency services; (d) public health; (e) solid waste collection and disposal; (f) recycling; (g) public transportation; (h) public housing; (i) animal control; (j) libraries; (k) recreation and culture; (l) human services; and (m) youth services. Require compacts to provide benchmarks to measure the plan's progress and provide outcome-based performance measures to evaluate the plan's success. Require municipalities and counties that enter into compacts to structure the compact in a way that results in significant tax savings to taxpayers within those municipalities and counties.

Require municipalities in cooperation regions to enter into a compact with at least two other municipalities or counties, or with any combination of at least two such entities, to perform at least two of the enumerated services in 2003 through 2005. Require municipalities in cooperation regions to enter into a compact with at least four other municipalities or counties, or with any combination of at least four such entities, to perform at least five of the enumerated services in 2006 and thereafter. Specify that the municipality must be within the same cooperation region as the other municipalities or counties that are parties to the compact. Define cooperation region as a federal standard metropolitan statistical area. Provide that if only part of a county is located in a standard metropolitan statistical area then the entire county is considered to be located in that area. Specify that if a municipality is not adjacent to at least two other municipalities in the same cooperation region, the municipality may enter into a compact with any adjacent municipality or with the county in which the municipality is located to perform the number and type of services specified above.

Require municipalities to annually certify to DOR, by May 1, that they have entered into the required number of compacts covering the required types of services for the following year. Require each municipality to annually submit to DOR, on or before June 30, a report that indicates whether it has entered into any agreements with any other municipality or county in the same cooperation region related to: (a) establishment of performance standards for delivery of governmental services by governmental units within a federal standard metropolitan statistical area; (b) collaborative service delivery; (c) reduction or elimination of overlapping service delivery; (d) municipal revenue sharing; (e) smart growth planning; (f) metropolitan service delivery (defined as any governmental service provided to a city that is provided by the

city or by another city or by a town, village or county and provided on a multijurisdictional basis); (g) financial incentives for shared regional planning services; (h) boundary issues; and (i) other intergovernmental issues. Specify that these requirements are imposed beginning in 2002.

Authorize DOR to grant municipalities additional time to submit the June 30 reports upon a showing of good cause. Direct the Legislative Audit Bureau to prepare a report on the performance of area cooperation compacts and submit copies of the report to the chief clerk of each house of the Legislature for distribution to the appropriate standing committees by June 30 of each year, beginning in 2004.

Veto by Governor [F-21]: Delete the 2005 sunset date relative to the initial requirements for area cooperation compacts and remove the additional requirements relating to the number of governments and number of services that would be imposed beginning in 2006. As a result, municipalities in cooperation regions will be required to maintain cooperation compacts with at least two other governments covering at least two services in each year, beginning in 2003.

[Act 16 Section: 2022t]

[Act 16 Vetoed Section: 2022t]

20. CITY OF MILWAUKEE COMPTROLLER

Senate: Modify the definition of public office as it pertains to cities of the first class to include the office of city comptroller. Specify that this provision first applies upon the expiration of the term of the comptroller in office on the effective date of the biennial budget. This provision would apply to the City of Milwaukee and would convert the office of city comptroller from an elected to an appointive position. The comptroller would be appointed by the mayor and confirmed by the common council.

Conference Committee/Legislature: Delete provision.

21. NEWSPAPERS ELIGIBLE TO PUBLISH LEGAL NOTICES

Senate: Specify that newspapers in Wisconsin are eligible to receive compensation or fees from counties and underlying local governments for publishing legal notices if the newspaper meets the following conditions: (a) the newspaper is a free publication with a circulation, pick-up rate of 50,000 or more in the newspaper's county or multicounty service area; (b) the newspaper's circulation, pick-up rate is audited by an independent auditing firm using generally accepted auditing standards; (c) the newspaper has been published continuously for the ten years immediately before the publication of the notice; (d) the newspaper has at least 2,500 copies of the newspaper picked up by readers from distribution points within the county; and (e) the newspaper is headquartered or published in a county having a population of 500,000

or more. Under current law, newspapers are eligible for compensation or fees for publishing legal notices if, in two of the five years before the notice is published, the newspaper meets the following criteria: (a) the newspaper has been published regularly and continuously in the municipality where the notice is to be published; and (b) the newspaper has a bona fide paid circulation that constitutes 50% or more of its circulation and has maintained minimum circulation levels. State law sets the minimum circulation levels at not less than 1,000 copies if the newspaper is published in a first or second class city and not less than 300 copies if the newspaper is published in a third or fourth class city, a village or a town.

Conference Committee/Legislature: Delete provision.

22. WITHDRAWAL OF TOWNS FROM COUNTY ZONING ORDINANCES AND DEVELOPMENT PLANS

Assembly: Authorize town boards to adopt zoning ordinances after December 31, 2003, even if the town board has not been granted the authority to exercise village powers by the town meeting or through referendum. Authorize town boards to enact an ordinance withdrawing the town from coverage by a county zoning ordinance and development plan and, in such cases, remove the county board's authority to approve town zoning ordinances. Limit withdrawals to ordinances enacted either after December 31, 2003, and before January 1, 2005, or after December 31, 2010, and before January 1, 2012, or within comparable time periods that recur on a five-year cycle. Require town clerks to provide written notice to the county clerk of the town's intent to enact an ordinance, not later than 60 days before the ordinance is enacted.

Require town boards wishing to withdraw from county zoning ordinances and county development plans to enact zoning ordinances, official maps and comprehensive plans not later than 60 days before the town may enact a withdrawal ordinance. Require the town zoning ordinance and comprehensive plan adopted prior to a withdrawal ordinance to be consistent with each other and require the town zoning ordinance to be at least as restrictive as the county ordinance that applies to the town on January 1 of the year before the year in which the town enacts the withdrawal ordinance. Provide that the town clerk must send a certified copy of the town's zoning ordinance, official map and comprehensive plan to the county clerk for the town's withdrawal ordinance to take effect. Provide that zoning ordinances, comprehensive plans and official maps adopted by towns in conjunction with a withdrawal ordinance take effect on the first day of the third month beginning after certified copies of the documents are sent to the county clerk. Require county development plans to include and integrate, without change, the master plan and official map that a town has adopted under this procedure.

Authorize county boards to enact an ordinance repealing all of the county's zoning ordinances and its development plan at any time after December 31, 2004, if the board notifies, in writing, all of the towns subject to the county's zoning ordinances. Provide that an ordinance that repeals county zoning ordinances would not be effective until one year after the enactment of that ordinance. Exclude county shoreland zoning or floodplain zoning ordinances from this

provision. Require town boards to enact zoning ordinances, an official map and a comprehensive plan if the county notifies the town that the county has repealed its zoning ordinances. Provide that the town's zoning ordinances, official map and comprehensive plan take effect on the effective date of the repeal of the county zoning ordinances. Require the town's zoning ordinances and comprehensive plan to be consistent with each other and require the town's zoning ordinances to be as restrictive as the county's ordinance in effect on the day before its repeal.

Conference Committee/Legislature: Delete provision.

23. STANDARDS FOR GRANTING ZONING VARIANCES

Assembly: Modify current law provisions that allow county boards of adjustment and municipal boards of appeal to authorize variances to their respective zoning ordinances if a literal enforcement of the ordinance will result in unnecessary hardship by defining unnecessary hardship as a demonstration that strict compliance with an area zoning ordinance would unreasonably prevent the property owner from using the property owner's property for a permitted purpose or would render conformity with the zoning ordinance unnecessarily burdensome.

Conference Committee/Legislature: Delete provision.

24. NOTICE REQUIREMENTS TO PERSONS AFFECTED BY COUNTY OR MUNICIPAL PLAN OR ZONING ACTION

Assembly: Make the following modifications to current law provisions regarding county, town and city zoning.

County Development Plans and Zoning Ordinances. Require county development plans to indicate any effect the plan will have on changing the allowable use of any property. Require the public notice related to proposed county zoning ordinances, or amendments to an ordinance, that change the allowable use of any property to include either a map or description of the property affected by the ordinance and a statement that a map may be obtained from the zoning agency. Require the county zoning agency to maintain a list of persons who submit a written request to receive notice of any proposed zoning ordinance or amendment or of any amendment to a development plan that affects the allowable use of the person's property. Require county zoning agencies to send a notice containing a copy of any proposed zoning ordinance or county development plan, or any amendment to a zoning ordinance or development plan, to each person on the list. Require the agency to send the notice by mail, electronic mail or in any reasonable form that is agreed to by the person and the agency. Authorize the county zoning agency to charge each person on the list a fee for the notice. Set the annual fee for the notice at $12 or an amount that does not exceed the approximate cost of providing the notice to the person.

Town Zoning Ordinances. Require town zoning committees to provide a class 2 notice for public hearings on preliminary reports that recommend zoning district boundaries, regulations and restrictions. Require the notice to state the time and place of the hearing. Require town boards to provide a class 2 notice for public hearings on proposed zoning ordinances. Require the notice to state the time and place of the hearing. Require the public notice to include either a map or description of the property affected by the ordinance and a statement that a map may be obtained from the town board if the proposed zoning ordinance has the effect of changing the allowable use of any property. Require the town board to maintain a list of persons who submit a written request to receive notice of any proposed zoning ordinance or amendment that affects the allowable use of the person's property. Require town boards to send a notice containing a copy of any proposed zoning ordinance or of any proposed amendment to a zoning ordinance to each person on the list if the town board is prepared to vote on the proposed zoning amendment or the proposed zoning ordinance, provided the town zoning committee has completed a final report on the proposed ordinance. Require the town board to send the notice by mail, electronic mail or in any reasonable form that is agreed to by the person and the board. Authorize the town board to charge each person on the list a fee for the notice. Set the annual fee for the notice at $12 or an amount that does not exceed the approximate cost of providing the notice to the person.

City Plans and Zoning Ordinances. Require any treatment of a master plan by a city plan commission to indicate, in the form of descriptive material, reports, charts, diagrams or maps, any effect the treatment will have on changing the allowable use of any property. Require public notices for a proposed district plan, changes to that plan or any proposed amendment to that plan to include either a map or a description of affected property and a statement that a map may be obtained from the city council. Extend this requirement to any plan, change or amendment that would have the effect of changing the allowable use of any property affected by the plan. Require the city council to maintain a list of persons who submit a written request to receive notice of any proposed zoning action or any treatment of a master plan that affects the allowable use of the person's property. Require city councils to send a notice containing a copy of any tentative recommendations, proposed changes to district plans and regulations, or proposed amendments to zoning ordinances to each person on the list if the city council is prepared to vote on any of the following: (a) tentative recommendations related to plans and regulations for a district in the city; (b) proposed changes to proposed plans and regulations for a district in the city; (c) proposed amendments to zoning ordinances; and (d) any treatment of a master plan. Require the council to send the notice by mail, electronic mail or in any reasonable form that is agreed to by the person and the city council. Authorize the city council to charge each person on the list a fee for the notice. Set the annual fee for the notice at $12 or an amount that does not exceed the approximate cost of providing the notice to the person.

Conference Committee/Legislature: Delete provision.

25. REGULATION OF THE SALE AND TRANSPORTATION OF FIREWORKS

Senate/Legislature: Authorize resident wholesalers to sell regulated fireworks to any nonresident person if the nonresident person gives the wholesaler a signed statement indicating that the fireworks are for use outside of this state. Authorize nonresident persons to transport fireworks to an out-of-state location and to stop in any Wisconsin municipality for up to 12 hours while en route to the out-of-state destination. Specify that a person who intends to lawfully sell regulated fireworks may possess the fireworks without first obtaining a fireworks permit. Authorize state traffic patrol officers to enforce the permit requirement for the possession and use of fireworks, where applicable, on highways and to issue uniform traffic citations for violations of the permit requirement. Prohibit courts from forwarding a record of conviction for violation of the permit requirement to DOT. Prohibit DOT from assessing any demerit points against driving records for convictions for violations of the permit requirement. Remove the authority to seize fireworks that are possessed or used in violation of fireworks statutes or ordinances, unless the violation is subject to criminal penalties under state statute.

Veto by Governor [B-127]: Delete provision.

[Act 16 Vetoed Sections: 2599m, 2599mg, 2881ae thru 2881ap, 3427t and 3427tg]

26. COMPENSATION FOR TOWN OFFICIALS

Assembly/Legislature: Authorize town meetings to establish the hourly wage for town employees who are also elected town officers unless the town meeting delegates that authority to the town board. Specify that town meetings may not delegate that authority in cases where the employee is a town supervisor. Establish a limit on hourly wages of $5,000 per year. Specify that amounts paid as hourly wages may be paid in addition to amounts received as compensation for holding an elective office or for serving as a volunteer fire fighter, emergency medical technician or first responder. Specify that the $5,000 limit includes amounts paid to a supervisor who is acting as superintendent of highways. Specify that it is compatible for an elected officer of a town to receive wages for work performed for the town.

[Act 16 Sections: 2003pc, 2003pe, 2003sc, 2003se, 2003sg and 2022td]

27. DISPOSAL OF PERSONAL PROPERTY BY TOWN MEETING

Assembly/Legislature: Repeal the authority for town meetings to authorize town boards to dispose of personal property of the town. Under current law, a town meeting may authorize a town board to dispose of real or personal property owned by the town, unless the property has been donated and the town is required to hold the property as a condition of the donation. Current law provisions pertaining to real property would not be changed.

[Act 16 Section: 2003pd]

28. LIMIT ON TOWN HIGHWAY AND BRIDGE EXPENDITURES

Assembly/Legislature: Modify the current annual limit on town spending on machinery, implements, material and equipment needed for construction and repair of town highways and bridges by including maintenance activities under the limit and by converting the limit from $10,000 for all such construction and repair expenditures to $5,000 per mile for all such construction, maintenance and repair expenditures. Modify the current law provision regarding the passage of a referendum to exceed the limit to reflect these changes, effective with referenda called on the effective date of the biennial budget act.

[Act 16 Sections: 2294p, 2294pc and 9352(5k)]

29. TOWN SANITARY DISTRICT PUBLIC WORKS CONTRACTS

Assembly/Legislature: Increase the threshold at which a town sanitary district commission must let a contract to the lowest responsible bidder and at which the local public contract bidding requirements apply from $5,000 to $15,000, first applying to contracts that are let on the effective date of the bill.

[Act 16 Sections: 2003tm and 9359(6k)]

30. TREATMENT OF FEDERALLY CHARTERED GROUPS BY STATE AND LOCAL GOVERNMENTS

Assembly: Provide that no state agency, state authority or local governmental unit, all as defined under current law, may treat a federally chartered corporation differently than it treats any other organization in the use or rental of the grounds, buildings, facilities or equipment of the agency or authority. Provide that a state agency, state authority or local governmental unit may not use the membership or leadership policies of a federally chartered organization as the basis for denying use or rental of its grounds, buildings, facilities or equipment if the agency, authority or unit establishes membership or leadership policies with respect to users or renters of its property. Define federally chartered corporation as an organization that is listed in 36 USC subtitle II, part B. This definition includes a variety of patriotic and national organizations, including such organizations as the American Legion, Big Brothers-Big Sisters of America, Boy Scouts and Girl Scouts of America, Boys and Girls Clubs of America, Future Farmers of America, Little League Baseball, Veterans of Foreign Wars and Vietnam Veterans of America, plus many others.

Conference Committee/Legislature: Delete provision.

31. FUNDS OF MUNICIPAL FIRE, EMERGENCY MEDICAL TECHNICIAN OR FIRST RESPONDER DEPARTMENTS

Assembly/Legislature: Authorize municipalities to enact ordinances to create accounts in the name of the municipality's fire, emergency medical technician or first responder departments in public depositories. Require the ordinance to designate an official or employee of those departments to deposit volunteer funds in the account and have exclusive control over the expenditure of volunteer funds from the account. Define volunteer funds as funds raised by or donated to a municipality's fire, emergency medical technician or first responder department. Allow the municipal ordinance to limit the type and amount of funds that may be deposited in the account, the amount of withdrawals from the account that may be made or the purposes for which withdrawals may be made. Allow the municipal ordinance to impose reporting and auditing requirements relative to the account. Specify that volunteer funds remain the property of the municipality until disbursed.

[Act 16 Sections: 2003sd, 2003u, 2003ve, 2003we, 2003wg, 2022tf and 2022th]

32. DANE COUNTY REGIONAL PLANNING COMMISSION

Senate: Repeal the 1999 Act 9 provision that dissolves the Dane County Regional Planning Commission on October 1, 2002. Remove related provisions regarding unexpended funds and outstanding indebtedness.

Assembly: Modify the 1999 Act 9 provision that dissolves the Dane County Regional Planning Commission by changing the date of dissolution from October 1, 2002, to the first day of the third month beginning after the effective date of the biennial budget act.

Conference Committee/Legislature: Include Senate provision.

Veto by Governor [B-34]: Delete provision.

[Act 16 Vetoed Section: 4046s]

33. CUT-OFF PERIOD FOR RECEIPT OF DOCUMENTS BY REGISTERS OF DEEDS

Assembly: Modify the current law provision that authorizes county boards to set the cut-off reception time for filing and recording documents by the register of deeds from 30 minutes to one hour before the end of the business day. State law requires register of deeds offices to remain open during usual business hours. However, documents delivered to offices during the last half-hour can be filed and recorded on the succeeding business day, if authorized by ordinance of the county board. This time can be used to complete the processing, recording and indexing of documents filed that day. This provision would advance the cut-off period by 30 minutes.

Conference Committee/Legislature: Delete provision.

34. CREATION OF A PLEA OF GUILTY BUT MENTALLY ILL

Assembly: Provide that a defendant charged with a homicide offense may plead guilty but mentally ill. The applicable homicide offenses would include: first-degree intentional homicide; first-degree reckless homicide; felony murder; second-degree intentional homicide; second-degree reckless homicide; homicide resulting from the negligent control of a vicious animal; homicide by the negligent handling of a dangerous weapon, explosives or fire; homicide by the intoxicated use of a vehicle or firearm; and homicide by the negligent operation of a vehicle. Define "mental illness" to mean a substantial disorder of thought, mood or behavior that afflicted a person at the time that he or she engaged in criminal conduct and that impaired the person's judgment. Provide that a person may be found guilty but mentally ill if, at the time the person engaged in criminal conduct, he or she was suffering from a mental illness but did not lack substantial capacity either to appreciate the wrongfulness of his or her conduct or to conform his or her conduct to the requirements of law as a result of mental disease or defect. A person who is found guilty but mentally ill would not be relieved of criminal responsibility.

Under current law, a person may plead guilty, not guilty, no contest, subject to the approval of the court, or not guilty by reason of mental disease or defect (this plea may be joined with a plea of not guilty, but if not so joined, the plea admits that but for lack of mental capacity the defendant committed all the essential elements of the offense charged).

Provide that, if a defendant charged with a homicide crime has entered a plea of not guilty by reason of mental disease or defect and has been examined by a court-appointed physician or psychologist, the defendant may waive his or her right to a trial and, with the approval of the district attorney, withdraw the plea of not guilty by reason of mental disease or defect and, instead of a plea of guilty or no contest, enter a plea of guilty but mentally ill.

Provide that the court may accept a plea of guilty but mentally ill only if all of the following apply: (a) the court, with the defendant's consent, has reviewed the reports of all the examinations conducted by a court-appointed physician or psychologist; (b) the court holds a hearing on the issue of the defendant's mental illness and allows the parties to present evidence at the hearing; (c) based on the review of reports provided by a court-appointed physician or psychologist and any evidence or arguments presented at the hearing, the court is satisfied that the defendant was mentally ill at the time that he or she committed the criminal offense charged; and (d) the defendant states that he or she is willing to participate in appropriate mental health treatment that is recommended by a physician, psychologist or mental health worker who is responsible for his or her mental health care and treatment. Require that, if the court reviews the reports provided by a court-appointed physician or psychologist, the court must make the report a part of the record of the case.

If a defendant has entered a plea of not guilty by reason of mental disease or defect and the defendant's plea is tried by a jury, the court would be required, in addition to providing to the jury the information required in connection with the plea of not guilty by reason of mental disease or defect, to inform the jury that the jury may find the defendant guilty but mentally ill if all of the following apply: (a) the jury finds beyond a reasonable doubt that the defendant did not lack substantial capacity either to appreciate the wrongfulness of his or her conduct or to conform his or her conduct to the requirements of law as a result of mental disease or defect; and (b) the jury finds to a reasonable certainty by the greater weight of the credible evidence that the defendant was mentally ill at the time that he or she committed the offense. The court must also inform the jury that, if the jury finds the defendant guilty but mentally ill, the defendant will receive a criminal sentence or probation and may be required to receive treatment for his or her mental illness.

If a defendant is found guilty but mentally ill, the court would be required to enter a judgment of conviction and to impose a sentence, impose a sentence, but stay its execution, or withhold sentence. If the court places a defendant who is found guilty but mentally ill on probation or sentences a defendant who is found guilty but mentally ill to prison, the court would be required to do all of the following: (a) order the Department of Corrections (DOC), or a person designated by DOC, to evaluate the defendant to determine the defendant's treatment needs; and (b) order the Department to provide or arrange for the provision of necessary and appropriate treatment for the defendant's mental illness.

Provide that, if a defendant who is found guilty but mentally ill, is serving a sentence of imprisonment or is confined as a condition of probation, he or she may be transferred or committed for treatment to the Department of Health and Family Services (DHFS). Provide that any time spent by the defendant in a state treatment facility due to a transfer or commitment would be included as part of the individual's sentence. If an individual found guilty but mentally ill is subsequently involuntarily committed, DHFS or the county department of social or human services, whichever is applicable, would be required to prepare a report for DOC, upon the individual's discharge, that contains all of the following: (a) the individual's diagnosis; (b) a description of the individual's behavior before and while he or she was in the treatment facility; (c) the course of treatment of the individual while he or she was in the treatment facility; (d) the prognosis for the remission of symptoms and the potential for recidivism and for presenting a danger to himself or herself or others; and (e) recommendations for future treatment. If an individual was found guilty but mentally ill and was subsequently transferred to or detained in a state treatment facility, DHFS would be required to prepare this same report for DOC upon the individual's discharge.

If a defendant who is found guilty but mentally ill is sentenced to prison, the clerk of court would be required to attach all of the following to the judgment of conviction that is delivered with the defendant to the DOC reception center: (a) a copy of any report of an examination conducted by a court-appointed physician or psychologist; (b) a copy of any other report that was admitted into evidence at a hearing relating to a plea of guilty but mentally ill; and (c) a

copy of any other report that was admitted into evidence at a trial based on a plea of not guilty by reason of mental disease or defect.

Provide that any inmate who was found guilty but mentally ill and who is subsequently released on extended supervision would be required as a condition of his or her extended supervision to participate in any necessary and appropriate treatment that is recommended by DOC or DHFS. In determining what treatment, if any, to recommend as a condition of the inmate's extended supervision, DOC would be required to consider any reports prepared by DHFS.

Except for first-degree intentional homicide, or if probation is prohibited for a particular offense by statute, the court would be permitted to place the person on probation, for a period not less than five years, if the court withholds sentence or imposes sentence and stays its execution. If a defendant is placed on probation, the court would be required to do all of the following: (a) order DOC, or a person designated by DOC, to evaluate the defendant to determine the defendant's treatment needs; (b) order that DOC provide or arrange for the provision of necessary and appropriate treatment that is recommended as a result of the evaluation; and (c) order as a condition of probation that the defendant undergo evaluation and that he or she receive the necessary and appropriate mental health treatment that is recommended as a result of that evaluation. Provide that the treatment required as a condition of probation may be provided by any state or local agency or, if approved by DOC, by a private physician, psychologist, mental health worker or mental health agency. If a defendant is required to receive treatment, the person treating the defendant would be required, once every 90 days, to file with the court and DOC a written report concerning the defendant's condition and treatment. Provide that a defendant placed on probation after being found guilty but mentally ill could, under certain circumstances, be involuntarily committed for treatment to DHFS.

The treatment of these provisions would first apply to offenses committed on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

35. PROHIBIT CERTAIN SEX OFFENDERS FROM WORKING OR VOLUNTEERING WITH CHILDREN

Assembly: Provide that whoever has been convicted of second-degree sexual assault of a child (having sexual contact or sexual intercourse with a person who has not attained the age of 16, but who is not less than 13 years of age) would be prohibited from engaging in an occupation or participating in a volunteer position that requires him or her to work or interact primarily and directly with children under 16 years of age. Require the court to inform the defendant of the requirements and penalties relating to the prohibition against sex offenders working with children. The requirement would first apply to sentencing proceedings that occur on the effective date of the bill. Specify that a violation of the prohibition against working with

children, for those convicted of second-degree sexual assault of a child, would first apply to violations committed on the effective date of the bill, but would not preclude the counting of a second-degree sexual assault of a child before the effective date of the provision for purposes of determining whether a person is subject to the prohibition.

Provide that a person who has been convicted of second-degree sexual assault of a child would be allowed to petition the court in which he or she was convicted to order that the person be exempt from the prohibition and permitted to engage in an occupation or participate in a volunteer position that requires the person to work or interact primarily and directly with children under 16 years of age. Specify that the court may grant the petition if it finds that all of the following apply: (a) at the time of the commission of the crime the person had not attained the age of 19 years and was not more than four years older or not more than four years younger than the child with whom the person had sexual contact or sexual intercourse; (b) the child with whom the person had sexual contact or sexual intercourse had attained the age of 13 but had not attained the age of 16; and (c) it is not necessary, in the interest of public protection, to require the person to comply with the prohibition.

Under current law, the prohibition on engaging in an occupation or participating in a volunteer position that requires working or interacting primarily and directly with children under 16 years of age applies to anyone convicted of first-degree sexual assault of a child (having sexual contact or sexual intercourse with a person who has not attained the age of 13), repeated acts of sexual assault of a child (three or more violations of first or second degree sexual assault of a child), sexual exploitation of a child, incest with a child and child enticement for sexual purposes. In addition, if the victim is under 18 years of age at the time of the offense, the prohibition under current law applies to any person who: (a) is or who holds himself or herself out to be a therapist and who intentionally has sexual contact with a patient or client; (b) anyone who has sexual contact or sexual intercourse with a person who suffers from a mental illness or deficiency which renders that person temporarily or permanently incapable of appraising the person's conduct, and the defendant knows of such condition; or (c) has sexual contact or sexual intercourse with a person who is under the influence of an intoxicant to a degree which renders that person incapable of appraising the person's conduct, and the defendant knows of such condition. Under current law, the court may grant a petition of exemption from the prohibition for offenders convicted of repeated acts of sexual assault of a child if it finds that: (a) at the time of the commission of the crime the person had not attained the age of 19 years and was not more than four years older or not more than four years younger than the child with whom the person had sexual contact or sexual intercourse; (b) the child with whom the person had sexual contact or sexual intercourse had attained the age of 13 but had not attained the age of 16; and (c) it is not necessary, in the interest of public protection, to require the person to comply with the prohibition.

Conference Committee/Legislature: Delete provision.

36. LIABILITY FOR PARTICIPATION IN THE ILLEGAL DRUG MARKET

Assembly: Provide that a person who knowingly participates in the illegal drug market within this state is liable for civil damages, except that a law enforcement officer or agency, the state, or a person acting at the direction of a law enforcement officer or agency or the state, is not liable for participating in the illegal drug market, if the participation is in furtherance of an official investigation. For the purposes of the drug dealer liability law, provide the following definitions:

a. "Illegal drug market," the support system of illegal drug-related operations, from production to retail sales, through which an illegal drug reaches the user.

b. "Level 1 offense," possession of seven grams or more, but less than 113 grams, or distribution of less than 28 grams of a specified illegal drug other than marijuana, or possession of 454 grams or more, but less than 1.8 kilograms, of marijuana, or possession of 25 plants or more, but less than 50 plants, containing tetrahydrocannabinols, or distribution of less than 454 grams of marijuana.

c. "Level 2 offense," possession of 113 grams or more, but less than 227 grams, or distribution of 28 grams or more, but less than 56 grams, of a specified illegal drug other than marijuana, or possession of 1.8 kilograms or more, but less than 3.6 kilograms of marijuana, or possession of 50 plants or more, but less than 75 plants, containing tetrahydrocannabinols, or distribution of more than 454 grams, but less than 2.3 kilograms, of marijuana.

d. "Level 3 offense," possession of 227 grams or more, but less than 454 grams, or distribution of 56 grams or more, but less than 113 grams, of a specified illegal drug other than marijuana, or possession of 3.6 kilograms or more, but less than 7.3 kilograms of marijuana, or possession of 75 plants or more, but less than 100 plants, containing tetrahydrocannabinols, or distribution of more than 2.3 kilograms, but less than 4.5 kilograms, of marijuana.

e. "Level 4 offense," possession of 454 grams or more or distribution of 113 grams or more of a specified illegal drug other than marijuana, or possession of 7.3 kilograms or more of marijuana, or possession of 100 plants or more containing tetrahydrocannabinols, or distribution of 4.5 kilograms or more of marijuana.

f. "Participate in the illegal drug market," distribute, possess with an intent to distribute, commit an act intended to facilitate the marketing or distribution of, or agree to distribute, possess with an intent to distribute, or commit an act intended to facilitate the marketing and distribution of an illegal drug. The term would not include the purchase or receipt of an illegal drug for personal use only.

g. "Period of illegal drug use," in relation to the individual drug user, the time of the individual's first use of an illegal drug to the accrual of the cause of action (the time the cause of action comes into existence as an enforceable claim or right). The period of illegal drug use

would be presumed to commence two years before the cause of action accrues unless the defendant proves otherwise by clear and convincing evidence.

h. "Place of illegal drug activity," in relation to the individual drug user and unless the defendant proves otherwise by clear and convincing evidence, each assembly district in which a claim is made that the individual possesses or uses an illegal drug or in which the individual resides, attends school, or is employed during the period of the individual's illegal drug use.

i. "Place of participation," in relation to a defendant in an action brought under these provisions, each assembly district in which the person participates in the illegal drug market or in which the person resides, attends school, or is employed during the period of the person's participation in the illegal drug market.

Liability for Participation in the Illegal Drug Market. Provide that a person may recover damages for injury resulting from an individual's use of an illegal drug. Authorize one or more of the following persons to bring an action for damages caused by an individual's use of an illegal drug: (a) a parent, legal guardian, child, spouse, or sibling of the individual drug user; (b) an individual who was exposed to an illegal drug in utero; (c) an employer of the individual drug user; (d) a medical facility, insurer, governmental entity, employer, or other entity that funds a drug treatment program or employee assistance program for the individual drug user or that otherwise expended money on behalf of the individual drug user; and (e) a person injured as a result of the willful, reckless, or negligent actions of an individual drug user.

Provide that a person entitled to bring an action under these provisions may seek damages from one or more of the following: (a) a person who knowingly distributed, or knowingly participated in the chain of distribution of, an illegal drug that was used by the individual drug user; and (b) a person who knowingly participated in the illegal drug market if all of the following apply: (1) the place of illegal drug activity by the individual drug user is within the illegal drug market target community of the person, as defined below; (2) the person's participation in the illegal drug market was connected with the same type of illegal drug used by the individual drug user; and (3) the person participated in the illegal drug market at any time during the individual drug user's period of illegal drug use.

Specify that a person entitled to bring an action could recover all of the following: (a) economic damages, including the cost of treatment and rehabilitation, medical expenses, loss of economic or educational potential, loss of productivity, absenteeism, support expenses, accidents or injury, and any other pecuniary loss proximately caused by the illegal drug use; (b) non–economic damages, including physical and emotional pain, suffering, physical impairment, emotional distress, mental anguish, disfigurement, loss of enjoyment, loss of companionship, services, and consortium, and other nonpecuniary losses proximately caused by an individual's use of an illegal drug; (c) punitive damages; (d) reasonable attorney fees; and (e) costs of the suit, including reasonable expenses for expert testimony.

Provide that an individual drug user may bring an action for damages caused by the use of an illegal drug only if all of the following conditions are met: (a) the individual personally

discloses to law enforcement authorities, more than six months before filing the action, all of the information known to the individual regarding all of the individual's sources of illegal drugs; (b) the individual has not used an illegal drug within the six months before filing the action; and (c) the individual continues to remain free of the use of an illegal drug throughout the pendency of the action. An individual drug user would be allowed to seek damages only from a person who distributed, or is in the chain of distribution of, an illegal drug that was actually used by the individual drug user. An individual drug user would be allowed to recover only the following damages: (a) economic damages, including, but not limited to, the cost of treatment, rehabilitation, and medical expenses, loss of economic or educational potential, loss of productivity, absenteeism, accidents or injury, and any other pecuniary loss proximately caused by the person's illegal drug use; (b) reasonable attorney fees; and (c) costs of the suit, including reasonable expenses for expert testimony.

Tort Action Limitations. Provide that: (a) an action relating to liability for participation in the illegal drug market must be commenced within two years after the cause of action accrues (comes into existence as an enforceable claim or right) or be barred; (b) a cause of action relating to liability for participation in the illegal drug market would accrue when a person who may recover has reason to know of the harm from illegal drug use that is the basis for the cause of action and has reason to know that the illegal drug use is the cause of the harm; (c) for a plaintiff, the time limit is tolled (interrupted or held in abeyance) while the individual potential plaintiff is incapacitated by the use of an illegal drug to the extent that the individual cannot reasonably be expected to seek recovery; (d) for a defendant, the time limit is tolled until six months after the individual potential defendant is convicted of a criminal drug offense; and (e) the time limit for an action based on participation in the illegal drug market that occurred prior to the effective date of the bill, would not begin to run until the effective date of the bill.

Third-Party Cases and Target Communities. Provide that a third party may not pay damages awarded under these provisions, or provide a defense or money for a defense, on behalf of an insured under a contract of insurance or indemnification. Provide that a person whose participation in the illegal drug market constitutes the following level of offense would be considered to have the following illegal drug market target community: (a) for a level 1 offense, all assembly districts that comprise the person's place of participation; (b) for a level 2 offense, the target community for a level 1 offense plus all assembly districts with a border contiguous to that target community; (c) for a level 3 offense, the target community for a level 2 offense plus all assembly districts with a border contiguous to that target community; and (d) for a level 4 offense, the state.

Joinder of Parties. Provide that two or more persons may join in one action relating to liability for participation in the illegal drug market as plaintiffs if their respective actions have at least one place of illegal drug activity in common and if any portion of the period of illegal drug use for one plaintiff overlaps with the period of illegal drug use for every other plaintiff. Specify that two or more persons may be joined in one action as defendants if those persons are liable to at least one plaintiff. Provide that a plaintiff need not be interested in obtaining and a defendant need not be interested in defending against all the relief demanded. Provide that

judgment may be given for one or more plaintiffs according to their respective rights to relief and against one or more defendants according to their respective liabilities.

Comparative Responsibility. Provide that current law provisions on contributory negligence would apply to an action. Specify that the burden of proving the comparative negligence of the plaintiff would be on the defendant, which would require to be shown by clear and convincing evidence. Provide that comparative negligence could not be attributed to a plaintiff who is not an individual drug user.

Contribution Among and Recovery from Multiple Defendants. Provide that a person subject to liability under these provisions would have a right of action for contribution against another person subject to this liability. Provide that contribution may be enforced either in the original action or by a separate action brought for that purpose. Specify that a plaintiff would be permitted to seek recovery in accordance with these provisions and existing law against a person whom a defendant has asserted a right of contribution.

Standard of Proof and the Effect of Criminal Drug Conviction. Require that proof of participation in the illegal drug market in an action under these provisions must be shown by clear and convincing evidence. Except as otherwise provided in these provisions, specify that other elements of the cause of action would require to be shown by a preponderance of the evidence. Specify that a person against whom recovery is sought who has a criminal drug conviction under either state or federal law would be estopped (barred) from denying participation in the illegal drug market. Specify that such a conviction would also be prima facie evidence of the person's participation in the illegal drug market during the two years preceding the date of an act giving rise to a conviction. Provide that the absence of such a criminal conviction of a person against whom recovery is sought does not bar an action against that person.

Attachment, Execution and Stay. Provide that a plaintiff may request an ex parte (without notice to, or argument by, the defendant) prejudgment attachment order from the court against all assets of a defendant sufficient to satisfy a potential award. Specify that if attachment is instituted, a defendant would be entitled to an immediate hearing and that the attachment may be lifted if the defendant demonstrates that the assets will be available for a potential award or if the defendant posts a bond sufficient to cover a potential award. Provide that a person against whom a judgment has been rendered under these provisions would not be eligible to exempt any property, of whatever kind, from process to levy or process to execute on the judgment. However, specify that any assets sought to satisfy a judgment in an action that are named in a forfeiture action or that have been seized for forfeiture by any state or federal agency would not be allowed to be used to satisfy a judgment unless and until the assets have been released following the conclusion of the forfeiture action or released by the agency that seized the assets.

Provide that a district attorney would be authorized to represent the state or a political subdivision of the state in an action brought under these provisions. Provide that, on motion by a governmental agency involved in a drug investigation or prosecution, an action brought

would be stayed until the completion of the criminal investigation or prosecution that gave rise to the motion for a stay of the action.

Conference Committee/Legislature: Delete provision.

37. ELIMINATING RECOVERY FOR PERSONAL INJURY WHILE COMMITTING A FELONY

Assembly: Provide that no person may recover damages for an injury to real or personal property if the injury was incurred while committing, or as a result of committing, an act that constituted a felony and the person was convicted of a felony for that act. Provide that no person may recover damages for death or for personal injury if the injury or death was incurred while committing, or as a result of committing, an act that constituted a felony and the person was convicted of a felony for that act. The provisions would first apply to a death or injury that occurs on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

GOVERNOR

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$6,851,200	$7,345,300	$7,010,800	$7,010,800	$7,010,800	$159,600	2.3%
PR	102,000	211,200	102,000	102,000	102,000	0	0.0
TOTAL	$6,953,200	$7,556,500	$7,112,800	$7,112,800	$7,112,800	$159,600	2.3%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	47.75	48.75	47.75	47.75	47.75	0.00
PR	0.30	1.30	0.30	0.30	0.30	0.00
TOTAL	48.05	50.05	48.05	48.05	48.05	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	$499,400

Governor/Legislature: Provide adjustments to the base budget for: (a) full funding of continuing salaries and fringe benefits ($67,900 annually); and (b) reclassifications ($181,800 annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $339,800

Governor/Legislature: Reduce the agency's largest GPR state operations appropriation (sum sufficient for operation of the executive office) by $169,900 annually. This total reduction amount was derived by calculating a reduction of 5% to each of the agency's GPR state operations but applying that total reduction amount all against the executive office appropriation.

3. CHILDREN'S CABINET BOARD [LFB Paper 455]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$250,000	0.00	- $250,000	0.00	$0	0.00
PR	109,200	1.00	- 109,200	- 1.00	0	0.00
Total	$359,200	1.00	- $359,200	- 1.00	$0	0.00

Governor: Create a Children's Cabinet Board, attached to the Governor's Office. Create two appropriations to fund operations of the Board: (a) a GPR appropriation to provide grants to be awarded by the Board; and (b) a PR appropriation, funded from assessments levied against the Departments of Administration, Public Instruction, Health and Family Services and Workforce Development, to support a new staff position in the Governor's Office. Provide $250,000 GPR in 2002-03 for the grants program and $49,800 PR in 2001-02 and $59,400 PR in 2002-03 for the new position which would provide staff support for the activities and responsibilities of the new Board. Specify that members of the Board shall be: the Governor (who will chair the Board), the State Superintendent of Public Instruction, and the Secretaries of Administration, Health and Family Services and Workforce Development. Provide the following responsibilities for the Board: (a) submit by September 1 of each even-numbered year to the Governor and the Legislature a report on the Board's recommendations regarding changes needed in state programs, policies and funding levels to improve the coordination among state agencies of programs for children and to streamline the delivery of those programs; (b) determine the amounts to be assessed DOA, DPI, DHFS and DWD for support of Board operations; and (c) establish and administer a grants program for local consortia to develop models for the delivery of programs for children who are at risk of not being ready to learn when they enter kindergarten or who are at risk of facing barriers to learning while in school. A consortium eligible for a grant would have to be a combination of individuals, public agencies, nonprofit corporations, for-profit organizations or American Indian tribes or bands who have agreed to develop a model program. Require that in administering the grant program, the Board shall: (a) prescribe specifications for the types of acceptable model programs; (b) set forth performance measures that model programs must meet; and (c) require a grantee to designate a fiscal agent who will be responsible for administration of the grant funds.

Joint Finance/Legislature: Delete provision.

4. RURAL POLICY ADVISOR POSITION [LFB Paper 456]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$84,500	1.00	- $84,500	- 1.00	$0	0.00

Governor: Provide $43,500 in 2001-02 and $41,000 in 2002-03 to fund a new rural policy advisor position in the executive office. The position authority would be transferred from the Department of Commerce (a position funded from Commerce's economic and community development appropriation and the duties of which are primarily related to rural policy development). [Note: 1.0 GPR position and $49,500 GPR annually is deleted in Commerce's budget.] Specify that the incumbent (if any) holding that position would also be transferred. Provide that the Secretary of Administration shall determine the specific position to be transferred. The new position in the Governor's Office would be intended to work on the Governor's rural policy initiative, support and coordinate rural policy development, and organize a conference on rural development.

Joint Finance/Legislature: Delete provision.

5. ELIMINATE REPEAL OF TANF APPROPRIATION

Governor/Legislature: Delete the session law provisions enacted as a part of 1999 Act 9 (the budget bill) which provided for the repeal of the authorization and appropriations necessary to allow the Governor's Office to use a portion of the TANF funds available to the Department of Workforce Development. Under Act 9, a continuing appropriation, using TANF monies available to DWD, was created and statutory authorization created to allow DWD to transfer funds to the Governor's Office to hire staff that would be used in TANF activities. However, Act 9 provided that this statutory authorization and appropriation to the Governor's Office would sunset effective January 6, 2003. Under the Governor's recommendation, the provision within DWD's appropriation for the use of TANF funds would still sunset on January 6, 2003, pursuant to Act 9 but would then be restored on that same day by a separate provision in this bill. The rest of the Act 9 related sunset provisions would be directly repealed.

[Act 16 Sections: 742, 912, 4045, 4046, 4060, 9121(1) and 9458(1)]

HEALTH AND FAMILY SERVICES

Budget Summary

Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled Amount	Percent
GPR	$3,562,108,800	$3,883,837,900	$3,835,503,600	$3,892,592,600	$3,876,701,500	$314,592,700	8.8%
FED	4,648,607,400	5,462,307,300	5,356,137,300	5,364,408,800	5,343,846,800	695,239,400	15.0
PR	799,972,600	721,696,300	709,182,400	716,395,200	715,710,200	- 84,262,400	- 10.5
SEG	101,659,600	351,126,000	608,969,300	608,969,300	608,823,800	507,164,200	498.9
TOTAL	$9,112,348,400	$10,418,967,500	$10,509,792,600	$10,582,365,900	$10,545,082,300	$1,432,733,900	15.7%

FTE Position Summary

Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	2,318.06	2,324.52	2,312.12	2,310.54	2,310.54	- 7.52
FED	1,027.72	980.84	979.54	980.54	979.54	- 48.18
PR	3,425.89	3,375.59	3,382.48	3,385.06	3,383.06	- 42.83
SEG	8.00	8.00	8.00	8.00	8.00	0.00
TOTAL	6,779.67	6,688.95	6,682.14	6,684.14	6,681.14	- 98.53

Budget Change Items

Departmentwide and Management and Technology

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	$23,172,000	- 6.03
FED	- 15,918,700	- 33.80
PR	1,419,600	- 2.21
SEG	73,200	- 1.00
Total	$8,746,100	- 43.04

Governor/Legislature: Provide $11,618,500 GPR and -6.03 GPR positions, -$7,741,500 FED and -30.80 FED positions, $730,500 PR and -2.21 PR positions and $36,600 SEG and -1.0 SEG position in 2001-02 and $11,553,500 GPR and -6.03 GPR positions, -$8,177,200 FED and -33.80 FED positions, $689,100 PR and -2.21 PR positions and $36,600 SEG and -1.0 SEG position in 2002-03 to adjust the Department's base budget for: (a) turnover reduction (-$2,271,100 GPR, -$890,100 FED and -$2,775,200 PR annually); (b) removal

of noncontinuing items (-$6,359,200 GPR and -6.03 GPR positions, -$10,165,600 FED and -30.80 FED positions, -$3,478,800 PR and -2.21 PR positions and -$41,500 SEG and -1.0 SEG position in 2001-02 and -$6,439,400 GPR and -6.03 GPR positions, -$10,601,300 FED and -33.80 FED positions, -$3,520,200 PR and -2.21 PR positions and -$41,500 SEG and -1.00 SEG position in 2002-03; (c) full funding of salaries and fringe benefits ($16,846,700 GPR, $3,203,800 FED, $1,073,900 PR and $78,100 SEG annually); (d) ongoing funding approved by the Joint Committee on Finance after June 30, 2000 ($2,600 GPR and $5,200 PR annually); (e) increased rates charged by DOA for voice and data communications ($46,500 GPR, $4,400 FED and $4,200 PR annually); (f) overtime ($2,154,200 GPR and $3,374,700 PR in 2001-02 and $2,169,400 GPR and $3,374,700 PR in 2002-03); (g) night and weekend salary differentials ($1,147,000 GPR, $68,000 FED and $2,476,700 PR annually); and (h) fifth week of vacation as cash for certain long-term employees ($51,800 GPR, $38,000 FED and $49,800 PR annually).

2. BASE BUDGET REDUCTIONS [LFB Paper 245]

GPR	- $16,071,000

Governor: Reduce the Department's largest GPR state operations appropriation by $8,035,500 in each year. The total reduction amount was derived by making a reduction of 5% to its GPR base for state operations, less debt service and utility costs ($160,709,700 GPR). Include session law language permitting DHFS to submit an alternative plan to the Secretary of Administration, within 90 days of the bill's general effective date, for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the DOA Secretary does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. PROGRAM REVENUE LAPSES [LFB Paper 460]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	$2,942,500	- $18,800	$2,923,700

Governor: Lapse program revenue totaling $2,742,500 in 2001-02 and $200,000 in 2002-03 to the general fund. The Governor recommends lapsing the following amounts, derived from the fees indicated, on the last day of the indicated fiscal year: (a) fees paid by persons seeking information on birth parents and fees paid for DHFS review, certification and approval of

documents used for the adoption of foreign children ($94,300 in 2001-02); (b) surcharges paid by persons convicted of substance abuse offenses ($648,200 in 2001-02); (c) surcharges paid by persons convicted of operating while intoxicated offenses ($1,000,000 in 2001-02); and (d) fees paid for health facility licensing, inspections and other regulatory activities ($1,000,000 in 2001-02 and $200,000 in 2002-03).

Joint Finance/Legislature: Modify the provision by: (a) reducing the required lapse from health facility review fee revenues by $168,800 in 2001-02 and deleting the required lapse of $200,000 in 2002-03; (b) increasing the required lapse from the drug abuse program improvement surcharge by lapsing an additional $125,000 in 2001-02 and $125,000 in 2002-03; and (c) lapsing $100,000 in 2001-02 from moneys budgeted for the WisconCare program to the general fund.

[Act 16 Section: 9223(1),(2),(3),(4)&(5q)]

4. DEBT SERVICE REESTIMATE [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$4,194,100	- $750,100	$3,444,000

Governor: Provide $2,065,100 in 2001-02 and $2,129,000 in 2002-03 to reflect anticipated changes in debt service costs associated with facilities operated by the Division of Care and Treatment Facilities ($2,042,400 in 2001-02 and $2,112,500 in 2002-03) and the workshop for the blind ($22,700 in 2001-02 and $16,500 in 2002-03).

Joint Finance/Legislature: Reduce funding by $365,700 in 2001-02 and $384,400 in 2002-03 to reflect reestimates of debt service costs in the 2001-03 biennium.

5. HIPAA COMPLIANCE

	Funding	Positions
GPR	$1,130,400	0.55
FED	2,084,300	0.45
PR	3,345,200	0.00
SEG	1,060,900	0.00
Total	$7,620,800	1.00

Governor: Provide $3,945,800 ($523,800 GPR, $817,800 FED, $1,994,600 PR and $609,600 SEG) in 2001-02 and $3,675,000 ($606,600 GPR, $1,266,500 FED, $1,350,600 PR and $451,300 SEG) in 2002-03 and 1.0 position (0.55 GPR and 0.45 FED position), beginning in 2001-02, to partially fund projected costs for DHFS to comply with new federal requirements regarding privacy, security and administrative simplification standards for health care information.

The federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 contains provisions designed to reduce the costs and administrative burden of health care by making it possible to transmit standardized, electronic administrative and financial transactions that are currently transmitted manually on paper. HIPAA requires that all health plans, health care

clearinghouses and health care providers, including state-administered programs, comply with standards established in rules promulgated by the U.S. Department of Health and Human Services.

The bill would provide funding to modify the following information systems: (a) Medicaid management information system (MMIS) and Medicaid evaluation and decision support (MEDS) system; (b) Bureau of Health Information systems; (c) facility licensing and certification information system; (d) human services reporting system (HSRS); (e) Division of Care and Treatment Facilities systems; (f) health insurance risk-sharing plan (HIRSP) systems; and (g) chronic disease program systems. In addition, the bill would provide 1.0 position that would oversee implementation of the federal privacy regulations. The administration indicates that it expects DHFS to contract for positions that would oversee other aspects of the project.

Joint Finance/Legislature: Transfer $133,400 GPR in 2001-02 and $306,300 GPR in 2002-03 from the Division of Health Care Financing general programs operations appropriation to the medical assistance administration appropriation to reflect the Governor's intent.

6. SOCIAL SERVICES BLOCK GRANT OPERATIONS

	Funding	Positions
GPR	- $13,200	0.00
FED	- 813,200	- 5.30
PR	290,000	4.30
Total	- $536,400	- 1.00

Governor/Legislature: Delete $295,200 ($100 GPR, -$342,600 FED and $47,300 PR) in 2001-02 and delete $241,200 (-$13,300 GPR, -$470,600 FED and $242,700 PR) in 2002-03. In 2001-02, delete 1.5 FED positions and create 0.5 PR position and, in 2002-03, delete an additional 3.8 FED positions and provide an additional 3.8 PR positions so that the 2002-03 net change to base would be an increase of 4.3 PR positions and a reduction of 5.3 FED positions.

These funding and position changes would transfer support for DHFS operations from the federal social services block grant to other funding sources to reflect reductions in the SSBG block grant and to distribute these funding reductions among all DHFS programs. To accomplish this, the bill would provide additional PR authority for administrative services provided to DHFS programs on a charge-back basis and transfer GPR that is currently budgeted to support these administrative services to program operations currently supported by the SSBG.

7. EXTEND AND CONVERT PROJECT POSITIONS

	Funding	Positions
FED	$31,200	1.00
PR	31,000	0.00
SEG	83,000	1.00
Total	$145,200	2.00

Governor/Legislature: Provide $72,500 ($31,000 PR and $41,500 SEG) in 2001-02 and $72,700 ($31,200 FED and $41,500 SEG) in 2002-03 to extend project positions or convert them to permanent positions.

Health Insurance Risk-Sharing Plan. Provide $41,500 SEG annually to convert 1.0 contract specialist position that will terminate on June 30, 2001, to permanent status, beginning in 2001-02. This position provides oversight for contracts between HIRSP and the plan administrator.

Pathways to Independence. Provide $31,200 FED and 1.0 FED position in 2002-03 to convert 1.0 FED planning and analysis administrator project position that will terminate on February 8, 2003, to permanent status, beginning in 2002-03. This position serves as the program manager for a program that is intended to reduce barriers to employment by persons with disabilities.

Time and Task Reporting. Provide $31,000 PR in 2001-02 to extend 1.0 PR accountant project position that will terminate on October 30, 2001, to June 30, 2002. This position would continue to help DHFS meet federal time reporting requirements and to implement a new system by which DHFS staff record time they spend on various activities.

8. FUNDING AND POSITION ADJUSTMENTS

	Funding	Positions
GPR	- $92,800	- 1.80
FED	119,600	2.18
PR	- 35,200	0.06
Total	- $8,400	0.44

Governor/Legislature: Delete $4,200 (-$46,400 GPR, $59,800 FED and -$17,600 PR) annually and provide 0.44 position (-1.80 GPR positions, 2.18 FED positions and 0.06 PR position), beginning in 2001-02, to: (a) correct funding and position transfers enacted as part of 1999 Wisconsin Act 9; (b) transfer funding and positions between DHFS appropriations to more accurately reflect the purposes for which funding is expended and the functions of these positions; and (c) transfer funding within appropriations to the appropriate budget category.

9. FEDERAL REVENUE REESTIMATES

FED	$4,951,900

Governor/Legislature: Provide $1,828,200 in 2001-02 and $3,123,700 in 2002-03 to reflect reestimates of the amount of federal funding that will be available to support selected DHFS programs in the 2001-03 biennium. The most significant items include: (a) increase funding for aids distributed by the Division of Supportive Living ($672,600 in 2001-02 and $2,076,000 in 2002-03); (b) increased funding for aids supported by the federal community health block grant ($690,100 annually); (c) increased funding for federal project operations in the Division of Children and Family Services ($651,600 in 2001-02 and $652,600 in 2002-03); (d) reduced funding from adoption incentive payments (-$293,300 in 2001-02 and -$80,600 in 2002-03); and (e) funding changes from indirect cost reimbursements to support management and technology activities (-$300 in 2001-02 and -$336,900 in 2002-03).

10. PROGRAM REVENUE REESTIMATES

PR	- $576,500

Governor/Legislature: Delete $537,800 in 2001-02 and $38,700 in 2002-03 to reflect reestimates of program revenue that will be available to fund certain programs administered by DHFS, including funds transferred within the agency. The most significant items include: (a) reduced funding transferred from other agencies and within DHFS to support Division of Children and Family Services local assistance programs (-$1,090,000 annually); (b) increased funding for DHFS information systems ($790,100 in 2001-02 and $1,183,500 in 2002-03); (c) reduced funding transferred from the medical assistance benefits appropriation to the Division of Supportive Living to support services for emotionally disturbed children (-$521,000 annually); (d) reduced funding for general administration gifts and grants (-$248,200 in 2001-02 and -$221,900 in 2002-03); (e) increased funding for caregiver background checks ($200,000 annually); and (f) increased funding for personnel functions ($134,700 annually).

11. RENT AND RENT DEBT SERVICE

FED	$832,300
PR	872,100
SEG	2,500
Total	$1,706,900

Governor/Legislature: Provide $840,000 ($408,100 FED, $430,800 PR and $1,100 SEG) in 2001-02 and $866,900 ($424,200 FED, $441,300 PR and $1,400 SEG) in 2002-03 to reflect projected increases in the cost of space rental for state-owned space, increases in rental rates of leased space and for the debt service portion of space rental costs not reimbursed by the federal government.

12. RISK MANAGEMENT

Governor/Legislature: Transfer a total of $226,800 GPR annually from DHFS divisions other than the Division of Care and Treatment Facilities to the Department's general administration appropriation to consolidate funding budgeted for risk management.

13. REQUIRED REPORTS AND PLANS [LFB Paper 461]

Governor: Permit, rather than require, DHFS to develop annual plans and reports that: (a) document areas of hunger and populations experiencing hunger in the state, and that recommends strategies and state and federal policy changes to address hunger in these areas and populations; (b) report on funds expended for primary health services and mental health services to homeless individuals; (c) report on DHFS activities relating to the treatment of alcoholism; and (d) report on the Department's progress toward implementing early intervention services (the birth-to-three program).

Permit, rather than require, DHFS to develop a five-year state developmental disabilities service plan and to update the plan biennially. Delete the requirement that the plan and updates be submitted to the Governor, the standing committees of the Legislature that have jurisdiction over developmental disabilities issues and the Joint Committee on Finance.

Permit, rather than require, the Council on Physical Disabilities to submit an annual report to the Legislature that provides recommendations concerning funding, programs, policies and operations of certain agencies, councils and boards relating to persons with physical disabilities.

Permit, rather than require, the Council on Mental Health to submit annual reports to DHFS, the Legislature and the Governor on recommended policy changes in the area of mental health.

Permit, rather than require, DHFS to annually determine the statewide medical assistance daily cost of nursing home care and submit the determination to DOA. Delete the requirement that DOA approve the determination before DHFS makes MA payments to counties to support care for certain MA recipients who live in certified residential care apartment complexes.

Joint Finance/Legislature: Delete the provisions that relate to the report on hunger, the birth-to-three program, the alcoholism/substance abuse treatment report and the provisions relating to the MA daily cost of nursing home care. Consequently, DHFS would continue to be required to produce these reports.

In addition, delete all statutory references to all of the other reports under this item, rather than provide DHFS, the Council on Mental Health and the Council on Physical Disabilities permissive authority to produce these reports, as recommended by the Governor.

[Act 16 Sections: 1553b, 1574b, 1955b, 1973, 1974m and 1981b]

14. OFFICE OF FEDERAL-STATE RELATIONS [LFB Paper 135]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	- $242,600	$242,600	$0

Joint Finance: Reduce funding by $121,300 annually to delete base funding for salary, fringe benefits and related supplies and services costs for 1.0 classified position that is assigned to the Office of Federal-State Relations in Washington, D.C. Retain the position authority in DHFS for this function.

Conference Committee/Legislature: Delete provision.

15. FEDERAL INDIRECT FUNDS [LFB Paper 510]

FED	- $1,107,900

Joint Finance/Legislature: Reduce funding by $722,600 in 2001-02 and $385,300 in 2002-03 to address a projected deficit in the DHFS federal indirect appropriation.

16. INCOME AUGMENTATION REVENUE [LFB Paper 462]

	Jt. Finance (Chg. to Base)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Lapse	$3,816,300		$2,933,700		$6,750,000	
FED	$2,933,700	0.00	- $2,840,200	1.00	$93,500	1.00

Joint Finance: Provide $2,933,700 FED in 2001-02 in income augmentation revenue to fund costs associated with transferring cases of children in out-of-home care in Milwaukee County to private vendors, in the event that the contract between the Milwaukee County Department of Human Services and the DHFS Bureau of Milwaukee Child Welfare is not renewed, effective January 1, 2001. Prohibit DOA from releasing these funds from unallotted reserve unless the release is approved by the Joint Committee on Finance under a 14-day passive approval process. Any funds not released from unallotted reserve under this process would lapse to the general fund.

Require DHFS to lapse $3,816,300 in income augmentation revenue by June 30, 2003, and delete the provision in current law that authorizes DHFS to propose the use of income augmentation revenue for purposes other than operational costs exclusively related to augmenting federal income.

Under s. 46.46 of the statutes, if DHFS proposes to use income augmentation revenue for any purpose other than to support costs that are exclusively related to augmenting federal income, then DHFS is required to submit a proposed plan for the use of these remaining funds to DOA. If DOA approves the plan, the DOA Secretary must submit it to the Joint Committee on Finance under a 14-day passive approval process.

In May, 2001, DHFS notified Milwaukee County that it would not renew its 2001 contract with the county to provide services to children in out-of-home care in Milwaukee County. On June 1, 2001, DHFS began contracting with private vendors to serve new children in out-of-home care that would have been served by Milwaukee County. Existing cases will be transitioned from Milwaukee County to private vendors beginning in August, 2001.

Income augmentation revenues are unanticipated federal funds DHFS receives under Titles IV-E (foster care), XVIII (Medicare) and XIX (MA) of the federal Social Security Act as reimbursement for costs that were initially paid with state or local revenue, or revenue from one of these sources that would not otherwise have been available, had it not been for activities conducted to augment federal income.

Assembly: Delete the Joint Finance provision. Instead, require the DOA Secretary to lapse a total of $6.75 million in income augmentation funds, rather than $3,816,300 as recommended by Joint Finance, to the general fund no later than June 30, 2003.

In addition, specify that in the 2001-03 biennium, income augmentation funds would be allocated for DHFS costs associated with transitioning cases of children in out-of-home care

from Milwaukee County to private vendors after: (a) supporting operational costs exclusively related to income augmentation activities; (b) supporting the counties' share of the costs to implement Wisconsin's state automated child welfare information system (WISACWIS) as authorized in the amendment; (c) the $6.75 million lapse required under this provision; and (d) the lapse required under the WISACWIS provision summarized under "Health and Family Services -- Children and Family Services." Specify that DHFS could propose to use up to $2,933,700 of the funds allocated for DHFS transitional costs and prohibit the use of the funds for this purpose unless the DOA Secretary and Joint Finance approve the DHFS proposal under a 14-day passive review process. Specify that any additional funds received in the 2001-03 biennium and not used for these transitional costs would lapse to the general fund no later than June 30, 2003.

Finally, delete the current provision in s. 46.46 of the statutes that authorizes DHFS to propose the use of income augmentation revenue for purposes other than to support costs exclusively relating to augmenting federal income. Instead, specify that, beginning July 1, 2003, any income augmentation revenue not used to support costs exclusively related to supporting income augmentation activities would be credited to the general fund as unappropriated receipts.

Senate: Provide $43,800 in 2001-02 and $49,700 in 2002-03 and 1.0 position, beginning October 1, 2001, for DHFS to conduct activities to secure income augmentation revenues. Additionally, prohibit DHFS from contracting with any vendor to secure income augmentation revenue. Specify that this provision would first apply on the bill's general effective date, but would not affect any contract to perform income augmentation activities entered into before the bill's effective date.

DHFS currently contracts with MAXIMUS, Inc. to conduct activities to identify income augmentation revenue. Under the terms of the contract with MAXIMUS, MAXIMUS is entitled to 10% of all income augmentation revenues received by the state as payment for its services. The current contract with MAXIMUS expires October 30, 2002.

Conference Committee/Legislature: Adopt both the Assembly and Senate provisions.

Veto by Governor [C-40]: Delete the Assembly provision that would have deleted the provision under s. 46.46 of the statutes, authorizing DHFS to propose to use income augmentation funds for purposes other than to support costs exclusively related to income augmentation activities. Additionally, delete the Senate provision that would have authorized 1.0 FED position, beginning October 1, 2001 and the provision that would prohibit DHFS from contracting with any vendor to secure income augmentation revenue and the associated initial applicability provision.

In his veto message, the Governor indicated that he is requesting the DOA Secretary not to authorize the 1.0 FED position created in the enrolled bill and not allot the $43,800 FED in 2001-02 and $49,700 FED in 2002-03 that would fund the position. As a result, these federal

funds are available for use similar to other income augmentation revenue and DHFS remains authorized to contract with any vendor to secure additional federal revenue.

Summary of Act 16 Provisions. In summary, under s. 46.46 of the statutes, DHFS retains the authority to propose the use of income augmentation funds for purposes other than to support costs exclusively related to augmenting federal revenue and that implementation of such a proposal is subject to approval by DOA and Joint Finance under a 14-day passive review process. Additionally, DHFS retains its authority to contract with private vendors to secure income augmentation revenue.

Act 16 specifies that no later than June 30, 2003, the DOA Secretary is required to lapse $6.75 million from the income augmentation appropriation to the general fund. In addition, the DOA Secretary is required to lapse $3,008,300 in 2001-02 and $3,328,500 in 2002-03 from the income augmentation appropriation to the general fund, as identified under the WISACWIS provision summarized under "Health and Family Services -- Children and Family Services."

Additionally, Act 16 specifies that, in the 2001-03 biennium, any income augmentation funds are allocated for DHFS costs associated with transitioning cases of children in out-of-home care from Milwaukee County to private vendors after income augmentation funds have been used to: (a) support operational costs exclusively related to augmenting federal revenue; (b) support costs approved by the DOA Secretary and Joint Finance under the process authorized in s. 46.46 of the statutes, including supporting the counties' share of implementing WISACWIS; and (c) meet the lapse requirements identified above.

Act 16 specifies that of the funds allocated for DHFS transitional costs, DHFS can propose to encumber or expend no more than $2,933,700 to support such transitional costs. DHFS cannot implement the plan unless approved by the DOA Secretary and Joint Finance under a 14-day passive review process. No later than June 30, 2003, the DOA Secretary is required to lapse to the general fund any funds allocated for DHFS transitional costs but not encumbered or expended.

Finally, Act 16 specifies that, beginning July 1, 2003, any income augmentation funds not used to support costs exclusively related to augmenting federal income or approved for use by the DOA Secretary and the Joint Committee on Finance under s. 46.46 of the statutes, are credited to the general fund as unappropriated receipts.

[Act 16 Sections: 732q, 732r, 9123(8z), 9223(4z)(a)&(b) and 9423(16g)&(16zo)]

[Act 16 Vetoed Sections: 732q, 1557jd, 1557k, 9123(9bk) and 9323(16k)]

17. TRIBAL GAMING REVENUE [LFB Paper 167]

Governor: Specify that the unencumbered balances in DHFS PR appropriations for the tribal medical relief block grant, the cooperative American Indian health projects, compulsive

gambling awareness campaigns, Indian aids, Indian drug abuse prevention and education and elderly nutrition programs, on June 30 of each year would revert back to the DOA appropriation for tribal gaming revenue. Currently, tribal gaming revenue is budgeted in these appropriations and any unencumbered funds accumulate in the appropriation unless expenditure authority is provided by the Legislature for these funds.

Joint Finance: Adopt the Governor's recommendations. In addition, create a new biennial PR appropriation for MA-funded outreach for tribal members and for MA reimbursement of services provided by tribal, federally-qualified health centers and specify that the unencumbered balance on June 30, of each odd-numbered year would revert to the DOA appropriation for tribal gaming revenue. Currently, $1,070,000 in tribal gaming revenue is budgeted annually for these purposes in the Division of Health Care Financing's interagency and intra-agency aids appropriation.

Also, specify that the unencumbered balances available immediately preceding the bill's general effective date, in the appropriations for medical relief block grant, cooperative American Indian health projects, compulsive gambling awareness campaigns, Indian aids, Indian drug abuse prevention and education and elderly nutrition programs would be transferred to the DOA tribal gaming revenue appropriation on the bill's general effective date. Additionally, from the Division of Health Care Financing's interagency and intra-agency aids appropriation, transfer $18,300 to the DOA tribal gaming revenue appropriation.

Conference Committee/Legislature: Adopt the Joint Finance provision. In addition, transfer $1,070,000 of tribal gaming revenue from the interagency and intra-agency aids appropriation to the new appropriation created under the Joint Finance provision and delete provisions in the interagency and intra-agency aids appropriation to reflect that no tribal gaming revenue would be budgeted in that appropriation.

[Act 16 Sections: 713, 713g, 713hk, 721, 729, 730, 731 and 9223(5mk)]

18. FOOD STAMP ADMINISTRATION TRANSFER FROM DWD

Joint Finance/Legislature: Transfer administrative responsibilities of the federal food stamp program from DWD to DHFS effective July 1, 2002. This provision is described under "Workforce Development -- Economic Support and Child Care."

Medical Assistance

1. OVERVIEW OF MEDICAL ASSISTANCE BENEFITS

Governor: Increase total MA benefits funding by $429,833,300 ($75,534,700 GPR, $273,595,100 FED and $80,703,500 SEG) in 2001-02 and $588,394,000 ($108,437,300 GPR, $371,066,600 FED and $108,890,100 SEG) in 2002-03 to support the estimated costs of MA benefits in the 2001-03 biennium. This funding would support the administration's estimates of the cost to continue the program under current law (the MA base reestimate) and program changes recommended in the bill. These amounts include funding to provide services for Family Care enrollees who are eligible for MA, but do not include funding to support services for: (a) Family Care enrollees that are not eligible for MA; and (b) BadgerCare enrollees.

The GPR increase is entirely attributable to the MA base reestimate item ($79.9 million in 2001-02 and $113.6 million in 2002-03). The net effect of all of the Governor's recommended program changes would reduce GPR funding by $4.4 million in 2001-02 and $5.2 million in 2002-03. This reduction is primarily due to the Governor's proposal to reduce reimbursement rates to pharmacies (-$4.8 million in 2001-02 and -$7.3 million in 2002-03).

The bill provides several rate increases for providers that are funded by SEG funding generated from anticipated increases in federal matching funds related to nursing home intergovernmental transfers and placed in a MA trust fund. These SEG funds would serve as the state match for MA rate increases for: (a) nursing homes ($62.7 million in 2001-02 and $80.5 million in 2002-03); (b) noninstitutional services ($8.5 million in 2001-02 and $18.2 million in 2002-03); (c) hospital services ($9.5 million in 2001-02 and $10.1 million in 2002-03); and (d) hearing aids ($0.1 million in 2002-03).

In total, the bill would provide $3,289,470,400 ($1,071,574,400 GPR, $2,137,192,500 FED and $80,703,500 SEG) in 2001-02 and $3,448,031,100 ($1,104,477,000 GPR, $2,234,664,000 FED and $108,890,100 SEG) in 2002-03 to support MA benefits in the 2001-03 biennium, including benefits that would be provided to MA-eligible Family Care enrollees.

Joint Finance: Increase funding in the bill by $11,120,800 ($35,319,200 GPR, -$98,704,900 FED and $74,506,500 SEG) in 2001-02 and $60,357,100 (-$77,396,500 GPR, -$50,296,800 FED and $188,050,400 SEG) in 2002-03 to reflect the net effect of all changes the Joint Committee on Finance made to the Governor's bill.

Senate: Increase MA benefits funding that would be provided in the substitute amendment by $8,334,400 ($2,154,300 GPR and $6,180,100 FED) in 2001-02 and by $33,031,200 ($12,418,300 GPR and $20,612,900 FED) in 2002-03 to reflect the net effect of all changes the Senate made to the substitute amendment.

Assembly: Increase MA benefits funding that would be provided in the substitute amendment by $5,723,900 (-$27,638,900 GPR, $3,362,800 FED and $30,000,000 SEG from the utility public benefits fund) in 2001-02 and by $46,802,400 (-$10,807,600 GPR, $27,610,000 FED and $30,000,000 SEG from the utility public benefits fund) in 2002-03 to reflect the net effect of all changes the Assembly made to the substitute amendment.

Conference Committee/Legislature: Increase MA benefits funding that would be provided in the substitute amendment by $7,418,900 ($1,791,300 GPR and $5,627,600 FED) in 2001-02 and by $10,382,200 ($4,258,100 GPR and $6,124,100 FED) in 2002-03 to reflect the net effect of all changes the Conference Committee and Legislature made to the substitute amendment.

Veto by Governor [C-3, C-8, C-10, C-13, C-26 and C-29]: Reduce MA benefits funding that would be provided in Enrolled SB 55 by $4,594,600 ($1,989,000 GPR, $71,000 SEG and $2,534,600 FED) in 2001-02 and by $23,857,500 ($7,065,100 GPR, $74,500 SEG and $16,717,900 FED) in 2002-03 to reflect the net effect of the Governor's partial vetoes on MA benefits funding.

In total, Act 16 provides $3,303,415,500 ($1,106,695,900 GPR, $155,139,000 SEG and $2,041,580,600 FED) in 2001-02 and $3,494,912,900 ($1,024,273,500 GPR, $296,866,000 SEG and $2,173,773,400 FED) in 2002-03 to fund MA benefit costs in the 2001-03 biennium, including benefits that would be provided to MA-eligible Family Care enrollees.

The following table summarizes all of the changes to MA benefits base funding in Act 16.

Summary of MA Benefits Funding
Act 16

	2001-02				2002-03			
	GPR	FED	SEG	Total	GPR	FED	SEG	Total
Adjusted Base	**$996,039,700**	**$1,863,597,400**	**$0**	**$2,859,637,100**	**$996,039,700**	**$1,863,597,400**	**$0**	**$2,859,637,100**
Standard Budget Adjustment -- Governor's Act 9 Vetoes	-2,277,500	-2,811,900	0	-5,089,400	-2,277,500	-2,811,900	0	-5,089,400
Base Reestimate	111,611,000	81,743,400	91,873,600	285,228,000	131,340,400	177,724,400	102,345,700	411,410,500
Subtotal -- MA Costs Under Current Law	**$1,105,373,200**	**$1,942,528,900**	**$91,873,600**	**$3,139,775,700**	**$1,125,102,600**	**$2,038,509,900**	**$102,345,700**	**$3,265,958,200**
MA Program Changes								
Nursing Home Reimbursement	$0	$75,304,800	$52,873,600	$128,178,400	-$108,706,700	$99,468,500	$179,038,400	$169,800,200
MA Rates for Noninstitutional Services	0	5,559,500	3,903,500	9,463,000	0	11,480,500	8,397,500	19,878,000
MA Hospital Payments	0	9,241,000	6,488,300	15,729,300	0	9,660,800	6,852,600	16,513,400
MA Hospital Payment -- Milwaukee General Assistance	0	3,076,400	0	3,076,400	0	3,045,100	0	3,045,100
MA Rates for Prescription Drugs	-1,791,300	-2,551,200	0	-4,342,500	-2,023,700	-2,853,000	0	-4,876,700
Eliminate the MA Asset Limit	351,200	500,200	0	851,400	384,800	544,000	0	928,800
Eligibility for Women Diagnosed with Cancer	77,200	193,600	0	270,800	300,100	752,900	0	1,053,000
MA State Centers/Veterans Home Adjustments	189,700	554,100	0	743,800	298,500	797,000	0	1,095,500
Managed Care for Disabled Adults	-103,800	-146,200	0	-250,000	-271,400	-378,600	0	-650,000
MA Rates for Hearing Aid Instruments and Services	0	0	0	0	0	326,800	231,800	558,600
CIP IB and CIP II Placements	2,362,900	3,365,400	0	5,728,300	4,746,500	6,710,100	0	11,456,600
Provider Fraud and Abuse	0	0	0	0	-86,600	-120,900	0	-207,500
Medically Needy Income Limit	0	0	0	0	500,800	0	0	500,800
Subtotal	$1,085,900	$95,097,600	$63,265,400	$159,448,900	-$104,857,700	$129,433,200	$194,520,300	$219,095,800
Changes to Other Programs								
Enhanced Reimbursements for Birth-to-Three	$313,700	$446,800	$0	$760,500	$627,300	$884,400	$0	$1,511,700
COP-W, CIP II and CIP IB	- 76,900	3,507,300	0	3,430,400	- 1,464,700	4,946,000	0	3,481,300
PACE/Partnership Adjustment	0	0	0	0	2,074,900	0	0	2,074,900
Family Care	0	0	0	0	2,791,100	- 100	0	2,791,000
Subtotal	$236,800	$3,954,100	$0	$4,190,900	$4,028,600	$5,830,300	$0	$9,858,900
Grand Total -- Total Gross MA Benefits	**$1,106,695,900**	**$2,041,580,600**	**$155,139,000**	**$3,303,415,500**	**$1,024,273,500**	**$2,173,773,400**	**$296,866,000**	**$3,494,912,900**
Total Gross MA Benefits, Change to Base	**$110,656,200**	**$177,983,200**	**$155,139,000**	**$443,778,400**	**$28,233,800**	**$310,176,000**	**$296,866,000**	**$635,275,800**
Lapse (Medically Needy Income Limit)	$0	$0	$0	$0	- $500,800	$0	$0	- $500,800
Net MA Benefits	**$1,106,695,900**	**$2,041,580,600**	**$155,139,000**	**$3,303,415,500**	**$1,023,772,700**	**$2,173,773,400**	**$296,866,000**	**$3,494,412,100**

2. MA BASE REESTIMATE [LFB Paper 465]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$193,548,400	$49,403,000	$242,951,400
FED	388,646,900	- 129,179,100	259,467,800
SEG	0	194,219,300	194,219,300
Total	$582,195,300	$114,443,200	$696,638,500

Governor: Provide $244,040,900 ($79,909,200 GPR and $164,131,700 FED) in 2001-02 and $338,154,400 ($113,639,200 GPR and $224,515,200 FED) in 2002-03 to reflect estimates of the amount of additional funding that will be required to support MA benefits in the 2001-03 biennium under current law. The administration's estimate uses past trends to project changes in service utilization. Utilization projections are based on projected changes in caseload and service intensity, which is a measure of the change in the average cost per MA recipient for a particular service. Service intensity may increase if recipients receive more units of a service or receive more expensive services.

The single largest factor accounting for the increase in projected MA benefits costs are drug expenditures. As part of the base reestimate, the bill increases MA funding by $61.1 million (all funds) in 2002-03 and $122.4 million (all funds) in 2002-03 to fund projected increases in drug expenditures. These amounts represent the net increase in projected drug costs, after subtracting projected increases in drug rebate revenue the state receives from manufacturers.

The base reestimate also includes $9.1 million (all funds) in 2001-02 and $20.2 million (all funds) in 2002-03 to fund increases in capitation rates to health maintenance organizations that serve the AFDC-related and Healthy Start MA populations. The bill would provide funding to support six months of a 3.0 % rate increase provided in calendar year 2001, a projected rate increase of 3.7% in 2002 and six months of a projected rate increase of 4.2% in 2003.

Although capitation payments to Family Care CMOs are projected to increase significantly, most of the increase is internally funded by transfers from the MA waiver programs and projected declines in nursing home utilization. The administration estimates that the net increase in state GPR funding under MA due to Family Care will be $1.9 million GPR in 2001-02 and $4.5 million in 2002-03.

The administration's MA base reestimate assumes that additional federal funding related to county nursing home deficits (IGT funds) will increase from $78.1 million in 2000-01 to $91.9 million in 2001-02 and $102.3 million in 2002-03. Any federal funds received through this mechanism would reduce GPR MA costs by corresponding amounts.

Joint Finance/Legislature: Modify the Governor's recommendations by providing an additional $41,187,100 ($31,701,800 GPR, -$82,388,300 FED, and $91,873,600 SEG) in 2001-02 and $73,256,100 ($17,701,200 GPR, -$46,790,800 FED and $102,345,700 SEG) in 2002-03 to reflect reestimates of the cost to continue the current MA program in the 2001-03 biennium. The

reestimate is based on the following estimated average annual caseload and projected annual changes in average per recipient costs.

Estimated Average Number of MA Enrollees
By Eligibility Category

Category	Actual 1999-00	Projected 2000-01	Projected 2001-02	Projected 2002-03	Percent Change From Previous Year 2000-01	Percent Change From Previous Year 2001-02	Percent Change From Previous Year 2002-03
Aged	45,309	43,959	42,251	40,793	-3.0%	-3.9%	-3.5%
Disabled	97,815	97,473	97,325	97,306	-0.3	-0.2	-0.0
AFDC	144,024	145,614	148,846	152,280	1.1	2.2	2.3
Other*	117,183	133,562	143,987	154,044	14.0	7.8	7.0
Total	404,331	420,608	432,409	444,423	4.0%	2.8%	2.8%

*Includes participants in home- and community-based waiver programs and the Healthy Start population.

Projected Annual Changes in Average Per Recipient Costs

Service	2001-02	2002-03
Dental	12.5%	6.1%
Durable Medical Equipment and Supplies	4.3	3.1
Drugs	15.8	12.5
Transportation -- Emergency	7.3	6.9
Family Planning	-5.0	-1.6
Home Health Services	6.5	4.8
Inpatient Hospital Services	3.3	2.9
Laboratory and X-rays	5.0	5.0
Medicare Crossovers - Part A	3.4	2.5
Medicare Crossovers - Part B	5.2	2.6
Mental Health	20.4	14.7
Transportation -- Nonemergency	-0.7	-3.7
Outpatient Hospital	3.0	4.2
Outpatient Hospital -- Psychiatric	5.8	3.0
Personal Care	6.1	5.8
Physician Services	0.1	1.9
Therapies	-1.0	-0.2
Other	9.2	9.4

Two important factors affecting MA costs are reflected in these tables. First, the previous trend of a declining caseload, from 488,244 MA eligibles in 1994-95 to 397,534 MA-eligibles in 1998-99, has ended. Total caseload had been increasing during the last 22 months and is projected to continue to increase at a rate of 2.8% per year, primarily due to projected increases in the number of individuals who will meet MA Healthy Start eligibility criteria.

The second factor contributing to increasing MA costs is spending for prescription drugs. Gross drug expenditures are projected to total $362 million in 2000-01. In the two previous fiscal years, the average cost of drugs per elderly and disabled recipient increased at an average annual rate of 23%. As indicated in the table above, the average drug costs per recipient is expected to increase by 15.8% in 2001-02 and 12.5% in 2002-03. This factor alone will increase MA costs by $57 million in 2001-02 and an additional $52 million in 2002-03.

The major factor contributing to the increase over the Governor's funding level is that the projected caseload growth is higher than under the Governor's projection, including caseload for the 2000-01 fiscal year. Almost half of the additional funding in 2001-02 is needed to support an anticipated deficit in 2000-01. Expenditures related to 2000-01 can be deferred, but additional funding is needed in 2001-03 to fund these deferred expenditures.

The funding changes reflect that MA expenditures supported by additional federal matching funds related to unreimbursed expenditures of county- and municipal-owned nursing homes (IGT revenues) would made from a segregated MA trust fund that would be created in the bill. The MA base reestimate, as recommended by the Governor, includes $91,873,600 FED in 2001-02 and $102,345,700 FED in 2002-03 of IGT revenue to offset the GPR costs of MA payments to nursing homes.

In summary, Act 16 increases MA benefits funding by $285,228,000 ($111,611,000 GPR, $81,743,400 FED and $91,873,600 SEG) in 2001-02 and by $411,410,500 ($131,340,400 GPR, $177,724,400 FED and $102,345,700 SEG) in 2002-03 to fund the projected costs of continuing the current MA program in the 2001-03 biennium. Consequently, this funding does not support provider rate increases or other funding changes resulting from changes in the program.

3. NURSING HOMES -- REIMBURSEMENT AND CREATION OF THE MEDICAL ASSISTANCE TRUST FUND [LFB Papers 466 and 467]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$0	- $108,706,700	- $108,706,700
FED	203,137,300	- 28,364,000	174,773,300
SEG	143,223,500	88,688,500	231,912,000
Total	$346,360,800	- $48,382,200	$297,978,600

Governor: Provide $152,100,100 ($89,358,800 FED and $62,741,300 SEG) in 2001-02 and $194,260,700 ($113,778,500 FED and $80,482,200 SEG) in 2002-03 to increase payments to nursing homes for services they provide to MA recipients. This funding would enable DHFS to: (a)

maintain the current supplemental payments DHFS makes to nursing homes operated by counties and other municipalities to offset a portion of their deficits ($37,100,000 annually); (b) increase these supplemental payments by $40,000,000 annually so that a total of $77,100,000 would be provided for this purpose in each year; and (c) provide rate increases for all nursing homes ($75,000,000 in 2001-02 and $117,160,700 in 2002-03). Based on the projected decreases in nursing home utilization assumed in the administration's MA base reestimate (including projected diversions due to Family Care), it is estimated that the amount of funding provided for rate increases to all nursing homes would be sufficient to increase rates by 8.7% in 2001-02 and an additional 4.9% in 2002-03. However, if nursing home utilization does not decrease as much as the administration assumes, the general rate increase would be reduced because this amount of funding would be available to support a greater number of patient days. The following table summarizes how this additional funding would be allocated under the bill.

	2001-02	2002-03
Continue Current County and Municipal Supplements	$37,100,000	$37,100,000
Increase County and Municipal Supplements	40,000,000	40,000,000
General Rate Increases	75,000,000	$117,160,700
Total	$152,100,000	$194,260,700

County and Municipal Supplemental Payments. Specify that, if the state receives less than $115,200,000 of federal matching funds based on intergovernmental transfers (IGT funds) in a state fiscal year, DHFS could distribute no more than $37,100,000 in supplemental payments to county- and municipally-owned homes in that year. For the purpose of making these supplemental payments, define "operating deficits" as they are defined under the methodology DHFS used in December, 2000, which is the definition included in the current MA state plan for nursing home reimbursement. Specify that if the state receives $115,200,000 or more of these IGT funds in a state fiscal year, DHFS could distribute up to $77,100,000 in supplemental payments in that year.

Modify statutes relating to the supplemental payments retroactively so that, for the period between July 1, 2000 and the bill's general effective date, DHFS could distribute no more than $40,100,000 in supplemental payments in each fiscal year. Under current law, DHFS may distribute up to $38,600,000 to make these payments, but only $37,100,000 is budgeted for this purpose in each year of the 2001-03 biennium.

In addition, retroactively to July 1, 2000, eliminate the provision that directs that any federal matching funds related to intergovernmental transfers that were not anticipated before enactment of the biennial budget act or other legislation affecting federal MA funds, be paid out as additional supplemental payments.

Create MA Trust Fund. Create a separate, nonlapsible trust account that would be designated as the medical assistance trust fund. Specify that all federal matching funds based on nursing home intergovernmental transfers would be placed into this trust fund, as well as any intergovernmental transfers received from local governments. The State of Wisconsin Investment Board would manage the trust fund and the fund would accumulate interest

earnings. Create a segregated, continuing appropriation, funded from the trust fund, to support MA and BadgerCare benefit and administrative costs associated with augmenting the amount of federal moneys DHFS receives from nursing home intergovernmental transfers. Modify the current FED MA benefits appropriation to authorize transfers from that appropriation to the MA trust fund. Authorize DHFS to fund current MA and BadgerCare-funded services from the new appropriation.

DHFS has recently submitted a state MA plan amendment to increase the amount of federal matching funds the state can claim based on intergovernmental transfers. If the plan is approved by the U.S. Department of Health and Human Services, Health Care Financing Administration, DHFS estimates that it would claim additional IGT funds totaling $258.7 million in 2000-01, $189.6 million in 2002-03 and $155.7 million in 2002-03. These additional funds, together with the current amount of IGT funds the state claims (approximately $118 million annually) would be deposited in the MA trust fund.

As a result of new federal MA rules, it is estimated that the amount of revenue the state will receive will decrease by approximately $173 million in 2003-04 and will continue to decrease in subsequent years so that, by October, 2008, the state will no longer receive these funds. Consequently, it is projected that annual IGT revenues will total approximately $100 million in 2003-04 and decrease to approximately $85 million in 2004-05.

In addition to funding MA nursing home costs, the bill would partially fund three other items by using the IGT funds budgeted in the SEG appropriation as the state's match for federal MA funds: (a) $19,594,200 SEG for inpatient and outpatient hospital reimbursement; (b) $26,672,300 SEG for rate increases for noninstitutional services; and (c) $103,600 SEG for a rate increase for hearing aid services. A technical correction is needed to increase SEG expenditures by $91,873,600 in 2001-02 and $102,345,700 in 2002-03 and decrease FED expenditures by corresponding amounts to reflect that all IGT funds would be deposited to the new MA trust fund. The following table summarizes the administration's estimates of anticipated revenues and expenditures that would be budgeted from these revenues under the bill, with this technical correction.

MA Trust Fund
Projected Revenues and Expenditures
Governor's Recommendations

	2000-01	2001-02	2002-03
Opening Balance	$0	$282,424,200	$417,626,500
Revenues			
Current IGT Claims	$118,179,400	$118,179,400	$118,179,400
Estimated Increase	258,700,000	189,600,000	155,700,000
Subtotal	$376,879,400	$307,779,400	$273,879,400
Expenditures			
Nursing Homes			
County Supplement	$16,375,800	$31,803,800	$31,942,500
General Rate Increase	0	30,937,500	48,539,700
Subtotal	$16,375,800	$62,741,300	$80,482,200
Other			
Offset to MA GPR Costs	$78,079,400	$91,873,600	$102,345,700
Hospital Services	0	9,498,300	10,095,900
Noninstitutional Services	0	8,463,900	18,208,400
Hearing Aids Services	0	0	103,600
Subtotal	$78,079,400	$109,835,800	$130,753,600
Total Expenditures	$94,455,200	$172,577,100	$211,235,800
Estimated Closing Balance	$282,424,200	$417,626,500	$480,270,100

Joint Finance: Reduce funding by $9,867,700 SEG and $14,054,000 FED in 2001-02 and reduce funding by $108,706,700 GPR and $14,310,000 FED and increase funding by $98,556,200 SEG in 2002-03 to: (a) decrease funding for the regular per diem nursing home rates by $23,921,700 ($9,867,700 SEG and $14,054,000 FED) in 2001-02 and by $24,460,500 ($10,150,500 SEG and $14,310,000 FED) in 2002-03 to provide rate increases of 6.0% in 2001-02 and 4.73% in 2002-03, rather than 8.81% and 4.73%, respectively; and (b) increase funding to support MA benefits costs by $108,706,700 SEG in 2002-03 and reduce GPR funding by a corresponding amount. Additionally, specify that the appropriation created in the bill would fund costs under MA exclusively and delete references to BadgerCare. Because of new proposed federal regulations relating to IGT claiming and the Joint Finance Committee' reduction in the rates recommended by the Governor, the projections for IGT revenues in the 2001-03 biennium are reduced to $77,830,800 in 2001-02 and $77,842,000 in 2002-03.

Assembly/Conference Committee: Modify the provisions in the substitute amendment by creating a sum sufficient appropriation from the medical assistance trust fund that would be used only for: (a) MA per diem payments to all nursing facilities; and (b) MA supplemental payments to county-and municipal-owned nursing homes. Authorize DHFS to spend an amount from this appropriation that is equal to the balance in the fund, less the amounts appropriated from the fund under the segregated appropriation created in the substitute

amendment. Change the segregated appropriation in the substitute amendment from a continuing appropriation to a biennial appropriation.

This provision would enable DHFS to expend any amounts that exceed current projections of IGT revenues for MA payments to nursing homes.

Veto by Governor [C-2]: Modify the provision as follows.

Creation of Supplemental Appropriation for Nursing Home Reimbursement. Change the sum sufficient appropriation to an annual appropriation, which DHFS could use in the future to supplement the level of nursing home reimbursement provided under Act 16 if authorized by the Legislature.

Condition of Payment to County and Municipal Nursing Homes. Modify the bill to authorize DHFS to provide up to $77,100,000 in supplemental payments to county and municipal nursing homes if the state receives $1 or more of IGT funds in any year. Under Enrolled SB 55, if the state received less than $115,200,000 in IGT revenues in a state fiscal year, DHFS could provide up to, but not exceeding $37,100,000 in supplemental payments to county and municipal nursing home and if the state received $115,200,000 or more in IGT revenues in a state fiscal year, DHFS could provide up to $77,100,000 in supplemental payments to these types of nursing homes.

The table below identifies projected balances in the MA trust fund under Act 16. As the table indicates, the closing balance in the MA trust account would be $145,500 at the end of the 2001-03 biennium due to the Governor's partial veto of funding that was provided in the bill to increase supplemental payments to hospitals participating in the MA managed care initiative.

MA Trust Fund
Projected Revenues and Expenditures
(As Adjusted to Reflect Actual 2000-01 Revenues and Expenditures)
Act 16

	2000-01	2001-02	2002-03
Opening Balance	$0	$278,335,600	$212,939,600
Revenues			
IGT Claims	$372,754,200	$77,830,800	$77,842,000
Interest Earnings	0	12,240,700	6,936,600
Subtotal	$372,754,200	$90,071,500	$84,778,600
Expenditures			
Nursing Homes (Includes General Rate Increase and the County and Municipal Supplement)	$16,339,200	$52,873,600	$70,331,700
Other			
Offset to MA GPR Costs	$78,079,400	$91,873,600	$211,052,400
Hospital Services	0	6,488,300	6,852,600
Noninstitutional Services	0	4,232,000	9,104,200
Hearing Aids Services	0	0	231,800
Subtotal	$78,079,400	$102,593,900	$227,241,000
Total Expenditures	$94,418,600	$155,467,500	$297,572,700
Estimated Closing Balance	$278,335,600	$212,939,600	$145,500

[Act 16 Sections: 715, 717, 717b, 717bd, 1108, 1143, 1503, 1504, 1506, 1507, 1509, 1528, 1765, 1768, 1776, 1776m, 1777 thru 1782, 1783, 1788, 1820, 1821 and 9423(7)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(4)(wm)), 717bd, 1776m and 1778]

4. NURSING HOMES -- LABOR REGION ADJUSTMENTS [LFB Paper 468]

Governor: Eliminate the requirement that DHFS establish standards for payment of allowable direct care costs that are adjusted by DHFS for regional labor cost variations.

Under current law, direct care expenses include staff and medical supplies used to provide direct patient care. DHFS is required to establish standards (targets) for payment of allowable direct care costs that are based on direct care costs for all facilities, as adjusted to reflect regional labor cost variations. DHFS establishes the direct care component of a facility's rate by comparing actual allowable direct care cost of the facility to the applicable direct care target. If a nursing home's actual allowable direct care costs are below the target, DHFS reimburses the nursing home for 100% of its costs. However, if a nursing home's actual costs

exceed the target, DHFS only reimburses the nursing home for costs up to the target rate. In 2000-01, adjustments for labor costs had various effects on nursing homes, ranging from a 6% decrease in a facility's target, to an increase of 18%. Elimination of the labor cost adjustment would result in the redistribution of MA nursing home payments, but would not affect the total level of MA payments made to nursing homes.

Senate: Delete provision.

Assembly/Legislature: Delete provision. Instead, require DHFS, together with representatives from the nursing home industry and organized labor, to develop a comprehensive plan that specifies varying regions of the state with respect to labor costs for nursing home staff and require DHFS to submit the proposed plan to the Joint Committee on Finance on or before September 1, 2001, or by the first day of the second month after the effective date of the bill, whichever is later. Specify that if the Co-chairs of the Committee do not notify the Secretary within 14 working days that the Committee will meet for the purpose of reviewing the proposal, DHFS would be authorized to implement the new labor region plan. Specify that DHFS could implement the plan only upon approval by the Committee.

[Act 16 Section: 9123(13d)]

5. NURSING HOMES -- PAYMENTS FUNDED WITH PUBLIC BENEFITS FEES

Assembly: Reduce MA benefits funding by $30,000,000 GPR in 2001-02 and 2002-03 and provide $30,000,000 SEG in 2001-02 and 2002-03 from the utility public benefits fund to support MA payments to nursing homes. Create a SEG biennial appropriation to support these payments, and provide that no moneys may be expended or encumbered from the appropriation after June 30, 2003.

Conference Committee/Legislature: Delete provision.

6. NURSING HOMES -- PROHIBITED USE OF REIMBURSEMENTS

Senate: Prohibit nursing facilities that receive state funding under MA from using any of those funds to influence the decision of any individual to support or oppose a labor organization that represents or seeks to represent the individual or to become a member of a labor organization. Require DHFS to accept any complaints from an individual who alleges that a provider is violating this provision, and require DHFS to notify the provider within one week after receiving the complaint that it must provide records sufficient to show that it did not violate this prohibition within 10 days.

Authorize the Attorney General or any other person to bring a civil action for a violation of this provision for injunctive relief, damages, civil penalties and other appropriate equitable relief. Require that all damages and civil penalties collected be paid to the State Treasury. Require that an individual who wishes to file a civil suit first provide written notice to the

Attorney General of the alleged violation and his/her intent to bring suit. Specify that such notice cannot be given until 20 days after a complaint is filed with DHFS and the notice must include a copy of the complaint filed with DHFS and its disposition, if any. Prohibit an individual from bringing a civil action if the Attorney General commences a civil action for the same alleged violation within 60 days of receiving the notice. Allow an individual to intervene as a plaintiff in any civil action. Specify that a prevailing plaintiff would be entitled to recover reasonable attorney's fees and costs. Specify that a prevailing intervenor who makes a substantial contribution to an action would be entitled to recover reasonable attorney's fees and costs.

Specify that a provider who violates the prohibition is liable to the state for the amount of such funds used, plus a civil penalty equal to twice the amount of those funds. Specify that any individual who knowingly authorizes the use of state funds in violation of the provision would be liable to the state for the amount of those funds. Specify that any individual who knowingly violates the prohibition would be personally liable to the state in the amount of $1,000 per violation.

Specify that the prohibition would not apply to an activity performed, or to an expense incurred, in connection with any of the following: (1) addressing a grievance or negotiating or administering a collective bargaining agreement; or (2) performing an activity required by federal or state law or by a collective bargaining agreement.

Exempt expenditures made prior to January 1, 2002, from these requirements. Provide that these requirements would not require employers to maintain records in any particular form.

Prohibit any person subject to the provisions from discharging, demoting, threatening or otherwise discriminating against any person or employee with respect to compensation, terms, conditions, or privileges of employment as a reprisal because the person or employee (or any person acting pursuant to the request of the employee) provided or attempted to provide information to DHFS or to the Attorney General. Permit any person or former employee who believes that he or she has been discharged or discriminated against to file a civil action within three years of the date of such discharge or discrimination. Specify that if a court finds by a preponderance of the evidence that a violation of this protection has occurred, the court could grant such relief as it may deem appropriate, including: (a) reinstatement to the employee's former position; (b) compensatory damages, costs and reasonable attorneys fees; and (c) other relief to remedy past discrimination. Exclude from these protections any employee or person who: (a) deliberately causes or participates in the alleged violation or regulation; or (b) knowingly or recklessly provides substantially false information to the division.

Conference Committee/Legislature: Delete provision.

7. NURSING HOMES -- SUPPLEMENT FOR CERTAIN MILWAUKEE NURSING HOMES

Senate: Increase MA benefits funding by $1,558,000 GPR and $2,242,000 FED annually to provide supplemental payments to nursing homes in the City of Milwaukee that meet the following criteria: (a) the patient occupancy of the nursing home is at least 80% of the nursing home's licensed bed capacity; (b) more than 90% of the nursing home's residents are eligible for MA, including those who have dual eligibility for MA and Medicare; (c) the nursing home is not affiliated with a religious organization from which the nursing home receives operating support; (d) the nursing home is certified as a Medicare provider; and (e) at least 75% of the nursing home's employees are minority group members. Specify that funding for grants would be based on the total cost of the nursing home's services per MA patient or $140 per MA patient day, whichever is less, less any other MA payment for care of MA residents.

Based on this criteria, it is likely that the following four Milwaukee facilities would be eligible to receive a supplement: Christopher East Health and Rehabilitation Center, Kilbourn Care Center, Plymouth Manor Health Care and Rehabilitation Center and Park Manor.

Conference Committee/Legislature: Delete provision.

8. NURSING HOMES -- MEDICATION SUPPLY REQUIREMENTS

Assembly: Permit, under a unit dose drug delivery system, as ordered by a physician, a pharmacy to dispense to a nursing home up to a one-month's supply of the physician-directed dosage of drug products for an individual nursing home resident. Specify that the drug products may be supplied by use of unit dose packaging.

Define "drug product" as a specific drug or drugs in a specific dosage form and strength from a known source of manufacture. Define "unit dose drug delivery system" as a system for the distribution to nursing home residents of drug products under which a single dose of a drug product is individually packaged and sealed. Specify that "unit dose packaging" includes individually wrapped, single doses of a drug product that are contained on cards and that may be singly accessed by punching out a single wrapping on the card.

Under current administrative rules, a nursing home can receive a supply of medications for an individual resident for up to four days. Current rules do not subject "punch-outs" or "punch-cards" to this restriction for unit dose packaging.

Conference Committee/Legislature: Delete provision.

9. NURSING HOMES -- TRANSFER OF BEDS

Joint Finance/Legislature: Authorize a nursing home to transfer a licensed bed to another nursing home if all of the following apply: (a) the receiving nursing home is within the same

area for allocation of nursing home beds, as determined by DHFS, as is the transferring nursing home or is in a county adjoining that area; (b) the transferring nursing home and the receiving nursing home are owned by corporations that are owned by the same person; (c) the transferring and receiving nursing homes notify DHFS of the proposed transfer within 30 days before the transfer occurs; and (d) DHFS reviews and approves the transfer. Require DHFS to adjust the allocation of licensed beds for each nursing home in accordance with the transfer that was made.

[Act 16 Section: 2850y]

10. BADGERCARE FUNDING [LFB Paper 469]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$30,673,400	$1,129,600	$31,803,000
FED	70,881,300	3,129,800	74,011,100
PR	1,280,000	1,687,400	2,967,400
Total	$102,834,700	$5,946,800	$108,781,500

Governor: Provide $43,201,500 ($12,554,800 GPR, $30,106,700 FED and $540,000 PR) in 2001-02 and $59,633,200 ($18,118,600 GPR, $40,774,600 FED and $740,000 PR) in 2002-03 to reflect a reestimate of the costs to fund BadgerCare benefits in the 2001-03 biennium. Federal funding would be available under MA and the state children's health insurance program (SCHIP). Program revenue would be available from premiums paid by enrollees with income above 150% of the federal poverty level. The bill provides funding for BadgerCare benefits totaling $140,838,100 ($46,773,100 GPR, $91,864,800 FED and $2,200,200 PR) in 2001-02 and $157,269,800 ($52,336,900 GPR, $102,532,700 FED and $2,400,200 PR) in 2002-03.

This reestimate reflects: (a) a projected average caseload of approximately 84,400 in 2001-02 and 90,400 in 2002-03; (b) an enhanced federal matching rate for adults in families with income above 100% of the federal poverty level available as a result of a federal SCHIP waiver received in January 2001; and (c) increasing average costs per enrollee. As of March 5, 2001, 73,841 persons were enrolled in BadgerCare, including 51,112 adults and 22,729 children.

Joint Finance/Legislature: Modify the Governor's recommendations as follows.

Funding. Provide an additional $1,232,200 GPR, $2,937,900 FED and $794,200 PR in 2001-02 and reduce funding recommended by the Governor by $102,600 GPR and provide an additional $191,900 FED and $893,200 PR in 2002-03 to reflect a reestimate of the funds necessary to support costs for BadgerCare services provided in the 2001-03 biennium.

Enrollment Trigger. Maintain the current enrollment trigger for BadgerCare, but authorize the Joint Committee on Finance to transfer funds under s. 13.101 of the statutes, from any other GPR appropriation to the BadgerCare appropriation if the Committee determines that funding for BadgerCare is insufficient to fund the benefit costs of the program and: (a) unnecessary

duplication of function can be eliminated; (b) more efficient and effective methods of administering programs will result; or (c) legislative intent will be more effectively carried out because of such transfer, and that legislative intent will not be changed as a result of such a transfer.

Current law specifies that DHFS must establish a lower maximum income level for initial eligibility determinations if BadgerCare funding is insufficient to meet program needs based on projected enrollment levels. The adjustment must not be greater than necessary to ensure sufficient funding is available. DHFS cannot implement a change to the maximum income level for initial eligibility unless it first submits to the Committee its plans for lowering the maximum income level and the Committee approves the plan under a 14-day passive approval process. This process is known as the "enrollment trigger." Under this provision, DHFS would continue to be required to request implementation of the enrollment trigger, if funds are projected to be insufficient. However, rather than approving or denying such a request, the Committee could transfer funds to address the projected deficit.

BadgerCare Appropriation. Create a SEG appropriation to fund BadgerCare costs funded from the MA trust fund that would be created in the bill.

Veto by Governor [C-4]: Delete the provision authorizing the Joint Committee on Finance to transfer funds, under s. 13.101 of the statutes, from any other GPR appropriation to the BadgerCare appropriation if the Committee determines that funding for BadgerCare is insufficient to fund the benefit costs and makes several other determinations. Therefore, Act 16 makes no changes to DHFS' responsibility to propose the use of the enrollment trigger, nor any changes to the Committee's ability to transfer funds to support costs for BadgerCare benefits if DHFS submits a proposal to implement the enrollment trigger.

[Act 16 Sections: 717c, 1836 and 1837]

[Act 16 Vetoed Sections: 1836g and 1836r]

11. BADGERCARE ELIGIBILITY [LFB Paper 470]

Governor: Require DHFS, not later than January 1, 2002, to request a waiver from the federal Secretary of the U.S. Department of Health and Human Services (DHHS) to: (a) permit DHFS to verify whether a family or a child has access or has had access to employer-subsidized health care prior to enrolling the family or child in BadgerCare; and (b) increase the time period a family or a child is required to be without access to employer-subsidized health care before the family or child would be eligible for BadgerCare.

Specify that the waiver request would propose to increase the time period that a family must not have had access to employer-subsidized health care before being eligible for BadgerCare. The waiver request would propose to increase the waiting period from three months to six months, with the following exceptions:

- If a family or child had access to employer-subsidized health care coverage during the six months immediately preceding the date of application for BadgerCare but no longer has access because the coverage was terminated through no fault of the family or the child, as determined by DHFS, the waiting period would be 45 days.

- If a family or child had access to employer-subsidized health care coverage during the six months immediately preceding the date of application for BadgerCare but no longer has access because the family or child has exhausted their COBRA coverage, the waiting period would be at least three months.

- If a family or child had access to employer-subsidized health care coverage during the six months immediately preceding the date of application for BadgerCare, but no longer has access because employment has been terminated, the waiting period would be at least three months.

Current administrative rules specify that eligibility for BadgerCare is limited to those families that have not had health care coverage for the three calendar month period preceding the family's application for BadgerCare, except that the three-month waiting period may be waived for good cause. Under a good cause waiver, a family or a child with health care coverage within the three months may have the waiting period waived if: (a) coverage was terminated through no fault of the family or child; (b) the family or child had exhausted their COBRA coverage; or (c) employment had been terminated. Additionally, a family or child cannot have access or have had access within the previous 18-month period to health care coverage for which an employer pays at least 80% of the plan's premiums. Waivers of this requirement are also available for good cause.

COBRA coverage refers to a provision in the federal Consolidated Omnibus Budget Reconciliation Act (P.L. 99-272), which specifies that employees who terminate employment for any reason other than gross misconduct, those whose hours are reduced and dependents of these employees may continue to receive group health care coverage for up to 18 months. Dependents may continue coverage for up to 36 months if they lose coverage for any of the following reasons: death of the employee divorce from the employee, the dependent has reached the maximum age under the policy of the employee becomes eligible for Medicare. Disabled employees can continue coverage for up to 29 months under COBRA.

Joint Finance: Delete provision.

Assembly: Include the Governor's recommendations, except modify the provision to reflect that the extension of the waiting periods would apply to the time a family or a child would have to be without health insurance coverage rather than access to health care coverage to reflect the Governor's intent.

Conference Committee/Legislature: Delete provision.

12. BADGERCARE PREMIUMS

Assembly: Decrease funding for BadgerCare benefits by $287,400 GPR and $710,700 FED in 2001-02 and $632,300 GPR and $1,563,300 FED in 2002-03 and provide $998,100 PR in 2001-02 and $2,195,600 PR in 2002-03 to increase the premium a family or a child with income above 150% of the federal poverty level (FPL) would be charged to participate in BadgerCare, beginning January 1, 2002.

No later than January 1, 2002, require DHFS to request a waiver from the Secretary of the U.S. Department of Health and Human Services to increase the maximum amount that a family or child would be required to pay to 5% of a family's or child's income. If the waiver is granted, require DHFS to increase the maximum amount that a family or child is required to pay to 5% of the family's or child's income and the Joint Committee on Finance would not be required to approve such an increase.

Currently, a family or child not residing with his or her parents is required to pay a premium to receive BadgerCare benefits if the family's or child's income exceeds 150% of the FPL. In 2001, 150% of the FPL is $21,945 for a family of three. DHFS is required to establish, by rule, a schedule of the premium amount a family or child would have to pay so that the premium represents no more than 3% of the family's or child's income. Under the schedule, the monthly premium that a family pays is based on family size and income and ranges from $30 and $165 per month. If DHFS proposes to establish a schedule for premiums that exceeds 3% of a family's or child's income, DHFS must submit the proposed schedule to the Joint Committee on Finance for approval under a 14-day passive approval process. DHFS may not implement, nor may the Committee approve, a schedule that would require a family or a child to pay a premium that exceeds 3.5% of their income.

Conference Committee/Legislature: Delete provision.

13. BADGERCARE FUNDING STUDY

Assembly/Legislature: Require DHFS to conduct a study of the potential for long-term savings under BadgerCare and to report the results of the study, together with its findings and recommendations, to the Joint Committee on Finance no later than January 1, 2002.

Veto by Governor [C-5]: Delete the date by which DHFS is required to submit the study to the Joint Committee on Finance.

[Act 16 Section: 9123(9wo)]

[At 16 Vetoed Section: 9123(9wo)]

14. MA REIMBURSEMENT -- RATES FOR NONINSTITUTIONAL SERVICES [LFB Paper 472]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$26,672,300	- $13,336,100	$13,336,200
FED	37,885,200	- 18,740,400	19,144,800
Total	$64,557,500	- $32,076,500	$32,481,000

Governor: Provide $20,518,600 ($8,463,900 SEG and $12,054,700 FED) in 2001-02 and $44,038,900 ($18,208,400 SEG and $25,830,500 FED) in 2002-03 to increase MA rates for most noninstitutional services. The administration indicates that half of these funds would be used to provide a 2.5% across-the-board increase in each year for most noninstitutional services. The remaining funds would be used to support rate increases for selected noninstitutional services for which MA payments represent no more than 50% of the amount providers bill for these services. The segregated funding provided under this item would be available from the MA trust fund created in the bill.

Rates for the following noninstitutional services would be increased by 2.5% in 2001-02 and an additional 2.5% in 2002-03: (a) ambulance transportation; (b) certified nurse anesthetist; (c) chiropractic; (d) dental; (e) durable medical equipment and disposable medical supplies; (f) end-stage renal disease; (g) family planning; (h) HealthCheck; (i) home health; (j) hospice; (k) laboratory and x-ray; (l) mental health; (m) personal care; (n) physicians and clinics; (o) podiatry; (p) prenatal care coordination; (q) transportation by specialized medical vehicle; (r) therapies; and (s) vision. DHFS would determine which service categories and providers would be eligible for the additional rate increase.

Joint Finance/Legislature: Reduce funding in the bill by $4,231,900 SEG and $5,825,200 FED in 2001-02 and $9,104,200 SEG and $12,915,200 FED in 2002-03, but adopt the Governor's recommended allocations for this funding (50% would be provided for across-the-board increases in reimbursement rates for noninstitutional providers and 50% would be provided for rate increases targeted to services with reimbursements that represent no more than 50% of charges).

The total funding available to increase reimbursement rates for noninstitutional services under this provision is $10,461,500 ($4,232,000 SEG and $6,229,500 FED) in 2001-02 and $22,019,500 ($9,104,200 SEG and $12,915,300 FED) in 2002-03. Approximately 92.2% of the SEG funding provided would be budgeted in the MA benefits appropriation. The remainder would be budgeted in the BadgerCare benefits appropriation. It is estimated that the funding allocated for across-the-board rate increases would provide increases in the maximum reimbursement rates equivalent to approximately 1.1% in each year.

15. MA REIMBURSEMENT -- HOSPITAL PAYMENTS [LFB Paper 473]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	$19,594,200	- $6,107,800	- $145,500	$13,340,900
FED	27,513,100	- 8,404,200	- 207,100	18,901,800
Total	$47,107,300	- $14,512,000	- $352,600	$32,242,700

Governor: Provide $22,907,900 ($9,498,300 SEG and $13,409,600 FED) in 2001-02 and $24,199,400 ($10,095,900 SEG and $14,103,500 FED) in 2002-03 to fund increases in the maximum reimbursement rates paid to hospitals for outpatient services and increases in reimbursement rates for inpatient services provided by disproportionate share hospitals (DSHs). SEG funding would be provided from the MA trust fund that would be created in the bill.

This provision would use funds from the MA trust fund as the state's match for claiming additional federal DSH funding that is available, beginning in federal fiscal year (FFY) 2000-01. Before FFY 2000-01, federal MA matching funds to support the state's DSH payments were limited to $7.0 million annually. Under a change enacted as part of the FFY 2000-01 federal budget, some states, including Wisconsin, are eligible to receive a DSH allotment equal to 1% of the total federal MA funding paid to that state. The amount of the federal funding provided in the bill is based on DHFS estimates of the additional federal DSH funding that would be available to the state in each year of the 2001-03 biennium.

DHFS would use these funds to: (a) recalculate rates paid to most hospitals for outpatient services ($7,848,300 SEG and $11,059,600 FED in 2001-02 and $8,436,000 SEG and $11,763,400 FED in 2002-03); and (b) increase inpatient hospital reimbursement rates to those hospitals that meet the federal definition of a DSH ($1,650,000 SEG and $2,350,000 FED in 2001-02 and $1,659,900 SEG and $2,340,100 FED in 2002-03).

In 1999-00, 26 hospitals received DSH increases to their inpatient reimbursement rate. To be eligible for a DSH increase, a hospital must serve a disproportionate share of low-income and MA clients. Additionally, a qualifying hospital must have at least two obstetricians who have staff privileges and who have agreed to participate in MA unless the hospital serves patients who are predominantly under age 18 or the hospital did not offer nonemergency obstetrical care as of December 31, 1987.

The administration indicates that the outpatient services rate paid to a rural hospital would be recalculated so that in 2001-02, each hospital would be paid a rate equivalent to 100% of a hospital's costs for outpatient services. For urban hospitals, in 2001-02, the rate would be equivalent to approximately 93% of a hospital's costs for outpatient services. Currently, the rate paid to a hospital for outpatient services is based on that hospital's costs from 1987, adjusted for inflation, capital costs and costs for outpatient mental health services provided by the hospital.

In addition, make the following statutory changes.

Payment of Medicare Part B Outpatient Coinsurance. Require DHFS to include in the MA state plan a methodology for payment of the Medicare Part B outpatient hospital services coinsurance amounts that DHFS pays on behalf of certain MA recipients that are also eligible for Medicare. For individuals that are eligible for Medicare and eligible for partial benefits under MA, current law specifies what portion of costs not paid by Medicare would be paid by MA, including premiums, deductibles and coinsurance amounts. This provision would specify that these provisions would not apply to the calculation of MA payments of coinsurance for Medicare outpatient hospital services, but rather, the methodology for calculating these payments would be provided in the MA state plan.

Act 9 Supplemental Hospital Payments. Delete the provision requiring DHFS to distribute up to $2,451,000, beginning on July 1, 2000, as a supplemental payment for hospitals with MA revenues representing at least 8% of the hospital's total revenue. Due to the Governor's partial vetoes of 1999 Wisconsin Act 9, funding for this supplement was provided on a one-time basis.

Joint Finance: Reduce funding in the bill by $7,006,100 ($2,939,000 SEG and $4,067,100 FED) in 2001-02 and $7,505,900 ($3,168,800 SEG and $4,337,100 FED) in 2002-03 to increase outpatient reimbursement rates and DSH allocations as follows:

Outpatient Service Rates for Urban Hospitals. Reduce funding in the bill by $1,927,100 SEG and $2,648,600 FED in 2001-02 and $2,102,100 SEG and $2,858,300 FED in 2002-03 to increase reimbursement rates for outpatient hospital services provided by some urban hospitals.

Outpatient Service Rates for Rural Hospitals. Reduce funding in the bill by $670,400 SEG and $932,500 FED in 2001-02 and $726,200 SEG and $999,400 FED in 2002-03 to increase reimbursement rates for outpatient hospital services provided by some rural hospitals.

Effect on HMO Payments. Require DHFS to allocate a portion of the funding provided to increase outpatient hospital reimbursements, to fund adjustments in HMO payment rates to ensure that the discount rates reflected in HMO payments are not increased as a result of the increase in outpatient hospital reimbursements.

Effect on BadgerCare Funding. Authorize DHFS to transfer funding from the MA SEG benefits appropriation to the BadgerCare SEG appropriation in each year of the 2001-03 biennium to ensure that sufficient funding is provided for increased costs in BadgerCare as a result of increases in the reimbursement rate for outpatient hospital services.

DSH Allocations. Reduce funding in the bill by $412,500 SEG and $587,500 FED in 2001-02 and $415,000 SEG and $585,000 FED in 2002-03 so that DSH allocations would increase by $3.0 million (all funds) annually, rather than $4.0 million (all funds) annually, as provided in the Governor's bill.

Managed Care Supplemental Hospital Payment. Increase funding in the bill by $71,000 SEG and $101,500 FED in 2001-02 and $74,500 SEG and $105,600 FED in 2002-03 to increase the

supplemental payment for hospitals participating in the MA managed care initiative. This increase would be a one-time increase in the 2001-03 biennium only.

Senate: Provide $1,000,000 annually ($412,500 GPR and $587,500 FED in 2001-02 and $415,000 GPR and $585,000 FED in 2002-03) to increase allocations for disproportionate share hospitals (DSHs). The Joint Finance provision would increase funding for these payments by $3.0 million (all funds) annually. Therefore, under this provision, the increase for DSH allocations would total $4.0 million (all funds) annually.

Delete the provision in the substitute amendment that would require DHFS to allocate a portion of the funding provided for outpatient hospital rate increases to fund adjustments in HMO payment rates to ensure that the discount rates reflected in HMO payments are not increased as a result of the increase in outpatient hospital reimbursements.

Assembly: Reduce MA benefits funding by $500,000 GPR and $712,100 FED in 2001-02 and $500,000 GPR and $704,900 FED in 2002-03 to reduce funding that would be provided in the substitute amendment for MA payments to disproportionate share hospitals. Under this provision, funding for these hospitals would increase by $1,787,900 (all funds) in 2001-02 and $1,795,100 (all funds) in 2002-03, compared to base funding for disproportionate share hospitals, rather than $3.0 million (all funds) annually as recommended by Joint Finance.

Conference Committee/Legislature: Maintain funding for disproportionate share hospitals, as recommended by Joint Finance. Further, modify the Joint Finance provision relating to funding for outpatient hospital rate increases to require DHFS to allocate a portion of the funding provided for those increases to fund adjustments in HMO payments to ensure that the change in the discount rate for HMO payments does not increase by an amount totaling more than $2.5 million annually in calendar years 2002 and 2003. Require DHFS to submit a proposal to Joint Finance, within 90 days of the bill's general effective date, that identifies how DHFS would allocate funding provided for outpatient hospital rate increases between hospital providers and HMOs. Prohibit DHFS from implementing the proposal unless the Committee approves the proposal or an alternative proposal under a 14-day passive review.

Veto by Governor [C-3]: Reduce funding by $71,000 SEG and $101,500 FED in 2001-02 and by $74,500 SEG and $105,600 FED in 2002-03 to delete funding provided in the bill to increase supplemental payments to hospitals participating in the MA managed care initiative.

The following table summarizes funding provided in Act 16 for increases in hospital payments.

Hospital Payment Increases
Act 16

	2001-02			2002-03		
	SEG	FED	Total	SEG	FED	Total
Outpatient Service Rates						
Urban Hospitals	$4,441,100	$6,325,300	$10,766,400	$4,743,000	$6,686,600	$11,429,600
Rural Hospitals	809,700	1,153,200	1,962,900	864,700	1,219,100	2,083,800
Subtotal	$5,250,800	$7,478,500	$12,729,300	$5,607,700	$7,905,700	$13,513,400
Disproportionate Share Hospitals	1,237,500	1,762,500	3,000,000	1,244,900	1,755,100	3,000,000
Total Increases	$6,488,300	$9,241,000	$15,729,300	$6,852,600	$9,660,800	$16,513,400

[Act 16 Sections: 717, 717b, 717c, 717d, 1766, 1792, 1807 thru 1810, 1816 thru 1818, 9123(8e)&(13dd) and 9423(15d)]

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(4)(w))]

16. MA REIMBURSEMENT -- HOSPITAL PAYMENTS FOR THE GENERAL ASSISTANCE MEDICAL PROGRAM

PR	$4,320,000
FED	6,121,500
Total	$10,441,500

Senate/Legislature: Provide $2,160,000 PR annually and $3,076,400 FED in 2001-02 and $3,045,100 FED in 2002-03 to reflect an increase in the amount that DHFS may receive from Milwaukee County as an intergovernmental transfer (IGT) for Milwaukee County's general assistance medical program (GAMP).

Under current law, DHFS is authorized to receive $2.5 million annually from Milwaukee County as an IGT payment. This revenue is deposited in a PR appropriation in DHFS and matched with federal MA matching funds (approximately $3.6 million) and distributed to eligible hospitals in Milwaukee County as reimbursement for services provided by the hospitals and originally paid under GAMP. These hospitals then reimburse Milwaukee County for any payments made under GAMP.

Under this provision, the amount that DHFS may receive as IGT from Milwaukee County would increase to $4,660,000 PR annually. It is estimated that federal funds available as match to this revenue could total approximately $6.6 million annually.

The amount of federal funds that would be available would depend on the amount of payments originally paid to these hospitals under GAMP. Therefore, before DHFS can use the IGT funds to match federal funds, it must first verify that sufficient payments were made to eligible hospitals under GAMP.

17. MA REIMBURSEMENT -- RATES FOR PRESCRIPTION DRUGS [LFB Paper 474]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	- $12,106,400	$4,476,300	$3,815,100	- $3,815,000
FED	- 17,065,600	6,257,100	5,404,300	- 5,404,200
Total	- $29,172,000	$10,733,400	$9,219,400	- $9,219,200

Governor: Reduce MA benefits funding by $11,521,700 (-$4,781,500 GPR and -$6,740,200 FED) in 2001-02 and $17,650,300 (-$7,324,900 GPR and -$10,325,400 FED) in 2002-03 to reflect projected savings in MA benefits costs that would result by reducing the MA reimbursement rates DHFS pays to pharmacies and pharmacists for brand name and non-readily available generic prescription drugs. Under the proposal, DHFS would reimburse pharmacies and pharmacists for these drugs at a rate equal to the average wholesale price (AWP), as reported by manufacturers, minus 15%, plus the applicable dispensing fee (currently $4.38 for most drugs). DHFS currently pays pharmacies and pharmacists a rate equal to the AWP minus 10%, plus a dispensing fee, for these types of drugs. DHFS would continue to pay pharmacies and pharmacists for readily available prescription drugs a rate equal to the maximum allowable cost, which is determined by DHFS, plus the applicable dispensing fee.

Joint Finance: Provide $1,198,900 GPR and $1,637,800 FED in 2001-02 and $3,277,400 GPR and $4,619,300 FED in 2002-03 to increase the MA reimbursement rate for brand name and non-readily available generic prescription drugs to AWP minus a 12.5% discount, effective July 1, 2001, rather than AWP minus a 15% discount, as recommended by the Governor.

Assembly: Increase MA benefits funding by $3,582,600 GPR and $5,102,400 FED in 2001-02 and $4,047,500 GPR and $5,706,100 FED in 2002-03 to delete the Joint Finance provision that would reduce the current reimbursement rate for brand name and non-readily available generic prescription drugs purchased under MA.

Conference Committee/Legislature: Increase MA benefits funding recommended by Joint Finance by $1,791,300 GPR and $2,551,200 FED in 2001-02 and $2,023,800 GPR and $2,853,100 FED in 2002-03 to reflect the costs of increasing the maximum MA reimbursement rate for brand name and non-readily available generic prescription drugs, effective July 1, 2001, to AWP minus an 11.25% discount, rather than AWP minus a 12.5% discount, as recommended by Joint Finance.

18. MA REIMBURSEMENT -- PRESCRIPTION DRUG COPAYMENTS

Assembly: Reduce funding for MA benefits by $721,500 GPR and $1,027,500 FED in 2001-02 and $967,700 GPR and $1,364,300 FED in 2002-03 to reflect the projected cost savings of increasing copayments paid by MA recipients for brand name drugs from $1.00 to $2.00. Specify that this provision would first apply to drugs purchased by MA recipients on October 1,

2001, or the bill's general effective date, whichever is later. The current $1.00 copayment for generic drugs and $0.50 copayments for over-the-counter drugs would not change.

Conference Committee/Legislature: Delete provision.

19. MA REIMBURSEMENT -- SCHOOL-BASED HEALTH SERVICES ESTIMATE [LFB Paper 480]

GPR-REV $11,800,000

Joint Finance: Increase estimated revenues to the general fund by $5.9 million annually to reflect a reestimate of MA reimbursement for school-based health services.

Senate: Adopt the Joint Finance provision. In addition, beginning on July 1, 2003, require DHFS to reimburse school districts, CESAs and DPI for 90% of the federal share of allowable charges received for MA school-based services in excess of $16,100,000 in any fiscal year. Under current law, effective July 1, 2001, DHFS will reimburse school districts, CESAs and DPI 60% of the amount of federal matching MA funds the state claims for these services and 40% will be deposited to the general fund. Because this provision would take effect on July 1, 2003, it would not affect general fund revenue in the 2001-03 biennium, but would reduce GPR revenue and provide corresponding increases to school districts, CESAs and DPI in each year, beginning in 2003-04.

Schools provide the state's match for school-based health services. Prior to the 1999-01 biennium, of the federal matching funds received for school-based services, 60% was distributed to school providers and 40% was credited to the state's general fund. Under provisions of 1999 Wisconsin Act 9, in the 1999-01 biennium, after the first $16.1 million in federal MA matching funds are received as reimbursement for school-based services, of any additional revenue received, 90% is distributed to school providers and 10% is credited to the state's general fund. Under current law, beginning July 1, 2001, 60% of all federal matching funds for school-based health services will be distributed to school providers and 40% will be credited to the state's general fund.

School-based health services are MA-eligible services provided to MA-eligible students by school districts, cooperative educational service agencies (CESAs) or the Wisconsin Schools for the Visually Handicapped or the Deaf. The services that can be reimbursed as school-based health services include: (a) speech, language, hearing and audio logical services; (b) occupational and physical therapy services; (c) nursing services; (d) psychological counseling and social work services; (e) developmental testing and assessments; (f) transportation if provided on a day the student receives other school-based health services; and (g) durable medical equipment.

It is estimated that federal reimbursement for school-based health services will total approximately $35 million in 2000-01.

Conference Committee/Legislature: Retain the Joint Finance provision but delete the Senate provision.

20. MA REIMBURSEMENT -- RATES FOR SPEECH THERAPY SERVICES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$250,000	$250,000	$0
FED	354,900	- 354,900	0
Total	$604,900	- $604,900	$0

Senate: Provide $1,066,200 GPR and $1,509,500 FED in 2002-03 to increase MA and BadgerCare reimbursement rates for speech therapy services by approximately 76% so that the MA rates for speech therapy services would equal the rates paid for physical and occupational therapy services. Of the amount provided, $1,051,200 GPR and $1,481,900 FED would be budgeted in the MA appropriation, the rest would be budgeted for BadgerCare benefits. In 1999-00, $3,054,400 (all funds) was expended for speech therapy services under MA.

Conference Committee/Legislature: Provide $250,000 GPR and $354,900 FED in 2002-03 to increase MA and BadgerCare reimbursement rates for speech therapy services. Of the amounts provided, $246,000 GPR and $346,800 FED would be budgeted for increased costs in MA and the remainder would be budgeted for BadgerCare benefits.

Veto by Governor [C-13]: Delete provision.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(4)(b)&(bc))]

21. MA REIMBURSEMENT -- RATES FOR HEARING AID INSTRUMENTS AND SERVICES [LFB Paper 477]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	$103,600	$128,200	$231,800
FED	146,500	180,300	326,800
Total	$250,100	$308,500	$558,600

Governor: Provide $250,100 ($103,600 SEG and $146,500 FED) in 2002-03 to support the costs of a 15% increase in the maximum reimbursement rate for hearing aid packages and repair services, effective July 1, 2002. SEG funding would be available from the MA trust fund created in the bill.

MA currently covers a complete hearing instrument package, including a hearing aid, ear mold, cord and one package of batteries. MA reimburses providers for the cost of the hearing aid package, plus a fee for dispensing the hearing aid. The current maximum reimbursement

rate for a standard hearing aid for one ear is approximately $249 and the dispensing fee is approximately $211.

Joint Finance/Legislature: Increase funding in the bill by $128,200 SEG and $180,300 FED in 2002-03 to provide a 30% increase in the reimbursement rates for hearing aids and a 15% increase in reimbursement rates for hearing aid-related services.

22. MA REIMBURSEMENT -- ADJUSTMENTS RELATED TO CARE AND TREATMENT FACILITIES [LFB Papers 500, 501, 995, 996 and 997]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$223,500	$264,700	$488,200
FED	975,800	375,300	1,351,100
Total	$1,199,300	$640,000	$1,839,300

Governor: Increase MA benefits funding by $430,700 ($60,600 GPR and $370,100 FED) in 2001-02 and $768,600 ($162,900 GPR and $605,700 FED) in 2002-03 to reflect increases relating to the operation of the three State Centers for the Developmentally Disabled. Funding for the state Centers is budgeted in the MA benefits appropriation and transferred to the Division of Care and Treatment Facilities as program revenue. The requests relating to the state Centers are summarized under "Care and Treatment Facilities."

Joint Finance/Legislature: Increase funding in the bill by an additional $129,100 GPR and $184,000 FED in 2001-02 and $135,600 GPR and $191,300 FED in 2002-03 to reflect changes in funding that would be provided for the state Centers for the Developmentally Disabled, the Mental Health Institutes and the Veterans Home at King. Because these institutions serve MA recipients, changes to funding for these facilities affect MA expenditures.

23. MA REIMBURSEMENT -- CIP IA RATE FOR NEW PLACEMENTS [LFB Paper 521]

Governor/Legislature: Increase the maximum reimbursement rate for persons who are relocated from state Centers for the Developmentally Disabled to the community under the CIP IA program, from the current rate of $190 per day, to $200 per day for placements made in state fiscal year 2001-02 and to $225 per day for placements made in 2002-03. No additional funding is budgeted to support this increase because the bill would also increase the amount of funding that would be reduced from the state Centers budget following a CIP placement by the same amounts. Thus, the additional costs for community placements would be offset by reduced funding to support services at the State Centers.

Under current law, CIP IA placements are supported at four different rates. For placements made before July 1, 1995, the rate is $125 per day, for placements made on or after July 1, 1995 and before July 1, 1997, the rate is $153 per day, for placements made on or after July 1, 1997 and before July 1, 2000, the rate is $184 per day and for placements on or after July 1, 2000, the rate is $190 per day.

[Act 16 Section: 1767]

24. MA REIMBURSEMENT -- DENTAL SERVICES

Senate: Increase funding for MA benefits and administration by $9,287,400 GPR and $13,039,200 FED in 2002-03 to reflect the following changes:

Benefits Funding for Dental Services. Specify that, effective July 1, 2002, the maximum MA reimbursement rate for dental services would be equivalent to the 75th percentile of the American Dental Association's (ADA) fee schedule for the east north central region of the country, which includes Wisconsin, for the most recently published annual ADA survey of dental fees. Provide $8,614,000 GPR and $12,143,900 FED in 2002-03 to reflect increased benefit costs associated with this increase. Additionally, provide $378,500 GPR and $533,600 FED in 2002-03 to reflect increased benefits costs associated with increasing from one to two, the number of dentals cleaning an adult MA recipient could receive in one year.

Require MA to reimburse providers for dental services provided by dental hygienists provided within the scope of practice of a dental hygienist. No funding would be provided for this item.

Topical Fluoride Varnish under the Early and Periodic Screening, Diagnosis and Treatment Program. In 2002-03, require DHFS to provide MA coverage of up to three applications of a topical fluoride varnish per year as part of the early and periodic screening, diagnosis and treatment (EPSDT) program. Specify that application of a topical fluoride varnish may be, but is not required to be, provided in conjunction with an EPSDT examination that includes a limited oral screening. Specify that health care professionals providing the varnish treatments must refer or facilitate referral of children receiving applications of the varnish for comprehensive dental care rendered by a dental professional. Require DHFS to disseminate to health care professionals providing EPSDT services and to parents or guardians of children eligible for EPSDT services, information on the availability of, and coverage for, topical fluoride varnish under the EPSDT program and the efficacy of these varnish treatments in preventing early childhood caries. Provide $162,900 GPR and $229,700 FED in 2002-03 to reflect increased benefit costs as a result of this provision.

Administration for Dental Services. Provide $264,000 ($132,000 GPR and $132,000 FED) in 2002-03 and 5.0 GPR positions, beginning July 1, 2002, to establish a licensed dental health professional in each of the five DHFS administrative regions of the state. These positions would perform dental health outreach services and would be funded as an MA administrative

expense. Most MA administrative activities, including outreach activities, are funded on a 50% GPR/50% FED cost-sharing basis.

Report on Prior Authorization. Require DHFS to prepare a report on its efforts to reduce prior authorization requirements for MA dental services and simplify the prior authorization process for these services. Require DHFS to submit this report to the chief clerk of each house of the Legislature and to the Governor by the first day of the sixth month following the effective date of the bill.

These provisions, as well as others summarized under "DHFS -- Health," "Marquette Dental School," "Regulation and Licensing" and "Wisconsin Technical College System," are based on recommendations of the Legislative Council Study Committee on Dental Care Access.

Conference Committee/Legislature: Delete provision.

25. MA REIMBURSEMENT -- GENERAL ASSISTANCE CLAIMS

Assembly: Require DHFS to consider for payment under MA, claims received by the MA fiscal agent more than one year from the date of service if: (a) the service was initially reimbursed under a county general assistance program; (b) the entity that submits the claim reimburses DHFS, under a contract with the county that is entered into before DHFS receives the claim, for any additional departmental administrative costs necessary to process the claim.

Specify that, if a provider received reimbursement under MA for a service that was initially paid under a county general assistance program, the provider must, as a condition of MA certification, refund to the county the amount that was initially reimbursed to the provider by the county. Require the county to separately identify this refund and remit to DHFS the amount that represents the state's contribution to the original payment.

Authorize the Joint Committee on Finance to transfer from the general assistance appropriation to the MA benefits appropriation an amount that equals the difference between an MA claim paid under this provision and the amount remitted to DHFS by the county for that claim.

If the U.S. Department of Health and Human Services disallows payment of the state federal financial participation for any MA payments made under this provision, require the county to remit to DHFS an amount equal to the federal funds paid under MA for the service provided.

Create two PR appropriations for the receipt of funds remitted to DHFS by counties under this provision. One of these appropriations would authorize DHFS to expend all moneys received from the counties for administrative costs associated with the processing of claims under this provision. The second appropriation would authorize DHFS to expend all moneys received from counties for MA costs paid because of claims paid under these provisions.

Specify that these provisions would not apply after June 30, 2005.

Conference Committee/Legislature: Delete provision.

26. MA ELIGIBILITY -- ELIMINATE THE ASSET LIMIT FOR LOW-INCOME FAMILIES

GPR	$736,000
FED	1,044,200
Total	$1,780,200

Governor/Legislature: Provide $851,400 ($351,200 GPR and $500,200 FED) in 2001-02 and $928,800 ($384,800 GPR and $544,000 FED) in 2002-03 to reflect increases in the MA caseload as a result of eliminating the asset limit under MA for families that meet the income eligibility criteria based on the AFDC eligibility criteria.

Specify that individuals in families that would qualify for AFDC based on their income, if that program were still operational, would be eligible for MA regardless of the family's assets. Further, modify other MA categories of eligibility based on the AFDC criteria to specify that a family's resources would not be used to determine eligibility for MA and make corresponding changes to the MA eligibility provisions. Specify that these changes would first apply to eligibility determinations made on the first day of the second month beginning after publication of the bill.

Currently, low-income families eligible for MA under the AFDC and AFDC-related criteria are required to have countable assets totaling no more than $2,000 for one person or $3,000 for a two person family. For each additional member in the family, this asset limit is increased by $300. Generally, countable assets do not include one vehicle, an individual's home, a second vehicle if it is needed for the purpose of employment or medical care, the value of a burial plot, or life insurance in an a mount not to exceed $1,500. Under MA Healthy Start criteria and BadgerCare, there is no asset limit in order for families to be eligible.

[Act 16 Sections: 1797, 1798, 1800, 1801, 1802, 1803, 1804, 1805, 1811 thru 1815, 1819, 9323(10c) and 9423(6c)]

27. MA ELIGIBILITY -- WOMEN DIAGNOSED WITH BREAST OR CERVICAL CANCER [LFB Paper 475]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$474,200	- $96,900	$377,300
FED	1,146,800	- 200,300	946,500
Total	$1,621,000	- $297,200	$1,323,800

Governor: Provide $280,600 ($82,100 GPR and $198,500 FED) in 2001-02 and $1,340,400 ($392,100 GPR and $948,300 FED) in 2002-03 to support the costs of expanding MA eligibility to

certain women diagnosed with breast or cervical cancer. Specify that effective January 1, 2002, a woman would be eligible for all MA benefits and services if she: (a) is not otherwise eligible for MA or BadgerCare; (b) under 65 years of age; (c) is not eligible for creditable health care coverage, as defined under federal law; (d) has been screened for breast or cervical cancer under an early detection program authorized under the breast and cervical cancers preventative health grant from the U.S. Centers for Disease Control and Prevention; and (e) requires treatment for breast or cervical cancer.

Under the federal Breast and Cervical Prevention and Treatment Act of 2000, states may provide MA coverage to women who have no access to creditable health care coverage and who are under age 65 and diagnosed with breast or cervical cancer, regardless of income. States that exercise this option are eligible for enhanced federal matching funds equal to the enhanced matching rate available under the state children's health insurance program (SCHIP), currently 71.19% for Wisconsin.

Joint Finance/Legislature: Approve the Governor's recommendations, but reduce funding in the bill by $4,900 GPR and $4,900 FED in 2001-02 and $92,000 GPR and $195,400 FED in 2002-03 to reflect the estimated benefit costs of expanding MA to cover certain women diagnosed with breast or cervical cancer and to delete funding that would have been provided to support county administrative costs.

In addition, specify that a woman could be presumptively eligible for MA under this criteria, as allowed under federal law by specifying that a woman is eligible for MA, beginning on the date on which a qualified entity determines, on the basis of preliminary information, that the woman meets the criteria for MA eligibility as a woman with breast or cervical cancer. Specify that a woman's presumptive eligibility ends on one of the following dates: (a) the day on which DHFS or a county determines the woman is eligible for MA, if the woman applies to DHFS or a county department for MA before the last day of the month following the month in which the qualified entity determined the woman presumptively eligible; or (b) the last day of the month following the month in which the woman is determined presumptively eligible, if the woman does not apply to DHFS or a county for MA before that day.

Require a woman found presumptively eligible to apply for MA through DHFS or the county, no later than the last day of the month following the month in which she was found presumptively eligible. Require qualified entities to notify DHFS of a determination of presumptive eligibility no later than five days after the date on which the determination is made. Also, require the qualified entity to inform the woman at the time of the determination that she is required to apply to DHFS or a county for MA no later than the last day of the month following the month in which she is found presumptively eligible. Additionally, require DHFS to provide qualified entities with application forms for MA and information on how to assist women in completing the application form.

Specify that a qualified entity has the meaning specified in federal law, which is, any entity that is MA-certified and is determined by DHFS to be capable of making presumptive eligibility determinations.

[Act 16 Sections: 1748, 1822 and 9423(11)]

28. MA ELIGIBILITY -- INCOME LIMIT FOR MEDICALLY NEEDY RECIPIENTS [LFB Paper 481]

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-Lapse	$0	$500,800	$500,800
GPR	$500,800	$0	$500,800
FED	706,000	- 706,000	0
Total	$1,208,800	- $706,000	$500,800

Joint Finance: Provide $500,800 GPR and $706,000 FED in 2002-03 to begin increasing the income limit for the medically needy by the increase in the consumer price index in the prior year, beginning on January 1, 2002.

Federal regulations prohibit a state from establishing a medically needy income limit that exceeds 133% of the state's AFDC payment, as of July 16, 1996, for the same family size (the standard for a two-person family can be applied to a single person). However, federal law allows states to increase the state's AFDC standard by up to the increase in the CPI since July 16, 1996. On January 1, 2000, the income limit for medically needy reached the 133% limit of $592 per month for single persons. Medically needy families with two or more persons have been subject to the same limit since 1997 ($592 per month for a two-person household). Beginning on January 1, 2002, Wisconsin would begin increasing the AFDC payment standard by the increase in the CPI in the prior year to allow the income limit for the medically needy to increase.

Assembly: Delete provision.

Senate/Legislature: Restore provision.

Veto by Governor [C-10]: Delete provision. Lapse $500,800 GPR in 2002-03 and reduce estimated federal MA benefits funding by $706,000 in 2002-03.

[Act 16 Vetoed Sections: 1797g, 1797j, 1798g, 1800m, 1804g, 1804m, 1805d, 1815g, 1815j, 9323(10d) and 9423(6c)&(6d)]

29. MA ELIGIBILITY -- TREATMENT OF IRREVOCABLE BURIAL TRUSTS [LFB Paper 476]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$207,800	- $207,800	$0
FED	293,800	- 293,800	0
Total	$501,600	- $501,600	$0

Governor: Increase MA benefits funding by $501,600 ($207,800 GPR and $293,800 FED) in 2002-03 to reflect the projected costs of increasing the maximum amount of an irrevocable burial trust that may be excluded from an MA applicant's countable assets, from $2,500 to $3,300. This change would first apply to burial trust agreements entered into on January 1, 2003.

Under current law, persons who are 65 years of age or older, blind or disabled may qualify for MA if their resources and income do not exceed specified limits. In determining whether an applicant meets the resource criteria, certain types of assets are excluded. One such excluded asset is an irrevocable trust used to fund a burial agreement with a value up to $2,500. If an applicant has an irrevocable trust with a value that exceeds $2,500, only the value of the trust that exceeds $2,500 is considered a countable asset. MA law and regulations also exempt other burial assets from countable assets, such as a burial plot of any value and funeral insurance.

Joint Finance: Delete provision.

Senate/Legislature: Increase the maximum amount of an irrevocable burial trust that may be excluded from an MA applicant's countable assets, from $2,500 to $3,000. Specify that this change would first apply to burial trust agreements entered into on July 1, 2003. Because of the initial applicability date, this change would not have a fiscal effect in the current biennium.

[Act 16 Sections: 3607, 9343(1k) and 9443(1k)]

30. ESTATE RECOVERY

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $550,100	1.00	$550,100	- 1.00	$0	0.00
FED	- 798,500	1.00	798,500	- 1.00	0	0.00
PR	1,467,400	0.00	- 1,467,400	0.00	0	0.00
Total	$118,800	2.00	- $118,800	- 2.00	$0	0.00

Governor: Provide $1,000 (-$68,500 GPR, -$95,600 FED and $165,100 PR in 2001-02) and $117,800 (-$481,600 GPR, -$702,900 FED and $1,302,300 PR) in 2002-03 and 2.0 positions (1.0 GPR position and 1.0 FED position), beginning in 2002-03, to reflect the net fiscal effect of: (a) authorizing additional staff to administer the program ($58,900 GPR and $58,900 FED in 2002-

03) and making statutory changes that would increase recoveries under the program and reduce MA benefits costs (-$68,500 GPR, -$95,600 FED and $165,100 PR in 2001-02 and -$540,500 GPR, -$761,800 FED and $1,302,300 PR in 2002-03). The bill includes the following statutory changes.

Expand Services Covered by Estate Recovery. Authorize estate recoveries for all MA services provided under the MA state plan to noninstitutionalized recipients age 55 or older. This provision would first apply to MA paid for health care services that are provided to an individual on the bill's general effective date.

Specify that if the health care services were provided by a managed care organization under a program of all-inclusive care for the elderly (PACE) or under the Wisconsin Partnership program, DHFS must calculate the amount of MA as the capitation rate that was paid on behalf of the recipient. Specify that if the health care services were provided under Family Care, DHFS must calculate the amount of MA paid as the actual cost of those health care services, as reported to DHFS by a care management organization. Finally, clarify that the estate recovery provisions under Family Care do not apply if the benefit is recoverable under the MA estate recovery provisions.

Currently, the state can only recover amounts MA paid for long-term care services (home- and community-based waiver services, home health, personal care and related inpatient hospital services and drug costs). Under current law, all MA services for institutionalized recipients are recoverable. MA benefits are recovered through two methods: (a) claims submitted against the estate during the probate process; and (b) liens filled against the recipient's home when the recipient is not reasonably expected to return home to live and there is not a spouse, minor child, or disabled child residing in the home.

Joint Finance: Delete provision. In addition, request the Joint Committee on Audit to request the Legislative Audit Bureau (LAB) to conduct a study of estate recovery that includes, but is not limited to: (a) the amount of funds recovered from nursing homes, personal care, COP, MA home- and community-based waiver programs and home health; and (b) the amount of recoveries by the size of the estate.

Senate: Increase MA benefits funding by $183,800 GPR and $274,200 FED annually to offset the loss of revenues that would result by limiting the types of services that are subject to the state's medical assistance estate recovery program to only those services that are required by federal law and regulations. Reduce estimated collections by $458,000 PR annually to reflect this change. Specify that this change would first apply to claims for recovery filed on the bill's general effective date.

Under current law, Wisconsin's estate recovery program authorizes recovery for the following services: (a) all MA benefits the recipient received while residing in a nursing home or inpatient hospital (if the recipient is considered an institutionalized recipient); (b) community-based MA waiver services received by a person age 55 or older and related inpatient hospital services and prescription drugs; and (c) home health services and personal

care services if received by a person age 55 or older. The services under (a) and (b) are required to be part of a state's recovery program while the services listed in (c) are not.

Conference Committee/Legislature: Delete the Senate provision but retain the Joint Finance provision requesting the LAB to conduct a study of the estate recovery program.

Veto by Governor [C-6]: Delete provision.

[Act 16 Vetoed Section: 9132(3w)]

31. ESTATE RECOVERY -- TRANSFERS BY AFFADAVIT

Governor/Legislature: Eliminate the current prohibition that prevents DHFS from recovering, under the MA estate recovery program, the following types of property of a decedent under the transfer by affidavit process: (a) interests in or liens on real property; (b) wearing apparel and jewelry; (c) household furniture, furnishings and appliances; and (d) motor vehicles and recreational vehicles. Instead, require DHFS to reduce the amount of any recovery under the transfer by affidavit process by up to the amount allowed ($5,000 currently) if necessary to allow the decedent's heirs or beneficiaries to retain the following personal property: (a) wearing apparel and jewelry held for personal use; (b) household furniture, furnishings and appliances; and (c) other tangible personal property not used in trade, agriculture, or other business, not exceeding the allowed amount ($3,000 currently).

In addition, authorize DHFS to: (a) place a lien on that interest in real property if the decedent does not have a surviving spouse or child who is under age 21 or disabled; and (b) place a lien on any interest in the decedent's home when an interest in real property of a decedent is transferred to an heir by affidavit. Specify that DHFS may enforce the lien by foreclosure in the same manner as a mortgage on real property, except that a lien on a decedent's home could not be enforced if the decedent has a surviving spouse or child under age 21 or disabled.

Transfers by affidavits are permitted when a decedent leaves solely owned property in the state that does not exceed $20,000 in value. DHFS may recover for services provided under MA by the transfer by affidavit process if: (a) no person files a petition for administration or summary settlement of the decedent's estate within 20 days of death; (b) the decedent is not survived by a spouse, a child who is under age 21 or a child who is disabled; and (c) the value of the property does not exceed $20,000.

[Act 16 Sections: 3843 thru 3851 and 9323(9)]

32. MA SERVICES -- CASE MANAGEMENT SERVICES FOR CHILDREN WITH ASTHMA

	Jt. Finance /Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$300,000	- $300,000	$0
FED	425,100	- 425,100	0
Total	$725,100	- $725,100	$0

Joint Finance/Legislature: Provide $150,000 GPR annually for DHFS to provide as grants to public health departments in Milwaukee County to serve as the state match for federal MA funds to support case management services for children with asthma. Increase MA benefits funding by $213,600 FED in 2001-02 and $211,500 FED in 2002-03 to reflect additional MA claiming for these case management services.

Veto by Governor [C-8]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(5)(ca)), 718s and 3142m]

33. MA SERVICES -- MANAGED CARE FOR DISABLED ADULTS

	Funding	Positions
GPR	- $195,900	0.50
FED	- 295,600	0.50
Total	- $491,500	1.00

Governor/Legislature: Delete $49,400 (-$16,000 GPR and -$33,400 FED) in 2001-02, and $442,100 (-$179,900 GPR and -$262,200 FED) in 2002-03, and provide 1.0 position (0.5 GPR position and 0.5 FED position), beginning in 2001-02, to expand the voluntary program for managed acute care for disabled adults to Dane, Racine, Waukesha and Kenosha Counties and to expand the current program in Milwaukee County. This item includes: (a) increased funding for program administration ($87,800 GPR and $112,800 FED in 2001-02 and $91,500 GPR and $116,400 FED in 2002-03); and (b) decreased funding for MA benefits (-$103,800 GPR and -$146,200 FED in 2001-02 and -$271,400 GPR and -$378,600 FED in 2002-03) to reflect projected savings of expanding managed care to this population.

Currently, approximately 89,000 disabled recipients between the ages of 16 and 65 receive acute care services under MA on a fee-for-service basis. Approximately 3,800 disabled persons are currently enrolled in a voluntary managed acute care program in Milwaukee County (Independent Care, or "I-Care"). The monthly payment per enrollee in the I-Care program reflects a 5% discount from the fee-for-service costs for disabled adults.

34. MA SERVICES -- COMMUNITY SERVICES DEFICIT REDUCTION BENEFIT (CSDRB)

Governor/Legislature: Delete the provision that limits the amount of federal funding allocated for reimbursement of county losses under the CSDRB to $4,500,000 annually and

specify that counties could receive CSDRB funding for losses incurred for community-based or in-home mental health services provided to individuals 21 years of age or older, community-based psycho-social benefits and residential alcohol or other drug abuse (AODA) services. In addition, repeal coverage of residential AODA services under MA on June 30, 2003, rather than July 1, 2003, as provided under current law.

The CSDRB allows county departments of public health or human services to claim federal MA matching funds to partially support operating deficits for MA-covered services provided by the counties or provided by organizations under contract with the counties. Currently, the amount of federal funding available for the CSDRB is limited to $4.5 million annually and is only available for losses associated with the provision of home health services, mental health and AODA day treatment services, personal care services, community support program services, case management services and mental health crisis intervention services.

[Act 16 Sections: 1771 thru 1774, 1791, 1806 and 9423(1)]

35. MA SERVICES -- STANDARDS FOR HEALTH MAINTENANCE ORGANIZATIONS

Joint Finance/Legislature: Require that, for contracts entered into, extended, modified or renewed beginning, January 1, 2002, health maintenance organizations (HMOs) serving MA and BadgerCare recipients within a specific zip code have a sufficient number of primary care providers available within 30 miles of that zip code to ensure MA and BadgerCare recipients enrolled in the HMO are able to adequately access services.

Low-income families and children enrolled in MA and BadgerCare are required to enroll in an HMO if they live in some counties (or zip codes within counties) and may enroll in HMOs if they live in other counties or zip codes within counties. Counties or zip codes with mandatory HMO enrollment have at least two or more participating HMOs providing services in that area. Counties and zip codes with voluntary enrollment have only one participating HMO serving that area.

Current contracts require HMOs to have a sufficient number of primary care providers within 20 miles of the zip code in which they serve MA or BadgerCare recipients living in that zip code.

Veto by Governor [C-9]: Delete provision.

[Act 16 Vetoed Sections: 1787m, 1787mg, 9323(15k) and 9423(12p)]

36. MA SERVICES -- REPORT ON IMPLEMENTATION OF PSYCHOSOCIAL SERVICES BENEFIT

Joint Finance/Legislature: Require DHFS to submit a report to the Joint Committee on Finance on the status of the implementation of the psychosocial services benefit under MA.

Require DHFS to submit the report by the first day of the sixth month following the effective date of the bill.

Psychosocial services were established as an MA benefit in 1997 Wisconsin Act 27 for MA recipients whose mental health needs require more than outpatient counseling, but less than the services provided by the community support program. Act 27 directed DHFS to establish: (a) the scope of services; (b) recipient eligibility criteria; and (c) provider certification criteria for this benefit. Act 27 specified that counties which elect to provide this benefit would be responsible for paying the state share of the MA cost for these services.

Veto by Governor [C-34]: Delete provision.

[Act 16 Vetoed Section: 9123(8d)]

37. MA ADMINISTRATION -- ELIGIBILITY [LFB Paper 1057]

	Funding	Positions
GPR	$61,320,200	10.00
FED	77,055,000	10.00
Total	$138,375,200	20.00

Governor: Provide $69,187,600 ($30,660,100 GPR and $38,527,500 FED) annually and 10.0 GPR positions and 10.0 FED positions, beginning in 2001-02, to reflect the transfer of funding and staff from DWD to DHFS for certain functions relating to eligibility determinations for MA and BadgerCare. Of the amounts provided: (a) $21,591,900 GPR and $29,459,300 FED annually would be provided to fund county costs associated with MA and BadgerCare eligibility determinations; (b) $8,368,200 GPR and $8,368,200 FED and 10.0 GPR positions and 10.0 FED positions would be provided to fund DHFS operational costs, including costs for maintaining the client assistance for reemployment and economic support (CARES) system; and (c) $700,000 GPR and $700,000 FED annually would be budgeted for outreach and other activities.

The bill also reduces DWD funding and positions to reflect this transfer of responsibilities. However, the amounts budgeted in DHFS represent an increase in federal funding budgeted for counties equal to $7,867,400 annually compared with base funding amounts budgeted in DWD. The funding and position reduction for DWD, as well as the corresponding statutory modifications, are summarized under "Workforce Development -- Economic Support and Child Care."

This item is based on a current memorandum-of-understanding between DHFS and DWD that became effective July 25, 2000, and would, therefore, not represent a change in these agencies' responsibilities relating to this function.

Joint Finance/Legislature: Adopt the Governor's recommendations with several modifications. These modifications are described under "Workforce Development -- Economic Support and Child Care."

38. MA ADMINISTRATION -- CONTRACTS AND AGREEMENTS

GPR	$1,010,700
FED	8,439,400
PR	- 600,000
Total	$8,850,100

Governor/Legislature: Provide $3,861,400 ($244,000 GPR, $3,917,400 FED and -$300,000 PR) in 2001-02 and $4,988,700 ($766,700 GPR, $4,522,000 FED and -$300,000 PR) in 2002-03 to increase funding for contracts and agreements relating to the administration of MA and BadgerCare. DHFS contracts with private organizations for claims processing, customer services, reporting and a variety of other administrative functions for MA and BadgerCare.

The funding provided in the bill reflects the following: (a) a reestimate of the fiscal agent's costs of processing claims submitted by providers ($182,700 GPR and $367,800 FED in 2001-02 and $546,800 GPR and $1,090,800 FED in 2002-03); (b) increased costs to support the Medicaid evaluation and decision support (MEDS) system ($34,800 GPR and $644,400 FED in 2001-02 and $128,000 GPR and $786,000 FED in 2002-03); (c) increased federal funding available for time studies conducted in order allocate staff time spent on activities eligible for federal MA matching funds ($2.6 million FED annually); (d) a reduction of revenue from licensing fees paid by health care facilities to reflect that the these revenues are not available to fund MA contract costs in the 2001-03 biennium (-$300,000 PR annually); and (e) miscellaneous increases for administrative costs ($26,500 GPR and $305,200 FED in 2001-02 and $91,900 GPR and $45,200 FED in 2002-03).

39. MA ADMINISTRATION -- PROVIDER FRAUD AND ABUSE [LFB Paper 478]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	- $86,600	$86,600	- $86,600	- $86,600
FED	- 120,900	120,900	- 120,900	- 120,900
Total	- $207,500	$207,500	- $207,500	- $207,500

Governor: Delete $207,500 (-$86,600 GPR and -$120,900 FED) in 2002-03 to reflect projected decreases in MA benefits costs that would result by enacting the following statutory modifications, which are intended to reduce fraud and abuse by MA providers.

Limit on the Number of Certified MA Providers. Authorize DHFS to limit the number of providers of particular MA services that may be certified, or limit the amount of resources, including employees and equipment, that a certified provider may use to provide particular services to MA recipients, if DHFS finds that: (a) existing certified providers and resources provide services that are adequate in quality and amount to meet the need of MA recipients for the particular services; and (b) the potential for MA fraud and abuse exists if additional providers are certified or additional resources are used by certified providers.

Provider Recoveries. Delete the requirement that DHFS provide an opportunity for a hearing before recovering money improperly or erroneously paid to an MA provider. Instead, require DHFS to provide an opportunity for the provider to present information and argument to DHFS staff, before DHFS could recover money improperly or erroneously paid. Require

DHFS to establish a deadline for payment of a recovery and require providers to pay interest on any delinquent recoveries at the rate of 1% per month or fraction of a month from the date of the overpayment.

Require DHFS to certify to DOR, at least annually, amounts that it has determined that it may recover from providers. However, prohibit DHFS from certifying amounts unless it has met notice requirements and its determination has either not been appealed or is no longer under appeal. Require DHFS to inform the person from whom a recovery is due that it will certify to DOR the amount that is owed so that it can be setoff from any state tax refund that may be due the person.

Fees for Repeat Offenders. Authorize DHFS, after providing reasonable notice and an opportunity for a hearing, to charge a fee to a provider that repeatedly has been subject to recoveries because of the provider's failure to follow identical or similar billing procedures or to follow other identical or similar program requirements. The fee could not exceed $1,000 or 200% of the amount of any repeated recoveries, whichever is greater. The revenue from these fees would be used to partially support the costs of conducting provider audits and investigations.

Require a provider subjected to such a fee to pay it to DHFS within 10 days after receipt of the fee notice or the final decision after an administrative hearing, whichever is later. Authorize DHFS to recover any part of a fee not paid within the 10 days by reducing any payments owed to the provider for services provided. Further, authorize DHFS to refer any such unpaid fees not recovered to the Attorney General for collection. Specify that failure to pay such a fee is grounds for decertification as an MA provider. Specify that payment of the fee does not relieve the provider of any other legal liability for recovery, but payment of the fee is not evidence of violation of a statute or rule.

Revenue received from the payment of fees charged to repeat offenders under this provision would be credited to a new PR appropriation. The ability to charge providers a fee for repeated recoveries would first apply to repeated recoveries from the identical provider that are made on the bill's general effective date.

Transfer of Business Operations. Require DHFS to require a person who takes over the operation of a provider, to first obtain certification for the provider's operation, regardless of whether the person is currently certified. Authorize DHFS to withhold the certification until any outstanding recoveries are paid. Specify that before a person takes over the operation of an MA provider that is liable for repayment of improper or erroneous payments or overpayments, full recovery of the improper or erroneous payment or overpayment must be made. Upon request, DHFS must notify the provider or the person that intends to take over the operation of the provider as to whether the provider is liable for a recovery.

If a person takes over the operation of a provider and any applicable recoveries have not been made, in addition to withholding certification as a provider, DHFS may proceed against the person taking over the provider's operation. The person taking over the provider's

operation must pay any applicable recovery in full within 30 days after the person receives notification from DHFS about any recovery. If full payment is not received within 30 days, DHFS may bring action to compel payment or decertify the person or restrict his or her participation in the MA program, or DHFS may do both.

Specify that whenever ownership of a nursing home or community-based facility is transferred to another person or persons, both the transferee and the transferor must comply with the above provisions, if the transferor was an MA provider. Under current law, only the transferee is responsible for complying with the provisions regarding recovery of payments before the transfer of a facility's ownership.

Specify that to take over of the operation of a provider would mean to obtain any of the following: (a) ownership of the provider's business or all or substantially all of the assets of the business; (b) majority control over decisions; (c) the right to any profits or income; (d) the right to contact and offer services to patients, clients, or residents served by the provider; (e) an agreement that the provider will not compete with the person at all or with respect to a patient, client, resident, service, geographical area, or other part of the provider's business; (f) the right to perform services that are substantially similar to services performed by the provider at the same location as those performed by the provider; or (g) the right to use any distinctive name or symbol by which the provider is known in connection with services to be provided by the person.

These provisions would first apply to sales or other transfers completed on the bill's general effective date.

Provider Certification. Require DHFS to decertify, or restrict a provider's participation in the MA program, if after giving reasonable notice and opportunity for a hearing, DHFS finds that the provider has violated a federal statute or regulation or a state statute or rule and the violation is by statute, regulation or rule grounds for decertification or restriction. Require DHFS to suspend the provider pending the hearing if DHFS includes in its decertification notice findings that the provider's continued participation in the MA program pending hearing is likely to lead to irretrievable loss of public funds and is unnecessary to provide adequate access to services to MA recipients. Require DHFS to issue a written decision as soon as practicable after the hearing. These provisions would first apply to violations of federal and state statutes, regulations and rules committed on the bill's general effect date. Under current law, DHFS may decertify or suspend providers, after reasonable notice and a hearing, if the provider violated a federal or state law or rule that is grounds for decertification or suspension.

Authorize DHFS to require, as a condition of certification, all providers of a specific service, to file with DHFS, a surety bond issued by a surety company licensed to do business in Wisconsin. Providers subject to this provision would be those that provide MA services for which providers have demonstrated significant potential to violate specified MA offenses, to require recovery or to need additional sanctions. Require that the surety bond be payable to DHFS in an amount that DHFS determines is reasonable in view of amounts of former recoveries against providers of the specific services and DHFS' costs to pursue those recoveries.

Require DHFS to promulgate rules to specify: (a) those MA services for which providers have demonstrated significant potential to violate specified MA offenses; (b) the amount of the surety bonds; and (c) the terms of the surety bond, including amounts, if any, without interest to be refunded to the provider upon withdrawal or decertification from the MA program.

Provider Audits and Access to Records. Permit the DHFS Secretary to authorize, rather than appoint as provided under current law, personnel to audit or investigate and report to DHFS on issues relating to violations or alleged violations of MA statutes and regulations. Authorize personnel conducting audits or investigations to have immediate access to any provider personnel, records, books or documents or other needed information. Under the written request of a person designated by the Secretary and upon presentation of the person's authorization, require providers and recipients to accord the person access to any needed patient health care records of a recipient. Under current law, authorized personnel have access to records, books, patient health care records and other documents and information.

Repeal provisions authorizing the DHFS Secretary to issue subpoenas to individuals who are required to provide specified information for the purposes of an audit, investigation, examination, analysis, review or other authorized functions relating to the program and provisions relating to the issuance and enforcement of such subpoenas. Specify that failure or refusal of a provider to accord DHFS auditors or investigators access to provider personnel, records, books, MA patient health care records, or other requested documents or records constitutes grounds for decertification or suspension of the provider from participation in MA. Specify that no payment may be made for services rendered by the provider following decertification, during the period of suspension, or during any period of provider failure or refusal to accord such access.

Joint Finance: Delete provision.

Assembly: Adopt the Governor's provision, but modify it to authorize DHFS to charge assessments, rather than fees, to providers that have repeatedly been subject to recoveries, to support the costs of audits and investigations.

Conference Committee/Legislature: Adopt the Assembly provision, except remove the provision that would have deleted a provider's opportunity for a hearing before DHFS could recover money improperly or erroneously paid to a provider.

In addition, require DHFS to promulgate rules to implement these provisions and to submit the proposed rules to the Legislative Council no later than the first day of the tenth month following the effective date of the bill. Further, specify that these provisions first apply beginning January 1, 2003.

Veto by Governor [C-7]: Delete the requirement that DHFS submit the proposed rules to the Legislative Council no later than July 1, 2002.

[Act 16 Sections: 709j, 1750d thru 1750k, 1750L thru 1750z, 1786g thru 1786k, 1838w, 1840e, 1877p, 2200b, 9323(18k)thru(18pn) and 9423(18k)]

[Act 16 Vetoed Section: 9123(15k)]

40. MA ADMINISTRATION -- PROVIDER CERTIFICATION STAFF [LFB Paper 479]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$72,300	1.00	- $72,300	- 1.00	$0	0.00
FED	72,300	1.00	- 72,300	- 1.00	0	0.00
Total	$144,600	2.00	- $144,600	- 2.00	$0	0.00

Governor: Provide $144,600 ($72,300 GPR and $72,300 FED) in 2002-03 and 2.0 positions (1.0 GPR position and 1.0 FED position), beginning in 2002-03, to address increased workload associated with the certification of MA providers. The bill would provide 2.0 auditors for the Bureau of Health Care Program Integrity to review applications for MA certification and recertification, conduct on-site reviews, verify information provided in the application and determine an applicant's ability to provide services to MA participants.

Joint Finance/Legislature: Delete provision.

41. MA ADMINISTRATION -- DHCF STAFF FUNDING CHANGE

	Funding	Positions
FED	- $255,400	- 2.25
PR	255,000	2.25
Total	- $400	0.00

Governor/Legislature: Delete $200 (-$127,700 FED and $127,500 PR) annually and convert 2.25 FED positions to 2.25 PR positions, beginning in 2001-02, to reflect a realignment of the funding sources for certain Division of Health Care Financing (DHCF) staff to more accurately reflect the staff's time spent on certain programs. Under this provision, a total of 2.25 FTE positions that are currently funded with federal MA administrative matching funds would instead be supported from: (a) fees paid for copies of vital records, such as birth certificates and marriage licenses ($66,300 PR annually); and (b) assessments paid by health care providers for health care information published by the Bureau of Health Information ($61,200 PR annually).

42. MA PAYMENT FOR A WHEELCHAIR

Assembly/Legislature: Require DHFS to purchase a customized wheelchair for a resident of the Vernon Manor nursing home in Vernon County who has cerebral palsy and for

whom a physician has determined that a customized wheelchair is necessary. Specify that this purchase would not be subject to the Department's prior authorization requirements.

According to the 2000-01 nursing home state plan, the cost of all wheelchairs, including geriatric chairs but excluding motorized wheelchairs or vehicles, are included in the nursing home payment rate. DHFS indicates that it is the responsibility of the nursing home to provide wheelchairs to its MA residents. However, DHFS may permit separate payment for a special adaptive position or electric wheelchair, while an MA recipient resides in a nursing home, if the wheelchair is prescribed by a physician and: (a) the wheelchair is personalized in nature or is custom-made for a patient and is used by the resident on an individual basis; and (b) the special adaptive positioning wheelchair or electric wheelchair is justified by the diagnosis and prognosis and the occupational or vocational activities of the recipient.

Modifications to wheelchairs purchased by a nursing home on behalf of an MA recipient can be reimbursed outside of the nursing home daily rate, as durable medical equipment (DME), subject to prior authorization requirements. DHFS is authorized, by rule, to establish prior authorization requirements for the purchase of DME, including modifications to wheelchairs.

[Act 16 Section: 9123(13b)]

Prescription Drug Assistance

1. PRESCRIPTION DRUG ASSISTANCE [LFB Papers 471 and 482]

GPR	$50,900,000

Governor: Require DHFS and DOA to engage in the following activities that are intended to provide prescription drug assistance to certain individuals.

MA Prescription Drug Assistance Project. Require DHFS to request a demonstration project waiver from the Secretary of the U.S. Department of Health and Human Services (DHHS) to permit DHFS to expand MA to certain individuals at least 65 years of age and to limit MA coverage to prescription drugs only. Specify that the project would include the following provisions.

Eligibility. Specify that individuals who are at least 65 years of age, who are otherwise ineligible for MA and whose annual household income is no more than 185% of the federal poverty level (FPL), and have been without available prescription drug coverage, other than MA, for 12 months would be eligible for prescription drug coverage under the project. Eligible individuals would be issued a prescription drug card for the purchase of prescription drugs

after applying on a form provided by DHFS and after paying a $25 annual program enrollment fee. Based on the 2001 FPL, annual household income equal to 185% of the FPL would be $15,892 for one person and $21,479 for a two-person family.

Deductibles. Specify that, once enrolled in the project, individuals would be required to pay the following deductibles before MA would provide prescription drug coverage on their behalf: (a) no deductible would be required for individuals with annual household income of no more than 110% of the FPL; (b) a $300 annual deductible would be required for individuals with annual household income above 110% of the FPL but no more than 130% of the FPL; (c) a $600 annual deductible would be required for individuals with annual household income above 130% of the FPL but no more than 155% of the FPL; and (d) a deductible equivalent to the MA reimbursement rate for each drug purchased would be required for individuals with annual household income above 155% of the FPL. All drugs purchased during the deductible period would be available to the individual at the reimbursement rate paid to pharmacies and pharmacists under MA.

For individuals enrolled in the project with household income above 155% of the FPL, the MA program would not pay a benefit on their behalf. Rather, they would only be eligible to purchase drugs at a discount from the retail price of the drugs purchased. This discount would be equivalent to the difference between the retail value of the drug purchased and the reimbursement rate paid by the MA program.

Currently, the MA reimbursement rate for prescription drugs is equivalent to the estimated acquisition cost (EAC) of the drug, plus a dispensing fee. Generally, the EAC is equivalent to the average wholesale price (AWP), as reported by manufacturers, minus 10% for brand name and not-readily available generic drugs, or the maximum allowable cost for readily-available generic drugs. On average, this reimbursement rate is equal to approximately 77% of a pharmacists' usual and customary charges, or the retail price of the drug.

Under the bill, the calculation of the EAC for brand name and not-readily available generic drugs would be modified so that the EAC would be equivalent to AWP minus 15%. The administration estimates that the MA reimbursement rates would average 74% of a pharmacist's usual and customary charges. Therefore, based on the administration's estimates, the value of the MA discount available from retail price would increase from the current 23% average discount to a 26% average discount under the bill. However, the actual discount available for the purchase of drugs during the deductible period would vary, based on the drug purchased.

Copayments. Specify that, for individuals with annual household income at or below 155% of the FPL, after payment of any required deductibles, the individual would be required to pay a copayment of $10 for each prescription drug with a generic name and a copayment of $20 for each prescription drug with a brand name. Individuals with annual household income above 155% of the FPL would be responsible for the entire cost of the drug at the MA reimbursement rate.

Reimbursement for Pharmacies and Pharmacists. Specify that, from the MA benefits appropriations, DHFS would pay pharmacies and pharmacists the MA reimbursement rate, less the required copayments, for prescription drugs purchased by individuals enrolled in MA under the waiver, after payment of any required deductible. As a condition of participation in the MA program, a pharmacy or pharmacist could not charge an individual who is eligible for MA under the waiver and that presents a valid prescription order, an amount for that prescription that exceeds the applicable deductibles and copayments.

Prohibitions on Implementation. Prohibit DHFS from implementing the MA prescription drug project unless: (a) the DHHS Secretary grants a waiver consistent with the provisions in the bill and that waiver is in effect; and (b) sufficient state and federal funds are available for the program. Specify that, if the waiver is granted and a national prescription drug benefit program for seniors is created that would provide similar benefits to a similar population, DHFS could only implement the program if it first submits a plan for implementation that is approved by DOA and the Joint Committee on Finance. Provide that the Joint Committee on Finance could approve the plan under a 14-day passive approval process. If a waiver were granted, at the end of the period the waiver would be in effect, DHFS would be required to request any available extension of the waiver.

Other Provisions. Create a PR appropriation for receipt of revenue from the $25 annual enrollment fee paid by participants and specify that this revenue would be used to pay for administration of the waiver. Additionally, define "Medicare," "pharmacy discount rate," "poverty line," "prescription drug" and "prescription order" for purposes of the project.

Specify that the provision that requires DHFS to submit a waiver request that includes all of these program components takes effect on the bill's general effective date. The administration anticipates that, if the waiver were approved, the program would be implemented by July 1, 2002.

Fiscal Effect. Although DHFS would pay pharmacies for drugs provided to program enrollees from the MA benefits appropriation, the bill does not increase MA benefits funding to make these payments. Rather, the administration assumes that DHFS would be able to demonstrate savings to the MA program, either through the creation of the drug assistance program or other initiatives implemented as part of the demonstration project.

Revenue received from the payment of the annual enrollment fee would be used to fund the on-going administrative costs of the program. The bill does not provide funding for the initial start-up costs for implementing the waiver program. The administration anticipates that DHFS would use internal resources to fund any initial start-up costs or would request the Joint Committee on Finance to transfer funds from another appropriation under s. 13.10 of the statutes. It is also anticipated that any start-up costs would be eligible for 50% federal MA matching funds.

MA Bulk Purchase and Mail Order Delivery of Prescription Drugs and Supplies. Require DHFS to work with DOA to contract with a private entity for the bulk purchase and

mail order delivery of prescription drug and medical supplies for MA recipients who have chronic conditions such as diabetes, asthma and hypertension. Specify that participation by MA recipients in the program would be voluntary. Specify that, if DHFS contracts with a private entity, the private entity would be required to administer and promote the bulk purchase and mail order delivery of prescription drugs, and telephone participants every three months to ascertain their progress in administering self-care. Specify that the bulk purchase and mail order delivery of drugs would be limited to MA-covered drugs.

Require DHFS to annually evaluate hospital and emergency room costs of MA recipients receiving prescriptions and supplies through the mail and determine the extent to which savings are achieved through the bulk purchase and delivery of prescription drugs and supplies to these individuals.

Prescription Drug Discount Program. Require DOA to contract with a private entity to administer a discount program for the purchase of prescription drugs by individuals, regardless of age or income, who pay nominal fees to the private entity. Specify that procurement provisions requiring state agencies to first obtain materials and services produced by prison industries and work centers for the severely handicapped when procuring contracts would not apply to this contract. Prescription drugs covered under this program would be limited to MA-covered drugs.

Promotion of Prescription Drug Assistance Plans and Federal Discounts. Require DHFS to conduct the following activities in order to promote private prescription drug assistance plans for individuals and access to federal discounts for prescription drugs for certain providers.

Promotion of Private Assistance Plans. Require DHFS, together with DOA, to promote private prescription drugs assistance plans in health information and on the state's Internet site. DHFS would promote plans that include offers by prescription drug manufacturers of specific no-cost or reduced-cost prescription drugs and private plans that offer prescription drug discounts to members.

Promotion of Federal Discounts on Prescription Drugs Available to Certain Providers. Require DHFS to inform those entities, including tribes and federally qualified health centers (FQHCs), that are eligible for a federal prescription drug discount about their eligibility for and the benefits of participating in the federal discount program and provide technical assistance to those entities in applying for and implementing the federal discount benefit. Further, require DHFS to analyze health care data in the state to identify areas that could be eligible for and benefit from the establishment of an FQHC and provide entities in those areas with information about and technical assistance in developing an FQHC.

Under federal law, certain health care providers receiving federal funds, such as FQHCs, family planning projects, certain hospitals serving a disproportionate share of MA recipients and low-income persons, entities providing services for the treatment of sexually transmitted diseases or tuberculosis and other entities are eligible to purchase prescription and over-the-

counter drugs from manufacturers at a discount based on the value of rebates available under MA.

Multistate Purchasing of Prescription Drugs. Require DOA and DHFS to work together and in conjunction with other states and associations, to develop a multistate purchasing group for direct negotiation with prescription drug manufacturers to obtain rebate agreements, modeled in part, on the federal rebate agreements negotiated on behalf of states, for prescription drugs purchased under MA. Require that these rebate agreements must result, on average, in larger rebate amounts than received under the current rebate agreements negotiated on behalf of states.

Joint Finance: Delete the Governor's recommendation. Instead, reserve $44.0 million GPR in 2002-03 in the general fund to be used for a prescription drug assistance program. No appropriation or statutory language is associated with this provision.

Senate: Create a prescription drug assistance program, effective September 1, 2002. Provide $65.9 million GPR in 2002-03 to fund estimated benefits under the program that would be supported from a new, sum sufficient appropriation in DHFS. Additionally, provide $2.0 million GPR in 2001-02 to support initial start-up costs related to the program. Of this amount, $1.0 million would be budgeted in a DHFS general program operations appropriation. The other $1.0 million GPR would be budgeted in the Joint Committee on Finance supplemental appropriation for release to DHFS under a 14-day passive approval process.

Program Eligibility. Specify that a person could enroll in the prescription assistance program if he or she: (a) is a state resident who is at least 65 years of age; (b) is not enrolled in the state's MA program; (c) has annual household income, as determined by the DHFS, at or below 300% of the federal poverty level (FPL) based on the size of the person's eligible family; and (d) pays an annual $20 enrollment fee. Individuals with prescription drug coverage under other plans would be eligible to enroll, but specify that the program would only cover eligible costs not covered under other plans.

In 2001, 300% of the FPL is equal to $25,770 annually for an individual and $34,830 annually for a two-person family. In addition, specify that individuals with annual household incomes above 300% of the FPL but who meet the other eligibility criteria would be eligible to enroll in the program if, after deducting their out-of-pocket costs for prescription drugs covered under the program from their income, they have income at or below 300% of the FPL. These individuals are referred to as persons that "spend down" to the income eligibility limit.

Enrollee Cost-Sharing and Benefits. Require individuals to pay a $20 enrollment fee for each 12-month benefit period as a condition of enrollment. Also, require individuals to pay a $500 deductible per person for each 12-month benefit period. After meeting the deductible, require enrollees to pay a copayment of $10 for each prescription for a brand name drug and $5 for each prescription for a generic drug for the duration of the 12-month benefit period. Specify that individuals with annual household income at or below 175% of the FPL would not be required to pay the $500 deductible, but would be responsible for the required copayments.

Beginning September 1, 2002, as a condition of participating in the MA program, prohibit pharmacies from charging enrollees an amount that exceeds the program payment rate (105% of the MA rate) plus the MA dispensing fee, for drugs purchased during the annual deductible period. After an enrollee meets the deductible, require the pharmacy to only charge the applicable copayments for the duration of the enrollee's 12-month benefit period. Prohibit pharmacies from charging enrollees more than the pharmacist's retail price for drugs while an enrollee is spending down to the income limit. Once these enrollees reach the income limit, require them to meet the $500 annual deductible. After an enrollee meets the annual deductible, require him or her to pay only the applicable copayments. Require DHFS to calculate and transmit to pharmacies and pharmacists certified under MA the amounts that would be used to calculate these charges to enrollees. Require DHFS to periodically update the information and transmit the updated amounts to pharmacies and pharmacists.

Require DHFS to monitor pharmacies' compliance with providing discounted rates to program enrollees for drugs purchased under the program and to submit an annual report to the Legislature concerning compliance. Specify that the report would also include information on any pharmacies or pharmacists that discontinue participation in the MA program and the reasons for the discontinuance.

Payments to Pharmacies. Beginning September 1, 2002, require DHFS to reimburse pharmacies for drugs provided to enrollees who have met their deductible at a rate equal to 105% of the reimbursement rate paid to pharmacies for an identical drug under MA, less the copayment paid by the enrollee, plus a dispensing fee equal to the MA dispensing fee. Specify that pharmacies may also be eligible for incentive payments pharmacies may receive under the MA program. Specify that DHFS would support these payments to pharmacies with a combination of GPR funds and rebate revenue collected from manufacturers. This reimbursement rate is estimated to be equivalent to an average of 79.5% of a pharmacy's usual and customary charges (the retail price of the drug), based on the MA reimbursement rate for prescription drugs recommended by Joint Finance. Require DHFS to devise and distribute claim forms for use by pharmacies and pharmacists. Authorize DHFS to apply the same utilization and cost control procedures to this program that it applies under MA.

Manufacturer Rebates. Specify that the program would provide coverage only for drugs produced by manufacturers that enter into rebate agreements with the state. Require DHFS, or an entity with which DHFS contracts, to provide drug manufacturers with documents modeled on the rebate agreements manufacturers make under federal MA law. Specify that these documents would be designed for use by the manufacturer in entering into a rebate agreement with DHFS. Specify that such an agreement would require that the manufacturer make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by: (a) enrollees who do not spend down to become eligible for the program; and (b) enrollees who spend down for the program, after they have spent down to the income limit. Require manufacturers to make these rebate payments to the state each calendar quarter, or according to a schedule established by DHFS. Specify that the amount of the rebate payment would be

determined by the same method for determining a manufacturer's rebate payments under the federal MA program.

DHFS Responsibilities. Assign DHFS several specific responsibilities relating to the administration of the program.

First, require DHFS to promulgate rules that specify the criteria that would be used to determine household income for the purposes of making eligibility determinations and exempting enrollees with income at or below 175% of the FPL from the deductible.

Second, require DHFS to promulgate rules relating to prohibitions on fraud that are substantially similar to the prohibitions that apply under the MA program. Specify that persons convicted of violating a rule in connection with that person's furnishing of prescription drugs could be fined up to $25,000, imprisoned for up to seven years and six months, or both. Persons convicted of violating other rules promulgated by DHFS could be fined up to $10,000, imprisoned up to one year, or both.

Third, require DHFS to devise and distribute application forms for the program, determine applicants' eligibility for each 12-month benefit period and issue drug cards that enrollees would use to purchase drugs under the program.

Fourth, if federal law were amended to provide coverage for prescription drugs for outpatient care as a benefit under Medicare or to provide similar coverage under another program, require DHFS to submit to the appropriate standing committees of the Legislature a report that contains an analysis of the differences between such a federal program and the new state prescription assistance program, and provides recommendations concerning alignment, if any, of the differences.

Finally, permit DHFS to contract with an entity to perform the responsibilities assigned to DHFS, other than monitoring pharmacies' compliance with the law, the promulgation of rules and notifying the Legislature of changes in federal law regarding coverage of prescription drugs.

Notification to Medicare Enrollees. Require DHFS, before January 1, 2002, to notify by mail all Wisconsin residents enrolled in Medicare as a result of a disability and who are not enrolled in the health insurance risk-sharing plan (HIRSP) that they may be eligible for HIRSP and how to apply for coverage under HIRSP. This provision would only apply to the extent permitted under federal law.

Effective Date. Specify that all of the provisions would take effect on the second day after the publication of the biennial budget act, except that GPR funding to reimburse pharmacies for claims they submit for drugs purchased by program enrollees would first be available on September 1, 2002. Additionally, limits on how much pharmacies could charge program participants would not take effect September 1, 2002.

Fiscal Effect for Program Benefits. The provisions would create a GPR sum sufficient appropriation, which, together with program revenue derived from manufacturers' rebate revenue, would fund claims submitted by pharmacies for drugs purchased by enrollees who have met their deductibles. Consequently, the actual GPR benefits expenditures for the program would be based on claims submitted by pharmacies and would not be limited to a sum certain amount of funding established by the Legislature.

It is estimated that program benefits costs would be approximately $102.9 million GPR annually. Based on the September 1, 2002, effective date, it is estimated that GPR expenditures for benefits paid under this program would total $65.9 million in 2002-03.

Fiscal Effect for Administration. Provide $1.0 million GPR in 2001-02 for DHFS to support the administrative costs to implement the prescription drug assistance program. Provide an additional $1.0 million GPR in the Joint Committee on Finance program supplements appropriation in 2001-02 to fund additional costs associated with the administration of the program. Before July 1, 2002, require DHFS to develop and submit a plan to DOA for the proposed expenditure of funds provided in the Committee's appropriation. Specify that DOA could approve, disapprove or modify the plan. If DOA modified or approved the plan, require DOA to forward the plan to the Co-Chairs of the Committee along with any modifications. Prohibit the Secretary of DOA from approving the transfer of funds from the Committee's appropriation and approving any position authority included in the plan unless the Committee approves the plan under the 14-day passive approval process.

Specify that revenue received from the $20 annual enrollment fee paid by participants would fund ongoing administrative costs for the program.

Assembly: Create a prescription drug assistance program, effective September 1, 2002. Provide $34.1 million GPR in 2002-03 to fund: (a) benefits that would be paid under the new prescription drug assistance program in 2002-03 ($16.9 million); (b) estimated increased costs to the MA program in 2002-03 as a result of prohibiting expansion of the use of prior authorization for drugs purchased under MA ($16.0 million); and (c) estimated costs to expand MA eligibility for elderly, blind and disabled individuals to 100% of the FPL ($1.2 million GPR). In addition, provide $2.0 million GPR in 2001-02 for initial start-up costs for the new program.

This item would: (1) create a state prescription drug assistance program; (2) expand MA eligibility to include elderly, blind and disabled individuals with income up to 100% of the FPL based on the size of the person's eligible family; and (3) prohibit DHFS from expanding prior authorization for certain drugs purchased under MA. Each of these components is described below.

State Prescription Drug Program

Program Eligibility. Specify that a person could enroll in the prescription assistance program if he or she: (a) is a state resident who is at least 65 years of age; (b) is not enrolled in the state's

MA program; (c) has annual household income, as determined by DHFS, at or below 185% of the FPL based on the size of the person's eligible family; and (d) pays an annual $25 enrollment fee. Individuals with prescription drug coverage under other plans would be eligible to enroll, but specify that the program would only cover eligible costs not covered under other plans.

In 2001, 185% of the FPL is equal to $15,892 annually for an individual and $21,479 annually for a two-person family.

Enrollee Cost-Sharing and Benefits. Require individuals to pay a $25 enrollment fee for each 12-month benefit period as a condition of enrollment. Also, require individuals to pay an $840 deductible per person for each 12-month benefit period. After meeting the deductible, require enrollees to pay a copayment of $20 for each prescription for a brand name drug and $10 for each prescription for a generic drug for the duration of the 12-month benefit period.

Beginning September 1, 2002, as a condition of participating in the MA program, prohibit pharmacies from charging enrollees an amount that exceeds the average wholesale price, minus 5% or the maximum allowable cost, as determined by DHFS, whichever is less, plus the MA dispensing fee, for drugs purchased during the deductible period. This charge is estimated to be equivalent to an average of 82% of a pharmacist's usual and customary charges (the retail price of the drug). After an enrollee meets the deductible, require the pharmacy to only charge the applicable copayments for the duration of the enrollee's 12-month benefit period. Require DHFS to calculate and transmit to pharmacies and pharmacists certified under MA the amounts that would be used to calculate these charges to enrollees. Require DHFS to periodically update the information and transmit the updated amounts to pharmacies and pharmacists.

Require DHFS to monitor pharmacies' compliance with providing discounted rates to program enrollees for drugs purchased under the program according to a method established by rules promulgated by DHFS and to submit an annual report to the Legislature concerning compliance. Specify that the report would also include information on any pharmacies or pharmacists that discontinue participation in the MA program and the reasons for the discontinuance.

Payments to Pharmacies. Beginning September 1, 2002, require DHFS to reimburse pharmacies for drugs provided to enrollees who have met their deductible at a rate equal to the average wholesale price, minus 5%, or the maximum allowable cost, less the copayment paid by the enrollee, plus a dispensing fee equal to the MA dispensing fee. Specify that DHFS would support these payments to pharmacies with a combination of GPR funds and rebate revenue collected from manufacturers. This reimbursement rate plus the applicable copayment is estimated to be equivalent to an average of 82% of the retail price of the drug. Require DHFS to devise and distribute claim forms for use by pharmacies and pharmacists.

Manufacturer Rebates. Specify that the program would provide coverage only for drugs produced by manufacturers that enter into rebate agreements with the state. Authorize DHFS, or an entity with which DHFS contracts, to enter into a rebate agreement with drug manufacturers

that is modeled on the rebate agreements manufacturers make under federal MA law. Specify that such an agreement would require that the manufacturer make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by program participants. Require manufacturers to make these rebate payments to the state each calendar quarter, or according to a schedule established by DHFS. Specify that the amount of the rebate payment would be determined by the same method for determining a manufacturer's rebate payments under the federal MA program.

Utilization and Cost Controls. Authorize DHFS to apply the same utilization and cost control procedures to this program that it applies under MA, except that for the period August 30, 2002 through August 30, 2004, prohibit DHFS from subjecting drugs produced by manufacturers that enter into rebate agreements to prior authorization requirements beyond those MA prior authorization requirements in effect as of September 1, 2002.

DHFS Responsibilities. Assign several specific responsibilities to DHFS relating to the administration of the program, as follows:

First, require DHFS to promulgate rules that specify the criteria that would be used to determine household income for the purposes of making eligibility determinations.

Second, require DHFS to promulgate rules relating to prohibitions on fraud that are substantially similar to the prohibitions that apply under the MA program. Specify that persons convicted of violating a rule in connection with that person's furnishing of prescription drugs could be fined up to $25,000, imprisoned for up to seven years and six months, or both. Specify that persons convicted of violating other rules promulgated by DHFS could be fined up to $10,000, imprisoned up to one year, or both.

Third, require DHFS to devise and distribute application forms for the program, determine applicants' eligibility for each 12-month benefit period and issue drug cards that enrollees would use to purchase drugs under the program.

Fourth, if federal law were amended to provide coverage for prescription drugs for outpatient care as a benefit under Medicare or to provide similar coverage under another program, require DHFS to submit to the appropriate standing committees of the Legislature a report that contains an analysis of the differences between such a federal program and the new state prescription assistance program, and provides recommendations concerning alignment, if any, of the differences.

Finally, permit DHFS to contract with an entity to perform the responsibilities the proposal assigns to DHFS, other than monitoring pharmacies' compliance with the law, the promulgation of rules and notifying the Legislature of changes in federal law regarding coverage of prescription drugs.

MA Prior Authorization

The provision would limit the expansion of prior authorization requirements under the MA program. For the two-year period from August 30, 2002 until September 1, 2004, prohibit DHFS from subjecting drugs produced by manufacturers that enter into rebate agreements for the state program created in the amendment, to MA prior authorization requirements beyond those requirements that are in effect on September 1, 2002. Specify that these same criteria would be applied for prior authorization requirements under the state prescription drug program created in the provision. Provide $16.0 million GPR and $23.0 million FED in 2002-03 to reflect the estimated increase in MA costs as a result of this item.

MA Expansion for the Elderly, Blind and Disabled

Specify that individuals age 65 years or older or individuals that are blind or disabled (as defined for purposes of the federal supplemental security income program) would be eligible for MA if their countable household income does not exceed 100% of the FPL. Based on the 2001 FPL, 100% of the FPL would be equal to $716 monthly for an individual and $968 monthly for a two-person family. Currently under MA, the income eligibility for elderly, blind and disabled individuals is limited to $614 for one person and $928 for two persons. These equal approximately 86% and 96% of the FPL, respectively. Maintain the current asset limit for these individuals at $2,000 in countable assets for one person and $3,000 in countable assets for two people in a family. Specify that this provision would first apply to MA eligibility determinations made beginning July 1, 2002.

Fiscal Estimate

The estimated GPR cost of the provision would total $43.6 million GPR on an ongoing basis. This estimate reflects both the estimated annualized cost of providing benefits under the prescription drug program ($26.4 million GPR) and the estimated increase in costs that the MA program would occur as a result of the provisions that would prohibit expansion of prior authorization under MA and would expand MA eligibility for elderly, blind and disabled individuals ($17.2 million GPR and $24.8 million FED).

Provide $2.0 million GPR in 2001-02 and $34.1 million GPR in 2002-03 to fund the estimated costs in the 2001-03 biennium.

Program Benefits. Provide $16.9 million GPR in 2002-03 in a new, GPR sum certain appropriation, which, together with program revenue derived from manufacturers' rebate revenue, would fund claims submitted by pharmacies for drugs purchased by enrollees who have met their deductibles. The item does not specify what action would be taken if the funding provided for the program is not sufficient to meet the actual demand for the program. Among the actions that could be taken if actual demand exceeds the funding appropriated, includes the establishing of waiting lists or DHFS could seek legislation appropriating additional funding for the program.

Administration. Provide $2.0 million GPR in 2001-02 in the Joint Committee on Finance program supplements appropriation to support the administrative costs to implement the prescription drug program. Require DHFS to develop and submit a plan to DOA for the proposed expenditure of funds provided in the Committee's appropriation. Specify that DOA could approve, disapprove or modify the plan. If DOA modified or approved the plan, require DOA to forward the plan to the Co-Chairs of the Committee along with any modifications. Prohibit the Secretary of DOA from approving the transfer of funds from the Committee's appropriation and approving any position authority included in the plan unless the Committee approves the plan under the 14-day passive approval process.

Specify that revenue received from the $25 annual enrollment fee paid by enrollees would fund ongoing administrative costs for the program.

MA Prior Authorization. Based on an analysis of anticipated drugs that will be introduced in the market over the next couple of years and drugs that will be no longer be manufactured under patented formulas over the next few years, it is estimated that the cost of prohibiting the expansion of the MA prior authorization requirements for prescription drugs for the period September 1, 2002 through August 30, 2004 would increase MA expenditures by approximately $39.0 million ($16.0 million GPR and $23.0 million FED) annually. It is assumed that these increased costs would be incurred only for the period in which the prohibition is in effect. This estimate is based on the assumption that all manufacturers that currently have rebate agreements in effect under the MA program would also participate in the prescription drug program created in the proposal.

MA Eligibility Expansion. It is estimated that the cost to expand MA eligibility to elderly, blind and disabled individuals with incomes at or below 100% of the FPL would cost approximately $3.0 million ($1.2 million GPR and $1.8 million FED) annually. Currently, individuals with income that exceeds the current income limit, but does not exceed 100% of the FPL are only eligible for limited benefits under MA. These benefits include reimbursement of their Medicare premiums, copayments and deductibles. They are not eligible for all of the services available to MA recipients including prescription drug coverage.

Conference Committee/Legislature: Create a prescription drug assistance program, effective September 1, 2002. Provide $2.0 million GPR in 2001-02 to support initial start-up costs ($1.0 million in DHFS and $1.0 million in the Joint Committee on Finance supplemental appropriation) and $49.9 million GPR in 2002-03 to fund estimated benefits that would be funded from a new, biennial sum certain appropriation in DHFS.

Require DHFS to seek a federal demonstration project waiver from the Secretary of the U.S. Department of Health and Human Services to expand MA to certain individuals who are at least 65 years of age and to limit benefits for this group of MA recipients to coverage of prescription drugs only. Prohibit DHFS from implementing the waiver unless it meets the specifications of the prescription drug assistance program that would be created in the bill. Further, require DHFS to implement the prescription drug assistance program that would be

created in the bill, beginning September 1, 2002, regardless of whether approval of the MA waiver were received.

Additionally, if GPR funding budgeted for program benefits is completely expended, require DHFS to continue accepting applications and determining eligibility for program participation and require DHFS to indicate to applicants that program benefits are conditioned on the availability of funding. Further, specify that the following requirements do not apply for drugs purchased during any time period in which funding for the program is completely expended: (a) the requirement that DHFS pay pharmacies for drugs purchased under the program; (b) the requirement that pharmacies not charge program participants more than the program payment rate; and (c) the requirement that manufacturers pay rebates for drugs purchased under the program.

The following section summarizes the various features of the prescription drug assistance program.

Program Eligibility. Specify that a person could enroll in the prescription assistance program if he or she: (a) is a state resident who is at least 65 years of age; (b) is not enrolled in the state's MA program; (c) has annual household income, as determined by the DHFS, at or below 240% of the FPL based on the size of the person's eligible family; and (d) pays an annual $20 enrollment fee. Individuals with prescription drug coverage under other plans would be eligible to enroll, but specify that the program would only cover eligible costs not covered under other plans. In 2001, 240% of the FPL is equal to $20,616 annually for an individual and $27,864 annually for a two-person family.

In addition, specify that individuals with annual household incomes above 240% of the FPL but who meet the other eligibility criteria would be eligible to enroll in the program if, after deducting their out-of-pocket costs for prescription drugs covered under the program from their income, they have income at or below 240% of the FPL. These individuals are referred to as persons that "spend down" to the income eligibility limit.

Enrollee Cost-Sharing and Benefits. Require individuals to pay a $20 enrollment fee for each 12-month benefit period as a condition of enrollment. Require individuals to pay a $500 annual deductible per person for each 12-month benefit period. After meeting the annual deductible, require enrollees to pay a copayment of $15 for each prescription for a brand name drug and $5 for each prescription for a generic drug for the duration of the 12-month benefit period. Specify that individuals with annual household income at or below 160% of the FPL would not be required to pay the $500 deductible, but would be responsible for the required copayments.

Beginning September 1, 2002, as a condition of participating in the MA program, prohibit pharmacies from charging enrollees an amount that exceeds the program payment rate (105% of the MA product rate plus the MA dispensing fee), for drugs purchased during the annual deductible period. After an enrollee meets the deductible, specify that the pharmacy could only

charge the applicable copayments for the duration of the enrollee's 12-month benefit period. Prohibit pharmacies from charging enrollees more than the pharmacist's retail price for drugs while an enrolled is spending down to the income limit. Once these enrollees reach the income limit, require them to pay the $500 annual deductible. After meeting the $500 annual deductible, require these individuals to pay only the applicable copayments.

Require DHFS to calculate and transmit to pharmacies and pharmacists certified under MA, the amounts that would be used to calculate these charges to enrollees. Require DHFS to periodically update the information and transmit the updated amounts to pharmacies and pharmacists.

Require DHFS to monitor pharmacies' compliance with providing discounted rates to program enrollees for drugs purchased under the program and to submit an annual report to the Legislature concerning compliance. Specify that the report would also include information on any pharmacies or pharmacists that discontinue participation in the MA program and the reasons for the discontinuance.

Payments to Pharmacies. Beginning September 1, 2002, require DHFS to reimburse pharmacies for drugs provided to enrollees who have met their deductible if required, at a rate equal to 105% of the reimbursement rate paid to pharmacies for an identical drug under MA, less the copayment paid by the enrollee, plus a dispensing fee equal to the MA dispensing fee. This reimbursement rate is estimated to be equivalent to an average of 80.75% of a pharmacy's usual and customary charges (the retail price of the drug), based on the MA reimbursement rate for prescription drugs included in the bill. Require DHFS to devise and distribute claim forms for use by pharmacies and pharmacists. Specify that pharmacies may also be eligible for incentive payments pharmacies may receive under the MA program.

Create two appropriations to support payments to pharmacies, one GPR sum certain appropriation and a PR appropriation for rebate revenue collected from manufacturers. Authorize DHFS to apply the same utilization and cost control procedures to this program that it applies under MA.

Manufacturer Rebates. Specify that the program would provide coverage only for drugs produced by manufacturers that enter into rebate agreements with the state. Require DHFS, or an entity with which DHFS contracts, to provide drug manufacturers with documents modeled on the rebate agreements manufacturers make under federal MA law. Specify that these documents would be designed for use by the manufacturer in entering into a rebate agreement with DHFS. Specify that such an agreement require the manufacturer to make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by: (a) enrollees who do not spend down to become eligible for the program; and (b) enrollees who spend down for the program, after they have spent down to the income limit. Specify that the agreement require manufacturers to make these rebate payments to the state each calendar quarter, or according to a schedule established by DHFS and that the amount of the rebate

payment would be determined by the same method for determining a manufacturer's rebate payments under the federal MA program.

DHFS Responsibilities. Assign DHFS several specific responsibilities relating to the administration of the program.

First, require DHFS to promulgate rules that specify the criteria that would be used to determine household income for the purposes of making eligibility determinations and exempting enrollees with income at or below 160% of the FPL from the deductible.

Second, require DHFS to promulgate rules relating to prohibitions on fraud that are substantially similar to the prohibitions that apply under the MA program. Specify that persons convicted of violating a rule in connection with that person's furnishing of prescription drugs could be fined up to $25,000, imprisoned for up to seven years and six months, or both. Specify that persons convicted of violating other rules promulgated by DHFS could be fined up to $10,000, imprisoned up to one year, or both.

Third, require DHFS to devise and distribute application forms for the program, determine applicants' eligibility for each 12-month benefit period and issue drug cards that enrollees would use to purchase drugs under the program.

Fourth, if federal law were amended to provide coverage for prescription drugs for outpatient care as a benefit under Medicare or to provide similar coverage under another program, require DHFS to submit to the appropriate standing committees of the Legislature a report that contains an analysis of the differences between such a federal program and the new state prescription assistance program, and provides recommendations concerning alignment, if any, of the differences.

Finally, authorize DHFS to contract with an entity to perform the responsibilities assigned to DHFS, other than monitoring pharmacies' compliance with the law, the promulgation of rules and notifying the Legislature of changes in federal law regarding coverage of prescription drugs.

Effective Date. Specify that all of the provisions take effect on the second day after the publication of the biennial budget act, except that GPR funding to reimburse pharmacies for claims they submit for drugs purchased by program enrollees would first be available on September 1, 2002 and limits on how much pharmacies could charge to program participants would not take effect until September 1, 2002.

Fiscal Effect for Program Benefits. Provide $49.9 million GPR in 2002-03 in a new biennial, sum certain appropriation based on the estimated cost of benefits that would be paid in 2002-03 under the program. It is estimated that program benefits costs would total approximately $78.0 million GPR annually.

Fiscal Effect for Administration. Provide DHFS $1.0 million GPR in 2001-02 to support the administrative costs to implement the prescription drug assistance program. Additionally, provide $1.0 million GPR in the Joint Committee on Finance program supplements appropriation in 2001-02 to fund additional costs associated with the administration of the program. Require DHFS, before July 1, 2002, to develop and submit a plan to DOA for the proposed expenditure of funds provided in the Committee's appropriation. Specify that DOA could approve, disapprove or modify the plan. If DOA modified or approved the plan, require DOA to forward the plan to the Co-Chairs of the Committee along with any modifications. Prohibit the Secretary of DOA from approving the transfer of funds from the Committee's appropriation and approving any position authority included in the plan unless the Committee approves the plan under the 14-day passive approval process.

Create a PR appropriation to support ongoing administrative costs for the program and specify that revenue received from the $20 annual enrollment fee paid by participants would be deposited in this appropriation.

The following table compares the various features of the prescription drug assistance program included in Act 16 with the provisions in the Assembly and Senate versions of the budget.

Comparison of Prescription Drug Assistance Provisions

	Assembly	Senate	Act 16
Income Eligibility Limit	185% of the FPL	300% of the FPL	240% of the FPL
Spend Down Provision	No provision	Yes	Yes
Annual Deductible	$840	$500	$500
Income at which Individuals are Exempt from the Deductible	No provision	175% FPL or less	160% FPL or less
Copayment			
Generic Drugs	$10	$5	$5
Brand Name Drugs	$20	$10	$15
Limit on Expansion of Prior Authorization under MA	Yes	No provision	No provision
Expansion of MA Eligibility to 100% of the FPL	Yes	No provision	No provision
Enrollment Fee	$25	$20	$20
Pharmacy Reimbursement Rate	AWP-5% or MAC	MA Rate +5%	MA Rate +5%
(Est. % of the Retail Price)	82%	79.5%	80.75%
Estimated GPR Annualized Cost ($ in Millions)	$43.6	$102.9	$78.0

	Assembly	Senate	Act 16
Estimated GPR Cost in 2001-03 ($ in Millions)	$36.1	$67.9	$51.9
Estimated Number of Eligible Individuals	170,000	335,000	260,000
Requirement to Seek a Federal MA Waiver	No provision	No provision	Yes
Appropriation Type	Sum Certain	Sum Sufficient	Sum Certain
Limit on Benefits if Funding is Insufficient	No provision	No provision	Yes
Notification to Certain Medicare Beneficiaries	No provision	Yes	No provision

[Act 16 Sections: 707u, 711g, 711h, 1838gb, 9123(16h) and 9423(19h)]

Health

1. HIRSP FUNDING [LFB Paper 490]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $3,800,000	$0	- $3,800,000
SEG	58,653,200	- 6,198,800	52,454,400
Total	$54,853,200	- $6,198,800	$48,654,400

Governor: Provide $25,907,000 (-$1,900,000 GPR and $27,807,000 SEG) in 2001-02 and $28,946,200 (-$1,900,000 GPR and $30,846,200 SEG) in 2002-03 to modify funding for the health insurance risk-sharing plan (HIRSP) as follows.

Benefits Reestimate. Provide $26,543,800 SEG in 2001-02 and $29,435,700 SEG in 2002-03 to reflect reestimates of the costs of services that will be paid by the plan for HIRSP enrollees. The bill would provide a total of $73,212,300 SEG in 2001-02 and $76,104,200 SEG in 2002-03 to fund HIRSP benefits costs. The reestimate primarily reflects projected increases in enrollment, as well as increases in the average costs per enrollee and increased costs relating to a change in the way HIRSP reimburses hospitals for outpatient costs.

Administration. Provide $1,263,200 SEG in 2001-02 and $1,410,500 SEG in 2002-03 to increase funding for the administration of the plan, so that a total of $5,726,700 SEG in 2001-02 and $5,715,900 SEG in 2002-03 would be budgeted for this purpose. Funding budgeted for administration supports contracted services with the plan administrator to perform claims

processing, enrollment, reporting and other functions, as well as DHFS staff that support the program.

GPR Supplement. Delete $1,900,000 GPR annually to reduce GPR support for the program. The bill would provide $10,780,000 GPR annually to support HIRSP, of which $10.0 million would be used to offset total plan costs and $780,000 would be used to partially support the costs of premium and deductible subsidies for HIRSP enrollees with income below $25,000 annually. The remaining costs are funded from premiums paid by enrollees, assessments paid by health insurers operating in the state and reduced payments for providers.

Joint Finance: Reduce funding by $11,449,700 SEG in 2001-02 and increase funding by $5,250,900 SEG in 2002-03. This item includes: (a) reestimates of funding for benefits (-$10,661,000 SEG in 2001-02 and $6,482,800 SEG in 2002-03), so that a total of $62,551,300 SEG in 2001-02 and $81,355,100 SEG in 2002-03 would be budgeted for HIRSP benefits; (b) reduced funding for program administration (-$788,700 SEG in 2001-02 and -$1,231,900 SEG in 2002-03), compared to the funding amounts recommended by the Governor.

Senate: Provide $1,900,000 GPR annually to maintain base GPR funding that supports HIRSP benefit costs. The Joint Finance Committee included the Governor's recommendation to reduce GPR support for HIRSP from $11.9 million annually to $10 million annually.

Conference Committee/Legislature: Restore Joint Finance provision.

2. HIRSP CASE MANAGEMENT PILOT

SEG	$450,000

Joint Finance/Legislature: Increase funding budgeted for HIRSP administration by $450,000 in 2002-03 for DHFS to contract for community-based case management services for up to 300 HIRSP enrollees as part of a three-year demonstration pilot, beginning July 1, 2002.

Require HIRSP enrollees participating in the pilot to meet one or more of the following criteria: (a) be diagnosed with a chronic disease; (b) be actively taking two or more prescribed medications; and (c) have been presented for care at a hospital emergency room two or more times or have had two or more inpatient hospital admissions within a six-month period.

Require DHFS to ensure that all eligible persons are advised in a timely manner of the opportunity to participate in the pilot and how to apply for participation. If more than 300 eligible persons apply, require DHFS to select participants based on standards developed by DHFS. Specify that preference would be given to participants who reside in a medically underserved area or health professional shortage area.

Specify that enrollees would voluntarily participate in the program. Specify that services provided under the pilot would include; (a) an initial intake assessment; (b) development of a treatment plan based on best practices; (c) coordination of health care services; (d) patient

education; (e) family support; and (f) monitoring and reporting of patient outcomes and costs. Specify that services would be provided by a team of a nurse case manager, a pharmacist and a social worker working collaboratively with the enrollee's primary care physician or provider.

Require that organizations eligible to participate in the pilot meet the following criteria: (a) be a private, not-for-profit integrated health care system that provides access to health care in a health professional shortage area or medically underserved area; (b) have an existing community-based case management program operating within an integrated health care system with demonstrated successful client and program outcomes; and (c) demonstrate an ability to assemble and coordinate an interdisciplinary team of health care professionals, including physicians, nurses and pharmacists for assessment of a participant's treatment plan.

Require DHFS to evaluate the pilot by conducting a study comparing health care outcomes and cost avoidance associated with the pilot and report the results of the study to the Governor and the Legislature. Specify that the study would measure the utilization of services, including inpatient hospital days, rates of hospital readmission within 30 days for the same diagnosis and prescription drug utilization and cost for the pilot participants and compare this utilization with a similarly comparable population.

[Act 16 Section: 2850x]

3. HIRSP PHARMACY BENEFITS

Joint Finance/Legislature: Authorize DHFS to establish, by rule, copayment amounts and coinsurance rates for prescription drugs and copayment and coinsurance out-of-pocket limits, over which HIRSP would pay 100% of covered costs for individuals participating in any of the HIRSP plans. Specify that any copayments, coinsurance rates or out-of-pocket expense limits would be subject to the approval of the Board. Specify that any copayments and coinsurance would not count towards the plan's deductible or coinsurance or out-of-pocket limit for other major medical costs covered under the plan.

Authorize DHFS to promulgate emergency rules to implement these provisions but do not require DHFS to provide evidence that promulgating the rule as an emergency would be necessary for the preservation of public peace, health, safety or welfare and would not be required to provide a finding of an emergency to promulgate the rule.

In addition, specify that DHFS may not reduce HIRSP reimbursement rates for prescription drugs in order to support the providers' share of HIRSP costs. Finally, specify that these provisions would first apply to policies issued or renewed on the bill's general effective date.

Under current law, HIRSP policyholders are required to pay deductibles before coverage would be available under any of the HIRSP plans. Once a policyholder has expenditures

sufficient to meet the deductible, the policyholder would be required to pay coinsurance of 20% of any additional costs incurred by the policyholder, except that current law limits the total amount a policyholder would have to pay out-of-pocket before the plan would pay 100% of any costs incurred by the policyholders. Currently, prescription drugs purchased by policyholders are treated the same as any other medical expense covered under HIRSP in terms of the deductible, coinsurance and out-of-pocket maximums.

Current law specifies that the reimbursement rate for prescription drugs is equal to the reimbursement rate for prescription drugs under MA. Currently, HIRSP reimbursements for prescription drugs are not reduced to reflect the portion of HIRSP costs that are required to be funded by reduced provider payments (20% of HIRSP costs after accounting for GPR budgeted for program benefits).

[Act 16 Sections: 2850f thru 2850i, 2850Lc, 2850Ld, 2850Le, 2850Lf, 2850Lg, 2850Lh thru 2850Ln, 2850q thru 2850s, 9123(9w) and 9323(15w)]

4. HIRSP ASSESSMENTS ON SMALL EMPLOYER INSURANCE PLANS

Senate/Legislature: Require each small employer insurer that terminates a small employer group health plan for each individual formerly enrolled in the small employer group health benefit plan who subsequently enrolls in HIRSP, to pay a special assessment. Specify that half of the revenue received as a result of the assessment would be used to reduce insurer assessments under HIRSP and the remaining half would be used to reduce premiums paid by HIRSP enrollees.

Specify that the special assessment would be determined based on the average cost for a HIRSP enrollee in the year in which the small employer group health benefit plan was discontinued. Specify that average enrollee costs would be calculated as total costs in a plan year, less costs paid by premium revenue in that year, divided by the total number of persons enrolled in that year. The plan year would be based on the plan year in which the small employer insurer discontinued coverage. Specify that the assessment would include HIRSP costs associated with treatment received during the first six months of coverage under HIRSP for any pre-existing conditions of any of the plan's former enrollees.

Specify that the special assessment would not apply to small group insurers that terminate a small employer group health benefit plan for any of the following reasons: (a) the small employer failed to pay premiums or contributions in accordance with the terms of the group health benefit plan or in a timely manner; (b) the small employer performed an act or engaged in a practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the plan; or (c) the small employer failed to meet participation or contribution requirements of the group health benefit plan.

Specify that the HIRSP Board of Governor's would determine when the special assessment would be paid.

Delete the current provision that authorizes the Commissioner of Insurance to promulgate rules to provide exceptions to statutory requirements of small group insurance plans if the plan sponsor failed to pay premiums or contributions in accordance with the terms of the plan or in a timely manner or if the plan sponsor has performed an act or engaged in a practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the plan.

Veto by Governor [C-19]: Delete provision.

[Act 16 Vetoed Sections: 2850dm, 2850Ldc, 2850Ldm, 2850Le, 2850Lem, 2850Lj, 2850Ln and 3766r]

5. HIRSP ACCOUNTING METHODOLOGY

Senate: During the 2001-03 biennium, require DHFS to continue using a cash-based accounting methodology to establish premiums, insurer assessments and provider rate adjustments to pay costs under HIRSP, unless the Joint Committee on Finance approves the use of an accrual accounting methodology at one of its regularly scheduled meetings under s. 13.10 of the statutes.

Under a cash-based accounting method, the amount of revenue necessary to cover costs during a time period is based on the estimate of payments to be made during that time period. Under a accrual accounting method, the amount of revenue necessary to fund costs during a time period is based on the estimated liabilities incurred during that time period.

The HIRSP actuarial consultants estimate that the change to full-cost accounting would increase the revenue necessary to fund HIRSP costs by approximately $16.6 million in 2001.

Conference Committee/Legislature: Delete provision.

6. HIRSP FUNDING STUDY

Assembly/Legislature: Require the HIRSP Board of Governors to conduct a study on alternative funding sources for HIRSP. Require the Board to report the results of the study, together with its findings and recommendations, to the Joint Committee on Finance and the legislative standing committees on health, no later than January 1, 2002.

Veto by Governor [C-20]: Delete provision.

[Act 16 Vetoed Section: 9123(16mn)]

7. HIRSP MISCELLANEOUS MODIFICATIONS

Joint Finance/Legislature: Make the following statutory modifications related to HIRSP.

Use of Surplus Premium Revenue. Authorize the use of surplus premium revenue for distribution to HIRSP enrollees, regardless of other statutory provisions regarding the determination of premiums paid by HIRSP policyholders. Specify that DHFS, with approval of the Board and the concurrence of the HIRSP actuary, would determine the policies, eligibility criteria, methodology and other factors to be used in making any distribution of the surplus premium revenue.

Current law requires that premiums for HIRSP Plans 1A and 1B be equal to at least 150% of the standard risk plan providing substantially the same coverage and deductibles as are provided under HIRSP. In January, 2001, the HIRSP Board of Governors approved a distribution of $2.5 million in surplus premium revenue to HIRSP beneficiaries that results in policyholders paying in total, less than 150% of the standard risk plan. This provision would clarify that such distributions are allowed.

Membership on the HIRSP Board of Governors. Increase from three to four the number of public members of the HIRSP Board of Governors. Further, specify that at least one of the public members would be an individual that is covered under HIRSP and delete the provision that requires that at least two of the public members be reasonably expected to qualify for HIRSP coverage.

Hospice Care. Specify that hospice care provided by a licensed hospice provider is a covered service under HIRSP. Currently hospice care provided by a home health agency is a covered service.

DHFS Authority. Authorize DHFS, with the agreement of the Commissioner of Insurance, to provide various administrative functions related to the assessment of insurers participating in the cost of administering HIRSP. Current law assigns these responsibilities to the Commissioner of Insurance.

Preexisting Condition Exclusions. Delete current provisions that specify that individuals eligible for Medicare are not exempt from preexisting condition exclusions and related technical modifications. Preexisting condition exclusions specify that HIRSP coverage is not available for the first six months of coverage for any condition for which an individual was treated or diagnosed during the six months immediately preceding his or her coverage under HIRSP. Certain eligible individuals are exempt from the preexisting condition exclusions. This provision would insure that individuals eligible for Medicare could also be exempt from the preexisting condition exclusions if they meet other criteria.

[Act 16 Sections: 2850c, 2850d, 2850e, 2850j, 2850k, 2850Lgj, 2850m, 2850p, 2850w and 9123(9x)]

8. COUNTY GENERAL RELIEF BLOCK GRANTS

GPR	- $2,400,000

Governor: Delete $1,200,000 annually to reduce from $2,000,000 to $800,000 the annual amount of funding budgeted for general relief block grants DHFS distributes to counties other than Milwaukee County. Under the program, DHFS distributes funds to participating counties to support medical care these counties provide to indigent persons. A county may also use the block grant funds to support cash assistance and other nonmusical benefits, as long as the county also provides health care services.

Conference Committee/Legislature: Adopt the Joint Finance provision. In addition, eliminate the requirement that a county's share of general relief medical block grant funds not exceed the county's 1994 share of the relief block grant funds available in 1994 and require DHFS to prorate the available funds among the eligible counties in proportion to each county's calculated grant amount if funding is insufficient to pay all of the relief block grants.

[Act 16 Sections: 1656d thru 1656L]

9. THOMAS T. MELVIN YOUTH TOBACCO PREVENTION AND EDUCATION PROGRAM [LFB Paper 880]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $1,500,000	- $500,000	- $2,000,000

Governor: Delete $500,000 in 2001-02 and $1,000,000 in 2002-03 to reduce GPR funding for the Thomas T. Melvin youth tobacco prevention and education program so that, by 2002-03, the program would be entirely supported with SEG funding earmarked for the program budgeted in the Tobacco Control Board (TCB). Currently, the program is supported with $1 million GPR annually budgeted in DHFS and $1 million SEG annually budgeted in the TCB. Because the bill would increase the amount of SEG funding earmarked for the program in the TCB from $1 million SEG in 2000-01 to $1.5 million SEG in 2001-02 and to $2 million SEG in 2002-03, the total funding that would be budgeted for the program would continue to be $2 million (all funds) in each year of the 2001-03 biennium. The bill would reduce the amount of funding budgeted for the TCB to award for competitive grants for tobacco prevention and cessation activities by the same amounts. The effect of this change on TCB programs is summarized under "Tobacco Control Board."

Joint Finance/Legislature: Reduce funding by an additional $500,000 in 2001-02 to delete all GPR funding budgeted in DHFS for the program. Repeal the GPR appropriation in DHFS

for this purpose. Increase the amount of segregated funding budgeted in the TCB for grants that would be earmarked for the program so that $2,000,000 SEG would be budgeted for the program annually, beginning in 2001-02. The effect of this change would be to reduce the amount of funding budgeted for competitive grants distributed by the TCB by an additional $500,000 SEG in 2001-02.

[Act 16 Sections: 720g, 3159 and 3160]

10. LEAD CERTIFICATION

	Funding	Positions
GPR	- $459,400	- 5.00
FED	- 253,000	- 2.00
PR	1,148,200	7.00
Total	$435,800	0.00

Governor/Legislature: Provide $217,900 (-$229,700 GPR, -$126,500 FED and $574,100 PR) annually to convert 7.0 positions (5.0 GPR positions and 2.0 FED positions) to PR positions and reallocate 2.5 PR positions from asbestos abatement certification, beginning in 2001-02, to support lead training accreditation and certification activities, maintenance of the lead certificate registry and lead testing services. A total of 9.5 positions would be provided to support these activities, including 3.0 environmental health specialists, 2.5 regulatory specialists, 2.5 program assistants, 0.5 supervisor, 0.5 health educator and 0.5 training officer.

1999 Wisconsin Act 113 established liability limits for residential property owners who effectively remove or control lead hazards and receive certification that the property is either lead-free or lead-safe. The act assigned DHFS new responsibilities relating to investigations of dwellings where children have been identified with elevated blood lead levels, administrative rule development, development and maintenance of a database for the registration of all lead-safe and lead-free certificates and quality assurance and compliance safeguards. Act 113 directed DHFS to request PR positions and expenditure authority to support the program as part of its 2001-03 biennial budget submission.

11. WOMEN'S HEALTH [LFB Papers 491 and 492]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$200,000	1.50	$0	- 1.50	$200,000	0.00

Governor: Provide $100,000 annually and 1.50 positions, beginning in 2001-02, to expand the women's health program. The bill provides: (a) $51,600 in 2001-02 and $57,400 in 2002-03 to support 1.0 program assistant and 0.5 public health nutritionist; and (b) $48,400 in 2001-02 and $42,600 in 2002-03 to increase support for program activities, including regional conferences, roundtables, updating videotapes on women's health issues and developing nutrition fact sheets.

Repeal the requirement that DHFS allocate and expend at least $20,000 annually from the DHFS appropriation that funds cancer treatment, training, follow-up control and prevention activities to support the development and provision of media announcements, educational materials concerning the need for, and availability of, breast cancer screening program services for women in areas served by the DHFS breast cancer screening program. Instead, require DHFS to allocate and expend at least $20,000 annually from the DHFS women's health services appropriation to promote health care screening services for women that are available under the Wisconsin well-woman program, which provides health screenings for low-income women, as well as the breast cancer screening program.

Joint Finance/Legislature: Delete provision. Instead, provide an additional $100,000 GPR annually for women's health screenings under the well-woman program.

Include statutory changes to more closely reflect the manner in which DHFS administers the program. Rename the women's health appropriation the well-woman program appropriation. Specify that the program would provide reimbursement for health care screenings, referrals, follow-ups and patient education for low-income, underinsured and uninsured women and consolidate other women's health services. Specify that services would include: (a) breast and cervical cancer screenings; (b) other health screenings (cardiovascular disease, hypertension, diabetes, domestic violence and osteoporosis); (c) media announcements and educational materials; (d) mobile mammography services provided by the Milwaukee public health department; (e) training for rural colposcopic examinations and activities; (f) a women's health campaign; and (g) osteoporosis prevention and education. Specify that providers would be reimbursed for services up to the applicable Medicare reimbursement rate, except that if projected costs under the program exceed the amounts appropriated, DHFS would be required modify services or reimbursement accordingly.

Transfer $888,200 GPR annually from the cancer treatment, training, follow-up, control and prevention appropriation to the new well-woman appropriation.

Require DHFS to coordinate services under the well-woman program with services provided under the minority health program to ensure that disparities in the health of women who are minority group members are adequately addressed.

[Act 16 Sections: 719b, 719d, 3155z, 3156m, 3157b, 4039p, 4039q and 4039r]

12. VITAL RECORDS PROGRAM -- FUNDING AND FEE INCREASES [LFB Paper 493]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	$354,600		- $142,300		$212,300	
PR	$1,411,500	2.00	- $1,274,800	- 1.00	$136,700	1.00

Governor: Provide $915,000 in 2001-02 and $496,500 in 2002-03 and 2.0 three-year project positions, beginning in 2001-02, to: (a) develop and manage an on-line record keeping system for the vital records program ($521,300 in 2001-02 and $169,300 in 2002-03); (b) preserve and protect vital records through contracts with vendors and to purchase a microfilm reader and other equipment related to the preservation project ($214,800 in 2001-02 and $144,400 in 2002-03); (c) meet workload associated with requests for genealogical searches ($28,900 in 2001-02 and $32,800 in 2002-03); and (d) adjust expenditure authority to reflect services provided to the Department of Workforce Development in establishing paternity ($150,000 annually). Funding for the vital records program is derived primarily from fees charged for copies of vital records.

Fees. Modify fees for vital records as follows: (a) increase the fee for each additional certified copy of a vital record from $2 to $3; (b) create a $3 fee for each additional uncertified copy of a vital record; (c) create a $10 fee for expedited service in issuing a public record; (d) authorize the state and local registrars to collect a $10 fee for changing the name on an original birth certificate under a court order and a $20 fee for any new vital records registered as a result of a court order; (e) increase from $10 to $20 the fee for changing a birth certificate resulting from a rescission of statement acknowledging paternity; and (f) authorize the state registrar to charge a reasonable fee for providing searches of vital records and for providing copies of vital records to state agencies for program use. Specify that these fee changes would take effect the first day of the second month beginning after the bill's publication. The administration projects that these fee changes would increase program revenue by approximately $178,300 in 2001-02 and $176,300 in 2002-03 for the vital records program.

Electronic Filing. Modify the current statutes relating to the vital records program to allow records to be filed and recorded electronically. Expand the definition of vital records to include worksheets and electronic transmissions relating to certificates of birth, death, divorce, annulment and marriage. Require the state registrar to approve or prescribe formats for electronic submissions. Currently, only birth certificates are filed electronically. Modify the method in which the state or local registrar makes changes to a vital record to allow for the changes to be made electronically. Finally, require DHFS to promulgate rules to control access to electronic records, protect vital records from fraudulent use and protect privacy rights of registrants and their families.

Joint Finance: Approve the Governor's recommendation to modify vital records fees, but reduce estimated revenue from the Governor's proposed fee changes by $89,000 in 2001-02 and $53,300 in 2002-03.

In addition, reduce the fee charged for all uncertified copies of vital records dated before 1930, to $3.00 and for all additional copies of those records, requested at the same time, to $1.00. Under current law, the fee for a copy of a birth certificate is $12, of which $7 is deposited to the Child Abuse and Neglect Prevention Board (CANP). Under this provision, the Board would receive no revenues for uncertified copies of vital records dated before 1930. The current fee for uncertified copies of other types of vital records is $7, and $2 for additional copies requested at the same time (under the bill, it would be increased to $3).

Reduce the funding authorized under the bill by $811,100 in 2001-02 and $396,400 in 2002-03 to reflect a reestimate of revenues available to support the program, and delete an additional $67,300 in 2002-03 and 1.0 PR project position annually to delete funding and statutory language relating to allowing vital records to be filed and recorded electronically. Funding would be provided as follows: (a) $75,000 in 2001-02 to preserve impounded records; and (b) $28,900 in 2001-02 and $32,800 in 2002-03 for 1.0 three-year project position for a research technician to assist with the preservation project and customer services.

In addition, require DHFS to study methods that other states have used to protect against identity theft in on-line electronic filing systems for vital records. Require DHFS to submit a report to the Joint Finance Committee by January 1, 2002, on its findings. Specify that the report would include a proposed schedule of fees chargeable for vital records that would support implementation of security measures to protect against identity theft that could result from the use of an on-line electronic filing system for vital records.

Senate: Eliminate the provision in the substitute amendment that would require DHFS to conduct a study of on-line electronic filing systems for vital records. Instead, require DHFS to appoint a committee, by January 1, 2002, to: (a) develop recommended guidelines for an online system that incorporate privacy, flexibility and productivity; (b) study methods used in other states to protect against identity theft in online systems; and (c) recommend increases, if necessary, in vital records fees for implementation of an online electronic filing system and allocation of revenue from any such increase.

Specify that the Committee would consist of eight members, including the state register of vital statistics, three local registrars, three representatives of DHFS, and one genealogist. Require the Committee to prepare an outline of its proposals by July 1, 2002, and report to the Governor and Legislature on its findings and recommendations, including a proposed schedule of fees chargeable for vital records that supports implementation of an on-line electronic filing system and security measures to protect against identity theft, by January 1, 2003.

Conference Committee/Legislature: Adopt the Senate changes. In addition, clarify that all revenue obtained from the $3 fee for additional copies of certified and uncertified birth certificates that were issued after December.

Veto by Governor [C-22]: Delete the provision that would reduce fees for all uncertified records dated before 1930, from $12 to $3 and for all additional copies of those records requested at the same time, from $3 to $1.

[Act 16 Sections: 689d, 689e, 2060, 2061, 2065b, 2070, 2089, 2093 thru 2095h, 2096 thru 2100, 9123(8kk) and 9423(4)]

[Act 16 Vetoed Sections: 2095g thru 2095i and 2096c]

13. CONGENITAL DISORDERS

PR	$917,800

Governor/Legislature: Provide $411,100 in 2001-02 and $506,700 in 2002-03 to fund projected increases in the costs of diagnostic services, special dietary treatment and counseling services provided under the congenital disorders program, and to increase operations support for the program. The program is supported by revenue derived from a $24 surcharge added to the fee charged by the State Laboratory of Hygiene (SLOH) to perform newborn tests. In most cases, the testing fee and surcharge are covered by medical insurance or medical assistance. No increase in fees is anticipated to fund the increases provided under the bill.

Services. The bill includes funding to support inflationary cost increases for: (a) grants to agencies that provide counseling and treatment to children with congenital disorders; (b) dietary treatment products for children with congenital disorders; and (c) centers that provide comprehensive care for children diagnosed with cystic fibrosis.

Operations. The bill includes funding to provide direct support for 1.5 positions in the SLOH that work full-time on the program. The cost of these positions is currently not included in the DHFS base budget. Instead, SLOH currently withholds surcharge revenue it receives to fund these staff costs. Modify the existing congenital disorders operations appropriation to fund administrative expenses, in addition to the costs of consulting with experts, as provided under current law. Provide that fees charged by SLOH for testing would be set at sufficient levels to cover the costs of consulting with experts and administering the program, as determined by DHFS.

[Act 16 Sections: 696 and 3143]

14. ENVIRONMENTAL REGULATION AND LICENSING [LFB Paper 494]

PR-REV	$250,000
PR	$250,000

Governor: Modify funding and statutory provisions relating to the environmental sanitation regulation and licensing program as follows.

Funding. Provide $250,000 in 2002-03 to increase support for the environmental sanitation regulation and licensing program.

Recreational Facilities. Authorize DHFS to establish, by rule, preinspection fees, reinspection fees and fees for operating without a license for recreational facilities (campgrounds, camping resorts, recreational and educational camps and public swimming pools). Prohibit DHFS, or a local health department that acts as an agent for DHFS, from granting a permit to a person who intends to operate a recreational facility without a preinspection. This preinspection requirement is currently established in rule, but not statute.

Hotels, Restaurants, Tourist Rooming Houses and Vending Machines. Authorize DHFS to establish, by rule, reinspection fees, fees for operating without a permit, fees for comparable

compliance or variance requests that would be paid by persons who conduct, maintain, manage or operate a hotel, restaurant, temporary restaurant, tourist rooming house, vending machine commissary or vending machine. In addition, authorize DHFS to establish, by rule, fees for pre-permit review of restaurant plans.

Repeal a provision that enables a person to transfer a permit for a temporary restaurant to premises other than that for which it was issued if, before the temporary restaurant begins operating at the new premises, approval of the new premises is secured from a DHFS representative, or a local health department that is granted agent status.

Bed and Breakfast Permits. Require persons who operate bed and breakfasts to obtain an annual, rather than a biennial, permit from DHFS. DHFS indicates that it would reduce the current biennial bed and breakfast permit fee ($106) by one half, so that there would be no change in the permit fees operators would pay.

DHFS estimates revenue from the new fees authorized in the bill, which would be set by rule, would generate $250,000 annually, beginning in 2002-03.

Joint Finance/Legislature: Modify the Governor's funding recommendation by reducing funding for supplies and services by $232,600 and increasing funding for permanent position salaries ($125,600), limited-term employees ($78,900) and data processing charges ($28,100) in each year.

[Act 16 Sections: 3148 thru 3155]

15. REGULATION OF RADIOACTIVE MATERIALS [LFB Paper 495]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-$103,600	-1.11	$0	0.30	-$103,600	-0.81
FED	-85,600	-0.99	0	0.70	-85,600	-0.29
PR	342,600	2.10	0	-1.00	342,600	1.10
Total	$153,400	0.00	$0	0.00	$153,400	0.00

Governor: Modify funding, position authority and statutes relating to the regulation of radioactive materials as follows.

Funding and Positions. Provide $76,700 (-$51,800 GPR, -$42,800 FED and $171,300 PR) annually and convert 1.11 GPR positions and 0.99 FED positions to 2.10 PR positions and reallocate 2.10 PR positions from throughout the Department, beginning in 2001-02, to enable DHFS to continue to work toward assuming regulatory oversight over radioactive materials that are currently regulated by the Nuclear Regulatory Commission (NRC). Under the bill, DHFS would be provided a total of 4.0 nuclear engineers for this purpose. Revenue to support these positions is available from fees for licenses issued to users of radioactive materials.

Definition of "Source Material." Modify the definition of "source material" to include uranium, thorium or any combination of the two in any physical or chemical form, or ores that contain by weight 0.05% or more of uranium, thorium, or any combination of the two. Currently, "source material" is defined as any material that contains by weight 0.05% or more of uranium, thorium or any combination of the two. As under current law, the definition would exclude special nuclear material.

Compatibility with Federal Law. Delete the requirement that DHFS rules relating to by-product material, source material and special nuclear material be no less stringent than required under federal laws and rules. Instead, require that the DHFS rules be in accordance with federal requirements regarding the state's role in regulation of byproduct materials, and be otherwise compatible with other federal requirements and rules relating to the regulation of radioactive materials.

DHFS Authority to Establish New Requirements. Authorize DHFS to develop requirements for qualification, certification, training and experience of individuals who: (a) operate radiation generating equipment; (b) utilize, store, transfer, transport or possess radioactive materials; and (c) act as radiation safety consultants to persons who possess a license or registration issued by DHFS as part of its radiation protection regulatory functions. Authorize DHFS to recognize certification by another state or by a nationally recognized certifying organization of an individual to perform these activities if the standards for the other state's certification or the organization's certification are substantially equivalent to the DHFS certification standards.

1999 Act 9 authorized DHFS to begin assuming full regulatory authority over manufactured radioactive materials used in medicine, industry, research and education. DHFS anticipates that state regulation of these materials will reduce fees for users, provide the state a greater role in the regulation of these materials and create a more consistent regulation process by combining this function with the Department's current responsibilities to regulate radioactive materials not regulated by the NRC, such as naturally occurring and accelerator-produced radioactive materials

Joint Finance/Legislature: Modify the Governor's recommendation by deleting 1.0 PR position and restoring .30 GPR position and .70 FED position, beginning in 2001-02, and transferring $41,500 from supplies and services to fund related salary and fringe benefit costs. This would reverse the reallocation of 1.0 position that was already reallocated under another item, and make the necessary funding modifications.

[Act 16 Sections: 3144 thru 3147]

16. PUBLIC HEALTH POSITION ADJUSTMENTS

	Funding	Positions
FED	$7,400	- 11.80
PR	1,515,200	12.80
Total	$1,522,600	1.00

Governor/Legislature: Provide $761,300 annually ($3,700 FED and $757,600 PR) and delete 11.8 FED positions and provide

12.8 PR positions, beginning in 2001-02, to reflect the net fiscal effect of changing funding sources for management and support positions in the Division of Public Health. The provision includes: (a) deleting federal positions that are currently supported directly with federal funds, such as the maternal and child health block grant, and transferring salary and fringe benefit funding for these positions to the Division's supplies and services budget to instead support these positions on a program revenue-service basis; and (b) minor adjustments to the Division's licensing, lead abatement and radiation protection appropriations. The PR funding increase reflects that federal and PR funding that is currently budgeted directly to support these positions would be transferred within the Division and thus "double-counted" in the DHFS budget.

This item includes the conversion of 1.0 FED project position that is currently funded from a grant from the Centers for Disease Control and Prevention that will terminate on June 30, 2001, to a permanent GPR position. This position provides information technology support for a project involving the study of Great Lakes fish. GPR funding and position authority would be reallocated within the Division to support this position.

17. BUREAU OF HEALTH INFORMATION FUNDING

	Funding	Positions
FED	$649,200	5.45
PR	- 689,000	- 5.45
Total	- $39,800	0.00

Governor/Legislature: Delete $19,900 ($324,600 FED and - $344,500 PR) annually and convert 5.45 PR positions to 5.45 FED positions, beginning in 2001-02, to realign position authority with the work performed by Bureau of Health Information staff. This funding change would more accurately represent time spent by the Bureau's staff on various programs.

In addition, transfer $97,500 PR annually and 1.80 PR position, beginning in 2001-02, from the Bureau's general program operations appropriation to the appropriation that supports the Bureau's costs of producing special data compilations and reports.

18. OCCUPATIONAL HEALTH POSITION

	Funding	Positions
FED	- $107,600	- 0.50
PR	107,600	0.50
Total	$0	0.00

Governor/Legislature: Delete $53,800 FED and 0.5 FED position and provide $53,800 PR and 0.5 PR position annually to more accurately reflect the division of work performed by the Director of the Bureau of Occupational Health. One-half of this position would no longer be supported by federal funds DHFS receives from the Occupational Safety and Health Administration. Instead, 50% of the costs of this position would be funded by asbestos abatement certification fees (20%) and lead abatement certification fees (30%).

19. DISEASE AIDS -- PATIENT LIABILITY FOR COSTS [LFB Paper 496]

PR-REV	$923,600

Governor: Authorize DHFS to revise the sliding scale DHFS uses to determine patient liability for costs under the disease aids program as frequently as necessary to ensure that the needs for treatment of patients with lower incomes receive priority within the amounts budgeted for the program. Under current law, DHFS is required to revise the sliding scale for patient liability by January 1, 1994, and every three years thereafter review and, if necessary, revise the scale. Under the program, DHFS supports the costs of medical care for persons with kidney disease, cystic fibrosis and hemophilia. Eligible individuals whose incomes exceed certain limits are required to contribute toward the cost of their care before state funding is used to support the services they receive.

Joint Finance/Legislature: Delete provision. Instead, require DHFS to implement a drug rebate program for disease aids. Only drugs manufactured by firms that enter into rebate agreements would be covered under the program. The rebate would be modeled after federal rebate provisions under the medical assistance program, except that if the change in the average manufacturer price (AMP) for a drug exceeds the AMP of the drug as of December 31, 2000, or the first calendar quarter after the day on which the drug was first available, adjusted for inflation, the rebate amount would be increased by the amount of the difference.

Under federal law, the amount of the rebate is equal to the difference between the AMP and the best price, or 15.1% of the AMP for the rebate period, which ever is greater. Federal law provides that the rebate be increased if the change in the AMP for a drug exceeds the AMP of that drug as of December 31, 1990. For drugs introduced after October 1, 1990, the additional rebate would be available if the AMP exceeds the change in the AMP when the drug was first introduced, adjusted for inflation.

Rebate moneys would be deposited in a new program revenue, continuing appropriation to fund the cost of treatment under the disease aid program. Revenue from manufacturers' rebates is estimated to be $288,600 in 2001-02 and $635,000 in 2002-03.

Veto by Governor [C-21]: Eliminate the exception relating to the rebate adjustment so that the state disease aids rebate program replicates the federal MA rebate provision. The rebate would be calculated as follows: (1) the amount of the rebate is equal to the difference between the AMP and the best price, or 15.1% of the AMP for the rebate period, whichever is greater; (2) the rebate is increased if the change in the AMP for a drug exceeds the AMP of that drug as of December 31, 1990; and (3) for drugs introduced after October 1, 1990, the rebate is increased if the AMP exceeds the change in the AMP when the drug was first introduced, adjusted for inflation.

[Act 16 Sections: 712c and 1837p thru 1838c]

[Act 16 Vetoed Section: 1838c]

20. HIV/AIDS PROGRAM DEFINITIONS

Governor/Legislature: Replace references to acquired immunodeficiency syndrome (AIDS) with references to human immunodeficiency virus (HIV), as they relate to certain services DHFS provides and programs DHFS funds. Expand the definition of "related infections" to include hepatitis C virus infection. Authorize DHFS to contract with organizations to provide confidential counseling services for HIV, in addition to the anonymous counseling services currently provided.

Under current law, DHFS provides various services to individuals with or at risk of contracting AIDS including: (a) partner referral and notification; (b) grants to local projects for counseling support groups and direct care; (c) public education; (d) information to local health officers; (e) seroprevalence studies to obtain information on the prevention efforts; (f) grants for targeted populations and intervention services; (g) counseling and laboratory testing services; (h) life care and early intervention services; and (i) prevention grants. Some of these services currently refer to HIV-related infections, while others do not. The bill would replace references to AIDS with HIV, and generally expand the programs to include related infections, including hepatitis C virus infection, where appropriate.

[Act 16 Sections: 718, 3129 thru 3140, 3141d and 3142]

21. HIV/AIDS AND RELATED INFECTIONS PROGRAMS

GPR	$125,000

Assembly: Provide $350,000 in 2002-03 to increase support for HIV and related infections programs as follows.

Life Care and Early Intervention Services Grants. Provide $200,000 in 2002-03 to increase funding for life care and early intervention services grants from $1,994,900 annually to $2,194,900 annually, beginning in 2002-03. Expand the purposes for which agencies may use these grant funds to include housing assistance services in the 2001-03 biennium. In addition, specify that the funding would be used to provide grants to state-designated AIDS service organizations, instead of applying organizations, as provided under current law. Grant recipients may currently use these funds to provide needs assessments, assistance in procuring financial, medical legal, social and pastoral services, counseling and therapy, homecare and supplies, advocacy, case management and early intervention services.

Statewide Information Campaign. Provide $150,000 beginning in 2002-03 to increase funding for the statewide public education campaign to promote awareness of the risk of contracting HIV and related infections and measures for protection.

Conference Committee/Legislature: Reduce funding provided by the Assembly by $225,000 to provide $125,000 in 2002-03 for HIV and related infectious programs, including $75,000 for life care and early beginning intervention services grants and $50,000 for the statewide public education campaign.

Veto by Governor [C-17]: Delete the statutory modifications to the life care and early intervention services grant program, but retain the additional funding for the program and the increase in the statutory allocation amount, beginning in 2002-03.

[Act 16 Section: 3140c]

[Act 16 Vetoed Section: 3140c]

22. AIDS PREVENTION AND TREATMENT -- AFRICAN-AMERICAN FAMILY RESOURCE CENTER

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-Lapse	$0	$62,500	$62,500
GPR	$125,000	$0	$125,000

Senate: Provide $125,000 annually for DHFS to provide as a grant for the development and implementation of an African-American family resource center in the City of Milwaukee. The center would target activities toward the prevention and treatment of HIV infection and related infections, including hepatitis C virus infection, of minority group members.

Conference Committee/Legislature: Reduce funding provided by the Senate by $62,500 annually to provide $62,500 annually for the development and implementation of an African-American family resource center.

Veto by Governor [C-17]: Delete the requirement that DHFS award a grant in each fiscal year for the African-American family resource center. In his veto message, the Governor indicates that he is vetoing the funding provided in 2002-03 for this purpose so that $62,500 would lapse to the general fund. As a result, $62,500 would be provided on a one-time basis in 2001-02 for develop and implementation of a center.

[Act 16 Section: 3140m]

[Act 16 Vetoed Section: 3140m]

23. DIRECTOR OF EMERGENCY MEDICAL SERVICES FUNDING

Governor/Legislature: Allow, rather than require, DHFS to expend $25,000 annually from the federal preventive health services block grant to contract with a physician to direct the state emergency medical services (EMS) program. This change would provide DHFS the flexibility to reallocate funding from other sources, rather than require the use of federal preventive health block grant funds for this purpose.

[Act 16 Section: 2850]

24. IMMUNIZATIONS

Governor/Legislature: Extend the Department's authority to expend up to $9,000,000 GPR in each year of the 2001-03 biennium to support the state immunization program, and delete references to this annual funding limit that was established for each year of the 1999-01 biennium. DHFS is currently authorized to expend $9,000,000 in each year of this biennium from a sum sufficient appropriation that is equal to the difference between this statutory amount and the amount of funding DHFS receives to support the state immunization program. In the 1999-01 biennium, federal funding has exceeded $9 million annually, and, consequently, no GPR funds have been expended from this appropriation. The administration assumes that no GPR funding will be expended from this appropriation in the 2001-03 biennium.

[Act 16 Section: 720]

25. VITAL RECORDS -- MISCELLANEOUS STATUTORY CHANGES

Governor/Legislature: Modify statutes relating to vital records as follows.

Certification of Death. Specify who can pronounce death, for the purpose of recording vital records, by defining "date of death" as the date that a person is pronounced dead by a physician, coroner, deputy coroner, medical examiner or deputy medical examiner.

Provide that, beginning on January 1, 2003, the death certificate would consist of: (1) fact-of-death information, which would include the name and other identifiers of the decedent, including a social security number (if any), the date, time and place of death, the manner of death, the identity of person certifying the death and the dates of certification and filing of the certificate of death; (2) extended fact-of-death information, which would include all information under (1), information on the final disposition and cause of death and injury related data; and (3) statistical-use-only information, which would include all other information that is collected on the standard death record form recommended by the federal agency responsible for national vital statistics, and other data, as directed by the state registrar including race, educational background and health risk behavior. Under current law, the death certificate includes a separate medical certification section.

Modify current references to the "medical certification section" to refer instead to "medical certification," which would include those portions of the death certificate that provide cause of death, manner of death, injury-related data and any other medically-related data that is collected as prescribed by the state registrar.

DHFS indicates that these modifications would allow: (1) faster release of "fact-of-death" information so that certain legal and financial proceedings can begin without waiting for additional information on the specific cause of death; (2) collection of behavioral information that will be required by the National Center for Health Statistics beginning January 1, 2003; and (3) release of only certain parts of the certificate to address privacy and confidentiality issues.

Unless otherwise ordered by a court, limit disclosure of information that is collected as statistical-use-only to the decedent's spouse, adult son or daughter, parents, adult brother or sister, guardian, any other person authorized or under obligation to dispose of the corpse, or any person authorized in writing by one of the persons. Further, provide that information on the final disposition and cause of death, and injury-related data may not be disclosed until 50 years after the death, except to a person with direct and tangible interest, as defined under current law or a direct descendent, unless otherwise ordered by a court.

Specify that certified copies of death certificates for deaths that occurred before January 1, 2003, contain information on the manner of death, in addition to information identifying the individual, date and place of death and cause of death, as provided under current law. Provide that a person could request a copy that does not include cause of death. Specify that certified copies of certificates issued for deaths that occur after December 31, 2002, would contain only fact-of-death information, except that a requestor could request a form containing extended fact-of-death information.

Authorize hospices to prepare certificates of death, and release corpses to persons who may, under current law, dispose of corpses (a funeral director, member of the immediate family and certain persons at institutions). Currently, these provisions only apply to hospitals and nursing homes.

Specify that the sections in the bill that affect death certificates would take effect on January 1, 2003. However, a technical correction is required to reference all of the affected sections to meet this intent.

Registration of Birth Certificates. Require that birth certificates for every birth in the state be filed with the state registrar within five days after the birth. Provide that the state registrar would register the birth and make copy available to the district in which the birth occurred and the district in which the mother resided at the time of birth. Current law requires that the birth certificate be filed in the registration district in which the birth occurred. This change would modify the statutes to reflect current practice.

Public Use. Specify that indexes prepared for public use would include only the registrant's full name, date of the event, county of occurrence, county of residence and, at the discretion of the state registrar, the state file number. Generally, current law does not specify what can be published in public use indexes.

Provide that the indexes would be accessible only by inspection at the office of the state registrar or a local registrar and could only be copied under the following circumstances: (a) birth certificate information for births occurring after October 1, 1907, could only be copied or reproduced after 100 years from birth, except that original certificates which have been impounded upon creation of new certificates could not be released; and (b) death, divorce or annulment certificates could be copied or reproduced after 24 months from the event. Specify that, beginning, January 1, 2003, information obtained from public birth, death and divorce

indexes must include a statement indicating that the information is not a legal vital record, and inclusion of the information does not constitute legal verification of the fact of the event.

Rules to Protect Records. Require DHFS to promulgate rules to protect vital records from fraudulent use and to protect the privacy rights of registrants and their families. Currently, rules are required only for protection against mutilation, alteration or theft of vital records.

Disclosure of Information and Certified Copies. Provide for consistent treatment of limiting disclosure and providing certified copies of information that is collected for statistical or medical and statistical purposes on certificates of birth, marriage, divorce and annulments to the subject of the information, or his or her parent, if the subject is a minor, unless otherwise ordered by the court. Current law provides for some limitation. However, the inclusion of annulment and divorce certificates is not consistent.

Require DHFS to promulgate rules to define who has access to vital records for research purposes.

Amendments to Vital Records. Delete a reference to changing age on a marriage document within 365 days of the event, without a court order. Under certain circumstance, current law provides for corrections and/or insertions of information that was incorrect or omitted when a vital record was filed, without a court order. DHFS staff indicate that existing language providing for changes of vital records is sufficient, and therefore, the provision regarding change of age on a marriage certificate is not needed.

Make several changes relating to amending information on a birth certificate, without a court order, after 365 days have lapsed since the birth, including: (a) providing that a "parent's name" could be changed under certain conditions, rather than "parents' surnames" as provided under current law; (b) providing that a change in marital status on a birth certificate could only be made if the marital status information provided in the certificate is inconsistent with the other information in the certificate concerning the husband or father; (c) specifying that these statutes could not be used to add, delete or change the identity of a parent; and (d) requiring two forms of documentary evidence from early childhood to amend a birth certificate. These modifications are intended to provide stricter rules relating to changing information on a birth certificate without a court order.

Create a new process for altering facts that are misrepresented by an informant for a birth certificate. Require that changes regarding the parent or marital status of a mother on a birth certificate could be made under this process if the following apply: (a) the correction could not be made under other sections of the statutes, because the disputed information was misrepresented by the informant; (b) the state registrar receives a court order including a petition for correction filed by a person with direct and tangible interest, and certification that certain supporting evidence was presented to the court, in addition to oral testimony; (c) copies of the supporting evidence; and (d) a $20 fee for the amended vital record. Required supporting evidence would include a certified copy of the original birth certificate, a copy of the birth

worksheet, a statement of birth, or supporting documentation, any other legal document clarifying the disputed information and a statement signed by the informant or petitioner claiming that the disputed information was misrepresented. Current statutes relating to modification of a birth certificate with a court order would be modified to reflect the new process.

Marriage. Modify the statutes to reflect current practices regarding changes to marriage licenses. Provide that if, after completion of a marriage license application, one of the applicants notifies the clerk in writing that any of the information provided by that applicant is erroneous, the clerk would be required to notify the other applicant as soon as possible and prepare a new license, if the license had not been issued. For cases where the clerk discovers information has been entered erroneously, require the clerk to prepare a new license, if one has not been issued. For cases where a license has already been issued, require the clerk to send a letter of correction to the state registrar.

Modify the marriage document to include the marriage license and the marriage license worksheet. Specify that the worksheet would contain the social security number of each party, as well as any other information that DHFS determines is necessary to agree with the standard form recommended by the federal government. Currently, this information is contained in the license, itself. Providing the information on a separate worksheet would allow the information to be kept confidential. Require the county clerk to transmit the worksheet to the state registrar within five days after the issuance of the license.

Paternity. Allow a county child support agency to notify the state registrar if a court determines that a man is not the father of a child. Currently, the court has to make the notification.

[Act 16 Sections: 1483, 2057 thru 2059, 2062 thru 2064, 2067 thru 2069, 2071 thru 2073, 2075, 2077 thru 2083, 2085 thru 2092, 2101, 3782 thru 3785, 3794 and 9423(3)&(4)]

26. RURAL HEALTH DENTAL CLINICS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	$850,000	$650,100	$1,500,100

Joint Finance: Provide $618,000 in 2001-02 and $232,000 in 2002-03 in a new appropriation to fund a rural dental health clinic in Ladysmith in Rusk County that would serve residents a five-county area, including, Chippewa, Price, Rusk, Sawyer and Taylor Counties. The clinic would include a dentist, dental hygienist and two dental assistants and provide an estimated 4,800 patient visits annually to low-income, developmentally disabled or elderly persons. DHFS would be required to seek federal funds to support the operation of the clinic.

Assembly: Delete the Joint Finance provision that would provide $618,000 in 2001-02 and $232,000 in 2002-03 to fund a rural health dental clinic in Ladysmith in Rusk County that would serve low-income, developmentally disabled and elderly residents in a five-county area, including Chippewa, Price, Rusk, Sawyer and Taylor Counties. Under the provision, DHFS would be required to seek federal funding to support the operations of the clinic.

Senate/Legislature: Provide $294,500 in 2001-02 and $355,600 in 2002-03 for the existing rural health dental clinic located in Menomonie that provides dental services to developmentally disabled, elderly and low-income persons in Barron, Chippewa, Dunn, Pepin, Pierce, Polk and St. Croix Counties. This funding would be in addition to the Joint Finance provision that would provide funding for a clinic in Ladysmith. Require DHFS to seek federal funding to support the operations of the Menomonee clinic. The clinic has been primarily funded through a federal grant that expires September, 2001.

[Act 16 Sections: 720k and 2850bc]

27. MINORITY HEALTH PROGRAMS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR-Lapse	$0	$200,000	$200,000
PR	$500,000	$0	$500,000

Joint Finance/Legislature: Provide $250,000 annually in a new appropriation funded from tribal gaming revenues to fund minority health programs. Funding would include: (a) up to $50,000 annually for a grant for a private nonprofit corporation to conduct a public information campaign on minority health; and (b) $200,000 annually for grants of up to $50,000 for minority health programs. The unencumbered balance of the appropriation would lapse to the tribal gaming appropriation on June 30 of each year. In addition, modify the statutes to require recipients of grants to provide a match, which may be in-kind, totaling at least 50% of the amount of the grant awarded by the state. Organizations that are not federally qualified health centers would receive priority for grants.

Veto by Governor [F-26]: Delete the requirement that DHFS award grants for activities to improve the health status of economically disadvantaged minority group members in each fiscal year and request that the Secretary of DOA place $200,000 for grants in unallotted reserve in 2002-03 so that it will lapse to the tribal gaming appropriation. As a result, $200,000 would be available for grants for minority health programs on a one-time basis in 2001-02.

[Act 16 Sections: 720m, 720n, 881t, 2848r and 2848s]

[Act 16 Vetoed Section: 2848r]

28. EARLY IDENTIFICATION OF PREGNANCY [LFB Paper 1046]

PR	- $200,000

Joint Finance/Legislature: Delete $100,000 annually to eliminate temporary assistance for needy family funds (TANF) support for outreach activities for the early identification of pregnancy program. The funds were provided in 1999 Wisconsin Act 9 to make low-income women aware of the importance of prenatal and infant health care and the availability of medical assistance and other programs to support prenatal and infant care and family planning services.

29. WOMEN, INFANTS AND CHILDREN SUPPLEMENTAL FOOD PROGRAM -- ELECTRONIC BENEFITS TRANSFER STUDY

Joint Finance: Require DHFS to include the following in its study of the program and operational requirements of establishing an electronic benefit transfer (EBT) system under the supplement food program for women, infants and children (WIC): (1) information system requirements for administering a WIC EBT; (2) the compatibility of a WIC EBT system with existing EBT systems in Wisconsin; (3) the costs and benefits of implementing a WIC EBT system for the WIC program, WIC participants and food retailers; and (4) possible funding sources. Require DHFS to report on the findings of the study to the Joint Committee on Finance by January 1, 2002.

1999 Wisconsin Act 9 requires DHFS to study the program and operational requirements of establishing an EBT system for WIC, but, as a result of the Governor's partial veto, includes no parameters as to what the study must include or a deadline for a report on the findings from the study.

Assembly/Legislature: Delay from July 1, 2002, to July 1, 2003, the date by which DHFS would be required to report on its study of an electronic benefits transfer (EBT) system for the supplemental food program for women, infants and children (WIC).

[Act 16 Section: 9123(9h)]

30. STATEWIDE TRAUMA SYSTEM

	Legislature (Chg. to Base)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$685,000	2.00	- $685,000	- 2.00	$0	0.00

Assembly/Legislature: Provide $185,000 in 2001-02 and $500,000 in 2002-03 from federal funds received by the Department of Transportation under the state and community highway safety grant program, and 2.0 two-year project positions, beginning in 2001-02, to fund and implement the statewide trauma system. This item includes: (a) $60,000 in 2001-02 and $80,000

in 2002-03 to support 1.0 trauma registrar project position; (b) $60,000 in 2001-02 and $80,000 in 2002-03 to support 1.0 injury education coordinator project position; (c) $40,000 in 2001-02 for a consultant to develop information systems for the trauma system; (d) $25,000 in 2001-02 and $50,000 in 2002-03 for meeting expenses for the regional advisory trauma councils; and (e) $290,000 in 2002-03 for grants to regional trauma advisory councils. This funding would be provided in the 2001-03 biennium only.

1997 Wisconsin Act 154, as amended by 1999 Act 9, requires DHFS to implement a statewide trauma system by July 1, 2002. Under the act, DHFS is required to develop rules to implement the system, including a method to classify hospitals as to their respective emergency care capabilities. The act requires DHFS and the Statewide Trauma Advisory Council to prepare a joint report on the development and implementation of the system. The report must be approved by the Joint Committee on Finance prior to DHFS proceeding with the development of rules. DHFS submitted a report on January 25, 2001, that included a request for funding of $4.7 million and three positions.

This provision would eliminate the requirement that the Joint Committee on Finance approve the trauma system report prior to DHFS promulgating rules to develop and implement the system. It would also extend the sunset date for the Statewide Advisory Council from July 1, 2002 to July 1, 2004, and provide for the creation of regional advisory councils. In addition, it would require hospitals to certify their trauma care classification level to DHFS every three years, instead of four, as required under current law. Finally, the provision would provide that any confidential injury data collected under the system could only be used for performance improvements in the trauma care system.

Veto by Governor [C-18]: Eliminate the transfer of funding and positions for the statewide trauma system. In addition, eliminate the provisions extending the sunset date for the Statewide Advisory Council and creating regional advisory councils. The provisions that would require hospitals to reclassify their trauma care levels every three years instead of four, eliminate the requirement that the Joint Committee on Finance approve the system report, and provide that confidential injury data could only be used for trauma system improvements would be retained.

[Act 16 Sections: 2850ah and 4041k]

[Act 16 Vetoed Sections: 174p, 670, 2850ag, 9123(12r)&(12s) and 9152(2t)]

31. MILWAUKEE HEALTH CLINICS

GPR	$500,000

Senate: Provide $750,000 in 2001-02 for DHFS to provide as grants to: (a) the Milwaukee Immediate Care Center to fund continued operations ($410,000); and (b) the Martin Luther King Heritage Health Center to expand primary care examination rooms and create an emergency care clinic at the Isaac Coggs Community Health Care Center ($340,000). The Milwaukee Immediate Care Center is located on the city's north side and serves approximately 10,000

patients annually. The Isaac Coggs Community Health Care Center, also located on the city's north side, is part of the Milwaukee Health Services, Inc., which operates three clinics in the city.

Conference Committee/Legislature: Reduce funding provided by the Senate by $250,000 in 2001-02. A total of $500,000 would be available for DHFS to provide as grants to the Milwaukee Immediate Care Center ($273,300) and the Martin Luther King Heritage Health Center ($226,700).

[Act 16 Sections: 720m and 9123(14e)]

32. IMMUNIZATION REGISTRIES

FED	$ 933,700

Senate: Require DHFS to allocate $299,000 GPR and $793,500 FED in 2001-02 and $527,400 GPR and $140,200 FED in 2002-03 from amounts budgeted for contracted services relating to the administration of the MA program to develop and maintain the Wisconsin immunization registry (WIR). Expand the purposes for which expenditures could be made from the GPR MA administration appropriation to include the development and support of WIR. The registry is an automated, web-based system to centralize record keeping of immunization records for all Wisconsin children. The funding would be used to implement and support the system statewide.

Assembly/Legislature: Provide $299,000 GPR and $793,500 FED in 2001-02 and $231,000 GPR and $140,200 FED in 2002-03 for the development and support of WIR. A portion of the costs of this item would be supported with federal funds available for MA administration activities. The GPR funding would be placed in the Joint Committee on Finance appropriation to be released under a 14-day passive review process.

Require DHFS to submit a request to the Committee for the release of these funds and to include a memorandum of understanding (MOU) between DHFS and the Marshfield Clinic, on behalf of the Regional Early Childhood Immunization Network (RECIN) that specifies the amount of TANF funds budgeted for immunization activities that would be used to support immunization data collection by RECIN, outside of the area currently served by the Marshfield Clinic immunization registry system and that results in a savings for the DHFS immunization registry.

Require DHFS to submit a report on the immunization registry to the Legislature no later than January 1, 2003.

[Act 16 Sections: 706 and 9123(14k)]

33. WIC FARMERS' MARKET NUTRITION PROGRAM

GPR	$24,000
FED	56,200
Total	$80,200

Senate/Legislature: Provide $12,000 GPR and $28,100 FED annually to expand the farmers' market nutrition program (FMNP) to Vernon and Monroe Counties. FMNP is a separate grant available under the women, infants and children (WIC) supplemental nutrition program that provides coupons to WIC families, in addition to their regular WIC benefits, to purchase fresh, Wisconsin grown produce at farmers' markets. The program provides up to $20 per family per year. Funding for 2000-01 provides benefits to 41 counties and one tribe.

34. UNIFORM FEES FOR CERTAIN HEALTH CARE RECORDS

Senate: Require DHFS to promulgate rules to prescribe uniform fees for duplicate patient health care records and x-ray reports, or referral of x-rays to another health care provider of the patient's choice, that are based on an approximation of the actual cost of those records. Specify that the rules would permit the health care provider to charge the actual cost of postage or other actual delivery costs. Require DHFS to submit the proposed rules to the Legislative Council no later than the first day of the fifth month after the effective date of the bill. Specify that, beginning July 1, 2002, the fees established by rule, plus the applicable state tax, would be the maximum amount that a health care provider could charge for those records.

Specify that the same fees would apply to health care records of certain health care providers that have been subpoenaed, whether or not a court action has commenced. Provide that, for subpoenaed health care records, requested before July 1, 2002, the current fees set by DHFS by rule, plus applicable state taxes, would be the maximum amount a health care provider could charge for copies of those records. A court action would not have to be commenced in order for the maximum fee amount to apply.

Under current law, health care providers may charge reasonable costs for providing copies of a patient's health care record, x-ray report, or referral of an x-ray to another health care provider to a patient. For subpoenaed health care records, DHFS sets the fees for copies of those records by rule, based on the approximate cost of providing a copy of the record. The rule must allow providers to charge postage or other delivery costs.

Conference Committee/Legislature: Modify the Senate provision as follows: (a) require DHFS to appoint an advisory committee whose members represent a balance of persons who maintain patient health care records and persons who request patient health care records to develop rules for uniform fees for copies of health care records; (b) provide that DHFS, in determining an approximation of actual costs, may consider operating expenses (such as wages, rent, utilities and duplication equipment and supplies), varying costs of retrieval of records based on different media on which the records are maintained, the cost of separating requested patient health care records from those that are not requested, the cost of duplicating the records and the impact on costs of advances in technology; (c) specify that the prescribed fees plus

applicable tax would be the maximum amount that a health care provider may charge; (d) require DHFS to submit the proposed rules to the Legislative Council no later than the first day of the 10th month beginning after the effective date of the bill; (e) require the rules to be in place by January 1, 2003, and that the changes as to what fees may be charged would take effect January 1, 2003; and (f) require DHFS to revise the rules by January 1, 2006, and every three years thereafter to account for increases or decreases in the actual costs of providing copies of health care patient records.

Veto by Governor [C-16]: Delete provision.

[Act 16 Vetoed Sections: 2850bg thru 2850bi, 3872x, 3872y, 9123(14g) and 9423(16f)]

35. CITY-COUNTY HEALTH DEPARTMENTS

Senate/Legislature: Establish new procedures to create a city-county health department in counties with populations of less than 500,000. Under current law, counties with populations of less than 500,000 may establish a city-county health department, but the statutes do not include explicit procedures for the creation of a city-county health department.

Specify that the department would be subject to control of the city and county acting jointly under an intergovernmental agreement that specifies: (a) the powers and duties of the city-county health department; (b) the powers and duties of the city-county board of health for the city-county health department; and (c) the relative powers and duties of the city and county with respect to governance of the city-county health department and the city-county board of health.

Specify that both city-county health departments and multiple county health departments would be required to meet Chapter 251 requirements of the state statutes relating to local health officials, and would be required to serve all areas of their respective counties that are not served by other local health departments.

Eliminate the definition of a county health department. Instead, define a "county board of health" as a board of health for a single county health department or for a multiple county health department, and a "city-county board of health" as a board of health for a city-county health department. The city-county board of health would determine compensation for employees of the city-county health department.

Specify that the definition of municipal employers with regard to municipal employment relations includes an instrumentality of one or more political subdivisions of the state. As a result, the provision would clarify that employees of a city-county health department, as well as, multi-county health departments, would be eligible to participate in the collective bargaining process. Finally, specify that a local board of health may contract or subcontract with a public or private entity to provide services.

[Act 16 Sections: 1398w, 1563d, 2021n, 2609j and 3128pd thru 3128ps]

36. EXEMPTION OF MEDICAL RESIDENTS AND FELLOWS FROM HEALTH CARE INFORMATION COLLECTION

Senate: Exempt residents and fellows in medical education who participate in accredited training programs under the supervision of the medical staff of a hospital from health care information requirements under Chapter 153 of the statutes. Prohibit DHFS from collecting health care information on the practice of residents or fellows in medical education, and prohibit DHFS from including information from that practice in the information collected from the attending or supervising physician with whom a resident fellow in medical education practices.

Under current law, DHFS is responsible for collecting, analyzing and disseminating health care information. Health care providers are required to submit to DHFS information specified by rule, except that DHFS may waive the requirement if the provider presents evidence that the requirement is burdensome to the provider, under standards established by DHFS by rule. The program is funded from assessments to health care facilities and providers. The statutory maximum assessment to providers that are not facilities is $75. The current assessment is $65. There are approximately 1,500 medical residents in the state that would be exempt from the health care information requirements and assessment under this provision.

Conference Committee/Legislature: Delete provision.

37. PERMITS FOR COUNTY FAIRS

Assembly/Legislature: Exempt county or district fairs, at which 4-H Club members exhibit, from campground permit requirements for the four days proceeding and the four days following the duration of the fair. Under current law, no person, state or local government can conduct, maintain, manage or operate a campground, camping resort, recreational and educational camp or public swimming pool without a permit issued by DHFS or a local health department acting as an agent of DHFS. The current fee for a permit for a campground, which DHFS establishes by rule, ranges from $106 to $171, depending on the number of campsites.

[Act 16 Sections: 3147w and 3147x]

38. COMMUNITY WATER FLUORIDATION GRANTS

Senate: Provide $25,000 GPR annually, beginning in 2002-03, for DHFS to award annual grants to applying communities for: (1) purchasing water fluoridation equipment; (2) constructing additional building space to house water fluoridation equipment; and (3) funding salaries of employees who operate water fluoridation equipment.

These provisions, as well as others summarized under "DHFS -- Medical Assistance," "DHFS -- Health," "Marquette Dental School," "Higher Educational Aids Board," "Regulation

and Licensing," and "Wisconsin Technical College System," are based on recommendations of the Legislative Council Study Committee on Dental Care Access.

Conference Committee/Legislature: Delete provision.

39. COMMUNITY DENTAL SERVICES

Senate: Provide $1,600,000 GPR annually, beginning in 2002-03, to provide or expand community dental services. Qualified applicants would include entities that provide, or seek to provide, dental care services to low-income individuals that are not federally qualified health care centers. DHFS would give preference in awarding grants to applicants in areas that are located in dental health professional shortage areas. Grant recipients would be required to:

a. Make every attempt to collect appropriate reimbursement for its costs in providing dental services to persons who are eligible for and receiving BadgerCare, health care, MA or assistance for medical expenses under any other public assistance or have coverage under a private insurance program;

b. Prepare and utilize a fee schedule for the provision of its services consistent with locally prevailing charges that is designed to cover its reasonable costs of operation and prepare a corresponding schedule of discounts to be applied to the payment of such fees, based on the patient's ability to pay;

c. Establish a governing board that, except in the case of an applicant that is an Indian tribe or band, is composed of individuals who are representatives of persons served by the applicant and a majority of whom are being served by the applicant. The board would: (1) establish policies surrounding the entity's program operations; (2) hold regularly scheduled meetings and keep minutes; (3) approve the selection or dismissal of an entity's director or chief executive office; (4) establish personnel policies and procedures, including employee selection and dismissal procedures, salary and benefit scales, employee grievance procedures and equal opportunity practices; (5) adopt policies for financial management practices, including a system to ensure accountability for resources, approval of an annual budget, priorities for eligibility for services, including criteria for the fee schedule and long-range financial planning; (6) evaluate the entity's activities including services utilization patterns, productivity, patient satisfaction, achievement of objectives, and development of a process for hearing and resolving patient grievances; (7) ensure that the entity is operated in compliance with federal, state and local laws; and (8) adopt health care policies including scope and availability of services, location, hours of services and quality of care audit procedures.

d. Use any funds provided under the program to supplement, not replace, other available funds;

e. Implement a patient screening process to determine eligibility for MA, BadgerCare, and the devised payment schedule;

f. Provide oral health education in programs operated by and affiliated with DHFS, including the special supplemental food program for women, infants and children and head start; and

g. Provide dental screening, risk assessments and preventive dental treatment to pregnant women, infants, preschoolers and persons with disabilities, heart disease or lung disease or persons using psychotropic medication.

These provisions, as well as others summarized under "DHFS -- Medical Assistance," "DHFS -- Health," "Marquette Dental School," "Higher Educational Aids Board," "Regulation and Licensing," and "Wisconsin Technical College System," are based on recommendations of the Legislative Council Study Committee on Dental Care Access.

Conference Committee/Legislature: Delete provision.

40. ORAL HEALTH DATA COLLECTION SYSTEM

Senate: Require DHFS to prepare a plan for development of a comprehensive oral health data collection system, and submit it to the Governor and Legislature by September 1, 2002. Specify that the plan would identify data to be collected, sources for which the data could be collected, costs of implementing the system and any statutory changes that would be needed to implement the system.

These provisions, as well as others summarized under "DHFS -- Medical Assistance," "DHFS -- Health," "Marquette Dental School," "Higher Educational Aids Board," "Regulation and Licensing," and "Wisconsin Technical College System," are based on recommendations of the Legislative Council Study Committee on Dental Care Access.

Conference Committee/Legislature: Delete provision.

41. EMPLOYMENT DISCRIMINATION BASED ON CREED AND EXEMPTION FROM LIABILITY AND DISCIPLINE FOR CERTAIN HEALTH CARE PROVIDERS

Assembly: Incorporate provisions that are based on 2001 Assembly Bill 168, as amended by Assembly Amendments 1 and 2, relating to health care providers' rights to refuse to participate in activities based on moral or religious grounds as follows.

Employment Discrimination. Expand the definition of employment discrimination because of creed to specifically include discriminating against any health care provider or medical

equipment seller on the basis of the person's refusal, or statement of an intention to refuse, whether or not in writing, based on his or her creed, to participate in, or sell or provide medical equipment or supplies used for any of the following:

a. a sterilization procedure;

b. a procedure involving a drug or device that may prevent the implantation of a fertilized human ovum;

c. an abortion;

d. an experiment or medical procedure involving the destruction of a human embryo, or involving a human embryo or unborn child, at any stage of development, in which the experiment or procedure is not related to the beneficial treatment to the embryo or unborn child;

e. a procedure, including a transplant procedure, that uses fetal tissue or organs other than fetal tissue or organs from a stillbirth, spontaneous abortion or miscarriage;

f. withholding or withdrawal of nutrition or hydration, if the withholding or withdrawal of nutrition or hydration would result in the patient's death from malnutrition or dehydration, or complications from malnutrition or dehydration, rather than from the underlying terminal illness or injury, unless the administration of nutrition or hydration is medically contraindicated; or

g. an act that intentionally causes or assists in causing the death of an individual such as by assisted suicide, euthanasia or mercy killing.

There would be no exception for the employer to show that such refusal poses an undue hardship on the employer's program, enterprise or business.

Current law provides that employment discrimination because of creed includes, but is not limited to, refusing to reasonably accommodate an employee's or prospective employee's religious observance or practice unless the employer can demonstrate that the accommodation would pose an undue hardship on the employer's program, enterprise or business.

For purposes of employment discrimination, define "health care provider" as an individual who is licensed, registered, permitted or certified by DHFS or DRL to provide health care services in this state, or who provides health care services as directed, supervised or inspected by such an individual. Define "medical equipment seller" as an individual whose employment duties include selling or supplying medical equipment or supplies.

Right to Refuse to Participate in Certain Activities. Modify current laws that allow physicians, hospital employees, nurses and certain other health care providers the right to refuse to participate in sterilization procedures or removal of a human embryo or fetus, on the

basis of moral or religious beliefs, to include the right to refuse to participate in any one of the seven activities listed above.

Provide hospitals the right to refuse to admit any patient or allow the use of the hospital facilities for any of those activities.

Persons who indicate, in writing, their refusal or intent to refuse to participate in any of the seven activities listed above would be protected from discrimination, recrimination and discipline, in addition to any liability resulting from damage caused by their refusal to participate in those activities.

Specify that the receipt of any grant, contract, loan or loan guarantee under any state or federal law may not authorize a court, public official or public authority to require individuals to participate in any of the seven identified activities, or make facilities available for performance of such activities.

Specify that the right to refuse to participate in such activities by a physician or physician's assistant would include refusal or stating to refuse, on moral or religious grounds, to transfer the activity to another physician who will comply with certain declarations authorizing the withholding or withdrawal of life-sustaining procedures or feeding tubes, and exercising the right to accept, maintain, discontinue or refuse health care. It would not apply to the refusal to make a good faith attempt to transfer certain persons who lack the capacity to manage their health care decisions, and who have a terminal condition, to another physician who will comply with a declaration to withhold or withdraw a life sustaining procedure or feeding tubes.

Pharmacist's Refusal to be Involved in Certain Activities. Create a pharmacist's right to refuse to be involved in certain activities.

Provide that a licensed pharmacist is immune from liability for any damage caused by his or her refusal to be involved in the performance of, assistance in, recommendation of, counseling in favor of, making referrals for, prescribing, dispensing or administering drugs for, or otherwise promoting, encouraging or aiding any of the seven activities identified above.

Injunctive Relief or Damages. Provide that any person who is adversely affected by, or who reasonably may be expected to be adversely affected by, conduct that is a violation of these provisions may bring a civil action for injunctive relief, including reinstatement, damages for emotional or psychological distress, or both injunctive relief and damages. A court would be required to award reasonable attorney fees to any person who obtains such relief, damages or both.

Definitions. For the purposes of these provisions, define "human embryo" as any organism that is derived by fertilization, parthenogenesis, cloning or any other means from one or more human gametes or human diploid cells. Define "participate in" as meaning to perform, assist in, recommend, counsel in favor of, make referrals for, prescribe, dispense or administer drugs for, or otherwise promote, encourage or aid.

Other Provisions. In addition to the provisions included in AB 168 as amended, provide that a declaration from a person, who is 18 years or older and of sound mind, that authorizes the withholding or withdrawal of life sustaining procedures or of feeding tubes when the person is in a terminal condition or is in a persistent vegetative state, be reviewed by the attending physician. Provide that if the physician intends to invoke his or her rights to refuse to participate, the physician would be required to inform the declarant in writing of that intent and of the physician's concerns, if any, about the declaration.

Further, provide that if a health care provider is a physician, the physician must review any power of attorney for health care instrument or a statement of incapacity that he or she receives on the behalf of his or her patient. If the physician intends to invoke his or her rights not to participate in activities in which they would be protected under the provisions summarized above, the physician would be required to inform the declarant or principal orally and in writing of that intent, and of the physician's concerns, if any about the declaration, instrument or statement.

Initial Applicability. These provisions would first apply to refusals made, statements of an intention to refuse made, notifications of the existence of a declaration that occur, and instruments or statements reviewed on the bill's general effective date.

Conference Committee/Legislature: Delete provision.

42. USE OF FETAL BODY PARTS, EMBRYOS, STEM CELLS AND STEM CELL LINES FOR RESEARCH

Assembly: Prohibit the use of a fetal body part, an embryo, an embryonic stem cell or an embryonic stem cell line for purposes of research, except permit a person, at any time, to use for research purposes, an embryonic stem cell or an embryonic stem cell line that exists before January 1, 2002, or an embryonic stem cell line derived from an embryonic stem cell that exists before January 1, 2002.

Provide that any person who violates this provision may be fined not more than $50,000 or imprisoned not more than seven years and six months, or both.

Define "embryo" as a human being from the point of fertilization, including the single-cell state, until approximately the end of the second month. Define "embryonic stem cell" as a totipotent or pluripotent cell of the human body that is derived from an embryo. Define "embryonic stem cell line" as embryonic stem cells that are capable of prolonged proliferation in culture as totipotent or pluripotent embryonic stem cells. Define "fetal body part" as a cell, tissue, organ or other part of a human being after fertilization who is aborted by an induced abortion. Define "pluripotent" as capable of giving rise to most tissues of a human organism. Define "totipotent" as having the capacity to specialize into human extraembryonic membranes and tissues, the human embryo and all postembryonic human tissues and organs.

This provision would first apply to the use of a fetal body part, embryo, stem cell or stem cell line on the general effective date of the bill.

Conference Committee/Legislature: Delete provision.

43. PUBLIC FUNDING FOR AGENCIES THAT ENGAGE IN ABORTION-RELATED ACTIVITIES

Assembly: Make the following changes to laws relating to public funding for agencies that engage in abortion-related activities:

Intent. Provide that it is the intent of the Legislature to further the profound and compelling state interest to: (a) protect the life of an unborn child throughout pregnancy by favoring birth over abortion and implementing that value judgment through the allocation of public resources; (b) ensure that the state, state agencies and local governmental units do not lend their imprimatur to abortion-related activities; and (c) ensure that organizations that engage in abortion-related activities do not receive direct or indirect economic or marketing benefit from public funds.

Definitions of Family Planning and Prenatal Care. Define "family planning," as it relates to prohibitions on funding for abortion-related activities, as the process of establishing objectives for number and spacing of one's children and selecting the means by which those objectives may be achieved, including a broad range of acceptable and effective methods and services to limit or enhance fertility, including contraceptive methods including natural family planning and abstinence, the management of infertility, including adoption and preconceptional counseling, education and general reproductive health care, including diagnosis and treatment of infections that threaten reproductive capability. Specify that family planning does not include pregnancy care, including obstetric or prenatal care. Define "prenatal care" as medical services provided to a pregnant woman to promote maternal and fetal health.

Prohibition of Funds under the Division of Public Health Maternal and Child Health Program. Specify that the prohibition on the use of funds of the state or any local governmental unit, or federal funds passing through the state treasury under this section include funding under the state maternal and child health program.

Prohibited Abortion-Related Activities. Expand the types of activities that a program could conduct that would preclude the program from receiving public funding to include: (a) acting to assist women to obtain abortions; (b) acting to increase the availability or accessibility of abortions for family planning purposes; (c) lobbying for the passage of legislation to increase in any way the availability of abortion as a method of family planning; (d) providing speakers to promote the use of abortion as a method of family planning; (e) paying dues to a group that as a significant part of its activities advocates abortion as a method of family planning; (f) using legal action to make abortion available in any way as a method of family planning; and (g)

developing or disseminating in any way materials, including printed matter and audiovisual materials, advocating abortion as a method of family planning.

Eliminate Provision of Nondirective Information Explaining Pregnancy Termination. Repeal the provision that specifies that the prohibitions do not prohibit the provision of nondirective information explaining pregnancy termination. Instead, provide that an organization that receives state, local or federal funds passing through the state treasury, that directly or indirectly involves pregnancy programs is not prohibited from promoting, encouraging or counseling in favor of, or referral either directly or through an intermediary, for prenatal care and delivery and infant care, foster care or adoption.

Eliminate Exception for Activities that Result in Loss of Federal Funds. Repeal the provision that provides that restrictions on the use of funds for certain abortion-related activities only apply to the extent that the restriction does not result in the loss of federal funds, including the state maternal and child health program.

Prohibit Funds for Organizations that are Affiliated with Organizations that Engage in Abortion-Related Activities. Provide that no funds of the state or any local governmental unit or federal funds passing through the state treasury that directly or indirectly involve pregnancy programs, projects or services may be paid to an organization or affiliate of an organization that engages in abortion-related activities, or that receives funds from any source that requires, as a condition for receipt of the funds, that the organization or affiliate engage in abortion-related activities. The following exceptions would apply: (a) the organizations are physically and financially independent from each other and do not share the same, or similar, name, medical facilities or business offices, equipment or supplies, services, any income, fund raising activities, expenses, employees, employee wages or salaries or databases, including clients; (b) the organization that receives funds is separately incorporated from its independent affiliate that engages in an abortion-related activity; or (c) the organization that receives funds maintains financial records and database records that demonstrate that its independent affiliate that engages in abortion-related activities receives no direct or indirect economic or marketing benefit from the program funds.

No organization that receives these public funds for programs involving pregnancy-related services could transfer any of those funds, or any other public funds to an organization or an affiliate of an organization that engages in abortion-related activities.

Legislative Audit Bureau Review. Require the Legislative Audit Bureau (LAB) to conduct an audit of each organization that receives state, local or federal pass through funds or other funds, relating pregnancy programs, and the state agency or local government unit that authorizes payment of those funds, at least once every three years to determine if the organizations, state agencies and local governmental units have strictly complied with these prohibitions on funding and services. Require the LAB to audit organizations that are affiliates of organizations that perform abortion-related services at least annually.

Writ for Violation of Provisions. Allow a person to file a petition for a writ of mandamus or prohibition with the circuit county for the county where a violation of these provisions is alleged to have occurred or proposed to occur.

Effective Date. Provide that provisions that relate to publicly funded organizations would apply to contracts or collective bargaining agreements on the day that the contract or collective bargaining agreement expires, or is extended, modified or renewed, whichever occurs first.

Conference Committee/Legislature: Delete provision.

44. ABORTION -- PROHIBITIONS RELATING TO PUBLIC EMPLOYEES AND PUBLIC PROPERTY

Assembly: Prohibit abortion-related activities by public employees and abortion-related activities on public property, as follows:

Public Employees. Prohibit a person employed by the state, a state agency, a local governmental unit, or by an authority from doing any of the following while acting within the scope of his or her employment: (a) providing or assisting in providing an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (b) aiding or encouraging a pregnant woman to have an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (c) making abortion referrals either directly or through an intermediary, unless the abortion is directly or medically necessary to save the life of the pregnant woman; or (d) requiring, providing, referring for or making arrangements for the provision of training in the performance of a medical treatment or surgical procedure for the purpose of performing or inducing an abortion. The provisions would first apply on the effective date of the bill.

Public Property. Provide that, beginning on the effective date of the bill, public property could not be used to do any of the following: (a) provide or assist in providing an abortion, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (b) aid or encourage a pregnant woman to have an abortion, unless the abortion is directly or medically necessary to save the life of the pregnant woman; (c) make abortion referrals either directly or through an intermediary, unless the abortion is directly and medically necessary to save the life of the pregnant woman; (4) require, provide, refer for or make arrangements for the provision of training in the performance of a medical treatment or surgical procedure for the purpose of performing or inducing an abortion.

Provide that these provisions would not prohibit a private person from using police or fire protection services or any services provided by a public utility. In addition, specify that these provisions would not apply to public property that is leased to a private person under a lease agreement entered into before the effective date of the bill, until the lease agreement expires, or is extended, modified or renewed.

Penalties. Any person who violates the provisions prohibiting public employees from engaging in abortion-related activities would be required to forfeit not less than $500 and not more than $1,000 for each offense. Any person who violates the provisions relating to the use of public property for abortion-related activities would be required to forfeit not less than $2,000 or more than $5,000 for each offense.

Specify that these penalties may not be construed to limit the power of the state, a state agency, a local unit of government or an authority to discipline an employee.

Definitions. Define "abortion" as the use of an instrument, medicine, drug or other substance or device with the intent to terminate the pregnancy of a woman known to be pregnant or for whom there is reason to believe that she may be pregnant and with intent other than to increase the probability of a live birth, to preserve the life or health of the infant after live birth or to remove a dead fetus.

Define "authority" as the Wisconsin Health and Educational Facilities Authority and the University of Wisconsin Hospital and Clinics Authority.

Define "local governmental unit" as a city, village, town, county or school district or an agency or subdivision of a city, village, town, county or school district.

Define "public property" as a public facility, public institution or other building or part of a building that is owned, leased or controlled by the state, a state agency, a local governmental unit or an authority, or any equipment or other physical asset that is owned, leased or controlled by the state, a state agency, a local governmental unit or an authority.

Define "state agency" as an office, department, agency, institution of higher education, association, society or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the legislature and the courts.

Legislative Intent. Provide that it is the intent of the Legislature that these provisions further the profound and compelling state interest in protecting the life of an unborn child throughout pregnancy by favoring childbirth over abortion and implementing that value judgment through the allocation of public resources.

Conference Committee/Legislature: Delete provision.

Care and Treatment Facilities

1. STATE CENTERS -- CIP IA BUDGET REDUCTIONS [LFB Paper 500]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- $12,385,000	- 92.24	$1,387,000	1.69	- $10,998,000	- 90.55

Governor: Delete $6,192,500 annually and 92.24 positions, beginning in 2001-02, to reflect the relocation of residents from the Centers for the Developmentally Disabled into community settings under the community integration program (CIP IA) during the 1999-01 biennium. The following annual adjustments would be made at each Center: (a) Central Center, -$1,432,300 and -30.18 positions; (b) Northern Center, -$2,585,000 and -23.71 positions; and (c) Southern Center, -$2,175,400 and -38.35 positions. Reductions in funding and staff are due to the relocation of 54 residents from the Centers during 1999-00 and a projected 37 residents that will be placed during the 2000-01 fiscal year.

Increase the current statutory amounts by which the budgets of the state Centers are reduced following a CIP IA placement to $200 per day, beginning on July 1, 2001, and to $225 per day, beginning on July 1, 2002.

Joint Finance/Legislature: Increase funding by $693,500 annually and restore 1.69 positions, beginning in 2001-02, to reflect a reestimate of the number of CIP IA placements that will be made during the 2000-01 fiscal year. It is estimated that 27 CIP IA placements will be made in the 2000-0 fiscal year, rather than 37, as had been assumed by the Governor. Increase medical assistance (MA) benefits funding by $286,100 GPR and $407,400 FED in 2001-02 and $287,800 GPR and $405,700 FED in 2002-03 to reflect the effect of this change on projected MA costs. The MA effect of this change is identified under "Medical Assistance."

[Act 16 Section: 1767]

2. SAND RIDGE SECURE TREATMENT CENTER [LFB Paper 504]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$11,190,400	- $59,000	$11,131,400

Governor: Provide $5,386,200 in 2001-02 and $5,804,200 in 2002-03 to fully fund the non-salary costs of the new Sand Ridge Secure Treatment Center (SRSTC) in the 2001-03 biennium. 1999 Wisconsin Act 9 provided funding to operate the SRSTC for the last three months of 2000-

01, based on an April, 2001, projected opening date. Under a standard budget adjustment, $11,703,600 annually is provided to fully fund salary and fringe benefits costs for the positions authorized in Act 9.

Joint Finance/Legislature: Delete $59,000 in 2001-02 to correctly reflect the savings in fringe benefit costs that will result because of the delay in the opening of the facility.

3. FUEL AND UTILITIES

GPR	$632,900
PR	1,612,900
Total	$2,245,800

Governor/Legislature: Provide $1,115,200 ($249,600 GPR and $865,600 PR) in 2001-02 and $1,130,600 ($383,300 GPR and $747,300 PR) in 2002-03 to fund projected increases in the cost of fuel and utilities for facilities administered by the Division of Care and Treatment Facilities.

4. FOOD AND VARIABLE NONFOOD COSTS [LFB Paper 501]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$1,329,000	- $408,800	$920,200
PR	766,500	- 209,800	556,700
Total	$2,095,500	- $618,600	$1,476,900

Governor: Provide $314,800 ($183,500 GPR and $131,300 PR) in 2001-02 and $1,780,700 ($1,145,500 GPR and $635,200 PR) in 2002-03 to fund projected increases in the costs of food (-$117,100 GPR and $118,200 PR in 2001-02 and $42,400 GPR and $164,300 PR in 2002-03) and variable nonfood costs, such as medical care, drugs, clothing and other supplies ($300,600 GPR and $13,100 PR in 2001-02 and $1,103,100 GPR and $470,900 PR in 2002-03) for persons who receive care at the Centers for the Developmentally Disabled, the Mental Health Institutes, the Wisconsin Resource Center and the Sand Ridge Secure Treatment Center.

Joint Finance/Legislature: Delete $236,700 GPR and $82,300 PR in 2001-02 and $172,100 GPR and $127,500 PR in 2002-03 to reflect revised estimates for food and variable non-food costs at the institutions. Reduce MA benefits funding by $27,000 GPR and $38,400 FED in 2001-02 and $51,100 GPR and $72,000 FED in 2002-03. The MA effect of this change is identified under "Medical Assistance."

5. EXPAND INTENSIVE TREATMENT SERVICES AT THE CENTERS

	Funding	Positions
PR	$1,124,000	20.00

Governor/Legislature: Provide $483,000 in 2001-02 and $641,000 in 2002-03 and 20.0 positions, beginning in 2001-02, to expand the number of intensive treatment beds at the state Centers for the Developmentally Disabled by 14 beds, from 36 beds

to 50 beds. The funding and positions would be divided between Northern and Southern Centers. Intensive treatment beds are used to provide short-term care to individuals with developmental disabilities who have behavior or psychiatric crises. Counties pay the nonfederal costs of care for individuals who receive intensive treatment. Consequently, the source of the program revenue would be federal MA funds transferred from the MA benefits appropriation and county payments.

[Act 16 Sections: 1492, 1789, 1962 and 1972]

6. MENDOTA JUVENILE TREATMENT CENTER

PR	$661,800

Governor/Legislature: Provide $204,500 in 2001-02 and $457,300 in 2002-03 to support increases in salary and fringe benefit costs for staff at the Mendota Juvenile Treatment Center (MJTC).

The MJTC provides treatment services for youths transferred from the state's juvenile correctional institutes (JCIs) who have serious behavior problems, mental illnesses or personality disorders. There are 43 secured adolescent correctional beds at the MJTC. The overhead and indirect costs of the MJTC are funded by GPR budgeted in DHFS, while the direct care costs are funded by PR transferred from DOC from daily charges to counties for youth sent to the state's JCIs and from a GPR supplement budgeted in DOC.

7. SUPERVISED AND CONDITIONAL RELEASE [LFB Paper 502]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$572,400	- $240,900	$331,500

Governor: Provide $572,400 in 2002-03 to: (a) lease a transitional 10-bed housing facility in southern Wisconsin for sexually violent persons on supervised release ($482,400); and (b) fund projected increases in the cost of providing services to persons on conditional and supervised release ($90,000). Currently, there are nine individuals on supervised release and 247 persons released from state prisons who are on conditional release. Base funding to support services to these individuals is $4,060,300 GPR.

Joint Finance: Modify the Governor's recommendations as follows:

Funding. Delete $350,700 in 2001-02 and provide $109,800 in 2002-03 to reflect: (a) a reestimate of the costs of providing services to persons on conditional and supervised release ($139,600 in 2001-02 and $350,700 in 2002-03); (b) projected cost savings of funding the program on a cash accounting basis (-$490,300 in 2001-02); and (c) cost savings of delaying the start date for the new 10-bed facility from November 1, 2002, to March 1, 2003 (-$240,900 in 2002-03).

Modify current law to authorize the DOA Secretary to encumber less than the amount of the contract for services provided to individuals on conditional or supervised release if it is expected that billing for that contract may be submitted in the next fiscal year.

Placement of Persons on Supervised Release. Prohibit the placement of any person or persons on supervised release in a residential facility or dwelling that is within 2,500 feet of another residential facility or dwelling in which is placed a person or persons on supervised release or offenders on probation, parole or extended supervision who are required to register as sex offenders under the state sex offender registry law.

Senate: Specify that the county department of the county of residence is responsible for identifying a residence for sexually violent persons placed on supervised release. Specify that an identified residence is subject to approval by the DHFS, and require the county of residence to furnish the court a written description of the residence before the hearing on supervised release.

Require the county department of the person's county of residence to work with DHFS in the preparation of a plan for supervised release. Specify that the county department of the person's county of residence may arrange for another county to prepare the plan if that county agrees to prepare the plan.

Require the state agency with the authority or duty to release or discharge the person, rather than the court, to determine the county of residence, and require the state agency to determine the county of residence prior to notifying the Attorney General and the district attorney of the pending release of someone that meets the criteria for a sexually violent person.

Specify that, if the Attorney General does not file a petition for commitment of a person identified as meeting the criteria for a sexually violent person, the district attorney of the person's county of residence would be authorized to file a petition for commitment, and specify that other entities could not file a petition unless both the Attorney General and the district attorney of the county of residence did not file a petition for commitment.

Allow a petition for commitment under Chapter 980 to be filed in the circuit court for the person's county of residence. Also, upon the request of the district attorney of the person's county of residence, allow the venue in an action commenced by a petition under Chapter 980 to be transferred to the circuit court for the person's county of residence.

Require that the county department in the person's county of residence be notified if a court determines that a person, who is subject to a petition for commitment, is determined to be a sexually violent person. Require that a copy of the required written reports done by examiners be provided to the person's county of residence. Provide that, if a person petitions for supervised release, the court must serve a copy of that petition on the county department in the person's county of residence. If the person petitions for supervised release through counsel, require the person's attorney to serve the county department in the person's county of residence.

Conference Committee/Legislature: Delete the Joint Committee on Finance provision that would have prohibited the placement of any persons or persons on supervised release in a residential facility or dwelling that is within 2,500 feet of another residential facility or dwelling in which is placed a person or persons on supervised release or offenders on probation, parole or extended supervision who are required to register as sex offenders.

Require DHFS to use its best efforts to place any person on supervised release in a residential facility or dwelling that is in the person's county of residence. Require DHFS to determine a person's county of residence by: (a) considering residence as the voluntary concurrence of physical presence with intent to remain in a place of fixed habitation and consider physical presence as prima facie evidence of intent to remain; and (b) applying the criteria for consideration of residence and physical presence in (a) to the facts that existed on the date the person committed the serious sex offense that resulted in the sentence, placement or commitment that was in effect when the petition was filed for commitment as an SVP.

Require DHFS to consider the proximity of any potential placement to the residence of other persons on supervised release and to the residence of persons who are in the custody of the Department of Corrections and for whom a sex offender notification bulletin has been issued to law enforcement agencies. Require the Department of Corrections to coordinate with DHFS the sharing of address information of persons for whom notification bulletins are issued.

Specify that these provisions would first apply to petitions for supervised release filed on the bill's general effective date.

Veto by Governor [C-23]: Delete the provision that would have authorized the DOA Secretary to encumber less than the amount of the contract for services provided to individuals on conditional or supervised release if it is expected that billing for that contract may be submitted in the next fiscal year.

[Act 16 Sections: 3352r, 4034yg, 4034yt and 9359(12j)]

[Act 16 Vetoed Section: 248t]

8. SHARED SERVICES

GPR	$210,700
PR	62,000
Total	$272,700

Governor/Legislature: Provide $83,300 GPR and $23,100 PR in 2001-02 and $127,400 GPR and $38,900 PR in 2002-03 to fund the cost of salary increases for shared services positions. These positions perform tasks for more than one institution operated by the Division of Care and Treatment Facilities and are supported by charges paid by the institutions that benefit from the services. The charges are paid from the institutions' supplies and services budget. The bill would increase the related supplies and services budgets at these institutions to pay higher charges due to projected salary increases for shared services positions.

9. STATE CENTERS -- EXPANDED SERVICES [LFB Paper 504]

PR	$51,000

Governor: Provide $25,500 annually and transfer $2,023,200 and 25.0 positions in 2001-02 and $2,024,700 and 25.0 positions in 2002-03 from the Division of Care and Treatment Facilities PR general program operations appropriation to a new PR appropriation that would fund expanded services provided by the Mental Health Institutes and the Centers for the Developmentally Disabled.

Authorize the Centers to offer short-term residential services, dental and mental health services, physical therapy, psychiatric and psychological services, general medical services, pharmacy services and orthotics when DHFS determines that community services need to be supplemented. Specify that these expanded services may only be provided under a contract between DHFS and a public or private entity within the state for persons referred from those entities.

Require DHFS to charge the referring entity all costs associated with providing the services and to credit these revenues to the new PR appropriation. Prohibit DHFS from directly providing services to individuals without a referral and imposing a charge for services to the person receiving the services or the person's family members. Specify that DHFS could not be required, by court order or otherwise, to offer expanded services.

Specify that the expanded services would be subject to the laws and regulations related to a private entity that would provide those services and by the terms of the contract, except that, in the event of a conflict between the contractual terms and the related rules and regulations, the services must comply with the provisions that are most protective of the recipient's welfare or rights.

Exempt contracted services from zoning or other ordinances or regulations of the county, city, town or village in which the services are provided or the facility is located. Exempt contracted services from certain statutory provisions that would restrict the ability of an entity to contract directly with DHFS. Specify that a residential facility operated by a Center to provide expanded services may not be considered to be a hospital, an inpatient facility, a state treatment facility or a treatment facility.

1999 Wisconsin Act 9 authorized the Mental Health Institutes to offer expanded services under conditions similar to those proposed for the Centers.

Joint Finance/Legislature: Authorize DHFS to offer all therapy services that are supportive for an individual with developmental disabilities at the Centers, rather than physical therapy services, exclusively.

[Act 16 Sections: 699, 700, 1490, 1961, 1963 and 1964]

10. MENTAL HEALTH INSTITUTES -- REVISED FUNDING SPLIT [LFB Paper 503]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$499,500	- 0.15	- $2,019,200	- 9.70	- $530,200	- 1.58	- $2,049,900	- 11.43
PR	- 499,500	0.15	2,019,200	9.70	530,200	1.58	2,049,900	11.43
Total	$0	0.00	$0	0.00	$0	0.00	$0	0.00

Governor: Provide $249,400 GPR and delete $249,400 PR in 2001-02 and provide $250,100 GPR and delete $250,100 PR in 2002-03 to reflect projected changes in the mix of populations at the MHIs between forensic patients, whose care is supported by GPR, and other patients, whose care is supported by program revenues contributed by counties and third-party payers. Convert 0.15 GPR position to PR, beginning in 2001-02, to reflect these population projections. DHFS projects that the population mixes will change from 73% GPR/27% PR to 69% GPR/31% PR at Mendota MHI and from 57% GPR/43% PR to 54% GPR/46% PR at Winnebago MHI.

Joint Finance: Decrease funding by $1,009,600 GPR in 2001-02 and by $1,009,600 GPR in 2002-03 and increase PR funding by corresponding amounts, and convert 9.70 GPR positions to PR positions, beginning in 2001-02, to reflect a reestimate of the appropriate funding split.

Assembly/Legislature: Delete $265,100 GPR and provide $265,100 PR annually to reflect a reestimate of the appropriate funding split. In June, 2001, the Joint Committee on Finance approved a s. 16.515 request to increase positions at the MHIs that is expected to increase the percentage of patients at the MHIs that will be supported by PR in the 2001-03 biennium. Consequently, a greater share of the MHIs' costs should be supported from PR. Convert 1.58 GPR positions to PR, beginning in 2001-02, to reflect this adjustment.

[Act 16 Section: 9123(14L)]

11. INPATIENT COMPETENCY EXAMINATIONS -- CHARGING COUNTIES FOR EXCESSIVE STAYS [LFB Paper 504]

Governor: Authorize the state Mental Health Institutes (MHIs) to charge counties the normal daily rate for defendants who are sent to the MHIs when the county does not return the defendant to jail within a reasonable time after completing an inpatient competency examination. Specify that counties would be charged for defendants beginning 48 hours, not including Saturdays, Sundays and legal holidays, after the sheriff and county receive notice that the examination has been completed.

In addition, assign the sheriff of the defendant's county of residence the responsibility to provide transportation between the jail and the MHIs when an inpatient competency examination is required for a defendant, and require that the return transportation be done within a reasonable time after DHFS notifies the sheriff and the county that the examination is

completed. Under current law, the court that orders the competency examination is responsible for arranging transportation for the patient, and is required to arrange the return of the defendant within a reasonable time after receiving notice that an examination has been completed.

Joint Finance/Legislature: Replace references to the individual or defendant's county of residence with references to the county in which the court is located.

[Act 16 Sections: 1970, 1971 and 3999]

12. OUTPATIENT COMPETENCY EXAMINATIONS IN MILWAUKEE COUNTY [LFB Paper 504]

Governor: Repeal the requirement that DHFS contract with Milwaukee County to conduct outpatient competency examinations in Milwaukee County and to provide up to $484,300 annually to Milwaukee County to conduct these examinations. Instead, authorize DHFS to distribute funds from a Division of Care and Treatment Facilities (DCTF) appropriation to a county agency, public agency or private agency to provide competency examinations in Milwaukee County. Transfer $484,300 GPR annually from the Division of Supportive Living to DCTF to reflect this change.

Joint Finance: Delete the provision that would direct DHFS to distribute funds under a DCTF appropriation for competency examinations. This authority is already provided in the appropriation language.

Senate: Retain the requirement that DHFS contract with Milwaukee County to conduct outpatient examinations in Milwaukee County and to provide up to $483,300 annually to Milwaukee County to conduct these examinations.

Conference Committee/Legislature: Delete the Senate provision, but modify the Joint Finance provision by specifying that this new authority would first apply to grants for competency examinations made on the bill's general effective date.

[Act 16 Sections: 697, 1558 and 9323(16d)]

13. FIFTH STANDARD FOR EMERGENCY DETENTION AND INVOLUNTARY COMMITMENT

Assembly/Legislature: Incorporate the provisions of 2001 Assembly Bill 182 into the bill, which would modify current law relating to emergency detentions and involuntary commitments for persons with mental illness under the "fifth standard" to: (a) eliminate the fifth standard as a basis for an emergency detention; (b) make permanent the use of the fifth standard as a basis for involuntary commitments by eliminating the current December 1, 2001,

sunset date; (c) require that the review and approval by the Attorney General of a petition for an involuntary commitment based on the fifth standard be done prior to filing the petition for commitment, rather than within 12 hours after the petition is filed; (d) makes permanent the requirement that the Attorney General review and approve involuntary commitments based on the fifth standard by eliminating the provision that would end such review if the Attorney General makes a finding that a court of competent jurisdiction in this state upheld the constitutionality of the use of the fifth standard; and (e) provide access by corporation counsel to an individual's files and court proceedings and treatment records without informed consent of the person to the same extent that the individual's attorney or guardian has access for purposes of preparing for a proceeding for involuntary commitment of the person.

1995 Wisconsin Act 292 established a new standard, in addition to the four existing standards, upon which a person may be subjected to a 72-hour emergency detention for treatment of mental illness when the individual exhibits certain acts, omissions or other behavior that indicates the person is dangerous to themselves or others. Act 292 established a new standard, which is commonly referred to as the "fifth standard," for involuntary commitments to a treatment program for an extended period. Act 292 provided that both emergency detentions and involuntary commitments based on the fifth standard would sunset on December 1, 2001. Act 292 also required the Attorney General to review and approve emergency detentions under the fifth standard within 12 hours of the emergency detention and involuntary commitments under the fifth standard within 12 hours of the filing of the petition for involuntary commitment. Act 292 provided for the termination of reviews by the Attorney General if the Attorney General finds that the constitutionality of the fifth standard has been upheld by a Wisconsin Court.

The fifth standard requires that all of the following conditions apply to a person with mental illness: (a) the person shows incapability of expressing an understanding of the advantages and disadvantages of and alternatives to accepting a particular medication or treatment after these have been explained to him or her or the person evidences a substantial incapability of applying an understanding of those advantages, disadvantages, and alternatives to his or her mental illness in order to make an informed choice as to whether to accept or refuse treatment; (b) the person evidences a substantial probability, as demonstrated by both his or her treatment history and recent acts or omissions, that he or she needs care or treatment to prevent further disability or deterioration; and (c) the person evidences a substantial probability that he or she will, if left untreated, lack services necessary for his or her health or safety and suffer mental, emotional, or physical harm that will result in either the loss of his or her ability to function independently in the community or the loss of cognitive or volitional control over his or her thoughts or actions.

[Act 16 Sections: 1966d thru 1966n, 1966t thru 1966x, 1993p, 2853r thru 2853u, 4034zb thru 4034zm, 4041d thru 4041g and 9123(15e)]

14. RIGHTS OF PERSONS COMMITTED AS SEXUALLY VIOLENT PERSONS

Assembly: Modify statutory provisions relating to patient rights for persons who are committed to a state institutional facility as a sexually violent person (SVP) under Chapter 980 as follows.

Limitations on Sending and Receiving Mail. Limit the rights of SVPs to send and receive mail as follows.

If the mail appears to be from legal counsel, a court, a government official or a private physician or licensed psychologist, an officer or staff member of the facility at which the patient is placed may delay delivery of the mail to the patient for a reasonable period of time to verify whether the person named as the sender actually sent the mail, may open the mail in the presence of the patient and inspect it for contraband or may, if the officer or staff member cannot determine whether the mail contains contraband, return the mail to the sender along with notice of the facility mail policy.

If the mail is to or from a person other than a person specified above, an officer or staff member of the facility at which the patient is placed may open the mail outside the presence of the patient and inspect it for contraband or other objects that pose a threat to security at the facility. Further, if the mail appears to be from a person other than a person specified above, the director of the facility or his or her designee may, in accordance with the standards and procedure for denying a right for cause, authorize a member of the facility treatment staff to read the mail, if the director or his or her designee has reason to believe that the mail could pose a threat to security at the facility or seriously interfere with the treatment, rights or safety of others.

Access to Certain Records. Include references to facilities for the institutional care of SVPs as it relates to restrictions on access to certain types of records. Under current law, under certain circumstances, persons do not have the right to inspect certain types of records that contain personally identifiable information that, if disclosed, would endanger the security, including the security of the population or staff, of specified institutional facilities.

Use of Restraint during Transport and Use of Isolation during Hospital Stays. Authorize the restraint of individuals who are detained or committed as SVPs for security reasons during transport to or from a facility. Authorize the use of isolation within locked facilities in the hospital for security reasons when a person is transferred to a hospital for medical care.

Night Lock, Emergency Lock-up of Patients and Use of Isolation. Authorize the use of night lock for persons detained or committed as SVPs on maximum or medium security units that are equipped with a toilet and sink, or if the SVPs reside in a unit in which each room is not equipped with a toilet and sink and the number of patients outside their rooms equals or exceeds the number of toilets in the unit, except that patients who do not have toilets in their rooms must be given an opportunity to use the toilet at least once every hour, or more frequently if medically indicated. Add references to SVPs and units that house SVPs to current

provisions authorizing institutional staff, under limited circumstances, to lock patients in their rooms on a unit-wide or facility-wide basis. Require each unit that houses SVPs to have a written policy covering the use of isolation.

Filming and Taping Patients. Authorize a facility to film or tape detained or committed SVPs for security purposes without the patient's consent, except prohibit filming a patient in bedrooms or bathrooms for any purpose without the patient's consent.

Residence for Voting Purposes. Specify that, for voting purposes, the residence for a person who is detained or committed and institutionalized would be determined by applying the following standards to whichever of the following dates is applicable to the circumstances of the person.

For individuals who are involuntary detained or committed and institutionalized, the date that the person was detained or committed.

For persons determined to be incompetent or who are found not guilty by reason of mental disease or mental defect, the date of the offense or alleged offense that resulted in the person's commitment.

For a person who is detained or committed as an SVP, the date that the person committed the sexually violent offense that resulted in the sentence, placement or commitment that was in effect when the state filed a petition against the person.

Specify that the person's habitation was fixed at the place established above before he or she was detained or committed would be prima facie evidence that the person intends to return to that place, and that the prima facie evidence of intent to return to the place may be rebutted by presenting information that indicates that the person is not likely to return to that place if the person's detention or commitment is terminated.

Honesty Testing. Authorize DHFS to administer a lie detector test to a sex offender as part of the sex offender's programming, care or treatment. Specify that a patient's refusal to submit to a lie detector test does not constitute a general refusal to participate in treatment. Prohibit a person administering a lie detector test to ask the subject of the test any question that can reasonably be anticipated to elicit information as to whether the subject committed an offense for which the subject has not been convicted, found not guilty by reason of mental disease or defect, or adjudicated delinquent. Provide that the results of a lie detector test may only be used only in the care, treatment or assessment of the subject or in programming for the subject. Specify that the results of a test may be disclosed only to the committing court, the patient's attorney, the attorney representing the state in an SVP proceeding, or to persons employed at the facility at which the subject is placed who need to know the results for purposes related to care, treatment, or assessment of the patient.

Delete references to rules DHFS is required to promulgate establishing a lie detector test program for sex offenders who are in community placements as it relates to the DHFS staff

authority to conduct lie detector tests, and disclose the results of the test, without the prior written and informed consent of the subject.

Activities off Grounds. Authorize the superintendent of a facility at which an SVP is placed to allow the SVP to leave the grounds of the facility under escort. Require DHFS to promulgate rules for the administration of activities off grounds. Specify that a person remains placed in institutional care, as it relates to escapes, while on a leave granted under these provisions.

Placement of Female SVPs. Authorize DHFS to place female patients at the Mendota Mental Health Institute, the Winnebago Mental Health Institute or a privately operated residential facility under contract with DHFS.

Penalty for Battery by a Patient and Intentional Escapes. Provide that any person committed to the custody of DHFS because they were found guilty by reason of mental disease or defect or because they were committed as an SVP who intentionally causes bodily harm to an officer, employee, visitor, or another patient of the mental health institute or facility, without his or her consent, is guilty of a Class D felony. Provide that a person who is detained or committed as an SVP and placed in institutional care and who intentionally escapes from custody is guilty of a Class D felony. These provisions would first apply to offenses committed on the bill's general effective date.

Conference Committee/Legislature: Adopt the Assembly provisions with the following two modifications: (a) require that if a officer or staff member of the facility opens non-privileged mail (mail from persons other than legal counsel, a court, a government official or a private physician or licensed psychologist), it must be opened in the presence of the patient; and (b) delete the provisions that would make battery by a patient or escape by a patient a Class D felony.

Veto by Governor [C-24 and C-25]: Modify the provisions as follows.

Limitations on Sending and Receiving Mail. Delete the distinction between mail an SVP receives from legal counsel, a court, a governmental official or a private physician or licensed psychologist and mail an SVP receives from other persons so that the new provisions would apply to both types of mail. Delete the requirement that the mail be opened in the presence of a patient. Consequently, all mail received by SVPs would be subject to inspections and would not need to be opened in the presence of the patient.

Honesty Testing. Delete the provision that would prohibit a person that administers a lie detector test from asking any question that can reasonably be anticipated to elicit information as to whether the subject committed an offense for which the subject has not been convicted, found not guilty by reason of mental disease or defect, or adjudicated delinquent.

[Act 16 Sections: 29n, 382u, 382wd, 382we, 382wf, 1967n, 1967p, 1993j thru 1993n, 1993r, 1993t, 1993u, 3938sm, 3938sg, 3938t, 4034yd and 4034ye]

[Act 16 Vetoed Sections: 1967p and 1993n]

Children and Families

1. FOSTER CARE AND ADOPTION ASSISTANCE REESTIMATE [LFB Paper 505]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$8,029,500	- $72,900	$7,956,600
FED	9,743,300	420,900	10,164,200
Total	$17,772,800	$348,000	$18,120,800

Governor: Provide $5,846,500 ($2,449,400 GPR and $3,397,100 FED) in 2001-02 and $11,926,300 ($5,580,100 GPR and $6,346,200 FED) in 2002-03 to reflect reestimates of the amount of funding required to support foster care and adoption assistance payments for special needs children under guardianship of the state. The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt special needs children.

Joint Finance/Legislature: Increase funding by $104,500 GPR and $359,900 FED in 2001-02 and decrease funding by $177,400 GPR and increase funding by $61,000 FED in 2002-03 to reflect reestimates of state costs for foster care and adoption assistance payments in the 2001-03 biennium. Act 16 provides a total of $50,121,400 ($25,249,000 GPR and $24,872,400 FED) in 2001-02 and $55,620,400 ($28,097,800 GPR and $27,522,600 FED) in 2002-03 to support these payments.

2. MILWAUKEE CHILD WELFARE AIDS [LFB Paper 506]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- $6,927,900	- $17,167,400	- $24,095,300
FED	- 3,886,300	0	- 3,886,300
PR	0	16,803,000	16,803,000
Total	- $10,814,200	- $364,400	- $11,178,600

Governor: Delete $5,407,100 ($3,481,300 GPR and $1,925,800 FED) in 2001-02 and $5,407,100 ($3,446,600 GPR and $1,960,500 FED) in 2002-03 to fund projected costs of aids expenses related to the administration of the child protective services program in Milwaukee County. This item includes: (a) projected increases in placement costs ($2,284,800 GPR and -$90,900 FED in 2001-02 and $2,315,300 GPR and -$121,400 FED in 2002-03); (b) projected decreases in service costs (-$6,245,600 GPR and -$335,800 FED in 2001-02 and -$6,241,400 GPR and -$340,000 FED); and (c) decreased funding for contracts ($479,500 GPR and -$1,499,100 FED

annually). These changes are primarily due to caseload reestimates and a projected reduction in the federal financial participation rate.

The bill includes $206,600 GPR annually to continue the DHFS contract for the Milwaukee County family intervention and support services (FISS) program, created in calendar year 2000, which provides intake and assessment services of certain *pro se* cases.

Milwaukee child welfare aids fund: (a) direct payments for children in out-of-home care; (b) case management of out-of-home care cases; and (c) services for families where abuse or neglect have been substantiated or is likely to occur, but where the children remain at home as long as appropriate services are provided (safety services). DHFS contracts with private, nonprofit agencies for the administration of all Milwaukee child welfare aid activities.

Joint Finance: Reduce funding by $8,583,700 GPR and increase funding by $8,583,700 PR annually to transfer support for safety services and the prevention services contract from GPR to PR temporary assistance for needy families (TANF) funds transferred from the Department of Workforce Development).

Delete $182,200 PR (TANF funds transferred from the Department of Workforce Development) annually that the Governor recommended be provided to support daycare administration for children in foster care to reflect that funding for these administrative costs is provided under the child care subsidy program.

Require DHFS to first use PR funds budgeted for Milwaukee child welfare aids to support benefits provided through the Bureau of Milwaukee Child Welfare before GPR funds are expended for these services.

The following table summarizes the total funding that would be provided for aids expenses relating to the administration of the child protective services program in Milwaukee County under Act 16. In 2000-01, $97,653,900 ($76,707,200 GPR and $20,946,700 FED) is budgeted for the program. These costs were partially offset by Milwaukee County's annual contribution ($58,893,500 PR).

Senate/Legislature: Adopt the Joint Finance provisions. In addition, require DHFS to transfer $58,600 FED in 2001-02 and $66,800 FED in 2002-03 from funds budgeted for the Division of Children and Family Services local assistance programs to support child welfare services in Milwaukee County. These federal funds are available under Title IV-B of the Social Security Act.

[Act 16 Sections: 1624d and 1656b]

Milwaukee Child Welfare Aids Funding Summary
Act 16

	2001-02				2002-03			
	GPR	FED*	PR	Total	GPR	FED*	PR	Total
Placement Costs								
Foster care	$15,779,100	$9,742,900	$0	$25,522,000	$16,079,000	49,713,000	0	$25,792,000
Treatment foster care	329,600	203,600	0	533,200	330,200	203,000	0	533,200
Child caring institutions	3,636,300	909,100	0	4,545,400	3,636,300	909,100	0	4,545,400
Group homes	743,800	186,000	0	929,800	743,800	186,000	0	929,800
Shelter care	3,055,900	0	0	3,055,900	3,055,900	0	0	3,055,900
Subtotal	$23,544,700	$11,041,600	$0	$34,586,300	$23,845,200	$11,011,100	$0	$34,856,300
Service Costs								
Safety services	$0	$0	$7,094,100	$7,094,100	$0	$0	$7,094,100	$7,094,100
Ongoing services	13,885,300	483,500	0	14,368,800	13,615,300	483,500	0	14,098,800
Wraparound services	8,806,300	1,375,900	0	10,182,200	8,810,500	1,371,600	0	10,182,100
Foster care day care	259,700	0	0	259,700	259,700	0	0	259,700
Safety evaluations	273,100	0	0	273,100	273,100	0	0	273,100
Subtotal	$23,224,400	$1,859,400	$7,094,100	$32,177,900	$22,958,600	$1,855,100	$7,094,100	$31,907,800
Vendor Costs								
Case management services contract	$10,826,600	$3,075,000	$0	$13,901,600	$10,826,600	$3,075,000	$0	$13,901,600
Out-of-home placement unit	4,070,100	1,156,000	0	5,226,100	4,070,100	1,156,000	0	5,226,100
Adoption unit	1,718,500	1,406,000	0	3,124,500	1,718,500	1,406,000	0	3,124,500
FISS unit	206,600	0	0	206,600	206,600	0	0	206,600
Independent investigations	248,400	0	0	248,400	248,400	0	0	248,400
Prevention services contract	0	0	1,489,600	1,489,600	0	0	1,489,600	1,489,600
Other	808,100	298,300	0	1,106,400	808,100	298,300	0	1,106,400
Subtotal	$17,878,300	$5,935,300	$1,489,600	$25,303,200	$17,878,300	$5,935,300	$1,489,600	$25,303,200
Grand Total	$64,647,400	$18,836,300	$8,583,700	$92,067,400	$64,682,100	$18,801,500	$8,583,700	$92,067,300

*Does not include federal Title IV-B funds because these funds are not budgeted to support specific services.

3. MILWAUKEE CHILD WELFARE OPERATIONS [LFB Paper 507]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	$4,438,800	3.92	$0	0.00	- $693,300	0.00	$3,745,500	3.92
FED	2,560,400	- 13.04	- 448,400	0.00	- 972,800	0.00	1,139,200	- 13.04
PR	9,868,500	0.19	0	0.00	0	0.00	9,868,500	0.19
Total	$16,867,700	- 8.93	- $448,400	0.00	- $1,666,100	0.00	$14,753,200	- 8.93

Governor: Provide $8,167,500 ($2,056,700 GPR, $1,170,100 FED and $4,940,700 PR) in 2001-02 and $8,700,200 ($2,382,100 GPR, $1,390,300 FED and $4,927,800 PR) in 2002-03 and delete 8.93 positions (3.92 GPR positions, -13.04 FED positions and 0.19 PR position), beginning in 2001-02, to support the Department's administration of the child protective services program

in Milwaukee County. The funding increase is intended to enable DHFS to maintain its current level of operations, since DHFS used one-time savings to establish spending levels that exceeded costs budgeted in 1999 Wisconsin Act 9.

This item includes funding to support: (a) the Wisconsin statewide child welfare information system (WISACWIS) ($351,600 GPR, $848,000 FED and $4,930,300 PR in 2001-02 and $345,100 GPR, $824,700 FED and $4,917,400 PR in 2002-03); (b) general supplies and services, including contracted services ($1,470,700 GPR and $986,100 FED in 2001-02 and $1,802,600 GPR and $1,229,600 FED in 2002-03); and (c) increased state costs resulting from a projected reduction in the federal financial participation rate for staff costs ($241,800 GPR and -$664,000 FED annually). In addition, this item would convert 1.0 project position that will terminate on June 30, 2001, to permanent status to manage payment for out-of-home care services.

Joint Finance: Reduce the amount of funding recommended by the Governor by $228,000 FED in 2001-02 and $220,400 FED in 2002-03 to reflect revised estimates of federal IV-E claiming rates for selected services.

Assembly: Reduce the amount of funding that would be provided by the Joint Committee on Finance by $527,400 GPR and $398,900 FED in 2001-02 and $859,300 GPR and $651,000 FED in 2002-03. Under this provision, base GPR funding for supplies and services related to the operations of the state's child welfare services in Milwaukee County would be increased by 100% in each year, rather than by 159% in 2001-02 and 196% in 2002-03, as recommended by the Governor and the Joint Committee on Finance.

Conference Committee/Legislature: Reduce the amount of funding that would be provided by the Joint Committee on Finance by $263,700 GPR and $427,400 FED in 2001-02 and $429,600 GPR and $545,400 FED in 2002-03. With this change, base GPR funding for supplies and services in Milwaukee County would be increased by 130% in 2001-02 and 148% in 2002-03.

4. MILWAUKEE CHILD WELFARE -- PROPOSED RULES

Joint Finance: Direct DHFS to promulgate rules regarding the administration of Milwaukee child welfare, including, but not limited to: (a) contracting processes; (b) grievance procedures; (c) caseload ratios; (d) standards for provision of services; and (e) citizen participation. Direct DHFS to submit proposed rules to the Legislature no later than nine months after the effective date of this bill.

Assembly: Delete provision.

Conference Committee/Legislature: Restore the Joint Finance provision.

Veto by Governor [C-36]: Delete provision.

[Act 16 Vetoed Sections: 1618r and 9123(12zk)]

5. MILWAUKEE CHILD WELFARE CONTRACTS

Governor/Legislature: Allow a county department that contracts with DHFS to provide rate-based client services to retain any surplus generated by those client services and to use that retained surplus in the same way that a nonprofit corporation is permitted to retain and use such a surplus under current law. Prohibit a county department or a nonprofit corporation that is providing client services in Milwaukee County from retaining a surplus from revenues that are used to meet the maintenance-of-effort requirement under the federal TANF program. These provisions would first apply to contracts under which a provider commences performance on the effective date of the bill and to all provider contracts on the first January 1 after publication of the bill.

Current law permits a nonprofit corporation that contracts with DHFS or with a county department of human services, social services, community programs or developmental disabilities services to provide rate-based client services to retain a certain percentage of any surplus that is generated by those client services, and to use that retained surplus to fund any deficit incurred in any preceding or future contract period or to address the programmatic needs of its clients served by those client services.

[Act 16 Sections: 1485 thru 1489, 9323(6) and 9423(2)]

6. CREATION OF MILWAUKEE COUNTY CHILD WELFARE DISTRICT

Senate: Authorize the Milwaukee County board of supervisors to create a special purpose district in Milwaukee County that is termed the "Milwaukee County child welfare district." Specify that this district would be a local unit of government, separate and distinct from, and independent of, the state and Milwaukee County, for the purpose of providing child welfare services within the district's jurisdiction, which would include Milwaukee County. Require the county board to do the following: (a) adopt an enabling resolution that establishes the Milwaukee County child welfare district and specifies the district's primary purpose, which would be to provide child welfare services under contract with DHFS; and (b) file copies of the enabling resolution with DOA, DHFS and DOR. Authorize the Milwaukee County child welfare district to provide adoption services and to be a public licensing agency with the approval of DHFS.

Board Members. Specify that the Milwaukee County child welfare district board would be the governing board of the district and require the Milwaukee County executive to appoint the child welfare district board members. Specify that the child welfare district board would consist of 15 people who are residents of the district's jurisdiction. Require board members to

reflect the ethnic and economic diversity of the child welfare district and specify that at least one-quarter of the board members would be representative of the client groups whom it is the district's primary purpose to serve or the family members, guardian, or other advocates for children and families that are served by the district. Prohibit elected or appointed officials and employees of the county that created the child welfare district from being board members and prohibit members from having a private, financial interest in or any profit directly or indirectly from any contract or other business of the district.

Specify that board members would serve five-year terms and no member could serve more than two consecutive terms. Specify that of the members first appointed, five would be appointed for three years, five would be appointed for four years and five would be appointed for five years. A member would serve until his or her successor is appointed, unless the member is removed for cause by the executive. Specify that if a vacancy occurs in the position of any appointed member of the child welfare district board, the executive would appoint a person who meets the applicable requirements to serve for the remainder of the unexpired term. As soon as possible after the appointment of the initial members of the district board, the board would organize for the transaction of business and elect a chairperson and other necessary officers. Each chairperson would be elected by the board from time to time for the term of that chairpersons' office as a member of the board or for the term of three years, whichever is shorter, and would be eligible for reelection. The presence of a majority of board members would represent a quorum and the board could act based on an affirmative vote of a majority of a quorum.

Powers. Provide the Milwaukee County child welfare district the powers necessary and convenient to carry out the operation of the child welfare district and authorize the district to: (a) adopt and alter, at its pleasure, an official seal; (b) adopt bylaws, policies and procedures for the regulation of its affairs and the conduct of business that are consistent with state laws, rules, policies and procedures governing the provision of child welfare services by a county department and with the terms of the district's contract with DHFS; (c) sue and be sued; (d) negotiate and enter into leases or contracts; (e) provide services to children and families, in addition to contracted services; (f) acquire, construct, equip, maintain, improve and manage facilities necessary to operate the child welfare district; (g) hire and pay employees, fix and regulate compensation and provide employee benefits, including an employee pension plan; (h) mortgage, pledge or otherwise encumber the district's property or funds; (i) buy, sell or lease property, including real estate, and maintain or dispose of the property; (j) invest any funds not required for immediate disbursement with a financial institution in either an interest-bearing escrow account or a time deposit of two or fewer years or invest in bonds or securities guaranteed by the federal government or by a commission, board or other agent of the federal government; (k) create a risk reserve or other special reserve as the district board desires or as DHFS requires under a contract with the district; (l) accept aid, including loans, to accomplish the district's purpose, from any local, state or federal governmental agency or accept gifts, loans, grants or bequests from individuals or entities, if the conditions under which the aid, loan, gift, grant or bequest is furnished do not conflict with the purpose of the district; and (m) make and

execute other instruments necessary or convenient to exercise the powers of the child welfare district. Prohibit the child welfare district from issuing bonds or levying a tax or assessment.

Duties. Require the Milwaukee County child welfare district to: (a) appoint a director to hold office at the pleasure of the child welfare district board; (b) develop and implement a personnel structure and other employment policies for employees of the child welfare district; (c) assure compliance with the terms of any contract with DHFS; (d) establish a fiscal operating year and annually adopt a budget for the district; (e) contract for any legal services required for the district; and (f) procure liability insurance covering its officers, employees and agents, insurance against any loss in connection with its property and other assets and other necessary insurance; establish and administer a plan of self-insurance; or participate in a governmental plan of insurance or self-insurance. In order to fulfill these duties, the Milwaukee County child welfare district would enjoy the same authority and privileges, and would be subject to the same statutes and administrative rules, as those governing county departments providing child welfare services.

Duties of Director. Require the director to: (a) manage the property, business and employees of the district, subject to the general control of the board; (b) comply with the bylaws and direct enforcement of all policies and procedures adopted by the board; and (c) perform other duties as prescribed by the board.

Employment and Employee Benefits of Certain Employees. Specify that, if the Milwaukee County child welfare district offers employment to any person who was previously employed by Milwaukee County in a capacity substantially similar to the offered employment, the district would comply with the following requirements: (a) initially provide the same compensation and benefits that the employee received as a county employee; (b) recognize all years of service with the county for any benefit provided or program operated by the district for which years of service affect the benefit; and (c) for employees who were under a collective bargaining agreement at the starting date of employment with the child welfare district, abide by the terms of that agreement until it expires or the district adopts a collective bargaining agreement with its employees, whichever occurs first.

Specify that if the county has not established its own retirement system, the district must adopt a resolution to be part of the Wisconsin Retirement System. For counties with their own retirement system, require the county board to allow district employees to be part of the county's retirement system. Specify that, subject to terms of any applicable bargaining unit, child welfare district employees are eligible to receive health care coverage under any county health insurance plan and participate in any deferred compensation or other benefit plan offered to county employees.

Treatment of the Milwaukee County Child Welfare District as a Special Purpose District. Specify that the Milwaukee County child welfare district would be subjected to many of the same requirements covering other public entities, including open records laws, open meetings laws, requirement for the publication of legal notices, auditing by the Legislative Audit Bureau and

performance reviews by the Joint Legislative Audit Committee. Require the Milwaukee County child welfare district to comply with the same collective bargaining rules that would allow employees of the child welfare district to organize and seek to establish all terms of wages, hours and conditions of employment through collective bargaining.

Specify that the Milwaukee County child welfare district would be subject to regulations affecting both private and public entities. Require the child welfare district to comply with employer regulations, such as the family and medical leave laws, hours of work and overtime and worker's compensation laws. Include the child welfare district in the definition of "employer" for purposes of coverage for group and individual health benefits and for small employer health insurance. Include the child welfare district in the definition of "governmental bodies" as it relates to the state's open meeting law. Specify that the child welfare district would be subject to laws regulating buildings and safety.

Provide the Milwaukee County child welfare district a number of advantages shared by governmental entities by: (a) exempting the child welfare district from local property taxation and the state corporate income and franchise taxes; (b) authorizing the child welfare district to participate in the Wisconsin Retirement System, including disability coverage, local group health insurance, state deferred compensation program, state income continuation program and be included as a coverage group under Social Security; (c) authorizing the child welfare district to contract with other local units of government and with federally recognized American Indian tribes and bands in Wisconsin for the receipt or furnishing of services or the joint exercise of required or authorized powers or duties; and (d) permitting the child welfare district to copy vital records for internal use as long as the copies were marked "for administrative use."

Specify that the obligations and debts of the Milwaukee County child welfare district are not obligations or debts of Milwaukee County. Authorize Milwaukee County to appropriate monies to the district as a gift or loan. Authorize the Milwaukee County child welfare district to participate in the local government pooled investment fund.

Specify that the Milwaukee County child welfare district could be dissolved by joint action of the district board and the County board, subject to the performance of contract obligations and DHFS approval. Provide that if the Milwaukee county child welfare district were dissolved, the property of the child welfare district would be transferred to Milwaukee County. Require that the disposition of any risk reserve be made under the terms of the child welfare district's contract with DHFS.

Modify the definition of an agency in the provision of child welfare services to include the Milwaukee County child welfare district and make the corresponding changes and cross references.

Conference Committee/Legislature: Delete provision.

7. WISACWIS [LFB Paper 508]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-Lapse	$0	0.00	$5,671,600	0.00	$665,200	0.00	$6,336,800	0.00
GPR	$1,783,800	1.83	$0	0.00	$0	0.00	$1,783,800	1.83
FED	1,434,100	- 1.83	1,330,400	0.00	- 665,200	0.00	2,099,300	- 1.83
PR	4,355,900	0.00	- 667,700	0.00	1,339,800	0.00	5,028,000	0.00
Total	$7,573,800	0.00	$662,700	0.00	$674,600	0.00	$8,911,100	0.00

Governor: Provide $3,696,400 ($947,300 GPR, $772,400 FED and $1,976,700 PR) in 2001-02 and $3,877,400 ($836,500 GPR, $661,700 FED and $2,379,200 PR) in 2002-03 and convert 1.83 FED positions to 1.83 GPR positions in 2001-02 to continue implementation of the Wisconsin statewide child welfare information system (WISACWIS). The funding in the bill is intended to enable eight counties to implement WISACWIS in 2001-02 and an additional 20 counties to implement WISACWIS in 2002-03. Counties are expected to fund one-third of the projected one-time and ongoing costs ($651,700 PR in 2001-02 and $1,192,200 PR in 2002-03). The remaining PR funding reflects increases in funding transferred between DHFS divisions.

Specify that counties may use up to 100% of the funds they receive under the income augmentation project (excess Title IV-E funds) to reimburse DHFS for the implementation costs of WISACWIS for the calendar year in which a county implements WISACWIS and in the two calendar years following implementation, notwithstanding current restrictions on the use of these funds. Create a continuing PR appropriation in DHFS to receive the county's share of WISACWIS implementation funds.

Under current law, DHFS may distribute excess Title IV-E funds to non-Milwaukee counties that are making a good faith effort, as determined by DHFS, to implement WISACWIS by July 1, 2005. Counties must use at least 50% of their income augmentation funds to support services for children who are at risk of abuse or neglect to prevent the need for child abuse and neglect intervention services. If a county does not fully implement WISACWIS in the county by July 1, 2005, DHFS may recover any income augmentation funds distributed to the county after June 30, 2001, by billing the county or deducting from the county's basic county allocation in community aids.

Joint Finance: Modify the Governor's recommendation by: (a) lapsing $2,692,500 in 2001-02 and $2,979,100 in 2002-03 from targeted case management revenue from MA claims for non-IV-E eligible children in counties other than Milwaukee County to the general fund; (b) increasing funding by $631,600 FED in 2001-02 and $698,800 FED in 2002-03 to support the county share of WISACWIS implementation costs; (c) decreasing funding by $155,400 PR in 2001-02 and $512,300 PR in 2002-03; and (d) requiring DHFS to use the remaining available revenue from targeted case management to fund the county share of WISACWIS implementation costs. In 2001-02, $496,300 PR and $679,900 PR in 2002-03 would be provided to support the county share of ongoing costs of WISACWIS. These PR funds would be received

by DHFS from counties. In addition, delete the Governor's provision that would have allowed counties to use 100% of their income augmentation funds to support implementation costs.

Senate: Modify provisions in the substitute amendment relating to the implementation of WISACWIS as follows: (a) reduce the amount of targeted case management revenue from MA claims for non-IV-E eligible children in counties other than Milwaukee County that would lapse to the general fund by $1,070,400 in 2001-02 and $1,140,100 in 2002-03; (b) increase funding by $990,500 FED in 2001-02 and $1,140,100 FED in 2002-03 to support the county share of implementation costs; and (c) delete $496,300 PR in 2001-02 and $679,900 PR in 2002-03 and the continuing PR appropriation to reflect that counties would not be responsible for supporting one-third of the ongoing costs of the WISACWIS system.

These changes would lapse a total of $1,622,100 in 2001-02 and $1,839,000 in 2002-03 to the general fund and provide $1,622,100 FED in 2001-02 and $1,838,900 FED in 2002-03 to support the county share of WISACWIS implementation costs. Since no additional funding would be provided under this provision to replace the loss of the county contribution (PR funding), DHFS would be required to absorb the ongoing costs of WISACWIS in its base funding.

Assembly: Modify provisions in the substitute amendment relating to the implementation of WISACWIS as follows: (a) reduce funding to support the counties' share of implementation costs (-$631,600 FED in 2001-02 and -$698,800 FED in 2002-03) and instead, lapse these amounts of MA targeted case management funds to the general fund; (b) increase funding by $155,400 PR in 2001-02 and $512,300 PR in 2002-03 to reflect anticipated county payments to support WISACWIS implementation costs; and (c) delete the provision that would require DHFS to use available targeted case management revenue to support county implementation costs and instead require DHFS to lapse all targeted case management revenue to the general fund. In addition, restore the Governor's provision that would allow counties to use 100% of their income augmentation funds to support implementation costs.

Under these provisions, a total of $7,002,000 in targeted case management funds would lapse to the general fund and counties would be required to support one-third of the implementation and ongoing costs of WISACWIS.

Conference Committee/Legislature: Modify provisions in the substitute amendment relating to the implementation of WISACWIS as follows: (a) reduce funding to support the counties' share of implementation costs (-$315,800 FED in 2001-02 and -$349,400 FED in 2002-03) and instead, lapse these amounts of MA targeted case management funds to the general fund; and (b) increase funding by $426,300 PR in 2001-02 and $913,500 PR in 2002-03 to reflect anticipated county payments to support WISACWIS implementation costs. In addition, restore the Governor's provision that would allow counties to use 100% of their income augmentation funds to support implementation costs.

Under these provisions: (a) $3,008,300 in 2001-02 and $3,328,500 in 2002-03 in targeted case management funds would lapse to the general fund; (b) $315,800 FED in 2001-02 and

$349,400 FED in 2002-03 would be provided to support the county share of WISACWIS implementation costs; and (c) $922,600 PR in 2001-02 and $1,593,400 PR in 2002-03 would be provided to support the county share of the implementation and ongoing costs of WISACWIS. Counties would still be required to support one-third of the implementation and ongoing costs of WISACWIS.

Veto by Governor [C-39]: Delete reference to targeted case management funds in related statutory language regarding the lapse requirements. This allows DHFS to lapse any funding credited to the DHFS income augmentation revenue appropriation to meet the lapse requirements.

[Act 16 Sections: 702f, 732q, 732r, 1557b, 1557jg, 9123(8z), 9223(4z)&(5zk) and 9423(16g)]

[Act 16 Vetoed Section: 9223(5zk)]

8. SPECIAL NEEDS ADOPTION PARTNERSHIP

	Funding	Positions
GPR	$1,272,700	2.20
FED	1,686,100	1.80
Total	$ 2,958,800	4.00

Governor/Legislature: Provide $1,362,300 ($504,100 GPR and $858,200 FED) in 2001-02 and $1,596,500 ($768,600 GPR and $827,900 FED) in 2002-03 and 4.0 positions (2.2 GPR positions and 1.8 FED positions), beginning in 2001-02, to maintain and expand the capacity of contracted providers to provide services relating to the special needs adoption program and to support the Department's contract monitoring and case consultation activities with the contracted agencies. The 4.0 project positions would be extended from June 30, 2001, through September 30, 2003, to support quality assurance activities. DHFS provides adoptive placement and case management services for special needs children through a combination of state staff and contracts with private agencies. DHFS also provides technical assistance to counties on concurrent planning and quality assurance and provides oversight of vendors.

9. FOOD PANTRY ASSISTANCE

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$1,500,000	- $750,000	$750,000

Senate: Provide $1,500,000 annually for DHFS to administer as grants to food pantries that apply and qualify for grants. Create an annual GPR appropriation in DHFS to fund grants and program administration. Prohibit DHFS from expending more than 5% of the total amount appropriated for this program for administration of the grant program.

Specify that the amount of each grant awarded to a food pantry would be in proportion to the number of persons served by the food pantry, with no annual grant award exceeding

$15,000. Require DHFS to allocate 25% of the available funding for grants to eligible rural food pantries and to allocate the remainder of the grant funding to all eligible food pantries. If, after awarding grants to rural food pantries, additional funds are left of the earmarked funds for rural food pantries, authorize DHFS to distribute these funds to all eligible food pantries.

Specify that the grants could be used for: (a) the purchase, storage, transportation, coordination or distribution of food to needy households; (b) the administration of emergency food distribution; (c) the purchase of capital equipment; (d) programs designed to increase food availability to needy households or enhance food security; (e) nutrition education and outreach; and (f) technical assistance related to food pantry management.

Specify that, to be eligible for a grant award, a food panty must: (a) apply for the grant using the application developed by DHFS, which could not exceed one page; (b) be a nonprofit organization or affiliated with a nonprofit organization; (c) directly distribute food packages, without charge, to needy households; (d) be open to the general public in its service area; (e) not base food distribution on any criteria other than the need of the recipient, except to the extent necessary for the orderly and fair distribution of food; (f) have a permanent address, regular hours of operation and be open at least one day per month; and (g) adhere to the U.S. Department of Agriculture's food safety and storage standards.

Require grant recipients to submit a report, no longer than three pages, to DHFS not later than 60 days after the end of the grant period, describing how the food pantry used the grant money. Require DHFS to compile and submit the reports to the Legislature.

Require DHFS to promulgate rules necessary to implement this grant program not later than the first day of the sixth month beginning after the effective date of the bill. Before promulgating rules, require DHFS to convene a committee that would advise DHFS regarding the Department's proposed rules. The committee would be composed of one representative of each of the following: (a) an emergency food provider; (b) a food bank; (c) a community action agency; (d) a faith-based social services organization; and (e) the University of Wisconsin-Extension who has experience in hunger prevention policies. In addition, the committee would include two persons, other than those specified in (a) through (e) above, with experience in hunger prevention and emergency food distribution.

Conference Committee/Legislature: Adopt the Senate provisions with the following modifications: (a) provide $750,000, rather than $1,500,000 annually for grants and administration; (b) delete the provision that would prohibit grant recipients from using grant funds to foster or advance religious or political views; (c) delete the requirement that DHFS promulgate rules and that an advising committee be formed; and (d) require DHFS to submit to the Joint Committee on Finance, under a 14-day passive review process, a plan for distributing the grants to food pantries. Require DHFS to submit the report within 90 days of the general effective date of the bill.

Veto by Governor [C-41]: Delete all funding provided for the program in 2002-03 ($750,000). In addition, delete all statutory provisions relating to this item except the sections that specify the purposes for which grants may be used.

[Act 16 Sections: 701h, 1568b and 9123(4h)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(3)(fp)), 701h, 1568b and 9123(4h)]

10. KINSHIP CARE -- FUNDING [LFB Paper 1050]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $2,840,800	$193,400	- $2,647,400

Governor: Delete $1,420,400 annually to reflect a reestimate of the amount of funding that will be required to fully fund kinship care payments in the 2001-03 biennium. The program is supported with federal TANF block grant funds transferred from the Department of Workforce Development to DHFS. The bill would provide a total of $23,101,300 PR for kinship care benefits in each year of the 2001-03 biennium.

Counties, and in Milwaukee County, DHFS, pay a benefit of $215 per month to kinship care relatives if: (a) there is a need for the child to be placed with the relative and placement with the relative is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child in need of protection or services or a juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements.

Joint Finance/Legislature: Increase funding for kinship care benefits by $96,700 annually to reflect current estimates of kinship care payments made by DHFS and the counties so that $23,198,000 annually would be budgeted for kinship care benefits. Authorize the Joint Committee on Finance to supplement the kinship care appropriation under s. 16.515 of the statutes if the amounts budgeted for the program are insufficient to fund benefits payments to eligible families.

Veto by Governor [C-37]: Delete the provision that would have authorized the Joint Committee on Finance to supplement the kinship care appropriation under s. 16.515 of the statutes if the amounts budgeted for the program are insufficient to fund benefits payments to eligible families.

[Act 16 Vetoed Section: 1629x]

11. KINSHIP CARE -- REVIEW OF DENIAL OF BENEFITS

Governor/Legislature: Repeal a provision that will terminate the current procedure relating to the review of certain kinship care benefit denials on the effective date of the 2001-03 biennial budget so that the current procedure will continue to be used following the enactment of the bill.

Under current law, until passage of the 2001-03 biennial budget bill, a kinship care relative who is denied kinship care payments or who is prohibited from employing a person or permitting a person to reside in the kinship care relative's home based on an arrest or conviction record may request the director of the county department or, in Milwaukee County, a person designated by DHFS to review that denial.

This provision would maintain the individual's right to request a review of the denial.

[Act 16 Sections: 1629, 4036 thru 4038, 4040, 4042 thru 4044 and 9123(5)]

12. TRANSFER YOUTH PROGRAMS TO DWD [LFB Paper 1025]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- $97,000	- 0.50	$97,000	0.50	$0	0.00
PR	- 692,300	- 2.50	532,700	1.50	- 159,600	- 1.00
Total	$789,300	- 3.00	$629,700	2.00	- $159,600	- 1.00

Governor: Transfer $394,600 ($48,500 GPR and $346,100 PR) in 2001-02 and $394,700 ($48,500 GPR and $346,200 PR) and 3.0 positions (0.5 GPR position and 2.5 PR positions), beginning in 2001-02, from DHFS to the Department of Workforce Development (DWD). The bill would transfer the Alliance for Wisconsin Youth program and 1.0 PR position that currently provides support for the National and Community Service Board to DWD to consolidate the state's youth and youth volunteer programs in one agency.

Alliance for Wisconsin Youth. Transfer $314,800 ($48,500 GPR and $266,300 PR) in 2001-02, $314,900 ($48,500 GPR and $266,400 PR) in 2002-03 and 2.00 positions (1.5 PR positions and 0.5 GPR position), beginning in 2001-02. The PR funding is derived from revenues collected from the drug abuse program improvement surcharge (DAPIS). The Alliance: (a) develops local organizations that coordinate substance abuse program resources; (b) promotes collaboration of state agencies and programs to assist local prevention efforts; and (c) provides public education on substance abuse issues.

National and Community Service Board. Transfer $79,800 PR and 1.0 PR position, beginning in 2001-02. PR funding that supports this position is available from funds DOA receives from the federal Corporation for National Service under the National Community Service Act of 1990 and transfers to DHFS, and drug abuse program improvement surcharge (DAPIS). The

National and Community Service Board awards grants to organizations that provide individuals, 16 to 26 years old, with crew-based, highly structured and adult-supervised work experience, life skills training, education, career guidance and counseling, employment training and support services. The Board is attached to DOA, but 1.0 PR position is currently budgeted in DHFS to support the program.

Joint Finance/Legislature: Delete provision. Instead, transfer 1.0 PR position and $79,800 PR annually that currently supports the National and Community Service Board from DHFS to DOA.

13. SPECIAL NEEDS ADOPTION NETWORK [LFB Paper 509]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$30,000	$55,000	$85,000
FED	24,600	45,000	69,600
Total	$54,600	$100,000	$154,600

Governor: Provide $18,200 ($10,000 GPR and $8,200 FED) in 2001-02 and $36,400 ($20,000 GPR and $16,400 FED) in 2002-03 for the special needs adoption network, which assists in finding adoptive homes for children with special needs who do not have permanent homes. In 2000-01, $233,500 ($125,000 GPR and $108,500 FED) was provided for this program. The federal funds are Title IV-E funds authorized under the federal Social Security Act.

Joint Finance/Legislature: Provide an additional $52,200 ($28,700 GPR and $23,500 FED) in 2001-02 and $47,800 ($26,300 GPR and $21,500 FED) in 2002-03 to increase support for the special needs adoption network. In addition, authorize DHFS to provide up to $163,800 GPR in 2001-02 and $171,300 GPR in 2002-03 and each fiscal year thereafter as grants to individuals and private agencies to provide adoption information exchange services and to operate the state adoption center.

[Act 16 Section: 1619r]

14. CHILD CARE LICENSING FUNDING [LFB Paper 1048]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	$751,700	0.00	$0	- 4.00	$751,700	- 4.00

Governor: Provide $369,100 in 2001-02 and $382,600 in 2002-03 to reflect the net effect of: (a) transferring support for 4.6 FTE current child care licensing positions from licensing fee revenue to monies from the federal child care and development fund (CCDF) transferred from

DWD; and (b) providing additional CCDF funds to support increases in the cost of travel, personnel, accounting and indirect services for current child care licensing staff. The bill would increase expenditures supported by CCDF by $660,000 in 2001-02 and $673,900 in 2002-03 and reduce expenditures supported by licensing fees by $290,900 in 2001-02 and $291,300 in 2002-03.

Joint Finance/Legislature: Delete 4.0 positions funded from CCDF in the Bureau of Regulation and Licensing in DHFS, beginning in 2001-02.

15. DAY CARE PROVIDER TRAINING -- SIDS PREVENTION

Assembly/Legislature: Require DHFS, in establishing the minimum requirements for the issuance of licenses to day care centers that provide care and supervision for children under one year of age, to require all licensed individuals and all employees and volunteers of a licensee who provide care and supervision for children, to receive training in the most current medically accepted methods of preventing sudden infant death syndrome (SIDS). Specify that this training must occur before the date on which the license is issued or the employment or volunteer work commences, whichever is applicable.

Require DWD, in establishing the requirements for certification of a child care provider who provides care and supervision for children under one year of age, to include a requirement that all providers, and all employees and volunteers of a provider who provide care and supervision for children, receive training in the most current medically accepted methods of preventing SIDS. Specify that this training must occur before the date on which the provider is certified or the employment or volunteer work commences, whichever is applicable. In addition, clarify that DWD may not include any other training requirements, besides training in the prevention of SIDS, for providers.

[Act 16 Sections: 1636d, 1660y, 9123(14b) and 9158(11c)]

16. CHILD WELFARE QUALITY ASSURANCE [LFB Paper 510]

	Funding	Positions
FED	$73,400	1.00

Governor/Legislature: Provide $21,600 in 2001-02 and $51,800 in 2002-03 to extend 1.0 project position that is scheduled to terminate on January 31, 2002, to January 31, 2004, to continue the child welfare quality assurance program in the 2001-03 biennium. The position would be supported with federal indirect funds ($13,400 in 2001-02 and $32,100 in 2002-03) and Title IV-E funds ($8,200 in 2001-02 and $19,700 in 2002-03). In July, 2000, DOA approved one-time funding of $184,600 from DHFS federal indirect revenues to support the program through June 30, 2001 and the position through January 31, 2002. The child welfare quality assurance program identifies areas where counties are at risk of being found in nonconformity with federal child welfare benchmarks and provides training and technical assistance to bring them into compliance.

17. NEIGHBORHOOD ORGANIZATION INCUBATOR GRANT PROGRAM

Assembly: Provide $100,000 annually for DHFS to award grants to private nonprofit or public community-based organizations as part of a neighborhood organization incubator grant program. Require all grant recipients to: (a) provide information to neighborhood organizations about sources of public and private funding; (b) assist neighborhood organizations in obtaining funding and other assistance from public and private agencies; (c) act as a liaison between neighborhood organizations and public and private entities; (d) provide appropriate training and professional development services to members of neighborhood organizations; (e) engage in outreach efforts to inform neighborhood organizations of the services available from the organization; and (f) undertake other activities that will increase the effectiveness and facilitate the development of neighborhood organizations.

Under this provision, define a "neighborhood organization" as a private, nonprofit, community-based organization that provides any of the following services or programs, primarily to residents of the area in which the organization is located: (a) crime prevention programs; (b) after-school and domestic abuse prevention services; (c) child abuse and domestic abuse prevention services; (d) substance abuse counseling and prevention services; (e) programs for diversion of youth from gang activities; and (f) inmate and ex-offender rehabilitation or aftercare services.

Require grant applicants to submit a plan detailing the proposed use of the grant, and require agencies that receive a grant to submit to DHFS, within 90 days after spending the full amount of the grant, a report detailing the use of the grant funds.

This program would sunset on July 1, 2005.

Conference Committee/Legislature: Delete provision.

18. DOMESTIC ABUSE GRANTS

Assembly: Provide $125,000 GPR annually to increase funding for domestic abuse programs. Require DHFS to increase the overall amount provided in grants for all of the following: (a) basic services; (b) children's programming; (c) expansion and satellite programs; (d) tribal programs; (e) under-represented populations; and (f) training and technical assistance. Require DHFS to increase the amount provided for each of these purposes by the same percentage.

Conference Committee/Legislature: Delete provision.

19. RAINBOW PROJECT -- DOMESTIC ABUSE SERVICES

Senate: Provide $50,000 GPR annually for DHFS to provide to the Rainbow Project, Inc., to support domestic abuse services. The Rainbow Project is a nonprofit agency that serves families with young children in Dane County and surrounding areas who are: (a) victims of child abuse, neglect or sexual abuse; (b) witnesses to domestic violence; (c) exhibiting problems in social and emotional development and behavior; (d) identified as "at risk" for abuse, neglect or domestic violence; or (e) exhibit serious problems in the relationship between parents and child.

Conference Committee/Legislature: Delete provision.

20. BRIGHTER FUTURES AND TRIBAL ADOLESCENT FUNDING

Governor/Legislature: Reduce funding for the Brighter Futures initiative in non-Milwaukee Counties by $30,000 PR annually and increase funding for adolescent choices project grants to federally-recognized American Indian tribes or bands by a corresponding amount. Modify statutory funding allocations to reflect this transfer. These programs are supported by TANF funds transferred to DHFS from DWD.

The Brighter Futures initiative is intended to prevent and reduce the incidence of youth alcohol and other drug use and abuse. The initiative focuses foremost, but not exclusively, on children in out-of-home care, children who have been abused or neglected and children who are aging out of the foster care system and require support towards becoming self-sufficient, responsible, healthy adults.

[Act 16 Sections: 1575 thru 1577]

21. HEALTH SERVICES FOR YOUTH LEAVING OUT-OF-HOME CARE

Governor: Require county departments of community programs to give first priority for mental health services to independent foster care adolescents, as defined in federal law, if state, federal and county funding for mental health services these departments provide is insufficient to meet the needs of all individuals.

In addition, require county departments of community programs to give second priority for alcohol and other drug abuse services to independent foster care adolescents, as defined in federal law, if state, federal and county funding for alcohol and other drug abuse treatment services is insufficient to meet the needs of all eligible individuals. As under current law, pregnant women who suffer from alcoholism or alcohol abuse or who are drug dependent would receive first priority for these services.

Under federal law, an independent foster care adolescent is an individual who is at least 18 years of age but less than 21 years of age and who was in foster care on his or her 18th birthday.

Senate: Provide $54,900 GPR and $77,500 FED in 2002-03 to extend MA coverage to any individual who is at least 18 years of age but under 20 years of age and who, on his or her 18th birthday, was in foster care, or treatment foster care, as determined by DHFS. Specify that this provision would take effect January 1, 2003, and specify that this would first apply to individuals leaving out-of-home care on January 1, 2003. Specify that individuals would be eligible for MA under this provision until they become 20 years of age, after which they would no longer be eligible.

Modify the provision to require county departments of community programs to give first priority for mental health services and second priority for alcohol and other drug abuse services to individuals who were eligible for MA under the MA expansion described here, if state, federal and county funding for these services these departments provide is insufficient to meet the needs of all individuals, effective January 1, 2003. These individuals would only be eligible for service priority while they are 20 years of age.

Conference Committee/Legislature: Adopt the Senate provision with the following modifications: (a) extend MA coverage to any individual who is at least 19, rather than 18 years of age, but under 20 years of age and who, on his or her 18th birthday, was in foster care or treatment foster care, as determined by DHFS; and (b) delete funding to reflect the change in eligibility.

Veto by Governor [C-38]: Delete provision.

[Act 16 Vetoed Sections: 1799f, 1968d, 1968dh, 9323(16f) and 9423(17g)]

22. FOSTER PARENT INSURANCE DEDUCTIBLE

Governor/Legislature: Reduce from $200 to $100 the amount DHFS deducts from a claim submitted from a foster home, treatment foster home or family-operated group home for bodily injury or property damage sustained by a foster parent or member of the household resulting from an act of the child in such a home. As under current law, the foster parent and his or her family would be subject to only one deductible for all claims filed in a fiscal year. This change would first apply to acts or omissions that occur on the act's general effective date.

[Act 16 Sections: 1635 and 9323(5)]

23. REPORTING SUSPECTED OR THREATENED SEXUAL ABUSE OF A CHILD

Joint Finance/Legislature: Specify that: (a) a county department, DHFS or a licensed agency shall within 12 hours, exclusive of Saturdays, Sundays, or legal holidays, refer to the sheriff or police department all cases of suspected or threatened sexual abuse of a child reported to it; (b) for all such reported cases of suspected or threatened sexual abuse of a child, the sheriff or police department and the county department, DHFS or a licensed agency shall coordinate the planning and execution of the investigation of the report; (c) each sheriff and police department shall adopt a written policy specifying the kinds of reports of suspected or threatened sexual abuse of a child that the sheriff or police department will routinely refer to the district attorney for criminal prosecution; (d) law enforcement agencies be specifically added as agencies to whom DHFS, county departments and licensed agencies provide continuing education and training programs designed to encourage reporting of child abuse and neglect and of unborn child abuse, encourage self-reporting and voluntary acceptance of services and improve communication, cooperation, and coordination in the identification, prevention and treatment of child abuse and neglect and of unborn child abuse; and (e) these changes first apply to reports of suspected or threatened abuse on the effective date of the bill.

Sexual abuse of a child includes: (a) sexual assault; (b) sexual assault of a child; (c) repeated sexual assault of the same child; (d) sexual exploitation of a child; (e) permitting, allowing or encouraging a child to violate laws against prostitution; (f) causing a child to view or listen to sexual activity; and (g) exposing genitals or pubic area to a child or encouraging a child to expose genitals or pubic area.

[Act 16 Sections: 1651m thru 1651v and 9323(15c)]

24. PERMANENCY PLANS FOR COURT-ORDERED PLACEMENTS WITH A RELATIVE

Governor: Require that agencies prepare permanency plans for each child that is placed in the home of a relative under a court order under the children's code (Chapter 48) or the juvenile justice code (Chapter 938). Specify that this requirement would first apply to children and juveniles who are placed in the home of a relative under a court order on the bill's general effective date.

For children and juveniles who are living in the home of a relative under a court order on the day before the bill's general effective date, require the agencies to file permanency plans with the court for at least 33% of those children or juveniles by November 1, 2001, at least 67% of those children or juveniles by January 1, 2002, and 100% of those children and juveniles by March 1, 2002, giving priority to those children or juveniles who have been living in the home of a relative for the longest period of time.

Require, rather than permit, DHFS, a county department or a licensed child welfare agency to issue a license to operate a foster home or a treatment foster home to a relative who has no duty to support the child and who requests a license to operate a foster home or

treatment foster home for a specific child who is either placed by court order or who is subject to a voluntary placement agreement. Require, rather than permit, DHFS, a county department or a licensed child welfare agency to license the guardian's home as a foster home or treatment foster home for the guardian's minor ward who is living in the home and who is placed in the home by a court order. As under current law, such relatives who are licensed to operate foster homes or treatment foster homes would be subject to DHFS licensing rules.

Joint Finance: Delete provision as non-fiscal policy.

Assembly: Restore the Governor's provision.

Conference Committee/Legislature: Delete provision.

25. COURT-ORDERED PLACEMENTS -- AGENCY RECOMMENDATIONS

Governor: Require a temporary custody, dispositional, or a change-in-placement juvenile court order that places a child outside the home in a placement recommended by an intake worker or agency that is primarily responsible for providing services to the child to include a statement that the court approves the placement recommended by the intake worker or agency. If the court places a child outside the home in a placement other than a placement recommended by the intake worker or agency, require the order to include a statement that the court has given bona fide consideration to the recommendations made by the intake worker or agency and all parties relating to the placement of the child.

This provision is intended to enable the state to comply with new federal regulations relating to eligibility for federal foster care and adoption assistance funding under Title IV-E of the Social Security Act.

Joint Finance: Delete provision as non-fiscal policy.

Assembly/Legislature: Restore the Governor's provision.

[Act 16 Sections: 1578, 1579, 1583, 1584, 3887, 3888, 3897 and 3901]

26. DEFINITION OF A RELATIVE

Assembly/Legislature: Expand the definition of a "relative," as it relates to the children's code (Chapter 48) and the juvenile justice code (Chapter 938) to include greatgrandparents. Expand the definition of "caregiver," as it relates to reporting requirements for the abuse and neglect of children, to include greatgrandparents.

Currently, Chapters 48 and 938 define a relative as a parent, grandparent, stepparent, brother, sister, first cousin, nephew, niece, uncle or aunt and the relationship must be by blood, marriage or adoption. Under current provisions relating to reporting requirements for child

abuse and neglect, the definition of a relative also includes a second cousin, stepgrandparent, stepbrother, stepsister, half brother, half sister, brother-in-law, sister-in-law, stepuncle or stepaunt.

Under the children's code and the juvenile justice code, the court may place a child or juvenile in the home of a relative or transfer legal custody of a child or juvenile to a relative, which could, under this provision, include a greatgrandparent. A report of child abuse or neglect or threatened child abuse or neglect by a caregiver would, under this provision, include abuse or neglect by a greatgrandparent. This provision would allow a greatgrandparent of the abused or neglected, or suspected abused or neglected, child or of the expectant mother of the unborn child, to make a written request to the child welfare agency for information regarding what action, if any, was taken to protect the health and welfare of the child or unborn child who is the subject of the report. This change in the definition of a relative would not expand the definition of a kinship care relative, since the definition of a relative under kinship care already includes greatgrandparents.

[Act 16 Sections: 1577g, 1651g, 1651h and 3876x]

27. DELETE MARRIAGE COUNSELOR POSITION

	Funding	Positions
PR	- $109,000	- 1.00

Conference Committee/Legislature: Delete $54,400 annually and 1.0 position that was authorized in 1999 Wisconsin Act 9 to provide marriage counseling services to reflect that no TANF funding would be budgeted to support this position.

[Act 16 Section: 9123(14q)]

28. QUALIFICATIONS FOR DCFS ADMINISTRATOR

Senate: Require that the individual who serves as the administrator of the DHFS Division of Children and Family Services (DCFS) have a masters degree in social work and be a certified social worker in the State of Wisconsin. Specify that these requirements would apply to the individual who is the DCFS administrator on the bill's general effective date. Currently, there are no statutory qualifications for any of the DHFS division administrators.

Conference Committee/Legislature: Delete provision.

29. REPEAL APPROPRIATIONS

Governor/Legislature: Repeal an appropriation that funds assessments of non-legally responsible relatives to determine if those relatives are eligible to receive foster care payments. Repeal an appropriation that enables DHFS to expend all moneys received from

nongovernmental agencies for providing health or social services under contract for the purpose of providing those services. 1999 Wisconsin Act 9 transferred funding from these appropriations to other DHFS appropriations.

[Act 16 Sections: 701 and 722]

Community Aids and Supportive Living

1. COMMUNITY AIDS [LFB Paper 515]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	$4,920,700	- $348,700	$4,572,000
FED	- 2,336,000	32,946,800	30,610,800
PR	0	- 36,172,400	- 36,172,400
Total	$2,584,700	- $3,574,300	- $989,600

Governor: Provide $3,578,000 ($174,700 GPR, -$1,168,000 FED and $4,571,300 PR) in 2001-02 and delete $993,300 ($4,746,000 GPR, -$1,168,000 FED and -$4,571,300 PR) in 2002-03 to reflect: (a) a reduction in the amount of TANF funding federal law permits a state to use for the same purposes as the federal social services block grant (SSBG); (b) anticipated reductions in the amount of federal SSBG funds the state will receive that would be budgeted for community aids; (c) the cost to continue foster care rate increases approved in 1999 Wisconsin Act 9; and (d) the cost to maintain increased funding for the Alzheimer's family and caregiver support program (AFCSP) approved in Act 9.

TANF/Social Services Block Grant Conversion. The federal Transportation Equity Act for the 21st Century (TEA-21), as amended by the federal Consolidated Appropriations Act 2001, reduced the maximum percentage of a state's TANF allocation that a state can use to fund SSBG eligible activities, from 10% in federal fiscal year 2000-01 to 4.25% in federal fiscal year 2001-02. Provide $4,571,300 PR in 2001-02 to reflect that this change in federal law will occur in federal fiscal year 2001-02, rather than in 2000-01, as anticipated in 1999 Wisconsin Act 9. Provide $4,571,300 GPR and delete $4,571,300 PR (TANF transferred from DWD) in 2002-03 to reduce TANF support for community aids to reflect this new federal limit and increase GPR support for community aids to fully offset this TANF reduction.

SSBG Reduction. TEA-21 reduced SSBG funding by 4.23% in federal fiscal year 2000-01. Delete $1,189,500 FED annually to reflect that less funding is available from this source to support community aids (-$1,169,500 FED annually) and Family Care (-$20,000 FED annually).

Foster Care Rates. Provide $58,200 GPR and $21,500 FED annually to fully fund the 1% increase in foster care rates in Act 9 that took effect January 1, 2001, for which six months of funding was budgeted in Act 9. Act 9 increased foster care rates by 1% in calendar year 2000 and an additional 1% in calendar year 2001.

Basic County Allocation. Delete references to 1999-01 funding allocations, and instead, specify that funding for the basic county allocation would be $245,706,500 in both 2001-02 and in 2002-03 to reflect adjustments from the SSBG reduction, foster care rate increase and Milwaukee County's contribution for child welfare services.

Substance Abuse Prevention and Treatment (SAPT) Block Grant. Delete references to 1999-01 funding allocations, and instead, specify that not more than $9,735,700 FED in SAPT funds would be distributed by DHFS to counties in each fiscal year to reflect an adjustment from Milwaukee County's contribution for child welfare services. The SAPT block grant is a categorical allocation under community aids.

Alzheimer's Family and Caregiver Support Program. Provide $116,500 GPR annually to fully support the AFCSP funding increase approved in Act 9. Delete references to 1999-01 funding allocations, and instead, authorize DHFS to distribute not more that $2,342,800 in each fiscal year for this program. The AFCSP is a categorical allocation under community aids.

Joint Finance/Legislature: Reduce funding by $4,051,900 (-$348,700 GPR, $18,954,300 FED and -$22,657,500 PR) in 2001-02 and increase funding by $477,600 ($13,992,500 FED and -$13,514,900 PR) in 2002-03 to reflect the following changes to the Governor's recommendations: (a) reduce funding by $4,571,300 PR in 2001-02 to reflect the administration's intent regarding the amount of TANF funding that can be used for the same purposes as the SSBG under federal law; (b) increase funding by $20,900 PR in 2001-02 and reduce funding by the same amount in 2002-03 to adjust for the provision in the bill that would provide DHFS $13,514,900 in TANF funds for SSBG purposes under community aids, an amount that is $20,900 greater than the amount DWD had assumed DHFS would use for this purpose; (c) convert the current PR-S appropriation for community aids in DHFS to a FED appropriation to correctly reflect the source of TANF funds that are used for SSBG purposes in community aids; (d) increase funding by $498,500 FED annually to reflect the anticipated availability of additional SSBG funds; (e) provide $348,700 FED in TANF funds and delete $348,700 GPR for community aids in 2001-02; and (f) modify the statutory limit of the basic county allocation to $244,745,200 in 2001-02 and $244,703,400 in 2002-03. The following tables identify community aids funding, by allocation and funding source, in the 2001-03 biennium.

2001-03 Community Aids Funding
Act 16
By Allocation

Allocation	Calendar Year 2002	Calendar Year 2003	Fiscal Year 2001-02	Fiscal Year 2002-03
Basic County Allocation*	$244,543,800	$244,502,100	$244,544,600	$244,502,800
Substance Abuse Prevention & Treatment Block Grant	9,735,700	9,735,700	9,735,700	9,735,700
Community Mental Health Block Grant	2,513,400	2,513,400	2,513,400	2,513,400
Alzheimer's Family & Caregiver Support Program	2,342,800	2,342,800	2,342,800	2,342,800
Family Support Program	4,964,800	5,089,800	4,589,800	5,089,800
Tribal Child Care	412,800	412,800	412,800	412,800
Total	$264,513,300	$264,596,600	$264,139,100	$264,597,300

*After adjusting for transfers to the Family Care program.

By Funding Source

	Fiscal Year 2001-02	Fiscal Year 2002-03
GPR*	$173,475,400	$178,895,400
FED		
Social Services Block Grant*	$28,343,700	$28,343,700
Title IV-E	27,837,700	27,837,700
Substance Abuse Prevention & Treatment Block Grant	9,735,700	9,735,700
Mental Health Block Grant	2,513,400	2,513,400
Title IV-B	3,777,400	3,777,400
Temporary Assistance to Needy Families	18,455,800	13,494,000
Total FED	$90,663,700	$85,701,900
Total Funding	$264,139,100	$264,597,300

*After adjusting for transfers to the Family Care program.

[Act 16 Sections: 732d, 732m, 743dc, 1484m, 1494r, 1495g, 1553t, 1554d, 1556, 1559t, 1560d, 1568d, 1568m, 1574p, 1706b, 1971p and 1971r]

2. MILWAUKEE COUNTY'S CONTRIBUTION FOR CHILD WELFARE SERVICES

PR	- $77,584,400

Governor/Legislature: Delete $38,792,200 annually to eliminate the transfer of community aids funds that are initially allocated to Milwaukee County, to the Division of Children and Family Services (DCFS) to support child welfare services in Milwaukee County. Currently, this funding is "double-counted" in the DHFS budget, both as community aids and as PR funding transferred from the county to DCFS. The bill would reduce community aids

funding by $38,792,200 ($23,379,500 GPR and $15,412,700 FED) annually, and increase funding budgeted in DCFS for child welfare services in Milwaukee County by corresponding amounts.

Require Milwaukee County to make its $58,893,500 annual contribution to support the child welfare system in Milwaukee County as follows: (a) through a reduction of $37,209,200 from the amount DHFS distributes as the basic county allocation under community aids; (b) through a reduction of $1,583,000 from the federal substance abuse prevention and treatment (SAPT) block grant that DHFS distributes as a categorical allocation under community aids; and (c) through a deduction of $20,101,300 from shared revenue payments. The community aids contribution amounts represent the Department's estimates of the amount of community aids funding Milwaukee County was spending on child protective services at the time DHFS assumed responsibility of these services. Current law does not specify the amount of community aids or shared revenue payments that Milwaukee County must provide to meet its contribution requirement.

Reduce from $11,318,700 FED to $9,735,700 FED the amount of SAPT funds DHFS would distribute annually as a categorical allocation under community aids to reflect that $1,583,000 of these funds would be budgeted annually in DCFS. Finally, convert the DCFS appropriation for interagency and intra-agency aids that supports Milwaukee child welfare services from a continuing appropriation, which authorizes DCFS to expend all moneys received from these sources, to an annual appropriation.

This item is intended to simplify the administrative mechanism DHFS uses to support the Milwaukee child welfare system, but would not affect the total amount of funding available to provide services.

[Act 16 Sections: 704, 1554d, 1555 and 1620 thru 1624d]

3. BIRTH-TO-THREE [LFB Paper 519]

GPR	$4,000,000
FED	1,331,200
Total	$5,331,200

Joint Finance/Legislature: Increase funding for early intervention services for infants and toddlers, commonly referred to as the birth-to-three program, as follows:

Funding to Counties. Provide $1,019,700 GPR in 2001-02 and $2,039,300 GPR in 2002-03 to increase counties' birth-to-three allocations, beginning in January, 2002, such that each county would receive an amount that represents 60% of the total state, federal and county calendar year 1999 costs. Require counties to maintain their calendar year 1999 level of funding for the birth-to-three program. Authorize DHFS to exempt counties that can demonstrate extraordinary efforts in calendar year 1999 from this requirement and establish that county's maintenance of effort at an agreed upon level.

MA Enhanced Reimbursement Rate. Increase medical assistance (MA) benefits funding by $760,500 ($313,700 GPR and $446,800 FED) in 2001-02 and $1,511,700 ($627,300 GPR and

$884,400 FED) in 2002-03 to fund the cost of providing an enhancement to the maximum MA reimbursement rate available for MA services provided to children enrolled in the birth-to-three program and provided in the child's natural environment. This enhancement would first be available January 1, 2002.

[Act 16 Section: 1982r]

4. ELDER ABUSE SERVICES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$3,000,000	- $750,000	$2,250,000

Senate/Legislature: Increase funding DHFS allocates to counties to provide direct services for elderly in need of services, as determined by a county investigation into reports of abuse, material abuse, neglect or self-neglect, by $1,500,000 GPR annually. In 2000-01, $625,000 GPR was budgeted for this purpose.

Veto by Governor [C-30]: Delete $750,000 in 2001-02. Therefore, funding for the program is increased by $750,000 in 2001-02 and by $1,500,000 GPR in 2002-03.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(7)(dh))]

5. COMMUNITY SERVICES FOR INDIVIDUALS WITH MENTAL ILLNESS [LFB Paper 516]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$2,016,000	$893,600	$2,909,600

Governor: Provide $1,088,000 in 2001-02 and $928,000 in 2002-03 from the federal community mental health block grant to fund: (a) one-time costs of continuing the mental health/substance abuse managed care demonstration pilots that began in the 1999-01 biennium; and (b) expanded prevention, early intervention and recovery services for persons with mental illness.

Behavioral Health Managed Care Demonstration Projects. Provide $160,000 in 2001-02 to fund one-time costs of continuing the four mental health/substance abuse demonstration pilot programs that were enacted in 1999 Wisconsin Act 9. In January, 2001, DHFS began operating four demonstration projects that provide services to persons with mental illness and/or alcohol or other drug dependency on a fee-for-service basis for an 18-month period. Beginning in July, 2002, counties, tribes or entities contracted by counties or tribes would begin providing services

to these clients on a capitated basis, using a combination of MA, local tax and community aids funds and provide a single-entry point into the system for all clients.

Systems Change Grants. Provide $928,000 annually to increase funding for systems change grants. In 2000-01, DHFS has budgeted a total of $935,200 to support both systems change grants ($245,100) and grants for recovery, early prevention and intervention services ($690,100). Modify the program as follows.

First, specify that grant recipients could include entities other than counties.

Second, permit grant recipients to use funds to support initial phasing in of recovery-oriented system changes, prevention and early intervention strategies and consumer and family involvement for individuals with mental illness. Currently, counties may use the funds to permit initial phasing in of community services for individuals with mental illness who are relocated or diverted from institutional or residential care.

Third, reduce from five years to three years the maximum period a grant recipient could receive funding.

Fourth, require grant recipients to use savings made available from incorporating recovery, prevention and early intervention strategies and consumer and family involvement in services, to continue community services once grant funding is discontinued. Currently, counties are required to continue funding for these services by using funding made available to the county from reduced institutional and residential care utilization.

Finally, delete the $350,000 annual limit on the amount of funding DHFS may distribute for these purposes.

Joint Finance: Decrease funding for system change grants by $96,100 FED in 2001-02 and $866,300 FED in 2002-03 and require DHFS to allocate no less than 10% of the total funds for system change grants for mental health services for children. Increase funding for: (a) integrated service projects for children with severe emotional disabilities ($296,000 FED in 2001-02 and $496,000 FED in 2002-03); (b) consumer and family support services ($394,000 FED annually); (c) the behavioral health managed care demonstration projects ($238,000 FED in 2001-02 and $38,000 FED in 2002-03). The additional funds reflect revised reestimates of federal funding available under the community mental health block grant.

Senate/Legislature: Modify provisions in the substitute amendment that relate to eligibility for systems change grants to specify that grant recipients could include only nonprofit, tax exempt corporations or counties.

Veto by Governor [C-32]: Delete provision that would have limited eligibility for systems change grants to include only nonprofit, tax exempt corporations or counties. Therefore,

eligible grant recipients include entities other than counties and nonprofit, tax exempt corporations.

[Act 16 Sections: 1562d and 4046j]

[Act 16 Vetoed Section: 1562]

6. FAMILY SUPPORT PROGRAM [LFB Paper 518]

GPR	$1,000,000

Joint Finance/Legislature: Increase funding for the family support program by $250,000 in 2001-02 and $750,000 in 2002-03. The family support program provides services to families with children who have severe disabilities to enable the parents to keep these children at home. Funding for the family support program is budgeted as a categorical allocation within the community aids appropriation. Under current law, DHFS may distribute up to $4,339,800 annually to counties for the family support program.

[Act 16 Section: 1555w]

7. INDEPENDENT LIVING ASSISTIVE TECHNOLOGY

	Senate/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$400,000	$0	$400,000
GPR-Lapse	$0	$380,000	$380,000

Senate: Provide $400,000 annually in one-time funds to DHFS to administer the following grant awards to: (a) eight independent living centers to support the assistance technology/adaptive equipment program ($30,000 annual grants totaling $240,000 annually); (b) the Wisconsin Coalition for Advocacy to provide statewide systematic advocacy on assistive technology issues ($60,000 annually); (c) the Office for Persons with Physical Disabilities to provide technical assistance and maintenance in the area of assistive technology and adaptive equipment ($30,000 annually); (d) the Easter Seals Society of Wisconsin to continue providing specialized assistance to persons with disabilities in the agricultural industry ($30,000 annually); and (e) the Wheelchair Recycling Program to provide recycled medical equipment directly to consumers and programs in need and to support costs of equipments parts, maintenance and distribution costs ($40,000 annually).

Conference Committee/Legislature: Modify the Senate provisions to provide $200,000 annually in one-time funds for DHFS to administer the following grant awards to: (a) eight independent living centers ($18,750 annual grants, totaling $150,000 annually); (b) the Office for Persons with Physical Disabilities ($15,000 annually); (c) the Easter Seals Society of Wisconsin ($15,000 annually); and (d) the Wheelchair Recycling Program ($20,000 annually).

Veto by Governor [C-42]: Delete all provisions and funding relating to this item, except the provision that would provide one-time funding of $20,000 GPR in 2001-02 for the Wheelchair Recycling Program. Lapse $180,000 in 2001-02 and $200,000 in 2002-03 to the general fund.

[Act 16 Sections: 721r, 721s, 725, 725b, 726p, 726q, 9123(15j) and 9423(18j)]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(6)(a)), 721r, 721s, 725, 726p, 726q, 9123(15j) and 9423(18j)]

8. LEGISLATIVE COUNCIL STUDY ON DEVELOPMENTAL DISABILITIES

Assembly/Legislature: Incorporate selected recommendations of the Special Legislative Council Study Committee on Developmental Disabilities, as follows.

Council on Developmental Disabilities. Require that the Council on Developmental Disabilities include four legislative members, one from each caucus, designated by the speaker of the Assembly, the Senate majority leader and the minority leaders in both houses and appointed by the Governor. Currently, the Council consists of representatives from: (a) DWD, DHFS, DPI and UW; (b) public and private nonprofit agencies of the state's political subdivisions providing direct services to individuals with developmental disabilities; (c) nongovernmental agencies and groups concerned with services to person with developmental disabilities; and (d) persons with developmental disabilities or their parents or guardians.

Require the Council to prepare, by January 31 of each year, a report evaluating the waiting lists compiled by DHFS for services for persons with developmental disabilities for the preceding calendar year and submit the report to the Legislature.

Authorize Locally-Matched Brain-Injury Waiver Slots and Expenditures. Incorporate the brain injury waiver (BIW) program into the community integration IB (CIP IB) program to provide counties the authority to create additional slots and fund additional expenditures above the state-funded BIW levels and capture additional federal matching funds by providing the nonfederal share of the BIW costs.

Under current law, the BIW program is not directly referenced in statute, and, as a result, DHFS may not claim federal matching funds for county expenditures under this program.

Nurse Visitation for MA Recipients Receiving Personal Care Services. Require DHFS to promulgate rules that require the written plan of care for MA recipients receiving personal care services to be reviewed by a registered nurse at least every 60 days. Specify that the rule must provide that the written plan of care must designate an interval for visits to the recipient's home by a registered nurse as part of the review of the plan. Specify that the designated interval for visits must be based on the individual recipient's needs and each recipient must be visited in his or her home by a registered nurse at least once in every 12-month period, rather than at least

every 60 days, as specified under current rule. Specify that the rules require that a visit to the recipient is also required if, in the course of the nurse's review of the plan of care, there is evidence that a change in the recipient's condition has occurred that may warrant a change in the plan of care.

Specify that DHFS must submit proposed rules required under this provision, to the Legislative Council staff no later than the first day of the fourth month beginning after the effective date of the bill.

Rules promulgated under this provision would not affect the frequency in which a registered nurse would be required to review of a care plan for MA recipients receiving personal care services, only the frequency in which that nurse would have to visit the recipient's home as part of that plan review. Under these rules, the care plan would specify the interval of such visits based on the individual recipient's need, rather every 60 days, as required under current rules. A visit would be required if during a review of a recipients' care plan, there was evidence that a change in the recipient's condition has occurred that may warrant a change in the plan of care. A visit by the registered nurse would be required at least once every 12-month period under rules promulgated under this provision.

Consolidation of Services for Persons with Developmental Disabilities. Require DHFS to develop a plan to administer and fund services for persons with developmental disabilities that would be included in its 2003-05 biennial budget request. Specify that the plan must include: (a) the consolidation of institutional and community-based services for persons with developmental disabilities within the administrative subunit that is administering community-based services; and (b) the consolidation of funding under the MA program for institutional and home and community-based waiver services for persons with developmental disabilities under a single appropriation, to the extent possible under federal law. Specify that funding for services to persons with developmental disabilities must not be tied to any specific program or service setting, but must be individually tailored to enable the person to live in the least restrictive setting that is appropriate to the person's needs and preferences. Direct DHFS to seek any new waivers under the MA program that would be necessary to implement these changes.

Pilot Program for Long-Term Care of Children with Disabilities. Require DHFS, as soon as possible before July 1, 2002, to seek a wavier of federal MA statutes and regulations that are necessary to provide to disabled individuals under 24 years of age, under one program, with uniform administration and service delivery, the services available under several MA community-based waiver programs (COP-W, CIP IA, CIP II and CIP IB), the family support program and early intervention services (birth-to-three) program. Require DHFS, if a waiver is received, to seek enactment of statutory language to implement the waiver as soon as possible before July 1, 2002. Specify that the program must have all of the following characteristics:

- MA coverage would be expanded to include children with severe disabilities and long-term care needs as well as children eligible for MA with high medical costs and to cover services focused on children and families needs.

- The administration of the program must be consistent with the family support program, including a family-centered assessment and planning process.

- The program must operate within rate settings based upon a child's level of care and support needs, and must be consistent with federal MA home and community-based waiver regulations.

- DHFS must coordinate supports and services with the MA fee-for-service system, including the prior authorization process.

- The lead agency for the program must be a county department or a human service agency that administers the program under a contract with a county department.

- Counties in which the program is located must provide, contract for the provision of, organize or arrange for long-term care supports to eligible children up to age 24 years, except that expenditures for children 21 to 23 years old must be approved by the DHFS based on the criteria used under the family support program for children of this age.

- The program must provide information and assistance services that include: (a) information and referral services and other services at hours that are convenient for the public; (b) prevention and intervention services within the limits of available funding; (c) counseling concerning public and private benefits programs; and (d) assistance with understanding child and parent rights within the long-term care system.

- The administering agency must determine functional and financial eligibility for the program by coordinating with DHFS services in completing: (a) a determination of functional eligibility for the children's long-term support benefit; (b) a determination of financial eligibility and of the maximum amount of cost sharing required for a family who is seeking long-term care services, under standards prescribed by DHFS; (c) assistance to a child who is eligible for a long-term care support benefit and to the child's family with respect to the choice of whether or not to participate in the waiver pilot; and (d) assistance in enrolling in the program, for families who choose to enroll their children.

- The cost of the program must not exceed the cost of existing services under the family support program, MA waiver programs and the birth-to-three program, and the program must blend the costs per child served under these programs.

- DHFS may develop a methodology to distribute funding to programs on a per child per month basis.

- DHFS must reinvest any funding saved by this new methodology into the children's long-term support system.

- DHFS must equitably assign priority on any necessary waiting lists, consistent with criteria prescribed by DHFS, for children who are eligible for the program, but for whom resources are not available.

- DHFS must provide transitional services to families whose children with physical or developmental disabilities are preparing to enter the adult service system.

- DHFS must determine eligibility for state supplemental SSI payments, MA or food stamps.

Veto by Governor [C-28]: Delete provisions relating to the: (a) membership on the Council on Developmental Disabilities; (b) Council report to the Legislature evaluating waiting lists; and (c) consolidation of services for person with developmental disabilities. As they relate to the pilot program for long-term care of children with disabilities, delete the provisions requiring that: (a) DHFS seek waivers as soon as possible before July 1, 2002, to implement the pilot program; (b) if the waiver is approved, DHFS seek legislation and funding as soon as possible before July 1, 2002, to implement the program; (c) the program include an expansion of MA waiver programs, the family support program and the birth-to-three program, and an expansion of services focused on the needs of children with developmental disabilities and their families; and (d) DHFS provide transitional services to families whose children with physical or developmental disabilities are preparing to enter the adult service system.

[Act 16 Sections: 174g, 174h, 1508rg thru 1509h, 1750km and 9123(16r),(16rr)&(16rs)]

[Act 16 Vetoed Sections: 174g, 174h and 9123(16r), (16rq) & (16rs)]

9. URBAN/RURAL SUBSTANCE ABUSE TREATMENT GRANTS FOR WOMEN [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	$950,000	- $586,000	$364,000
PR	300,000	250,800	550,800
Total	$1,250,000	- $335,200	$914,800

Governor: Provide $600,000 ($475,000 FED and $125,000 PR) in 2001-02 and $650,000 ($475,000 FED and $175,000 PR) in 2002-03 to increase funding for substance abuse programs for women. Federal funding is available from the substance abuse prevention and treatment (SAPT) block grant. PR funding is available from the drug abuse program improvement surcharge (DAPIS).

DHFS awards annual grants to counties and private entities, in both urban and rural communities, to provide community-based alcohol and other drug abuse treatment programs that: (a) meet the special needs of women with problems resulting from alcohol or other drug abuse; and (b) emphasize parent education, vocational and housing assistance and coordination with other community programs and with treatment under intensive care. In 2000-01, $1,167,900 FED from the SAPT block grant budgeted in DHFS and $1,000,000 FED in TANF funds budgeted in DWD supported grants to nine counties. Under the bill, TANF funding in DWD for this program would be discontinued after calendar year 2001.

Joint Finance/Legislature: Modify the Governor's recommendations by reducing funding for grants by $273,900 FED in 2001-02 and $312,100 FED in 2002-03 to reflect reestimates of SAPT funding available to support grants. Increase funding for grants by $106,300 PR in 2001-02 and $144,500 PR in 2002-03 from DAPIS funds to support grants at the level recommended by the Governor. Therefore, $1,600,300 (all funds) in 2001-02 and $1,650,300 (all funds) in 2002-03 would be available for grants.

[Act 16 Section: 1568d]

10. SUBSTANCE ABUSE SERVICES GRANTS [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	$0	$2,000,000	- $2,000,000	$0

Governor: Authorize DHFS to distribute substance abuse treatment grants to all counties, rather than Milwaukee County, exclusively. Under current law, DHFS distributes a $5,000,000 GPR annual grant to Milwaukee County that the county uses to provide substance abuse treatment services to TANF-eligible individuals with family incomes equal to or less than 200% of the federal poverty level.

In addition, require that allocated but unexpended funds for these substance abuse treatment grants on June 30 of each year be transferred to the Wisconsin Works and other public administration and benefits appropriation in DWD. Current law states that at the end of the 1999-00 fiscal year, DHFS is required to transfer the difference between the $5,000,000 appropriation and the amount expended and encumbered to DWD to help satisfy the TANF maintenance-of-effort requirement.

Joint Finance: Modify the Governor's provisions by specifying that the effective date of this change would be January 1, 2002.

Transfer $1,000,000 GPR annually from DWD to DHFS for substance abuse services grants. Indicate that these funds be counted towards the state's TANF maintenance-of-effort requirement. Specify that no less than $2,000,000 of the total annual grant funding be awarded to Milwaukee County or private, nonprofit organizations in Milwaukee County. In addition,

specify that no more than $4,000,000 of the total annual grant funding be awarded to counties and private, nonprofit organizations throughout the state. Require DHFS to distribute substance abuse services grants that are not earmarked specifically for services in Milwaukee County to counties and private, nonprofit organizations in counties, including Milwaukee County, based on the distribution of families with income at or below 200% of the federal poverty level.

Assembly: Reduce funding that would be provided for substance abuse services grants by $1,000,000 annually so that base funding ($5,000,000 per year) would continue to be available for grants. In addition, delete the provision in the substitute ammendment that would specify that no less than $2,000,000 of the total annual grant funding would be awarded to Milwaukee County or private, nonprofit organizations in Milwaukee County and that grant funds would be distributed based on the distribution of families with income at or below 200% of the federal poverty level.

Conference Committee/Legislature: Delete all changes in the bill relating to these grants except the requirement that allocated but unexpended funds for these substance abuse grants on June 30 of each year be transferred to the Wisconsin Works and other public administration and benefits appropriation in DWD. Consequently, DHFS would be required to distribute a $5,000,000 GPR annual grant to Milwaukee County to provide substance abuse services to TANF-eligible individuals with family incomes equal to or less than 200% of the federal poverty level, as stated in current law. Funding for these grants is counted toward the state's TANF maintenance-of-effort requirement.

[Act 16 Sections: 725 and 737]

11. DRUG PREVENTION AND INTERVENTION GRANT

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$60,000	$0	$60,000
GPR-Lapse	$0	$60,000	$60,000

Senate/Legislature: Provide $30,000 annually for DHFS to provide as a grant for community programs to the Career Youth Development Center in the City of Milwaukee for the Center's drug prevention and intervention programs. These programs would provide student athletes in middle school and high school in the Milwaukee public school system with activities designed to prevent alcohol and other drug experimentation and abuse.

Veto by Governor [C-35]: Delete provision and lapse $30,000 annually to the general fund.

[Act 16 Vetoed Section: 1557v]

12. SUBSTANCE ABUSE TREATMENT OF MINORS

Assembly/Legislature: Incorporate the provisions of 2001 Assembly Bill 116, which relates to substance abuse treatment of minors, into the bill.

Minor's Consent for Inpatient Treatment. Repeal the requirement that a minor 14 years of age or older provide consent before the minor may receive inpatient treatment for the primary purpose of alcoholism or drug abuse (substance abuse) treatment.

Minor's Consent for Assessments by Approved Treatment Facilities. Permit a parent or guardian of a minor to consent to have the minor assessed for the minor's abuse of alcohol or other drugs and to consent to a plan of treatment that is recommended, based on the assessment, by an approved treatment facility without obtaining the minor's consent for the assessment.

Specify that if, based on the assessment, the facility determines that the minor is in need of substance abuse treatment, the treatment facility would be required to recommend a plan of treatment that is appropriate for the minor's needs and that provides for the least restrictive form of treatment consistent with the minor's needs. Specify that the treatment may consist of outpatient treatment, day treatment or inpatient treatment.

Voluntary Treatment Services for Minors Whose Parents Cannot be Found or for Whom There is no Parent with Legal Custody. Permit a minor under 14 years of age to petition the juvenile court for approval of admission to an inpatient facility for substance abuse treatment if the minor's parent or guardian refuses to submit the treatment application, cannot be found, or if there is no parent with legal custody. Specify that a copy of the petition and notice of hearing be served upon the parent or guardian at his or her last-known address. Require a court to approve the minor's admission without the consent of the parent or guardian if, after a hearing, the court determines that the parent or guardian cannot be found or that there is no parent with legal custody and that the admission is proper under the statutory standards for admission. Require a minor who obtains admission through such a petition to be discharged within 48 hours after submitting a request for a discharge.

Currently, only minors 14 years or older may petition a court for admission to an inpatient facility under these circumstances.

Permit a physician or health care facility to render preventive, diagnostic, assessment, evaluation or treatment services to a minor under 12 years of age without obtaining consent from the minor's parent or guardian or providing the notice to the minor's parent or guardian if the parent or guardian cannot be found or there is no parent with legal custody of the minor.

Currently, physicians and health care facilities may render services under these circumstances to minors 12 years of age or older.

Discharges from Inpatient Treatment Facilities. Repeal the requirement that a minor 14 years of age or over who has been voluntarily admitted to an inpatient facility for substance abuse services be discharged within 48 hours after his or her request for a discharge. Instead, require that the minor be discharged within 48 hours after the request of the minor's parent or guardian. Permit a minor who is not discharged either on the request of the minor or the request of the minor's parent or guardian to submit a request to the juvenile court to hold a hearing to determine the continued appropriateness of the minor's admission.

Initial Applicability. Specify that these changes would first apply to individuals who are receiving substance abuse treatment in an approved inpatient facility, or who are receiving substance abuse outpatient services on the bill's general effective date, regardless of whether admission to the inpatient facility or outpatient program occurred or was sought prior to the effective date of the bill.

[Act 16 Sections: 1966cb thru 1966cz, 1966r, 1967f thru 1967j, 1993f thru 1993h, 933w, 9323(17k) and 9423(17k)]

13. PERFORMANCE EVALUATIONS FOR SUBSTANCE ABUSE INTERVENTION AND TREATMENT GRANTS

Assembly/Legislature: Require DHFS to promote the efficient use of resources for substance abuse intervention and treatment services by doing all of the following: (a) developing one or more methods to evaluate the effectiveness of, and developing performance standards for, substance abuse intervention and treatment services adminstered by DHFS; (b) adopting policies to ensure that, to the extent possible under state and federal law, funding for substance abuse intervention and treatment services that are administered by DHFS are distributed giving primary consideration to the effectiveness of the services in meeting department performance standards for substance abuse services; (c) requiring every application for funding from DHFS for susbtance abuse intervention or treatment services to include a plan for the evaluation of the effectiveness of the services in reducing substance abuse by the service recipients; and (d) requiring every funding recipient to provide DHFS the results of the evaluation conducted under (c).

Veto by Governor [D-11]: Delete provision.

[Act 16 Vetoed Section: 1483j]

14. COMMUNITY SUPPORT PROGRAM

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$2,000,000	- $500,000	$1,500,000

Joint Finance: Provide $1,000,000 annually to provide the state's share of medical assistance (MA) program benefits to MA recipients who receive services under community support programs. This county-administered program provides community-based, individualized services, including coordinated care, treatment, rehabilitation and support services, to adults with severe and persistent mental illness. Currently, counties provide the state match for federal MA funds for eligible services provided to MA recipients.

Assembly: Delete provision.

Conference Committee/Legislature: Restore the Joint Finance provision. In addition, modify the provision to enable DHFS to use the additional funding to provide state support for county community support programs, rather than limiting the use of this funding for the state match for MA-eligible services.

Veto by Governor [C-33]: Delete $500,000 in 2001-02. In addition, delete "$1,000,000" in the related statutory language specifying the amount of funds DHFS must distribute for community support services from this appropriation.

[Act 16 Sections: 726n and 1971L]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(7)(bL)) and 1971L]

15. SSI CARETAKER SUPPLEMENT REESTIMATE [LFB Paper 1041]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- $523,600	$4,604,600	$4,081,000

Governor: Provide $496,800 in 2001-02 and delete $1,020,400 in 2002-03 to reflect a reestimate of the amount of TANF funding transferred from the Department of Workforce Development (DWD) to DHFS that will be required to support the state supplemental security income (SSI) caretaker supplement program in the 2001-03 biennium. The administration projects that the regular SSI caseload will continue to decline and the number of individuals eligible for the SSI caretaker supplement will remain constant in the 2001-03 biennium. The bill would provide a total of $18,288,800 PR in 2001-02 and $16,771,600 PR in 2002-03 in TANF funds transferred from DWD to support these payments.

SSI is a federal cash benefit program for low-income, disabled or blind adults and children. Each Wisconsin recipient of a federal SSI benefit is eligible for a basic state supplement to his or her benefit. A recipient's state benefit level is based on whether that individual is living independently in his or her own household or living in the household of another person. If a recipient has a spouse who is also eligible to receive SSI benefits, the couple receives a combined benefit. The caretaker supplement is a cash benefit to SSI recipients who

have dependent children. The benefit is $250 per month for the first dependent child and $150 per month for each additional dependent child.

Joint Finance/Legislature: Increase funding by $1,718,200 in 2001-02 and $2,886,400 in 2002-03 to reflect a reestimate of the funding necessary to support the SSI caretaker supplement program in the 2001-03 biennium. It is projected that the regular SSI caseload will continue to decline and the caretaker supplement caseload will continue to increase.

16. RESPITE CARE PROGRAM

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$225,000	- $225,000	$0

Joint Finance/Legislature: Provide $112,500 annually to increase funding for the life-span respite care project. In 2000-01, $225,000 was budgeted for this program, which DHFS provided as a grant to the Respite Care Association of Wisconsin to serve as the statewide respite care coordinator. The Association awarded $155,000 in grants to each of the five DHFS regions in the state through a competitive process. In addition, delete a reference to grants provided in the 1999-01 biennium to indicate that funding is to be provided in subsequent biennia.

Veto by Governor [C-31]: Delete the provision that would increase funding for the program.

[Act 16 Section: 1574]

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(7)(br))]

17. COMPULSIVE GAMBLING AWARENESS CAMPAIGN GRANT PROGRAM

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
PR	- $500,000	$500,000	$0

Joint Finance: Delete $250,000 annually and eliminate the compulsive gambling awareness campaign grant program administered by DHFS. Under current law, DHFS is required to provide grants totaling $250,000 to one or more individuals or organizations in the private sector to conduct compulsive gambling awareness campaigns. Program revenue (PR) is available from Indian gaming revenue.

In 2000-01, the Wisconsin Council on Problem Gambling was awarded this grant and used the funds to provide: (a) a 24-hour helpline; (b) a public relations and media awareness

campaign on compulsive gambling; (c) training for human service professionals in the area of problem gambling; (d) educational materials targeted for middle- and high school-age students; (e) a statewide conference; (f) grants for community-based activities; and (g) a needs assessment survey and research project on the addiction of compulsive gambling.

Senate: Delete the provision under Joint Finance that would eliminate the compulsive gambling awareness campaign grant program. Instead, provide $250,000 annually for DHFS to provide grants under this program. Transfer $250,000 annually from the general program operations appropriation of the state lottery in the Department of Revenue (DOR) to DHFS for this purpose. Provide that any unencumbered balance in the DHFS appropriation at the end of each fiscal year would be transferred to the lottery fund. Provide that, of the amounts appropriated for the general program operations of the lottery, DOR could not expend more than $4,358,000 in each fiscal year for advertising of the state lottery.

Under current law, DHFS is required to provide annual grants totaling $250,000 to one or more individuals or organizations in the private sector to conduct compulsive gambling awareness campaigns. The program is funded with tribal gaming revenue in the current biennium. The lottery advertising budget, which is part of the general program operations appropriation of the lottery, is currently budgeted $4,608,000 annually. Under this provision, the amount would be reduced by $250,000 annually, but no reduction would be made to the general program operations appropriation of the lottery.

Conference Committee/Legislature: Adopt the Senate provisions, but delete the provision that would specify that, of the amounts appropriated for the general program operations of the lottery, DOR could not expend more than $4,358,000 in each fiscal year for advertising the state lottery.

[Act 16 Sections: 728p, 880c, 920h, 1142t and 1483gb]

18. ALZHEIMER'S DISEASE RECOGNITION AND SAFE-RETURN PROGRAM

	Senate/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$60,000	- $60,000	$0

Senate: Provide $30,000 annually to DOJ for publicity activities for a program administered by a nongovernmental entity that registers persons with Alzheimer's disease or other related dementias in a national database and provides the persons identification bracelets that facilitate their safe return to caregivers if they become lost or wander. Create an appropriation in DOJ to receive these funds.

Conference Committee/Legislature: Modify the Senate provision to provide DHFS, rather than DOJ, funding for publicity activities.

Veto by Governor [C-42]: Delete provision.

[See "Justice" for additional information on this provision.]

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(6)(a)), 721r and 1568c]

19. ALZHEIMER'S FAMILY AND CAREGIVER SUPPORT PROGRAM

Senate: Delete the Department's current authority to transfer funds from the Alzheimer's family and caregiver support program (AFCSP) in counties with a Family Care care management organization (CMO) to Family Care. In addition, specify that counties may provide AFCSP services to individuals under the AFCSP eligibility requirements, regardless of whether or not the individual is eligible for Family Care.

Conference Committee/Legislature: Delete the Senate provision. Instead, specify that individuals in counties with a Family Care CMO, who are not eligible for services under Family Care, but who meet the eligibility requirements for AFCSP, may receive services under AFCSP. Require that individuals in those counties who meet the eligibility requirements for Family Care receive services under the Family Care program. In addition, for counties with a Family Care CMO, specify that DHFS may transfer the lesser of up to 60% of the amount allocated to counties for AFCSP, or the AFCSP allocation minus the amount necessary to maintain funding for recipients receiving services under the AFCSP, who on the general effective date of the bill, are ineligible for Family Care.

[Act 16 Sections: 1556d, 1568mg and 1568mh]

20. CAREGIVER COMPLAINT CONTRACT

	Funding	Positions
GPR	$0	- 1.45
PR	113,800	0.00
Total	$113,800	- 1.45

Governor/Legislature: Provide $56,900 PR annually and delete 1.45 GPR positions, beginning in 2001-02, to fully fund the caregiver complaint contract in the 2001-03 biennium. DHFS contracts with a private firm to investigate complaints of abuse, neglect and misappropriation of property by caregivers employed by certain health care and long-term care providers. This item would be supported with revenues DHFS collects from licensing nursing homes and hospitals.

21. PROGRAM CERTIFICATION STAFF

	Positions
FED	0.25
PR	0.75
Total	1.00

Governor/Legislature: Provide 1.0 licensing specialist position (0.25 FED position and 0.75 PR position), beginning in 2001-02, to certify outpatient substance abuse and mental health treatment programs. The costs of supporting this position would be absorbed by DHFS. Substance abuse and mental

health treatment programs must be certified in order to receive public funding, and, in many cases, private insurance funding.

22. HOSPITAL AND NURSING HOME FEE REVENUE

Governor/Legislature: Increase the amount of hospital and nursing home licensing fee revenue that would support vital statistics services and regulation of nursing home and other facility capital projects from $297,200 in 2000-01 to $310,100 in 2001-02 and $309,300 in 2002-03. The remaining hospital and nursing home licensing fee revenue is credited to the appropriation for licensing and support services for nursing homes, hospitals and other health care facilities. DHFS assesses annual fees of $6 per licensed bed on nursing homes and $18 per licensed bed on hospitals to support these functions.

[Act 16 Section: 708]

23. ADULT DAY CARE CERTIFICATION FEE

PR-REV	- $53,200
PR	- $53,200

Senate/Legislature: Reduce funding to support the certification of adult day care centers by $26,600 annually and modify the certification fee for adult day care facilities so that the biennial fee would be $100, rather than $89 plus $17.80 multiplied by the number of clients that the adult day care center is certified to serve, as provided under current law. Reduce projected program revenue by $26,600 annually because of this fee reduction. Repeal the Department's authority to increase the fee by administrative rule.

Veto by Governor [C-14]: Delete the provision that would repeal the Department's authority to increase the statutory fee by administrative rule.

[Act 16 Sections: 722d, 1791h and 1791i]

[Act 16 Vetoed Section: 1791i]

24. HEALTH INSURANCE SUPPLEMENT FOR COMMUNITY DISABILITY SERVICE PROVIDERS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	$250,000	- $250,000	$0

Senate: Provide $500,000 in 2001-02 to fund supplements to providers of services under the home and community-based waiver programs under MA, to offset costs of providing health insurance to the providers' employees. Require a provider to apply to DHFS for a supplement,

and limit the supplement any provider may receive to the amount the provider expends for employee health care insurance costs or $50,000, whichever is less.

Conference Committee/Legislature: Modify the Senate provision by providing $250,000, rather than $500,000, in 2001-02.

Veto by Governor [C-12]: Delete provision.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.435(4)(bu)), 707r, 707s, 9123(13q) and 9423(15r)]

25. NURSING HOMES -- COMPREHENSIVE QUALITY ASSESSMENT PILOT PROJECT

Assembly: Require DHFS, by January 1, 2002, to submit for review by the appropriate standing committees of each house of the Legislature, as determined by the presiding officer of each house, a request to the U.S. Department of Health and Human Services, for a waiver of federal MA laws to permit nursing facilities, as approved by DHFS, to participate in a pilot project in Brown, Grant, Polk and Waukesha Counties, under which comprehensive assessments of the quality of care conducted by private entities could, if approved by DHFS, be used in lieu of annual surveys conducted by the DHFS. Prohibit DHFS from submitting the request unless the request is approved by the appropriate standing committees of the Legislature that review the request.

If the waiver is approved, require DHFS to conduct a pilot program in Brown, Grant, Polk, and Waukesha Counties, under which nursing facilities could apply to DHFS to participate in the project.

Specify that, if the nursing facility contracts to receive a comprehensive quality assessment, under standards and principles of comprehensive assessments of the quality of care provided to residents of nursing facilities, it must provide to DHFS a copy of a report by the assessment provider of each assessment conducted. Require each report to include any findings of violations of state statutes or rules that are discovered in the course of performance of the assessment. Require the nursing facility to provide any information that DHFS requests concerning any violations noted in the report. Permit DHFS to use the assessment report and information provided by the nursing facility as evidence for issuing state citations and other sanctions and assessing related forfeitures. Authorize, but not require, DHFS to waive the annual required nursing home survey upon receipt of the assessment report. This report could substitute for the required annual nursing home survey that is conducted by DHFS for meeting certification standards under MA and Medicare.

Conference Committee/Legislature: Delete provision.

26. CREATION OF LICENSURE FOR RESPITE FACILITIES FOR PERSONS WITH SIMILAR DISABILITIES

Assembly/Legislature: Create a new type of licensure for facilities that provide respite care to persons with similar disabilities. Allow such a facility to provide overnight respite care for up to 10 persons with similar disabilities who are at least two years of age, and in addition, day respite care for up to 10 additional persons with similar disabilities who are at least two years of age.

Require DHFS to provide uniform statewide licensure, inspection and regulation of these respite facilities and prohibit any person from operating a respite facility unless the facility is licensed by DHFS. Require DHFS to issue a license if it finds that the applicant is fit and qualified and meets the statutory requirements and rules. Require DHFS or the Department's designated representative to inspect or investigate a respite facility prior to issuance of a license, and authorize DHFS to inspect a respite facility, as DHFS deems necessary, including a review of patient care records. Specify that the past record of violations of federal or state laws or regulations of this or any other state, in the operation of any health-related organization, by an operator, managing employee, or direct or indirect owner of a respite facility is relevant to the issue of the fitness of an applicant for a license. Require DHFS or the Department's designated representative to inspect and investigate as necessary to determine the conditions existing in each case, and require DHFS to prepare and maintain a written report concerning the investigation and inspection.

Require that the application for a license be in writing on a form provided by DHFS, and contain such information as required by DHFS. Require that the application for licensure include the annual license fee of $18 per licensed bed. Specify that a license is valid until suspended or revoked, and that each license is issued only for the applicant named in the application and may not be transferred or assigned. Require that any license granted under special limitations prescribed by DHFS must state the limitations.

Prohibit any entity that is not a licensed respite facility from designating itself as a "respite facility" or use the word "respite facility" to represent the entity as a respite facility or as providing services provided by a respite facility.

Authorize DHFS, after notice to the applicant or licensee, to suspend or revoke a license in any case in which DHFS finds that there has been a substantial failure to comply with statutory requirements or promulgated rules. Prohibit the payment of state funds or federal funds passing through the state treasury to any respite facility that does not have a valid license. Specify that the notice of revocation must include a clear and concise statement of the violations on which the revocation is based, the statute or rule violated and notice of the opportunity for an evidentiary hearing. Require the respite facility, if it desires to contest the revocation of license, to notify DHFS in writing of its request for a hearing under s. 227.44. Specify that revocation would become effective on the date set by DHFS in the notice of revocation, or upon final action after a hearing under Chapter 227, or after court action if a stay is granted under

Chapter 227, whichever is later. Authorize DHFS to extend the effective date of license revocation in any case in order to permit orderly removal and relocation of individuals served by the respite facility.

Require DHFS to promulgate rules regarding standards for the care, treatment, health, safety, rights, and welfare of persons receiving care and the maintenance, general hygiene and operation of a respite facility. Specify that these standards must permit residents who receive day care to share dining facilities and day trips with persons who receive overnight care. Also, specify that the standards must allow provision of fire safety training by a local fire inspector or a fire department.

Require DHFS to promulgate rules regarding: (a) the inspection or investigation procedures that DHFS or the Department's designated representative may use to assure that care and treatment meets required standards; (b) criteria for determining that the applicant for licensure is fit and qualified; (c) a procedure for waiver of and a variance from required standards, which waiver or variance may be limited in duration by DHFS; (d) the definitions of "disability" and "like or similar disabilities" for purposes of specifying the groups of clients that can be served by respite facilities in general and that can be served by a single respite facility.

Authorize DHFS, upon the advice of the Attorney General, to institute an action in the name of the state in the circuit court for Dane County for injunctive relief or other process against any licensee, owner, operator, administrator or representative of any owner of a respite facility for the violation of any of the statutory requirements or rules if the violation affects the health, safety or welfare of persons with cerebral palsy. Specify that the Attorney General would represent DHFS in all such proceedings.

Authorize DHFS to impose a forfeiture of not more than $100 for the first violation and a forfeiture of not more than $200 for the second and any subsequent violation within a year for any person that violates statutory requirements or rules pertaining to a respite facility. Specify that each day of violation constitutes a separate violation, and require that the following factors be considered in determining whether a forfeiture is imposed and the amount of the forfeiture: (a) the gravity of the violation, including the probability that death or serious harm will result or has resulted, the severity of the actual or potential harm, and the extent to which statutory provisions or rules were violated; (b) good faith exercised by the licensee; (c) any previous violations committed by the licensee; and (d) the financial benefit to the facility of committing or continuing the violation.

Authorize DHFS to directly assess forfeitures, but require DHFS to send a notice of assessment to the facility. Require that the notice specify the amount of the forfeiture, the violation and the statute or rule alleged to have been violated, and inform the licensee of the right to a hearing. Permit a facility to contest forfeiture by sending, within 10 days after receipt of notice, a written request for a hearing under s. 227.44 to the DOA Division of Hearings and Appeals. Allow the administrator of the Division of Hearings and Appeals to designate a hearing examiner to preside over the case and recommend a decision to the administrator.

Specify that the decision of the administrator is the final administrative decision, and require that the hearing commence within 30 days after receipt of the request for hearing. Require that the final decision be issued within 15 days after the close of the hearing. Require that all forfeitures be paid to DHFS within 10 days after receipt of the notice of assessment or, if the forfeiture is contested, within 10 days after receipt of the final decision after exhaustion of administrative review, unless the final decision is appealed and the order is stayed by court order. Require DHFS to remit all forfeitures paid to the State Treasurer for deposit in the school fund. Permit the Attorney General to bring an action in the name of the state to collect any forfeiture imposed if the forfeiture has not been paid following the exhaustion of all administrative and judicial reviews. Specify that the only issue to be contested in any such action is whether the forfeiture has been paid.

Require DHFS to submit in proposed form the rules required for respite facilities to the Legislative Council staff no later than October 31, 2002. Specify that the licensure of respite facilities would begin on March 1, 2003.

Veto by Governor [C-15]: Delete provision.

[Act 16 Vetoed Sections: 1877g thru 1877i, 1894r thru 1900m, 9123(18f) and 9423(18f)]

Family Care and Other Community-Based Long-Term Care Programs

1. FAMILY CARE -- FUNDING [LFB Paper 520]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$4,470,900	$1,319,500	- $4,267,100	$1,523,300
FED	1,159,400	11,445,800	- 9,437,000	3,168,200
PR	- 16,171,300	0	0	- 16,171,300
Total	- $10,541,000	$12,765,300	- $13,704,100	- $11,479,800

Governor: Delete $4,508,500 ($2,179,200 GPR, $1,432,000 FED, and -$8,119,700 PR) in 2001-02 and delete $6,032,500 ($2,291,700 GPR, -$272,600 FED and -$8,051,600 PR) in 2002-03 to reflect the net fiscal effect of funding projected Family Care costs, other than payment to care management organizations (CMOs) for services they provide to MA-eligible enrollees in the five existing CMOs.

The GPR increase is primarily due to projected increases in CMO service costs for non MA-eligible Family Care enrollees. The bill would increase funding by $3,141,700 GPR in 2001-02 and $5,734,900 GPR in 2002-03 to support these costs. In addition, funding to support information technology costs would increase by $426,900 GPR in 2001-02 and $401,000 GPR in

2002-03. These and other funding increases would be partially offset by several proposed funding reductions, such as eliminating base funding for external advocacy services provided by the Wisconsin Coalition for Advocacy under contract with the Board on Aging and Long-Term Care and the state's Long-Term Care Council. In addition, the GPR cost increases would be partially supported by increasing the amount of funding that would be transferred from community aids and the community options program (COP) to support Family Care.

Funding for the projected growth of MA-eligible enrollees in existing CMO sites is reflected under the MA base reestimate item. The amount provided in the MA base reestimate is $1,898,900 GPR and $10,686,300 FED in 2001-02 and $4,472,100 GPR and $13,210,100 FED in 2002-03. In total, the bill would provide an additional $4,078,100 GPR in 2001-02 and $6,763,800 GPR in 2002-03 to support the costs of Family Care in the 2001-03 biennium.

Joint Finance: Reduce funding in the bill by $1,173,100 GPR and increase funding by $207,600 FED in 2001-02 and increase funding by $2,492,600 GPR and $11,238,200 FED in 2002-03 as follows.

Reestimate Program Costs. Reestimate the costs of Family Care in the 2001-03 biennium (-$1,428,100 GPR and -$47,400 FED inn 2001-02 and -$1,519,500 GPR and $2,056,200 FED in 2002-03). The funding adjustments include: (a) increased funding for resource centers; (b) reduced funding for CMO costs to reflect lower projected enrollment of non-MA eligibles in the CMO counties; and (c) projected increases in funding that will be transferred from community aids and the community options program to support Family Care program costs.

Kenosha CMO. Provide $3,032,100 GPR and $8,202,000 FED in 2002-03 to establish a new CMO site in Kenosha County, beginning on July 1, 2002.

County Planning Costs. Provide $700,000 GPR and $700,000 FED in 2002-03 to support counties' costs to plan for future participation in Family Care.

External Advocacy Services. Increase funding budgeted for medical assistance administration by $250,000 GPR and $250,000 FED in 2001-02 and by $275,000 GPR and $275,000 FED in 2002-03 to support external advocacy services for persons applying for, and enrolled in, Family Care. This funding would be transferred to the Board on Aging and Long-Term Care to support a contract with the Wisconsin Coalition for Advocacy to provide these services and to support 1.0 PR position in the Board.

Wisconsin Council on Long-Term Care. Increase funding by $5,000 GPR and $5,000 FED annually to maintain support for the Wisconsin Council on Long-Term Care. In addition, extend the sunset date for the Council from July 1, 2001, to July 1, 2003.

Conference Committee/Legislature: Transfer $700,000 GPR that was provided by the Joint Committee on Finance to support counties' costs to plan for future participation in Family Care from the Division of Health Care Financing to the DHFS general administration program operations appropriation.

Veto by Governor [C-29]: Delete the additional funding and statutory changes included by the Joint Committee on Finance relating to: (a) establishing a CMO site in Kenosha County; (b) county planning costs; (c) external advocacy services; and (d) the Wisconsin Council on Long-Term Care. Reduce funding by $255,000 GPR and $255,000 FED in 2001-02 and by $4,012,100 GPR and $9,182,000 FED in 2002-03 to reflect these changes.

[Act 16 Vetoed Sections: 395 (as it relates to 20.435(4)(b),(bm)&(bn) and (8)(a)), 1520d thru 1520w and 4060c]

2. CIP IB AND CIP II SLOTS AND RATES [LFB Paper 521]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$7,109,400	$9,695,400	- $5,844,400	$10,960,400
FED	10,075,500	13,741,800	- 6,614,300	17,203,000
Total	$17,184,900	$23,437,300	- $12,458,700	$28,163,400

Governor: Provide $5,728,300 ($2,362,900 GPR and $3,365,400 FED) in 2001-02 and $11,456,600 ($4,746,500 GPR and $6,710,100 FED) in 2002-03 to fund 60 new CIP IB placements and 686 new CIP II slots that will be phased-in over the 2001-02 fiscal year.

The CIP IB and CIP II programs provide enrollees a comprehensive set of community-based services as an alternative to institutional care. The CIP IB program serves persons with developmental disabilities, while the CIP II program serves persons who are elderly and persons who are physically disabled.

Joint Finance/Legislature: Modify the Governor's recommendations as follows.

CIP IB Slots. Provide $1,898,600 GPR and $2,704,100 FED in 2001-02 and $5,296,800 GPR and $7,498,900 FED in 2002-03 to fund 388 new CIP IB slots in 2001-02 and another 300 CIP IB slots in 2002-03 at an enhanced rate of $65 per day.

CIP IB Rates for Current Slots. Provide $500,000 GPR and $712,100 FED in 2001-02 and $750,000 GPR and $1,057,300 FED in 2002-03 to increase reimbursement rates for current CIP IB slots from the current rate of $48.33 per day to $49.67 per day in 2001-02 and to $50.33 per day in 2002-03.

CIP II Rates for Current Slots. Provide $500,000 GPR and $712,100 FED in 2001-02 and $750,000 GPR and $1,057,300 FED in 2002-03 to increase reimbursement rates for current CIP II slots from $40.78 per day to $41.86 per day in 2001-02 and to $42.23 per day in 2002-03.

Veto by Governor [C-26]: Reduce funding by $1,989,000 GPR and $2,219,500 FED in 2001-02 and by $3,855,400 GPR and $4,394,800 FED in 2002-03 to reflect the net fiscal effect of: (a) reducing the number of new CIP IB slots by 138 in 2001-02 and by 300 in 2002-03 so that 250 additional CIP IB slots would be provided, beginning in 2001-02, in addition to the slots

included in the Governor's initial budget recommendations; (b) increasing the CIP IB rate for current and new slots from $48.33 per day to $49.67 per day, beginning July 1, 2002; and (c) increasing the CIP II rate for current slots from $40.78 per day to $41.86 per day, beginning July 1, 2002.

[Act 16 Vetoed Section: 395 (as it relates to s. 20.435(4)(b)]

3. COP AND COP-W SLOTS [LFB Paper 521]

	Governor (Chg. to Base)	Jt. Finance /Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	$2,679,300	$9,998,600	- $2,694,600	$9,983,300
FED	0	11,760,000	- 2,817,600	8,942,400
Total	$2,679,300	$21,758,600	- $5,512,200	$18,925,700

Governor: Provide $1,336,300 in 2001-02 and $1,343,000 in 2002-03 to fully fund community option program (COP) slots that were created in 2000-01. 1999 Wisconsin Act 9 created 581 new COP slots that were phased-in during the 2000-01 fiscal year and, as a result, the full annualized cost of these slots is not included in the base budget. Federal matching funds for COP-waiver slots are included as part of the MA base reestimate.

Joint Finance/Legislature: Modify the Governor's recommendation by providing an additional $2,851,300 GPR and $3,003,600 FED in 2001-02 and $7,147,300 GPR and $8,756,400 FED in 2002-03 to support 1,000 additional COP-Waiver (COP-W) slots in 2001-02 and an additional 960 COP-W slots in 2002-03. By the end of the 2001-03 biennium, there would an additional 1,960 COP-W slots. The COP-W program funds community-based, long-term care services to elderly and physically disabled individuals.

Veto by Governor [C-26]: Delete $2,694,600 GPR and $2,817,600 FED in 2002-03 to delete funding for 960 additional COP-W slots that would have been provided in 2002-03. Consequently, Act 16 provides funding to support 1000 new COP-W slots, beginning in calendar year 2002.

[Act 16 Vetoed Section: 395 (as it relates to 20.435(7)(bd)]

4. CBRF SIZE LIMIT FOR COP-W AND CIP II

GPR	- $3,637,600

Governor: Authorize counties to use COP-W and CIP II funds to support residential services in community-based residential facilities (CBRFs) with up to 20 beds, with the approval of DHFS. Under current law, counties may use COP-W and CIP II funds to support residential services in CBRFs with up to four beds without receiving approval from DHFS, but may use COP-W and CIP II funds to support residential services in CBRFs with up to eight beds with the approval of DHFS.

Senate/Assembly/Conference Committee: Reduce funding for the regular COP program (COP-R), which is funded entirely with GPR, by $1,212,600 in 2001-02 and by $2,425,000 in 2002-03 to reflect the estimated GPR cost savings of funding long-term care services for some persons who reside in CBRFs with COP-W funds, rather than COP-R funds.

Modify the bill to authorize counties to use COP-R, COP-W and CIP II funds for services provided in CBRFs with up to 20 beds without the approval of DHFS and without the need to meet certain conditions and to use these funds for services provided in CBRFs with over 20 beds if approved by DHFS and certain standards are met. Repeal a current provision that permits counties to establish and implement more restrictive conditions than those specified in state law regarding the use of COP-W funds to provide services to persons who reside in CBRFs.

It is anticipated that, due to this change, approximately 400 persons who are currently receiving services funded entirely with GPR under COP-R would instead receive services under COP-W. The 1999 average cost of providing care for persons enrolled in COP-R was approximately $860 per month, so that the GPR cost of providing services to these 400 persons is estimated to be approximately $4,128,000 per year (400 persons x $860 per month per person x 12 months = $4,128,000 per year.) Since approximately 59% of thee costs of services for these persons would be funded with federal MA matching funds under COP-W, rather than GPR under COP-R, the annualized GPR savings is estimated to be approximately $2,425,000 per year, half of which is assumed to be realized in the first year of the 2001-03 biennium. Although not reflected in the DHFS appropriation schedule, federal MA funding would increase by the amount of the GPR decrease if the anticipated transfer of costs from COP-R to COP-W occurs.

Veto by Governor [C-27]: Delete the provision that would have repealed the current law provision that permits counties to establish and implement more restrictive conditions than those specified in state law regarding the use of COP-W funds to provide services to persons who reside in CBRFs.

[Act 16 Sections: 1502L thru 1502r, 1505b, 1505d and 1507s thru 1508d]

[Act 16 Vetoed Sections: 1504r]

5. FAMILY CARE -- ENTITLEMENT

Governor/Legislature: Authorize DHFS to delay until January 1, 2004, the date by which persons who are not eligible for MA and who meet specified functional criteria are entitled to the Family Care benefit. Specify that before the date determined by DHFS, persons who are not eligible for MA may receive the Family Care benefit within the limits of state funds appropriated for this purpose and available federal funds.

Under current law, DHFS must determine a date that is no later than July 1, 2000, by which individuals not eligible for MA are entitled to the Family Care benefit. However, CMOs have 24 months to build capacity to serve all entitled persons. Since the five current CMOs

began operating from February, 2000, to January, 2001, entitlement under current law could be delayed until February, 2002, to January, 2003, depending on the county. As a result, this provision could delay entitlement for non-MA eligibles by 12 to 23 months, depending on the county.

Under current law, entitlement for the Family Care benefit for persons who are ineligible for MA will eventually include the following two groups: (a) persons at the comprehensive level of functional capacity; and (b) persons with conditions that are expected to last at least 90 days or result in death within 12 months that, on the date that the Family Care benefit became available, were residents of nursing homes or had been receiving, for at least 60 days, certain public-funded long-term care services. Persons in either group must meet the financial eligibility criteria under Family Care and be a member of one of the three target groups under Family Care -- elderly, adults who are physically disabled and adults who are developmentally disabled.

[Act 16 Section: 1538]

6. FAMILY CARE -- ESTATE RECOVERY

Governor/Legislature: Provide that revenue from estate recoveries from MA-eligible Family Care recipients be credited to the estate recovery appropriation that receives other MA estate recoveries and funds MA benefit expenditures and payments to counties to fund county administrative costs of the estate recovery program. Authorize DHFS to expend funds from this appropriation to support care management organization (CMO) payments for persons eligible for MA.

Provide that revenue from estate recoveries from non-MA eligible Family Care recipients be credited to: (a) the appropriation currently funded by recoveries made for services provided under the community options program (COP), to fund county administrative costs for estate recovery; and (b) the appropriation currently funded by COP and Family Care estate recoveries that funds COP and Family Care CMO services.

[Act 16 Sections: 710, 711, 727 and 1532]

7. FAMILY CARE ELIGIBILITY

Governor/Legislature: Require a person who seeks a determination of functional eligibility for Family Care, under the current grandfathering provision, to have first applied for the Family Care benefit within 36 months after the date on which the Family Care benefit first became available in the person's county of residence. The grandfather provision allows someone who is not at either the comprehensive or intermediate level of functional capacity, but has a condition that is expected to last at least 90 days, or result in death within 12 months, to be eligible for Family Care if the person was receiving public-funded long-term care services for at

least 60 days under other long-term care programs, when the Family Care benefit first became available.

Further, make the following changes regarding Family Care eligibility for persons with developmental disabilities: (a) specify that a person with a developmental disability could be eligible for the Family Care benefit if the person is a resident of a county or is a member of a tribe or band that has operated a CMO before July 1, 2003, rather than July 1, 2001, as provided under current law; (b) clarify that persons with developmental disabilities must be 18 years of age or older to be eligible for Family Care; and (c) clarify that persons with developmental disabilities must meet the functional and financial eligibility standards of Family Care to be eligible for the Family Care benefit.

These changes would first apply to applications for Family Care that are made on the bill's general effect date.

[Act 16 Sections: 1534 thru 1537 and 9323(4)]

8. FAMILY CARE -- REFERRALS

Governor/Legislature: Include persons with developmental disabilities as one of the groups that are required to be referred to a resource center by an adult family home, residential care apartment complex or community-based residential facility for persons seeking admission to these facilities. Under current law, these facilities must make referrals for persons who are 65 years or older or who are physically disabled, if a resource center has been certified as available in that area. These facilities are subject to a forfeiture of up to $500 if a required referral is not made.

[Act 16 Section: 1878, 1886 and 1894]

9. PACE AND PARTNERSHIP PROGRAMS [LFB Paper 521]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	- $5,392,600	$2,134,900	- $3,257,700
FED	- 7,616,700	0	- 7,616,700
Total	- $13,009,300	$2,134,900	- $10,874,400

Joint Finance: Delete $986,500 GPR and $1,405,100 FED in 2001-02 and $4,406,100 GPR and $6,211,600 FED in 2002-03 to increase funding for the program for all-inclusive care for the elderly (PACE) and the Wisconsin partnership program (WPP) by 8% in each year of the biennium, rather than 13.0% in 2001-02 and 22.8% in 2002-03, as recommended by the Governor as part of the MA base reestimate. The Governor's MA base reestimate would have provided an additional funding of $6,245,300 (all funds) in 2001-02 and $13,633,500 (all funds) in 2002-03

to fund projected growth in enrollment and anticipated increases in contract costs. The PACE and WPP programs provide both acute and long-term care to elderly and physically disabled persons who are eligible for nursing home care.

Senate: Provide $60,000 GPR in 2001-02 to provide start-up funds to establish a new WPP site in Racine County.

Conference Committee/Legislature: Adopt the Senate provision. In addition, increase MA benefits funding by $2,074,900 GPR in 2002-03 to restore funding that was inadvertently deleted in the substitute amendment for PACE and WPP.

[Act 16 Section: 9123(13k)]

10. COP -- TRANSFER OF MA FUNDS TO COP

Senate: Modify provisions relating to the potential transfer of MA funds to the COP appropriation as follows.

Conditions for Submitting a Proposal. Require DHFS to submit to the Joint Committee on Finance a report that provides information on the utilization of beds by MA recipients in nursing homes for the immediately prior two consecutive fiscal years. Delete the current requirement that the report include a discussion and detailed projection of the likely balances, expenditures, encumbrances and carry over of currently appropriated amounts in the MA appropriation. Require DHFS to submit a proposal to transfer funds if the report shows that utilization decreased during the most recently completed fiscal year from the utilization of beds by MA recipients in the next most recently completed fiscal year.

Under current law, DHFS is required to submit an annual report to the Committee that provides utilization information and is required to propose a transfer if the utilization of nursing home beds is less than the amounts projected during the Legislature's budget determinations.

Calculating the Amount of the Transfer. Require DHFS to multiply the difference between the number of days of care provided to the recipients in the facilities in each of those prior two consecutive fiscal years by the average daily costs of care in the facilities for the most recently completed fiscal year. Specify that the average daily costs of care would be calculated by dividing the total MA expenditures for care in facilities for the most recently completed fiscal year by the total number of days of care provided in facilities in that fiscal year.

Current law does not specify how the amount of the proposed transfer is calculated.

Review and Approval by the Joint Committee on Finance. Require that the proposed transfer of funds be submitted to the Joint Committee on Finance for review and approval. Specify that if the Co-Chairs of the Committee do not notify the DHFS Secretary within 14 working days after

the date on which DHFS submits the proposal that the Committee has scheduled a meeting for the purpose of reviewing the proposal, the Secretary must transfer the amount identified under the proposal. Delete the current provision that would prohibit a transfer if the transfer would reduce the balance in the MA appropriation below an amount necessary to ensure that the appropriation will end the current fiscal year or the current fiscal biennium with a positive balance.

Under current law, any proposed transfer by DHFS is not subject to review by the Joint Committee on Finance or any other body.

Allocation of Funds. Require that any funds transferred to the COP appropriation be allocated as follows: (a) 60% for services under the COP-waiver program (a program partially supported with federal MA matching funds); and (b) 40% for services provided under the state-funded COP program.

Effective Date. Specify that these changes would be effective beginning on September 1, 2002, and would apply annually thereafter.

Recently, the utilization of nursing home beds has been declining. The current MA base reestimate projects that the number of MA-supported patient days will decrease by 2% in 2001-02. If this projection is realized, these provisions would result in DHFS submitting a proposal to transfer approximately $8.5 million GPR from the MA benefits appropriation to fund COP and COP-W services in the 2002-03 fiscal year. However, since the MA base reestimate accounts for this projected decline in nursing home days, no surplus funding is provided in the substitute amendment that could support this transfer.

Conference Committee: Adopt the Senate provisions, except specify that DHFS would be required to submit the report by October 1, 2003, and annually thereafter.

Veto by Governor [C-11]: Delete provision.

[Act 16 Vetoed Sections: 1778d thru 1778r]