



Summary of Partial Vetoes
of 2017 Wisconsin Act 59

2017 Assembly Bill 64

2017-19 Wisconsin
State Budget

Legislative Fiscal Bureau
October, 2017

2017-19 WISCONSIN STATE BUDGET

2017 Assembly Bill 64

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Legislative Fiscal Bureau

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Madison, Wisconsin**

INTRODUCTION

Under Article V, Section 10 of the Wisconsin Constitution, "Appropriation bills may be approved in whole or in part by the governor, and the part approved shall become law ... The rejected part of an appropriation bill, together with the governor's objections in writing, shall be returned to the house in which the bill originated."

The Governor signed 2017 Assembly Bill 64 (the state's 2017-19 budget) into law on September 21, 2017. The Governor exercised his partial veto authority over 98 provisions in the budget as passed by the Legislature.

This document summarizes each of the Governor's partial vetoes. It is organized in the order listed in the Governor's September 21, 2017, veto message. For each partial veto, the document summarizes the provision as passed by the Legislature, *explains the Governor's veto in italics*, and identifies the fiscal effect, if any, of the veto.

TABLE 1

2017-19 General Fund Condition Statement

Enrolled Assembly Bill 64

	<u>2017-18</u>	<u>2018-19</u>
Revenues		
Opening Balance, July 1	\$467,148,800	\$442,294,800
Taxes	16,077,884,900	16,638,840,900
Departmental Revenues		
Tribal Gaming Revenues	25,909,500	25,838,400
Other	<u>493,207,400</u>	<u>443,289,900</u>
Total Available	\$17,064,150,600	\$17,550,264,000
 Appropriations, Transfers, and Reserves		
Gross Appropriations	\$16,877,365,200	\$17,693,422,100
Other Acts/Bills*	19,712,500	10,055,000
Transfers to		
Transportation Fund	40,244,700	41,797,100
Compensation Reserves	3,080,500	52,081,600
Less Lapses	<u>-318,547,100</u>	<u>-441,515,200</u>
Net Appropriations	\$16,621,855,800	\$17,355,840,600
 Balances		
Gross Balance	\$442,294,800	\$194,423,400
Less Required Statutory Balance	<u>-70,000,000</u>	<u>-75,000,000</u>
Net Balance, June 30	\$372,294,800	\$119,423,400

*2017 Acts 1 to 58.

TABLE 2

2017-19 General Fund Condition Statement

2017 Wisconsin Act 59

	<u>2017-18</u>	<u>2018-19</u>
Revenues		
Opening Balance, July 1	\$467,148,800	\$443,255,300
Taxes	16,077,684,900	16,649,997,600
Departmental Revenues		
Tribal Gaming Revenues	26,157,000	26,085,900
Other	<u>493,207,400</u>	<u>443,289,900</u>
Total Available	\$17,064,198,100	\$17,562,628,700
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$16,876,502,200	\$17,690,079,800
Other Acts/Bills*	19,712,500	10,055,000
Transfers to		
Transportation Fund	40,194,700	41,597,100
Compensation Reserves	3,080,500	52,081,600
Less Lapses	<u>-318,547,100</u>	<u>-441,819,300</u>
Net Appropriations	\$16,620,942,800	\$17,351,994,200
Balances		
Gross Balance	\$443,255,300	\$210,634,500
Less Required Statutory Balance	<u>-70,000,000</u>	<u>-75,000,000</u>
Net Balance, June 30	\$373,255,300	\$135,634,500

*2017 Acts 1 to 58.

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AGRICULTURE, ENVIRONMENT AND JUSTICE

ITEM A-1. LIVESTOCK PREMISES IDENTIFICATION

Chg. to Enr. AB 64

SEG - \$200,000

As passed by the Legislature, Assembly Bill 64 would have provided \$100,000 agrichemical management (ACM) SEG annually for administration of the livestock premises registration program, in addition to the currently provided \$250,000 GPR annually. *The Governor's partial veto deletes the additional SEG funding.*

[Act 59 Vetoed Sections: 183 (as it relates to s. 20.115(2)(r)) and 183m]

ITEM A-2. ALCOHOL ABUSE TREATMENT PROGRAM

As passed by the Legislature, Assembly Bill 64 would have directed the Department of Corrections to design an intensive alcohol abuse treatment program. The program would have been designed to provide intensive treatment in conjunction with a work release model that allows inmates to work in individual job placements. Under the provisions, Corrections would have been required to develop community job placements that are appropriately matched to each inmate's employment and educational skills and provide or arrange for appropriate transportation to and from job sites. Further, Corrections would have been required to submit as part of its 2019-21 agency budget request a request for staffing and funding for the intensive alcohol abuse treatment program and any statutory changes necessary to provide sentencing modifications to coordinate the program. Finally, five years after the program began to operate, Corrections would have been required to submit to the Governor and appropriate standing committees of the Legislature an evidence-based evaluation of the program's impact on inmates' long-term recovery from alcohol abuse programs and recidivism into the criminal justice system. *The Governor's partial veto deletes these provisions.*

[Act 59 Vetoed Section: 9108(8w)]

ITEM A-3. EARNED RELEASE PROGRAM EXPANSION

As passed by the Legislature, Assembly Bill 64 would have modified the earned release program from a substance abuse treatment program to a rehabilitation program that addresses needs directly related to the inmate's criminal behavior. The bill would have specified that newly eligible inmates serving bifurcated sentences would be required to petition the sentencing court for placement in the program. The bill would have repealed the current provision which specifies that Corrections and the Department of Health Services (DHS) must, at any correctional facility the departments determine is appropriate, provide a substance abuse treatment program for inmates for the purposes of the earned release program. Instead, Corrections would have been required to, at any correctional facility the Department determines is appropriate, provide a rehabilitation program for inmates for the purposes of the earned release program. Further, the bill would have repealed the current law provisions: (a) specifying that DHS may designate a section of a mental health

institute as a correctional treatment facility for the treatment of substance abuse of inmates transferred from state prisons, jointly administered by Corrections and DHS, and known as the "Wisconsin Substance Abuse Program;" and (b) specifying that Corrections and DHS ensure that the residents at the DHS facility and the residents in the substance abuse program: (1) have access to all those facilities which are available at the institution and are necessary for the treatment programs designed by the departments; and (2) are housed on separate wards. The bill would have allowed Corrections to transfer an inmate to a facility for participation in the rehabilitation program, rather than, under current law, allowing the Department to transfer an offender to a treatment facility for the treatment of substance abuse. *The Governor's partial veto deletes these provisions.*

[Act 59 Vetoed Sections: 1856c thru 1857h]

ITEM A-4. INMATE WORK OPPORTUNITY TRAINING

As passed by the Legislature, Assembly Bill 64 would have required Corrections to report by December 31, 2017, to the appropriate standing committees of the Legislature a plan to increase employment opportunity incentives for inmates, and also include: (a) a survey of existing work release programs at each of its facilities and the current estimated number of participants; (b) the estimated number of inmates who continue in the job they were working while incarcerated after release; and (c) costs assessed by the Department on participants. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9108(31t)]

ITEM A-5. LONG-TERM SERVICE AWARDS

As passed by the Legislature, Assembly Bill 64 would have directed the Administrator of the Division of Personnel Management (DPM) in the Department of Administration (DOA), in preparing the biennial state employee compensation plan for approval by the Joint Committee on Employment Relations, to include the following one-time lump sum awards for correctional officer, correctional sergeant, youth counselor, and youth counselor advanced positions at the Department of Corrections: (a) on the employee's 10th anniversary of service, \$250; (b) on the employee's 15th anniversary of service, \$500; (c) on the employee's 20th anniversary of service, \$750; (d) on the employee's 25th anniversary of service, \$1,000; and (e) for every 5th anniversary of service after completion of 25 years of service, \$1,000. Further, the bill would have specified that, if on the effective date of the budget bill the 2017-19 state employee compensation plan has already been adopted and the compensation plan does not include the supplemental pay provisions identified above, the Administrator of DPM must propose an amendment to the compensation plan to include the above supplemental pay provisions by no later than 30 days after the effective date of the budget bill. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Sections: 1761p and 9101(11w)]

ITEM A-6. MENTAL HEALTH STAFFING AT OSHKOSH, WAUPUN, GREEN BAY AND COLUMBIA

As passed by the Legislature, Assembly Bill 64 would have directed Corrections to submit a report to the appropriate standing committees of the Legislature by July 1, 2018, identifying: (a) the average number of inmates with serious mental illness (SMI) in each of the institutions; (b) the average number of inmates with SMI placed in each of the institutions' restrictive housing units; (c) the Department's status or alternative policies related to each of the USDOJ's recommendations related to the use of restrictive housing for inmates with SMI; and (d) an estimate of any additional resources that are necessary. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9108(22t)]

ITEM A-7. OPENING AVENUES TO REENTRY SUCCESS

As passed by the Legislature, Assembly Bill 64 would have required the Department of Corrections to submit a Wisconsin Results First Initiative Report to the appropriate standing committees of the Legislature on or before December 31, 2017, and every two years thereafter. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 1849m]

ITEM A-8. PLANNING CONCERNING CORRECTIONAL FACILITIES

As passed by the Legislature, Assembly Bill 64 requires that the Building Commission allocate \$600,000 from the building trust fund for a comprehensive, long-range master plan concerning Department of Corrections (DOC) facilities. The study would have been directed by a nine-person committee comprised of three members appointed by the Governor (one of whom would serve as chair), and six legislators jointly appointed by the Speaker and the Senate Majority Leader. DOA is required to assist the committee in the performance of its functions. The committee would have been required to report on the plan to the Governor and the appropriate standing committees of the Legislature by September 15, 2018. The committee terminates upon submission of the plan.

The Governor's partial veto deletes the number "3" from the requirement that three members of the committee be appointed by the Governor, thereby allowing the Governor to appoint as many members as he wishes. The partial veto would also delete the date upon which the committee would be required to report on the plan to the Governor and the appropriate standing committees of the Legislature.

[Act 59 Vetoed Section: 9104(11)]

ITEM A-9. GERIATRIC PRISON FACILITY

As passed by the Legislature, Assembly Bill 64 requires DOC to establish a geriatric correctional institution and provide the facilities necessary for that institution. The bill would have

required that no bonds could be issued for the geriatric correctional institution (enumerated under the 2017-19 building program for \$7,000,000) without the approval of the Joint Committee on Finance. The bill would have specified that DOC could request the approval of the Committee for bond issuance and the release of GPR funding from the Committee's appropriation once DOC has identified the location of the institution and determined the staffing and other operating costs of the institution. ***The Governor's partial veto deletes the requirement that the Joint Committee on Finance approve the issuance of bonds to finance the geriatric correctional institution. The operating funds are still subject to Committee approval.***

[Act 59 Vetoed Section: 9104(12)]

ITEM A-10. CREATION OF A PROSECUTOR BOARD

	Chg. to Enr. AB 64 Funding Positions	
GPR	- \$318,800	- 2.00

As passed by the Legislature, Assembly Bill 64 would have transferred, effective February 1, 2018, the assets and liabilities, tangible personal property, contracts, pending matters, and rules and orders primarily related to the State Prosecutors Office that currently exists under the Department of Administration (DOA), to an 11-member Prosecutor Board, a new agency. Associated with this transfer, funding and position authority in DOA were reduced by \$75,700 in 2017-18 and \$181,700 in 2018-19 and 1.0 position annually. The bill would have created two appropriations for the Prosecutor Board: (a) an annual GPR appropriation for program administration costs of the Office of State Prosecutors with \$93,800 GPR in 2017-18 and \$225,000 GPR in 2018-19 with 2.0 GPR unclassified positions (1.0 executive director and 1.0 legislative liaison position); and (b) a continuing gifts, grants, and proceeds PR appropriation with no funding provided to be used for the purposes for which the proceeds are made or received.

Further, the bill would have established the following duties for the Prosecutor Board: (a) submit the agency budget request for the District Attorney function after the executive director of the State Prosecutors Office submits the budget to the Board and the Board approves the budget; (b) at least annually submit to the Joint Committee on Finance recommendations on the allocation of prosecutor resources; (c) appoint an attorney with experience in criminal prosecution as the executive director of the State Prosecutors Office; (d) oversee and set policy initiatives for the executive director of the State Prosecutors Office; and (e) review existing law or proposed legislation and make recommendations to the Legislature. In addition, the bill provided that DOA must consult with the Prosecutor Board, as opposed to the District Attorneys (DA), in maintaining, promoting, and coordinating automated justice information systems and required DOA to provide the State Prosecutors Office with general access to a case management system currently used by the Department of Justice to manage case-related information and to share information among prosecutors.

In addition, the bill modified current law related to the appointment of a special prosecutor to provide that, if a DA requests the appointment of a special prosecutor or if a court appoints a special prosecutor on its own motion, the DA must notify the State Prosecutors Office (as opposed to the DOA) that the DA or the court is unable to obtain assistance. The bill also specified that appointment of the special prosecutor must be approved by the State Prosecutors

Office, and not DOA.

The Governor's partial veto deletes all provisions related to the State Prosecutor Board. Although funding could not be restored to DOA, the veto message directs the Secretary of DOA to continue to support the functions of the state prosecutor's office within DOA and ensure that the individual displaced as a result of the elimination of the position be reemployed in support of this function.

[Act 59 Vetoed Sections: 1e, 1L, 31n, 68g, 171b, 171c, 183 [as it relates to s. 20.548], 460r, 507g, 508f, 1712h, 1740g, 1758g, 1762s, 2261g thru 2261q, 2261r, 2261s, 2262c thru 2262g, 9101(7p) and 9401(1p)]

ITEM A-11. RESTORE JUDICIAL COUNCIL

Chg. to Enr. AB 64 Funding Positions		
PR	- \$222,800	- 1.00

As passed by the Legislature, Assembly Bill 64 retained the Judicial Council and provided a budget for the Council of \$111,400 PR annually, with 1.0 PR position. Funding for the Judicial Council is provided from revenues transferred from any of the Wisconsin Supreme Court's Director of State Courts Office GPR and PR appropriations in amounts determined by the Supreme Court to support the operations of the Council. ***The Governor's partial veto deletes funding for the Judicial Council. According to the Governor's veto message "I am partially vetoing section 183 [as it relates to s. 20.670(1)(k)] by reducing the amount under s. 20.670(1)(k) to \$0 in each fiscal year." The veto message indicates the Governor's intent that 1.0 PR position be deleted. "... I am requesting the Department of Administration secretary not to authorize the position authority."*** [Note that statutory language related to the Council and the Council's appropriations remain under current law.]

[Act 59 Vetoed Section: 183 (as it relates to s. 20.670(1)(k))]

ITEM A-12. STANDARD BUDGET ADJUSTMENTS

Chg. to Enr. AB 64	
SEG	- \$29,200

As passed by the Legislature, Assembly Bill 64 would have provided \$14,600 annually, or a net increase of \$11,500 annually from the agency base (\$8,600 water resources SEG and \$2,900 forestry SEG), to reflect current costs of LWSRB positions. ***The Governor's partial veto deletes the \$14,600 increase.***

[Act 59 Vetoed Section: 183 (as it relates to s. 20.360(1)(q))]

ITEM A-13. USE OF UNOBLIGATED STEWARDSHIP BONDING

As passed by the Legislature, Assembly Bill 64 would authorize the use of unobligated bonding authority under the Warren Knowles-Gaylord Nelson Stewardship Program for six specified projects or grants, including up to \$750,000 for a grant for up to 50% of the costs to reconstruct Eagle Tower on Eagle Bluff in Peninsula State Park in the Town of Fish Creek, and up to \$500,000 for a grant to the City of Horicon to enhance a shelter located near the Palmatory

Scenic Overlook on the south side of Horicon Marsh Wildlife Area. The bill would have required the Department of Natural Resources (DNR) and the City of Horicon to submit to the Joint Committee on Finance by June 30, 2019, a plan for using the funds. Under the bill, if, upon receiving the plan, the Committee's Co-Chairs do not inform DNR of an objection to the plan within 14 working days, the funds are to be disbursed. If the Co-Chairs were to inform the Department of an objection to the plan, funds are to be disbursed only by a vote of a majority of the Committee. *The Governor's partial veto removes the requirement that the funding for the Eagle Tower project be provided as a grant. In addition, the veto removes the following requirements regarding the funding for the Palmatory Scenic Overlook: (a) that funds be provided as a grant to the City of Horicon; (b) that a written plan regarding the Palmatory Overlook project be submitted to the Joint Committee on Finance; and (c) that the Committee approve the plan in order for project funds to be disbursed. Under the Act as vetoed, rather than providing the unobligated funds for the Eagle Tower and Palmatory Scenic Overlook projects as grants to third parties, DNR would utilize the specified unobligated funds to complete the projects.*

[Act 59 Vetoed Section: 514g]

ITEM A-14. VACANT FORESTRY AND PARKS POSITIONS

As passed by the Legislature, Assembly Bill 64 would delete 10.0 vacant forestry or parks SEG positions, as determined by DNR, and require that corresponding reductions in funding be reflected in the final 2017-19 schedule of appropriations. It also would have required DOA to provide, by January 1, 2018, a report to the Joint Committee on Finance identifying the deleted positions by funding source and appropriation. *The Governor's partial veto deletes the deadline for the position deletion report. In his veto message, the Governor requested DOA to submit the report by April 1, 2018.*

[Act 59 Vetoed Section: 9101(11u)]

ITEM A-15. COUNCIL ON FORESTRY REPORT

As passed by the Legislature, Assembly Bill 64 would have directed the Governor's Council on Forestry to determine the relative priority of current forestry account expenditures and to submit a report with recommendations regarding forestry account expenditures for the 2019-21 budget to the Governor, DNR, and appropriate legislative standing committees by July 1, 2018. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9133(6r)]

ITEM A-16. TAINTER LAKE WATER QUALITY

As passed by the Legislature, Assembly Bill 64 provides \$65,000 nonpoint SEG in 2017-18 to improve the water quality of Tainter Lake in Dunn County under a pilot project required to include: (a) a comprehensive fish study; (b) removal of zooplanktivorous (algae-eating) and benthivorous (bottom-feeding) fish, such as carp; and (c) introduction of piscivorous (predatory)

game fish, such as walleye. *The Governor's partial veto deletes the requirement to conduct certain activities under the project, but maintains its funding. The Governor's partial veto also deletes the reference to the project as a "pilot."*

[Act 59 Vetoed Section: 9133(7p)]

ITEM A-17. WOLF DAMAGE PAYMENTS

As passed by the Legislature, Assembly Bill 64 would have prohibited DNR from prorating claims for damage associated with gray wolves. It would also specify that DNR pay each damage claim as soon as practicable after determining the claim is eligible for reimbursement. The bill would have required the Department to utilize funds to pay claims in the following order, where funds are available: (1) applicable federal funds; and (2) endangered resources funds from the general fund or from the endangered resources account of the conservation fund. If these funds are insufficient, the bill would specify the Department may request supplemental funding from other Department appropriations under section 13.101 of the statutes, without the finding of an emergency. In addition, the bill would amend the appropriation under section 20.370(1)(fs) of the statutes to delete the cap on the amount of endangered resources license plate sales and endangered resources income tax checkoff donations that annually may be used for wildlife damage control and endangered resources wildlife damage claims. Further, the bill would specify that these provisions apply if the gray wolf is on the federal or state endangered species list. *The Governor's partial veto deletes the prohibition on prorating wolf damage claims. In addition, the veto deletes the requirement that DNR pay claims from available federal funds first, and deletes the amendment of the appropriation under section 20.370(1)(fs) of the statutes that would remove the cap on the amount of endangered resources license plate and tax checkoff donations that may be used for wildlife damage expenditures.*

[Act 59 Vetoed Sections: 239m and 582h]

ITEM A-18. PERMIT THE SALE OF DYED DIESEL FUEL TO RECREATIONAL MOTOR BOATS

Chg. to Enr. AB 64	
GPR-Transfer	- \$250,000
SEG-REV	\$250,000

As passed by the Legislature, Assembly Bill 64 would have permitted the sale of dyed diesel fuel for use in a recreational motor boat, which would have made these sales exempt from the state's motor vehicle fuel tax. This would have resulted in a decrease in revenue to the transportation fund of \$50,000 SEG-REV in 2017-18 and \$200,000 SEG-REV in 2018-19. The bill would have specified that the provision apply retroactively to July 1, 2013. By exempting such fuel sales from the motor vehicle fuel tax, the sales and use tax would have applied to the sale of dyed diesel fuel to recreational motor boats, which would have resulted in minimal additional revenue to the general fund. The bill would have also transferred \$50,000 GPR from the general fund to the transportation fund in 2017-18 and \$200,000 GPR from the general fund to the transportation fund in 2018-19, and annually thereafter. *The Governor's partial veto deletes these provisions.*

[Act 59 Vetoed Sections: 147d, 1208m, and 9438(3m)]

ITEM A-19. POSSESSION, USE AND TRANSPORTATION OF FIREWORKS AND FIREWORKS MANUFACTURER FEES

Chg. to Enr. AB 64	
PR-REV	- \$200

As passed by the Legislature, Assembly Bill 64 would have established the fireworks manufacturers credential fee term and amount in statutes instead of administrative rule, at \$100 for a four-year term instead of \$70 currently, beginning with license applications or renewals received by the Department of Safety and Professional Services (DSPS) on the bill's effective date. Current administrative rules assess a \$70 credential fee to fireworks manufacturers for a four-year term. The \$30 fee increase would have generated additional program revenue of approximately \$120 annually. *The Governor's partial veto deletes the statutory fee amount of \$100, and maintains the legislative provision to statutorily specify a four-year term for the credential.*

[Act 59 Vetoed Sections: 1680h and 9339(7f)]

ITEM A-20. INFORMATION TECHNOLOGY PROJECTS

Chg. to Enr. AB 64	
PR	- \$4,400,000

As passed by the Legislature, Assembly Bill 64 would have budgeted \$2,200,000 PR in each of 2017-18 and 2018-19 for DSPS information technology projects under the Joint Committee on Finance program revenue supplemental appropriation. The funds could have been released by the Committee pursuant to DSPS submitting a request under s. 13.10 of the statutes. *The Governor's partial veto deletes the \$2,200,000 PR funding provided in each year under the Committee's supplemental appropriation. Under current law, DSPS could submit a request for the funds to the Committee under the 14-day passive review process under s. 16.515 of the statutes.*

[Act 59 Vetoed Section: 183 (as it relates to s. 20.865 (4)(g))]

ITEM A-21. LOCAL REGULATION OF QUARRIES

As passed by the Legislature, Assembly Bill 64 would have limited the authority of a political subdivision (county, city, village, or town) to place limits on the operation of a quarry that produces nonmetallic minerals, such as sand, gravel, or construction aggregate, used primarily for a public works project or a private construction or transportation project. This would have prohibited political subdivisions from limiting nonconforming-site operations, noise, hours of operation, boundary setbacks, blasting, water quality and quantity, air quality, and fugitive dust at quarry operations. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Sections: 982i thru 982mf, 982q thru 982qe, 982s, 984ig, 984ij, 1305p, and 9431(1i)&(2i)]

EDUCATION AND WORKFORCE DEVELOPMENT

ITEM B-22. STATE ARCHIVE PRESERVATION FACILITY

Chg. to Enr. AB 64

GPR - \$44,000

As passed by the Legislature, Assembly Bill 64 would have provided \$2,366,300 GPR in 2017-18 and \$3,631,800 GPR in 2018-19 for full funding of lease and directed move costs. Of this amount, \$28,400 GPR in 2017-18 and \$44,000 GPR in 2018-19 was provided by the Joint Committee on Finance to fully fund the lease for the new State Archive Preservation Facility at the lease rate charged for Class A office space. *The Governor's partial veto deletes \$44,000 from the Historical Society's appropriation for general program operations in 2018-19.*

[Act 59 Vetoed Section: 183 (as it relates to the appropriation under s. 20.245(1)(a))]

ITEM B-23. SURVEY OF LABOR AND INDUSTRY REVIEW COMMISSION DECISIONS

As passed by the Legislature, Assembly Bill 64 would have requested the Chief Justice of the Supreme Court to conduct a survey of decisions and orders of the Labor and Industry Review Commission (LIRC) related to unemployment insurance, equal rights and worker's compensation, citing the statutes interpreted by LIRC and whether the decisions and orders were the subjects of actions for judicial review filed in Circuit Court. The bill included a request that the survey findings be submitted to the Governor and the Joint Committee on Finance by July 1, 2018. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9142(5f)]

ITEM B-24. SUNSET OF THE EDUCATIONAL APPROVAL BOARD

As passed by the Legislature, Assembly Bill 64 would have specified that the Educational Approval Board would be transferred to the Department of Safety and Professional Services (DSPS) as an attached board, effective January 1, 2018, and the Board would cease to exist on July 1, 2018. After that date, the Board's current law functions and responsibilities would be transferred to DSPS. *The Governor's partial veto deletes the temporary attachment of the Board to DSPS, and the delayed effective date of the provision transferring the Board's responsibilities to DSPS. As a result, the Board will be eliminated immediately, and the functions and responsibilities of the Board will be transferred to DSPS on the day after the publication of the bill.*

[Act 59 Vetoed Sections: 9111(1p), 9411(1p), and 9411(1q)]

ITEM B-25. EDUCATIONAL APPROVAL BOARD INCUMBENTS

As passed by the Legislature, Assembly Bill 64 would have specified that all FTE

positions, and the incumbent employees holding those positions, of the Educational Approval Board would be transferred from the Board to the Department of Safety and Professional Services (DSPS). Such employees would have had all the rights and the same status in DSPS that they enjoyed immediately prior to the transfer, and would not have been required to serve a probationary period. *The Governor's partial veto deletes the parts of this provision relating to incumbent employees, so that 6.50 FTE positions will be transferred to DSPS, but DSPS will not be required to retain incumbent employees.*

[Act 59 Vetoed Section: 9111(1q)]

ITEM B-26. PERFORMANCE FUNDING

As passed by the Legislature, Assembly Bill 64 provides \$26.25 million GPR of funding in 2018-19 for performance funding. The bill establishes four goals for the UW System and requires the Board of Regents to identify at least four metrics to measure progress towards meeting each of the four goals. For each goal, the bill would have: (a) authorized each institution to select one metric on which it would improve and one on which it would maintain excellence; and (b) specified that no more than 30% of the funding could be distributed for maintaining excellence on the selected metrics. The bill requires the Board of Regents to submit an outcomes-based funding formula to the Joint Committee on Finance by February 15, 2018, for approval, or modification and approval, under what would have been a 14-day passive review process. *The Governor's partial veto eliminates the provisions under (a) and (b) and deletes the reference to a 14-day passive review process, so that the Joint Committee on Finance will have to act under the procedures established in s. 13.10 of the statutes to approve the outcomes-based funding formula.*

[Act 59 Vetoed Section: 603m (as it relates to s. 36.112(2)(b), (3)(a), (3)(b), and (5)(a)3.)]

ITEM B-27. INNOVATION FUND

As passed by the Legislature, Assembly Bill 64 provides \$5 million GPR in 2017-18 to be distributed in a competitive process by the Board of Regents to increase enrollments in high demand fields. The bill would have required the Board to identify programs that qualify as high demand for each institution. *The Governor's partial veto deletes the requirement that the Board identify programs that qualify as high demand for each institution. The Governor's veto message indicates that the Governor is directing the Board of Regents to consult with the Department of Workforce Development to ensure that chosen programs address state workforce needs.*

[Act 59 Vetoed Sections: 603m (as it relates to s. 36.112(6)&(7))]

ITEM B-28. UNIVERSITY OF WISCONSIN SYSTEM AUDITS

As passed by the Legislature, Assembly Bill 64 requires the UW System to contract with an independent accounting firm for purposes of conducting the annual financial audit for fiscal years

2017-18 and 2018-19, and would have suspended the current law requirement for the Legislative Audit Bureau (LAB) to conduct an annual financial audit. *The Governor's partial veto modifies the bill so that the LAB would be required to conduct a financial audit in 2017-18 and in 2018-19. Under the bill as vetoed, there would be two financial audits required in each year, one by LAB and one by an independent accounting firm.*

[Act 59 Vetoed Section: 9148(2q)(b)]

ITEM B-29. WISCONSIN INSTITUTE FOR SUSTAINABLE TECHNOLOGY

Chg. to Enr. AB 64	
SEG	- \$440,000

As passed by the Legislature, Assembly Bill 64 would have provided \$440,000 SEG in 2017-18 and in 2018-19 for the Wisconsin Institute for Sustainable Technology at the UW-Stevens Point. *The Governor's partial veto deletes the \$440,000 SEG in 2018-19.*

[Act 59 Vetoed Section: 183 (as it relates to s. 20.285(1)(sp))]

ITEM B-30. UNIVERSITY OF WISCONSIN-GREEN BAY TRIBAL GAMING APPROPRIATION

Chg. to Enr. AB 64	
PR	- \$495,000
GPR-Tribal	\$495,000

As passed by the Legislature, Assembly Bill 64 would have provided \$247,500 PR of annual funding from tribal gaming revenues under an existing appropriation under the Department of Administration for transfer to the UW System for programming at the UW-Green Bay. *The Governor's partial veto deletes this funding.*

[Act 59 Vetoed Section: 183 (as it relates to s. 20.505 (1)(km))]

ITEM B-31. FLEXIBLE OPTION PROGRAM

As passed by the Legislature, Assembly Bill 64 would have required the Board of Regents to ensure that, no later than December 1, 2019, the total number of accredited competency-based degree and certificate programs offered under the UW Flexible Option platform is increased by at least 25% over the total number of such programs that are offered on the effective date of the bill. *The Governor's partial veto deletes the phrase "at least 25% over", so that the Regents are required to increase these programs by the number that are offered on the bill's effective date.*

[Act 59 Vetoed Section: 9148(2)]

ITEM B-32. ENERGY EFFICIENCY REVENUE LIMIT ADJUSTMENT

As passed by the Legislature, Assembly Bill 64 specified that unless a school board adopted a resolution to utilize the energy efficiency adjustment before January 1, 2018, the language authorizing a district to utilize the adjustment "applies only to a resolution adopted after December 31, 2018." *The Governor's partial veto strikes the "1" in the number 31, the comma between 31*

and 2018, and the "2" in 2018. As a result, the language specifies that that the adjustment applies only to resolutions adopted after "December 3018," effectively ending the adjustment.

[Act 59 Vetoed Section: 1641m]

ITEM B-33. LOW REVENUE ADJUSTMENT

As passed by the Legislature, Assembly Bill 64 would have increased the low revenue adjustment under revenue limits from the current law \$9,100 per pupil to \$9,300 per pupil in 2017-18, \$9,400 per pupil in 2018-19, \$9,500 per pupil in 2019-20, \$9,600 per pupil in 2020-21, \$9,700 per pupil in 2021-22, and \$9,800 per pupil in 2022-23 and each year thereafter. Under the low revenue adjustment, if the base revenue per pupil for a district is below a statutorily-specified amount, a district may increase its revenue to that amount. It was estimated that statewide revenue limit authority would have increased by \$5.1 million in 2017-18 and by \$18.1 million in 2018-19 under this provision. *The Governor's partial veto deletes this provision. As a result, the low revenue limit adjustment will remain at \$9,100 per pupil.*

[Act 59 Vetoed Section: 1640g]

ITEM B-34. SCHOOL DISTRICT REFERENDA SCHEDULING

As passed by the Legislature, Assembly Bill 64 limits school district referenda to exceed revenue limits or issue bonds to: (a) being held no more than twice per year; and (b) being held only on regularly scheduled election days (spring primary or election or partisan primary or general election), but would have allowed such referenda to be held in a special election on the second Tuesday of November in odd-numbered years. These limits do not apply to a school district that experiences a natural disaster, including a fire, which causes the district's costs to increase. These provisions first apply to school district resolutions relating to referenda that are adopted on or after January 1, 2018. *The Governor's partial veto deletes the reference to a special election in November of odd-number years, so that all referenda subject to these limits can only be held on regularly scheduled election days.*

[Act 59 Vetoed Sections: 996pr (as it relates to special elections), 1640i (as it relates to s.121.91 (3)(a) 3.), 1640p, 9335 (1g) (as it relates to s.121.91 (3)(a) 3.), and 9435 (1w) (as it relates to s.121.91 (3)(a) 3.)]

ITEM B-35. WHOLE GRADE SHARING AID

As passed by the Legislature, Assembly Bill 64 would have provided \$750,000 beginning in 2018-19 for a new categorical aid program providing aid to districts that participate in a whole grade sharing agreement. Under the program, school districts that entered into a new whole grade sharing agreement would have received aid equal to \$150 per pupil enrolled in a grade included in a whole grade sharing agreement in the first four years of the agreement and 50% of the first year's aid in the fifth year. Districts could have received an additional two years of aid if the school boards of two or more

Chg. to Enr. AB 64	
GPR	- \$750,000

school districts adopted a resolution starting the school district consolidation process. The bill also would have required DPI to submit a report to the Joint Committee on Finance containing information about the utilization of the program. ***The Governor's partial veto deletes these provisions and the associated funding.***

[Act 59 Vetoed Sections: 183 (as it relates to s. 20.255(2)(bp)), 208p, 1534p, and 9135(4p)]

ITEM B-36. SHARED SERVICES AID

Chg. to Enr. AB 64	
GPR	- \$2,000,000

As passed by the Legislature, Assembly Bill 64 would have provided \$2,000,000 of one-time funding in 2018-19 for a pilot program that would provide categorical aid funding for districts that share certain administrative positions. Under the program, two or more school districts could have received aid for the first five years in which administrative positions were shared between the districts, with the amount determined by the type of position shared. The bill also would have required DPI to submit a report to the Joint Committee on Finance containing information about the utilization of the program. ***The Governor's partial veto deletes these provisions and the associated funding.***

[Act 59 Vetoed Sections: 183 (as it relates to s. 20.255(2)(bt)), 208t, and 1475p]

ITEM B-37. SUMMER SCHOOL GRANTS

As passed by the Legislature, Assembly Bill 64 creates a summer school grant program, under which grants can be awarded to Milwaukee Public Schools or could have been awarded to any school district that was placed in the lowest performance category of "fails to meet expectations" on the school accountability report published by DPI in the previous year. DPI would have been required to award grants on a competitive basis. Grants can be used by eligible school districts to do any of the following: (a) develop a summer school program; (b) redesign a summer school program; and (c) implement a summer school program. The bill would have specified that eligible school districts use the grants to increase pupil attendance, improve low-performing schools, improve academic achievement, or expose pupils to innovative learning activities.

The Governor's partial veto deletes the provision specifying that grants could be awarded to any school district that was received a "fails to meet expectations" rating on the school accountability report published by DPI in the previous year. As a result, Milwaukee Public Schools would be the only district that could receive funding under the program. Additionally, the veto deletes the requirement to award grants on a competitive basis, and that grants be used to increase pupil attendance, improve low-performing schools, improve academic achievement, or expose pupils to innovative learning activities.

[Act 59 Vetoed Section: 1482j]

ITEM B-38. VIRTUAL CHARTER SCHOOL FUNDING STUDY

As passed by the Legislature, Assembly Bill 64 would have required DPI to prepare a report comparing the amount paid by the state for pupils attending a virtual charter school through the open enrollment program to the actual educational costs of pupils attending those schools. DPI would have been required to submit the report to the Joint Finance Committee and the appropriate standing committees of the Legislature no later than January 1, 2019. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9135(1t)]

ITEM B-39. MENTAL HEALTH SERVICES GRANTS

As passed by the Legislature, Assembly Bill 64 establishes a new categorical aid program to award grants to school districts and independent charter schools for the purpose of collaborating with community mental health providers to provide mental health services to pupils. The bill would have required DPI to establish by rule the criteria that will be used to award grants, including the following: (a) that the applicant require providers and contractors who participate in its school-based mental health services program to bill the medical assistance program and health insurance, as applicable, for any goods and services provided under the program; (b) that the applicant has sought or will seek out community funding or foundation grants to cover at least some of the expenses of the program that are not paid by the medical assistance program or health insurance; and (c) additional application criteria, which may include that the proposed school mental health services program includes collaboration with counties, providers, or community groups, considers the needs of pupils and families, and includes a referral or intake process, a continuum of therapeutic services, consultation with school staff, and access to services regardless of income.

Additionally, DPI would have been required to establish an advisory committee to make recommendations to DPI about the criteria used to award grants under administrative rule, including the following members: (a) a current or retired school administrator; (b) an individual who holds a teaching or pupil services license issued by DPI; (c) a provider of mental health services or a representative of an association that represents mental health service providers; (d) a family member of a pupil who is receiving or who may receive mental health services; and (e) a representative of a school board or independent charter school.

The bill authorizes DPI to promulgate emergency rules including establishing criteria to award grants, and specifies that DPI is not required to prepare a statement of scope for such rules. The bill provides that: (a) such emergency rules will remain in effect until July 1, 2019, or the date on which permanent rules take effect, whichever is sooner; and (b) DPI 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 for such a rule.

The Governor's partial veto deletes the required criteria for distributing grants and the requirement to establish an advisory council to be used to establish additional criteria. As vetoed, DPI is required to establish criteria by rule, and can use the bill provision authorizing

emergency rules.

[Act 59 Vetoed Sections: 1470g and 9135(4f)]

ITEM B-40. TECHNICAL EDUCATION EQUIPMENT GRANTS

As passed by the Legislature, Assembly Bill 64 establishes a technical education equipment grant program and allows the Department of Workforce Development (DWD) to allocate up to \$500,000 annually for technical education equipment grants to school districts from the Department's workforce training grants appropriation. The enrolled bill would have required the DWD Secretary to appoint an advisory committee composed of five individuals from different industrial sectors of the economy and from different geographic regions of Wisconsin, to assist DWD in reviewing and evaluating grant applications. Under the bill, DWD would be required to consult with the advisory committee to review and evaluate a grant application. *The Governor's partial veto deletes the requirement that the Department appoint and consult with an advisory committee in reviewing and evaluating technical education equipment grant applications.*

[Act 59 Vetoed Section: 1407k]

GENERAL GOVERNMENT, CHILDREN AND FAMILIES
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ITEM C-41. POSITIONS FOR INFORMATION TECHNOLOGY PURCHASING REPORT

As passed by the Legislature, Assembly Bill 64 would have required DOA to submit a report to the Joint Committee on Finance by August 31, 2018, regarding the activities performed in the 2017-18 fiscal year by the 2.0 IT services positions and 2.0 procurement services positions provided to DOA for an IT purchasing initiative. The report would have included: (a) any identified accomplishments such as process improvements or major IT procurements that were done efficiently or effectively; (b) any savings that DOA estimates resulted from the initiative; and (c) plans for additional improvements or projects in the 2018-19 fiscal year. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9101(11q)]

ITEM C-42. REPLACEMENT OF INFORMATION TECHNOLOGY CONTRACTORS REPORT

As passed by the Legislature, Assembly Bill 64 would have required DOA to submit a report to the Joint Committee of Finance by August 31, 2018, regarding the activities performed in the 2017-18 fiscal year by permanent positions created under DOA to replace IT contractor staff. The report would have included: (a) accomplishments such as system or process improvements,

progress or completion of projects, or finished work products; (b) any additional savings or efficiencies that DOA can estimate resulted from the work of the positions; and (c) plans for additional improvements, projects, or work products in the 2018-19 fiscal year. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9101(11s)]

ITEM C-43. STATE TRANSFORMING AGENCY RESOURCES (STAR) PROGRAM AND BENEFITS REALIZATION REPORT

As passed by the Legislature, Assembly Bill 64 would have required DOA to provide a report to the Joint Committee on Finance and the Joint Committee on Information Policy and Technology once every six months, beginning October, 2017, relating to the management of the enterprise resource planning (ERP) system. The bill would have specified that the report include: (a) year-to-date expenditures from the system appropriation; (b) master lease originations since the date of the last report; (c) state agency assessments (most recently charged as well as charges estimated for future fiscal years); (d) the status of the appropriation deficit; and (e) updated information relating to DOA's efforts regarding benefits realization, including any actual or anticipated savings or efficiencies associated with the ERP system. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 169t]

ITEM C-44. SELF-FUNDED PORTAL ANNUAL REPORT

As passed by the Legislature, Assembly Bill 64 would have required DOA to submit an annual report to the Legislature and the Joint Committee on Finance by October 1 of each year for the fiscal year that ended immediately preceding the date of the report that would: (a) include a financial statement of the state's self-funded portal revenues and expenditures for the fiscal year; (b) list the services available through the portal, including the addition of services available since the previous fiscal year; (c) indicate the amounts of any fees charged for each of the services; and (d) summarize the activity levels of the services provided. The bill would have specified that DOA could include any other information it determines is relevant to the administration of the self-funded portal. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 172]

ITEM C-45. OFFICE OF THE COMMISSIONER OF INSURANCE INFORMATION TECHNOLOGY POSITION TRANSFERS REPORT

As passed by the Legislature, Assembly Bill 64 would have required the Department of Administration, in consultation with the Office of the Commissioner of Insurance (OCI), to prepare a report on information technology services provided by DOA to OCI. This report, which was included in conjunction with an initiative that transferred OCI's information technology positions to DOA, would have required DOA to identify any efficiencies associated with providing OCI's

information technology services by DOA. *The Governor's partial veto deletes the report requirement.*

[Act 59 Vetoed Section: 9101(11c)]

ITEM C-46. WORKER'S COMPENSATION RECORDING EQUIPMENT REPORT

As passed by the Legislature, Assembly Bill 64 would have directed the Division of Hearings and Appeals (DHA) to conduct a study of the audio and video needs of worker's compensation (WC) hearings that could allow for the use of such technologies in WC hearings and present its findings to the Workers Compensation Advisory Council (WCAC) by July, 2018. Under the bill, the Council would be allowed to submit a recommendation to DHA regarding what WC recording equipment would be sufficient to replace a court reporter in time for inclusion in the 2019-21 agency request. *The Governor's veto deletes these provisions.*

[Act 59 Vetoed Section: 9101(11i)]

ITEM C-47. COST-BENEFIT ANALYSIS OF LEASES

As passed by the Legislature, Assembly Bill 64 would have specified that DOA may not enter into, extend, or renew an executive branch agency lease with an annual rent of more than \$500,000 unless the Secretary of DOA signs the lease, a copy of the proposed lease is submitted electronically to the Chief Clerk of each house of the Legislature for distribution, and DOA notifies the Joint Committee on Finance of the proposed lease and provides the following information and a summary report of the information (including the terms of the lease, the lease rate per square foot, and the comparable options) to the Committee: (a) a cost-benefit analysis comparing the lease with purchasing the space or another suitable space; and (b) an evaluation of comparable lease options within a 10-mile radius of the property proposed in the lease or, if there are not sufficient comparable properties within a 10-mile radius to perform a meaningful comparison, a wider radius as needed to ensure the lease rate per square foot does not exceed the lease rate per square foot on comparable properties or the market rate by more than 5%. The bill would have specified that if the Co-Chairpersons of the Committee do not notify the Secretary within 14 working dates after the date of notification that the Committee has scheduled a meeting for the purpose of reviewing the proposed lease, the lease may be entered into, extended or renewed. Further, the bill would have specified that, if the Co-Chairpersons of the Committee notify the Secretary within 14 working dates after the date of notification that the Committee has scheduled a meeting for the purpose of reviewing the proposed lease, the lease may be entered into, extended, or renewed only upon approval of the Committee. *The Governor's partial veto deletes these provisions.*

[Act 59 Vetoed Sections: 161d, 161e, and 9301(2f)]

ITEM C-48. FEE REPORT WITH AGENCY BUDGET REQUESTS

As passed by the Legislature, Assembly Bill 64 would have required each executive branch agency to include in its agency biennial budget request a report identifying: (a) each fee the agency

is authorized to charge; (b) the amount of each fee or method of calculating the fee; (c) statutory authority to charge the fee; (d) a statement of whether or not the agency currently charges the fee; (e) a description of whether and how each fee has changed over time; and (f) any recommendation the agency has concerning each fee. ***The Governor's partial veto deletes this provision.***

[Act 59 Vetoed Section: 139m]

ITEM C-49. ON-SITE DELIVERY OF HUMAN RESOURCES, PAYROLL AND BENEFIT FUNCTIONS AT SELECT AGENCIES

As passed by the Legislature, Assembly Bill 64 transferred the human resource (HR) functions currently performed separately by most state agencies to the Department of Administration's Division of Personnel Management (DPM) beginning in 2018-19. Associated with the transfer of responsibility, AB 64 would have specified that DPM must provide HR and payroll and benefits services on site for the State Fair Park Board, the Department of Corrections, the Department of Health Services, and the Department of Veterans Affairs. ***The Governor's partial veto deletes the requirement that services be provided on site to the specified agencies.***

[Act 59 Vetoed Section: 73]

ITEM C-50. HOMELESS SHELTER EMPLOYMENT SERVICES GRANT USES

As passed by the Legislature, Assembly Bill 64 provides \$500,000 in federal temporary assistance for needy families (TANF) block grant funds annually for the Department of Children and Families (DCF) to support 10 annual grants of \$50,000 to shelter facilities in order to provide intensive case management services to homeless families. DOA awards the grants and any unused funds revert back to the relevant appropriations for TANF programs, as determined by the Secretary of DOA. The services provided by the shelter facilities must focus on financial management, employment, school continuation, and enrolling unemployed or underemployed parents in the Wisconsin Works (W-2) program or the food stamp employment and training program.

Allowable uses of grant funding also would have included public-private partnerships between local governments, religious organizations, local businesses, and charitable organizations which deliver immediate housing relocation services, including but not limited to paying rent on behalf of participants in private housing. ***The Governor's partial veto the deletes language enabling DOA to award grants to public-private partnerships between local governments, religious organizations, local businesses, and charitable organizations which deliver immediate housing relocation services, including but not limited to paying rent on behalf of participants in private housing.***

[Act 59 Vetoed Section: 129]

ITEM C-51. WORK PARTICIPATION RATE REPORTING REQUIREMENTS

As passed by the Legislature, Assembly Bill 64 allocates \$2,700,000 annually from federal TANF block grant funds to provide eligibility to participants in W-2 who meet certain federal work participation requirements to receive a supplemental payment of \$50 each month for up to 12 months. The supplement would assist participants to maintain unsubsidized employment after participating in a W-2 employment position. Assembly Bill 64 also required DCF to submit reports to the Joint Committee on Finance regarding performance on federal work participation rate targets in the TANF program, progress on any compliance programs with the federal Department of Health and Human Services, and the appeals process for any penalties related to work participation rate requirements.

Assembly Bill 64 also would have specified that the reports must be made on or before: September 15, 2017; March 16, 2018; September 14, 2018; and March 15, 2019. Further, Assembly Bill 64 also would have required DCF to present a plan to improve work participation rates for approval by the Joint Committee on Finance on or before October 1, 2018. DCF would have been encouraged to, but not be required to, include a request for a waiver under Section 1115 of the Social Security Act into the plan. DCF would not have been able to implement the plan unless the Joint Committee on Finance approved or modified the plan using a 14-day passive review process. *The Governor's partial veto deletes the language specifying the dates on which the reports must be issued and deletes the requirement for DCF to submit a plan for approval by the Joint Committee on Finance.*

[Act 59 Vetoed Section: 9106(3w)]

ITEM C-52. FUNDING FOR ELECTIONS COMMISSION POSITIONS

As passed by the Legislature, Assembly Bill 64 would have provided \$1,277,100 FED in 2017-18 and 21.0 FED positions in 2017-18 and \$2,898,300 GPR and 21.0 GPR positions in 2018-19 to the Elections Commission for the agency to continue providing services that have been supported from federal Help America Vote Act of 2002 funds. *The Governor's partial veto deletes \$304,100 FED in 2017-18 and \$304,100 GPR in 2018-19 associated with salaries and fringe benefits for 5.0 authorized positions. Due to the reduction in federal expenditures in 2017-18, federal funds remaining would increase and could be used in 2018-19 to offset GPR-funded expenses. As a result, the estimated GPR lapse associated with the provision would be increased by \$304,100.*

	Chg. to Enr. AB 64 Funding Positions	
GPR	- \$304,100	- 5.00
FED	<u>- 304,100</u>	<u>0.00</u>
Total	- \$608,200	- 5.00
GPR-Lapse \$304,100		

[Act 59 Vetoed Section: 183 (as it relates to ss. 20.510(1)(a) and (x))]

ITEM C-53. ELECTIONS AND ETHICS COMMISSIONER PER DIEMS

As passed by the Legislature, Assembly Bill 64 would have reduced

Chg. to Enr. AB 64	
GPR	- \$38,400

the per diems for both the Elections and Ethics Commissioners from \$454.11 to \$227 and provided \$10,900 GPR annually to support the per diem. ***The Governor's partial veto reduces the per diems for both the Elections and Ethics Commissioners to \$27. In addition, the partial veto reduces each appropriation by \$9,600 in each year of the biennium.***

[Act 59 Vetoes Sections: 17 and 183 (as it relates to s. 20.510(1)(a) and s. 20.521(1)(a))]

ITEM C-54. GROUP INSURANCE PROGRAM CHANGES AND GROUP INSURANCE BOARD DIRECTIVES

A. *State Health Program Savings.* As passed by the Legislature, Assembly Bill 64 would have specified that the Group Insurance Board (GIB) attempt to ensure that savings of \$63.9 million GPR over the 2017-19 biennium be achieved through a combination of negotiation savings (estimated at \$22.7 million GPR), a draw-down of state health program reserves as directed under the bill as amended (total draw-down of \$68.8 million estimated at \$25.8 million GPR), and approximately \$15.4 million GPR from: increased usage of health plan tiers authorized in statute; potential additional reserves reductions if the GIB review of its fully-insured reserve policy results in a lower benchmark for determining reserves; plan design changes, with an emphasis on consumer-driven health care, that do not exceed a 10% increase to total employee costs for Tier 1 plans in each of calendar year 2018 and 2019 including premiums, copays, deductibles, coinsurance, and out-of-pocket maximums; or other means. ***The Governor's partial veto deletes these provisions. The veto message indicates that the GIB "has already approved the participating health plans and rates for the calendar year 2018 group health insurance program and is committed to achieving the biennial savings target established by the Legislature."***

[Act 59 Vetoes Section: 9114(2w)]

B. *Consumer-Driven Health Plan Educational Campaign.* As passed by the Legislature, Assembly Bill 64 would have specified that ETF develop and submit to the Joint Committee on Finance under the procedures of s. 13.10 of the statutes by January 1, 2018, a plan including a request for any funding that would be needed to conduct a consumer-driven health plan educational campaign prior to and during open enrollment for program year 2019. The bill would have specified that the campaign include information relating to: the advantages of high-deductible health plans and health savings accounts; examples of individuals or families who might benefit from a high-deductible health plan and health savings account; and information relating to any consumer-driven health plan design changes or initiatives approved by the GIB for implementation by ETF. Further, the bill would have specified that the plan may not be implemented unless approved by the Committee. ***The Governor's partial veto deletes these provisions.***

[Act 59 Vetoes Section: 9114(1c)]

C. *Plan for Program Reserves.* As passed by the Legislature, Assembly Bill 64 would have specified that the GIB submit a plan by March 1, 2018, to the Joint Committee on Finance for approval under a 21 working-day passive review process that includes the following: (a) the amount of state group health program reserves held by ETF as of December 31, 2017; (b) the amount of state program reserves that will be used over calendar year 2018 to reduce state program

costs; (c) a projection of 2018 year-end state program reserves by the Board's consulting actuary; and (d) the Board's planned utilization of state program reserves in calendar year 2019. Under the provision, if the Committee notifies the GIB within 21 working days that it has scheduled a meeting for the purpose of reviewing the plan for 2019, the GIB could not implement the plan unless approved by the Committee. ***The Governor's partial veto deletes this provision.***

[Act 59 Vetoed Section: 9114(1t)]

D. Program Reserves Policy. As passed by the Legislature, Assembly Bill 64 would have directed ETF to utilize \$68.8 million in state group health program reserves over the 2017-19 biennium to reduce state program costs and would have specified that the GIB review its policy relating to group health program reserves for fully-insured health plans, including a review of: (a) the history of changes in the participation of fully insured health plans in the group health insurance program; (b) the number of members affected by the discontinuation of fully insured health plans from year to year; and (c) the dollar amount of claims or premiums associated with members that are affected by the discontinuation of fully insured health plans from year to year. ***The Governor's partial veto deletes this provision.***

[Act 59 Vetoed Section: 9114(2p)]

E. Group Health Plan Tiers. As passed by the Legislature, Assembly Bill 64 would have specified that the GIB must place health care coverage plans into one of five tiers (rather than three tiers), which are separated according to the employee's share of premium costs, established in accordance with standards adopted by the GIB. ***The Governor's partial veto deletes this provision. As a result, the current law requirement that plans be placed into one of three tiers would be maintained.***

[Act 59 Vetoed Sections: 709g and 9314(3c)]

F. Review of Changes to State Employee Group Health Program. As passed by the Legislature, Assembly Bill 64 would have provided that GIB, in consultation with the Division of Personnel Management in DOA, must annually, by April 1, submit any proposed changes to the state group health insurance program to the Joint Committee on Finance under a 21 working-day passive review process. The bill would have specified that, if the Committee notifies the GIB within 21 working days that a meeting has been scheduled for the purpose of reviewing the changes, the changes may not be implemented unless approved by the Committee. Further, the bill would have specified that any changes to the program that are proposed subsequent to the annual review by the Committee must also be submitted under the same 21 working-day passive review process if the changes would have a financial impact or would affect covered benefits, including any proposed changes to the program for the 2018 program year. ***The Governor's partial veto deletes these provisions.***

[Act 59 Vetoed Sections: 707f and 9314(3p)]

G. Audit of State's Group Health Insurance Programs. As passed by the Legislature, Assembly Bill 64 would have requested that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to conduct an audit of the state's group health insurance programs,

including a review of the Group Insurance Board's compliance with its group health program reserve policy, a review of the appropriateness of its policy regarding fully-insured program reserves, and the circumstances that have created ongoing, frequent accumulation and use of reserves. ***The Governor's partial veto deletes this provision.***

[Act 59 Vetoed Section: 9129(2w)]

H. Group Insurance Board Changes. As passed by the Legislature, Assembly Bill 64 would have specified that: (a) the six members of the GIB who are appointed by the Governor to two-year terms under current law would be appointed to the Board only with the advice and consent of the Senate; and (b) the membership of GIB would be expanded from 11 to 15 members with the following added as members of the Board: one member appointed by the Speaker of the Assembly; one member appointed by the Minority Leader of the Assembly; one member appointed by the Majority Leader of the Senate; and one member appointed by the Minority Leader of the Senate. ***The Governor's partial veto deletes these provisions.***

[Act 59 Vetoed Sections: 17n, 39d thru 39k, and 9314(4p)]

ITEM C-55. 100TH ANNIVERSARY OF THE STATE CAPITOL

Chg. to Enr. AB 64	
GPR	- \$50,000

As passed by the Legislature, Assembly Bill 64 would have created an annual GPR appropriation in the Legislature for activities related to the celebration of the 100th anniversary of the State Capitol funded at \$50,000 GPR in 2017-18. The bill would have specified that the Co-chairpersons of the Joint Committee on Legislative Organization must authorize all expenditures from this appropriation. Further, the bill would have created a new continuing PR appropriation in the Legislature to receive revenues generated from activities related to the celebration of the 100th anniversary of the State Capitol and specifies that: (a) the first \$50,000 received in this PR appropriation in each fiscal year lapse to the general fund; and (b) any amounts beyond \$50,000 received in the appropriation be transferred to a new, biennial PR appropriation for Capitol restoration and relocation planning. Finally, the bill would have created a biennial PR appropriation under "Miscellaneous Appropriations" for Capitol restoration and relocation planning, and specified that the biennial PR appropriation would have been allowed to receive revenue from moneys transferred from the PR appropriation created in the Legislature for activities related to the celebration of the 100th anniversary of the State Capitol. ***The Governor's partial veto deletes these provisions.***

[Act 59 Vetoed Sections: 8p, 183 (as it relates to ss. 20.765(4)(title), (b), (h), and s. 20.855(3)(k)), 480b thru 480cg, and 483m]

ITEM C-56. STATE CAPITOL BASEMENT RENOVATIONS

As passed by the Legislature, Assembly Bill 64 would have enumerated the "State Capitol Basement Renovations" project under the Building Commission and provided \$1,000,000 general fund supported bonding to fund this project. ***The Governor's partial veto deletes this project enumeration from the 2017-19 state building program. The related bonding is part of a larger***

bonding authorization amount and is not vetoed.

[Act 59 Vetoed Section: 9104(1)(a)]

ITEM C-57. PROVISION OF UTILITY SERVICES EFFECTIVE DATE

As passed by the Legislature, Assembly Bill 64 modifies the definition of public utility effective on the first day of the 13th month after publication of the bill so that the definition excludes a state agency, as defined in s. 20.001(1) of the statutes, that may own, operate, manage, or control all or any part of a plant or equipment for the production, transmission, delivery, or furnishing of water either directly or indirectly for the public. The provision, in combination with other provisions relating to awards preferences during the 2017-19 biennium for federal Community Development Block Grant funding under DOA, is intended to accomplish a transfer of water and sewer services for a limited number of properties in the Town of Oshkosh (Winnebago County). Currently, water and sewer services for the properties are provided by systems maintained by the Department of Health Services for the Winnebago Mental Health Institute. The combined provisions are intended to transfer DHS-provided water and sewer services to other means of service. ***The Governor's partial veto deletes the delayed effective date for modifying the definition so that the new definition is effective on the day after the Act's publication. However, the Governor's veto message directs DHS to continue providing water and sewer services for 12 months after the effective date of the budget.***

[Act 59 Vetoed Section: 9437(1t)]

HEALTH SERVICES AND INSURANCE

ITEM D-58. SUPERVISED RELEASE OF SEXUALLY VIOLENT PERSONS

As passed by the Legislature, Assembly Bill 64 would have modified statutory requirements relating to plans for supervised release of sexually violent persons (SVPs) and representation of SVPs by the State Public Defender as follows:

County Plans for the Release of SVPs

Report Preparation and Content. Specify that if a court finds that an individual has met all the criteria for supervised release, the court must order the county of the person's residence, as determined by DHS, to prepare a report to submit to the Department of Health Services (DHS). Require the county to create a temporary committee to prepare the report, consisting of: (a) the county human services department; (b) a representative from DHS; (c) a local probation or parole officer; (d) the county corporation counsel or his or her designee; and (e) a representative of the department of the county that is responsible for land use and planning or the department of the county that is responsible for land information. Specify that the report would identify an appropriate residential option in that county while the person is on supervised release and

demonstrate that the county has contacted the landlord for that residential option and that the landlord has committed to enter into a lease.

Require that the county consider the following factors when identifying an appropriate residential option: (a) the distance between the person's placement and any school premises, child care facility, public park, place of worship, or youth center; (b) if the person committed a sexually violent offense against an adult at risk or an elder adult at risk, the distance between the person's placement and a nursing home or assisted living facility; and (c) if the person is a serious child sex offender, the distance between the person's placement and a property where a child's primary residence exists. Repeal current law provisions requiring that the residential option identified in the supervised release plan be a specific distance from the properties described above.

Consultation with Law Enforcement Agencies. Specify that when preparing the report, the county must consult with a local law enforcement agency having jurisdiction over the residential option. Permit the law enforcement agency to submit a written report that provides information relating to the residential option, and, if the law enforcement agency submits a report, require the county department to include the agency's report when the county department submits its report to DHS.

Deadline for Submission of Report and Penalties. Require the county to submit its report to DHS within 120 days following the court order, rather than 60 days, as required under current law. Specify that a county that does not submit its report within 120 days violates the person's rights under s. 51.61 of the statutes, and that each day that the county does not submit a report after the 120 days have expired constitutes a separate violation. Specify that any damages beyond costs and reasonable actual attorney fees recovered by the person for a violation would be deposited into a new PR appropriation that would authorize DHS to use all moneys it receives from this source to fund payments of costs associated with housing persons on supervised release.

Specify that within the first 12 months following the effective date of the bill, the time limit for counties to submit the report to DHS shall be 180 days, rather than 120 days.

DHS Assistance in Preparing Report. Require DHS, within 30 days after the court orders the county to prepare a report, to determine the identity and location of known and registered victims of the person's acts by searching its victim database and consulting with the Office of Victim Services in the Department of Corrections, the Department of Justice, and the county coordinator of victims and witnesses services in the county of intended placement, in the county where the person was convicted, and in the county of commitment. Authorize the county to consult with DHS on other matters while preparing the report, and require DHS to respond as soon as practically possible.

DHS Preparation of Supervised Release Plans. Require the court to direct DHS to use the report to prepare a supervised release plan for the person that identifies the residential option the county identified in its report. Specify that the plan must also address the person's need, if any, for supervision, counseling, medication, community support services, residential services, vocational services, and alcohol and other drug abuse treatment. Require DHS to provide the

supervised release plan to the court within 30 days after the county submits its report to DHS. Permit DHS to grant one extension of up to 30 days for good cause. Repeal a current law requirement that the Department may not arrange placement in a facility that did not exist before January 1, 2006.

Determination of County of Residence. Specify that in determining the person's county of residence for the purposes of the supervised release process, if current law procedures are insufficient, the Department must find that the county of residence is the county in which, on the date that the person committed the sexually violent offense that resulted in the sentence, placement, or commitment, the person would have been a resident for the purposes of social security disability insurance eligibility.

Initial Applicability. Specify that these changes shall apply to all petitions for supervised release under Chapter 980 currently pending at the time of the effective date of the bill.

State Public Defender Counsel

Provide that, in any situation under Chapter 980 ("Sexually Violent Persons Commitments") in which the person has a right to be represented by counsel, the court must refer the person as soon as practicable to the State Public Defender, who would be required to appoint counsel for the person without a determination of indigency. Modify references to Chapter 977 ("State Public Defender") to reflect this change.

Provide that, at the conclusion of any proceeding under Chapter 980 in which the Public Defender has provided counsel for a person, the court may inquire as to the person's ability to reimburse the state for the costs of representation. Provide that, if the court determines that the person is able to make reimbursement for all or part of the costs of representation, the court may order the person to reimburse the state an amount up to the maximum amount established in the Public Defender's fee schedule. Upon request, require the Public Defender to conduct a determination of indigency and report the results of the determination in court.

Provide that reimbursements would be made to the clerk of courts of the county where the proceedings took place, and require the clerk to transmit payments to the county treasurer. Require the treasurer to deposit 25% of the payment amount in the county treasury and transmit the remainder to the Department of Administration, to be credited to the Public Defender's PR appropriation that supports legal representation provided by the private bar.

Require the clerk of courts for each county to report, by January 31 of each year, to the State Public Defender the total amount of reimbursements ordered for Chapter 980 cases, in the previous calendar year and the total amount of reimbursements paid to the clerk of courts in the previous year.

The Governor's partial veto deletes all of the provisions relating to this item, except a title in the DHS appropriation schedule for the appropriation that would have funded costs associated with housing persons on supervised release.

[Act 59 Vetoes Sections: 377h, 979p, 2230s, 2251y, 2257e thru 2257p, 2261d, 2262L thru 2262x, 9120(1t), and 9320(1t)]

ITEM D-59. FOODSHARE EMPLOYMENT AND TRAINING -- UNIVERSAL REFERRALS

As passed by the Legislature, Assembly Bill 64 would have required the Department of Health Services to ensure that all FoodShare applicants and participants receive information about the FoodShare Employment and Training (FSET) program at least once every six months, and that all able-bodied adults without dependents are referred to FSET, regardless of whether they need to meet the work requirement. *The Governor's partial veto deletes this provision. In his veto message, the Governor directs DHS to develop a protocol for better informing all FoodShare applicants and participants about FSET.*

[Act 59 Vetoed Section: 964d]

ITEM D-60. FOODSHARE EMPLOYMENT AND TRAINING -- COST-TO-CONTINUE

As passed by the Legislature, Assembly Bill 64 would have required the Department of Health Services to provide the Joint Committee on Finance with an outcome report on the FoodShare Employment and Training Program by February 1, 2018. The report would have included any proposed program improvements and contract modifications necessary based on the reported outcomes. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9120(2s)]

ITEM D-61. FOODSHARE EMPLOYMENT AND TRAINING PILOT

As passed by the Legislature, Assembly Bill 64 would have required the Department of Health Services to submit a detailed plan for implementation of the pilot work requirement for able-bodied adults living with dependents over the age of six to the Joint Committee on Finance (JCF), prior to implementation of this pilot. DHS subsequently would have been required to request the release of the funds to implement this provision under s. 13.10 of the statutes. Further, Assembly Bill 64 would have required the pilot region to be limited to a maximum of two FoodShare Employment and Training vendor regions, and would have been required to operate from April, 2019, to June 30, 2020. Prior to statewide expansion of the pilot, DHS would have been required to evaluate the pilot program, and depending on its findings, submit a proposal for statewide expansion of the pilot in its 2021-23 biennial budget request. *The Governor's partial veto deletes the following provisions: (a) that DHS submit a detailed implementation plan for the pilot program to JCF; (b) that the pilot region be no larger than two FSET vendor regions; (c) that the pilot operate between April, 2019, and June 30, 2020; (d) that statewide expansion of the pilot be contingent on an evaluation of the pilot; and (e) that, depending on the evaluation, DHS submit a proposal for statewide expansion as part of its 2021-23 biennial budget.*

[Act 59 Vetoed Section: 9120(2)]

ITEM D-62. MEDICAL ASSISTANCE COVERAGE OF COMPLEX REHABILITATION TECHNOLOGY

As passed by the Legislature, Assembly Bill 64 would have established complex rehabilitation technology as a covered service under the state's medical assistance (MA) program. These provisions are described below.

Definitions. For these purposes, the following definitions would have been created.

(a) "Complex needs patient" means an individual with a diagnosis or medical condition that results in significant physical impairment or functional limitation.

(b) "Complex rehabilitation technology" means items classified within Medicare as durable medical equipment that are individually configured for individuals to meet their specific and unique medical, physical, and functional needs and capacities for basic activities of daily living and instrumental activities of daily living identified as medically necessary. The definition includes complex rehabilitation manual and power wheelchairs, adaptive seating and positioning items, and other specialized equipment such as standing frames and gait trainers, as well as options and accessories related to any of these items. However, these provisions are not intended to affect coverage of speech generating devices, including several healthcare common procedure coding system codes specified in the bill.

(c) "Individually configured" means having a combination of sizes, features, adjustments, or modifications that a qualified complex rehabilitation technology supplier can customize to the specific individual by measuring, fitting, programming, adjusting, or adapting as appropriate so that the device operates in accordance with an assessment or evaluation of the individual by a qualified health care professional and is consistent with the individual's medical condition, physical and functional needs and capacities, body size, period of need, and intended use;

(d) "Medicare" means coverage under Part A or Part B of Title XVIII of the federal social security act, 42 USC 1395 et seq;

(e) "Qualified complex rehabilitation technology professional" means an individual who is certified as an assistive technology professional by the Rehabilitation Engineering and Assistive Technology Society of North America;

(f) "Qualified complex rehabilitation technology supplier" means a company or entity that meets all of the following criteria: (1) is accredited by a recognized accrediting organization as a supplier of complex rehabilitation technology; (2) is an enrolled supplier for purposes of Medicare reimbursement that meets the supplier and quality standards established for durable medical equipment suppliers, including those for complex rehabilitation technology under Medicare; (3) is an employer of at least one qualified complex rehabilitation technology professional to analyze the needs and capacities of the complex needs patient in consultation with qualified health care professionals, to participate in the selection of appropriate complex rehabilitation technology for those needs and capacities of the complex needs patient, and to provide training in the proper use of the complex rehabilitation technology; (4) requires a qualified complex rehabilitation technology professional to be physically present for the evaluation and

determination of appropriate complex rehabilitation technology for a complex needs patient; (5) has the capability to provide service and repair by qualified technicians for all complex rehabilitation technology it sells; and (6) provides written information at the time of delivery of the complex rehabilitation technology to the complex needs patient stating how the complex needs patient may receive service and repair for the complex rehabilitation technology; and

(g) "Qualified health care professional" means any of the following: (1) a licensed physician or physician assistant; (2) a licensed physical therapist; (3) a licensed occupational therapist; or (4) a licensed chiropractor.

Rules. DHS would have been required to promulgate rules and other policies for use of complex rehabilitation technology by recipients of medical assistance. The rules would have been required to include all of the following:

(a) Designation of all of the coding system codes that are used in the federal Medicare program for complex rehabilitation technology, allowing for quarterly updates to the designations;

(b) Establishment of specific supplier standards for companies or entities that provide complex rehabilitation technology and limiting reimbursement only to suppliers that are qualified complex rehabilitation technology suppliers;

(c) A requirement that MA recipients who need a manual wheelchair, power wheelchair, or other seating component to be evaluated by all of the following: (1) a qualified health care professional who does not have a financial relationship with a qualified complex rehabilitation technology supplier; and (2) a qualified complex rehabilitation technology professional;

(d) Establishment and maintenance of payment rates for complex rehabilitation technology that are adequate to ensure complex needs patients have access to complex rehabilitation technology, taking into account the significant resources, infrastructure, and staff needed to appropriately provide complex rehabilitation technology to meet the unique needs of complex needs patients;

(e) A requirement for contracts with DHS that managed care plans providing services to MA recipients comply with statutory requirements related to the provision of complex rehabilitation technology and with the related administrative rules; and

(f) Protection of access to complex rehabilitation technology for complex needs patients.

DHS would have been required to submit in proposed form the administrative rules to the Legislative Council staff no later than the first day of the 13th month beginning after the effective date of the budget bill.

The proposed rules would have been required to designate certain healthcare common procedure system codes, which are used under the federal Medicare program and certain mixed complex rehabilitation technology product and standard mobility and accessory product codes. The Department would have been required to specify, in the proposed rules, that procurement of these codes would be exempt from any bidding or selective contracting requirements.

The Governor's partial veto deletes these provisions.

[Act 59 Vetoed Sections: 926p, 931n, and 9120(5h)]

ITEM D-63. EXEMPTION FROM THE NURSING HOME BED ASSESSMENT

Chg. to Enr. AB 64	
SEG-REV	\$775,200

As passed by the Legislature, Assembly Bill 64 would have exempted county-owned institutions for mental disease and state licensed nursing homes that are not certified to participate in Medicaid or Medicare from the state nursing home bed assessment. The Department of Health Services would have been required to seek approval from the U.S. Department of Health and Human Services to ensure that, by exempting these facilities from the assessment, the state would remain compliant with federal rules relating to health care provider taxes. The exemption would have taken effect on July 1, 2017, or the date on which the state received approval to exempt these facilities, whichever is later, subject to federal approval. *The Governor's partial veto deletes this provision and increases estimated revenue to the medical assistance trust fund by \$387,600 SEG-REV annually to reflect restoration of assessment revenue.*

[Act 59 Vetoed Sections: 969n, 969p, and 969r]

ITEM D-64. CHILDLESS ADULT EMPLOYMENT AND TRAINING WAIVER

As passed by the Legislature, Assembly Bill 64 would require the Department of Health Services to include an employment and training program for childless adults in a Medicaid waiver amendment that the Department is required to submit (and that must include other elements, such as premiums and drug testing, that were included in the prior budget) to the U.S. Department of Health and Human Services. The enrolled bill would delete a current law requirement that the Department implement provisions of the waiver amendment as approved by DHHS, and, instead, would have prohibited the Department from implementing any portion of the approved waiver unless approved by the Joint Committee on Finance. The enrolled bill would have also required the Department to submit a report to the Committee that includes a description of each component of the approved waiver and an estimate of the impact of the waiver on the medical assistance enrollment and budget. *The Governor's partial veto deletes the provision that requires Joint Committee on Finance approval prior to the implementation of any component of the approved waiver and the requirement that the Department submit a report on the approved waiver.*

[Act 59 Vetoed Section: 928d]

ITEM D-65. FAMILY CARE FUNDING

As passed by the Legislature, Assembly Bill 64 would have required the Department of Health Services to work with the Family Care managed care organizations (MCOs) and Centers for

Medicare and Medicaid Services (CMS) to develop an allowable payment mechanism to increase the direct care and services portion of the capitation rates paid to the MCOs, in recognition of the direct caregiver workforce challenges facing the state. Assembly Bill 64 budgeted \$12,500,000 GPR in each year of the biennium for this purpose in the Joint Committee on Finance (JCF) program supplements appropriation. Assembly Bill 64 would have required DHS to seek the release of these funds from JCF under s. 13.10 of the statutes, upon CMS approval of a payment mechanism, and to seek any necessary federal approvals by December 31, 2017, to implement the payment mechanism. *The Governor's partial veto deletes the requirement that DHS seek the release of the GPR funding to implement this provision under s. 13.10 of the statutes. Instead, upon federal approval of the payment mechanism, DHS is authorized to supplement the medical assistance program benefits appropriation from the JCF program supplements appropriation without the approval of JCF, in order to implement this provision. Further, the Governor's partial veto deletes the requirement that DHS seek any necessary federal approvals by December 31, 2017, to implement the payment mechanism.*

[Act 59 Vetoed Section: 928r]

ITEM D-66. FAMILY CARE PARTNERSHIP PROGRAM

As passed by the Legislature, Assembly Bill 64 would have required the Department of Health Services to submit a request, by December 31, 2017, for a waiver from the Centers for Medicare and Medicaid Services to expand the Family Care Partnership program statewide. Within 60 days of receiving approval from CMS, DHS would have been required to submit a plan to expand the Family Care Partnership program statewide to the Joint Committee on Finance (JCF), for approval following the guidelines issued in the waiver. Implementation of the plan would have been contingent on approval by JCF. If CMS denied the waiver request, DHS would have been required to submit a report to JCF outlining the reasons why the request was denied. *The Governor's partial veto deletes this provision. In his veto message, the Governor directs DHS to explore expansion opportunities for the Family Care Partnership program throughout the state.*

[Act 59 Vetoed Section: 9120(4k)]

ITEM D-67. SELF-DIRECTED SERVICES WAIVER FOR POSTSECONDARY EDUCATION

As passed by the Legislature, Assembly Bill 64 would have required the Department of Health Services to request a federal home and community-based services waiver, or a modification to a current waiver, to provide Medicaid coverage for services provided to individuals with developmental disabilities receiving postsecondary education on the grounds of a health care institution. If the waiver was approved, DHS would have been required to limit coverage to 100 individuals per month and to determine the funding for each participant based on the benefit levels for the IRIS (Include, Respect, I Self-Direct) waiver program. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 747w]

ITEM D-68. NURSING HOME BED LICENSES

As passed by the Legislature, Assembly Bill 64 would have required the Department of Health Services to increase by 18 the number of licensed nursing home beds for a nursing facility that met the following requirements: (a) has a licensed bed capacity of no more than 30 on the effective date of the bill; (b) is located in a county with a population of at least 27,000, with the population of the county seat of no more than 9,200, and the home county is adjacent to a county with a population of at least 20,000, on the effective date of the bill; and (c) the facility has requested the increase in the number of its licensed beds through a notice to DHS that includes the applicant's per diem operating and capital rates. (The only facility that meets these criteria is the Door County Medical Center in Sturgeon Bay.) DHS would have been required to approve an application from a nursing home under this provision, within one month of receiving the application. Finally, Assembly Bill 64 would have required DHS to develop a policy that specifies the procedures nursing homes may use to apply for, and receive approval of, the transfer of available, licensed nursing home beds. DHS would have been required to report the details of the policy to the Joint Committee on Finance no later than July 1, 2018. *The Governor's partial veto deletes this provision. In his veto message, the Governor directs DHS to work with stakeholders to identify any alternatives available to increase a nursing home's licensed bed count.*

[Act 59 Vetoed Section: 9120(5b)]

ITEM D-69. INTENSIVE CARE COORDINATION PILOT PROGRAM

As passed by the Legislature, Assembly Bill 64 would have provided one-time funding of \$750,000 (\$309,700 GPR and \$440,300 FED) in 2017-18 and \$1,500,000 (\$616,400 GPR and \$883,600 FED) in 2018-19 to create a pilot program under which DHS would reimburse hospitals and health care systems for intensive care coordination services provided to MA recipients.

DHS would have been required to select eligible hospitals and health care systems that met certain criteria to receive reimbursement under the program. Reimbursement for intensive care coordination to eligible hospitals and health care systems participating in the program would have been set at \$500 for each MA recipient the hospital or health care system enrolls in intensive care coordination. The initial enrollment for each recipient would have lasted for six months and the health care provider could have enrolled the MA recipient in one additional six-month period for an additional \$500 reimbursement payment.

For each hospital or health care system receiving a reimbursement under the program, DHS would have been required to calculate the costs saved to the MA program by avoiding emergency department visits by subtracting the sum of reimbursements to the hospital or health care systems from the sum of costs of visits to the emergency department that were expected to occur without intensive care coordination. DHS would have been obligated to distribute half of the amount saved to the hospital or health care system if the result of the calculation was positive. *The Governor's partial veto deletes all provisions related to the care coordination pilot program. The funding provided for this purpose is retained in the act. Consequently, this funding remains available for general MA benefits.*

[Act 59 Vetoed Sections: 928g, 2249e, and 2249g]

ITEM D-70. CLINICAL CONSULTATIONS

As passed by the Legislature, Assembly Bill 64 would direct DHS to provide reimbursement for clinical consultations under the medical assistance program, subject to federal approval. Under the bill, DHS may not provide reimbursement for a clinical consultation that occurs after June 30, 2019. Funding for MA benefits is increased by \$610,000 (\$250,000 GPR and \$360,000 FED in 2018-19 to reflect an estimate of the cost of providing reimbursement for clinical consultations.

Under the bill, "clinical consultations" are defined as, for a student up to age 21, communication from a mental health professional, or a qualified treatment trainee working under the supervision of a mental health professional, to another individual who is working with the client to inform, inquire, and instruct regarding all of the following and to direct and coordinate clinical service components: (a) the client's symptoms; (b) strategies for effective engagement, care, and intervention for the client; and (c) treatment expectations for the client across service settings.

DHS would have been required to report to the Joint Committee on Finance by March 31, 2019, on utilization of these services. *The Governor's partial veto deletes the requirement that DHS submit a report to the Joint Committee on Finance by March 31, 2019, on the utilization of clinical consultation services.*

[Act 59 Vetoed Section: 928h]

ITEM D-71. EMERGENCY PHYSICIAN SERVICES AND REIMBURSEMENT WORKGROUP

As passed by the Legislature, Assembly Bill 64 would have established a workgroup to examine medical services provided in hospital emergency departments to medical assistance recipients, and to make recommendations regarding potential savings in these services and increases to MA reimbursement for emergency physician services. The workgroup would have been directed to examine aspects of the healthcare system involving emergency care, including patient care practices, medication use and prescribing practices, billing and coding administration, organization of health care delivery systems, care coordination, patient financial incentives and other aspects, as it saw appropriate.

The workgroup would have consisted of the following members, appointed by the Secretary: (a) two physicians practicing in Wisconsin representing a statewide physician-member organization of emergency physicians; (b) two representatives of the DHS Division of Medicaid Services, with experience in emergency physician services, codes and payment; (c) one representative who is a hospital emergency department administrator employed by a Wisconsin hospital or hospital-based health system; (d) one coding/billing specialist from an organization with expertise in the business of emergency medicine that contracts emergency physicians practicing in Wisconsin. The workgroup would have been authorized to solicit input from others as it deemed necessary and appropriate.

The workgroup would have been required to first convene no later than 60 days after the

effective date of the bill, and meet at least every 45 days until arriving at a set of recommendations. The workgroup would have been required to report its findings and recommendations to the Joint Committee on Finance no later than September 1, 2018.

The Governor's partial veto deletes all of these provisions.

[Act 59 Vetoes Section: 9120(5f)]

ITEM D-72. YOUTH CRISIS STABILIZATION FACILITY

Chg. to Enr. AB 64	
PR	- \$1,245,500

As passed by the Legislature, Assembly Bill 64 would have included funding for two separate initiatives, administered by the Department of Health Services using surplus revenues in the program revenue appropriation for the state mental health institutes. One initiative would be a grant to operate a peer-run respite center for veterans who are experiencing a mental health or substance abuse crisis and the other would be a grant to support the operation of one or more youth crisis stabilization facilities. The Governor's partial veto modifies these provisions by removing the specific criteria and limitations placed on the expenditure of funds under these initiatives, replacing it with broad expenditure authority that may be used to fund these or other initiatives. Each initiative as passed by the Legislature and the effect of the veto are described separately below.

Peer-run Respite Centers for Veterans. The peer-run respite center provision would have provided \$450,000 PR in 2018-19 in the appropriation for the Department's institutional operations appropriation (used for the state mental health institutes and state centers for individuals with intellectual disabilities) and would have authorized DHS to transfer that amount to a new appropriation in 2018-19 for funding payments to an organization that establishes a peer-run respite center for veterans. The new appropriation would have been repealed at the end of 2017-19 biennium and the Department would be required to include a proposal in its 2019-21 budget request for providing ongoing funding for a peer-run respite center for veterans from the general fund. ***The Governor's partial veto modifies the appropriation for the peer-run respite center for veterans by deleting selected words to create an appropriation titled "center" that gives the Department authority to "make payments to an organization that establishes a center that provides services." Instead of being limited to transferring \$450,000 on a one-time basis in 2018-19 to the new appropriation from the institutional operations appropriation, the partial veto gives the Department the authority to transfer any amount from that appropriation to the center appropriation on an ongoing basis. The Department would continue to be required to include a proposal for funding the peer-run respite center from the general fund in its 2019-21 budget request.***

Youth Crisis Stabilization Facility. The youth crisis facility provision would have provided \$1,245,500 PR (from the mental health institutes surplus revenues) in the Joint Committee on Finance program supplements appropriation to fund grants to youth crisis stabilization facilities. DHS would have been authorized to submit one or more requests for a program supplement to the Committee, up to a total of \$1,245,500, outlining its plan for distributing grant funds, including the conditions that the Department would specify for the expenditure of grant funds and the criteria the Department would use for selecting grantees. The Committee could transfer

funding to a new appropriation in DHS for youth crisis stabilization facility grants according to the plan, as approved or modified by the Committee. The enrolled bill would delete this appropriation at the end of the 2017-19 biennium and would require the Department to submit a proposal in its 2019-21 budget request for funding grants from a general fund appropriation on an ongoing basis. *The Governor's partial veto deletes the funding in the Committee's program supplements appropriation and the provisions authorizing DHS to make requests for program supplements for youth crisis facilities. In addition, the partial veto deletes the appropriation for providing grants to youth crisis stabilization facilities. The provision that requires DHS to submit a proposal in its 2019-21 budget request to fund youth crisis stabilization facility grants from the general fund is retained.*

In his veto address, the Governor indicates that he is directing the Department to expend at least \$450,000 for the peer-run respite center and at least \$1,245,500 for the youth crisis stabilization facility, using the center appropriation. Funding for both of these initiatives will need to be transferred to the center appropriation from the Department's institutional operations appropriation. While the act, as vetoed, retains the \$450,000 in budget authority in that appropriation for the peer-run respite center, the partial veto deletes the \$1,245,500 PR that the Legislature had budgeted in the Joint Committee on Finance's program supplements appropriation for the youth crisis stabilization facility. Consequently, funding for this initiative would need to be transferred from amounts budgeted for institutional operations of the state mental health institutes and state centers for individuals with intellectual disabilities.

Under Act 59 as vetoed, the Department is not limited to the amount that may be transferred from amounts budgeted in the PR appropriation for institutional operations to the center appropriation and also is not limited to the type of services that may be funded from the center appropriation. While the Department is required to include proposals to fund the peer-run respite center and the youth crisis stabilization facility from the general fund in its 2019-21 budget request, the center appropriation would be ongoing after the 2017-19 biennium.

[Act 59 Vetoed Sections: 183 (as it relates to ss. 20.435(5)(kd)&(kp) and 20.865(4)(g)), 377, 377b, 379j, 379k, 379p, 379r, 752b, 9120(1b), 9420(3t), and 9420(4f)]

ITEM D-73. DISPOSITION OF SURPLUS REVENUE BALANCE IN THE MENTAL HEALTH INSTITUTES APPROPRIATION

As passed by the Legislature, Assembly Bill 64 would have required the Department of Health Services, at the close of each even-numbered fiscal year, to determine the unencumbered amount remaining in the program revenue appropriation account for the state mental health institutes and, if this amount exceeds 17% of the expenditures from that appropriation, to include a proposal in its next biennial budget request, developed in consultation with county human services agencies, for the use of the excess amount. *The Governor's partial deletes this provision.*

[Act 59 Vetoed Section: 744av]

ITEM D-74. OFFICE OF CHILDREN'S MENTAL HEALTH TRAVEL REIMBURSEMENT

As passed by the Legislature, Assembly Bill 64 would have modified a GPR-funded appropriation for executive, management, and policy and budget services and activities of the Department of Health Services to specify that DHS may, in addition, use funds budgeted in the appropriation to support travel reimbursement for families with firsthand experience with children's mental health services who participate in meetings arranged by the Office of Children's Mental Health. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 392c]

ITEM D-75. VETERAN'S TRUST FUND AND STATE VETERANS HOMES

As passed by the Legislature, Assembly Bill 64 would have required the Department of Veterans Affairs (DVA) to receive approval of the Joint Committee on Finance under a 14-day passive review process prior to making any transfers of moneys from unappropriated balances in the program revenue appropriations for the state veterans homes to the veterans trust fund. *The Governor's partial veto deletes this requirement, thereby retaining the Department's current law authority to make transfers without the approval of the Committee.*

As passed by the Legislature, Assembly Bill 64 would have required DVA to submit a report to the Joint Committee on Finance that contains the following: (a) a description and analysis of the Department's administrative costs supported by the veterans trust fund and by revenue generated from the state veterans homes; (b) proposals for changes to the Department's administrative structure or position levels and salaries to increase efficiency or administrative costs; and (c) two proposed long-term plans to maintain the solvency of the veterans trust fund, one of which that includes transfers from the appropriations of the state veterans homes and one of which that does not include such transfers. *The Governor's partial veto deletes this provision.*

As passed by the Legislature, Assembly Bill 64 would have required DVA to do the following to implement recommendations contained in the Legislative Audit Bureau's Report 17-8 relating to the Wisconsin Veterans Home at King: (a) promulgate administrative rules to establish a formula for calculating private pay rates for nursing home and assisted living care at the state veterans homes; (b) submit a report to the Joint Committee on Finance and the Joint Legislative Audit Committee by July 1, 2018, relating to the cash balance in the state veterans home PR appropriation account and providing a plan for the management and proposed use of the cash balance in the account; and (c) submit a report to the Joint Committee on Finance and the Joint Legislative Audit Committee by July 1, 2018, that includes a description of the Department's efforts to establish a process for identifying and assessing the capital-related project needs for all Wisconsin Veterans Homes and a description of the Department's efforts to use this information to complete a 10-year facilities plan for the state veterans homes. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Sections: 739qg, 739qm, and 9149(1f)&(1g)]

TAX, LOCAL GOVERNMENT AND ECONOMIC DEVELOPMENT

ITEM E-76. GENERAL FUND STRUCTURAL BALANCE

As passed by the Legislature, Assembly Bill 64 would have required that s. 20.003(4m) of the statutes, which specifies that no bill may be passed by the Legislature if it would cause estimated general fund expenditures to exceed estimated revenues in the second year of the biennium, would also apply to the executive budget bill or bills. As a result, the Governor, when submitting a budget proposal, would have been required to ensure that general fund revenues would exceed general fund net appropriations in the second year of the biennium. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 140k]

ITEM E-77. REFUNDABLE BUSINESS TAX CREDIT CLAIMS

As passed by the Legislature, Assembly Bill 64 would have required that claims for the refundable enterprise zone, business development, and electronics and information technology manufacturing (EITM) zone tax credits be filed with, and paid by, the Wisconsin Economic Development Corporation (WEDC) from the existing GPR appropriations for the credits using policies and procedures developed by the WEDC Board. This provision would have first applied to credit claims filed on January 1, 2018. In addition, credits earned by pass-through entities would have been claimed by, and paid to, the business entity instead of the individual owners of the business, effective with credits earned by pass-through entities on January 1, 2018. For credits earned on or after that date, partners, members of limited liability companies, and shareholders of tax-option corporations would have been prohibited from claiming the credits individually. The bill would have permitted WEDC to recover such credits that had been revoked or that are otherwise invalid from either the pass-through entity or the individual owners of the entity.

The Governor's partial veto deletes all of the provisions that would have required the refundable enterprise zone, business development, and EITM zone credits to be filed with, and paid by, WEDC, and deletes the provisions that would have required that those credits be claimed by the pass-through entity, rather than the individual owners of the entity. However, the Governor's partial veto amended the EITM zone tax credit program such that WEDC is permitted to recover EITM zone credits that have been revoked or that are otherwise invalid from either the pass-through entity or the individual owners of the entity.

[Act 59 Vetoed Sections: 1036h thru 1037h, 1037i (as it relates to s. 71.07(3wm)(c)&(d)), 1037t thru 1038h, 1085ba thru 1085h, 1085i (as it relates to 71.28(3wm)(c)&(d)), 1086b thru 1086h, 1110ba thru 1111h, 1769v, 1779L, 1783q, and 9150(3t)]

ITEM E-78. LIMIT ON ENTERPRISE ZONES

As passed by the Legislature, Assembly Bill 64 would have eliminated the current law limit that WEDC may not designate more than 30 enterprise zones and, instead, would have prohibited WEDC from verifying businesses as eligible to claim enterprise zone credits of more than \$80.6 million in the 2017-19 biennium and in each succeeding biennium. Assembly Bill 64 would have permitted WEDC to exceed the biennial limit if a larger limit were approved by the Joint Committee on Finance under a 14-day passive review process. *The Governor's partial veto deletes these provisions and retains the current limit of 30 zones.*

[Act 59 Vetoed Sections: 1783L and 1783o]

ITEM E-79. HISTORIC REHABILITATION CREDIT

Chg. to Enr. AB 64	
GPR-Tax	\$920,700

As passed by the Legislature, Assembly Bill 64 would have limited the amount of the supplement to federal historic rehabilitation tax credits that WEDC could certify a person to receive to no more than \$5 million for all rehabilitation projects undertaken on the same parcel, beginning with certifications on July 1, 2018. This provision was estimated to increase state tax revenues by \$300,000 in 2018-19, \$1,500,000 in 2019-20, \$3,000,000 in 2020-21, \$4,000,000 in 2021-22, \$5,200,000 in 2022-23, \$5,700,000 in 2023-24, and \$5,900,000 in 2024-25 and annually thereafter.

The Governor's partial veto reduces the \$5 million per parcel limit to no more than \$500,000. Compared to current law, the administration estimates that the partially vetoed provision would increase state tax revenues by \$1,220,700 in 2018-19, \$12,062,900 in 2019-20, \$33,173,000 in 2020-21, \$46,241,200 in 2021-22, and \$47,390,000 in 2022-23 and annually thereafter. Compared to the bill passed by the Legislature, the estimated revenue increases of the veto are \$920,700 in 2018-19, \$10,562,900 in 2019-20, \$30,173,000 in 2020-21 and approximately \$42 million annually thereafter.

[Act 59 Vetoed Section: 1775g]

ITEM E-80. WORKING FAMILIES TAX CREDIT

Chg. to Enr. AB 64	
GPR-Tax	-\$400,000

As passed by the Legislature, Assembly Bill 64 would have eliminated the working families credit beginning in tax year 2017. *The Governor's partial veto deletes the provision, thereby retaining the credit and reducing individual income tax collections by \$200,000 annually.*

[Act 59 Vetoed Section: 1041e]

ITEM E-81. PRIVATE LABEL CREDIT CARD BAD DEBT DEDUCTION

Chg. to Enr. AB 64	
GPR-Tax	\$10,436,000

As passed by the Legislature, Assembly Bill 64 would have delayed

the effective date of 2013 Wisconsin Act 229 from July 1, 2017 to July 1, 2018. This would delay provisions contained in Act 229 which allow a retailer to claim a deduction or a refund of sales taxes related to bad debt of an affiliated lender that extends credit through a private label credit card, dual purpose credit card, or dealer credit program. *The Governor's partial veto delays the effective date for 2013 Wisconsin Act 229 to July 1, 2018, thereby increasing sales and use tax collections by \$10,436,000 in 2018-19.*

[Act 59 Vetoed Section: 2265]

ITEM E-82. SALES TAX EXEMPTION FOR BROADCAST EQUIPMENT

As passed by the Legislature, Assembly Bill 64 would have exempted, effective July 1, 2019, broadcast transmitters, satellite dishes, and communications towers, including the material used to construct the tower, from the sales and use tax if the tower is used primarily for transmitting or receiving commercial radio or television program material. A motor vehicle licensed for highway use also would have been exempt if it is used exclusively in the origination of commercial radio or television program material. In addition, Assembly Bill 64 would have created an exemption for leased space on a communications tower if the space is used exclusively for transmitting or receiving commercial radio or television program material. "Program material" would have been defined as material generally available to the public free of charge, including material used in origination. These provision would have decreased state tax revenues by an estimated \$900,000 annually, beginning in 2019-20. *The Governor's partial veto deletes these provisions.*

[Act 59 Vetoed Sections: 1187d thru 1187f, and 9438(2i)]

ITEM E-83. ALTERNATIVE MINIMUM TAX REPEAL TECHNICAL CORRECTION

As passed by the Legislature, Assembly Bill 64 sunsets the alternative minimum tax. While one provision makes the sunset effective after December 31, 2018 (tax year 2019), another provision makes the sunset effective after December 31, 2016 (tax year 2017). *The Governor's partial veto deletes "2016" from the second provision, thereby making the sunset effective in tax year 2019, which is consistent with the Legislature's intent as reflected in Motion 419 passed by the Joint Committee on Finance.*

[Act 59 Vetoed Section: 1052e]

ITEM E-84. DUTIES OF THE MILWAUKEE COUNTY COMPTROLLER

As passed by the Legislature, Assembly Bill 64 would have specified that the duties and responsibilities of the Milwaukee County Comptroller include administering accounts payable, payroll, accounting, and financial information systems, in addition to those duties and responsibilities specified under current law. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 981e]

ITEM E-85. COUNTY BOARD APPROVAL FOR SALE OR LEASE OF LAND OWNED BY MILWAUKEE COUNTY

As passed by the Legislature, Assembly Bill 64 would have specified that, with regard to the sale or lease of property owned by Milwaukee County, the Milwaukee County Executive's action must be consistent with established county board policy and must be approved by the county board to take effect. The bill would have provided that the county board may only approve or reject a contract for the sale or lease of county property as negotiated by the Milwaukee County Executive. In addition, the bill would have deleted language that permits the Milwaukee County Executive, together with either the Milwaukee County Comptroller or an appointed real estate executive, to form a majority to lease, sell or convey any non-park county property regardless of board policy and without board approval. The provision would have applied to a land transaction for which a contract has been entered into after September 1, 2018. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Sections: 980s, 980se, 981h, 981m, 982f, and 9331(7t)]

ITEM E-86. MODIFICATIONS TO STATUTES GOVERNING CONDUIT REVENUE BONDS

As passed by the Legislature, Assembly Bill 64 would have made the following changes to current law governing the Public Finance Authority (PFA):

- a. Specify that the PFA may adopt policies and procedures, in addition to bylaws as under current law, and may amend the bylaws, policies, and procedures;
- b. Provide that PFA may own or operate property and may gift or otherwise transfer property, and specify that property includes real, personal, tangible or intangible property;
- c. Provide that in addition to being able to employ or appoint agents, employees, finance professionals, and special advisors, PFA can employ counsel;
- d. Provide that the PFA may purchase bonds issued by or on behalf of, or held by, a subunit of a political subdivision, as well as the federal government or a subunit of the federal government. In addition, clarify current law allowing bond purchases of any state to include a department, authority, or agency of such a state;
- e. Define business entity as any nonprofit or for-profit corporation, limited liability company, partnership, or other business organization or entity. Authorize the PFA to create one or more business entity of which it is the sole controlling owner, member, manager, or partner, provided that the purpose of the business entity is to carry out or assist PFA to carry out all or part of the powers of PFA with respect to projects located outside of the state. Specify that control may consist of the power to appoint a majority of, or veto any proposed appointment to, the governing body of such a business entity. Provide that such a business entity have such powers, consistent with the laws of the jurisdiction in which it is organized, as are delegated to it by the PFA and set forth in its organizational documents or resolution. Specify that a business entity may be created or organized under the laws of any state or territory of the United States.

Specify that such a business entity and the PFA could make loans to, borrow money from, and acquire or assign or transfer property to or from one another or any participant in a PFA financing. Provide that such a business entity would be subject to the same exemptions and immunities that apply to PFA. Provide that any business entity established would be a legal entity separate and distinct from PFA, and its assets, liabilities and funds could neither be consolidated nor commingled with those PFA or any other business entity created by PFA. Provide that PFA would not be held accountable for the actions, omissions, debts or liabilities of any business entity nor would any business entity be held accountable for the actions, omissions, debts or liabilities of PFA or any other business entity established under this provision.

f. Modify the definition of "participant" under the PFA statutes to include the business entities under item e.

g. Modify the definition of "political subdivision" under the PFA statutes include tribal governments.

h. Modify current law references to the "face" of a bond, to instead refer to the "form" of the bond;

i. Provide that a bond resolution, trust agreement or indenture, or other agreement for providing for issuance of the bonds, may provide that facsimile, electronic, or digital signatures of any person authorized to execute documents, including bonds, on behalf of PFA would be deemed the legal equivalent of a manual signature on specified documents or all documents and would be valid and binding for all purposes;

j. Modify current law relating to establishing an alternative to specifying the matters required to be specified in a bond resolution, to provide that PFA may delegate authority to the matters appropriate for inclusion, rather than which of the matters are included;

k. Modify current law requiring that the bond resolution specify the maximum interest to be borne by the bonds, to indicate that the interest rate be expressed as a numerical percentage and without regard to any penalty, default, or taxable rate applicable to the bonds.

l. Delete a reference to "as provided in the resolution" from current law relating to early mandatory or optional redemption or tender;

m. Specify that current law relating to a trust agreement or indenture would apply to other agreements providing for issuance of the bonds, and allow the pledge or assignment of tangible or intangible collateral, including contractual rights;

n. Delete the current law requirement that PFA disclose to any person who purchases a tax exempt bond issued by PFA, that interest paid on the bond is exempt from taxation;

o. Extend current law that exempts PFA board members from personal liability on the bonds, so that this exemption would apply to an officer, employee, or agent of PFA. Expand this exemption to also apply to any contract entered into by PFA, and provide that it would apply to the business entity under item e;

p. Extend current law that specifies that the state and the political subdivisions who are parties to the agreement creating PFA are not liable for PFA bonds or contracts, to also apply to any political subdivision within or outside this state approving the issuance of bonds, and that liability would also not apply to bonds or contracts of the business entity under item e;

q. Extend current law that specifies that the bonds of PFA are not a debt of the state and the political subdivisions who are parties to the agreement creating PFA to also apply to any political subdivision within or outside this state approving the issuance of bonds. Specify that all bonds contain a statement to this effect, but eliminate the current requirement that it be on the face of the bonds;

r. Delete a current law requirement that PFA have debt covenants audited at least every two years;

s. Provide that projects not located in this state related to the PFA could not be considered public projects of this state and would not be subject to state law governing public projects;

t. Provide that current law governing local approval of financing by PFA be modified to include approval by an applicable elected representative of the political subdivision, if any, as defined in section 147 (f)(2)(e) of the Internal Revenue Code (IRC), except that for a 1st class city, or a county in which a 1st class city is located, such approval could only be given by the governing body of the city or county. In addition, specify that except for financing a capital improvement project in Wisconsin, PFA would not need approval under current law or the process described above, if the financing is approved in accordance with section 147(f) of the IRC.

u. Specify that bonds issued by PFA are not considered issued for the purpose of financing a capital improvement project if the bond proceeds are used for any of the following purposes: (a) to finance a facility placed in service for federal tax purposes by the participant or a related person prior to PFA bond issuance, and no more than 10% of the bond proceeds are used to finance the construction, expansion, rehabilitation, renovation, or remodeling of capital improvements; (b) to finance the acquisition of a facility, by a participant or PFA, if no more than 10% of the bond proceeds are used to finance the construction, expansion, rehabilitation, renovation or remodeling of the facility; or (c) to finance PFA's purchase either of bonds issued by a different issuer or of leases or contracts from a 3rd party provider, and those bonds, leases, or contracts are or were used to finance in whole or in part the construction, expansion, rehabilitation, renovation, or remodeling of real or tangible personal property.

v. Modify current law allowing projects to be located outside of the United States or its territories if the borrower is incorporated in the U.S., to instead allow such a project if any participant or the borrower is organized under the laws of any state or territory of the U.S. Delete a current law provision that specifies that to the extent current law applies to a borrower, it also applies to a participant if the participant is a nongovernmental entity.

w. Modify current law specifying that any action challenging bond issuance by PFA

must be filed in circuit court within 30 days of PFA adopting the authorizing resolution for the bonds, to add the phrase: "or be barred". Specify that current law that generally governs the validity of municipal obligations would not apply to PFA.

x. Authorize eminent domain to a commission created by contract under current law governing intergovernmental cooperation among Wisconsin entities that are acting under the provision of the PFA statute. Under current law, this provision applies to municipal interstate cooperation.

y. Specify that a commission created under the PFA state means an entity created to exercise the powers under the PFA statutes, rather than only issuing bonds under those statutes.

z. Authorize PFA in connection with a project located outside this state directly, or through a business entity created under item e, to participate in any new markets or other tax credit, subsidy, grant, loan, or credit enhancement program, as well as any federal, state or local government program established for the purpose of fostering economic development, including disaster relief, clean or renewable energy, housing assistance, water efficiency, transportation, or any economic development in which PFA or a business entity created under item e is eligible to participate, regardless of whether bonds are issued. Specify that under this provision, PFA may exercise its powers relating to property transfers, accepting gifts, collecting fees, making loans, mortgaging property, assigning its interests, or obtaining insurance for debt repayment, or may delegate those powers to a business entity created under item e.

aa. Require a commission and any entity created under item e., within 30 days of the close of a calendar quarter to file a report with the Secretary of the Department of Administration (DOA) and the Legislative Audit Bureau showing the amount of bonds issued by the commission or that entity in the previous quarter, the names of the borrowers and the project associated with the bonds, the types of bonds issued, the location of the project, and a statement of the bond issuance fees that the commission or entity received in relation to each of those bond issues. In addition, modify current law that requires the commission to notify the Department of Revenue whenever it issues a bond, to also require such notification to the Department of Administration.

bb. Require a commission to establish a code of ethics for members of the board, employees, contract staff and agents, and file the code of ethics with DOA. Require any amendments to the code to be provided to DOA within 30 days of adoption of the amendment. In addition, define the position of member of the board of a commission to be a local public office for purposes of current law establishing a code of ethics for public officials and employees.

cc. Specify that a commission would be considered an "authority" as defined for purposes of the open records law, which would have the effect of applying the open records law to a commission.

dd. Specify that a commission would be considered a "governmental body" under the open meetings law, which would have the effect of applying the open meetings law to a commission.

ee. Authorize the Legislative Audit Bureau to audit the financial records of a

commission and any entity created under item e., at the direction of the Joint Legislative Audit Committee.

The Governor's partial veto deletes these provisions.

[Act 59 Vetoed Sections: 8s, 177s, 179e, 179f, 179s, 585h, 984g, 984gb, 984gc, 984gd, 984ge, 984gf, 984gg, 984gh, 984gi, 984gj, 984gk, 984gL, 984gm, 984gn, 984go, 984gp, 984gq, 984gqf, 984gr, 984gs, 984gt, 984gu, 984gv, 984gw, 984gx, 984gy, 984h, 984hb, 984hc, 984hd, 984he, 984hf, and 984hg]

ITEM E-87. ORDINANCES CONFLICTING WITH STATUTORY PROVISIONS

As passed by the Legislature, Assembly Bill 64 would have prohibited a political subdivision, defined as a county, city, village, or town, from enforcing an ordinance if any of the following applies: (a) a statutory provision expressly prohibits the political subdivision from enforcing the ordinance; (b) the ordinance logically conflicts with a statutory provision; (c) the ordinance defeats the purpose of a statutory provision; or (d) the ordinance violates the spirit of a statutory provision. ***The Governor's partial veto deletes the provision.***

[Act 59 Vetoed Section: 982t]

ITEM E-88. TRANSFER OF STATE CAR-KILLED DEER REMOVAL PROGRAM

As passed by the Legislature, Assembly Bill 64 transfers responsibility for the removal and disposal of car-killed deer on state trunk highways from DNR to DOT and would have required DOT to contract for removal and disposal of car-killed deer with counties, municipalities, or private entities. The bill would have also specified that the removal and disposal of car-killed deer is not a routine maintenance activity reimbursable by funding under DOT state highway maintenance programs. Rather, DOT would have been required to fund contracts for the removal and disposal of car-killed deer from its operations budget. ***The Governor's partial veto deletes the requirement that DOT contract for removal and disposal of car-killed deer and instead requires that DOT establish a program for the removal and disposal of deer killed by vehicles on state trunk highways. The partial veto also deletes the requirement that DOT fund car-killed deer removal contracts from its operations budget and deletes the provision that would have specified that the removal and disposal of car-killed deer is not a routine maintenance activity reimbursable by funding under DOT's state highway maintenance programs. As a result, the activity could be funded from DOT's routine maintenance program.***

[Act 59 Vetoed Sections: 362n, 578ym, and 1222m]

ITEM E-89. VOLKSWAGEN SETTLEMENT

As passed by the Legislature, Assembly Bill 64 provides \$21,000,000 annually to a new appropriation from revenue received from the environmental mitigation trust established under a settlement agreement with Volkswagen AG, Volkswagen Group of America, Inc., Volkswagen

Group of America Chattanooga Operations, LLC, Audi AG, Dr. Ing. h.c. F. Porsche AG, and Porsche Cars North America, Inc. (collectively referred to as Volkswagen). The bill provides that the appropriation may be utilized for the following, in accordance with the settlement guidelines: (a) to replace vehicles in the state fleet; and (b) to distribute funds through a statewide transit capital assistance grant program administered by DOA for the purpose of replacing public transit vehicles under the terms of the Volkswagen settlement. The bill would have specified that the appropriation may expend no more than \$10,000,000 for the purpose of replacing vehicles in the state fleet in the 2017-19 biennium. The bill provides that DOA may not award more than a total of \$32,000,000 in grants under the statewide transit capital assistance grant program. The bill specifies that if DOA replaces any state agency vehicles using settlement funds, the DOA Secretary may calculate the GPR or PR savings for the agency and may lapse to the general fund from the state agency's GPR or PR appropriations the amount calculated. The bill also requires that the DOA Secretary give preference to any community or route that is considered a critical route for purposes of connecting employees with employers when awarding grant moneys. In addition, the bill provides that no money may be expended from the appropriation after June 30, 2027.

The bill requires that any county and municipality that receives a transit capital assistance grant would also receive a reduction to its county and municipal aid payment in the following amounts, over 10 consecutive years: (a) for a Tier A-1 or Tier A-2 urban mass transit system serving a population exceeding 200,000, 75% of the total amount of grants received; (b) for a Tier B urban mass transit system serving a population of at least 50,000, 20% of the total amount of grants received; and (c) for a Tier C urban mass transit system serving a population of less than 50,000, 10% of the total amount of grants received. If in any year the county and municipal aid reduction for a county or municipality exceeds the grant distribution for the county or municipality, the bill requires that the excess amount of the reduction be applied to the county or municipality's utility aid payment.

The Governor's partial veto deletes the limitation that DOA expend no more than \$10,000,000 of Volkswagen settlement funds in the 2017-19 fiscal biennium for the purpose of replacing vehicles in the state fleet. The veto message indicates that the partial veto will not impact the \$32,000,000 in funding for a statewide transit capital assistance program because the state can fully fund this amount by allocating the final third of Wisconsin's share of the settlement funding that it will gain access to in the 2019-21 biennium.

[Act 59 Vetoes Section: 111]

ITEM E-90. TOLLING IMPLEMENTATION STUDY

As passed by the Legislature, Assembly Bill 64 would have provided the Department of Transportation (DOT) with \$2,500,000 SEG in 2017-18 to enter into a contract not to exceed that amount for a tolling implementation study to include the following: (a) an analysis to support the completion of a federal tolling application process; (b) a tolling concepts of operations plan that outlines the policies, procedures, and operations needed to govern roadway tolling; (c) a traffic and revenue analysis, including the revenue needed to support toll revenue-supported debt; and (d) an evaluation, or reevaluation of federal environmental requirements, including the required documentation. The bill would have

Chg. to Enr. AB 64	
SEG	-\$2,500,000

required the firm under contract for the study to report its findings to DOT and the Legislature by January 1, 2019. *The Governor's partial veto deletes these provisions.*

[Act 59 Vetoed Sections: 183 (as it relates to s. 20.395(4)(aq)) and 9145(6b)]

ITEM E-91. AERONAUTICS LOCAL GOVERNMENT ZONING

As passed by the Legislature, Assembly Bill 64 would have specified that no county, city, village, or town airport or spaceport protection ordinance could prohibit the use of a physical barrier in lieu of compliance with a 48-hour drainage requirement for a storm retention pond located in a residential subdivision underlain by natural clay soil. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 1460m]

ITEM E-92. STATE HIGHWAY REHABILITATION -- STH 154 (SAUK COUNTY)

As passed by the Legislature, Assembly Bill 64 would have required DOT to complete state highway rehabilitation work in the 2017-19 biennium on STH 154 in Sauk County between the Richland/Sauk County border and the Village of Loganville. The bill would have also required that the rehabilitation work include milling, overlay, and safety improvements to the existing facilities. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 9145(10c)]

ITEM E-93. ENUMERATE I-94 BETWEEN USH 12 AND STH 65 (ST. CROIX COUNTY)

As passed by the Legislature, Assembly Bill 64 would have enumerated the 7.5-mile segment of I-94 between USH 12 and 130th Street near STH 65 in St. Croix County in the statutes as a major highway development project. *The Governor's partial veto deletes this provision.*

[Act 59 Vetoed Section: 1212m]

ITEM E-94. STATE HIGHWAY CONSTRUCTION -- "REPLACE-IN-KIND" ALTERNATIVE REQUIREMENT

As passed by the Legislature, Assembly Bill 64 would have required DOT to study, and provide a cost estimate for, a "replace-in-kind" alternative when developing state highway construction projects plans. The bill would have defined "replace-in-kind" alternatives as plans that would not include bicycle lanes, added lanes of travel, or significant design modifications that would include any of the following: (a) geometric or safety modifications; (b) changes to highway alignment; or (c) changes to access points. The provision would have first applied to a highway improvement project commenced on the effective date of the bill. *The Governor's partial veto deletes these provisions.*

[Act 59 Vetoed Sections: 1221m and 9345(4t)]

ITEM E-95. INITIAL APPLICABILITY OF THE REPEAL OF PREVAILING WAGE LAW

As passed by the Legislature, Assembly Bill 64 eliminates the state prevailing wage law for state building projects and state highway projects. The bill specified that for a project of public works that is subject to bidding, the prevailing wage repeal would have first applied to a project for which the request for bids is issued on or after September 1, 2018. The bill specified that for a project of public works that is not subject to bidding, the prevailing wage repeal would have first applied to a contract that is entered into on or after September 1, 2018. *The Governor's partial veto deletes the September 1, 2018, effective date. As a result of this partial veto, the prevailing wage repeal first applies to a project of public works on or after the effective date of the act.*

[Act 59 Vetoed Section: 9452(2w)]

**ITEM E-96. TRANSPORTATION PROJECT COMMISSION
TEMPORARY CHANGES**

Chg. to Enr. AB 64	
GPR	- \$700,000

As passed by the Legislature, Assembly Bill 64 would have made the following modifications related to the Transportation Projects Commission's (TPC) membership, staffing, duties, meeting, and study requirements:

a. *TPC Membership.* The bill would have modified the membership of the TPC as follows: (1) reduced from three to two, the number of public members appointed by the Governor; (2) reduced the Assembly membership from five to three (two members appointed by the Speaker of the Assembly and one member appointed by the Minority Leader); (3) reduced the Senate membership from five to three (two members appointed by the Majority Leader and one appointed by the Minority Leader); (4) increased the public membership of the commission by specifying that the Legislature would have four appointments (one appointment each by the Speaker and Minority Leader of the Assembly and the one appointment each by the Senate Majority Leader and Senate Minority Leader); and (5) specified that either the DOT or DOA secretary would be appointed to the commission, as a non-voting member, as determined by the Governor.

b. *TPC Staff.* The bill would have provided 3.00 GPR positions, funded from a newly-created, GPR-supported appropriation. These positions would have been responsible for providing staff services to the TPC, including one position that would have been responsible for appointing and directing the staff of the commission ("the Director," an ESG 5 position). The bill would have specified that TPC staff report to, and serve at the discretion of, the Director and would have required the staff to include an engineer, legal counsel, and a financial auditor. The Director would have been appointed by a majority vote of the TPC no later than January 12, 2018, and could have served until the Senate voted to confirm or deny the appointment. The bill would have provided \$150,000 GPR in 2017-18 to a newly-created, biennial GPR appropriation to fund the initial costs associated with the Director position.

The bill would have specified that no later than March 1, 2018, the TPC would be required to submit a 14-day passive review request to the Joint Committee on Finance for not more than

4.00 additional GPR-funded positions, as determined necessary by the TPC in consultation with the Director. As passed by the Legislature, the bill would have provided \$550,000 GPR in 2017-18 to the Joint Committee on Finance supplemental appropriation to fund costs associated with TPC staff positions, supplies, and services, as approved by the Committee.

c. *Duties of TPC Staff.* The bill would have stipulated the following: (1) that TPC staff would have been required to periodically review accounts and financial records to assure DOT transactions were legal and proper; (2) specified that the TPC staff would have had access to any record of DOT; (3) required that TPC staff annually complete an evaluation of DOT based on goals and performance measures established by the TPC and submit the results of these evaluations to the Governor, DOT, the Legislature, and the Joint Committee on Finance no later than December 31 of each year, beginning in 2018; and (4) specified that the Director would have been able to periodically enter into a contract for an independent audit of the Department.

d. *TPC Meetings.* The bill would have required the TPC to meet at least twice yearly and provided it with the authority to hold public hearings.

e. *Requirements of the TPC.* The bill would have required the TPC to do the following: (1) to consider the denumeration of projects that were at least 10 years old in each even-numbered year; (2) specified that the TPC staff submit the Commission's biennial budget request directly to the Department of Administration by September 15 of even-numbered years; (3) required the Commission to submit a report to the Governor and Legislature describing the short-term and long-term impacts of each DOT biennial budget request on state and local roads and required that the report be submitted no later than thirty days following the receipt of the Department's request; (4) specified that following the Governor's submission of budget recommendations to the Legislature, the TPC would have been required to submit a report to the Governor and the Legislature that described the short-term and long-term impacts of the Governor's recommendations on state and local roads and required that this report be submitted no later than thirty days following the receipt of the Governor's recommendations.

f. *DOT Requirements.* The bill would have required DOT, to the extent permitted by federal and state law, to adopt the long-range planning recommendations made by the TPC. At least once every year, the bill would have required DOT to provide the TPC with a list of any major highway development and southeast Wisconsin freeway megaprojects that were not yet being considered for environmental study or enumeration and required that this list include the estimated costs and scopes of any such projects.

The bill would have required DOT to provide the TPC with lists of any proposed or planned state highway rehabilitation projects and southeast Wisconsin freeway megaprojects in even-numbered years (when the TPC was also considering major highway development project enumerations and approvals) and required that these lists would include the estimated costs, scopes, and locations of the projects. The bill would have required DOT to provide its biennial budget request to the TPC.

g. *TPC Sunset Provisions.* The bill would have specified that the membership and duties of the TPC, as modified by the above provisions, would sunset on June 30, 2021.

h. *Engineering Study.* The bill requires DOT, in consultation with the TPC, to enter into an agreement with an independent engineering firm that has not previously conducted business with the state to prepare a report that does all of the following: (1) reviews the standards of all 50 states related to transportation engineering and highway construction and recommend any "best practices"; (2) an analysis of DOT's project prioritization process and whether this process reflects reasonable financing and completion time assumptions; and (3) an evaluation of the allocation of funds between the state highway rehabilitation, major highway development, and southeast Wisconsin freeway megaprojects programs. Specify that the engineering firm would be required to report its findings to the TPC and the Department by January 1, 2019.

The Governor's partial veto deletes all of the provisions, staffing, and funding related to the TPC, but would retain the required engineering study. However, the requirements that DOT consult with the TPC in selecting an independent engineering firm for the study and that the firm report its findings to the TPC would be deleted. As a result, the TPC would retain all of its current law membership and duties, and expenditure authority would be reduced by \$700,000 GPR in 2017-18 to reflect the deletion of the TPC staff and funding.

[Act 59 Vetoes Sections: 8bt thru 8n, 183 (as it relates to 20.395(4)(ab) and 20.865(4)(a)), 362m, 507d, 1216bg, 1216bi, 1757m, 9145(1f), 9145(2f), and 9445(1f)]

ITEM E-97. TRANSFER OF SEGREGATED FUNDS

As passed by the Legislature, Assembly Bill 64 would have required DOT to study and report on the effects of consolidating SEG in the surface transportation program (STP) and replacing these funds with FED from the state highway program and report its findings to the Joint Committee on Finance no later than May 1, 2018. The bill would have also allowed DOT to submit a s. 13.10 request to the Joint Committee on Finance in order to accomplish such transfers and would have required DOT to include an estimate of the potential savings or costs to local governments and the state associated with the request. In the event the Committee would have acted under the s. 13.10 process to approve such transfers, the bill created a SEG, all moneys transferred local transportation facility improvement assistance appropriation (STP program appropriation) to which funds could have been transferred. *The Governor's partial veto modifies the newly-created appropriation, such that it could be used to receive all moneys transferred under the Act for providing roads and highways. The veto also modifies the study provisions such that "the Department of Transportation may make transfers of state and federal moneys between the highway program." The partial veto retains the requirement that DOT study the effects of consolidating state moneys in the surface transportation program and replacing these funds with federal moneys from the state highway program.*

The Governor's veto message indicates this partial veto is intended to address "the limitations created in this budget on the allocation of segregated funds among highway projects...the southeast Wisconsin freeway megaprojects and major highway projects, in particular." However, pursuant to s. 84.0145(2) of the statutes, legislative attorneys indicate that the existing southeast Wisconsin freeway megaprojects statutes limit the appropriations that may be used to fund enumerated southeast megaprojects, and, as a result, expenditures on those projects may not be authorized from the newly-created appropriation as vetoed. Further,

the existing, state-funded (SEG) appropriations for the southeast Wisconsin freeway megaprojects and the major highway development programs are sum-certain appropriations and do not appear to authorize the receipt of transfers of funding from other appropriations (or allow for an increase in expenditure authority beyond the amounts in the schedule of appropriations).

[Act 59 Vetoed Sections: 359p and 9145(4w)]

ITEM E-98. RAILROAD CORPORATION CONDEMNATION AUTHORITY

As passed by the Legislature, Assembly Bill 64 would have required that prior to a railroad corporation acquiring any property through condemnation that exceeds 100 feet in width, the Legislature must enact a law that: (a) states a legislative finding that the railroad corporation's acquisition serves the public interest; and (b) authorizes the acquisition of the property or property interest. *The Governor's partial veto deletes these provisions.*

[Act 59 Vetoed Sections: 585i and 585k]