



Legislative Fiscal Bureau

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June 26, 2019

TO: Members
Wisconsin State Senate

FROM: Bob Lang, Director

SUBJECT: Assembly Amendment 1 to ASA 1 to AB 56

Yesterday, the State Assembly adopted AA 1 (as amended by AA 1 and AA 2) to ASA 1 to AB 56 and passed AB 56, as amended.

Attached is a summary of the provisions of Assembly Amendment 1 (as amended by AA 1 and AA 2).

BL/bh
Attachment

ASSEMBLY AMENDMENT 1 (as amended by AA 1 and AA 2)

TO ASA 1 TO ASSEMBLY BILL 56

Following is an identification of the provisions of AA 1 (as amended by AA 1 and AA 2) to ASA 1 to AB 56.

1. Transfer Unencumbered Economic Development Funds. Modify the substitute amendment to require the Wisconsin Economic Development Corporation (WEDC) to make a payment of \$25,000,000 for deposit into the state's general fund on or before January 1, 2020. This is \$5 million less than the transfer amount under Joint Finance.

Chg. to Jt. Finance	
GPR-REV	- \$5,000,000

2. Mileage-Based Fee Study and Implementation Requirements. Modify the substitute amendment to specify that the mileage-based fee study required of DOT would also include the study of tolling. Delete provisions of the substitute amendment that would enable DOT to submit a recommendation to the Joint Committee on Finance regarding the implementation of a mileage-based fee. Delete the provision that would enable the Committee to approve, or modify and approve, the implementation of a mileage-based fee and the Department's authority to implement such a fee at the Committee's directive. Instead, following submission of a mileage-based fee and tolling study report to the Legislature, which would be required no later than December 1, 2022, require the Department's next subsequent biennial budget request include a recommendation regarding tolling and mileage-based fees.

3. Manufacturers and Dealers of Electric Vehicles. Modify the substitute amendment to specify that dealers of new vehicles that are not franchised, but who are otherwise authorized to sell vehicles in the state would not be in violation of dealer licensing laws. Define "subsidiary" for this purpose as a manufacturer that is controlled by another manufacturer. Specify that certain requirements related to being a manufacturer, importer, or distributor who performs various vehicle related services (such as warranty work) would not apply to a manufacturer that manufactures only motor vehicles that are propelled solely by electric power, that is not a subsidiary, and that, before the effective date of the bill, has not entered into franchise agreements with dealers or distributors to act as dealers or distributors of the manufacturer's motor vehicles.

Define "subsidiary" for the purpose of vehicle factory stores as a manufacturer that is controlled by another manufacturer. In this regard, specify that ownership, operation, or control of a dealership by a manufacturer that manufactures only motor vehicles that are propelled solely by electric power, that is not a subsidiary, and that, before the effective date of the bill, has not entered into franchise agreements with dealers or distributors to act as dealers or distributors of the manufacturer's motor vehicles.

4. Supplemental Transportation Aid to Towns. Modify the substitute amendment to provide \$2,500,000 SEG annually from an annual, sum certain transportation fund appropriation to fund annual, supplemental

Chg. to Jt. Finance	
SEG	\$5,000,000

mileage aid payments to towns that are currently limited by the 85% of three-year average cost limitation under the general transportation aid program. Require that each year any town subject to the 85% of three-year average cost limitation under the general transportation aid program would be eligible to receive a supplemental mileage aid payment under a separate appropriation. Specify that any supplemental aid payment, when combined with a town's general transportation aid payment, could not exceed 100% of that town's three-year average costs submitted under the general transportation aid program.

Set the statutory supplemental aid payment amount at \$2,500,000, to be paid on the first Monday in January, of each year from the newly-created annual appropriation capped at \$2,500,000 annually. Require DOT to provide an estimate of the supplemental mileage aid by October 1, of the year prior to the calendar year for which the aid would be provided. Direct DOT to calculate the road mileage of all towns limited by the 85% cost threshold under the general transportation aid program for each calendar year and then divide that mileage into the \$2.5 million statutory amount for this supplemental mileage aid program to calculate an initial supplemental mileage aid rate. Subsequently, require DOT continue to adjust this supplemental mileage aid rate for all towns that remain below 100% of their three-year average costs, until the entire \$2.5 million from the sum sufficient appropriation is expended, or each eligible town is funded at 100% of their three-year average costs for that calendar year (whichever occurs first). Specify that these provisions would not apply after June 30, 2021.

5. Licensed Motor Vehicle Fuel Suppliers Administrative Allowance and Retailer Evaporation Refunds. Modify the provisions of the substitute amendment relating to motor vehicle fuel suppliers administrative allowance as follows: (a) specify that the current law administrative allowance of 1.35%, would be reduced to 0.675%, rather than being eliminated; and (b) specify that the reduction in the administrative allowance percentage would first be effective on the January 1, 2023, rather than October 1, 2019, as specified under the substitute amendment. Specify that the elimination of the evaporation refund for fuel retailers would first apply to fuel purchased after December 31, 2019, rather than September 30, 2019, as specified under the substitute amendment.

Chg. to Jt. Finance	
SEG-REV	- \$20,700,000

6. Increase GPR Funding for the Wisconsin Lottery. Modify the provisions of the substitute amendment to provide an additional \$1,500,000 GPR in 2019-20 and \$4,683,400 GPR in 2020-21 to the Division of Lottery's general program operations GPR appropriation and modify the appropriation to support administrative expenses, excluding costs associated with salaries and product information (advertising). This would result in a total increase in GPR for lottery administration of \$31,700,000 in 2019-20 and \$33,083,400 in 2020-21. Reduce the SEG appropriation for general program operations by \$1,500,000 SEG in 2019-20 and \$4,683,400 SEG in 2020-21 and provide an additional \$1,500,000 SEG in 2019-20 and \$4,683,400 SEG in 2020-21 for the lottery and gaming credit. As a result of the amendment, GPR funding for the lottery would total \$71,700,000 in 2019-20 and \$73,083,400 in 2020-21. The amendment would support an estimated average lottery and gaming credit of \$177 in 2019-20 and \$178 in 2020-21. This provision would result in estimated tax bills of \$2,926 in 2019(20) and \$2,971 in 2020(21) on the estimated statewide median-valued home.

Chg. to Jt. Finance	
GPR	\$6,183,400

7. Next Generation 911 Appropriation. Modify the substitute amendment to increase funding for the Next Generation 911 (NG911) appropriation by \$13.0 million SEG in 2019-20 and to decrease funding for NG911 by \$6.7 million SEG in 2020-21. Base funding for the NG911 appropriation is \$6.7 million SEG per year, funded from the police and fire protection fund (PFPF). Under the substitute amendment as amended, total funding of \$19.7 million SEG would be provided in 2019-20 for NG911. It is anticipated that \$6.3 million SEG will lapse from the 2018-19 Next Generation 911 appropriation and be available to fund \$6.3 million of the 2019-20 funding increase. In addition, modify the structure of the NG911 appropriation from an annual to a biennial appropriation. The funding modification would result in an increase of \$6.7 million GPR in 2019-20 and a decrease of \$6.7 million GPR in 2020-21 to reflect the change in PFPF funding available to fund county and municipal aid each year.

Change to Jt. Finance	
SEG	\$6,300,000

8. Wisconsin Center District Debt Limitations and State Moral Obligation Pledge. Modify the current law limit on bonds issued by the Wisconsin Center District by increasing by \$100,000,000, the amount of all bonds, other than refunding bonds, that would be secured by all special debt service reserve funds of the district. Also, increase by \$127,500,000, the limit for the use of net proceeds of all bonds, other than refunding bonds, that would be used for costs associated with capital improvements for the district's facilities or sites. With these modifications, the existing state moral obligation pledge would be applied to new debt issued by the district that is below the \$300,000,000 limit. Require any bonds subject to this limit, other than refunding bonds, to be issued no later than December 31, 2021.

9. Grants for Local Projects. Modify the substitute amendment by allowing the county in which the construction project is or will be located (in addition to the municipality) to apply to the Building Commission for the grant on behalf of the non-state organization carrying out the construction project. Also, require the Building Commission to allocate \$3,000,000 of the total \$25,000,000 of grant funding to the Encourage Community Foundation, Inc., to assist in the remodeling of the former Daily Tribune building in the City of Wisconsin Rapids into an economic and community hub.

10. Medical College of Wisconsin Cancer Research Facility. Reduce the amount of non-state revenues required for this project by \$5 million, from \$90 million to \$85 million, and reduce the total project amount by \$5 million. ASA 1 would enumerate the MCW cancer research facility with \$10 million in general fund supported bonding and \$90 million from non-state revenue sources, for a total project of \$100 million. Under the amendment, there would be \$10 million of bonding and \$85 million from non-state revenues for a total project cost of \$95 million.

11. District Attorney Pay Progression. Increase the amount provided in the substitute amendment by \$1,246,600 GPR in 2019-20 and \$2,231,300 GPR in 2020-21 to provide a one-step pay progression increase to eligible assistant district attorneys on July 1, 2019, and 2020.

Chg. to Jt. Finance	
GPR	\$3,477,900

12. Additional Assistant District Attorneys. Increase the amount provided in the bill by \$1,430,000 GPR in 2019-20 and \$2,162,000 GPR in 2020-21 and 34.95 GPR positions annually, to provide additional prosecutors to District Attorney Offices across the state as indicated in the table below. New GPR positions would have an anticipated start date of October 1, 2019.

Change to Jt. Finance Funding Positions		
GPR	\$3,592,000	34.95

<u>County</u>	<u>Bill/Substitute Amendment</u>	<u>Amendment</u>	<u>Total Additional</u>	<u>County</u>	<u>Bill/Substitute Amendment</u>	<u>Amendment</u>	<u>Total Additional</u>
Adams	0.80	0.00	0.80	Marinette	0.40	0.00	0.40
Ashland	0.00	0.60	0.60	Marquette	0.00	0.60	0.60
Barron	1.00	0.00	1.00	Monroe	1.00	1.00	2.00
Bayfield	0.60	0.00	0.60	Outagamie	1.00	1.00	2.00
Brown	1.00	2.00	3.00	Ozaukee	1.00	0.70	1.70
Buffalo ¹	0.20	0.00	0.20	Pierce	0.50	0.00	0.50
Burnett	0.75	0.00	0.75	Polk	1.00	0.00	1.00
Calumet	0.00	1.00	1.00	Portage	1.00	1.00	2.00
Chippewa	0.00	1.00	1.00	Price	0.00	0.50	0.50
Columbia	0.25	1.00	1.25	Racine	1.00	1.00	2.00
Dane	0.00	0.15	0.15	Rusk	0.50	0.00	0.50
Dodge	0.00	1.00	1.00	Sawyer	1.00	0.00	1.00
Douglas	0.50	1.00	1.50	Shawano and Menominee	0.00	1.00	1.00
Dunn	1.00	1.00	2.00	Sheboygan	0.50	1.50	2.00
Eau Claire	1.00	1.00	2.00	St. Croix	0.00	1.00	1.00
Florence ²	0.00	0.10	0.10	Taylor	0.00	0.50	0.50
Fond du Lac ³	1.00	2.00	3.00	Walworth	0.00	1.00	1.00
Forest	1.00	0.00	1.00	Washburn	0.75	0.00	0.75
Green	0.00	0.50	0.50	Washington	1.00	0.00	1.00
Green Lake	0.50	0.00	0.50	Waukesha	0.00	2.50	2.50
Iowa	0.25	0.00	0.25	Waupaca	0.50	0.00	0.50
Jackson	1.00	0.00	1.00	Waushara	0.00	0.60	0.60
Jefferson	0.00	0.70	0.70	Winnebago	0.00	2.00	2.00
Juneau	0.50	0.00	0.50	Wood	<u>1.00</u>	<u>1.00</u>	<u>2.00</u>
Kenosha	0.00	1.00	1.00	Total	30.00	34.95	64.95
La Crosse	1.00	1.00	2.00				
Langlade	1.00	0.00	1.00				
Lincoln	1.00	0.00	1.00				
Manitowoc	1.00	1.00	2.00				
Marathon ³	2.50	2.00	4.50				

¹ Note that Buffalo has a 0.5 elected DA and a 0.5 ADA. The requested 0.2 positions would be used to make both 0.6 positions.

² Note that Florence has a 0.5 elected DA. The 0.1 position would be used to make it a 0.6 position.

³ Includes PR positions converted to GPR positions.

13. Retain Storm Water Management Negative Adjustment of Levy Limit. Modify the substitute amendment to delete the removal of "storm water management" from the current law definition of "covered service" under the existing levy limit adjustment for fees from covered services. Under this provision, counties and municipalities will be required to reduce their allowable levies by the estimated amount of fee revenues received from storm water management services, as required under current law.

14. Video Service Provider Fee Aid Payment. Modify the substitute amendment to convert the video service provider fee aid payment appropriation from a sum sufficient appropriation to a sum certain appropriation.

15. Nitrate Testing for Private Wells. Delete provisions in the substitute amendment that would create a grant program for testing and remediation of private wells. The funding provided for making grants (\$3,000,000 GPR in 2019-20), which was placed in the Joint Committee on Finance program supplements appropriation, would be retained.

16. FoodShare Employment and Training -- Joint Finance Funding Supplement for Services to Able-Bodied Adults. Delete provisions in the substitute amendment that would: (a) require DHS to submit a request under s. 13.10 of the statutes after April 1, 2020, to the Joint Committee on Finance that contains a report on enrollment of able-bodied adults in FSET between October 1, 2019, and March 31, 2020, to justify its request to release funding from the Committee's program supplements appropriation; (b) authorize the Committee to supplement the GPR appropriation that funds the FSET program; and (c) specify that the Committee need not find that an emergency exists as a condition of supplementing the FSET appropriation.

17. Minority Health Grants. Modify the substitute amendment to delete a provision that would require the Department of Health Services, in distributing grants for activities to improve the health status of economically disadvantaged minority group members, to give priority to applicants that provide maternal and child health services.

18. Rural Critical Care Hospital Supplement. Increase the statutory amount of state funding that the Department of Health Services is required to allocate for rural critical care hospital supplement payments under medical assistance from \$2,000,000 annually to \$2,250,000 annually to match the funding increase provided by the Joint Committee on Finance budget for those payments. Under current law, DHS is required to allocate \$250,000 in state funds for rural critical care hospital supplement payments. The Committee increased GPR funding by \$2,000,000 annually for these payments, but the statutory allocation was increased by only \$1,750,000.

19. Qualified Treatment Trainee Grants. Make various modifications to the language of a provision in the Joint Committee on Finance amendment that would create a grant program, funded at \$500,000 GPR annually, to support certain medical providers that offer qualified treatment trainees an opportunity to complete clinically supervised practice requirements in order to be licensed. As modified, the provision would: (a) require DHS to distribute a total of \$500,000 in grants in each fiscal year to support qualified treatment trainee programs; (b) specify that a grantee must establish and maintain a child, adolescent, and family qualified treatment trainee program that provides qualified treatment trainees an opportunity to complete clinically supervised practice requirements in order to become credentialed and to obtain specialized training in mental and

behavioral health in children, youth, and families; (c) specify that a grantee must be a hospital or affiliate of a hospital or be qualified under federal law as a rural health clinic or federally qualified health center; and (d) require a grantee to match the grant amount.

20. Bonding Authorizations. Clarify the substitute amendment relating to the incremental change to an existing bonding authorization, rather than the total bonding authorization, for each existing statutory bond purpose with a change in bonding.

21. Working Families Tax Credit. Delete the provision in the substitute amendment that would have sunset the nonrefundable working families tax credit under the individual income tax, effective in tax year 2019. Decrease individual income tax collections by an estimated \$50,000 annually. The credit offsets the net tax liability of taxpayers with a Wisconsin adjusted gross income (AGI) below \$9,000 (\$18,000 if married joint). The credit phases out over the next \$1,000 in income until eliminated when Wisconsin AGI exceeds \$10,000 (\$19,000 if married joint).

Chg. to Jt. Finance	
GPR-Tax	- \$100,000

22. Medical Care Insurance Deduction for Self-Employed Persons. Delete the provision in the substitute amendment that would have modified the limitation on the deduction under the individual income tax that self-employed persons may claim for medical insurance for themselves, their spouse, and their dependents, beginning in tax year 2020. Instead, retain the current law provision that limits the deduction for all persons to the self-employed person's aggregate net earnings from a trade or business that are subject to Wisconsin tax. The modification would have sunset the current limitation and, instead, limited the deduction to the person's aggregate wages, salary, tips, unearned income and net earnings from a trade or business that are subject to Wisconsin tax. In addition, delete the provision that would have modified the proration of the deduction for nonresidents and part-year residents and the provision that would have repealed obsolete provisions regarding medical care insurance deductions that were sunset in prior years. Increase individual income tax collections by an estimated \$9,500,000 in 2020-21.

Chg. to Jt. Finance	
GPR-Tax	\$9,500,000

23. Calculation of the Low Revenue Adjustment. Modify the provisions of ASA 1 that govern the calculation of the low revenue adjustment to reference changes to the current law amounts rather than specifying the total adjustments. As under ASA 1, the low revenue adjustment would be \$9,700 per pupil in 2019-20 and \$10,000 per pupil in 2020-21 and annually thereafter under this amendment.

24. Calculation of the Revenue Limit Per Pupil Adjustment. Modify the provisions of ASA 1 that govern the calculation of revenue limits to specify that the per pupil adjustments for 2019-20 and 2020-21 would be made notwithstanding current law provisions under which no adjustment would be made in those years. As under ASA 1, the per pupil adjustment would be \$175 per pupil in 2019-20 and \$179 per pupil in 2020-21, with no per pupil adjustment in 2021-22 and annually thereafter under this amendment.

25. Supplemental Per Pupil Aid. Modify the provisions of ASA 1 related to supplemental per pupil aid to remove language authorizing DPI to prorate payments if aid entitlements exceed the amount appropriated.

26. Local Regulation of Quarries. Modify the Joint Finance provision to limit the

authority of political subdivisions (county, city, village or town) to regulate operations at quarries that extract nonmetallic minerals for a public works project or a private construction or transportation project. Include the following changes:

Specify that if a political subdivision enacts a nonzoning ordinance regulating the operation of a quarry that was not in effect when quarry operations began at a quarry, the limit "cannot be applied" instead of "does not apply" to specified instances.

Modify the definition of "nonconforming quarry site" to specify that a determination that a particular parcel is nonconforming under current law or common law is cumulative of the definition of nonconforming quarry site created under the substitute amendment. This would replace language under the substitute amendment that stated the definition of nonconforming quarry site would not preclude a determination that a particular parcel is nonconforming under current law or common law.

Specify that the continued operation of a quarry includes conducting quarry operations in "an undisturbed area" (instead of in "an area") of a nonconforming quarry site. Delete the reference to an area of a nonconforming quarry site "in which quarry operations have not previously been conducted."

27. Audit and Compliance Project Positions. Modify the language in the substitute amendment regarding the termination date of the 38.0 audit and compliance project positions that were provided to the Department of Revenue in 2017 Act 59 to specify that the termination date is the first September 30 occurring in the second fiscal biennium after the effective date of the bill, rather than September 30, 2023, as specified in the substitute amendment.

28. Impose Tobacco Products Tax on Vapor Products. Modify the provision in the substitute amendment that would impose an excise tax on vapor products at the rate of 5 cents per milliliter on the volume of the liquid or other substance as listed by the manufacturer to create separate provisions regulating and imposing the tax on vapor products. Under the substitute amendment, vapor products were included in the statutory definition of, and imposition of tax on, tobacco products. This provision would modify the substitute amendment to impose the tax on vapor products separately from the tax on tobacco products. Current law provisions regulating the sale and taxation of tobacco products would be amended to also regulate the sale and taxation of vapor products.

29. Statutory Prohibitions. Throughout the substitute amendment, replace the words "may not" and "shall not" with the word "cannot."

30. Appropriation References. Throughout the substitute amendment, delete the words, "the appropriation under." For example, under the substitute amendment, the language for disaster assistance to Washington Island reads, "From the appropriation under s. 20.465(3)(s), the department of military affairs shall pay" The amendment would modify that language to read, "From s. 20.465(3)(s), the department of military affairs shall pay ... "

31. Technical Modifications. Incorporate various technical modifications to the Joint Finance substitute amendment identified by the Legislative Reference Bureau and the Legislative Fiscal Bureau in order to effectuate the Committee's intent. Revise estimated GPR-Lapses by \$174,800 in 2019-20 and -\$2,694,000 in 2020-21 to reflect the provisions of the substitute amendment.

Chg. to Jt. Finance	
GPR-Lapse	-\$2,519,200