# *Wisconsin Briefs*

***from the Legislative Reference Bureau***

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# EXECUTIVE PARTIAL VETO OF SENATE BILL 21

## Executive Budget Bill Passed by the 2015 Wisconsin Legislature

## (2015 Wisconsin Act 55)

## I. INTRODUCTION

This brief contains the veto message of Governor Scott Walker for the partial veto of 2015 Senate Bill 21 (2015 Wisconsin Act 55), the "Executive Budget Bill" passed by the 2015 Wisconsin Legislature. A subsequent edition of *Wisconsin Briefs* will cover the messages for other gubernatorial vetoes or partial vetoes relating to 2015 legislation.

***Veto Brief Format***

This brief provides the following information:

1. Background material on the veto process, including legislative review of vetoes, use of the partial veto, and judicial interpretation of the governor's veto power.

2. The legislative action for 2015 Senate Bill 21, including the vote for final passage in each house and the page number of the loose−leaf journals in each house referring to the vote. ("S.J." stands for Senate Journal; "A.J." stands for Assembly Journal.)

3. The text of the governor's veto message.

4. The text of each segment of the governor's veto message keyed to the corresponding partially vetoed sections of 2015 Wisconsin Act 55. The vetoed material is indicated by gray shading, and each write−down—a reduced appropriation amount written in by the governor—is indicated by reverse shading of white numerals on a black background.

5. The table of contents (page 102).

## II. THE VETO PROCESS

***History***

Wisconsin governors have had the constitutional power to veto bills in their entirety since the ratification of the Wisconsin Constitution in 1848. In November 1930, the people of Wisconsin approved a constitutional amendment granting the governor the additional power to veto appropriation bills in part. This new partial veto authority was used immediately beginning with the 1931 session (see following table).


Prepared by Wendy Jackson and Kathy Follett, senior legislative editors

# PARTIAL VETOES OF EXECUTIVE BUDGET BILLS

## 1931–2015[1]

| Session | Bill | Law | Number of Vetoes[2] | Senate/Assembly Journal Page[3] |
|---|---|---|---|---|
| 1931 | AB–107 | Ch. 67 | 12 | A.J. p. 1134 |
| 1933 | SB–64 | Ch. 140 | 12 | S.J. p. 1195 |
| 1935 | AB–17 | Ch. 535 | 0 | ––– |
| 1937 | AB–74 | Ch. 181 | 0 | ––– |
| 1939 | AB–194 | Ch. 142 | 1 | A.J. p. 1462 |
| 1941 | AB–35 | Ch. 49 | 1 | A.J. p. 770 |
| 1943 | AB–61 | Ch. 132 | 0 | ––– |
| 1945 | AB–1 | Ch. 293 | 1 | A.J. p. 1383 |
| 1947 | AB–198 | Ch. 332 | 4[4] | A.J. p. 1653 |
| 1949 | AB–24 | Ch. 360 | 0 | ––– |
| 1951 | AB–174 | Ch. 319 | 0 | ––– |
| 1953 | AB–139 | Ch. 251 | 2 | A.J. p. 1419 |
| 1955 | AB–73 | Ch. 204 | 0 | ––– |
| 1957 | AB–77 | Ch. 259 | 2 | A.J. p. 2088 |
| 1959 | AB–106 | Ch. 135 | 0 | ––– |
| 1961 | AB–111 | Ch. 191 | 2 | A.J. p. 1461 |
| 1963 | SB–615 | Ch. 224 | 0 | ––– |
| 1965 | AB–903 | Ch. 163 | 1 | A.J. p. 1902 |
| 1967 | AB–99 | Ch. 43 | 0 | ––– |
| 1969 | SB–95 | Ch. 154 | 27 | A.J. p. 2615 |
| 1971 | SB–805 | Ch. 125 | 12[5] | S.J. p. 2162 |
| | AB–1610[6] | Ch. 215 | 8 | A.J. p. 4529 |
| 1973 | AB–300 | Ch. 90 | 38 | A.J. p. 2409 |
| | AB–1[7] | Ch. 333 | 19 | A.J. p. 310 |
| 1975 | AB–222 | Ch. 39 | 42 | A.J. p. 1521 |
| | SB–755[6] | Ch. 224 | 31 | S.J. p. 2257 |
| 1977 | SB–77 | Ch. 29 | 67 | S.J. p. 853 |
| | AB–1220[6] | Ch. 418 | 44 | A.J. p. 4345 |
| 1979 | SB–79 | Ch. 34 | 45 | S.J. p. 617 |
| | AB–1180[6] | Ch. 221 | 58 | A.J. p. 3420 |
| 1981 | AB–66 | Ch. 20 | 121 | A.J. p. 895 |
| 1983 | SB–83 | Act 27 | 70 | S.J. p. 276 |
| 1985 | AB–85 | Act 29 | 78 | A.J. p. 293 |
| 1987 | SB–100 | Act 27 | 290 | S.J. p. 277 |
| | AB–850[8] | Act 399 | 118 | A.J. p. 1052 |
| 1989 | SB–31 | Act 31 | 208 | S.J. p. 325 |
| | SB–542[9] | Act 336 | 73 | S.J. p. 957 |
| 1991 | AB–91 | Act 39 | 457 | A.J. p. 404 |
| | SB–483[10] | Act 269 | 161 | S.J. p. 896 |
| 1993 | SB–44 | Act 16 | 78 | S.J. p. 362 |
| | AB–1126[8] | Act 437 | 11 | A.J. p. 960 |
| 1995 | AB–150 | Act 27 | 112 | A.J. p. 383 |
| | AB–557[11] | Act 113 | 11 | A.J. p. 689 |
| | SB–565[12] | Act 216 | 3 | S.J. p. 770 |
| 1997 | AB–100 | Act 27 | 152 | A.J. p. 322 |
| | AB–768[13] | Act 237 | 20 | A.J. p. 927 |
| 1999 | AB-133 | Act 9 | 255 | A.J. p. 405 |
| 2001 | SB-55 | Act 16 | 315 | S.J. p. 282 |
| | AB–1[14] | Act 109 | 72 | A.J. p. 894 |
| 2003 | SB–1[15] | Act 1 | 0 | S.J. p. 111 |
| | SB–44 | Act 33 | 131 | S.J. p. 277 |
| 2005 | AB–100 | Act 25 | 139 | A.J. p. 373 |
| 2007 | SB–40 | Act 20 | 33 | S.J. p. 373 |
| | AB–1[16] | Act 226 | 8 | A.J. p. 792 |
| 2009 | AB–75 | Act 28 | 81 | A.J. p. 297 |
| 2011 | AB–11[17] | Act 10 | 0 | A.J. p. 105 |
| | AB–40 | Act 32 | 50 | A.J. p. 413 |
| 2013 | AB–40 | Act 20 | 57 | A.J. p. 48 |
| 2015 | SB–21 | Act 55 | 104 | S.J. p. 76 |

[1]A constitutional amendment giving the governor authority to veto appropriation bills in part was ratified by the electorate in November 1930.

[2]As listed in the respective governor's veto message.

[3]Beginning journal page reference. A.J.—Assembly Journal; S.J.—Senate Journal.

[4]All 4 partial vetoes involved the Conservation Fund.

[5]Numerous "technical changes" made by the governor are counted as one partial veto.

[6]Budget Review Bills.

[7]Budget Review Bill considered in April 1974 Special Session.

[8]1988 Annual Budget Bill.

[9]1990 Agency Adjustment Bill.

[10]1992 Budget Adjustment Bill.

[11]1995–97 Transportation Budget Bill.

[12]1996 Budget Adjustment Bill.

[13]1998 Budget Adjustment Bill.

[14]2002 Budget Adjustment Bill, January 2002 Special Session.

[15]2003 Budget Adjustment Bill, January 2003 Special Session.

[16]2007 Budget Adjustment Bill, March 2008 Special Session.

[17]2011 Budget Adjustment Bill, January 2011 Special Session.

Source: Senate and Assembly Journals.

Article V, section 10, of the Wisconsin Constitution grants the veto power to the governor. As printed in the 2013–14 edition of the *Wisconsin Statutes*, the section reads:

> WISCONSIN CONSTITUTION [Article V] **Governor to approve or veto bills; proceedings on veto. Section 10.** (1) (a) Every bill which shall have passed the legislature shall, before it becomes a law, be presented to the governor.
>
> (b) If the governor approves and signs the bill, the bill shall become law. Appropriation bills may be approved in whole or in part by the governor, and the part approved shall become law.

(c) In approving an appropriation bill in part, the governor may not create a new word by rejecting individual letters in the words of the enrolled bill, and may not create a new sentence by combining parts of 2 or more sentences of the enrolled bill.

(2) (a) If the governor rejects the bill, the governor shall return the bill, together with the objections in writing, to the house in which the bill originated. The house of origin shall enter the objections at large upon the journal and proceed to reconsider the bill. If, after such reconsideration, two−thirds of the members present agree to pass the bill notwithstanding the objections of the governor, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two−thirds of the members present it shall become law.

(b) 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 house of origin shall enter the objections at large upon the journal and proceed to reconsider the rejected part of the appropriation bill. If, after such reconsideration, two−thirds of the members present agree to approve the rejected part notwithstanding the objections of the governor, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two−thirds of the members present the rejected part shall become law.

(c) In all such cases the votes of both houses shall be determined by ayes and noes, and the names of the members voting for or against passage of the bill or the rejected part of the bill notwithstanding the objections of the governor shall be entered on the journal of each house respectively.

(3) Any bill not returned by the governor within 6 days (Sundays excepted) after it shall have been presented to the governor shall be law unless the legislature, by final adjournment, prevents the bill's return, in which case it shall not be law.

***Wisconsin Supreme Court Cases***

The constitutional provision granting the governor the authority to veto bills in part has come under the scrutiny of the Wisconsin Supreme Court in 8 cases: *State ex rel. Wisconsin Telephone Co. v. Henry*, 218 Wis. 302 (1935); *State ex rel. Finnegan v. Dammann*, 220 Wis. 143 (1936); *State ex rel. Martin v. Zimmerman*, 233 Wis. 442 (1940); *State ex rel. Sundby v. Adamany*, 71 Wis. 2d 118 (1976); *State ex rel. Kleczka v. Conta*, 82 Wis. 2d 679 (1978); *State ex rel. Wisconsin Senate v. Thompson*, 144 Wis. 2d 429 (1988); *Citizens Utility Board v. Klauser*, 194 Wis. 2d 484 (1995); and *Risser v. Klauser*, 207 Wis. 2d 558 (1997). With two exceptions, the opinions have broadened the power of the governor to veto parts of appropriation bills.

In the *Henry* case, the court held that the authority granted to the governor in the Wisconsin Constitution to veto a "part" is broader than the authority of other governors to veto an "item"; that the governor could disapprove nonappropriation parts of an appropriation bill; that the parts approved after the veto must constitute a complete, entire, and workable law; and that the governor's power to disapprove separable pieces of an appropriation bill is as broad as the legislature's power to join the pieces into a single bill.

The *Finnegan* case held that, in order for the governor to exercise the partial veto, the body of the bill itself must contain an appropriation of public money not merely have an indirect bearing upon an appropriation; and that an increase in revenues that has the effect of increasing expenditures under an existing appropriation does not create an appropriation.

The *Martin* case stated that the purpose of the partial veto was to prevent, if possible, the adoption of omnibus appropriation bills "with riders of objectionable legislation attached" which would "force the governor to veto the entire bill and thus stop the wheels of government or approve the obnoxious act." The court held in *Martin* that 1) the governor may effect policy changes through the partial veto and 2) the veto is sustainable if the approved parts, taken as a whole, still provide a complete, workable law.

In the *Sundby* case, the court recognized that the governor may effect an affirmative change as well as negate legislative action through the veto, and it reiterated that the veto may be applied to nonappropriation language.

In the *Kleczka* case, the court rejected any implication in the earlier cases that a legislative proviso or condition on an appropriation was inseverable from the appropriation and thus could be vetoed only if the appropriation itself was vetoed.

In the *Thompson* case, decided prior to the 1990 constitutional amendment (which prohibited the governor from using his partial veto authority to create new words by rejecting individual letters), the court reiterated that the governor's

authority to veto appropriation bills in part is very broad, that the governor may exercise the partial veto authority on conditions or provisos attached to appropriations, that a partial veto may be affirmative as well as negative in effect, and that the material remaining after the veto must be a complete and workable law. The court let stand vetoes that created new words and sentences by striking words, letters and punctuation. It held that the governor may reduce dollar amounts by striking individual digits and that any text remaining after the governor's use of the partial veto must be "germane to the topic or subject matter of the vetoed provisions" contained in the enrolled bill.

In *Citizens Utility Board*, the court held that the governor may exercise the partial veto power by striking a numerical sum in an appropriation and writing in a different smaller number as the appropriated sum.

The *Risser* court held that the governor's write–down may be exercised only on a monetary figure which is an appropriation amount.

***Federal Cases***

The federal courts have also addressed the Wisconsin veto process. Following *State ex rel. Wisconsin Senate v. Thompson*, 144 Wis. 2d 429 (1988), the governor's veto power was upheld by both the United States District Court for the Western District of Wisconsin (No. 90 C 215) and the United States District Court of Appeals for the Seventh Circuit in *Fred A. Risser and David M. Travis v. Tommy G. Thompson*, 930 F.2d 549 (7th Cir. 1991). The U.S. Court of Appeals concluded that "Wisconsin's partial veto provision as interpreted by the state's highest court is a rational measure for altering the balance of power between the branches. That it is unusual, even quirky, does not make it unconstitutional. It violates no federal constitutional provision because the federal Constitution does not fix the balance of power between branches of state government." In October 1991, the U.S. Supreme Court refused to review the decision of the U.S. Court of Appeals. *Risser v. Thompson*, 502 U.S. 860 (1991).

***Constitutional Amendment Ratified in 2008***

In 2008, the voters ratified an amendment to article V, section 10, of the Wisconsin Constitution, the first modification to the governor's partial veto authority since 1990. The amendment prohibits the governor from creating a new sentence by combining parts of two or more sentences in an appropriation bill.

***Legislative Action and Publication of Law Supplements***

Since 1973 each act vetoed in part has originally been published to show the parts approved by the governor as clear text and the parts objected to by the governor as overlaid text and beginning in 1995 as shaded text (this is shaded text). If the legislature overrides a partial veto, only the new law text resulting from the veto override is published. The new text is identified as a supplement to the act originally published. An explanation is published with each supplement, and it would read as follows for a 2015 act:

> 2015 *BILL* was approved by the governor in part and has become 2015 WISCONSIN ACT *NUMBER*. The parts objected to by the governor (partial veto) were reviewed by the senate on *DATE* and by the assembly on *DATE*. This supplement to 2015 WISCONSIN ACT *NUMBER* contains those parts of that act which had been vetoed by the governor but which have become law as the result of their approval, by two–thirds of the members of each house, notwithstanding the objections of the governor.
>
> The supplement identifies the changes in 2015 WISCONSIN ACT *NUMBER* as follows:
>
> (1) LAW IN EXISTENCE ON *DATE*. All text of statute law or session law which was in effect on the day preceding legislative action on the vetoes contained in 2015 *BILL*, and which is shown in this supplement as part of a SECTION of 2015 WISCONSIN ACT *NUMBER*, in which a veto override occurred, is shown as plain text (this is plain text).
>
> (2) PREEXISTING LAW DELETED BY VETO OVERRIDE. In some instances, the legislature, in passing 2015 *BILL*, had proposed to delete certain words contained in existing law. These deletions could not take effect with the publication of 2015 WISCONSIN ACT *NUMBER*, as the result of a veto by the governor, but they take effect now because the veto was overridden by legislative action. Such text is shown as shaded text.
>
> (3) NEW TEXT CREATED BY VETO OVERRIDE. All text that comes into being for the first time as the result of the veto override is shown in italic type (*this is italic type*).

## III. LEGISLATIVE ACTION ON THE PASSAGE OF 2015 SENATE BILL 21

**2015 Wisconsin Act 55 (Senate Bill 21): Joint Finance Substitute Amendment**

On July 7, 2015, the senate adopted Senate Substitute Amendment 1 (as amended by Senate Amendments 1 and 2) to Senate Bill 21 by a vote of 18 to 15, S.J. 07/07/15, p. 322, and passed Senate Bill 21, as amended, by a vote of 18 to 15, S.J. 07/07/15, p. 322.

On July 8, 2015, the assembly concurred in Senate Bill 21, as amended, by a vote of 52 to 46, A.J. 07/08/15, p. 236.

On July 12, 2015, the governor approved in part and vetoed in part Senate Bill 21, and the part approved became 2015 Wisconsin Act 55, S.J. 07/03/15, p. 327. The date of enactment is July 12, 2015, and the date of publication is July 13, 2015, and, as provided in section 991.11, Wisconsin Statutes, the effective date of all provisions of the act is July 14, 2015, except those provisions for which the act expressly provides a different date.

## IV. TEXT OF THE GOVERNOR'S VETO MESSAGE

July 13, 2015

To the Honorable Members of the Senate:

**Senate Bill 21** as 2015 Wisconsin Act 55 is approved and deposited in the office of the Secretary of State.

Four years ago, Wisconsin faced a $3.6 billion deficit after years of irresponsible budgeting practices and gimmicks. Our state was on the same unstable and untenable path as the federal government. Wisconsin's rainy day fund was depleted and the State had past due bills, including repaying illegal raids of segregated funds. During the four years before I was elected as Governor, Wisconsin lost over 134,000 jobs and the unemployment rate stood at 8.1 percent. Property taxes had increased 27 percent over the previous decade.

While politicians in Washington continued down the path of excessive spending and crushing debt for the next generation, we chose a different path by making tough, but prudent, decisions to regain our financial footing and build the foundation for future growth. Despite continued poor national economic performance and empty rhetoric from Washington, we begin the new fiscal year with a balanced budget and without the accounting gimmicks of the past. In contrast to Washington's soaring debt, Wisconsin's fiscal house is in order. Because of our responsible budgeting, new bonding will be at the lowest level in 20 years. Moody's upgraded our outlook from "stable" to "positive." And our total outstanding debt level has gone down. Wisconsin has $279 million in its rainy day fund, the highest balance ever, and 165 times larger than when I took office. Most importantly, we have reduced the unemployment rate to 4.6 percent, and Wisconsin continues to outperform the national average. Wisconsin workers are finding jobs – 2014 was Wisconsin's best year for private sector job growth in a decade. They are helping to grow our economy and enjoying growth in per capita personal income that exceeds the U.S. average. In addition, similar to my first two budgets, this budget continues to hold the line on property taxes, and in 2014 homeowners realized the first increase in equalized values since 2008. In total, through the three biennial budgets I have signed into law, we will have achieved six consecutive years of property tax reductions. No other state can claim this achievement.

Act 55 continues to invest in our priorities and create prosperity for all of Wisconsin's citizens. The budget I introduced on February 3, 2015, focused on our core themes of growing our economy, developing our workforce, transforming

education, reforming government and investing in our infrastructure. It also continued to provide property tax relief while protecting our taxpayers from new taxes and unreasonable fees. My budget recommendations also contained significant reforms in both K–12 and higher education, compassionate entitlement reform and accountability through a drug testing initiative, and additional opportunities for recipients of government assistance to transition to meaningful, family–sustaining employment. Beyond these reforms, my budget recommendations held state borrowing to historic lows, while ensuring a strong infrastructure and setting the stage for a once–in–a–generation $1 billion investment in downtown Milwaukee.

In a highly–competitive, globalized economy, Wisconsin residents and businesses have consistently told us we need lower taxes, a capable workforce, a strong educational system centered on parental choice, and an efficient government in order for us to successfully compete and increase our prosperity. They have not asked for a handout; rather, they have asked for the opportunity to achieve through initiative and independence. It is our job to create this environment and maximize these opportunities by creating jobs, expanding our economy and removing government barriers.

Throughout its deliberations, I worked collaboratively with the Legislature to improve upon the introduced budget. I am pleased the Legislature has returned a budget that achieves our shared goals of continuing to improve our economy, reforming education by putting parents and students first, and sound fiscal management. Specifically, the Legislature worked diligently to enhance funding for public schools while continuing to reduce property taxes.

This bill also reduces the marriage penalty, providing new relief to Wisconsinites. Additional tax relief is provided to teachers, job creators and the families of our neighbors with disabilities. These achievements continue our commitment to keep more money in the hands of Wisconsin taxpayers.

Furthermore, this budget invests an additional $309 million into educational opportunities. This budget also provides parents with more choices, and more information, relating to their children's education, regardless of their zip code.

We are helping to make college more affordable for our state's working families. For the first time in history, University of Wisconsin System tuition will be frozen for four years straight. It was important to us to double down on our historic two–year tuition freeze from our last budget for our students and their families. This budget provides new flexibilities to the University of Wisconsin System to govern its own affairs and achieve significant savings and efficiencies. The budget also reinforces the link between education and employment opportunities by retaining performance–based funding for the Wisconsin Technical College System and dedicating further resources to our successful Fast Forward program. Combined, these investments expand economic opportunity to all.

While the budget provides new opportunities for Wisconsinites to achieve the American Dream, it also protects our most vulnerable neighbors and relatives. This budget maintains our commitment to preserve Medicaid as a safety net for our state's neediest by providing health insurance coverage for everyone living in poverty, despite the continued instability of the Affordable Care Act. It also includes a framework for establishing sustainability in our long–term care system and preserving the rights of families and patients to choose what works best for them.

The budget also includes accountability and opportunity for certain public assistance programs and unemployment insurance recipients by providing both drug testing and treatment. We want people to know the dignity that comes from work. These programs will encourage personal responsibility and workforce readiness. We have continued to reform these entitlement programs by including treatment for substance abuse for those truly trying to overcome the cycle of addiction, so they can provide for themselves and their families.

Further, we are continuing to make prudent investments in Wisconsin's infrastructure by prioritizing major highway projects and comprehensive upgrades to the maintenance of the state highway system. This will ensure the movement of manufacturing and agricultural products to market efficiently. We are also continuing to invest in our tourism industry, which was recently ranked number one in the Midwest. Similarly, this budget also invests in one of our greatest tourist attractions, our magnificent natural resources, by ensuring continued broad access to those natural resources for future generations.

This budget enacts many substantive government reforms, ranging from a shared agency services initiative designed to more efficiently deliver "back office" state agency functions, to consolidating and merging various functions in order to enhance customer service and taxpayer value. Combined, these efforts are reducing the size of state government and enhancing accountability.

Finally, in contrast to politicians in Washington who continue to expand the reach of the federal government, our reforms have put the hardworking citizens and taxpayers of Wisconsin back in control. This budget focuses on growth and opportunity for all with no new taxes, while implementing common sense reforms to ensure state government is more effective, more efficient and more accountable to the public.

The following is a brief summary of how this budget, including my vetoes, will continue to make Wisconsin more prosperous, more independent and more efficient:

**Tax Relief**

• Reduces property taxes to achieve an unprecedented success of providing six consecutive years of tax reductions for the median value home, a benefit that accrues to all homeowners.

• Reduces the burden of the Alternative Minimum Tax by conforming it to the federal tax code.

• Reduces the marriage penalty by increasing the standard deduction for married filers.

• Improves Wisconsin's business climate by simplifying Wisconsin's tax code and reducing the state's compliance burden on individuals and businesses.

• Newly establishes Achieving a Better Life Experience (ABLE) accounts to empower the disabled community and their families to achieve greater independence and assist with various expenses.

• Provides tax relief to teachers who purchase supplies for their classrooms.

**Growing Our Economy**

• Completes the phase−in of the Manufacturing and Agriculture Credit to stimulate the development of Wisconsin's key economic sectors.

• Increases the cap on the Enterprise Zone Jobs Credit program to provide additional capacity for economic development incentives.

• Streamlines and consolidates the Economic Development Credit and Jobs Tax Credit into a single Business Development Tax Credit to incentivize job creation and investment in Wisconsin.

• Simplifies the Wisconsin tax code by adopting numerous updates to the Internal Revenue Code.

**Developing Our Workforce**

• Implements a drug screening, testing and treatment program to increase the workforce readiness of individuals receiving unemployment insurance and those receiving certain public assistance benefits.

• Reduces the time limit for participants in Wisconsin Works from 60 months to 48 months, with limited extensions, to encourage participant placements in jobs at a more rapid pace and reduce dependence on public benefits.

• Provides $3 million to expand transitional jobs to other high−need communities, including Racine, Beloit and rural communities.

• Provides additional funding for GED test assistance and adult literacy grants to support adult literacy for TANF−eligible individuals.

• Adds credit for prior learning for veterans who have military training to the performance measures for the Wisconsin Technical College System.

**Transforming K−12 Education**

• Increases state aid for schools by $108.1 million in the equalization aid formula to offset the need for districts to levy property taxes, and $84.1 million over the base in per pupil aid, thus providing districts with additional spending flexibility.

• Expands the ability of low−income parents across the state to access a wide variety of educational options through expansion and reform of the parental choice programs.

• Increases transparency in K−12 funding by having public funding follow the student for expansions in school choice, charter school authorization and special needs scholarships.

• Enhances student opportunity and rebuilds perennially underperforming schools in the Milwaukee Public School District by creating an Opportunity Schools and Partnership Program to facilitate innovative reforms to improve school performance.

• Increases local control by affirming the authority of school districts to choose their own academic standards, provides a pathway to offering multiple student assessment options and prevents the mandatory application of the national Common Core Standards.

• Expands independent charter school options for parents by designating four new charter school authorizers: the University of Wisconsin System, the Waukesha county executive, tribal colleges and Gateway Technical College.

• Rewards high–performing independent charter school operators by granting authority to open additional schools if the operator's other schools receive four or five stars on the most recent school accountability report.

• Enhances private school accountability by increasing the qualifications for all teachers and administrators in choice schools and permitting independent researchers to access data at the Department of Workforce Development, Department of Children and Families and Department of Health Services to enhance research related to the efficacy of choice schools.

• Improves open enrollment programs by: (1) increasing the standard open enrollment transfer amount; (2) retaining the course options program; and (3) eliminating the ability of school districts to deny pupils with disabilities on the basis of undue financial burden.

• Provides additional resources for rural schools by increasing funding for the sparsity and high–cost pupil transportation categorical aid programs by $13.4 million over the biennium, and by increasing the reimbursement rate under the pupil transportation aid.

• Creates two new avenues to teacher licensure, which assists rural school districts with staffing while ensuring teacher quality.

• Augments state support for special education by providing $5 million in fiscal year 2016–17 for high–cost special education aid.

• Further assists families with special needs students by creating a special needs scholarship program.

• Requires Wisconsin high school students to pass a civics assessment in order to graduate.

• Simplifies the school accountability report through the establishment of a star rating system.

• Recognizes individual learning styles of students by permitting school districts to grant high school credits based on competency or a learning portfolio.

• Permits districts to choose their own reading readiness assessments.

**Transforming Higher Education**

• Ensures affordability of, and access to, a University of Wisconsin education for Wisconsin residents by extending the freeze on undergraduate in–state tuition.

• Modernizes the concept of tenure by authorizing the Board of Regents to enact such policies.

• Reforms shared governance to provide Chancellors with greater authority and accountability at individual campuses, while maintaining student oversight of student–set fees.

• Provides additional flexibilities to allow the University of Wisconsin System to maximize efficiencies while maintaining excellence in education and research.

**Reforming Government**

• Continues to protect property taxpayers by maintaining levy limits on counties and municipalities and limiting levy increases to the rate of growth due to new construction.

• Maintains the state's commitment to counties and municipalities by funding shared revenue at current levels.

• Consolidates all food safety, recreational facility, lodging and food protection activities into the Department of Agriculture, Trade and Consumer Protection, creating efficiencies in regulation of these programs and reducing consumer confusion by assigning oversight to one agency.

• Reduces overtime, enhances security and modernizes security methods at adult correctional institutions with proven technology and strategic ground patrol.

• Permits members of certain religious sects to apply for a waiver from certain modern building code requirements when the requirement is contrary to their established religious beliefs.

• Reduces the risk of a data security breach by providing additional resources for information technology services.

• Realizes efficiencies by combining the Department of Administration's Division of Energy Services and Division of Housing, and by transferring most functions of the State Energy Office to the Public Service Commission.

• Capitalizes on existing expertise and increases efficiency by transferring Workers' Compensation adjudicatory functions to the Department of Administration's Division of Hearings and Appeals.

• Creates an Office of Marketing in the Department of Tourism to utilize the expertise of the department to provide centralized marketing services to state agencies.

• Authorizes the Department of Administration to provide Lean government consulting services to implement efficiencies across state government.

• Reduces offender recidivism by authorizing the Department of Children and Families to leverage social impact bonding in the city of Milwaukee.

• Reduces the size of government by eliminating numerous long−term vacant positions.

• Reduces state health insurance costs by modernizing health plan design and providing an opt−out option and corresponding stipend to state employees.

**Investing in Infrastructure**

• Invests a total of $6.14 billion to support Wisconsin's transportation infrastructure.

• Provides $415 million for continued construction of the Zoo Interchange and I−94 North−South Corridor. Maintains the scheduled completion date of the Zoo Interchange project.

• Invests $16.8 million in the Hoan Bridge and $13.2 million in the state's harbor system.

• Provides over $1.5 billion for state highway rehabilitation and over $485 million for major highway development.

• Provides $35 million for Freight Rail Preservation.

• Increases the state's investment in broadband expansion by providing up to $1.5 million annually from the universal service fund for broadband expansion grants and providing up to $18 million over the 2015−17 biennium for two grant programs to assist rural schools in financing information technology infrastructure improvements and training teachers in the use of educational technology.

**Preserving Wisconsin's Heritage**

• Provides a total $21 million of Stewardship borrowing authority for land acquisition and $9.75 million of borrowing authority for property development and local assistance in each year, beginning in fiscal year 2015−16 and ending in fiscal year 2019−20.

• Provides up to $19.6 million of unobligated existing Stewardship borrowing authority for the Kettle Moraine Springs Fish Hatchery to continue the modernization of the facility.

• Protects the integrity of segregated natural resources funds by eliminating $958,300 of earmarks for various organizations.

• Provides $750,000 forestry SEG and authorizes the Department of Natural Resources to participate in the federal Good Neighbor Authority program, to initiate additional watershed restoration and forest management services on federal land.

**Medicaid Entitlement Reform**

• Preserves essential safety net programs, including SeniorCare and Medicaid, while implementing reforms to slow expenditure growth and maintain essential health care services.

• Expands the Family Care program statewide and improves the integration of long−term care and acute care services, while maintaining the self−direction option for long−term care benefits.

• Fully funds the FoodShare Employment and Training program to provide able− bodied adults with education, skills and work experience necessary to obtain employment and become self−sufficient.

• Strengthens support for senior citizens by providing additional funding and positions for ombudsmen at the Board on Aging and Long−Term Care.

• Provides resources to support dementia care specialists in selected aging and disability resource centers across the state.

• Expands Medicaid coverage to the treatment portion of residential substance abuse treatment to ensure individuals with substance abuse disorders receive the appropriate level of care in the most appropriate setting.

- Expands the settings in which immunizations may be provided for Medicaid beneficiaries to include pharmacies.
- Improves program integrity in the use of personal care and other Medicaid services while ensuring members receive essential services on a timely basis.
- Provides $30 million GPR for disproportionate share hospital payments to ensure access to care for low–income patients.
- Establishes a pilot program for pediatric and adult emergency dental care.
- Provides annual increases to the children's long–term support services and autism services programs, and utilizes excess funds for children's long–term care services or other children's programs.
- Increases Medicaid reimbursement for nursing homes through an acuity adjustment.

**Investing in Wisconsin's Veterans**

- Strengthens support for residents in Wisconsin veterans homes by providing additional funding for an ombudsman at the Board on Aging and Long–Term Care.
- Provides funding for equipment purchases and operational improvements at veterans homes.
- Waives fees for a Commercial Driver License for veterans who hold a military Commercial Driver License.
- Transfers the Veterans Grant Program from the Department of Workforce Development to the Department of Veterans Affairs to enhance program awareness and efficiency.
- Provides one–time funding from the veterans trust fund to the Wisconsin Technical College System Board to create a veteran grant jobs pilot program. Requires the board to create a competitive grant process to distribute grants to districts that request funding for veterans services and identify matching funds.
- Creates an appropriation under the Higher Educational Aids Board for payments to tribal colleges equal to the amount per student the tribal college has received or expects to receive from the Bureau of Indian Education in the federal Department of the Interior based on the number of Native American students who were enrolled in the previous academic year and the number of full–time equivalent Wisconsin resident students who were enrolled in the college in the previous academic year for whom the college will not receive Bureau of Indian Education funds.
- Provides an appropriation during the biennium for payments to towns, cities or villages that provide municipal services to state veterans homes and authorize the Department of Veterans Affairs to transfer unappropriated balances from other PR appropriations in state veterans homes to the appropriation.

**Improving Mental Health Programs**

- Redesigns the state's juvenile community supervision to provide services based on a juvenile's individual risk and needs.
- Expands existing drug addiction programming in the Department of Corrections by creating a voluntary pilot program for eligible offenders with an opioid addiction– related conviction. Provides $836,700 GPR in each year for the program.
- Increases access to mental health care for our rural residents by providing resources to such services remotely.
- Provides financial assistance to counties to establish robust crisis services programs, pairing law enforcement with mental health professionals to create a best practice model.
- Improves response to mental health crises by requiring counties to provide community–based crisis assessment by a mental health professional prior to an emergency detention, while maintaining Milwaukee County's 24–hour rule for emergency detention.
- Extends the sunset date for the Milwaukee County emergency detention pilot program from May 1, 2016, to July 1, 2017.

**Protecting Wisconsin's Citizens**

- Improves access to breast and cervical cancer screenings for low–income women without insurance by increasing funding for the Wisconsin Well Women Program.
- Increases services for individuals with HIV or AIDS by increasing funding for Mike Johnson life care and early intervention services grants, which provides funding to AIDS service organizations.

- Provides an additional $5 million for domestic abuse grant funding.
- Provides $1 million over the biennium to the Wisconsin Trust Account Foundation for legal services to low−income families for cases related to domestic abuse, sexual abuse, restraining orders and injunctions for at−risk individuals.
- Provides $2 million for residential and/or community−based services for child victims of sex trafficking.
- Increases Sexual Assault Victims Services to $2.1 million in fiscal year 2016−17.
- Provides $421,300 annually for additional global positioning system offender tracking for individuals convicted of serious child offenses and those who violate domestic abuse or harassment temporary restraining orders.
- Enhances services to abused and neglected children by providing $160,000 over the biennium to the Wisconsin Court Appointed Special Advocates.
- Permits county boards to impose a $20 surcharge on felony or misdemeanor convictions, and creates crime prevention funding boards to distribute such revenues to nonprofit organizations whose purpose is to prevent crime.

In exercising my constitutional authority, I have made 104 vetoes to the budget. These vetoes will reduce overall spending, constrain earmarks, allow the executive branch to efficiently perform its statutory duties, and correct legislative errata. These vetoes increase the general fund balance by $44,495,400 GPR over the biennium.

I commend the Legislature for delivering on our collective priorities: six consecutive years of property tax relief, four consecutive years of University of Wisconsin System tuition freezes, continued workforce development, compassionate entitlement reform, educational reform based on parental options, responsible infrastructure management and enhanced government efficiencies. These achievements demonstrate our commitment to preserving the freedom of our citizens, expanding opportunities to achieve the American dream, and meeting the competitive challenges of a globalized economy while overcoming the failed leadership of our federal government.

Respectfully submitted,

SCOTT WALKER

Governor

## V. VETOED ITEMS

# A. GROWING OUR ECONOMY

### A–1. Wisconsin Economic Development Corporation Funding to the Joint Committee on Finance Supplemental Appropriation

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**Governor's written objections**

*Section 481 [as it relates to s. 20.865 (4) (a)]*

This provision provides a total of $23,503,200 GPR in fiscal year 2015–16 and $34,711,000 GPR in fiscal year 2016–17 to the Joint Committee on Finance's general purpose revenue funds general program supplementation appropriation under s. 20.865 (4) (a). Of this amount, $16,300,000 GPR in fiscal year 2015–16 and $12,400,000 GPR in fiscal year 2016–17 were placed in the appropriation due to actions by the Joint Committee on Finance to reduce the Wisconsin Economic Development Corporation's operations and programs appropriation and place these funds in the Committee's supplemental appropriation.

I object to the placement of these funds in the Committee's supplemental appropriation because this mechanism to hold these funds does not provide the greatest flexibility for the state's financial position or its policy options.

I am partially vetoing section 481 [as it relates to s. 20.865 (4) (a)] to reduce funding for the Committee's supplemental appropriation by $16,300,000 GPR in fiscal year 2015–16 and $12,400,000 GPR in fiscal year 2016–17 to remove those amounts placed in the appropriation by the Committee related to reductions for the Wisconsin Economic Development Corporation and not otherwise allocated for another purpose so that these monies will improve the general fund balance during the biennium. Doing so strengthens the state's fiscal position and still allows these funds to be allocated by the Legislature for future purposes. By lining out the appropriation under s. 20.865 (4) (a) and writing in a smaller amount that deletes these funds, I am vetoing the portion of the bill that holds these funds in the Committee's supplemental appropriation. I am also requesting the secretary of the Department of Administration not to allot these funds.

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**Cited segments of 2015 Senate Bill 21:**

**20.865 Program Supplements**

| | | | | | | |
|---|---|---|---|---|---|---|
| (4) JOINT COMMITTEE ON FINANCE SUPPLEMENTAL APPROPRIATIONS | | | | | | |
| (a) General purpose revenue funds | | | | | | |
| general program supplementation | GPR | B | ~~23,503,200~~ 7,203,200 | ~~34,711,000~~ 22,311,000 | **Vetoed In Part** |

**A−2. Wisconsin Economic Development Corporation Grants to Various Organizations**

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**Governor's written objections**

*Section 9150 (5dc)*

This section requires the Wisconsin Economic Development Corporation to make four grants to specified organizations for a total of $750,000 GPR. The Mid−West Energy Research Consortium is to be granted $250,000 GPR to support Wisconsin− headquartered private companies in the energy, power and control industries.

Prosperity Southwest Wisconsin is to be granted $250,000 GPR to develop a regional revolving loan fund program in the southwest region for regional development and entrepreneurial start−ups. Northcentral Technical College is to be granted $150,000 GPR for equipment for its culinary arts program and business incubator facilities. Finally, the Marathon County Economic Development Corporation is to be granted $100,000 GPR for a revolving loan fund to support minority−owned businesses in Marathon County.

I am vetoing this section because I object to reducing the flexibility of the Wisconsin Economic Development Corporation to make its own determinations as to which organizations should be given assistance. One of the purposes of the corporation was to have maximum flexibility in funding the most promising economic development opportunities. The funds that would have been used for these specified grants will instead remain with the corporation to be awarded for eligible purposes at its discretion. However, I encourage the Wisconsin Economic Development Corporation to collaborate with the Marathon County Economic Development Corporation and Prosperity Southwest Wisconsin to enhance economic opportunities in these regions.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 9150. Nonstatutory provisions; Wisconsin Economic Development Corporation.**

(5dc) ECONOMIC DEVELOPMENT GRANTS. In fiscal year 2015−16, from the appropriation under section 20.192 (1) (a) of the statutes, the Wisconsin Economic Development Corporation shall do all of the following:

(a) Grant $250,000 to the Mid−West Energy Research Consortium to support the growth, training, and research and development of private businesses in the energy, power, and control sector that are headquartered in Wisconsin. The Wisconsin Economic Development Corporation shall develop policies and procedures for determining whether a business is headquartered in Wisconsin and otherwise eligible to receive grant moneys under this paragraph. The Mid−West Energy Research Consortium may not expend any grant moneys under this paragraph after June 30, 2017; shall repay any grant moneys not expended under this paragraph to the secretary of administration for deposit in the general fund; and shall comply with all record−keeping and reporting requirements applicable to other recipients of grants from the Wisconsin Economic Development Corporation.

**Vetoed In Part**

(b) Grant $250,000 to Prosperity Southwest Wisconsin for a new revolving loan program in the southwest region of the state to promote regional economic development and entrepreneurial start−ups.

(c) Grant $150,000 to the Northcentral Technical College for the purchase of commercial stoves, ovens, and other equipment for that college's culinary arts program and business incubator facilities.

(d) Grant $100,000 to the Marathon County Economic Development Corporation for a revolving loan fund to support minority−owned businesses in Marathon County. A business is considered to be minority owned for purposes of this paragraph if the business is at least 30 percent owned by a minority group member, as defined in section 16.287 (1) (f) of the statutes.

**A–3. Definition of Bona Fide Angel Investments**

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**Governor's written objections**

*Sections 2191 and 9337 (4b)*

These sections modify the definition of a "bona fide angel investment" under the angel investment credit program to include the purchase of a note or bond that is convertible into an equity interest beginning with tax year 2016.

I am vetoing these sections because I object to changing the purpose of the angel investment credit to potentially create an incentive for the purchases of secured debt instruments in companies in lieu of equity investments. Under current law, investors in such securities receive the credit when they convert their securities into an equity stake. This treatment is appropriate and should be maintained.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 2191.** 71.07 (5d) (a) 1. (intro.) of the statutes is amended to read:

71.07 **(5d)** (a) 1. (intro.) "Bona fide angel investment" means a purchase of an equity interest, a purchase of a note or bond that is convertible to an equity interest, or any other expenditure, as determined by ~~rule~~ the Wisconsin Economic Development Corporation in its policies and procedures under s. 238.15 ~~or s. 560.205, 2009 stats.~~ (3) (d), that is made by any of the following:

**SECTION 9337. Initial applicability; Revenue.**

(4b) BONA FIDE ANGEL INVESTMENTS. The treatment of section 71.07 (5d) (a) 1. (intro.) of the statutes first applies to bona fide angel investments made in taxable years beginning on January 1, 2016.

**Vetoed In Part**

**A–4. Conduit Revenue Bonds**

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*Sections 1067b, 1969ab, 1969am, 1969b, 1969c, 1969e, 1969f, 1969g, 1969h, 1969i, 1961im, 1969j, 1969k, 1969L, 1969m, 1969n, 1969p, 1969pe, 1969q, 1969r, 1969s, 1969t, 1969u, 1969v, 2033b, 2037d, 2237d, 2238b, 2515j and 2524p*

This provision modifies current law as it relates to the Public Finance Authority and its ability to issue bonds in an assortment of ways. These changes include broadening the authority's ability to own or operate property; allowing the authority to purchase bonds; and empowering the authority to create one or more nonprofit corporations to carry out, or assist the authority to carry out, all or part of the purposes or powers of the authority. In addition, the provision exempts the authority and related nonprofit corporations from having to pay certain property and sales taxes and extends existing personal liability law exemptions to officers, employees and agents of the authority and related nonprofit corporations.

I am vetoing this provision because I object to broadening the powers of the authority and do not support the decreases in accountability that would result from enacting this provision or the loss of local control and loss of state tax revenue. Such sweeping changes to current law decrease transparency and could create unintended consequences, the full extent of which are unknown.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1067b.** 32.02 (1) of the statutes is amended to read:

32.02 **(1)** Any county, town, village, city, including villages and cities incorporated under general or special acts, school district, the department of health services, the department of corrections, the board of regents of the University of Wisconsin System, the building commission, a commission created by contract under s.

**Vetoed In Part**

**Vetoed In Part**

66.0301, with the approval of the municipality in which condemnation is proposed, a commission created by contract under s. 66.0301 or 66.0303 that is acting under s. 66.0304, if the condemnation occurs within the boundaries of a member of the commission, or any public board or commission, for any lawful purpose, but in the case of city and village boards or commissions approval of that action is required to be granted by the governing body. A mosquito control commission, created under s. 59.70 (12), and a local professional football stadium district board, created under subch. IV of ch. 229, may not acquire property by condemnation.

**Vetoed In Part**

**SECTION 1969ab.** 66.0304 (4) (a) of the statutes is amended to read:

66.0304 **(4)** (a) Adopt and amend bylaws, policies, and procedures for the regulation of its affairs and the conduct of its business.

**SECTION 1969am.** 66.0304 (4) (c) of the statutes is amended to read:

66.0304 **(4)** (c) Acquire, buy, own, operate, sell, lease as lessor or lessee, encumber, mortgage, hypothecate, pledge, assign, gift, or otherwise transfer any property or interest in property that is located within or outside of this state.

**SECTION 1969b.** 66.0304 (4) (f) of the statutes is amended to read:

66.0304 **(4)** (f) Employ or appoint agents, employees, finance professionals, counsel, and special advisers as the commission finds necessary and fix their compensation.

**SECTION 1969c.** 66.0304 (4) (p) of the statutes is amended to read:

66.0304 **(4)** (p) Purchase bonds issued by or on behalf of, or held by, any participant, any state or a department, authority, or agency of such a state, or any political subdivision, or a subunit of the political subdivision, or the federal government, or a subunit of the federal government. Bonds purchased under this paragraph may be held by the commission or sold, in whole or in part, separately or together with other bonds issued by the commission.

**SECTION 1969e.** 66.0304 (4e) of the statutes is created to read:

66.0304 **(4e)** CREATION OF NONPROFIT CORPORATION. A commission may create one or more nonprofit corporations of which the commission is the sole member or may appoint or veto appointments to the governing board, provided that the purpose of the nonprofit corporation is to carry out or assist a commission in carrying out all or part of the commission's purposes or powers. A nonprofit corporation created under this subsection may exercise any power that a commission may exercise and it may be created under ch. 181 or under the laws of any state or territory of the United States. A nonprofit corporation created under this subsection is subject to the same exemptions and immunities that apply to a commission under this section. A nonprofit corporation created under this subsection, and a commission, may make loans to, borrow money from, and acquire or assign or transfer property to or from, one another. A nonprofit corporation created under this subsection is a legal entity that is separate and distinct from the commission, and its assets and liabilities may not be consolidated or commingled with those of a commission. A commission may not be held accountable for the actions, omissions, debts, or liabilities of any nonprofit corporation created under this subsection. A nonprofit corporation created under this subsection may not be held accountable for the actions, omissions, debts, or liabilities of the commission that creates it, or of any other nonprofit corporation created under this subsection.

**Vetoed In Part**

**SECTION 1969f.** 66.0304 (5) (a) 1. of the statutes is amended to read:

66.0304 **(5)** (a) 1. The ~~face~~ form of the bond shall include the date of issuance and the date of maturity.

**SECTION 1969g.** 66.0304 (5) (a) 2. of the statutes is amended to read:

66.0304 **(5)** (a) 2. The ~~face~~ form of the bond shall include the statements required under subs. (9) (c) and (11) (d).

**SECTION 1969h.** 66.0304 (5) (ae) of the statutes is created to read:

66.0304 **(5)** (ae) A bond resolution may provide that the facsimile, electronic, or digital signature of any person authorized to execute documents, including bonds, on behalf of the commission shall be considered to be the legal equivalent of a manual signature on specified documents or all documents, and such signatures are valid and binding for all purposes.

**SECTION 1969i.** 66.0304 (5) (am) (intro.) of the statutes is amended to read:

66.0304 **(5)** (am) (intro.) Notwithstanding par. (a), as an alternative to specifying the matters required to be specified in the bond resolution under par. (a), the resolution may specify members of the board or officers or employees of the commission, by name or position, to whom the commission delegates authority to determine ~~which of~~ the matters under ~~specified~~ par. (a), and any other matters that the commission deems appropriate, for inclusion in the trust agreement, indenture, or other agreement providing for issuance of the bonds as finally executed. A resolution under this paragraph shall specify at least all of the following:

**SECTION 1961im.** 66.0304 (5) (b) 1. of the statutes is amended to read:

66.0304 **(5)** (b) 1. Early mandatory or optional redemption or purchase in lieu of redemption or tender~~,~~ ~~as provided in the resolution~~.

**SECTION 1969j.** 66.0304 (5) (b) 3. of the statutes is amended to read:

**Vetoed In Part**

66.0304 **(5)** (b) 3. A trust agreement or indenture, or other agreement providing for issuance of the bonds, containing any terms, conditions, and covenants that the commission determines to be necessary or appropriate, but such terms, conditions, and covenants may not be in conflict with the resolution.

**Section 1969k.** 66.0304 (6) (e) of the statutes is repealed.

**Section 1969L.** 66.0304 (7) (a) of the statutes is amended to read:

66.0304 **(7)** (a) The commission may secure bonds by a trust agreement ~~or,~~ indenture ~~by and between the commission and one or more corporate trustees~~, or other agreement providing for the issuance of the bonds. A bond resolution, trust agreement, ~~or~~ indenture, or other agreement providing for the issuance of the bonds may contain provisions for ~~pledging~~ the pledge or assignment by the commission of properties, revenues, and other tangible or intangible collateral, including contractual rights; holding and disbursing funds; protecting and enforcing the rights and remedies of bondholders; restricting individual rights of action by bondholders; and amendments, and any other provisions the commission determines to be reasonable and proper for the security of the bondholders or contracts entered into under this section in connection with the bonds.

**Section 1969m.** 66.0304 (8) of the statutes is amended to read:

66.0304 **(8)** No personal liability. No ~~board member~~ director, officer, employee, or agent of the commission, of any member, or of a corporation created under sub. (4e), is liable personally on the bonds or any contract entered into by the commission or corporation, or subject to any personal liability or accountability by reason of the contract or the issuance of the bonds, unless the personal liability or accountability is the result of the willful misconduct of such person.

**Section 1969n.** 66.0304 (9) (b) of the statutes is amended to read:

66.0304 **(9)** (b) The state ~~and the political subdivisions who are parties to the agreement creating a commission under this section~~, the members, and political subdivisions approving financing under sub. (11) (a) are not liable on bonds or any other contract entered into under this section, or for any other debt, obligation, or liability of the commission or a corporation created under sub. (4e), whether in tort, contract, or otherwise.

**Section 1969p.** 66.0304 (9) (c) of the statutes is amended to read:

66.0304 **(9)** (c) The bonds are not a debt of the state ~~or the political subdivisions contracting to create a commission under this section~~, the members, or political subdivisions approving financing under sub. (11) (a). A bond issue under this section does not obligate the state or a political subdivision to levy any tax or make any appropriation for payment of the bonds. All bonds issued by a commission are payable solely from the funds pledged for their payment in accordance with the bond resolution ~~or,~~ trust agreement ~~or,~~ indenture, or other agreement providing for their issuance. All bonds shall contain~~, on their face,~~ a statement regarding the obligations of the state, ~~the political subdivisions who are parties to the agreement creating the commission,~~ the members, the political subdivisions approving financing under sub. (11) (a), and the commission as set forth in this paragraph.

**Vetoed In Part**

**Section 1969pe.** 66.0304 (9) (d) of the statutes is created to read:

66.0304 **(9)** (d) Projects not located in this state that are financed or refinanced by bonds of a commission, including any project owned, operated, leased from or to, or otherwise controlled by, a participant or by the commission, are not considered public projects of this state, and are not subject to procurement, contracting, construction, tax, acquisition, construction, or improvements laws of this state that are applicable to public projects.

**Section 1969q.** 66.0304 (10) (b) of the statutes is amended to read:

66.0304 **(10)** (b) A commission shall maintain an accounting system in accordance with generally accepted accounting principles and shall have its financial statements ~~and debt covenants~~ audited annually by an independent certified public accountant, except that the commission by a unanimous vote may decide to have an audit performed under this paragraph every 2 years.

**Section 1969r.** 66.0304 (11) (a) of the statutes is renumbered 66.0304 (11) (a) 1. and amended to read:

66.0304 **(11)** (a) 1. ~~A~~ Except as provided in subd. 2., the commission may not issue bonds to finance a capital improvement project in this state or in any state or territory of the United States unless a political subdivision within whose boundaries the project is to be located has approved the financing of the project. ~~A commission may not issue bonds to finance a capital improvement project in this state unless all of the political subdivisions within whose boundaries the project is to be located has approved the financing of the project.~~ An approval under this ~~paragraph~~ subdivision may be made by the governing body of the political subdivision or by its designee or, except for a 1st class city in this state or a county in which such a ~~1st class~~ city is located, by the highest ranking ~~executive or administrator~~ elected official of the political subdivision or by his or her designee.

**Section 1969s.** 66.0304 (11) (a) 2. of the statutes is created to read:

66.0304 **(11)** (a) 2. Except for financing a capital improvement project in a 1st class city in this state or in a county in which such a city is located, the commission

**Vetoed In Part**

may issue bonds to finance a capital improvement project without receiving the approval under subd. 1. if the financing is approved in accordance with section 147 (f) of the Internal Revenue Code.

**SECTION 1969t.** 66.0304 (11) (a) 3. of the statutes is created to read:

66.0304 **(11)** (a) 3. Bonds issued under this section 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 project that is placed in service for federal tax purposes prior to the commission issuing the bonds.

b. To finance the acquisition of a project if no more than 10 percent of the bond proceeds are used to finance the construction of capital improvements.

c. To finance acquiring bonds from a different issuer and those bonds are used or were used to finance a capital improvement project.

d. To acquire leases or contracts from a 3rd party provider of capital improvement projects.

**SECTION 1969u.** 66.0304 (11) (bm) of the statutes is amended to read:

66.0304 **(11)** (bm) A project may be located outside of the United States or outside a territory of the United States if <u>any participant or</u> the borrower, including a co−borrower, of proceeds of bonds issued to finance or refinance the project in whole or in part is ~~incorporated~~ <u>organized under the laws of</u> and has its principal place of business in <u>any state or territory of</u> the United States ~~or a territory of the United States. To the extent that this paragraph applies to a borrower, it also applies to a participant if the participant is a nongovernmental entity~~.

**SECTION 1969v.** 66.0304 (11) (c) of the statutes is amended to read:

66.0304 **(11)** (c) Any action brought to challenge the validity of the issuance of a bond under this section, or the enforceability of a contract entered into under this section, must be commenced in circuit court within 30 days of the commission adopting a resolution authorizing the issuance of the bond or the execution of the contract or be barred. Section 893.77 does not apply to bonds issued under this section.

**Vetoed In Part**

**SECTION 2033b.** 70.11 (2) of the statutes is amended to read:

70.11 **(2)** MUNICIPAL PROPERTY AND PROPERTY OF CERTAIN DISTRICTS, EXCEPTION. Property owned by any county, city, village, town, school district, technical college district, public inland lake protection and rehabilitation district, metropolitan sewerage district, municipal water district created under s. 198.22, <u>commission created under s. 66.0304 (3),</u> joint local water authority created under s. 66.0823, long−term care district under s. 46.2895 or town sanitary district; lands belonging to cities of any other state used for public parks; land tax−deeded to any county or city before January 2; but any residence located upon property owned by the county for park purposes that is rented out by the county for a nonpark purpose shall not be exempt from taxation. Except as to land acquired under s. 59.84 (2) (d), this exemption shall not apply to land conveyed after August 17, 1961, to any such governmental unit or for its benefit while the grantor or others for his or her benefit are permitted to occupy the land or part thereof in consideration for the conveyance. Leasing the property exempt under this subsection, regardless of the lessee and the use of the leasehold income, does not render that property taxable.

**Vetoed In Part**

**SECTION 2037d.** 70.11 (47) of the statutes is created to read:

70.11 **(47)** NONPROFIT CORPORATION CREATED BY A COMMISSION. All property owned or leased by a nonprofit corporation created under s. 66.0304 (4e).

**SECTION 2237d.** 71.26 (1) (ad) of the statutes is created to read:

**Vetoed In Part**

71.26 **(1)** (ad) *Nonprofit corporation created by a commission.* Income of a nonprofit corporation created under s. 66.0304 (4e).

**SECTION 2238b.** 71.26 (1) (b) of the statutes is amended to read:

71.26 **(1)** (b) *Political units.* Income received by the United States, the state and all counties, cities, villages, towns, school districts, technical college districts, joint local water authorities created under s. 66.0823, long−term care districts under s. 46.2895, <u>commissions created under s. 66.0304 (3),</u> or other political units of this state.

**SECTION 2515j.** 77.25 (18m) of the statutes is created to read:

**Vetoed In Part**

77.25 **(18m)** From a commission created under s. 66.0304 (3) or a nonprofit corporation created under s. 66.0304 (4e) or between such commission and such nonprofit corporation.

**SECTION 2524p.** 77.54 (9a) (j) of the statutes is created to read:

**Vetoed In Part**

77.54 **(9a)** (j) A nonprofit corporation created under s. 66.0304 (4e).

# B. TRANSFORMING EDUCATION

## B–5. Statewide Assessment System

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**Governor's written objections**

*Sections 3248b [as it relates to renumbering s. 118.30 (1) (a)] and 3248c*

These sections require the State Superintendent to review and adopt a summative examination system to be administered beginning in the 2015–16 school year to pupils in grades 3 through 10 in the subjects of English, reading, writing, science and mathematics. The State Superintendent must ensure that each examination adopted or approved under the system satisfies the assessment and accountability requirements under federal law. Additionally, the State Superintendent must ensure that the summative examination system adopted or approved meets the following criteria: (a) the system is vertically scaled and standards–based; (b) the system documents pupil progress toward national college and career readiness benchmarks derived from empirical research and state academic standards; (c) the system measures individual pupil performance in the subject areas of English, reading, writing, science and mathematics; (d) the system provides for the administration of examinations primarily in a computer–based format but permits examinations to be administered with pencil and paper in certain limited circumstances; and (e) pupil performance on examinations adopted or approved under the system serves as a predictive measure of pupil performance on college readiness assessments used by institutions of higher education.

I am partially vetoing section 3248b as it relates to renumbering s. 118.30 (1) (a) and vetoing section 3248c in its entirety. This provision is unnecessary and would have codified assessment criteria in state law that are closely aligned with national standards I oppose and which local school districts should not be mandated to adopt. Ultimately, local school boards across Wisconsin should be able to determine what test they administer and what standards they adopt.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 3248b.** 118.30 (1) of the statutes is renumbered 118.30 (1) (a) and amended to read:

118.30 **(1)** (a) The state superintendent shall adopt or approve examinations designed to measure pupil attainment of knowledge and concepts in the 4th, 8th, 9th, 10th, and 11th grades. Beginning in the 2015–16 school year, the state superintendent may not adopt or approve assessments developed by the Smarter Balanced Assessment Consortium.

**Vetoed In Part**

**SECTION 3248c.** 118.30 (1) (b) of the statutes is created to read:

118.30 **(1)** (b) The state superintendent shall review and adopt or approve a summative examination system consisting of examinations to be administered beginning in the 2015–16 school year to pupils in each of the grades 3 through 10 and in each of the subject areas of English, reading, writing, science, and mathematics. Beginning in the 2015–16 school year, the state superintendent shall replace the examinations adopted or approved under par. (a) for grades 4 and 8 in each of the subject areas of English, reading, writing, science, and mathematics with the examinations adopted or approved under this paragraph. The state superintendent shall either replace the examinations adopted or approved under par. (a) for grades 9 and 10 and in any of the subject areas identified under this paragraph with the examinations adopted or approved for those grades under this paragraph or use the examinations adopted or approved under par. (a) for grades 9 and 10 and in any of those subject areas to satisfy the requirements under this paragraph. The state superintendent shall:

**Vetoed In Part**

1. Ensure that each examination adopted or approved under the summative examination system satisfies the assessment and accountability requirements under federal law.

2. Ensure that the summative examination system adopted or approved under this paragraph satisfies the following criteria:

a. The system is vertically scaled and standards–based.

b. The system documents pupil progress toward national college and career readiness benchmarks derived from empirical research and state academic standards.

**Vetoed In Part**

c. The system measures individual pupil performance in the subject areas of English, reading, writing, science, and mathematics.

d. The system provides for the administration of examinations primarily in a computer−based format but permits examinations to be administered with pencil and paper in certain limited circumstances.

e. Pupil performance on examinations adopted or approved under the system serves as a predictive measure of pupil performance on college readiness assessments used by institutions of higher education.

**Vetoed In Part**

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**B−6. Participation in Athletics and Extracurricular Activities**

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**Governor's written objections**

*Section 3245t [as it relates to school district membership in an athletic association]*

This section requires a school board to allow home−based private educational program pupils residing in the school district to participate in interscholastic athletics or extracurricular activities on the same basis and to the same extent as pupils enrolled in a public school in the district. A school district may not be a member of an athletic association unless the association requires member school districts to allow home− based private educational program students to participate in athletics in the district.

Home−based private educational program pupils must provide the school board with a written statement that the pupil meets the school board's requirements for participation in interscholastic athletics based on age and academic and disciplinary records. No person may provide a false statement, and the school board may not question the accuracy or validity of the statement or request additional information. A school board may charge participation fees to a home−based private educational program pupil participating in a district activity on the same basis and to the same extent as these fees are charged to pupils enrolled in the district.

I am partially vetoing this section as it relates to the prohibition of school district membership in an athletic association unless the association requires member school districts to permit home−based private educational program pupils residing in the district to participate in interscholastic athletics in the district. I object to this provision because I do not believe state statutes should stipulate the participation and membership requirements of a private athletic association.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 3245t.** 118.133 of the statutes is created to read:

**118.133 Participation in interscholastic athletics and extracurricular activities. (1)**

**Vetoed In Part**

(c) A school district may not be a member of an athletic association unless the association requires member school districts to comply with par. (a).

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**B−7. Read to Lead Fund Deletion**

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**Governor's written objections**

*Sections 65b, 568b, 720d, 723d, 1007b, 1031b, 1678m, 1678r, 1678s and 9406 (1q)*

These sections sunset the Read to Lead segregated fund and related appropriations, effective June 30, 2017.

I am vetoing the sunset of the segregated fund and related appropriations because it unnecessarily limits the availability of potential resources to improve childhood reading in future biennia. With this veto, the Department of Children and Families and Department of Public Instruction would be able to continue to distribute reading funds, if they become available, beyond the 2015−17 biennium.

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**Cited segments of 2015 Senate Bill 21:**

Vetoed In Part **SECTION 65b.** 13.94 (1) (dL) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is repealed.

Vetoed In Part **SECTION 568b.** 20.255 (2) (q) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is repealed.

Vetoed In Part **SECTION 720d.** 20.437 (1) (fm) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is amended to read:

20.437 **(1)** (fm) *Literacy improvement aids.* The amounts in the schedule for grants to support literacy and early childhood development programs under s. 48.53 (3) ~~(a)~~.

Vetoed In Part **SECTION 723d.** 20.437 (1) (q) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is repealed.

Vetoed In Part **SECTION 1007b.** 25.17 (1) (ge) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is repealed.

Vetoed In Part **SECTION 1031b.** 25.79 of the statutes, as affected by 2015 Wisconsin Act .... (this act), is repealed.

Vetoed In Part **SECTION 1678m.** 48.53 (3) (a) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is renumbered 48.53 (3).

Vetoed In Part **SECTION 1678r.** 48.53 (3) (b) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is repealed.

**SECTION 1678s.** 48.53 (3) (c) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is repealed.

**SECTION 9406. Effective dates; Children and Families.**

Vetoed In Part (1q) READ TO LEAD DEVELOPMENT FUND. The amendment of section 20.437 (1) (fm) of the statutes, the renumbering of section 48.53 (3) (a) of the statutes, and the repeal of sections 13.94 (1) (dL), 20.255 (2) (q), 20.437 (1) (q), 25.17 (1) (ge), 25.79, and 48.53 (3) (b) and (c) of the statutes take effect on June 30, 2017.

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## B–8. Independent Financial Audits for Parental Choice Program

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**Governor's written objections**

*Sections 3355c [as it relates to the treatment of long–term fixed assets] and 3382c [as it relates to the treatment of long–term fixed assets]*

These sections require an independent financial audit of private schools participating in a parental choice program. Among the requirements of the independent financial audit is the audit must be prepared according to generally accepted accounting principles (GAAP) with allowable modifications for long–term fixed assets acquired before 2014.

I am partially vetoing these sections because the reference to 2014 is inappropriate. Participating private schools are transitioning to GAAP–based financial reporting for the 2015–16 school year. Given this transition timing, the reference to 2014 should be removed.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 3355c.** 118.60 (7) (am) of the statutes is renumbered 118.60 (7) (am) 2m. and amended to read:

118.60 **(7)** (am) 2m.

a. An independent financial audit of the private school conducted by an independent certified public accountant, accompanied by the auditor's statement that the report is free of material misstatements and fairly presents ~~pupil costs under sub. (4) (bg). The audit under this subdivision shall be limited in scope to those records that are necessary for the department to make payments under subs. (4) and (4m)~~ the private school's eligible education expenses, and beginning in the 2nd school year a private school participates in the program under this section, a copy of a management letter prepared by the auditor. The audit shall be prepared in accordance with generally accepted accounting principles with allowable modifications for long–term fixed assets acquired before 2014 . The audit shall include a calculation of the private school's net eligible education expenses and a calculation of the balance of the private school's fund for future eligible education expenses. The auditor shall conduct his or her audit, including determining sample sizes and evaluating financial viability, in accordance with the auditing standards established by the American Institute of Certified Public Accountants. The department may not require an auditor to comply with standards that exceed the scope of the standards established by the American Institute of Certified Public Accountants. If a

Vetoed In Part

private school participating in a program under this section is part of an organization and the private school and the organization share assets, liabilities, or eligible education expenses, the private school may submit an audit of the private school or of the organization of which it is a part. If a private school that is part of an organization with which it shares assets, liabilities, or eligible education expenses submits an audit of only the private school, the independent auditor shall use his or her professional judgment to allocate any shared assets, liabilities, and eligible education expenses between the organization and the private school. If a private school participating in the program under this section also accepts pupils under s. 119.23, the private school may submit one comprehensive financial audit to satisfy the requirements of this subdivision and s. 119.23 (7) (am) ~~1.~~ 2m. The private school shall include in the comprehensive financial audit the information specified under s. 119.23 (7) (am) ~~1.~~ 2m.

**Section 3382c.** 119.23 (7) (am) of the statutes is renumbered 119.23 (7) (am) 2m. and amended to read:

119.23 **(7)** (am) 2m.

a. An independent financial audit of the private school conducted by an independent certified public accountant, accompanied by the auditor's statement that the report is free of material misstatements and fairly presents ~~pupil costs under sub. (4) (bg). The audit under this subdivision shall be limited in scope to those records that are necessary for the department to make payments under subs. (4) and (4m)~~ the private school's eligible education expenses, and beginning in the 2nd school year a private school participates in the program under this section, a copy of the management letter prepared by the auditor. The audit shall be prepared in accordance with generally accepted accounting principles with allowable modifications for long−term fixed assets acquired before 2014 . The audit shall include a calculation of the private school net eligible education expenses and a calculation of the balance of the private school's fund for future eligible education expenses. The auditor shall conduct his or her audit, including determining sample sizes and evaluating financial viability, in accordance with the auditing standards established by the American Institute of Certified Public Accountants. The department may not require an auditor to comply with standards that exceed the scope of the standards established by the American Institute of Certified Public Accountants. If a private school participating in a program under this section is part of an organization and the private school and the organization share assets, liabilities, or eligible education expenses, the private school may submit an audit of the private school or of the organization of which it is a part. If a private school that is part of an organization with which it shares assets, liabilities, or eligible education expenses submits an audit of only the private school, the independent auditor shall use his or her professional judgment to allocate any shared assets, liabilities, and eligible education expenses between the organization and the private school. If a private school participating in the program under this section also accepts pupils under s. 118.60, the private school may submit one comprehensive financial audit to satisfy the requirements of this subdivision and s. 118.60 (7) (am) ~~1.~~ 2m. The private school shall include in the comprehensive financial audit the information specified under s. 118.60 (7) (am) ~~1.~~ 2m.

**Vetoed In Part**

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**B−9. Appointment of Director of Office of Educational Opportunity**

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**Governor's written objections**

*Section 9148 (4g)*

This section requires the president of the University of Wisconsin System to appoint a special assistant to the president to serve as the director of the Office of Educational Opportunity within 120 days of the effective date of the budget bill.

I am vetoing this section in its entirety to remove the requirement that the special assistant be appointed within 120 days of the effective date of the bill because I object to an arbitrary timeline. I expect the University of Wisconsin System to conduct a thorough search for a dynamic and reform−minded individual to fill the role of director of the Office of Educational Opportunity, and such a search cannot be conducted under artificial deadlines.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9148. Nonstatutory provisions; University of Wisconsin System.**

**Vetoed In Part**

(4g) DIRECTOR OF THE OFFICE OF EDUCATIONAL OPPORTUNITY. The president of the University of Wisconsin System shall appoint a special assistant to serve as the director of the office of educational opportunity under section 36.09 (2) (c) of the statutes by no later than 120 days after the effective date of this subsection.

**Vetoed In Part**

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**B–10. Director of Office of Educational Opportunity Salary**

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**Governor's written objections**

*Section 1207g*

This section specifies that the Board of Regents shall set the salary for a newly–created special assistant to the president of the University of Wisconsin System, who shall serve as the director of the new Office of Educational Opportunity.

I am vetoing this section in its entirety because I object to the dissimilar treatment of this special assistant position and other special assistant positions in the system. Under current law, the Board of Regents sets the salaries for the top executive positions at the University of Wisconsin System, such as chancellors and vice presidents. Current law does not provide authority for the Board of Regents to set the salaries of any special assistant positions; these are addressed within personnel systems, and the director of the Office of Educational Opportunity should be treated similarly.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1207g.** 36.115 (3m) (h) of the statutes is created to read:

36.115 **(3m)** (h) The special assistant to the president appointed under s. 36.09 (2) (c).

**Vetoed In Part**

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**B–11. Custodian of Records for Opportunity Schools and Partnership Program**

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**Governor's written objections**

*Section 3387n [as it relates to commissioner records custodian powers]*

This section creates an Opportunity Schools and Partnership Program under the oversight of a commissioner. Among the powers of the commissioner is the power to designate one or more persons to be legal custodians of records on behalf of any authority defined in s. 19.32 (1), including state or local entities.

I am partially vetoing this provision because I object to the broad authority that the commissioner is given to designate the custodian of records for any state or local entity.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 3387n.** Subchapter II of chapter 119 [precedes 119.9000] of the statutes is created to read:

**CHAPTER 119**

SUBCHAPTER II

FIRST CLASS CITY OPPORTUNITY

**119.9003 Commissioner; powers.**

**(19)** RECORDS CUSTODIAN. On behalf of any authority as defined in s. 19.32 (1), including the commissioner, designate one or more persons to be legal custodians of records. **Vetoed In Part**

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**B−12. Contract for Study of Special Needs Scholarship Program**

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**Governor's written objections**

*Section 3224m [as it relates to the requirement that the Legislative Audit Bureau contract for a study of the Special Needs Scholarship Program]*

This section creates a Special Needs Scholarship Program for students with disabilities. Among the program requirements, the Legislative Audit Bureau must contract for a study of the program with one or more researchers who have experience evaluating school choice programs. The study must evaluate the following: (a) the level of satisfaction with the program expressed by participating pupils and their parents; (b) the percentage of participating pupils who were victimized because of their special needs at their resident school district and the percentage of such pupils at their participating school; the percentage of participating pupils who exhibited behavioral problems at their resident school district and the percentage of such pupils at their participating school; the average class size at participating pupils' resident school districts and at their participating schools; and (e) the fiscal impact of the program on the state and on resident school districts. The contract must require the researchers who conduct the study to do all of the following: (a) apply appropriate analytical and behavioral science methodologies to ensure public confidence in the study; (b) protect the identity of participating schools and pupils; and (c) require that the results of the study be reported to the appropriate standing committees of the Legislature by January 9, 2019.

I am partially vetoing this section to remove the requirement that the Legislative Audit Bureau contract for a study and the related references to the contract. I object to the practice of contracting with outside researchers for this study. The Legislative Audit Bureau possesses the needed expertise to complete the study.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 3224m.** 115.7915 of the statutes is created to read:

**115.7915 Special Needs Scholarship Program.**

**(9)** STUDY. (a) The legislative audit bureau shall contract for a study of the program under this section with one or more researchers who have experience evaluating school choice programs . The study shall evaluate all of the following: **Vetoed In Part**

(b) The contract under par. (a) shall require the researchers who conduct the study to do all of the following: **Vetoed In Part**

(c) The contract under par. (a) shall require that the results of the study be reported to the appropriate standing committees of the legislature under s. 13.172 (3) by January 9, 2019. **Vetoed In Part**

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**B–13. Special Needs Scholarship Program Eligibility Requirement**

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**Governor's written objections**

*Section 9134 (6q) [as it relates to the child's attendance in public school for the 2015–16 school year]*

This section establishes alternative eligibility requirements for a child to be awarded a Special Needs Scholarship in the 2016–17 school year. Under this section, the child must meet the following conditions: (a) the child applied to attend a public school in one or more nonresident school districts under the open enrollment program in one of the previous five school years; (b) the child applied to attend public school in one or more nonresident school districts under the open enrollment program in the same year for which an application for a scholarship was submitted and the application was rejected without a successful appeal; and (c) the child will attend a public school in the state for the entire 2015–16 school year.

I am partially vetoing this section to remove the word "entire" from the requirement that the child attend public school in the state for the 2015–16 school year because I object to the limitation this provision places on families that may move their child to private school for a portion of the school year in order to meet the child's needs.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9134. Nonstatutory provisions; Public Instruction.**

(6q) SPECIAL NEEDS SCHOLARSHIP PROGRAM.

(c) The child will attend a public school in this state for the entire 2015–16 school year.

**Vetoed In Part**

**B–14. Virtual Marketplace for Digital Educational Resources**

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*Sections 481 [as it relates to s. 20.255 (1) (dt)], 560m and 3193s*

These provisions create a virtual marketplace for digital educational resources and appropriate funding for a contract with a vendor or multiple vendors to develop and add educational content to a digital textbook marketplace and resource center. The marketplace would allow authorized personnel from public school districts, independent charter schools, private schools and home based private educational programs to purchase or license digital educational resources, including the following: (a) electronic textbooks; (b) individual sections or chapters from electronic textbooks; (c) supplemental resources, including worksheets, chapter reviews, quizzes or study sheets; and (d) other digital offerings, including videos, available from content providers or publishers. The Department of Public Instruction is required to host the marketplace, and content must be accessible to a range of computing and mobile devices and operating systems. Districts may license the content at a tiered rate for one year, three years or six years, or purchase content under a permanent license.

I am vetoing sections 560m and 3193s and partially vetoing section 481 [as it relates to s. 20.255 (1) (dt)] because I object to duplicative avenues for the provision of electronic educational materials. The digital learning portal being developed and hosted by the department provides access to digital content. In addition, the bill creates and provides funding for a new digital learning collaborative for the delivery of digital content. I believe the provisions under current law and the new digital learning collaborative can be leveraged to adequately address the need for digital resources for schools and educational programs.

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**Cited segments of 2015 Senate Bill 21:**

**20.255 Public Instruction, Department of**

(1) EDUCATIONAL LEADERSHIP

| | | | | | | |
|---|---|---|---|---|---|---|
| (dt) | Virtual marketplace for digital educational resources | GPR | A | 10,000 | −0− | **Vetoed In Part** |

**Vetoed In Part**

**SECTION 560m.** 20.255 (1) (dt) of the statutes is created to read:

20.255 **(1)** (dt) *Virtual marketplace for digital educational resources.* The amounts in the schedule for the digital textbook marketplace under s. 115.384.

**Vetoed In Part**

**SECTION 3193s.** 115.384 of the statutes is created to read:

**115.384 Virtual marketplace for digital educational resources. (1)** The state superintendent shall enter into a contract under sub. (2) with one or more vendors to develop and add educational content to a digital marketplace and resource center through which authorized personnel of a school district, a charter school established under s. 118.40 (2r) or (2x), a private school, and a provider of a home−based private educational program may purchase or license digital educational resources, including the following:

(a) Electronic textbooks.

(b) Individual sections or chapters of electronic textbooks.

(c) Supplemental resources, including worksheets, chapter reviews, quizzes, and study sheets.

(d) Other digital offerings, including videos, from educational publishers or content providers.

**(2)** Under the contract:

(a) The department shall serve as the Internet host for the marketplace and resource center.

(b) The vendor shall ensure that the marketplace and resource center software runs and displays properly on any computer, mobile phone, or other device with Internet capability.

(c) The vendor shall ensure that any educational content specified under sub. (1) for purchase or license from the marketplace and resource center runs and displays properly on the most common and up−to−date personal computing and mobile operating systems, including Microsoft Windows, Google Android, and Apple computer operating systems or their equivalents.

(d) The department shall ensure that more than one educational publisher makes available the educational content described under sub. (1) on the marketplace and resource center.

(e) The authorized personnel of a school district, a charter school established under s. 118.40 (2r) or (2x), a private school, and a provider of a home−based private educational program shall be permitted to license educational content described under sub. (1) at a tiered rate for 1 year, 3 years, or 6 years or to purchase the content under a permanent license.

**Vetoed In Part**

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**B−15. Performance Funding Formula**

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**Governor's written objections**

*Section 1343m*

This section specifies that the percentage of state aid distributed by the Technical College System Board under the performance funding formula under s. 38.28 (2) (be) would be 30 percent in fiscal year 2016−17 and each year thereafter.

I am vetoing this section because I object to a cap on the percentage of state aid distributed through the performance funding formula. As a result of this veto, the portion of state funding distributed through the performance funding formula would revert to zero in fiscal year 2017−18. The state should reassess whether 30 percent is an appropriate performance funding level as outcomes related to formula factors become increasingly available. I support a transition from the general aid formula to a performance based formula. This formula should be based upon each technical college district's performance on key state priorities to be achieved by increasing the percentage of state aid distributed through

the performance funding formula each year and correspondingly decreasing the percentage of state aid distributed through the general aid formula.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1343m.** 38.28 (2) (bm) 2. d. of the statutes is amended to read:

38.28 **(2)** (bm) 2. d. In fiscal year 2016–17 and each fiscal year thereafter, the percentage is 30 percent.

**Vetoed In Part**

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**B–16. Performance Funding Report**

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**Governor's written objections**

*Section 9143*

This section requires the Wisconsin Technical College System to review the performance–based funding formula and submit a report to the Joint Committee on Finance that includes any potential changes to the formula and additional performance criteria to be included.

I am vetoing this section to remove the reporting requirement because it is administratively burdensome and unnecessary. The system already reviews the funding formula and criteria in preparing its biennial budget request as required under current law.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 9143. Nonstatutory provisions; Technical College System.**

(3j) REPORT RELATING TO PERFORMANCE–BASED FUNDING. In the 2015–17 fiscal biennium, the technical college system board shall review, and submit to the joint committee on finance a report on, the performance–based funding formula established under section 38.28 (2) (be) 1. of the statutes, as affected by this act. The report shall include possible changes to the performance–based funding formula and additional performance criteria that could be included under section 38.28 (2) (be) 1. of the statutes, as affected by this act.

**Vetoed In Part**

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**B–17. Allocable Student Fees**

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**Governor's written objections**

*Sections 1139g and 1142m [as it relates to responsibility for allocable student fees]*

These provisions modify current law to specify that students at University of Wisconsin institutions and colleges would have the responsibility for recommending the disposition of student fees subject to the approval of the chancellor and final confirmation of the Board of Regents.

I am vetoing section 1139g and partially vetoing section 1142m [as it relates to responsibility for allocable student fees] because I object to removing the students' role in determining how segregated fees to support student activities and services are allocated. Students should retain the responsibility to decide the disposition of fees that they pay and that support campus student activities. As a result of this veto, the students will continue to work in consultation with the Chancellor, subject to the final confirmation of the Board of Regents, to determine the disposition of fees that support student activities.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1139g.** 36.09 (3) (a) of the statutes is amended to read:

36.09 **(3)** (a) The chancellors shall be the executive heads of their respective faculties and institutions and shall be vested with the responsibility of administering board policies under the coordinating direction of the president and be accountable and report to the president and the board on the operation and administration of their institutions. Subject to board policy the chancellors of the institutions in consultation with their faculties shall be responsible for designing curricula and setting degree requirements; determining academic standards and establishing grading systems; defining and administering institutional standards for faculty peer evaluation and screening candidates for appointment, promotion and tenure; recommending individual merit increases; administering associated auxiliary services; and administering all funds, from whatever source, allocated, generated, or intended for use of their institutions, including approving disposition of all student fees.

**SECTION 1142m.** 36.09 (5) of the statutes is amended to read:

36.09 **(5)** STUDENTS. The students of each institution or campus subject to the responsibilities and powers of the board, the president, the chancellor, and the faculty ~~shall be active participants in the immediate governance of and policy development for such institutions. As such, students~~ shall have primary responsibility for advising the chancellor regarding the formulation and review of policies concerning student life, services, and interests. Students ~~in consultation with the chancellor and subject to the final confirmation of the board~~ shall have the responsibility for recommending the disposition of those student fees which constitute substantial support for campus student activities, subject to the approval of the chancellor and the final confirmation of the board. The students of each institution or campus shall have the right to organize themselves in a manner they determine and to select their representatives to participate in institutional governance.

**Vetoed In Part**

**Vetoed In Part**

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**B−18. Annual Financial Audit**

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**Governor's written objections**

*Section 9148 (7j)*

This section suspends current law requiring the Legislative Audit Bureau to conduct annual financial audits of the University of Wisconsin System during the 2015−17 biennium. Instead, the Board of Regents is required to contract with an independent accounting firm to conduct the annual financial audit. The audit must be provided to the Board of Regents, Joint Legislative Audit Committee, Joint Committee on Finance and the Governor. It also allows the Legislative Audit Bureau to work with the independent accounting firm to conduct the audit.

I am vetoing this section because I object to this limitation of the Legislative Audit Bureau's role in maintaining effective oversight of the University of Wisconsin System. Since the University of Wisconsin System will remain a state agency, continued financial audits and program evaluations from the Legislative Audit Bureau are appropriate to provide the public with continued insight into the financial and management practices of the Board of Regents.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9148. Nonstatutory provisions; University of Wisconsin System.**

**Vetoed In Part**

(7j) ANNUAL FINANCIAL AUDIT OF THE UNIVERSITY OF WISCONSIN SYSTEM.

(a) *Definitions.* In this subsection:

1. "Board" has the meaning given in section 36.05 (2) of the statutes.

2. "System" has the meaning given in section 36.05 (12) of the statutes.

(b) *No financial audit by legislative audit bureau.* Notwithstanding section 13.94 (1) (t) of the statutes, the legislative audit bureau shall not conduct a financial audit of the system for the 2015−16 and 2016−17 fiscal years.

(c) *Contract for financial audit.* The board shall contract with an independent accounting firm licensed under chapter 442 of the statutes for purposes of conducting an annual financial audit of the system for fiscal year 2015−16 and fiscal year 2016−17. This

**Vetoed In Part**

**Vetoed In Part**

accounting firm shall report to the board and shall provide all of the following to the board, the governor, the joint legislative audit committee, and the joint committee on finance:

1. The audited financial statements.

2. Performance improvement observations.

3. A management letter complete with internal control deficiencies and audit differences.

(d) *Legislative audit bureau assistance.* The accounting firm with which the board contracts under paragraph (c) may use the legislative audit bureau to assist in conducting the audit to the extent the work relied upon does not modify the audit opinion with the exception of accepting the prior year's unqualified opinion.

**Vetoed In Part**

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**B–19. Energy Conservation Master Lease Program**

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**Governor's written objections**

*Sections 29, 29m, 35m, 41m, 55m, 364m [as it relates to eligible energy conservation projects], 366m [as it relates to eligible energy conservation projects], 375m, 378t, 392g [as it relates to eligible energy conservation projects], 392r [as it relates to eligible energy conservation projects] and 1176m*

These sections create a new program through which the University of Wisconsin System may use master lease financing for energy conservation projects. The president of the University of Wisconsin System would select qualified providers outside of current law regarding bidding procedures. In addition, the president would oversee the implementation of these projects without Building Commission or Department of Administration oversight or approval. Eligible projects would be required to meet the following criteria: (a) the estimated cost of a project must be offset by the estimated savings after completion of the project; (b) all savings from the project must be guaranteed by the provider through a performance contract; (c) savings must be realized within 10 years; and (d) estimated savings for each project must be measured and verified in a manner established by the president. The system also would have the ability to continue to participate in the Department of Administration's energy efficiency program for project financing.

I am vetoing sections 29, 29m, 35m, 41m, 55m, 375m, 378t and 1176m in their entirety, and partially vetoing sections 364m, 366m, 392g and 392r [as they relate to eligible energy conservation projects], to eliminate the new master lease program. While I support the concept of using master lease financing to accomplish energy efficiency projects, I object to the lack of accountability in this proposal. The state is responsible for initial financing of any master lease project, and requires assets with bona fide value to secure what essentially is a loan to an agency. Therefore, a measure of accountability is needed for such a program. I am requesting that the system, Legislature and Department of Administration work together to craft a more judicious proposal that provides the system with additional financing opportunities while protecting taxpayers.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 29.** 13.48 (3) of the statutes is amended to read:

13.48 **(3)** STATE BUILDING TRUST FUND. In the interest of the continuity of the program, the moneys appropriated to the state building trust fund under s. 20.867 (2) (f) shall be retained as a nonlapsing building depreciation reserve. Such moneys shall be deposited into the state building trust fund. At such times as the building commission directs, or in emergency situations under s. 16.855 (16) (b), the governor shall authorize releases from this fund to become available for projects and shall direct the department of administration to allocate from this fund such amounts as are approved for these projects. In issuing such directions, the building commission shall consider the cash balance in the state building trust fund, the necessity and urgency of the proposed improvement, employment conditions and availability of materials in the locality in which the improvement is to be made. The building commission may authorize any project costing $760,000 or less in accordance with priorities to be established by the building commission and may adjust the priorities by deleting, substituting or adding new projects as needed to reflect changing program needs and unforeseen circumstances. The building commission may enter into contracts for the construction of buildings for any state agency, except a project authorized under sub. (10) (c) or (e), and shall be responsible for accounting for all funds released to projects. The building commission may designate the department of administration or the agency

**Vetoed In Part**

Vetoed In Part

for which the project is constructed to act as its representative in such accounting.

**Section 29m.** 13.48 (4) of the statutes is amended to read:

13.48 **(4)** State agencies to report proposed projects. Whenever any state agency contemplates a project under the state building program it shall report the project to the building commission. The report shall be made on such date and in such manner as the building commission prescribes. This subsection does not apply to projects identified in sub. (10) (c) and (e).

**Section 35m.** 13.48 (10) (a) of the statutes is amended to read:

13.48 **(10)** (a) Except as provided in ~~par.~~ pars. (c) and (e), no state board, agency, officer, department, commission, or body corporate may enter into a contract for the construction, reconstruction, remodeling of, or addition to any building, structure, or facility, in connection with any building project which involves a cost in excess of $185,000 without completion of final plans and arrangement for supervision of construction and prior approval by the building commission. This section applies to the department of transportation only in respect to buildings, structures, and facilities to be used for administrative or operating functions, including buildings, land, and equipment to be used for the motor vehicle emission inspection and maintenance program under s. 110.20.

Vetoed In Part

**Section 41m.** 13.48 (10) (e) of the statutes is created to read:

13.48 **(10)** (e) Paragraph (a) does not apply to any contract for an eligible energy conservation project approved by the president of the University of Wisconsin System under s. 36.11 (26m) (b).

Vetoed In Part

**Section 55m.** 13.48 (29) of the statutes is amended to read:

13.48 **(29)** Small projects. Except as otherwise required under s. 16.855 (10m), the building commission may prescribe simplified policies and procedures to be used in lieu of the procedures provided in s. 16.855 for any project that does not require prior approval of the building commission under sub. (10) (a), except projects specified in sub. (10) (c) and (e).

**Section 364m.** 16.85 (1) of the statutes is amended to read:

16.85 **(1)** To take charge of and supervise all engineering or architectural services or construction work, as defined in s. 16.87 (1) (a), performed by, or for, the state, or any department, board, institution, commission, or officer of the state, including nonprofit−sharing corporations organized for the purpose of assisting the state in the construction and acquisition of new buildings or improvements and additions to existing buildings as contemplated under ss. 13.488, 36.09, and 36.11, except work to be performed ~~for the University of Wisconsin System with respect to a building, structure, or facility involving a cost of less than $500,000 that is funded entirely with the proceeds of gifts or grants made to the system~~ for a project specified in s. 13.48 (10) (c) or (e), and except the engineering, architectural, and construction work of the department of transportation; and the engineering service performed by the department of safety and professional services, department of revenue, public service commission, department of health services, and other departments, boards, and commissions when the service is not related to the maintenance, and construction and planning, of the physical properties of the state.

Vetoed In Part

**Section 366m.** 16.85 (12) of the statutes is amended to read:

16.85 **(12)** To review and approve plans and specifications for any building or structure that is constructed for the benefit of the University of Wisconsin System or any institution thereof, and to periodically review the progress of any such building or structure during construction to assure compliance with the approved plans and specifications. This subsection does not apply to ~~any building, structure, or facility that is constructed, remodeled, repaired, renewed, or expanded for the University of Wisconsin System involving a cost of less than $500,000 if the project is funded entirely from the proceeds of gifts or grants made to the system~~ projects specified in s. 13.48 (10) (c) and (e).

Vetoed In Part

**Section 375m.** 16.855 (20) of the statutes is amended to read:

16.855 **(20)** This section does not apply to construction work performed by University of Wisconsin System students when the construction work performed is a part of a curriculum and where the work is course−related for the student involved. Prior approval of the building commission must be obtained for all construction projects to be performed by University of Wisconsin System students, except projects specified in s. 13.48 (10) (c) and (e).

Vetoed In Part

**Section 378t.** 16.855 (24) of the statutes is created to read:

16.855 **(24)** This section does not apply to an eligible energy conservation project approved by the president of the University of Wisconsin System under s. 36.11 (26m) (b).

**Section 392g.** 16.87 (5) of the statutes is amended to read:

16.87 **(5)** This section does not apply to any project ~~for the University of Wisconsin System involving a cost of less than $500,000 that is funded entirely from the proceeds of gifts or grants made to the system~~ specified in s. 13.48 (10) (c) or (e).

Vetoed In Part

**Section 392r.** 16.89 of the statutes is amended to read:

**16.89 Construction and services controlled by this chapter.** No department, independent agency, constitutional office or agent of the state shall employ engineer-

**Vetoed In Part**

ing, architectural or allied services or expend money for construction purposes on behalf of the state, except as provided in this chapter and except that the Board of Regents of the University of Wisconsin System may engage such services for any project ~~involving a cost of less than $500,000 that is funded entirely from the proceeds of gifts or grants made to the system~~ specified in s. 13.48 (10) (c) or (e) .

**Vetoed In Part**

**SECTION 1176m.** 36.11 (26m) of the statutes is created to read:

36.11 **(26m)** ENERGY CONSERVATION PROJECTS. (a) In this subsection:

1. "Eligible energy conservation project" means a project that satisfies all of the following criteria:

a. The estimated costs associated with the project are offset by the estimated savings to the system after completion of the project.

b. All estimated savings from the project are guaranteed by the qualified provider under par. (c) through a performance contract.

c. The period in which estimated savings are projected to be realized from the project does not exceed 10 years.

2. "Master lease" has the meaning given in s. 16.76 (4) (a).

3. "Qualified provider" has the meaning given in s. 66.0133 (1) (d).

(b) The president may annually identify and approve eligible energy conservation projects for the system. Eligible energy conservation projects approved by the president may be financed under a master lease entered into as provided in s. 16.76 (4), with the amount to be determined by the secretary of administration in consultation with the president.

(c) 1. With respect to any master lease for an eligible energy conservation project under par. (b), the president shall select the qualified provider for the project and shall supervise the implementation of the project.

2. For purposes of par. (a) 1., estimated savings for each energy conservation project shall be measured and verified in a manner established by the president.

(d) This subsection applies in addition to, not in lieu of, any other statute or program authorizing the system to undertake or finance energy conservation projects, including s. 16.847.

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## B–20. Investment of Certain Funds

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**Governor's written objections**

*Section 1162r*

This section allows the Board of Regents to invest auxiliary enterprises revenues, gifts, grants, donations and segregated fees for building projects outside of the State Investment Fund. It also requires the Board of Regents to directly employ a financial manager, contract with the State of Wisconsin Investment Board or hire an investment firm to manage any investments outside of the State Investment Fund.

I am partially vetoing this section to allow the Board of Regents to invest only gifts, grants and donations outside of the State Investment Fund. Since the University of Wisconsin System will remain a state agency, I believe that revenues generated by University of Wisconsin institutions should remain in the state treasury and be invested in the State Investment Fund. Allowing the Board of Regents to invest gifts, grants and donations outside the State Investment Fund is consistent with the flexibility to conduct building projects funded with gifts and grants without Building Commission and Department of Administration approval and oversight.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1162r.** 36.11 (11m) of the statutes is created to read:

36.11 **(11m)** INVESTMENT OF CERTAIN MONEYS. (a) The board may invest revenues from its auxiliary enterprises, gifts, grants, donations, and segregated fees collected for building projects by doing any of the following: **Vetoed In Part**

(b) Notwithstanding ss. 25.14 (1) (a) and 25.17 (1) (g), the board is not required to deposit revenues from its auxiliary enterprises, gifts, grants, donations, and segregated fees collected for building projects in the state investment fund if the board invests these moneys as provided in par. (a). **Vetoed In Part**

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**B−21. Gift and Grant Funded Building Projects**

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**Governor's written objections**

*Section 369t [as it relates the purpose of gifts and grants]*

This section defines "UW gifts and grants project." This definition is utilized in two additional sections of the bill which collectively exempt University of Wisconsin building projects from Building Commission and Department of Administration approval and supervision if the project meets the following requirements: (a) the project is funded entirely with gifts and grants made for the express purpose of funding the building project; and (b) the project is let by the University of Wisconsin System using the current law single prime contracting process.

I am partially vetoing this section to strike the language "for the express purpose of funding the construction project." I object to this language because the requirement that funds be specifically earmarked for a certain building project is overly restrictive and burdensome. I support providing the Board of Regents with more flexibility in the planning and execution of certain building projects. As a result of this veto, the Board of Regents may plan and execute building projects funded with any gifts and grants funds outside of the Building Commission's process.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 369t.** 16.855 (1g) (f) of the statutes is created to read:

16.855 **(1g)** (f) "UW gifts and grants project" means a construction project funded entirely with gifts and grants made to the University of Wisconsin System for the express purpose of funding the construction project . **Vetoed In Part**

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**B−22. Department of Administration Assessment for Program Revenue Funded Building Projects**

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**Governor's written objections**

*Sections 365m and 9301 (3f)*

These sections require the Department of Administration to assess the University of Wisconsin System on a fee−for−service basis for design and management of program revenue supported building projects. It also caps the amount the Department of Administration may assess the University of Wisconsin System at 4 percent of the total project cost.

I am vetoing these sections because I object to the vagueness of the concept of assessments using a "fee−for−service" model. I am directing the Department of Administration to develop a definition of "fee−for−service" within the context of project management and building construction. This will assist stakeholders in determining whether such a model should be employed. In addition, I object to the 4 percent cap on fees the Department of Administration may assess the University of Wisconsin System. Current law requires the Department of Administration to oversee all engineering,

architectural and construction work and bid letting for University of Wisconsin System building projects supported by program revenue. Arbitrarily capping the rate at which the Department of Administration may assess for such work may prevent the department from recouping costs actually incurred on larger building projects, which may have negative impacts on other projects under the department's management.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 365m.** 16.85 (2) of the statutes is amended to read:

16.85 **(2)** To furnish engineering, architectural, project management, and other building construction services whenever requisitions therefor are presented to the department by any agency. The department may deposit moneys received from the provision of these services in the account under s. 20.505 (1) (kc) or in the general fund as general purpose revenue — earned. For a building project of the University of Wisconsin System that is entirely funded by program revenues or program revenue supported borrowing, the department shall assess the University of Wisconsin System for these services on a fee–for–service basis, except that the fees assessed may not exceed 4 percent of the total cost of the project. In this subsection, "agency" means an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority created in subch. II of ch. 114 or in ch. 231, 233, 234, 237, 238, or 279.

**Vetoed In Part**

**SECTION 9301. Initial applicability; Administration.**

(3f) ASSESSMENTS FOR BUILDING CONSTRUCTION SERVICES. The treatment of section 16.85 (2) of the statutes first applies to services provided on the effective date of this subsection.

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**B–23. Student Identification Numbers**

*Sections 1279, 4468e, 4468m and 4468s*

These provisions repeal current law prohibiting University of Wisconsin institutions and private higher education institutions from using or incorporating a student's social security number as a student identification number.

I am vetoing these provisions in their entirety because the restrictions in current law are in the best interests of maintaining student privacy and protecting the integrity of student data.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1279.** 36.32 of the statutes is repealed.

**Vetoed In Part**

**SECTION 4468e.** 450.072 (2) (a) of the statutes is renumbered 450.072 (2) (ar) and amended to read:

450.072 **(2)** (ar) A manufacturer or wholesale distributor may not deliver prescription drugs to a person unless the person is licensed under s. 450.071 or 450.06 or by the appropriate licensing authority of another state or unless the person is a faculty member of an institution of higher education~~, as defined in s. 36.32 (1),~~ and is obtaining the prescription drugs for the purpose of lawful research, teaching, or testing and not for resale. A manufacturer or wholesale distributor may not deliver prescription drugs to a person that is not known to the manufacturer or wholesale distributor unless the manufacturer or wholesale distributor has verified with the board or with the licensing authority of the state in which the person is located that the person is licensed to receive prescription drugs or unless the person is a faculty member of an institution of higher education~~, as defined in s. 36.32 (1),~~ and is obtaining the prescription drugs for the purpose of lawful research, teaching, or testing and not for resale.

**Vetoed In Part**

**SECTION 4468m.** 450.072 (2) (ag) of the statutes is created to read:

450.072 **(2)** (ag) In this subsection, "institution of higher education" means an institution within the University of Wisconsin System or a private educational institution located in this state that awards a bachelor's or higher degree or provides a program that is acceptable toward such a degree.

**SECTION 4468s.** 450.074 (3) (c) of the statutes is amended to read:

450.074 **(3)** (c) Violates s. 450.072 (2) ~~(a)~~ (ar), if the person is required to obtain a license under s. 450.071.

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**B−24. Procurement**

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**Governor's written objections**

*Sections 316p, 321, 322, 327d, 328, 355s, 1204m, 3578p, 9148 (2d) and 9448 (2d)*

These provisions require the Board of Regents to develop policies for procurement and submit those policies to the Joint Committee on Finance. If the Committee approves the policies, current law relating to state agency purchasing would not apply to the University of Wisconsin System.

I am vetoing these sections because the segregation of university purchasing from the rest of state government may result in unintended consequences. The University of Wisconsin System constitutes a majority of state spending on procurement contracts and, therefore, any discussions to remove the University of Wisconsin System from state procurement contracts should include the Department of Administration to allow both organizations to properly analyze and prepare for any changes. In addition, current law under s. 16.71 (1m) provides the Department of Administration with the ability to delegate to the Board of Regents and the University of Wisconsin−Madison the authority to enter into any contract for materials, supplies, equipment or contractual services relating to information technology or telecommunications. Therefore, I am directing the Department of Administration to work with the Board of Regents and the University of Wisconsin−Madison to continue to improve upon existing delegation agreements and develop a framework that provides these entities with more flexibility in purchasing and procurement while balancing the need to maintain the state's purchasing power.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 316p.** 16.70 (1e) of the statutes is amended to read:

16.70 **(1e)** "Agency" means an office, department, agency, ~~institution of higher education,~~ association, society or other body in state government created or authorized to be created by the constitution or any law, which is entitled to expend moneys appropriated by law, including the legislature and the courts, but not including an authority or the University of Wisconsin System.

**Vetoed In Part**

**SECTION 321.** 16.705 (1r) (d) of the statutes is repealed.

**SECTION 322.** 16.705 (1r) (e) of the statutes is repealed.

**Vetoed In Part**

**SECTION 327d.** 16.71 (1m) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is amended to read:

16.71 **(1m)** The department shall not delegate to any executive branch agency~~, other than the board of regents of the University of Wisconsin System,~~ the authority to enter into any contract for materials, supplies, equipment, or contractual services relating to information technology or telecommunications prior to review and approval of the contract by the department. ~~The department may delegate this authority to the University of Wisconsin−Madison.~~ Except as provided in s. 16.745, no executive branch agency~~, other than the board of regents of the University of Wisconsin System,~~ may enter into any such contract without review and approval of the contract by the department. ~~The University of Wisconsin−Madison may enter into any such contract without review and approval by the department.~~ Any executive branch agency that enters into a contract, except for a contract entered into under s. 16.745, relating to information technology under this section shall comply with the requirements of s. 16.973 (13). ~~Any delegation to the board of regents of the University of Wisconsin System or to the University of Wisconsin−Madison is subject to the limitations prescribed in s. 36.585.~~

**SECTION 328.** 16.71 (4) of the statutes is repealed.

**Vetoed In Part**

**SECTION 355s.** 16.78 (1) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is amended to read:

16.78 **(1)** Every agency other than ~~the board of regents of the University of Wisconsin System, the University of Wisconsin−Madison, or~~ an agency making purchases under s. 16.74 or 16.745 shall make all purchases of materials, supplies, equipment, and contractual services relating to information technology or telecommunications from the department, unless the department requires the agency to purchase the materials, supplies, equipment, or contractual services pursuant to a master contract established under s. 16.972 (2) (h), or grants written authorization to the agency to procure the materials, supplies, equipment, or contractual services under s. 16.75 (1) or (2m), to purchase the materials, supplies, equipment, or contractual services from another agency or to provide the materials, supplies, equipment, or contractual services to itself. ~~The board of regents of the University of Wisconsin System and the University of Wisconsin−Madison may make purchases of materials, supplies, equipment, and contractual services relating to information technology or telecommunications from the department.~~

**Vetoed In Part**

Vetoed In Part

**SECTION 1204m.** 36.11 (56m) of the statutes is created to read:

36.11 **(56m)** PROCUREMENT. (a) The board shall purchase all materials, supplies, equipment, all other permanent personal property and miscellaneous capital, and contractual services for the University of Wisconsin System.

(b) The board shall develop policies related to procurement.

Vetoed In Part

**SECTION 3578p.** 227.01 (13) (Lp) of the statutes is created to read:

227.01 **(13)** (Lp) Is a policy related to procurement developed under s. 36.11 (56m) (b).

**SECTION 9148. Nonstatutory provisions; University of Wisconsin System.**

Vetoed In Part

(2d) PROCUREMENT POLICIES. The Board of Regents shall submit to the joint committee on finance its procurement policies required under section 36.11 (56m) (b) of the statutes. The joint committee on finance shall submit its approval of the procurement policies to the legislative reference bureau. Upon receipt of the approval, the legislative reference bureau shall publish the approval as a notice in the Wisconsin Administrative Register that states the date on which the approval was submitted.

**SECTION 9448. Effective dates; University of Wisconsin System.**

Vetoed In Part

(2d) PROCUREMENT POLICIES. The treatment of sections 16.70 (1e), 16.705 (1r) (d) and (e), 16.71 (1m) (by SECTION 327d) and (4), 16.72 (8), 16.73 (5), 16.75 (3t) (c) 1. and 6., 16.78 (1) (by SECTION 355s), and 36.11 (56m) (a) of the statutes takes effect on the date stated in the notice published in the Wisconsin Administrative Register under SECTION 9148 (2d) of this act.

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**B–25. Aquaculture Specialist**

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**Governor's written objections**

*Sections 806g, 806r and 9448 (5j)*

These sections provide tribal gaming funding of $100,000 annually for the Aquaculture Demonstration Facility, to fund a University of Wisconsin System–Extension aquaculture specialist position.

I am vetoing these sections because I object to the unnecessary use of tribal gaming funding for this purpose, and believe that if the University of Wisconsin System believes a position is needed to carry out the mission of the Aquaculture Demonstration Facility, it may reallocate system resources.

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**Cited segments of 2015 Senate Bill 21:**

Vetoed In Part

**SECTION 806g.** 20.505 (8) (hm) 11c. of the statutes is created to read:

20.505 **(8)** (hm) 11c. In each fiscal year $100,000 to the Board of Regents of the University of Wisconsin System to fund a University of Wisconsin System–Extension aquaculture specialist for the facility specified in subd. 11a.

**SECTION 806r.** 20.505 (8) (hm) 11c. of the statutes, as created by 2015 Wisconsin Act .... (this act), is repealed.

Vetoed In Part

**SECTION 9448. Effective dates; University of Wisconsin System.**

Vetoed In Part

(5j) AQUACULTURE SPECIALIST FUNDING. The repeal of section 20.505 (8) (hm) 11c. of the statutes takes effect on July 1, 2017.

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**B–26. Minority Teacher Loan Program Eligibility**

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**Governor's written objections**

*Sections 1372r and 9319 (3f) [as it relates to the requirement to student teach in Milwaukee]*

Section 1372r sets forth eligibility provisions for a reformed minority teacher loan program. To be eligible for the program, students must be: (a) state residents enrolled at least half–time as sophomores, juniors or seniors in an institution

of higher education; (b) individuals enrolled in a program of study leading to a teacher's license in teacher shortage areas; (c) individuals enrolled in a program of study that includes student teaching in the city of Milwaukee; and (d) individuals with a grade point average of at least 3.0 on a 4−point scale or the equivalent.

I am partially vetoing these sections to delete the requirement that eligible individuals must be enrolled in a program of study that includes student teaching in the city of Milwaukee. The Milwaukee Public School District certainly is in need of excellent teachers, and the loan forgiveness structure of the improved program encourages teachers to teach and remain in Milwaukee. As such, I object to this eligibility provision because it is unnecessary and overly restrictive.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1372r.** 39.40 (2) (am), (bm), (cm) and (dm) of the statutes are created to read:

(cm) Are enrolled in programs of study that include a student teaching component located at a public or private elementary or secondary school in the city of Milwaukee.

**SECTION 9319. Initial applicability; Higher Educational Aids Board.**

**Vetoed In Part**

(3f) MINORITY TEACHER LOAN PROGRAM. The treatment of section 39.40 (2) (a), (am), (b), (bm), (c), (cm), (d), and (dm) and (2m) of the statutes, the renumbering and amendment of section 39.40 (3) of the statutes, and the creation of section 39.40 (3) (b) 1. and 2. of the statutes first apply to loans made after the effective date of this subsection.

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**B−27. Position Reports**

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**Governor's written objections**

*Section 277m*

This section modifies current law to require the Board of Regents to report annually, instead of quarterly, on the number of non−GPR full−time equivalent positions created or abolished by the Board of Regents in the previous 12−month period and specifies that the report be based on the October 1 payroll. It also deletes current law specifying that positions authorized for the University of Wisconsin System not be included in any state position report beginning on July 1, 2015.

I am partially vetoing this section to maintain current law that excludes University of Wisconsin System positions from state position reports. The University of Wisconsin System has transitioned to its own personnel systems (one for the University of Wisconsin−Madison and one for all other system employees), which simplify titling structures in a way that is specific to the university and establish a separate compensation structure. Therefore, it is inappropriate to include university employees in the same report as all other state government employees.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 277m.** 16.505 (2m) of the statutes is amended to read:

16.505 **(2m)** The board of regents of the University of Wisconsin System or the chancellor of the University of Wisconsin−Madison may create or abolish a full−time equivalent position or portion thereof, other than positions funded from the appropriation under s. 20.285 (1) (a). ~~Beginning on July 1, 2015, all positions authorized for the University of Wisconsin shall not be included in any state position report.~~ ~~No later than the last day of the month following completion of each calendar quarter,~~ Annually, no later than November 1, the board of regents shall report to the department and the cochairpersons of the joint committee on finance concerning the number of full−time equivalent positions created or abolished by the board under this subsection during the preceding ~~calendar quarter~~ 12−month period and the source of funding for each such position. The report shall be based on the October 1 payroll.

**Vetoed In Part**

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**B–28. Academic Staff Appointments**

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**Governor's written objections**

*Section 1210m*

This section prohibits the Board of Regents from making probationary or indefinite academic staff appointments beginning July 1, 2015. In addition, all academic staff holding probationary appointments on June 30, 2015, are transitioned to a fixed term appointment, while indefinite appointments are made permanent.

I am vetoing this section in its entirety because I object to making these changes without additional study to determine whether there are possible unintended consequences, particularly on certain programs at the University of Wisconsin–Madison.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1210m.** 36.15 (2) of the statutes, as affected by 2011 Wisconsin Act 32, is amended to read:

36.15 **(2)** APPOINTMENTS. Appointments under this section shall be made by the board, or by an appropriate official authorized by the board, under policies and procedures established by the board. Beginning on July 1, 2015, the board may not make a probationary or indefinite academic staff appointment. Any academic staff holding a probationary appointment on June 30, 2015, shall hold a fixed term appointment effective July 1, 2015. The policies for indefinite appointments made before July 1, 2015, shall provide for ~~a probationary period,~~ permanent status and such other conditions of appointment as the board establishes.

**Vetoed In Part**

**B–29. Conservation Fund Appropriations**

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**Governor's written objections**

*Sections 596g, 596r and 9448 (5k)*

Section 596g specifies that, from the grants for forestry programs appropriation, in each year of the 2015–17 biennium, $124,400 be provided to the University of Wisconsin– Stevens Point for the paper science program and $10,100 (the remaining appropriation balance) be provided to the University of Wisconsin–Madison for the Center for Cooperatives. For fiscal year 2017–18, sections 596r and 9448 (5k) restore the prior funding levels for the paper science program and Center for Cooperatives of $78,000 and $56,500 (the remaining appropriation balance), respectively.

I am vetoing these sections in their entirety because I believe existing funding levels from the conservation fund are appropriate, and that the University of Wisconsin System can reallocate other funds if needed for the University of Wisconsin–Stevens Point paper science program.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 596g.** 20.285 (1) (qm) of the statutes is amended to read:

20.285 **(1)** (qm) *Grants for forestry programs.* From the conservation fund, of the amounts in the schedule, ~~$78,000~~ $124,400 annually for the University of Wisconsin–Stevens Point paper science program and the remaining balance for grants to forest cooperatives under s. 36.56.

**SECTION 596r.** 20.285 (1) (qm) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is amended to read:

20.285 **(1)** (qm) *Grants for forestry programs.* From the conservation fund, of the amounts in the schedule, ~~$124,400~~ $78,000 annually for the University of Wisconsin–Stevens Point paper science program and the

**Vetoed In Part**

**Vetoed In Part**

remaining balance for grants to forest cooperatives under s. 36.56.

**SECTION 9448. Effective dates; University of Wisconsin System.**

(5k) FORESTRY GRANTS. The amendment of section 20.285 (1) (qm) (by SECTION 596r) of the statutes takes effect on July 1, 2017.

**Vetoed In Part**

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# C. REFORMING GOVERNMENT

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## C−30. Group Insurance Board Appointments

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**Governor's written objections**

*Sections 105d, 136d and 9112 (1c)*

This provision requires that the six members of the Group Insurance Board who are appointed by the Governor to two−year terms under current law be appointed with the advice and consent of the Senate. The terms of office of the current gubernatorial appointees would terminate on the effective date of the budget bill, but the appointees could continue until successors are appointed and qualified to assume the board positions.

In addition, this provision would expand the board from 11 members to 15 members and specify the following new members: (a) one Representative appointed by the Speaker of the Assembly; (b) one Representative appointed by the Minority Leader of the Assembly; (c) one Senator appointed by the Majority Leader of the Senate; and (d) one Senator appointed by the Minority Leader of the Senate.

I am vetoing this provision in its entirety because it is administratively burdensome and unnecessarily adds a layer to the appointment process for the board. While the Legislature has a substantial role in setting statutory policy and establishing overall funding levels, the members of the board must develop significant expertise in health plan design and administration, while balancing the needs of the employers, employees and health plans. This is best achieved with the current composition of the board.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 105d.** 15.07 (1) (b) 24. of the statutes is created to read:

15.07 **(1)** (b) 24. The group insurance board.

**Vetoed In Part**

**SECTION 136d.** 15.165 (2) of the statutes is repealed and recreated to read:

15.165 **(2)** GROUP INSURANCE BOARD. There is created in the department of employee trust funds a group insurance board. The board shall consist of the following members:

(a) The governor or his or her designee.

(b) The attorney general or his or her designee.

(c) The secretary of administration or his or her designee.

(d) The administrator of the division of personnel management in the department of administration or his or her designee.

(e) The commissioner of insurance or his or her designee.

(f) One representative to the assembly appointed by the speaker of the assembly.

(g) One representative to the assembly appointed by the minority leader of the assembly.

(h) One senator appointed by the majority leader of the senate.

(i) One senator appointed by the minority leader of the senate.

(j) Six persons appointed for 2−year terms, of whom one shall be an insured participant in the Wisconsin Retirement System who is not a teacher, one shall be an insured participant in the Wisconsin Retirement System who is a teacher, one shall be an insured participant in the Wisconsin Retirement System who is a retired employee, one shall be an insured employee of a local unit of government, and one shall be the chief executive or a member of the governing body of a local unit of

**Vetoed In Part**

**Vetoed In Part**

government that is a participating employer in the Wisconsin Retirement System.

**SECTION 9112. Nonstatutory provisions; Employee Trust Funds.**

(1c) APPOINTMENTS TO GROUP INSURANCE BOARD. Notwithstanding section 15.07 (1) (c) of the statutes, the terms of the 6 members of the group insurance board appointed by the governor under section 15.165 (2), 2013 stats., shall terminate on the effective date of this subsection. Each appointed member may continue to hold office and exercise the powers and duties of that office until his or her successor under section 15.165 (2) (j) of the statutes, as affected by this act, is appointed and qualified.

**Vetoed In Part**

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**C–31. Review of Annual Proposed Changes to the State Group Health Insurance Program**

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**Governor's written objections**

*Sections 1389r and 9112 (3j)*

These sections require the Group Insurance Board to submit proposed changes to the state group health insurance program to the Joint Committee on Employment Relations by April 1 of each year. The committee must hold a public hearing and act by May 1 to approve, disapprove or modify the changes and then submit them to the Governor. The Governor is then required to approve or reject the changes in their entirety within 10 calendar days. An affirmative vote of at least six of the eight members of the committee would be required to override any rejection by the Governor.

For calendar year 2016, any changes must be submitted to the committee no later than 30 calendar days after the enactment of the budget and the committee must act within 30 calendar days of receiving the proposed changes.

I am vetoing this provision in its entirety because I object to having the committee infringe on the responsibilities of the board, which was created to set policy and oversee administration of the group health insurance plan for state and local employees, retirees and employers. The committee already has a substantial role given its biennial review of the compensation plan for state employees. Additionally, health plans are already in the process of bidding for calendar year 2016, and requiring the board to submit changes to the committee after enactment of the budget will create a substantial and problematic delay in the rate setting process.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1389r.** 40.03 (6) (L) of the statutes is created to read:

40.03 **(6)** (L) In consultation with the division of personnel management in the department of administration, annually, by April 1, shall submit any proposed changes to the group health insurance programs under subch. IV, other than programs under ss. 40.51 (7) and 40.55, to the joint committee on employment relations. The group insurance board may not implement any changes in the group health insurance programs unless approved by the joint committee on employment relations. The joint committee on employment relations shall hold a public hearing on the proposed changes. Annually, before May 1, the joint committee on employment relations shall approve, disapprove, or approve with modifications the proposed changes and shall notify the governor of its actions. Within 10 calendar days of the notification under this paragraph, the governor shall approve or reject in its entirety the proposed changes approved by the joint committee on employment relations. A vote of 6 members of the joint committee on employment relations may override any rejection of the governor.

**Vetoed In Part**

**SECTION 9112. Nonstatutory provisions; Employee Trust Funds.**

(3j) SUBMISSION OF PROPOSED CHANGES TO GROUP HEALTH INSURANCE PROGRAMS FOR 2016 CALENDAR YEAR COVERAGE. Notwithstanding section 40.03 (6) (L) of the statutes, as created by this act, the group insurance board shall submit proposed changes to the group health insurance programs under subchapter IV of chapter 40 of the statutes, other than programs under sections 40.51 (7) and 40.55 of the statutes, for the 2016 calendar year to the joint committee on employment relations. The group insurance board shall submit the proposed changes no later than 30 days after the effective date of this subsection. The group insurance board may not implement any changes in the group health insurance programs for the 2016 calendar year unless approved by the joint committee on employment relations. The joint committee on employment relations shall hold a public hearing on the proposed changes. No later than 30 days

**Vetoed In Part**

**Vetoed In Part**

after the group insurance board has submitted the proposed changes to the joint committee on employment relations, the joint committee on employment relations shall approve, disapprove, or approve with modifications the proposed changes and shall notify the governor of its actions. Within 10 calendar days of the notification under this subsection, the governor shall approve or reject in its entirety the proposed changes approved by the joint committee on employment relations. A vote of 6 members of the joint committee on employment relations may override any rejection of the governor.

**Vetoed In Part**

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**C−32. Agency Budget Requests**

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**Governor's written objections**

*Sections 272d, 272h and 272i*

These sections require state agencies, beginning in the 2017−19 biennium, to submit budget requests under three scenarios: (a) no increase in GPR, PR or SEG funding over base with the exception of sum sufficient reestimates and amounts required to comply with federal law; (b) the scenario under (a) modified to include cost−to−continue amounts as well as amounts due to caseload or population adjustments, and amounts necessary to fund previously enacted program commitments; and (c) the scenario under (b) modified to include any amounts requested for programmatic changes.

I am vetoing these sections in their entirety because I object to these restrictions on gubernatorial flexibility to establish budget instructions in a manner consistent with his or her fiscal and policy priorities.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 272d.** 16.42 (1m) of the statutes is created to read:

16.42 **(1m)** An agency making a request under sub. (1) shall submit 3 proposals as follows:

(a) A proposal written as if there would be no increase in expenditures of general purpose revenue, program revenue, or segregated revenue from the base levels for the current fiscal year.

(b) A proposal written as if the only increase in expenditures of general purpose revenue, program revenue, or segregated revenue from base levels would be for the cost to continue programs, including standard budget adjustments and increases in costs due to case load or population adjustments, and for the amounts necessary to fund previously enacted program commitments.

(c) The proposal submitted in par. (b) but modified to include increases in expenditures of general purpose revenue, program revenue, or segregated revenue from base levels for programmatic changes.

**SECTION 272h.** 16.43 of the statutes is amended to read:

16.43 **(1)** The secretary shall compile and submit to the governor or the governor−elect and to each person elected to serve in the legislature during the next biennium, not later than November 20 of each even−numbered year, a compilation giving all of the data required by s. 16.46 to be included in the state budget report, except the recommendations of the governor and the explanation thereof.

**(3)** The secretary shall not include in the compilation any provision for the development or implementation of an information technology development project for an executive branch agency that is not consistent with the strategic plan of the agency, as approved under s. 16.976. The secretary may distribute the budget compilation in printed or optical disk format.

**SECTION 272i.** 16.43 (2) of the statutes is created to read:

16.43 **(2)** When the secretary compiles the requests of agencies for the succeeding biennium, the secretary shall ensure that the data is presented as the following 3 proposals:

(a) A proposal written as if there would be no increase in expenditures of general purpose revenue, program revenue, or segregated revenue from the base levels for the current fiscal year.

(b) A proposal written as if the only increase in expenditures of general purpose revenue, program revenue, or segregated revenue from base levels would be for the cost to continue programs, including standard budget adjustments and increases in costs due to case load or population adjustments, and for the amounts necessary to fund previously enacted program commitments.

**Vetoed In Part**

**Vetoed In Part**

(c) The proposal submitted in par. (b) but modified to include increases in expenditures of general purpose revenue, program revenue, or segregated revenue from base levels for programmatic changes.

**Vetoed In Part**

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**C−33. Statutory Reserve and Budget Stabilization Fund**

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**Governor's written objections**

*Sections 282m, 478d, 478g and 478h*

Section 282m specifies that a revenue transfer from the general fund to the budget stabilization fund can only occur if the statutory reserve of 2 percent of GPR appropriations plus compensation reserves has been met in the general fund. Any general fund revenues in excess of 2 percent of GPR appropriations plus compensation reserves would then be subject to the current provision, which transfers to the budget stabilization fund 50 percent of the amount that actual deposits during the fiscal year exceed the amount projected to be deposited in the general fund during the fiscal year.

Under current law, each year, the Department of Administration secretary calculates the difference between the amount of moneys projected to be deposited in the general fund during the fiscal year that are designated as "Taxes" in the general fund summary of the biennial budget bill and the amount of such moneys actually deposited in the general fund during the fiscal year. Under sections 478d and 478g, the required statutory balance at the end of fiscal year 2015−16 would be $65,000,000 plus the amount calculated by the secretary for fiscal year 2015−16; and in fiscal year 2016−17, the balance would be $65,000,000 plus the amount calculated by the secretary for both fiscal year 2015−16 and fiscal year 2016−17.

Section 478h specifies that in fiscal year 2017−18, and in each fiscal year thereafter, the required statutory balance would be the prior fiscal year's required statutory balance plus $5,000,000 and the accumulated amount calculated by the secretary for fiscal year 2017−18, and each fiscal year thereafter, but not to exceed 2 percent GPR appropriations plus compensation reserves.

I am vetoing sections 282m, 478d and 478g, and partially vetoing section 478h, because I object to reducing the amounts to be deposited into the budget stabilization fund in the future. The budget stabilization fund is an important tool that helps ensure the state's financial stability. I support increasing the required statutory balance each fiscal year, however, and am therefore retaining a portion of section 478h, which will add $5,000,000 each year, beginning in fiscal year 2017−18, to the required statutory balance.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 282m.** 16.518 (3) (b) 2. of the statutes is repealed and recreated to read:

16.518 **(3)** (b) 2. If the amount transferred under par. (a) would cause the general fund balance on June 30 of the fiscal year, as projected under s. 20.005 (1), to be less than 2 percent of the total general purpose revenue appropriations for that fiscal year, plus any amount from general purpose revenue designated as "Compensation Reserves" for that fiscal year in the summary under s. 20.005 (1), the secretary may not make the transfer under par. (a).

**Vetoed In Part**

**SECTION 478d.** 20.003 (4) (gm) of the statutes is amended to read:

20.003 **(4)** (gm) For fiscal year 2015−16, $65,000,000 plus the amount calculated under s. 16.518 (2) for fiscal year 2015−16, but not to exceed 2 percent.

**SECTION 478g.** 20.003 (4) (gn) of the statutes is amended to read:

20.003 **(4)** (gn) For fiscal year 2016−17, $65,000,000 plus the amounts calculated under s. 16.518 (2) for fiscal years 2015−16 and 2016−17, but not to exceed 2 percent.

**SECTION 478h.** 20.003 (4) (L) of the statutes is amended to read:

20.003 **(4)** (L) For fiscal year 2017−18 and each fiscal year thereafter, an amount equal to the prior fiscal year's required statutory balance plus $5,000,000 and the accumulated amount calculated under s. 16.518 (2) for

**Vetoed In Part**

**Vetoed In Part** fiscal year 2017−18 and each fiscal year thereafter , but not to exceed 2 percent.

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**C−34. Utilization of Department of Administration Procurement and Purchasing Services**

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**Governor's written objections**

*Sections 282s, 326q, 327b, 327d [as it relates to s. 16.745], 330n, 333r, 334c, 339n, 345b, 345d, 345f, 345h, 346p, 354p, 355b and 355s [as it relates to s. 16.745]*

These sections specify that the Department of Administration may not require the Department of Employee Trust Funds to utilize the Department of Administration's procurement and purchasing services. These sections also establish statutory authority and a process for the Department of Employee Trust Funds purchasing function. The Department of Employee Trust Funds would be required to file all bills and statements of purchase with the Department of Administration secretary, who would then be required to audit and authorize payment of such bills and statements. Upon the Department of Employee Trust Funds' request, the Department of Administration would be required to make recommendations and provide assistance regarding purchasing procedures, as well as process requisitions for purchases and procure materials for the Department of Employee Trust Funds.

I am vetoing sections 282s, 326q, 327b, 330n, 333r, 334c, 339n, 345b, 345d, 345f, 345h, 346p, 354p and 355b, and partially vetoing sections 327d [as it relates to s. 16.745] and 355s [as it relates to s. 16.745] because I object to limiting the ability of the Department of Administration to create statewide efficiencies related to procurement. For Chapter 16 purchasing authority, the Department of Employee Trust Funds should be treated like other agencies and operate under Department of Administration procurement policies and contracts unless a delegation agreement is signed by both parties. I am directing the Department of Administration to work collaboratively with the Department of Employee Trust Funds on such an agreement.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 282s.** 16.52 (6) (a) of the statutes is amended to read:

16.52 **(6)** (a) Except as authorized in ~~s.~~ ss. 16.74 and 16.745, all purchase orders, contracts, or printing orders for any agency, as defined in s. 16.70 (1e), shall, before any liability is incurred thereon, be submitted to the secretary for his or her approval as to legality of purpose and sufficiency of appropriated and allotted funds therefor. In all such cases the date of the contract or order governs the fiscal year to which the contract or order is chargeable, unless the secretary determines that the purpose of the contract or order is to prevent lapsing of appropriations or to otherwise circumvent budgetary intent. ~~Upon such approval, the~~ The secretary, after granting any approval required under this paragraph, shall immediately encumber all contracts or orders, and indicate the fiscal year to which they are chargeable.

**Vetoed In Part**

**SECTION 326q.** 16.71 (1) of the statutes is amended to read:

16.71 **(1)** Except as otherwise required under this section and s. 16.78 or as authorized in s. 16.74 or 16.745, the department shall purchase and may delegate to special designated agents the authority to purchase all necessary materials, supplies, equipment, all other permanent personal property and miscellaneous capital, and contractual services and all other expense of a consumable nature for all agencies. In making any delegation, the department shall require the agent to adhere to all requirements imposed upon the department in making purchases under this subchapter. All materials, services and other things and expense furnished to any agency and interest paid under s. 16.528 shall be charged to the proper appropriation of the agency to which furnished.

**SECTION 327b.** 16.71 (1m) of the statutes is amended to read:

16.71 **(1m)** The department shall not delegate to any executive branch agency, other than the board of regents of the University of Wisconsin System, the authority to enter into any contract for materials, supplies, equipment, or contractual services relating to information technology or telecommunications prior to review and approval of the contract by the department. The department may delegate this authority to the University of Wisconsin−Madison. ~~No~~ Except as provided in s. 16.745, no executive branch agency, other

**Vetoed In Part**

**Vetoed In Part**

than the board of regents of the University of Wisconsin System, may enter into any such contract without review and approval of the contract by the department. The University of Wisconsin−Madison may enter into any such contract without review and approval by the department. Any executive branch agency that enters into a contract, except for a contract entered into under s. 16.745, relating to information technology under this section shall comply with the requirements of s. 16.973 (13). Any delegation to the board of regents of the University of Wisconsin System or to the University of Wisconsin−Madison is subject to the limitations prescribed in s. 36.585.

**Vetoed In Part**

**Section 327d.** 16.71 (1m) of the statutes , as affected by 2015 Wisconsin Act .... (this act), is amended to read:

16.71 **(1m)** The department shall not delegate to any executive branch agency~~, other than the board of regents of the University of Wisconsin System,~~ the authority to enter into any contract for materials, supplies, equipment, or contractual services relating to information technology or telecommunications prior to review and approval of the contract by the department. ~~The department may delegate this authority to the University of Wisconsin−Madison.~~ Except as provided in s. 16.745, no executive branch agency~~, other than the board of regents of the University of Wisconsin System,~~ may enter into any such contract without review and approval of the contract by the department. ~~The University of Wisconsin−Madison may enter into any such contract without review and approval by the department.~~ Any executive branch agency that enters into a contract , except for a contract entered into under s. 16.745, relating to information technology under this section shall comply with the requirements of s. 16.973 (13). ~~Any delegation to the board of regents of the University of Wisconsin System or to the University of Wisconsin−Madison is subject to the limitations prescribed in s. 36.585.~~

**Vetoed In Part**

**Vetoed In Part**

**Vetoed In Part**

**Section 330n.** 16.72 (4) (a) of the statutes is amended to read:

16.72 **(4)** (a) Except as provided in ss. 16.71 ~~and~~, 16.74, and 16.745 or as otherwise provided in this subchapter and the rules promulgated under ~~s.~~ ss. 16.74 and 16.745 and this subchapter, all supplies, materials, equipment and contractual services shall be purchased for and furnished to any agency only upon requisition to the department. The department shall prescribe the form, contents, number and disposition of requisitions and shall promulgate rules as to time and manner of submitting such requisitions for processing. No agency or officer may engage any person to perform contractual services without the specific prior approval of the department for each such engagement. Purchases of supplies, materials, equipment or contractual services under s. 16.745 or by the legislature, the courts, or legislative service or judicial branch agencies do not require approval under this paragraph.

**Vetoed In Part**

**Section 333r.** 16.745 of the statutes is created to read:

**Vetoed In Part**

**16.745 Department of employee trust funds and governing boards purchasing. (1)** All supplies, materials, equipment, and contractual services required by the department of employee trust funds and any of its governing boards shall be purchased by the department of employee trust funds and its governing boards. The department of employee trust funds and its governing boards shall maintain copies of all purchasing requisitions and contracts and shall permit inspection and copying of the requisitions and contracts under subch. II of ch. 19. No such requisition or contract need be filed with the department of administration.

**(2)** (a) The department of employee trust funds shall file all bills and statements for purchases and engagements it makes under this section with the secretary, who shall audit and authorize payment of all bills and statements.

(b) Any governing board shall file all bills and statements for purchases and engagements it makes under this section with the secretary, who shall audit and authorize payment of all bills and statements.

**(3)** The department of administration shall, upon request, make recommendations and furnish assistance to the department of employee trust funds and its governing boards regarding purchasing procedure. The department of administration shall, upon request, process requisitions for purchases submitted by the department of employee trust funds or a governing board and shall procure materials, supplies, equipment, and services for the department of employee trust funds or a governing board in accordance with the purchasing procedure prescribed for executive branch agencies under this subchapter.

**Section 334c.** 16.75 (1) (a) 2. of the statutes is amended to read:

16.75 **(1)** (a) 2. If a vendor is not a Wisconsin producer, distributor, supplier or retailer and the department determines that the state, foreign nation or subdivision thereof in which the vendor is domiciled grants a preference to vendors domiciled in that state, nation or subdivision in making governmental purchases, the department and any agency making purchases under s. 16.74 or 16.745 shall give a preference over that vendor to Wisconsin producers, distributors, suppliers and retailers, if any, when awarding the order or contract. The department may enter into agreements with states, foreign nations and subdivisions thereof for the purpose of implementing this subdivision.

**Section 339n.** 16.75 (3m) (b) of the statutes is amended to read:

**Vetoed In Part**

16.75 **(3m)** (b) 1. The department, any agency to which the department delegates purchasing authority under s. 16.71 (1), and any agency making purchases under s. 16.74 or 16.745 shall attempt to ensure that 5 percent of the total amount expended under this subchapter in each fiscal year is paid to minority businesses.

2. The department, any agency to which the department delegates purchasing authority under s. 16.71 (1), and any agency making purchases under s. 16.74 or 16.745 shall attempt to ensure that at least 1 percent of the total amount expended under this subchapter in each fiscal year is paid to disabled veteran−owned businesses.

3. Except as provided under sub. (7), the department, any agency to which the department delegates purchasing authority under s. 16.71 (1), and any agency making purchases under s. 16.74 or 16.745 may purchase materials, supplies, equipment, and contractual services from any minority business or disabled veteran−owned business, or a business that is both a minority business and a disabled veteran−owned business, submitting a qualified responsible competitive bid that is no more than 5 percent higher than the apparent low bid or competitive proposal that is no more than 5 percent higher than the most advantageous proposal. In administering the preference for minority businesses or disabled veteran−owned businesses established in this paragraph, the department, the delegated agency, and any agency making purchases under s. 16.74 or 16.745 shall maximize the use of minority businesses or disabled veteran−owned businesses which are incorporated under ch. 180 or which have their principal place of business in this state.

**Vetoed In Part**

**SECTION 345b.** 16.75 (8) (am) of the statutes is amended to read:

16.75 **(8)** (am) The department, any other designated purchasing agent under s. 16.71 (1), any agency making purchases under s. 16.74 or 16.745, and each authority other than the University of Wisconsin Hospitals and Clinics Authority and the Lower Fox River Remediation Authority shall, to the extent practicable, make purchasing selections using specifications developed under s. 16.72 (2) (e) to maximize the purchase of materials utilizing recycled materials and recovered materials.

**SECTION 345d.** 16.75 (9) of the statutes is amended to read:

16.75 **(9)** The department, any other designated purchasing agent under s. 16.71 (1), any agency making purchases under s. 16.74 or 16.745, and any authority other than the University of Wisconsin Hospitals and Clinics Authority and the Lower Fox River Remediation Authority shall, to the extent practicable, make purchasing selections using specifications prepared under s. 16.72 (2) (f).

**SECTION 345f.** 16.75 (10e) (b) of the statutes is amended to read: **Vetoed In Part**

16.75 **(10e)** (b) If s. 16.855 (10s) (a) provides an applicable standard for the type of energy consuming equipment being purchased and the purchase will cost more than $5,000 per unit the department, any other designated purchasing agent under s. 16.71 (1), any agency making purchases under s. 16.74 or 16.745, and any authority may not purchase that type of energy consuming equipment unless the specifications for the equipment meet the applicable standards. If there is an applicable standard under s. 16.855 (10s) (a), but the energy consuming equipment meeting that standard is not reasonably available, the department, purchasing agent, agency, or authority shall ensure, for purchases over $5,000 per unit, that the energy consuming equipment that is purchased maximizes energy efficiency to the extent technically and economically feasible. The department, purchasing agent, agency, or authority shall not determine that energy consuming equipment that meets the applicable standard under s. 16.855 (10s) (a) either is not reasonably available on the basis of cost alone or is not cost−effective unless the difference in the cost of the purchase and installation of the equipment that meets the standard and the equipment that would otherwise be installed is greater than the difference in the cost of operating the equipment that meets the standard and the equipment that would otherwise be installed over the anticipated life of the equipment.

**SECTION 345h.** 16.75 (10m) of the statutes is amended to read:

16.75 **(10m)** The department, any other designated purchasing agent under s. 16.71 (1), any agency making purchases under s. 16.74 or 16.745, and any authority shall not enter into any contract or order for the purchase of materials, supplies, equipment, or contractual services with a person if the name of the person, or the name of an affiliate of that person, is certified to the department by the secretary of revenue under s. 77.66.

**SECTION 346p.** 16.76 (1) of the statutes is amended to read:

16.76 **(1)** All contracts for materials, supplies, equipment or contractual services to be provided to any agency shall run to the state of Wisconsin. Such contracts shall be signed by the secretary or an individual authorized by the secretary, except that contracts entered into by the department of employee trust funds or its governing boards shall be signed by an individual authorized by the secretary of employee trust funds and contracts entered into directly by the legislature, the courts or a legislative service or judicial branch agency shall be signed by an individual authorized under s. 16.74 (2) (b).

**Vetoed In Part**

**SECTION 354p.** 16.77 (1) of the statutes is amended to read:

16.77 **(1)** No bill or statement for work or labor performed under purchase orders or contracts issued by the secretary or the secretary's designated agents, and no bill or statement for supplies, materials, equipment or contractual services purchased for and delivered to any agency may be paid until the bill or statement is approved through a preaudit or postaudit process determined by the secretary. This subsection does not apply to purchases made ~~directly by the courts, the legislature or a legislature service or judicial branch agency~~ under s. 16.74 or 16.745.

**SECTION 355b.** 16.78 (1) of the statutes is amended to read:

16.78 **(1)** Every agency other than the board of regents of the University of Wisconsin System, the University of Wisconsin–Madison, or an agency making purchases under s. 16.74 or 16.745 shall make all purchases of materials, supplies, equipment, and contractual services relating to information technology or telecommunications from the department, unless the department requires the agency to purchase the materials, supplies, equipment, or contractual services pursuant to a master contract established under s. 16.972 (2) (h), or grants written authorization to the agency to procure the materials, supplies, equipment, or contractual services under s. 16.75 (1) or (2m), to purchase the materials, supplies, equipment, or contractual services from another agency or to provide the materials, supplies, equipment, or contractual services to itself. The board of regents of the University of Wisconsin System and the University of Wisconsin–Madison may make purchases of materials, supplies, equipment, and contractual services relating to information technology or telecommunications from the department.

**Vetoed In Part**

**SECTION 355s.** 16.78 (1) of the statutes , as affected by 2015 Wisconsin Act .... (this act), is amended to read:

16.78 **(1)** Every agency other than ~~the board of regents of the University of Wisconsin System, the University of Wisconsin–Madison, or~~ an agency making purchases under s. 16.74 or 16.745 shall make all purchases of materials, supplies, equipment, and contractual services relating to information technology or telecommunications from the department, unless the department requires the agency to purchase the materials, supplies, equipment, or contractual services pursuant to a master contract established under s. 16.972 (2) (h), or grants written authorization to the agency to procure the materials, supplies, equipment, or contractual services under s. 16.75 (1) or (2m), to purchase the materials, supplies, equipment, or contractual services from another agency or to provide the materials, supplies, equipment, or contractual services to itself. ~~The board of regents of the University of Wisconsin System and the University of Wisconsin–Madison may make purchases of materials, supplies, equipment, and contractual services relating to information technology or telecommunications from the department.~~

**Vetoed In Part**

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**C–35. Pay–for–Performance Contracting Reports**

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**Governor's written objections**

*Sections 1785m and 9152 (1c)*

Section 9152 (1c) requires all state agencies to review current programs and submit a plan that identifies existing government expenditures that could be decreased or programs that could be improved by using pay–for–performance contracts. The plan must be submitted to the Joint Committee on Finance on or before December 1, 2015.

In addition, under section 1785m, the Department of Children and Families is authorized to issue a request for proposals for a pay–for–performance contract to reduce offender recidivism in the city of Milwaukee. The section specifies that after selecting a proposal, the department must submit a written plan including certain information to the Committee under passive review.

I am vetoing section 9152 (1c) to remove the requirement that all state agencies review current programs and submit a plan to the Committee because it is unduly burdensome to those state agencies that do not have operations that are likely to be candidates for pay–for–performance contracts. With this veto, all state agencies would not be required to review and report as prescribed. However, I direct other cabinet agencies that do have the potential to use these contracts to review applicable programs and consider the use of this type of contracting.

I am partially vetoing section 1785m because I object to the department having to submit a report to the Committee. With this veto, the department would not need to submit the plan under passive review, but would be authorized to pursue the pay–for–performance contract to reduce Milwaukee offender recidivism.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1785m.** 49.348 of the statutes is created to read:

**Vetoed In Part**

**(3)** After selecting a proposal, the department shall submit a written plan for the program and the contract under which it will be performed to the joint committee on finance. The department shall include in the plan information on the selected proposal and organization, the methods by which the organization will finance startup and ongoing costs of the program during the 5−year term of the contract, the benchmarks identified under sub. (2), the methods by which performance will be monitored and measured, the levels of payment for different degrees of success, and any service providers that the selected organization intends to engage in order to deliver services under the contract. If the cochairpersons of the joint committee on finance do not notify the department within 14 working days after the date of the submittal of the plan that the committee has scheduled a meeting to review the plan, the plan may be implemented by the department. If, within 14 days after the date of the submittal of the plan, the cochairpersons of the committee notify the department that the committee has scheduled a meeting to review the plan, the department may only implement the plan as approved by the committee.

**SECTION 9152. Nonstatutory provisions; Other.**

(1c) PAY−FOR−PERFORMANCE CONTRACTS. **Vetoed In Part**

(a) In this subsection:

1. "Pay−for−performance contract" means a contract between a state agency and a private organization for the delivery of services under which payment for those services is contingent upon, and delayed until, the private organization achieves specified performance outcomes as measured by an independent evaluator using agreed−upon standards of measurement. The private organization may serve as an intermediary for obtaining funding to perform the contract by raising capital from private donors or investors and for subcontracting with direct providers to achieve the specified performance outcomes.

2. "State agency" means any office, department, or independent agency in the executive branch of state government.

(b) All state agencies shall review current programs and submit to the joint committee on finance on or before December 1, 2015, a plan that identifies expenditures that could be decreased or programs that could be improved through the use of pay−for−performance contracts.

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**C−36. Local Zoning Exception**

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**Governor's written objections**

*Sections 44b and 44m*

These sections exempt the structure or facility constructed for the benefit or use of the state that was enumerated under the state building program as the State Transportation Building Replacement – Madison (the Hill Farms facility) from compliance with municipal zoning ordinances.

Though well−intentioned, I am vetoing these sections because this exemption is unnecessary, as the city and state are working to ensure the project meets local standards and is constructed on schedule.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 44b.** 13.48 (13) (a) of the statutes is amended to read:

13.48 **(13)** (a) Except as provided in par. (b) ~~or (c)~~ to (d), every building, structure or facility that is constructed for the benefit of or use of the state, any state agency, board, commission or department, the University of Wisconsin Hospitals and Clinics Authority, the Fox River Navigational System Authority, the Wisconsin Economic Development Corporation, or any local professional baseball park district created under subch. III of ch. 229 if the construction is undertaken by the department of administration on behalf of the district, shall be in compliance with all applicable state laws, rules, codes and regulations but the construction is not subject to the ordinances or regulations of the municipality in which the construction takes place except **Vetoed In Part**

**Vetoed In Part**

zoning, including without limitation because of enumeration ordinances or regulations relating to materials used, permits, supervision of construction or installation, payment of permit fees, or other restrictions.

**Section 44m.** 13.48 (13) (d) of the statutes is created to read:

13.48 **(13)** (d) The structure or facility that is to be constructed for the benefit, or use, of the state and that was first enumerated under the 2007–09 building program and last modified under the 2013–15 building program as State Transportation Building replacement — Madison is not subject to any zoning ordinance or regulation of any city, village, or town.

**Vetoed In Part**

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**C–37. Building Commission Contracting Requirements**

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**Governor's written objections**

*Sections 47b, 370, 373b and 374b*

These sections clarify the authority of the Building Commission by separating two existing types of alternatives to state construction specified in the statutes.

I am partially vetoing section 47b and fully vetoing sections 370, 373b and 374b because I object to removing acquisition of facilities from the Building Commission's authority and adding a cross–reference that does not clarify the exemption of alternative state construction types from single prime contracting requirements. The intent of this veto is to retain current practice.

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**Cited segments of 2015 Senate Bill 21:**

**Section 47b.** 13.48 (19) of the statutes is renumbered 13.48 (19) (a) and amended to read:

(b) Subject to the requirements of s. 20.924 (1) (i), the building commission may ~~also~~ authorize the lease ~~,~~ or lease purchase ~~or acquisition~~ of ~~existing~~ facilities in lieu of state construction of any project enumerated in the authorized state building program.

**Vetoed In Part**

**Vetoed In Part**

**Section 370.** 16.855 (1m) of the statutes is amended to read:

16.855 **(1m)** The department shall let by contract to the lowest qualified responsible bidder all construction work when the estimated construction cost of the project exceeds $50,000, except for construction work authorized under s. 16.858 and except as provided in sub. (1r) or (10m) or s. 13.48 (19) (a). If factors other than dollar amounts are required to be evaluated for a project, the department shall specify a formula that will convert the other factors into a dollar value for comparison.

**Section 373b.** 16.855 (13) (a) 2. of the statutes is amended to read:

16.855 **(13)** (a) 2. In any project under this section that is let under s. 13.48 (19) (a), the department shall identify, as provided under par. (b), the mechanical, electrical, or plumbing subcontractors who have submitted the lowest bids and who are qualified responsible bidders. The contractor awarded a contract under s. 13.48 (19) (a) shall contract with the mechanical, electrical, or plumbing subcontractors so identified.

**Vetoed In Part**

**Vetoed In Part**

**Section 374b.** 16.855 (14) (am) of the statutes is amended to read:

16.855 **(14)** (am) Except as provided in s. 13.48 (19) (a), the department shall let all construction projects that exceed $185,000 through single prime contracting. The department may not request or accept any alternate bids when letting a construction project through single prime contracting.

**Vetoed In Part**

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**C−38. Health Insurance for Protective Services Employees**

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**Governor's written objections**

*Section 1952c*

This section specifies that if a first class city offers health care insurance to employees who are police officers, fire fighters or emergency medical technicians, it shall also offer to those employees a high−deductible health plan that has identical design features to the plan offered to state employees.

I am partially vetoing this section because I believe that the city of Milwaukee should be able to choose the specific design features of its high−deductible plan to best suit its overall benefit structure rather than being required to use the design of the state's high−deductible plan.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1952c.** 66.0137 (4t) of the statutes is created to read:

66.0137 **(4t)** HEALTH INSURANCE FOR PROTECTIVE SERVICES EMPLOYEES. If a 1st class city offers health care insurance to employees who are police officers, fire fighters, or emergency medical technicians, the 1st class city shall also offer to the employees who are police officers, fire fighters, or emergency medical technicians a high−deductible health plan that has identical design features to the plan under s. 40.515 (1) . **Vetoed In Part**

**C−39. Information Technology Services for Certain Agencies and Shared Agency Services Pilot Program**

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**Governor's written objections**

*Section 9101 (5n) (a)*

Section 9101 (5n) requires the Department of Administration to consult with certain agencies to develop a plan for assuming responsibility for human resources, payroll, finance, budgeting, procurement and information technology services, to be submitted to the Joint Committee on Finance by March 1, 2016, for approval under s. 13.10, for implementation beginning July 1, 2016.

I am partially vetoing section 9101 (5n) (a) to remove the Board on Aging and Long−Term Care, Board for People with Developmental Disabilities, Office of the Secretary of State, Office of the State Treasurer, Office of the Governor and Office of the Lieutenant Governor from the list of agencies that are subject to the plan. These agencies already receive most, if not all, of the above services from the department. With this veto, the department can focus on plans to extend services to agencies currently receiving few or no services.

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**Cited segments of 2015 Senate Bill 21**

**SECTION 9101. Nonstatutory provisions; Administration.**

(5n) PLAN FOR INFORMATION TECHNOLOGY SERVICES FOR CERTAIN AGENCIES AND SHARED AGENCY SERVICES PILOT PROGRAM.

(a) In this subsection, "agency" means the board of commissioners of public lands; the board on aging and long−term care; the board for people with developmental disabilities; the educational communications board; the department of financial institutions; the government accountability board; the higher educational aids board; the state historical society; the public service commission; the department of safety and professional services; the office of the secretary of state; the state fair park board; the department of tourism; the office of the governor; the office of the lieutenant governor; and the office of the state treasurer . **Vetoed In Part** **Vetoed In Part** **Vetoed In Part**

**C–40. Energy Efficient Building Designer Tax Deduction Certification**

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**Governor's written objections**

*Section 393p*

This section directs the Department of Administration to provide any necessary certification for a person, who was the primary designer of an energy efficient commercial building property installed on or in state–owned property, to receive a federal energy efficient commercial buildings tax deduction.

I am vetoing this section because this requirement poses a significant administrative burden to the department for a tax deduction that has already been eliminated as of December 31, 2014. Significant department staff and resources would be needed to apply this requirement retroactively and to review past projects and ensure appropriate analysis and documentation is completed to justify and defend equitable allocations of the tax deduction among multiple designers for all state construction projects.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 393p.** 16.95 (17) of the statutes is created to read:

16.95 **(17)** Upon request, provide any necessary certification for a person to receive a tax deduction under 26 USC 179D if the person is the person who is primarily responsible for designing a property, if the property the person designed is installed on or in state–owned property, and if the property qualifies as an energy efficient commercial building property.

**Vetoed In Part**

**C–41. Time Allocation for Workers' Compensation Examiners**

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**Governor's written objections**

*Section 2830e*

This section requires the Department of Administration's Division of Hearings and Appeals to have examiners on its staff to decide and assist in effective adjudication of claims for workers' compensation. In addition, this section specifies that at least 18 administrative law judges must spend at least 80 percent of their time on workers' compensation issues.

I am partially vetoing this section because it unnecessarily limits the ability of the division to manage its caseload and workforce. I proposed this transfer to realize greater efficiencies due to the ability to cross–train staff and to utilize a larger pool of administrative law judges to manage unexpected increases in contested case hearings. While the workers' compensation expertise of current administrative law judges is valuable and needs to be taken into consideration, the specific time allocation of division employees is a function best left to the discretion of the division administrator.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 2830e.** 102.18 (2) (b) of the statutes is created to read:

102.18 **(2)** (b) The division shall have and maintain on its staff such examiners as are necessary to decide claims for compensation described in s. 102.16 (1) (c) and to assist in the effective adjudication of claims under this chapter. The administrator shall require at least 18 examiners employed by the division to devote not less than 80 percent of their work time to the duties specified in this paragraph.

**Vetoed In Part**

## C−42. Duties of the Secretary of State

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**Governor's written objections**

*Section 1959e*

This section creates a new method for certain towns contiguous to a third class city and certain towns contiguous to a village to incorporate without utilizing the Department of Administration's incorporation process if they meet certain criteria. These criteria currently only apply to the town of Windsor in Dane County and the town of Maine in Marathon County. In this section, the town clerk must certify the vote to incorporate and submit a fee to the Secretary of State, who would then issue a certificate of incorporation.

I am partially vetoing this section because I object to the Secretary of State retaining the responsibility to certify an incorporation vote for only these two incorporations. Going forward, the incorporation process will be administered by the Department of Administration. With this partial veto, the town clerk would certify the incorporation vote to the "secretary." The intent of this veto is to retain this function in the Department of Administration.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1959e.** 66.02162 of the statutes is created to read:

**66.02162 Incorporation of certain towns contiguous to 3rd class cities or villages.**

**(5)** CERTIFICATE OF INCORPORATION. If a majority of the votes are cast in favor of a village, the town clerk shall **Vetoed In Part** certify that fact to the secretary of state , together with 4 copies of a description of the legal boundaries of the town, and 4 copies of a plat of the town. The town clerk **Vetoed In Part** shall also send the secretary of state an incorporation fee of $1,000. Upon receipt of the town clerk's certification, the incorporation fee, and other required documents, the **Vetoed In Part** secretary of state shall issue a certificate of incorporation and record the certificate in a book kept for that purpose. The secretary of state shall provide 2 copies of the **Vetoed In Part** description and plat to the department of transportation and one copy to the department of revenue. The town clerk shall also transmit a copy of the certification and the resolution under sub. (1) to the county clerk.

**(6)** ACTION. No action to contest the validity of an incorporation under this section on any grounds, whether procedural or jurisdictional, may be commenced after 60 days from the date of issuance of the certificate of incorporation by the secretary of state . In any such **Vetoed In Part** action, the burden of proof as to all issues is upon the person bringing the action to show that the incorporation is not valid. An action contesting an incorporation shall be given preference in the circuit court.

## C−43. Alternative Telecommunications Utilities

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**Governor's written objections**

*Section 3528m*

This section removes the Public Service Commission's authority to require alternative telecommunications utilities to obtain commission approval before abandoning or discontinuing a line, extension or service under current law. In approving a request, the commission must require the utility to remove, from the right−of−way, any pole at ground level or any other structure extending more than three feet above ground level that belongs to the utility at the time of abandonment. Further, if the commission approves such a request and the abandoned right−of−way is in a rural area and was obtained by the utility by condemnation, the utility shall be required to dispose of the right−of−way within three years of the date of approval.

I am vetoing this provision because I do not believe the commission's authority regarding alternative telecommunications utilities should be modified in this manner. These changes would shift responsibility for removing abandoned lines and poles to land owners and municipalities, which may create cost and safety issues. In addition, decisions by providers

to abandon service may affect service to customers of interconnected providers. With this veto, the commission's current authority is retained.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 3528m.** 196.203 (4m) (a) of the statutes is amended to read:

196.203 **(4m)** (a) The commission may impose s. 196.02 (1), (4), or (5), 196.04, 196.135, 196.14, 196.197, 196.199, 196.207, 196.208, 196.209, 196.218, 196.219 (1), (2) (b), (c), or (d), (2r), or (3) (a), (d), (j), (m), (n), or (o), 196.25, 196.26, 196.39, 196.395, 196.40, 196.41, 196.43, 196.44, 196.65, 196.66, ~~196.81,~~ 196.85, 196.858, or 196.859 on an alternative telecommunications utility.

**Vetoed In Part**

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## C–44. Intervenor Compensation

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**Governor's written objections**

*Sections 510m, 3532k, 3532m and 3532n*

These sections eliminate the authority of the Public Service Commission to make a grant to one or more nonstock, nonprofit advocacy corporations as well as reduce the compensation rate for consumer groups and representatives to 50 percent of the cost of participating in a commission proceeding.

I am vetoing these sections because they are unnecessarily prescriptive. Under current law, the commission has the flexibility to compensate for some or all of the reasonable costs of participation in commission proceedings. With this veto, the commission can continue to ensure only reasonable costs are reimbursed by its intervenor compensation appropriation and prescribe a match as it deems appropriate.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 510m.** 20.155 (1) (j) of the statutes is amended to read:

20.155 **(1)** (j) *Intervenor financing ~~and grants~~.* Biennially, the amounts in the schedule for intervenor financing ~~and grants~~ under s. 196.31. All moneys received for intervenor financing under s. 196.31 (2) shall be credited to this appropriation.

**Vetoed In Part**

**SECTION 3532k.** 196.31 (1) (intro.) of the statutes is amended to read:

196.31 **(1)** (intro.) ~~In~~ Except as provided in sub. (1m), in any proceeding before the commission, the commission shall compensate any participant in the proceeding who is not a public utility, for some or all of the reasonable costs of participation in the proceeding if the commission finds that:

**Vetoed In Part**

**SECTION 3532m.** 196.31 (1m) of the statutes is amended to read:

196.31 **(1m)** The commission shall compensate ~~any~~ a consumer group or consumer representative under sub. (1) for ~~all~~ 50% of the reasonable costs of participating in a ~~hearing under s. 196.198~~ proceeding.

**SECTION 3532n.** 196.31 (2m) of the statutes is repealed.

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## C–45. Extension of Municipal Water and Sewer Service Appeals Process

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**Governor's written objections**

*Section 1991m*

This provision permits a dispute between municipalities concerning the extension of water or sewer service to first be appealed to the Public Service Commission. This provision subsequently permits a municipality involved in a dispute

to appeal the decision of the commission to the Department of Natural Resources. The department must provide its decision within 45 days.

I am partially vetoing section 1991m to remove the Department of Natural Resources from the appeals process because it is unnecessary. Municipalities appealing a decision by the Public Service Commission concerning the extension of municipal water or sewer service should follow the existing appeals process for appealing a decision by the commission. Under the existing appeals process, an appeal is made to the circuit court in the county in which the municipality is located.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1991m.** 66.0813 (5m) of the statutes is created to read:

66.0813 **(5m)**

(b) Notwithstanding subs. (3) and (4), a municipality in a county bordered by Lake Michigan and the state of Illinois may request the extension of water or sewer service from another municipality in that county that owns and operates a water or sewer utility if the request for service is for an area that, on the date of the request, does not receive water or sewer service from any public utility or municipality and the municipality requesting the service contains an area that, on the date of the request, receives water or sewer service from the water or sewer utility owned and operated by the other municipality. The municipality requesting the service extension may specify the point on the water or sewer utility's system from which service is to be extended to the area that is the subject of the request. The municipality that owns and operates the water or sewer utility shall approve or disapprove the request in writing within 45 days of the date on which the request was made. The municipality that owns and operates the water or sewer utility may disapprove the request only if the utility does not have sufficient capacity to serve the area that is the subject of the request or if the request would have a significant adverse effect on the utility. A municipality making a request under this paragraph may appeal to the public service commission any decision of the municipality that owns and operates the water or sewer utility to deny the service extension. The public service commission may include in its decision conditions on the extension of service to ensure that costs resulting from the extension are borne by the users causing the cost and that the connection point selected by the municipality requesting the service is reasonable. Either municipality may appeal the decision of the public service commission to the department of natural resources . The department shall provide a determination within 45 days of receiving the appeal. **Vetoed In Part**

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**C−46. Universal Service Fund Revenues Report**

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**Governor's written objections**

*Section 9136 (2u)*

This section requires the Public Service Commission to report to the Joint Committee on Finance on causes of unencumbered balances in the universal service fund and changes that could be adopted to reduce future universal service fund balances. The report would be submitted to the Committee for its third quarterly meeting in 2015, and the commission could not revise provider contribution rates unless the report has been approved by the Committee.

I am vetoing this section in its entirety because it is unnecessary. The commission already has the ability to utilize universal service fund revenues when determining telecommunication provider rates for the coming year, as demonstrated in 2012.

In addition, this section hinders the commission's statutorily−required duty to establish contribution rates by delaying the revision of rates until after the report is approved the Committee.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 9136. Nonstatutory provisions; Public Service Commission.**

(2u) UNIVERSAL SERVICE FUND.

(a) *Definitions.* In this subsection:

1. "Commission" means the public service commission.

2. "Contribution rates" means the rates of contribution to the fund that the commission requires for telecommunications providers under section 196.218 (3) of the statutes.

3. "Fund" means the universal service fund.

4. "Telecommunication provider" has the meaning given in section 196.01 (8p) of the statutes.

(b) *Report.* The commission shall submit a report to the joint committee on finance on the causes of unencumbered balances in the fund and the changes that could be made to the procedures for setting budgets for programs funded by the fund and establishing contribution rates that would reduce future unencumbered balances. The report shall recommend the level of fund balance that is appropriate to accommodate timing imbalances between revenues and expenditures. The report shall also explain how the commission incorporates unspent revenues in the fund's balance, in excess of any revenues needed to accommodate timing imbalances between revenues and expenditures, into contribution rates the commission requires for the 2015–16 fiscal year. The commission shall submit the report to the joint committee on finance prior to the committee's 3rd quarterly meeting in 2015 under section 13.10 of the statutes.

(c) *Prohibition.* Notwithstanding section 196.218 (3) of the statutes, the commission may not revise contribution rates for fiscal year 2015–16 unless the joint committee on finance approves the report submitted under paragraph (b).

**Vetoed In Part**

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**C–47. State Agency Lease Requirements**

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**Governor's written objections**

*Sections 356q and 356r*

This provision requires the Department of Administration to solicit lease options in counties other than Dane or Milwaukee before signing or renewing any lease. In addition, the department is required to prepare a cost–benefit analysis for each lease or renewal to determine whether there are potential savings to the state from moving the affected agency outside Dane or Milwaukee County. The analysis would be provided to the affected agency head and the Joint Committee on Finance.

I am vetoing this provision because this function is already within the department's current law authority under s. 16.84 (5), and therefore, this type of analysis can be accomplished administratively. However, I am directing the department to further evaluate these processes and to consider opportunities where leases could be made in counties outside of Dane or Milwaukee.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 356q.** 16.84 (5) of the statutes is renumbered 16.84 (5) (a) 1. and amended to read:

16.84 **(5)** (a) 1. Have responsibility, subject to approval of the governor, for all functions relating to the leasing, acquisition, allocation and utilization of all real property by the state, except where such responsibility is otherwise provided by the statutes. ~~In this connection, the department shall, with the governor's approval~~

(b) When exercising the responsibility under par. (a) 1., require, with the governor's approval, physical consolidation of office space utilized by any executive branch agency, as defined in s. 16.70 (4), having fewer than 50 authorized full–time equivalent positions with office space utilized by another executive branch agency, whenever feasible. ~~The department shall lease~~

(c) Lease or acquire office space for legislative offices or legislative service agencies at the direction of the joint committee on legislative organization. ~~In this subsection, "executive branch agency" has the meaning given in s. 16.70 (4).~~

**SECTION 356r.** 16.84 (5) (a) 2. of the statutes is created to read:

**Vetoed In Part**

**Vetoed In Part**

16.84 **(5)** (a) 2. Before entering into or renewing a lease for an executive branch agency, as defined in s. 16.70 (4), for space that is located in Dane or Milwaukee County, solicit lease options for space in counties other than Dane or Milwaukee and provide to the agency director and the joint committee on finance a cost−benefit analysis that considers any savings that would accrue to the state if the executive branch agency were located in a county other than Dane or Milwaukee.

**Vetoed In Part**

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**C−48. Tourism Marketing – Earmark Study**

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**Governor's written objections**

*Section 9144 (3j)*

This section requires the Department of Tourism to conduct a study of the statewide benefits of current marketing earmarks. The study would also include possible alternative marketing expenditures that could be made with the funds. The department would be required to submit the study to the Joint Committee on Finance by January 1, 2017.

I am vetoing this section because it is administratively burdensome. By removing the study, the department can focus its resources where they will be most effective at increasing tourism in the state.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 9144. Nonstatutory provisions; Tourism.**

(3j) STUDY CONCERNING TOURISM MARKETING EXPENDITURES; REPORT. The department of tourism shall conduct a study of the statewide benefits of the marketing expenditures required under section 41.11 (6) of the statutes and any possible alternative marketing expenditures that could be made with the same funds. No later than January 1, 2017, the department of tourism shall submit to the joint committee on finance a report detailing its findings from the study conducted under this subsection.

**Vetoed In Part**

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**C−49. Surplus for Rate−Based and Rate−Regulated Providers**

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**Governor's written objections**

*Sections 1471nb, 1471nc, 1471ne, 1471nf, 1471ng, 1471nh, 1471nj, 1471nk, 1471nn, 1471np, 1471nq, 1471nr, 1471ns, 1776n, 1776p, 1777fb, 1777fc, 1777fe, 1777ff, 1777fh, 1777fj, 1777fk, 1777fn, 1777fp, 1777fq, 1777fr, 4250c, 4250e, 4250h, 4250k, 9306 (3u) and 9406 (1v)*

These sections modify contracting requirements for rate−based services and rate− regulated services purchased by the departments of Health Services, Children and Families, and Corrections, as well as certain county departments.

I am vetoing these changes to surplus retention limitations for rate−based and rate−regulated service providers in their entirety because the changes may have unintended consequences beyond the original intent. With this veto, changes would not be made to the current surplus retention structure. However, I am instructing the departments to consider the concerns raised by certain provider groups and to explore alternatives that could be presented in future legislation.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1471nb.** 46.036 (3) (a) of the statutes is amended to read:

46.036 **(3)** (a) ~~Purchase of service contracts~~ Contracts under this section shall be written in accordance with rules promulgated and procedures established by the department. Contracts for client services shall show the total dollar amount to be purchased ~~and~~; shall show for each service the number of clients to be served, number of client service units, the unit rate per client service, and the total dollar amount for each service; shall permit the provider of a rate−based service to generate a surplus of revenue earned under the contract over allowable costs incurred in the contract period; and shall permit a nonprofit corporation that is a provider of a rate−based service or a rate−regulated service to retain from that surplus the amounts specified in sub. (5m) (b), (c), (d), or (em), whichever is applicable. Nothing in this paragraph shall be construed to guarantee the generation of a surplus by a provider of a rate−based service.

**SECTION 1471nc.** 46.036 (3) (c) of the statutes is amended to read:

46.036 **(3)** (c) For proprietary agencies, contracts may include a percentage add−on for profit according to rules promulgated by the department. In calculating profits generated by a rate−regulated service, a proprietary agency may combine revenues in the same manner that a nonprofit corporation is permitted to combine revenues under sub. (5m) (c) 1. and may offset surpluses generated by affiliated providers against deficits generated by such providers in the same manner that a nonprofit corporation is permitted to offset surpluses against deficits under sub. (5m) (c) 2. In calculating profits generated by a rate−based service, a proprietary agency that is a successor provider following a merger, acquisition, consolidation, reorganization, sale, or other transfer may offset surpluses generated by a preexisting provider against deficits generated by such a provider in the same manner that a nonprofit corporation is permitted to offset surpluses against deficits under sub. (5m) (d).

**SECTION 1471ne.** 46.036 (5m) (a) 1. of the statutes is renumbered 46.036 (5m) (a) 1r.

**SECTION 1471nf.** 46.036 (5m) (a) 1d. of the statutes is created to read:

46.036 **(5m)** (a) 1d. "Affiliated provider" means a provider that has control of, is subject to the control of, or is under common control with another provider.

**SECTION 1471ng.** 46.036 (5m) (a) 1g. of the statutes is created to read:

46.036 **(5m)** (a) 1g. "Combined revenues" means the aggregate revenues received by a provider from all purchasers of all rate−regulated services provided by the provider.

**Vetoed In Part**

**SECTION 1471nh.** 46.036 (5m) (a) 1j. of the statutes is created to read:

46.036 **(5m)** (a) 1j. "Control" means the possession of the power, directly or indirectly, to direct or cause the direction of the management and policies of a provider through the ownership of more than 50 percent of the voting rights of the provider, by contract, or otherwise.

**SECTION 1471nj.** 46.036 (5m) (a) 2. of the statutes is amended to read:

46.036 **(5m)** (a) 2. "Rate−based service" means a service or a group of similar services, as determined by the department, provided under one or more contracts between a provider and the purchaser of those services that is reimbursed through a prospectively set rate and that is distinguishable from other services or groups of similar services by the purpose for which funds are provided for that service or group of similar services and by the source of funding for that service or group of similar services.

**SECTION 1471nk.** 46.036 (5m) (a) 3. of the statutes is created to read:

46.036 **(5m)** (a) 3. "Rate−regulated service" means a rate−based service that is reimbursed through a rate established under s. 49.343.

**SECTION 1471nn.** 46.036 (5m) (b) 1. and 2. of the statutes are consolidated, renumbered 46.036 (5m) (b) and amended to read:

46.036 **(5m)** (b) Subject to ~~subd. 2. and~~ pars. (c), (d), (e), and (em), if revenue under a contract for the provision of a rate−based service exceeds allowable costs incurred in the contract period, the provider ~~may~~ shall be permitted to retain ~~from the~~ any surplus generated by that rate−based service ~~up to 5% of the revenue received under the contract. A provider that retains a surplus under this subdivision shall~~ as provided in this paragraph and to use that retained ~~surplus to cover a deficit between revenue and allowable costs incurred in any preceding or future contract period for the same rate−based service that generated the surplus or to address the programmatic needs of clients served by the same rate−based service that generated the surplus. 2.~~ amount, in the sole discretion of the provider, to cover any allowable costs specified in 2 CFR Part 200 or in any other applicable federal law or regulation. If on December 31 of any year the amount accumulated by a provider from all contract periods ending during that year for a rate−based service exceeds 5 percent of the total revenue received from all of those contract periods, the provider shall provide written notice of that excess to all purchasers of that rate−based service and, upon the written request of such

**Vetoed In Part**

**Vetoed In Part**

a purchaser received no later than 6 months after the date of the notice, shall return to the purchaser the purchaser's proportional share of that excess. Subject to pars. (c), (d), (e), and (em), a provider may accumulate funds from more than one contract period under this paragraph~~, except that, if at the end of a contract period the amount accumulated from all contract periods for a rate−based service exceeds 10% of the revenue received under all current contracts for that rate−based service, the provider shall, at the request of a purchaser, return to that purchaser the purchaser's proportional share of that excess and use any of that excess that is not returned to a purchaser to reduce the provider's unit rate per client for that rate−based service in the next contract period. If a provider has held for 4 consecutive contract periods an accumulated reserve for a rate−based service that is equal to or exceeds 10% of the revenue received under all current contracts for that rate−based service, the provider shall apply 50% of that accumulated amount to reducing its unit rate per client for that rate−based service in the next contract period~~. A contract for a rate−based service may not limit the provider to retaining from any surplus generated by that service an amount that is less than 5 percent of the revenue received under the contract. Nothing in this paragraph shall be construed to guarantee the generation of a surplus by the provider of a rate−based service.

**Section 1471np.** 46.036 (5m) (c) of the statutes is created to read:

46.036 **(5m)** (c) 1. Subject to subd. 2. and par. (e), if on December 31 of any year the combined revenues from all contract periods ending during that year for all rate−regulated services exceed the allowable costs related to the provision of those rate−regulated services in that year, the provider shall be permitted to retain any surplus generated by those rate−regulated services as provided in this subdivision and to use that retained amount, in the sole discretion of the provider, to cover any allowable costs specified in 2 CFR Part 200 or in any other applicable federal law or regulation. If on December 31 of any year the amount accumulated by a provider from all contract periods ending during that year for a rate−regulated service provided under those contracts in that year exceeds 5 percent of the total revenue received from all of those contract periods, the provider shall provide written notice of that excess to all purchasers of that rate−regulated service and, upon the written request of such a purchaser received no later than 6 months after the date of the notice, shall return to the purchaser the purchaser's proportional share of that excess. A contract for a rate−regulated service may not limit the provider to retaining from any surplus generated by that service an amount that is less than 5 percent of the revenue received under the contract. Nothing in this subdivision shall be construed to guarantee the generation of a surplus by a provider of a rate−regulated service.

**Vetoed In Part**

2. In calculating under subd. 1. the surplus generated by 2 or more affiliated providers, any surplus of combined revenues over allowable costs generated by one or more of those affiliated providers shall be reduced, but not below zero, by any deficit between combined revenues and allowable costs generated by any one or more of those affiliated providers. If after that reduction there remains any net surplus, that net surplus shall be allocated among the affiliated providers that generated a surplus in proportion to the amount of surplus generated by each such affiliated provider and subd. 1. shall apply to each such affiliated provider's proportionate share of that surplus.

**Section 1471nq.** 46.036 (5m) (d) of the statutes is created to read:

46.036 **(5m)** (d) In making the calculations under par. (b), if 2 or more providers engage in a merger, acquisition, consolidation, reorganization, sale, or other transfer resulting in a single successor provider, all surpluses generated by a rate−based service provided by a preexisting provider shall be offset against all deficits generated by that service provided by a preexisting provider and those net surpluses or deficits shall be the surpluses or deficits of the successor provider.

**Section 1471nr.** 46.036 (5m) (e) of the statutes is amended to read:

46.036 **(5m)** (e) Notwithstanding par. (b) ~~1. and 2.~~, the department or a county department under s. 46.215, 46.22, 46.23, 51.42, or 51.437 that purchases care and services from an inpatient alcohol and other drug abuse treatment program that is not affiliated with a hospital and that is licensed as a community−based residential facility, may allocate to the program an amount that is equal to the amount of revenues received by the program that are in excess of the allowable costs incurred in the period of a contract between the program and the department or the county department for purchase of care and services under this section. The department or the county department may make the allocation under this paragraph only if the funds so allocated do not reduce any amount of unencumbered state aid to the department or the county department that otherwise would lapse to the general fund.

**Section 1471ns.** 46.036 (5m) (em) of the statutes is amended to read:

46.036 **(5m)** (em) Notwithstanding pars. (b) ~~1. and 2.~~ and (e), a county department under s. 46.215, 51.42, or 51.437 providing client services in a county having a population of 500,000 or more or a nonstock, nonprofit corporation providing client services in such a county may not retain a surplus ~~under par. (b) 1.,~~ or accumulate funds under par. (b) ~~2.,~~ or allocate an amount under par. (e) from revenues that are used to meet the

**Vetoed In Part**

maintenance–of–effort requirement under the federal temporary assistance for needy families program under 42 USC 601 to 619.

**Vetoed In Part**

**SECTION 1776n.** 49.34 (3) (a) of the statutes is amended to read:

49.34 **(3)** (a) ~~Purchase of service contracts~~ Contracts under this section shall be written in accordance with rules promulgated and procedures established by the department. Contracts for client services shall show the total dollar amount to be purchased ~~and~~; shall show for each service the number of clients to be served, number of client service units, the unit rate per client service, and the total dollar amount for each service; shall permit the provider of a rate–based service to generate a surplus of revenue earned under the contract over allowable costs incurred in the contract period; and shall permit a nonprofit corporation that is a provider of a rate–based service or a rate–regulated service to retain from that surplus the amounts specified in sub. (5m) (b), (d), (e), or (em), whichever is applicable. Nothing in this paragraph shall be construed to guarantee the generation of a surplus by a provider of a rate–based service.

**SECTION 1776p.** 49.34 (3) (c) of the statutes is amended to read:

49.34 **(3)** (c) For proprietary agencies, contracts may include a percentage add–on for profit according to rules promulgated by the department. In calculating profits generated by a rate–regulated service, a proprietary agency may combine revenues in the same manner that a nonprofit corporation is permitted to combine revenues under sub. (5m) (d) 1. and may offset surpluses generated by affiliated providers against deficits generated by such providers in the same manner that a nonprofit corporation is permitted to offset surpluses against deficits under sub. (5m) (d) 2. In calculating profits generated by a rate–based service, a proprietary agency that is a successor provider following a merger, acquisition, consolidation, reorganization, sale, or other transfer may offset surpluses generated by a preexisting provider against deficits generated by such a provider in the same manner that a nonprofit corporation is permitted to offset surpluses against deficits under sub. (5m) (e).

**Vetoed In Part**

**SECTION 1777fb.** 49.34 (5m) (a) 1. of the statutes is renumbered 49.34 (5m) (a) 1r.

**SECTION 1777fc.** 49.34 (5m) (a) 1d. of the statutes is created to read:

49.34 **(5m)** (a) 1d. "Affiliated provider" means a provider that has control of, is subject to the control of, or is under common control with another provider.

**SECTION 1777fe.** 49.34 (5m) (a) 1g. of the statutes is created to read:

49.34 **(5m)** (a) 1g. "Combined revenues" means the aggregate revenues received by a provider from all purchasers of all rate–regulated services provided by the provider.

**SECTION 1777ff.** 49.34 (5m) (a) 1j. of the statutes is created to read: **Vetoed In Part**

49.34 **(5m)** (a) 1j. "Control" means the possession of the power, directly or indirectly, to direct or cause the direction of the management and policies of a provider through the ownership of more than 50 percent of the voting rights of the provider, by contract, or otherwise.

**SECTION 1777fh.** 49.34 (5m) (a) 2. of the statutes is amended to read:

49.34 **(5m)** (a) 2. "Rate–based service" means a service or a group of similar services, as determined by the department, provided under one or more contracts between a provider and the purchaser of those services that is reimbursed through a prospectively set rate and that is distinguishable from other services or groups of similar services by the purpose for which funds are provided for that service or group of similar services and by the source of funding for that service or group of similar services.

**SECTION 1777fj.** 49.34 (5m) (a) 3. of the statutes is created to read:

49.34 **(5m)** (a) 3. "Rate–regulated service" means a rate–based service that is reimbursed through a rate established under s. 49.343.

**SECTION 1777fk.** 49.34 (5m) (b) 1. and 2. of the statutes are consolidated, renumbered 49.34 (5m) (b) and amended to read:

49.34 **(5m)** (b) Subject to ~~subds. 2. and 3. and par.~~ pars. (d), (e), and (em), if revenue under a contract for the provision of a rate–based service exceeds allowable costs incurred in the contract period, the provider ~~may~~ shall be permitted to retain ~~from the~~ any surplus generated by that rate–based service ~~up to 5% of the contract amount. A provider that retains a surplus under this subdivision shall~~ as provided in this paragraph and to use that retained ~~surplus to cover a deficit between revenue and allowable costs incurred in any preceding or future contract period for the same rate–based service that generated the surplus or to address the programmatic needs of clients served by the same rate–based service that generated the surplus. This subdivision does not apply to a child welfare agency that is authorized under s. 48.61 (7) to license foster homes, a group home, as defined in s. 48.02 (7), or a residential care center for children and youth, as defined in s. 48.02 (15d). 2.~~ amount, in the sole discretion of the provider, to cover any allowable costs specified in 2 CFR part 200 or in any other applicable federal law or regulation. If on December 31 of any year the amount accumulated by a provider from all contract periods ending during that year for a rate–based service exceeds 5 percent of the total revenue received from all of those contract periods, the provider shall provide written notice of that excess to all purchasers of the rate–based service and, upon the written request of such a purchaser received no later than 6 months after the date of the

**Vetoed In Part**

notice, shall return to the purchaser the purchaser's proportional share of that excess. Subject to ~~subd. 3. and par.~~ pars. (d), (e), and (em), a provider may accumulate funds from more than one contract period under this paragraph~~, except that, if at the end of a contract period the amount accumulated from all contract periods for a rate−based service exceeds 10% of the amount of all current contracts for that rate−based service, the provider shall, at the request of a purchaser, return to that purchaser the purchaser's proportional share of that excess and use any of that excess that is not returned to a purchaser to reduce the provider's unit rate per client for that rate−based service in the next contract period. If a provider has held for 4 consecutive contract periods an accumulated reserve for a rate−based service that is equal to or exceeds 10% of the amount of all current contracts for that rate−based service, the provider shall apply 50% of that accumulated amount to reducing its unit rate per client for that rate−based service in the next contract period. The department may grant an exception to this subdivision upon request of a provider that is a child welfare agency that is authorized under s. 48.61 (7) to license foster homes, a group home, as defined in s. 48.02 (7), or a residential care center for children and youth, as defined in s. 48.02 (15d)~~. A contract for a rate−based service may not limit the provider to retaining from any surplus generated by that service an amount that is less than 5 percent of the revenue received under the contract. Nothing in this paragraph shall be construed to guarantee the generation of a surplus by the provider of a rate−based service.

**Section 1777fn.** 49.34 (5m) (b) 3. of the statutes is repealed.

**Section 1777fp.** 49.34 (5m) (d) of the statutes is created to read:

49.34 **(5m)** (d) 1. Subject to subd. 2. and par. (e), if on December 31 of any year the combined revenues from all contract periods ending during that year for all rate−regulated services exceed the allowable costs related to the provision of those rate−regulated services in that year, the provider shall be permitted to retain any surplus generated by those rate−regulated services as provided in this subdivision and to use that retained amount, in the sole discretion of the provider, to cover any allowable costs specified in 2 CFR Part 200 or in any other applicable federal law or regulation. If on December 31 of any year the amount accumulated by a provider from all contract periods ending during that year for a rate−regulated service provided under those contracts in that year exceeds 5 percent of the total revenue received from all of those contract periods, the provider shall provide written notice of that excess to all purchasers of that rate−regulated service and, upon the written request of such a purchaser received no later than 6 months after the date of the notice, shall return to the purchaser the purchaser's proportional share of that excess. The department may grant an exception to this subdivision upon the request of a provider of a rate−regulated service. A contract for a rate−regulated service may not limit the provider to retaining from any surplus generated by that service an amount that is less than 5 percent of the revenue received under the contract. Nothing in this subdivision shall be construed to guarantee the generation of a surplus by the provider of a rate−regulated service.

**Vetoed In Part**

2. In calculating under subd. 1. the surplus generated by 2 or more affiliated providers, any surplus of combined revenues over allowable costs generated by one or more of those affiliated providers shall be reduced, but not below zero, by any deficit between combined revenues and allowable costs generated by any one or more of those affiliated providers. If after that reduction there remains any net surplus, that net surplus shall be allocated among the affiliated providers that generated a surplus in proportion to the amount of surplus generated by each such affiliated provider and subd. 1. shall apply to each such affiliated provider's proportionate share of that surplus.

**Section 1777fq.** 49.34 (5m) (e) of the statutes is created to read:

49.34 **(5m)** (e) In making the calculations under pars. (b) and (d), if 2 or more providers engage in a merger, acquisition, consolidation, reorganization, sale, or other transfer resulting in a single successor provider, all surpluses generated by a rate−based service or a rate−regulated service provided by a preexisting provider shall be offset against all deficits generated by that service provided by a preexisting provider and those net surpluses or deficits shall be the surpluses or deficits of the successor provider.

**Section 1777fr.** 49.34 (5m) (em) of the statutes is amended to read:

49.34 **(5m)** (em) Notwithstanding par. (b) ~~1. and 2.~~, a county department under s. 46.215, 51.42, or 51.437 providing client services in a county having a population of 500,000 or more or a nonstock, nonprofit corporation providing client services in such a county may not retain a surplus generated by a rate−based service or accumulate funds from more than one contract period for a rate−based service from revenues that are used to meet the maintenance−of−effort requirement under the federal temporary assistance for needy families program under 42 USC 601 to 619.

**Vetoed In Part**

**Section 4250c.** 301.08 (2) (c) 1. of the statutes is amended to read:

301.08 **(2)** (c) 1. ~~Purchase of service contracts~~ Contracts under this section shall be written in accordance with rules and procedures established by the department. Contracts for client services shall show the total dollar amount to be purchased ~~and;~~ shall show for each service the number of clients to be served, number of client service units, the unit rate per client service, and

**Vetoed In Part**

the total dollar amount for each service; shall permit the provider of a rate−based service to generate a surplus of revenue earned under the contract over allowable costs incurred in the contract period; and shall permit a nonprofit corporation that is a provider of a rate−based service or a rate−regulated service to retain from that surplus the amounts specified in par. (em) 2., 3., 4., or 5., whichever is applicable. Nothing in this subdivision shall be construed to guarantee the generation of a surplus by a provider of a rate−based service.

**Section 4250e.** 301.08 (2) (c) 3. of the statutes is amended to read:

301.08 **(2)** (c) 3. For proprietary agencies, contracts may include a percentage add−on for profit according to rules promulgated by the department. In calculating profits generated by a rate−regulated service, a proprietary agency may combine revenues in the same manner that a nonprofit corporation is permitted to combine revenues under par. (em) 3. a. and may offset surpluses generated by affiliated providers against deficits generated by such providers in the same manner that a nonprofit corporation is permitted to offset surpluses against deficits under par. (em) 3. b. In calculating profits generated by a rate−based service, a proprietary agency that is a successor provider following a merger, acquisition, consolidation, reorganization, sale, or other transfer may offset surpluses generated by a preexisting provider against deficits generated by such a provider in the same manner that a nonprofit corporation is permitted to offset surpluses against deficits under par. (em) 4.

**Section 4250h.** 301.08 (2) (e) of the statutes is amended to read:

301.08 **(2)** (e) ~~The~~ Except as provided in par. (em), the purchaser shall recover from provider agencies money paid in excess of the conditions of the contract from subsequent payments made to the provider.

**Section 4250k.** 301.08 (2) (em) of the statutes is created to read:

301.08 **(2)** (em) 1. In this paragraph:

a. "Affiliated provider" means a provider that has control of, is subject to the control of, or is under common control with another provider.

b. "Combined revenues" means the aggregate revenues received by a provider from all purchasers of all rate−regulated services provided by the provider.

c. "Control" means the possession of the power, directly or indirectly, to direct or cause the direction of the management and policies of a provider through the ownership of more than 50 percent of the voting rights of the provider, by contract, or otherwise.

d. "Provider" means a nonstock corporation organized under ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17), and that contracts under this section to provide client services on the basis of a unit rate per client service or a county department under s. 46.215, 46.22, 46.23, 51.42, or 51.437 that contracts under this section to provide client services on the basis of a unit rate per client service.

**Vetoed In Part**

e. "Rate−based service" means a service or a group of similar services, as determined by the department, provided under one or more contracts between a provider and the purchaser of those services that is reimbursed through a prospectively set rate and that is distinguishable from other services or groups of similar services by the purpose for which funds are provided for that service or group of similar services and by the source of funding for that service or group of similar services.

f. "Rate−regulated service" means a rate−based service that is reimbursed through a rate established under s. 49.343.

2. Subject to subds. 3., 4., and 5., if revenue under a contract for the provision of a rate−based service exceeds allowable costs incurred in the contract period, the provider shall be permitted to retain any surplus generated by that rate−based service as provided in this subdivision and to use that retained amount, in the sole discretion of the provider, to cover any allowable costs specified in 2 CFR Part 200 or in any other applicable federal law or regulation. If on December 31 of any year the amount accumulated by a provider from all contract periods ending during that year for a rate−based service exceeds 5 percent of the total revenue received from all of those contract periods, the provider shall provide written notice of that excess to all purchasers of that rate−based service and, upon the written request of such a purchaser received no later than 6 months after the date of the notice, shall return to the purchaser the purchaser's proportional share of that excess. Subject to subds. 3., 4., and 5., a provider may accumulate funds from more than one contract period under this subdivision. A contract for a rate−based service may not limit the provider to retaining from any surplus generated by that service an amount that is less than 5 percent of the revenue received under the contract. Nothing in this subdivision shall be construed to guarantee the generation of a surplus by a provider of a rate−based service.

3. a. Subject to subds. 3. b. and 4., if on December 31 of any year the combined revenues from all contract periods ending during that year for all rate−regulated services exceed the allowable costs related to the provision of those rate−regulated services in that year, the provider shall be permitted to retain any surplus generated by those rate−regulated services as provided in this subd. 3. a. and to use that retained amount, in the sole discretion of the provider, to cover any allowable costs specified in 2 CFR Part 200 or in any other applicable federal law or regulation. If on December 31 of any year the amount accumulated by a provider from all contract periods ending during that year for a rate−regulated service exceeds 5 percent of the total revenue received from all of those contract periods, the provider shall

**Vetoed In Part**

provide written notice of that excess to all purchasers of that rate−regulated service and, upon the written request of such a purchaser received no later than 6 months after the date of the notice, shall return to the purchaser the purchaser's proportional share of that excess. A contract for a rate−regulated service may not limit the provider to retaining from any surplus generated by that service an amount that is less than 5 percent of the revenue received under the contract. Nothing in this subd. 3. a. shall be construed to guarantee the generation of a surplus by the provider of a rate−regulated service.

b. In calculating under subd. 3. a. the surplus generated by 2 or more affiliated providers, any surplus of combined revenues over allowable costs generated by one or more of those affiliated providers shall be reduced, but not below zero, by any deficit between combined revenues and allowable costs generated by any one or more of those affiliated providers. If after that reduction there remains any net surplus, that net surplus shall be allocated among the affiliated providers that generated a surplus in proportion to the amount of surplus generated by each such affiliated provider and subd. 3. a. shall apply to each such affiliated provider's proportionate share of that surplus.

4. In making the calculations under subds. 2. and 3., if 2 or more providers engage in a merger, acquisition, consolidation, reorganization, sale, or other transfer resulting in a single successor provider, all surpluses generated by a rate−based service or a rate−regulated service provided by a preexisting provider shall be offset against all deficits generated by that service provided by a preexisting provider and those net surpluses or deficits shall be the surpluses or deficits of the successor provider.

5. Notwithstanding subd. 2., a county department under s. 46.215 providing client services in a county having a population of 750,000 or more or a nonstock, nonprofit corporation providing client services in such a county may not retain a surplus generated by a rate−based service or accumulate funds from more than one contract period for a rate−based service from revenues that are used to meet the maintenance−of−effort requirement under the federal temporary assistance for needy families program under 42 USC 601 to 619.

**Vetoed In Part**

6. All providers that are subject to this paragraph shall comply with any financial reporting and auditing requirements that the department may prescribe. Those requirements shall include a requirement that a provider provide to any purchaser and the department any information that the department needs to claim federal reimbursement for the cost of any services purchased from the provider and a requirement that a provider provide audit reports to any purchaser and the department according to standards specified in the provider's contract and any other standards that the department may prescribe.

**SECTION 9306. Initial applicability; Children and Families.**

**Vetoed In Part**

(3u) RATE−REGULATED AND RATE−BASED SERVICE CONTRACTS. The treatment of sections 46.036 (3) (a) and (c) and (5m) (a) 1., 1d., 1g., 1j., 2., and 3., (b) 1. and 2., (c), (d), (e), and (em), 49.34 (3) (a) and (c) and (5m) (a) 1., 1d., 1g., 1j., 2., and 3., (b) 1., 2., and 3., (d), (e), and (em), and 301.08 (2) (c) 1. and 3., (e), and (em) of the statutes first applies to a contract under which a provider commences performance on the effective date of this subsection.

**SECTION 9406. Effective dates; Children and Families.**

**Vetoed In Part**

(1v) RATE−REGULATED AND RATE−BASED SERVICE CONTRACTS. The treatment of sections 46.036 (3) (a) and (c) and (5m) (a) 1., 1d., 1g., 1j., 2., and 3., (b) 1. and 2., (c), (d), (e), and (em), 49.34 (3) (a) and (c) and (5m) (a) 1., 1d., 1g., 1j., 2., and 3., (b) 1., 2., and 3., (d), (e), and (em), and 301.08 (2) (c) 1. and 3., (e), and (em) of the statutes and SECTION 9306 (3u) of this act take effect on the January 1 after publication.

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**C−50. Ambulatory Surgical Centers Reporting**

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**Governor's written objections**

*Section 3483t*

This section requires the Department of Health Services to annually submit a report to the Joint Committee on Finance summarizing the following information related to the ambulatory surgical centers assessment: (a) the total amount of revenue collected; (b) the total amount each center paid; (c) the amount any eligible managed care organization received; (d) the total amount each managed care organization paid; and (e) the total amount of revenue returned to eligible centers. The Department of Revenue is required to provide any information requested from the Department of Health Services necessary to complete the report.

I am vetoing this section because I object to the creation of unnecessary reporting requirements. In addition, I object to the infringement on taxpayer privacy created by the requirement to include specific information that is subject to restrictions on disclosure of certain tax−related information.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 3483t.** 146.98 (7) of the statutes is created to read:

146.98 **(7)** (a) Annually, the department of health services shall submit a report to the joint committee on finance containing all of the following information for the immediately preceding fiscal year:

1. The total amount of revenue collected from eligible ambulatory surgical centers under the assessment under this section.

2. The amount each eligible ambulatory surgical center paid under the assessment under this section. The department of health services may withhold the name of the ambulatory surgical center paying the assessment but shall specify the specialty of the center paying the assessment.

3. The total amount of money received by each managed care organization, if money was received, in connection with the implementation of the assessment under this section.

4. The total amount each managed care organization under subd. 3. paid to ambulatory surgical centers.

5. The total amount of Medical Assistance payment increases made in connection with the implementation of the assessment paid to eligible ambulatory surgical centers on a fee−for−service basis under the assessment under this section.

(b) Upon request of the department of health services, the department of revenue shall provide to the department of health services any information in the possession of the department of revenue that is necessary for the department of health services to complete the report under par. (a).

**Vetoed In Part**

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## C−51. Transfer of Regulation of Food, Lodging and Recreational Establishments

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**Governor's written objections**

*Sections 132m, 9102 (3q) and 9402*

These sections relate to the transfer of the regulation of food, lodging and recreational establishments from the Department of Health Services to the Department of Agriculture, Trade and Consumer Protection. The provision prohibits the Department of Agriculture, Trade and Consumer Protection, or local health departments that have been granted agent status, from modifying the fees in effect on the general effective date of the bill that apply to entities regulated under Subchapter II of Chapter 97 of the statutes, as created under the bill, related to food safety. In addition, this provision creates the Food Safety Advisory Council in the Department of Agriculture, Trade and Consumer Protection, requires the secretary of the department to appoint council members and requires the council to meet quarterly.

I am vetoing these sections because I object to prohibiting the Department of Agriculture, Trade and Consumer Protection or local health departments from modifying current fees. The department and local health departments require the flexibility to ensure that fees are set at an appropriate level to sufficiently cover costs associated with the program. I also object to the requirement to create the Food Safety Advisory Council in the Department of Agriculture, Trade and Consumer Protection because it is unnecessary. The department already has the flexibility to create a council under current law.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 132m.** 15.137 (4) of the statutes is created to read:

15.137 **(4)** FOOD SAFETY ADVISORY COUNCIL. There is created in the department of agriculture, trade and consumer protection a food safety advisory council. The secretary of agriculture, trade and consumer protection shall appoint to the council members reflecting a broad representation of the persons regulated under subch. II of ch. 97, to serve at the pleasure of the secretary. The council shall meet at least quarterly. The council shall advise the secretary of agriculture, trade and consumer

**Vetoed In Part**

**Vetoed In Part**

protection on all aspects of food safety, including the fees charged to the persons regulated under subch. II of ch. 97.

**SECTION 9102. Nonstatutory provisions; Agriculture, Trade and Consumer Protection.**

**Vetoed In Part**

(3q) FOOD SAFETY FEES.

(a) During the period beginning on the effective date of this paragraph and ending on July 1, 2016, the department of agriculture, trade and consumer protection and any local health department designated as an agent of the department may not modify any fee established under sections 97.12 to 97.57 of the statutes.

(b) During the period beginning on July 1, 2016, and ending on July 1, 2017, the department of agriculture, trade and consumer protection and any local health department designated as an agent of the department may not modify any fee established under subchapter II of chapter 97 of the statutes that applies to any entity regulated under subchapter II of chapter 97 of the statutes. **Vetoed In Part**

**SECTION 9402. Effective dates; Agriculture, Trade and Consumer Protection.** **Vetoed In Part**

(1v) FOOD SAFETY ADVISORY COUNCIL. The treatment of section 15.137 (4) of the statutes takes effect on July 1, 2016.

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## C−52. Audiologist and Speech Language Pathologist Fees

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**Governor's written objections**

*Section 9138 (6c)*

This provision sets speech language pathologist and audiologist credential renewal fees at $75 biennially.

I am vetoing this provision because I object to the practice of singling out certain credential fees in statute. This provision prevents the Department of Safety and Professional Services from setting renewal fees according to the department's administrative and enforcement costs attributable to the regulation of these occupations, as is current practice.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9138. Nonstatutory provisions; Safety and Professional Services.**

**Vetoed In Part**

(6c) CREDENTIAL RENEWAL FEES FOR AUDIOLOGISTS AND SPEECH−LANGUAGE PATHOLOGISTS. Notwithstanding sections 440.03 (9), 440.05 (2) (a), 440.08 (2) (c) and (3) (a), and 459.24 (5) (a) of the statutes, the renewal fee for a license granted under subchapter II of chapter 459 of the statutes shall, instead of being determined under section 440.03 (9) of the statutes, be $75 with respect to the February 1, 2017, renewal date. **Vetoed In Part**

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## C−53. Progressive Raffles

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**Governor's written objections**

*Sections 4546m, 4546p, 4546r and 4546t*

These sections authorize a charitable organization holding a Class B raffle license to conduct a progressive raffle, which is a raffle in which a series of drawings is held and the money collected in ticket sales is carried over to the succeeding drawing if a winner does not select a prize card from among a set of cards.

I am vetoing these sections in their entirety because I object to the changes to raffles as it could threaten the exclusive rights of the Indian tribes to conduct Class III gaming in return for making revenue−sharing payments to the State, which is reflected in the compacts signed by the tribes and the State. The exclusivity clauses prohibit the State from substantively altering the charitable games authorized under state law.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 4546m.** 563.03 (12d) of the statutes is created to read:

563.03 **(12d)** "Progressive raffle" means a raffle in which a series of drawings, as defined in sub. (5r) (a), is held and to which all of the following apply:

(a) All drawings are held successively on the same day or on different days.

(b) The winner of a drawing selects from a set of cards, one of which is designated as a prize card and each of which is enclosed in a separate envelope. Winners of all drawings in the series select from the same set of cards, not including the cards selected by previous winners of drawings in the series.

(c) If the winner of a drawing does not select the prize card, tickets are sold for a new drawing and a new drawing is held. Tickets sold for a specific drawing are ineligible for future drawings.

(d) No drawings are held after the winner of a drawing selects the prize card.

(e) If the winner of a drawing selects the prize card, the total amount of money collected from the sale of tickets for all drawings held in the series is distributed in the following manner:

1. The organization conducting the raffle awards 50 percent to the drawing winner who selected the prize card.

2. The organization conducting the raffle keeps 50 percent.

**Vetoed In Part**

**SECTION 4546p.** 563.908 of the statutes, as affected by 2015 Wisconsin Act 6, is amended to read:

**563.908 Requirements of raffles.** A raffle may not be conducted in this state unless any winner in the raffle is determined by a drawing, or by a drawing followed by the selection of a prize card from among a set of cards, as described in s. 563.03 (12d), with all tickets purchased for a specific drawing or all calendars having an equal opportunity to win.

**SECTION 4546r.** 563.92 (1m) (c) 1. of the statutes, as affected by 2015 Wisconsin Act 6, is amended to read:

563.92 **(1m)** (c) 1. Conduct multiple–container raffles, progressive raffles, or plastic or rubber duck races if the raffles or races are authorized under s. 563.908.

**SECTION 4546t.** 563.935 (11) of the statutes is created to read:

563.935 **(11)** An organization that conducts a progressive raffle shall do all of the following:

(a) Establish the price of a ticket for a drawing in the raffle before tickets for the first drawing are sold and sell all tickets for all drawings in the raffle for the same price.

(b) During the raffle, keep all unselected cards in a locked container to which only the officers of the organization have access.

(c) Display all cards selected by previous drawing winners before selling tickets for a drawing.

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## C–54. Joint Committee on Finance Approval of Tax Reciprocity Agreements

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**Governor's written objections**

*Sections 2117e, 2226e and 2226em*

These sections prohibit any income tax reciprocity agreement from taking effect unless approved by the Joint Committee on Finance under s. 13.101 and explicitly prohibit any new agreement with either the State of Minnesota or the State of Illinois unless approved in this manner. This provision would not apply to current agreements with the states of Kentucky, Illinois, Michigan and Indiana.

I am vetoing these sections because I object to reducing the flexibility of the Department of Revenue to manage these agreements.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 2117e.** 71.05 (2) of the statutes is amended to read:

71.05 **(2)** NONRESIDENT RECIPROCITY. All payments received by natural persons domiciled outside Wisconsin who derive income from the performance of personal services in Wisconsin shall be excluded from Wisconsin gross income to the extent that it is subjected to an income tax imposed by the state of domicile; provided that the law of the state of domicile allows a similar exclusion of income from personal services earned in such state by natural persons domiciled in Wisconsin, or a credit against the tax imposed by such state on such income equal to the Wisconsin tax on such income. With regard to any agreement that is entered into under this subsection on or after the effective date of this subsection .... [LRB inserts date], such an agreement may not take effect unless it is approved by the joint committee on finance using the procedures authorized under s. 13.101.

**Vetoed In Part**

**SECTION 2226e.** 71.10 (7) (a) of the statutes is amended to read:

71.10 **(7)** (a) For purposes of income tax reciprocity reached with the state of Minnesota under s. 71.05 (2), whenever the income taxes on residents of one state which would have been paid to the 2nd state without reciprocity exceed the income taxes on residents of the 2nd state which would have been paid to the first state without reciprocity, the state with the net revenue loss shall receive from the other state the amount of the loss. Interest shall be payable on all delinquent balances relating to taxable years beginning after December 31, 1977. The secretary of revenue may enter into agreements with the state of Minnesota specifying the reciprocity payment due date, conditions constituting delinquency, interest rates and the method of computing interest due on any delinquent amounts, except that no such agreement that is entered into on or after the effective date of this paragraph .... [LRB inserts date], may take effect unless it is approved by the joint committee on finance using the procedures authorized under s. 13.101.

**Vetoed In Part**

**SECTION 2226em.** 71.10 (7e) (a) of the statutes is amended to read:

71.10 **(7e)** (a) For purposes of income tax reciprocity reached with the state of Illinois under s. 71.05 (2), whenever the income taxes on residents of one state which would have been paid to the 2nd state without reciprocity exceed the income taxes on residents of the 2nd state which would have been paid to the first state without reciprocity, the state with the net revenue loss shall receive from the other state the amount of the loss. Interest shall be payable on all delinquent balances relating to taxable years beginning after December 31, 1999. The secretary of revenue may enter into agreements with the state of Illinois specifying the reciprocity payment due date, conditions constituting delinquency, interest rates and the method of computing interest due on any delinquent amounts, except that no such agreement that is entered into on or after the effective date of this paragraph .... [LRB inserts date], may take effect unless it is approved by the joint committee on finance using the procedures authorized under s. 13.101.

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## C−55. Sales Tax Exemption for Amusement Device Proceeds

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**Governor's written objections**

*Sections 2515m, 2515n, 2524m, 2524n and 9437 (2u)*

These sections specify that the taxable sales on the privilege of having access to the use of an amusement device include only the sales of playing time on the device.

In addition, these sections specify that the current law provision that imposes the sales tax on the sale of or the right to use specified digital goods and additional digital goods (whether on a permanent or less than permanent basis and regardless of whether the purchaser is required to make additional payments for continued use) does not apply to specified digital goods or additional digital goods used on or as part of a device to the extent that playing time on an amusement device derives from playing specified digital goods or additional digital goods.

These sections further specify that certain playing time on an amusement device is to be excluded from the general taxability under the sales and use tax of admissions to amusement, entertainment or recreational events.

These sections also define "amusement device" as a pool table, video game machine, video gambling machine, dartboard, pinball machine, foosball table, air hockey table, shuffleboard table or jukebox.

I am vetoing these sections because I object to the overly broad exception it creates to the imposition of the sales and use tax on digital goods. Such a broad exception may have unintended administrative and fiscal consequences both in the short term and the long term in our increasingly technology–driven age.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 2515m.** 77.51 (1ba) of the statutes is renumbered 77.51 (1bg).

**SECTION 2515n.** 77.51 (1bd) of the statutes is created to read:

77.51 **(1bd)** "Amusement device" includes any of the following:

(a) A pool table.

(b) A video game machine.

(c) A video gambling machine.

(d) A dart board.

(e) A pinball machine.

(f) A foosball table.

(g) An air hockey table.

(h) A shuffleboard table.

(i) A jukebox.

**Vetoed In Part**

**SECTION 2524m.** 77.52 (2) (a) 2. a. of the statutes is amended to read:

77.52 **(2)** (a) 2. a. Except as provided in subd. 2. b. ~~and~~, c., and d., the sale of admissions to amusement, athletic, entertainment, or recreational events or places, except county fairs~~,~~; the sale, rental, or use of regular bingo cards, extra regular cards, and special bingo cards and the sale of bingo supplies to players; and the furnishing, for dues, fees, or other considerations, the privilege of access to clubs or the privilege of having access to or the use of amusement, entertainment, athletic, or recreational devices or facilities, including the sale or furnishing of use of recreational facilities on a periodic basis or other recreational rights, including but not limited to membership rights, vacation services, and club memberships.

**Vetoed In Part**

**SECTION 2524n.** 77.52 (2) (a) 2. d. of the statutes is created to read:

77.52 **(2)** (a) 2. d. Taxable sales on the privilege of having access to or the use of an amusement device include only the sales of playing time on the device. To the extent that playing time on an amusement device derives from playing specified digital goods or additional digital goods on the amusement device, the tax imposed under sub. (1) (d) does not apply to specified digital goods or additional digital goods used on or as part of the device.

**SECTION 9437. Effective dates; Revenue.**

**Vetoed In Part**

(2u) AMUSEMENT DEVICES. The renumbering of section 77.51 (1ba) of the statutes, the amendment of section 77.52 (2) (a) 2. a. of the statutes, and the creation of sections 77.51 (1bd) and 77.52 (2) (a) 2. d. of the statutes take effect on January 1, 2016.

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**C–56. Cigarette Tax Manufacturer's Discount**

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**Governor's written objections**

*Section 3445p*

This section increases the cigarette manufacturer's tax discount, from 0.7 percent to 0.8 percent, which manufacturers, bonded direct marketers and distributors receive on cigarette tax stamp purchases from the state.

I am vetoing this section because I object to this unnecessary adjustment. Wisconsin's cigarette tax discount is sufficiently in line with the discount provided by other states, and consequently, no increase in the discount is merited at this time.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 3445p.** 139.32 (5) of the statutes is amended to read:

139.32 **(5)** Manufacturers, bonded direct marketers, and distributors who are authorized by the department to purchase tax stamps shall receive a discount of ~~0.7~~ 0.8 percent of the tax paid on stamp purchases.

**Vetoed In Part**

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**C−57. Additional Auditor Reporting Comparison Requirements**

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**Governor's written objections**

*Section 9137*

This provision requires the Department of Revenue to submit an annual report to the Joint Committee on Finance related to the activities of the additional auditing positions provided under the bill. The report requires information on the actual or estimated amount of state tax revenues generated by the full−time additional positions and the expenditures associated with the positions. In addition, the report requires information on the number of audits, and the amount of revenue generated from those audits, that were performed on persons headquartered or residing outside Wisconsin compared to persons headquartered or residing in Wisconsin.

I am partially vetoing section 9137 to remove the requirement to report information on the number of audits and the revenue from those audits performed on persons headquartered or residing outside Wisconsin compared to persons headquartered or residing in Wisconsin. I am partially vetoing this section because release of this information may potentially violate the confidentiality standards to which the department must adhere to safeguard taxpayer privacy.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 9137. Nonstatutory provisions; Revenue.**

(1j) AUDITORS. No later than December 31 of each year, beginning in 2016 and ending in 2020, the department of revenue shall submit a report to the joint committee on finance containing information from the previous fiscal year regarding the actual or estimated state tax revenues generated by, and expenditures associated with, the additional full−time equivalent auditor positions authorized under this act. The department of revenue shall include in its annual report the number of audits, and the revenue generated from those audits, that auditors conducted on persons who reside or have a commercial domicile outside this state compared to persons who reside or have a commercial domicile inside this state.

**C−58. Sales Tax Exemption for Construction Materials**

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**Governor's written objections**

*Sections 2524r, 9337 (4c) and 9437 (2c)*

This provision creates a sales and use tax exemption for goods sold to construction contractors who, in fulfillment of a real property construction activity, transfer goods to Wisconsin elementary and secondary school districts, municipalities or nonprofit entities if the goods become a component of a facility in Wisconsin that is owned by the entity. This provision becomes effective on January 1, 2016.

I am vetoing this provision because the language as drafted is much broader than the scope of the intended legislation as it would apply to construction materials purchased by a contractor for any project. While I am vetoing this provision because of the broad scope of the provision as drafted, I support the intended provision and encourage separate legislation to enact the intended exemption. As such, I support a sales and use tax exemption for goods sold to a construction contractor, while fulfilling a real property construction activity, when the goods are transferred to Wisconsin elementary and secondary school districts, municipalities or nonprofit entities if such goods will be a part of a facility located within the state.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 2524r.** 77.54 (9a) (k) of the statutes is created to read:

77.54 **(9a)** (k) A construction contractor who, in fulfillment of a real property construction activity, transfers the tangible personal property, or item, or property under s. 77.52 (1) (b) or (c), to an entity described under par. (b) or (f), if such tangible personal property, item, or property becomes a component of a facility in this state that is owned by the entity. In this subsection, "facility" means any building, shelter, parking lot, parking garage, athletic field, athletic park, storm sewer, or water supply system, but does not include a highway, street, or road. **Vetoed In Part**

**SECTION 9337. Initial applicability; Revenue.**

(4c) CONSTRUCTION MATERIALS. The treatment of section 77.54 (9a) (k) of the statutes first applies to contracts entered into on January 1, 2016. **Vetoed In Part**

**SECTION 9437. Effective dates; Revenue.**

(2c) CONSTRUCTION MATERIALS. The treatment of section 77.54 (9a) (k) of the statutes takes effect on January 1, 2016. **Vetoed In Part**

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**C–59. Implementation of Room Tax Modifications**

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**Governor's written objections**

*Sections 1990ec, 1990ek and 1990ekf*

These provisions change the definition of "tourism entity" to mean a nonprofit organization providing destination marketing staff and services that came into existence before January 1, 2016, except that if no such organization exists in the municipality on January 1, 2016, the municipality may contract with such an organization if one is created in the municipality. Under current law, a "tourism entity" must have come into existence before January 1, 1992.

These provisions also specify that if a municipality is subject to other provisions of the bill that require reductions in the amount of room tax revenue that is permitted to be retained for purposes other than tourism promotion and tourism development, the municipality may continue to utilize room tax revenues to satisfy the terms of a contract provided that contract is entered into before January 1, 2016.

I am partially vetoing the definition of "tourism entity" because I object to the period of time that is provided wherein a new tourism entity may first come into existence that is not created in the municipality. Under my partial veto, a "tourism entity" must either have come into existence before January 1, 1992, consistent with current law, or if no such organization exists in the municipality on January 1, 2016, be an entity that a municipality chooses to contract with that is created in the municipality and which provides destination marketing staff and services. As a result of my partial veto, the period of time wherein new entities that are not necessarily created in the municipality and which could be created to potentially divert funds from legitimate convention and visitor bureaus or chambers of commerce would be eliminated.

I am vetoing the provisions allowing use of room tax revenue for the satisfaction of a contract entered into before January 1, 2016, because I object to the additional time that the provisions allow wherein a municipality may enter into new contracts that utilize room tax revenues for purposes other than tourism promotion and tourism development. This additional time could be used to diminish the intent of the bill to require greater shares of room tax revenue to be devoted to tourism promotion and tourism development.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1990ec.** 66.0615 (1) (f) of the statutes is amended to read:

66.0615 **(1)** (f) "Tourism entity" means a nonprofit organization that came into existence before January 1, ~~1992, and provides staff, development or promotional~~ 2016, spends at least 51 percent of its revenues on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality, except that if no such organization exists in a municipality on January 1, 2016, a municipality may contract with such an organization if one is created in the municipality. **Vetoed In Part**

**Vetoed In Part**

**Section 1990ek.** 66.0615 (1m) (dm) of the statutes is created to read:

66.0615 **(1m)** (dm) Subject to par. (dq), beginning with the room tax collected on January 1, 2017, by a municipality that collected a room tax on May 13, 1994, as described in par. (d) 2., and retained more than 30 percent of the room tax collected for purposes other than tourism promotion and tourism development, such a municipality may continue to retain, each year, the greater of either 30 percent of its current year revenues or one of the following amounts:

**Vetoed In Part**

**Section 1990ekf.** 66.0615 (1m) (dq) of the statutes is created to read:

66.0615 **(1m)** (dq) 1. Subject to subd. 2., with regard to a municipality to which par. (dm) applies, if that municipality is subject to a contract that it entered into before January 1, 2016, the provisions of par. (dm) do not apply to any room tax revenues to the extent those revenues are needed to satisfy the terms of the contract.

2. Upon the satisfaction of the terms of the contract which, under subd. 1., limit the application of par. (dm) to such a municipality, par. (dm) shall then apply to the municipality.

**Vetoed In Part**

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## C−60. Layoff Procedures for Certain Employees

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*Section 9132 (3d)*

This provision excludes the layoff procedures under s. 230.34 (2) (a) from applying to layoffs relating to education−related positions and science services positions in the Department of Natural Resources funded under certain appropriations during the 2013−15 biennium. The procedures would require the employees to be laid off on the basis of seniority or performance or a combination thereof, or by other factors.

I am partially vetoing this provision because I object to the narrow exclusion. The purpose of the provision was to ensure that, during the 2015−17 biennium, the department has maximum flexibility in reassigning or reducing staff without eliminating limited term or temporary employees who are critical to the department's operations. My veto restores the intent of the provision.

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**Cited segments of 2015 Senate Bill 21:**

**Section 9132. Nonstatutory provisions; Natural Resources.**

(3d) Layoff procedures for certain employees of the department of natural resources. The layoff procedures under section 230.34 (2) (a) of the statutes shall not apply to employees holding the 11.0 FTE SEG education−related positions and the 18.4 FTE SEG science services positions, funded from the appropriation accounts under section 20.370 (1) (mu), (2) (hq), (3) (fj), (mt), (mu), and (my), (4) (mu) and (mz), and (9) (iq), (mu), and (mz) of the statutes during the 2013−15 fiscal biennium, that are eliminated by this act.

**Vetoed In Part**

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## C−61. Unfunded Pension Liability Payments

*Sections 293d, 293h and 293p*

These sections seek to clarify that the secretary of the Department of Administration may require any state agency, including authorities, to make payments related to debt service payments on pension obligation bonds that were issued to cover unfunded pension liabilities. Section 293p explicitly states that the obligation related to unfunded pension liabilities for former University of Wisconsin Hospital and Clinics Board employees is the responsibility of the University of Wisconsin Hospital and Clinics Authority now that the board has been dissolved.

I am vetoing these sections because I do not believe that current law needs to be clarified. Consistent with the current law payment methodology as administered by the Department of Administration, the University of Wisconsin Hospital and Clinics Authority should continue to honor its legal obligation to pay the board's unfunded pension liability obligation in order to avoid shifting these costs to other state agencies and authorities and therefore, unfairly and disproportionately, to state taxpayers.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 293d.** 16.529 (1) of the statutes is repealed and recreated to read:

16.529 **(1)** In this section, "state agency" has the meaning given in s. 40.02 (54).

**SECTION 293h.** 16.529 (2) of the statutes is amended to read:

16.529 **(2)** Notwithstanding ss. 20.001 (3) (a) to (c) and 25.40 (3), ~~beginning in the 2007–09 fiscal biennium,~~ during each fiscal biennium the secretary shall lapse to the general fund or transfer to the general fund from each state agency appropriation specified in sub. (3) an amount equal to that portion of the total amount of principal and interest to be paid on obligations issued under s. 16.527 during the fiscal biennium that is allocable to the appropriation, as determined under sub. (3). The secretary may require that a state agency pay the amount directly to the state in lieu of lapsing or transferring the amount to the general fund.

**Vetoed In Part**

**SECTION 293p.** 16.529 (3) (d) of the statutes is created to read:

16.529 **(3)** (d) For purposes of calculating the amount allocable to the University of Wisconsin Hospitals and Clinics Authority under par. (b), the secretary shall include any amount allocable to the former University of Wisconsin Hospitals and Clinics Board, which was eliminated in 2011 Wisconsin Act 10, based on the number of employees at the University of Wisconsin Hospitals and Clinics Board on the day on which it was eliminated, as calculated by the secretary.

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## C–62. County and Municipal Levy Limit Adjustment for Transferred Services

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**Governor's written objections**

*Section 1986j*

This provision creates a new adjustment under the county and municipal levy limits allowing a municipality or county to make an adjustment to its levy limit authority related to savings realized as the result of a service transfer between political subdivisions. The amount of the adjustment is an increase of up to one–half of the amount of the savings realized, subject to an apportionment of those savings agreed upon by the political subdivisions. This adjustment first applies to levies set in 2015.

I am vetoing this section because I object to allowing counties and municipalities to turn savings from service consolidation into a property tax increase. While I support the objective of savings through service consolidation, those savings should be the incentive for consolidation and a benefit to the residents of the county or municipality, rather than an additional tax burden.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 1986j.** 66.0602 (3) (bm) of the statutes is created to read:

66.0602 **(3)** (bm) Beginning with taxes levied in 2015, if a political subdivision transfers to another political subdivision any service that the transferor political subdivision provided in the preceding year, the amount of the decrease under par. (a) exceeds the amount of the increase under par. (b), and the transferor political subdivision and the transferee political subdivision agree on a division of a levy adjustment under this paragraph, one–half of the difference between the decrease under par. (a) and the increase under par. (b) may be used to increase the allowable levy of the transferor and transferee political subdivisions as provided in the levy adjustment agreement.

**Vetoed In Part**

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**C−63. Alcoholic Beverage License Modifications**

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**Governor's written objections**

*Sections 3432d, 3432e, 3432g, 3432i, 3432k, 3432m, 3432o, 3432q, 3432r, 3432s, 3432t, 3432u and 3432w*

These sections permit a municipality that has reached its "Class B" alcohol license quota (for licenses for on−premises sales of liquor) to obtain another license by paying a nonrefundable fee of $10,000 to a contiguous municipality that has not reached its quota. The transferred license would then remain under the jurisdiction of the receiving municipality.

These sections allow, but do not require, municipalities with available licenses to transfer a license. A municipality that has not issued any "Class B" license would be prohibited from transferring a license under these sections.

These sections further specify that the $10,000 fee paid for a reserve "Class B" license may not be rebated or refunded to the recipient of the reserve "Class B" license by the municipality that issued the reserve license.

In addition, these sections delete a current law provision that permits municipalities that have reached their liquor license quota to issue a "Class B" liquor license to a restaurant that seats at least 300 people.

Finally, these sections prohibit a winery from holding a Class "B" alcohol license which permits the on−premises consumption of beer unless it was issued a Class "B" license before the effective date of the bill.

I am vetoing these sections because they will have unintended consequences, including significant negative impacts on many tourist areas across the state. While some of these provisions may have merit, the Legislature should review the impact further and forward legislation when the full impact has been analyzed and such issues have been resolved.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 3432d.** 125.51 (3) (e) 1. of the statutes is amended to read:

125.51 **(3)** (e) 1. Except as provided in subds. 2. ~~and 3.~~ to 4., the annual fee for a "Class B" license shall be established by the municipal governing body and shall be the same for all "Class B" licenses, except that the minimum fee shall be $50 and the maximum fee shall be $500. The minimum fee does not apply to licenses issued to bona fide clubs and lodges situated and incorporated in the state for at least 6 years.

**SECTION 3432e.** 125.51 (3) (e) 2. of the statutes is amended to read:

125.51 **(3)** (e) 2. Each municipal governing body shall establish the fee, in an amount not less than $10,000, for an initial issuance of a reserve "Class B" license, as defined in sub. (4) (a) 4., and, if the municipality contains a capital improvement area enumerated under sub. (4) (x) 2. a., for an initial issuance of a "Class B" license under sub. (4) (x) 3. and 4., except that the fee for an initial issuance of a reserve "Class B" license to a bona fide club or lodge situated and incorporated in the state for at least 6 years is the fee established under subd. 1. for such a club or lodge. The fee under this subdivision is in addition to any other fee required under this chapter. The annual fee for renewal of a reserve "Class B" license, as defined in sub. (4) (a) 1., and a "Class B" license issued under sub. (4) (x) 3. or 4. is the fee established under subd. 1. A municipality may not rebate or refund to a "Class B" licensee, including through any grant program, the fee paid by the licensee under this subdivision for initial issuance of a reserve "Class B" license.

**SECTION 3432g.** 125.51 (3) (e) 4. of the statutes is created to read:

125.51 **(3)** (e) 4. In addition to any fee under subd. 1. or 2., there is a $10,000 issuance fee for a license transferred to the issuing municipality under sub. (4) (e).

**Vetoed In Part**

**SECTION 3432i.** 125.51 (4) (b) (intro.) of the statutes is amended to read:

125.51 **(4)** (b) (intro.) Except as provided in pars. (bg), (c), and (d), the quota of each municipality is the sum of the following:

**SECTION 3432k.** 125.51 (4) (bg) of the statutes is created to read:

125.51 **(4)** (bg) The quota under par. (b) for a municipality shall be increased by each license transferred to the municipality under par. (e) and shall be decreased by each license transferred from the municipality under par. (e).

**SECTION 3432m.** 125.51 (4) (bm) (intro.) of the statutes is amended to read:

125.51 **(4)** (bm) (intro.) The clerk of each municipality shall record the municipality's population, as defined in par. (a) 2., and the number of licenses for each of the following categories:

**Vetoed In Part**

**Vetoed In Part**

**SECTION 3432o.** 125.51 (4) (bm) 2. of the statutes is amended to read:

125.51 **(4)** (bm) 2. Described in par. (b) 1g.~~; and~~

**SECTION 3432q.** 125.51 (4) (bm) 4. of the statutes is created to read:

125.51 **(4)** (bm) 4. That are transferred from the municipality or transferred to the municipality under par. (e).

**SECTION 3432r.** 125.51 (4) (br) 1. (intro.) of the statutes is amended to read:

125.51 **(4)** (br) 1. (intro.) Except as provided in ~~subd.~~ subds. 2. and 3., the number of reserve "Class B" licenses authorized to be issued by a municipality shall be determined as follows:

**SECTION 3432s.** 125.51 (4) (br) 3. of the statutes is created to read:

125.51 **(4)** (br) 3. A reserve "Class B" license transferred to a municipality may be issued by that municipality as provided in par. (e) and shall be counted under par. (bm) 4., not par. (bm) 3.

**SECTION 3432t.** 125.51 (4) (e) of the statutes is created to read:

125.51 **(4)** (e) 1. If a municipality has issued a number of licenses equal to its quota, the municipality may make a request to any contiguous municipality that has not issued a number of licenses equal to the contiguous municipality's quota that the contiguous municipality transfer a license to the requesting municipality.

2. If the request under subd. 1. is granted, then upon payment of a nonrefundable transfer fee of $10,000 by the requesting municipality to the transferring municipality, the license is transferred.

3. A municipality may transfer or receive more than one license under this paragraph as long as each transfer meets the requirements of this paragraph. After transfer of a license under this paragraph, the municipality receiving the license may issue and renew the license in the same manner as other licenses that have not been so transferred. If a license transferred under this paragraph is a reserve "Class B" license, it does not lose its character as a reserve "Class B" license because of the transfer. Upon reissuance of the reserve "Class B" license by the receiving municipality, the initial issuance fee under sub. (3) (e) 2. does not again apply.

4. Notwithstanding subds. 1. to 3., if a municipality has not issued any licenses, the municipality may not transfer any licenses under this paragraph.

**SECTION 3432u.** 125.51 (4) (v) 1. of the statutes is repealed.

**Vetoed In Part**

**SECTION 3432w.** 125.53 (3) of the statutes is created to read:

125.53 **(3)** A winery holding a permit under this section may not hold a Class "B" license unless the Class "B" license was issued to the winery prior to the effective date of this subsection .... [LRB inserts date].

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**C–64. Lafayette County Sheriff's Department**

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**Governor's written objections**

*Sections 481 [as it relates to s. 20.455 (2) (kd)] and 9126 (1q)*

This provision appropriates $50,000 PR in each year of the biennium to award a law enforcement grant to the Lafayette County Sheriff's Department.

I am vetoing section 9126 (1q) and partially vetoing section 481 [as it relates to s. 20.455 (2) (kd)] by lining out the amounts under s. 20.455 (2) (kd) and writing in smaller amounts that reduce the appropriation by $50,000 in each year of the biennium because I object to providing a grant to one specific recipient. I encourage the Lafayette County Sheriff to work with the Attorney General to pursue funding to address law enforcement needs in the county.

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**Cited segments of 2015 Senate Bill 21:**

**20.455 Justice, Department of**

| | | | | | | |
|---|---|---|---|---|---|---|
| (2) | LAW ENFORCEMENT SERVICES | | | | | |
| (kd) | Drug law enforcement, crime laboratories, and genetic evidence activities | PR–S | A | ~~8,602,100~~ 8,552,100 | ~~8,647,300~~ 8,597,300 | **Vetoed In Part** |

**SECTION 9126. Nonstatutory provisions; Justice.**

**Vetoed In Part**

(1q) DRUG LAW ENFORCEMENT AND INTERDICTION GRANTS. From the appropriation account under section 20.455 (2) (kd) of the statutes, the department of justice shall award to the Lafayette County Sheriff's Department, for drug law enforcement and drug interdiction services, a grant in the amount of $50,000 in fiscal year 2015−16 and a grant in the amount of $50,000 in fiscal year 2016−17. **Vetoed In Part**

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# D. INVESTING IN INFRASTRUCTURE

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**D−65. State Broadband Office Funding**

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**Governor's written objections**

*Section 9136 (2q)*

This section limits expenditure authority provided to the Public Service Commission for operations of the State Broadband Office to the 2015−17 biennium only. Funding would not be included in the base year for purposes of developing the 2017−19 biennial budget.

I am vetoing this section because I object to providing this funding on a one−time basis. The work of the State Broadband Office is ongoing; therefore, its funding should be as well. The office continues to perform duties vital to broadband expansion in this state, including maintenance of the state's broadband map, coordination with telecommunications providers, and outreach to communities and other stakeholders.

With this veto, the office can continue to perform these important duties.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9136. Nonstatutory provisions; Public Service Commission.**

**Vetoed In Part**

(2q) STATE BROADBAND OFFICE FUNDING. Notwithstanding section 16.42 (1) (e) of the statutes, the public service commission, in submitting information under section 16.42 of the statutes for purposes of the 2017−19 biennial budget bill, shall submit information concerning the appropriation under section 20.155 (1) (g) of the statutes, as affected by this act, as though the amount appropriated for the 2016−17 fiscal year had been $125,000 less than was actually appropriated. **Vetoed In Part**

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**D–66. Environmental Impact Statement – East Arterial Highway**

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**Governor's written objections**

*Section 2551u*

This section requires the Department of Transportation to conduct an environmental impact statement in the 2015–17 fiscal biennium for a proposed major east arterial highway that begins at the intersection of STH 54 and STH 73 in the village of Port Edwards and extends to the intersection of STH 54 and CTH W in the city of Wisconsin Rapids with funding from the department's major highway development program. This section requires the department to conduct the environmental impact statement notwithstanding the current law requirement that the Transportation Projects Commission recommend the preparation of an environmental impact statement or environmental assessment for a proposed major highway development project before the department undertakes such an action.

I am vetoing this section because this requirement is premature. The conditions to be evaluated by the environmental impact statement may change significantly before the project is enumerated. Consequently, a second environmental impact study may be needed before the project advances, leading to unnecessary and inefficient department expenditures.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 2551u.** 84.013 (3m) (j) of the statutes is created to read:

84.013 **(3m)** (j) Notwithstanding s. 13.489 (1m) (e), the department shall, in the 2015–17 fiscal biennium, commence the preparation of an environmental impact statement, as defined in s. 13.489 (1c) (b), for a major highway project involving a proposed east arterial highway that begins at the intersection of STH 54 and STH 73 in the village of Port Edwards and extends to the intersection of STH 54 and CTH "W" in the city of Wisconsin Rapids and that includes a new crossing of the Wisconsin River.

**Vetoed In Part**

**D–67. State Highway Program Audit**

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**Governor's written objections**

*Section 9145 (1d)*

This section requests the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a performance evaluation audit of the Department of Transportation's state highway program and provide a report of its findings by January 1, 2017. The audit would be required to examine and provide recommendations on topics including: evaluating the department's traffic forecasting methodologies; assessing the processes and factors the department uses to select the timing, type and scope of highway improvements; determining if the department can reduce safety–related highway expenditures without significantly decreasing public safety; evaluating the department's compliance with federal and state minimum highway design and construction standards between fiscal year 2005–06 and fiscal year 2014–15; and auditing the department's compliance with state bidding laws between fiscal year 2005–06 and fiscal year 2014–15.

I am vetoing this section because the Joint Legislative Audit Committee already has the authority to request such an audit under current law.

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**Cited segments of 2015 Senate Bill 21:**

**Section 9145. Nonstatutory provisions; Transportation.**

**Vetoed In Part**

(1d) State highway program audit. The joint legislative audit committee is requested to direct the legislative audit bureau to conduct a performance evaluation audit of the state highway program. If the committee directs the legislative audit bureau to conduct the audit, the bureau shall file its reports in the manner described under section 13.94 (1) (b) of the statutes by January 1, 2017. If conducted, the audit shall do all of the following:

(a) Evaluate the department of transportation's traffic forecasting methodologies, assess the accuracy of its forecasts as compared to those produced by other states, assess the conformity of the department's traffic forecasting methodologies with relevant professional standards, and consider any other factor relevant to the assessment of the department's traffic forecasting methodologies.

(b) The evaluation under paragraph (a) shall include a comparison of traffic forecasts provided by the department of transportation from 1990 to 2014 during federal environmental project reviews with postconstruction traffic counts in corresponding completed project locations.

(c) The comparison under paragraph (b) shall include a comparison of the accuracy of the department of transportation's traffic forecasts for projects in the state highway rehabilitation program, the major highway development program, the southeast Wisconsin freeway rehabilitation program, and the southeast Wisconsin freeway megaprojects program.

(d) Evaluate the processes and factors that the department of transportation uses to select the timing, type, and scope of highway improvements. The types of improvements evaluated shall include lane additions, increasing highway shoulder width, purchase of additional right−of−way, construction of bicycle and pedestrian facilities, changes to roadway geometric alignments, use of dynamic and static messaging signs, and inclusion of ramp gates, barriers, roundabouts, diverging diamond intersections, or aesthetic design elements in projects.

**Vetoed In Part**

(e) The evaluation under paragraph (d) shall include the total amount expended for each highway improvements type from fiscal year 2005−06 to fiscal year 2014−15 by fiscal year.

(f) Assess whether the department of transportation could reduce state highway program expenditures on safety−related improvements without significantly reducing public safety.

(g) Evaluate the extent to which the department of transportation has met, failed to meet, or exceeded minimum federal and state requirements for highway design and construction for fiscal year 2005−06 to fiscal year 2014−15 and the costs or savings associated with the department's practices related to compliance with highway design and construction requirements.

(h) Audit the department of transportation's bidding practices related to the state highway program for fiscal year 2005−06 to fiscal year 2014−15 and assess the extent to which these practices have complied with state statutes.

(i) Provide recommendations for the improvement or correction of practices of the department of transportation related to the components of this audit.

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## D−68. Bicycle and Pedestrian Facilities on State Highway Projects

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**Governor's written objections**

*Section 9345 (6j)*

This section specifies the initial applicability of provisions in the bill that change the requirements for constructing bicycle and pedestrian facilities on state highway projects. Under the bill, current law is replaced with a requirement that the Department of Transportation give due consideration to establishing bicycle and pedestrian facilities on all new highway construction and reconstruction projects using state or federal funds.

Under one of the provisions, the department is prevented from constructing bicycle or pedestrian facilities using state funds in whole or in part unless it received approval from each municipality in which a highway project is located.

I am partially vetoing this section so that the requirement for municipal approval to expend state funds on bicycle and pedestrian facilities does not apply to projects that are already underway. I object to the potential delay of these existing projects that applying the new process of municipal approval may create.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9345. Initial applicability; Transportation.**

(6j) BICYCLE AND PEDESTRIAN FACILITIES. The treatment of section 84.01 (35) (b), (c) (intro.), 1., 2., 3., 4., and 5., and (d) of the statutes and chapter Trans 75 of the administrative code first applies to a project that is not complete on the effective date of this subsection, except to the extent that funds for a project that has not been completed are encumbered on the effective date of this subsection.

**Vetoed In Part**

**Vetoed In Part**

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## D–69. Rail Fixed Guideway Transportation Systems

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**Governor's written objections**

*Section 2574 [as it pertains to counties with a first class city]*

This provision directs that a county with a first class city may not incur any direct or indirect expenses, or forfeit revenue, related to the operation or accommodation of a rail fixed guideway transportation system in the first class city unless those expenses or revenues are reimbursed by the first class city.

I am partially vetoing this provision to remove the phrase "or accommodation" because I object to the inclusion of ambiguous language that may have unintended consequences. I am also removing this phrase because it is unnecessary as the intention of the provision may be achieved without the inclusion of this ambiguous phrase.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 2574.** 85.066 of the statutes is created to read:

**85.066 Transit safety oversight program.**

**(3)** COUNTIES CONTAINING A FIRST CLASS CITY. A county containing a 1st class city may not incur any direct or indirect expenses, including the forfeiture of any revenue, relating to the operation or accommodation of a rail fixed guideway transportation system in the 1st class city unless the expense incurred or revenue forfeited will be fully reimbursed by the 1st class city.

**Vetoed In Part**

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## D–70. Freight Optimization Modeling Consultant Contract

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**Governor's written objections**

*Sections 481 [as it relates to ss. 20.395 (4) (bk) and 20.865 (4) (a)], 655e, 2547d and 9145 (4f)*

These provisions allocate $1,600,000 GPR in the Joint Committee on Finance's general purpose revenue funds general program supplementation appropriation in fiscal year 2015–16 for the purpose of funding a consultant contract for freight optimization modeling services and establish a new Department of Transportation GPR appropriation to expend these funds. Prior to any such expenditures, the Wisconsin Economic Development Corporation and the department are required to conduct a joint study of the effects of freight optimization modeling on economic development and transportation infrastructure prioritization and submit a report by June 30, 2016, to the Joint Committee on Finance. The department may submit a s. 13.10 request along with the report to supplement the new GPR appropriation to contract with a consultant for freight optimization modeling. If the request is approved by the Committee, the department may amend an existing contract without needing a request for proposal or may issue a new request for proposal.

I am vetoing these provisions because they infringe on the authority of the Wisconsin Economic Development Corporation and the department to determine the appropriate use of resources related to their statutory duties. In addition, I am partially vetoing section 481 [as it relates to s. 20.395 (4) (bk)] to delete the GPR appropriation for freight optimization

modeling. In addition, by lining out the appropriation under s. 20.865 (4) (a) and writing in a smaller amount that deletes $1,600,000 in fiscal year 2015−16, I am vetoing the portion of the bill that funds these provisions. Finally, I am requesting the Department of Administration secretary not to allot these funds.

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**Cited segments of 2015 Senate Bill 21:**

**20.395 Transportation, Department of**

(4) GENERAL TRANSPORTATION OPERATIONS

| | | | | | | |
|---|---|---|---|---|---|---|
| (bk) | Freight optimization modeling | GPR | C | −0− | −0− | **Vetoed In Part** |

**20.865 Program Supplements**

(4) JOINT COMMITTEE ON FINANCE SUPPLEMENTAL APPROPRIATIONS

| | | | | | | |
|---|---|---|---|---|---|---|
| (a) | General purpose revenue funds | | | | | |
| | general program supplementation | GPR | B | 23,503,200<br>21,903,200 | 34,711,000 | **Vetoed In Part** |

**Vetoed In Part**

**SECTION 655e.** 20.395 (4) (bk) of the statutes is created to read:

20.395 **(4)** (bk) *Freight optimization modeling.* From the general fund, as a continuing appropriation, all moneys transferred under 2015 Wisconsin Act .... (this act), section 9145 (4f) for contracting with a consultant for freight optimization modeling services under s. 84.01 (37).

**Vetoed In Part**

**SECTION 2547d.** 84.01 (37) of the statutes is created to read:

84.01 **(37)** FREIGHT OPTIMIZATION MODELING. Using funds from the appropriation under s. 20.395 (4) (bk), the department may contract with a consultant to procure freight optimization modeling services. To procure services under this subsection, the department may issue a request for proposal or amend an existing contract with a consultant without issuing a request for proposal.

**SECTION 9145. Nonstatutory provisions; Transportation.**

**Vetoed In Part**

(4f) FREIGHT OPTIMIZATION MODELING REPORT.

(a) The department of transportation and the Wisconsin Economic Development Corporation shall conduct a study and prepare a report analyzing possible applications of freight optimization modeling for the purposes of economic development and transportation infrastructure prioritization in the state. The report shall include a description of how the department and the Wisconsin Economic Development Corporation would use freight optimization consultant services for the purposes of economic development and transportation infrastructure prioritization and a recommendation regarding the use of available funding for contracting with one or more consultants for providing freight optimization modeling services. No later than June 30, 2016, the department and the Wisconsin Economic Development Corporation shall complete the study and submit the report to the joint committee on finance.

(b) The department of transportation may submit together with the report under paragraph (a) a request under section 13.10 of the statutes to supplement the appropriation under section 20.395 (4) (bk) of the statutes from the appropriation under section 20.865 (4) (a) of the statutes for the purpose of contracting with a consultant for freight optimization modeling. Notwithstanding section 13.101 (3) (a) of the statutes, the joint committee on finance is not required to find that an emergency exists prior to making a supplementation under this paragraph.

**Vetoed In Part**

**D–71. Amortization Schedule for Commercial Paper**

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**Governor's written objections**

*Section 239r*

This section requires the Department of Administration to establish a planned amortization schedule for the repayment of principal on the State's short–term, general obligation commercial paper programs, so that a uniform portion of the principal amount of such obligations is planned to be retired annually. This section defines the short–term commercial paper program as a short–term debt obligation issued in lieu of long–term state general obligation debt.

I am vetoing this section because it is unnecessary and will impede the ability of the executive branch to administer state government debt management in the most efficient and effective way possible. The department will ensure that the State's general obligation commercial paper program continues to be administered consistent with current practices and in the best interest of the State's overall debt management.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 239r.** 16.004 (13) of the statutes is created to read:

16.004 **(13)** AMORTIZATION SCHEDULE FOR COMMERCIAL PAPER PRINCIPAL. (a) In this subsection, "short–term commercial paper program" means a short–term, general obligation debt issued in lieu of long–term, state general obligation debt.

(b) The secretary shall establish an amortization schedule for the repayment of principal repayment on short–term commercial paper programs so that a uniform portion of the principal amount of the obligation is planned to be retired annually.

**Vetoed In Part**

**D–72. General Transportation Aids Appeals Process**

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**Governor's written objections**

*Sections 648r and 2595k*

Section 2595k establishes an appeals process for counties and municipalities to challenge general transportation aid payments if a county or municipality believes that a reporting error resulted in an incorrect aid payment. If an error under this appeals process is substantiated, section 648r gives the Department of Transportation the authority to make a corrected aid payment out of the existing sum sufficient appropriation for correction of transportation aid payments. Section 2595k also requires the department to promulgate administrative rules that establish submission requirements and arbitration procedures for the appeals process.

I am partially vetoing section 648r and vetoing section 2595k in its entirety because this provision is unnecessary and redundant. The department already has procedures in place for local governments to request a corrected aid payment from the existing sum sufficient appropriation.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 648r.** 20.395 (1) (ar) of the statutes is amended to read:

20.395 **(1)** (ar) *Corrections of transportation aid payments.* A sum sufficient to make the corrections of transportation aid payments under s. 86.30 (2) (f) 1. and (10) (b) and to make payments under 2015 Wisconsin Act.... (this act), section 9145 (1f) and (2f).

**Vetoed In Part**

**SECTION 2595k.** 86.30 (10) of the statutes is created to read:

86.30 **(10)** APPEAL OF AID CALCULATION. (a) Any county or municipality that believes that information used to calculate the aid payment to the county or municipality was reported in error may submit to the department a request that the information be corrected and the correct aid amount be paid.

(b) Corrections to transportation aid payments under this subsection shall be paid from the appropriation under s. 20.395 (1) (ar).

(c) The department shall promulgate rules establishing submission requirements and arbitration procedures for appeals under this subsection.

**Vetoed In Part**

# E. REFORMING HEALTH CARE ENTITLEMENTS

## E−73. Family Care and IRIS Programs

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**Governor's written objections**

*Section 9118 (9)*

Broadly, this provision requires the Department of Health Services to submit two waiver requests to the federal Centers for Medicare and Medicaid Services. The first waiver expands Family Care statewide by January 1, 2017, or upon approval of the waiver, whichever is later. The second makes a variety of reforms to the Family Care and Include, Respect, I Self−Direct (IRIS) programs, including requiring integrated health agencies to offer to long−term care participants both acute care and long−term care services. Integrated health agencies are required to offer all of the services currently offered in the current IRIS program to maintain a self−direction program for consumers.

In addition, the provision requires the waiver to meet certain benchmark requirements and the department is required to hold a specified number of public hearings and to consult with stakeholders in the waiver development process. Further, the department is required to report to the Joint Committee on Finance with progress reports as well as for approval or disapproval of the final waiver package.

Further, the provision requires the department to include in its 2017−19 biennial budget request, any proposed statutory changes necessary to conform statutes to the approved waiver or state plan amendment.

I believe these reforms to our state's long−term care programs will help improve outcomes for the state's elderly and disabled residents by offering consumers integrated health, behavioral and long−term care under a single provider. These reforms not only improve outcomes for the state's most vulnerable residents, but help to ensure that these vital safety net programs are run in a more efficient, equitable and sustainable manner.

However, I am partially vetoing this provision to make several common sense changes in order to best serve the consumers of long−term care services. First, I am vetoing the requirement that there be no less than five long−term care regions because I object to creating a fixed number of regions. Allowing the department to define the number of long−term care regions in the state gives it the flexibility to create the number of regions that makes the most sense for consumers.

Secondly, I am vetoing the requirement that rates paid to integrated health agencies are set through a separate actuarial study because it is unnecessary. The state and federal government already require the rates paid through the long−term care programs be actuarially sound.

Lastly, I am partially vetoing the requirement that the open enrollment period coincide with the Medicare open enrollment period because I object to specifying the timing of the open enrollment period in the bill. The department will set an open enrollment period which makes the most sense for Wisconsin consumers as part of its waiver submission.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9118. Nonstatutory provisions; Health Services.**

(9) CHANGES TO FAMILY CARE PROGRAM.

(c) *Waiver request; generally.*

**Vetoed In Part**

3. Subject to subdivision 2., designating no fewer than 5 regions in the state.

7. Establishing an open enrollment period for the state's long–term care program that coincides with the open enrollment period for the Medicare program . **Vetoed In Part**

**Vetoed In Part**

8. Requiring that rates paid to integrated health agencies for services are set through an independent, actuarial study.

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**E–74. Labor Region Methodology Study**

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**Governor's written objections**

*Section 9118 (4u)*

This provision requires the Department of Health Services to study the labor region methodology used to assist with the determination of Medical Assistance reimbursement rates. The department is also required to propose, to the Legislature no later than July 1, 2016, any necessary changes to the methodology such that the proposed labor region methodology results in adjustments to direct care costs that reflect labor costs for nursing homes in each county. This section also prohibits the department from implementing any proposed changes to the methodology without enactment of legislation.

I am vetoing this provision to eliminate the labor region methodology requirements, as these requirements are administratively burdensome and duplicative. The department already regularly evaluates the labor region methodology and may recommend changes if needed.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9118. Nonstatutory provisions; Health Services.**

**Vetoed In Part**

(4u) LABOR REGION METHODOLOGY STUDY. The department of health services shall study the labor region methodology, including the methodology under section 49.45 (6m) (ar) of the statutes, used to assist with the determination of Medical Assistance reimbursement rates, and no later than July 1, 2016, shall submit to the legislature under section 13.172 (2) of the statutes an implementation plan for incorporating any necessary changes to labor region methodology such that the proposed labor region methodology results in adjustments to direct care costs that reflect labor costs for nursing homes in each county. The department of health services may not implement any proposed changes to labor region methodology without the enactment of legislation. **Vetoed In Part**

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**E–75. Dispute Resolution Process Relating to Health Insurance Coverage of Chiropractic Treatment**

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**Governor's written objections**

*Sections 4590r and 9122*

The provision requires the Commissioner of Insurance to promulgate rules that provide for an independent process for resolving disputes related to insurer conduct with respect to statutory requirements for chiropractic coverage, access and reimbursement. The provision also specifies the criteria that must be included in the rules and authorizes the Commissioner of Insurance to promulgate emergency rules for the period before the effective date of permanent rules without being required to provide evidence that an emergency rule is necessary for the preservation of public peace, health, safety or welfare, or being required to provide a finding of emergency.

I am vetoing this provision because it would establish a unique method for dispute resolution for a single profession, which may result in administrative challenges and consumer confusion.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 4590r.** 632.876 of the statutes is created to read:

**632.876 Independent dispute resolution process relating to chiropractic treatment.** The commissioner shall promulgate rules that provide for a fast, fair, cost−effective, and binding independent process for resolving disputes related to insurer conduct under s. 632.87 (3). The rules shall include at least all of the following:

**(1)** The procedures for making a request to the commissioner for an independent dispute resolution, including specification of who is eligible to request an independent dispute resolution.

**(2)** A requirement that individuals requesting an independent dispute resolution must first exhaust any internal grievance procedure established by the insurer for grievances related to conduct under s. 632.87 (3).

**(3)** The application procedure and qualifications, including conflict of interest provisions, for individuals to act as independent reviewers under the independent dispute resolution process and the inclusion of retired members of the state judiciary as individuals who are eligible to act as independent reviewers.

**(4)** The procedure for selecting an independent reviewer to review a particular complaint.

**(5)** The procedures, including timelines, that an independent reviewer must follow when reviewing a complaint and a requirement that an independent reviewer must render a decision regarding a particular complaint within 9 months after the commissioner receives the request for independent dispute resolution.

**(6)** Procedures for setting and paying the fees of the independent reviewers.

**(7)** A requirement that the insurer about which the independent dispute resolution is requested pay the fees of the independent reviewer.

**(8)** The relief to which an individual who requests independent dispute resolution and who prevails is entitled, including injunctive and declaratory relief and monetary relief due to underpayments by the insurer.

**Vetoed In Part**

**SECTION 9122. Nonstatutory provisions; Insurance.**

(1v) EMERGENCY RULE FOR INDEPENDENT DISPUTE RESOLUTION PROCESS. Using the procedure under section 227.24 of the statutes, the commissioner of insurance may promulgate the rules required under section 632.876 of the statutes, as created by this act, for the period before the effective date of the permanent rules promulgated under section 632.876 of the statutes, as created by this act, but not to exceed the period authorized under section 227.24 (1) (c) of the statutes, subject to extension under section 227.24 (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the commissioner is not required to provide evidence that promulgating a rule under this subsection 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 a rule promulgated under this subsection.

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**E−76. FoodShare Employment and Training Drug Testing**

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**Governor's written objections**

*Section 1833*

This provision requires the Department of Health Services to promulgate rules to develop and implement a drug screening, testing and treatment program that incorporates the provisions of 2015 Assembly Bill 191, as passed by the Assembly, that relate to screening and testing of FoodShare Employment and Training participants who are able−bodied adults without dependent children and are subject to FoodShare work requirements.

The department is required to include the following elements in its administrative rules: only participants for whom there is a reasonable suspicion of use of a controlled substance without a valid prescription may be subject to testing; (b) if a person tests negative for use of a controlled substance, or tests positive but possesses a valid prescription, the individual will have satisfactorily completed the requirements of the provision; (c) if a participant tests positive and does not have a valid prescription, the individual must participate in state−sponsored substance abuse treatment to remain eligible for the employment and training program; and (d) while participating in state− sponsored treatment, the individual must submit

to random testing in order to remain eligible for the employment and training program, and if an individual tests positive, the individual may begin treatment again, one time, and remain eligible for the program.

Subject to the promulgation of rules, the department shall screen and, if indicated, test and treat participants in an employment and training program who are able–bodied adults for illegal use of a controlled substance without a valid prescription for the controlled substance.

I am partially vetoing this provision in two ways. First, I am partially vetoing the requirement that treatment be state–sponsored because I object to requiring the state to cover all treatment costs, if the person has other coverage. This partial veto provides access to treatment while ensuring that the state is the payer of last resort.

Further, I am vetoing the requirement that testing is based on reasonable suspicion because I object to limiting the department's ability to determine which program participants will be screened and, if indicated, tested for illegal use of a controlled substance.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1833.** 49.79 (9) (d) of the statutes is created to read:

49.79 **(9)** (d) 1.

**Vetoed In Part**

a. Only participants for whom there is a reasonable suspicion of use of a controlled substance without a valid prescription for the controlled substance may be subjected to testing. The policy shall include mechanisms for the determination of a reasonable suspicion to require submission to a drug test.

c. If a participant tests positive for use of a controlled substance for which he or she does not have a valid prescription, then the individual must participate in **Vetoed In Part** state–sponsored substance abuse treatment to remain eligible for the employment and training program.

**Vetoed In Part**

d. While participating in state–sponsored treatment, an individual who has tested positive for the use of a controlled substance without a valid prescription for the controlled substance shall submit to random testing for the use of a controlled substance, and the test results must be negative, or positive with evidence of a valid prescription, in order for the individual to remain eligible for the employment and training program under this subsection. If a test result is positive and the individual does not have a valid prescription for the controlled substance for which the individual tests positive, the individual may begin treatment again one time and will remain eligible for the employment and training program. If the individual completes treatment and tests negative for use of a controlled substance, or tests positive for the use of a controlled substance but presents evidence satisfactory to the department that the individual possesses a valid prescription for each controlled substance for which the individual tests positive, the individual will have satisfactorily completed the substance abuse screening and testing requirements under this paragraph.

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**E–77. Grants to an Organization that Provides Advanced Life Support Training**

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**Governor's written objections**

*Sections 481 [as it relates to appropriation s. 20.435 (1) (ch)], 668r, 668s, 9118 (3q) and 9418 (7q)*

These provisions appropriate $20,000 GPR in each year of the 2015–17 biennium for a grant to an entity that provides or facilitates advanced life support training to doctors, physician's assistants, nurse practitioners, registered nurses and paramedics who work in rural areas in Wisconsin. The provisions specify that the funding is only to be provided in the 2015–17 biennium.

I am partially vetoing section 481 [as it relates to s. 20.435 (1) (ch)] and vetoing sections 668r, 668s, 9118 (3q) and 9418 (7q) because I object to earmarking these funds. By lining out the appropriation under s. 20.435 (1) (ch) and writing in smaller amounts that delete $20,000 in each fiscal year, I am vetoing the part of the bill that funds this provision. I am also requesting the Department of Administration secretary not to allot these funds.

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**Cited segments of 2015 Senate Bill 21:**

**20.435 Health Services, Department of**

(1) PUBLIC HEALTH SERVICES PLANNING, REGULATION AND DELIVERY

| | | | | | | |
|---|---|---|---|---|---|---|
| (ch) | Emergency medical services; aids | GPR | A | ~~1,980,200~~ 1,960,200 | ~~1,980,200~~ 1,960,200 | **Vetoed In Part** |

**Vetoed In Part**

**SECTION 668r.** 20.435 (1) (ch) of the statutes is amended to read:

20.435 **(1)** (ch) *Emergency medical services; aids.* The amounts in the schedule for emergency medical technician — basic training and examination aid under s. 256.12 (5) ~~and~~, for ambulance service vehicles or vehicle equipment, emergency medical services supplies or equipment or emergency medical training for personnel under s. 256.12 (4), and for grants for advanced life support training under 2015 Wisconsin Act .... (this act), section 9118 (3q).

**SECTION 668s.** 20.435 (1) (ch) of the statutes, as affected by 2015 Wisconsin Act .... (this act), is amended to read:

20.435 **(1)** (ch) *Emergency medical services; aids.* The amounts in the schedule for emergency medical technician — basic training and examination aid under s. 256.12 (5)~~,~~ and for ambulance service vehicles or vehicle equipment, emergency medical services supplies or equipment or emergency medical training for personnel under s. 256.12 (4)~~, and for grants for advanced life support training under 2015 Wisconsin Act .... (this act), section 9118 (3q)~~.

**SECTION 9118. Nonstatutory provisions; Health Services.**

(3q) ADVANCED LIFE SUPPORT TRAINING GRANT. From the appropriation account under section 20.435 (1) (ch) of the statutes the department of health services shall allocate as a grant to an entity that provides or facilitates advanced life support training to physicians, physician's assistants, nurse practitioners, registered nurses, and emergency medical technicians — paramedics, who work in rural areas in this state, $20,000 in each fiscal year of the 2015−2017 fiscal biennium.

**SECTION 9418. Effective dates; Health Services.**

(7q) EMERGENCY MEDICAL SERVICES APPROPRIATION CHANGES. The treatment of section 20.435 (1) (ch) (by SECTION 668s) of the statutes takes effect on July 1, 2017.

**Vetoed In Part**

**Vetoed In Part**

**Vetoed In Part**

**Vetoed In Part**

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**E−78. Repeal Health Care Provider Fees for Data Collection and Dissemination**

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**Governor's written objections**

*Section 481 [as it relates to s. 20.865 (4) (a)]*

This provision establishes the funding level for the Joint Committee on Finance general purpose revenue funds general program supplementation appropriation under s. 20.865 (4) (a) for the 2015−17 biennium. Included in that amount is an unreserved amount of $1,000,000 in fiscal year 2015−16, which was placed in the appropriation through the Committee's actions which required the Department of Health Services to lapse $1,000,000 from the program revenue balance of the general program operations; health care information appropriation to the general fund in fiscal year 2015−16.

I am partially vetoing section 481 [as it relates to s. 20.865 (4) (a)] by lining out the amount under s. 20.865 (4) (a) and writing in a smaller amount that reduces the appropriation by $1,000,000 in fiscal year 2015−16 because I object to increasing the Committee's supplemental appropriation without sufficient detail as to how these funds are intended to be used. I am also requesting the Department of Administration secretary not to allot these funds.

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**Cited segments of 2015 Senate Bill 21:**

**20.865 Program Supplements**

(4) JOINT COMMITTEE ON FINANCE SUPPLEMENTAL APPROPRIATIONS

| | | | | | |
|---|---|---|---|---|---|
| (a) General purpose revenue funds | | | | | |
| general program supplementation | GPR | B | ~~23,503,200~~ 22,503,200 | 34,711,000 | **Vetoed In Part** |

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**E–79. County–to–County Nursing Home Bed Transfers**

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**Governor's written objections**

*Section 9118 (7g)*

This section requires the Department of Health Services to develop a policy that specifies procedures for applying for, and receiving approval of, the transfer of available, licensed nursing home beds among counties and requires the department to report to the Joint Committee on Finance no later than July 1, 2016.

I am vetoing this section because it is unnecessary. Current law already specifies the requirements that must be met for a transfer of licensed beds. However, I am directing the department to review current procedures and prepare a plan to address any issues that arise from that review.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9118. Nonstatutory provisions; Health Services.**

**Vetoed In Part** (7g) COUNTY–TO–COUNTY NURSING HOME BED TRANSFERS. The department of health services shall develop a policy that specifies procedures for applying for, and receiving approval of, the transfer of available, licensed nursing home beds among counties under section 150.345 of the statutes. The department of health services shall submit a report on the resulting policy to the joint committee on finance no later than July 1, 2016. **Vetoed In Part**

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**E–80. Exempt Institutions for Mental Disease and County–Operated Nursing Homes from Bed Assessment**

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**Governor's written objections**

*Sections 481 [as it relates to s. 20.435 (2) (a)], 1875d, 1875e and 1875f*

This provision exempts county government–owned institutions for mental disease and state–only licensed facilities from the nursing home bed assessment, unless the Centers for Medicare and Medicaid Services determines that exempting these facilities would not be permissible under federal statutes or rules relating to state health care provider assessments.

I am vetoing this provision because I object to exempting county–owned and state–only licensed institutions for mental disease from the nursing home bed assessment. This provision creates an additional financial burden on private facilities, thus risking access to care for some of our most vulnerable citizens. By lining out s. 20.435 (2) (a) and writing in a smaller amount that reduces the appropriation by $320,300 in each fiscal year, I am vetoing the part of the bill that funds this provision. I am also requesting the Department of Administration secretary not to allot these funds.

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**Cited segments of 2015 Senate Bill 21:**

**20.435 Health Services, Department of**

(2) MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES SERVICES; FACILITIES

| | | | | | | |
|---|---|---|---|---|---|---|
| (a) | General program operations | GPR | A | ~~77,134,200~~ 76,813,900 | ~~76,938,800~~ 76,618,500 | **Vetoed In Part** |

**Vetoed In Part**

**SECTION 1875d.** 50.14 (1) (am) of the statutes is created to read:

50.14 **(1)** (am) "Institution for mental diseases" has the meaning given in s. 49.43 (6m).

**SECTION 1875e.** 50.14 (2) (intro.) of the statutes is amended to read:

50.14 **(2)** (intro.) ~~For~~ Except as provided under sub. (2d), for the privilege of doing business in this state, there is imposed on all licensed beds of a facility an assessment in the following amount per calendar month per licensed bed of the facility:

**SECTION 1875f.** 50.14 (2d) of the statutes is created to read: **Vetoed In Part**

50.14 **(2d)** To the extent approved by the federal department of health and human services, the requirements under this section do not apply to a county government−owned institution for mental diseases or a facility that is state licensed but not certified to participate in the Medicaid or Medicare programs.

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**E−81. Nonemergency Medical Transportation**

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**Governor's written objections**

*Section 9118 (11f)*

This provision requires the Department of Health Services, to the extent permitted by contract, to modify the current nonemergency medical transportation contract and exclude the following counties: Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha. In addition, the provision requires that, if the contract is modified, the department must make alternative arrangements with counties, health maintenance organizations or transportation providers to provide nonemergency medical transportation services to Medical Assistance recipients who reside in the excluded counties, no later than January 1, 2016.

I am vetoing this provision because I object to excluding specific counties from the current nonemergency medical transportation contract. All counties should be served by the same contract in order to provide uniform, equitable and cost−effective transportation services under the Medical Assistance program to all eligible program recipients.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9118. Nonstatutory provisions; Health Services.** **Vetoed In Part**

**Vetoed In Part**

(11f) MEDICAL ASSISTANCE NONEMERGENCY MEDICAL TRANSPORTATION.

(a) The department of health services shall, to the extent permitted by the contract, modify the contract that is in effect on the effective date of this paragraph for the arrangement and reimbursement of nonemergency medical transportation services to recipients of Medical Assistance under subchapter IV of chapter 49 of the statutes to exclude recipients of Medical Assistance residing in Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha counties from that contract.

(b) If the department of health services modifies the contract under paragraph (a), the department of health services shall make alternative arrangements with counties, health maintenance organizations, or transportation providers to provide nonemergency medical transportation services to Medical Assistance

**Vetoed In Part** recipients who reside in the counties specified in paragraph (a) no later than January 1, 2016.

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**E–82. Healthy Aging Grants**

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**Governor's written objections**

*Sections 703r and 9118 (4f)*

This provision provides one–time funding in each year of the 2015–17 biennium for grants to a private, nonprofit entity that will use these funds to conduct the following activities: coordinate the implementation of evidence–based health promotion programs in healthy aging; coordinate with academic and research institutes regarding research on healthy aging; serve as a statewide clearinghouse on evidence–based disease prevention and health promotion programs; provide training and technical assistance to the staff of county departments, administering agencies and other providers of services to aging populations; collect and disseminate information on disease prevention and health promotion in healthy aging; coordinate public awareness activities related to disease prevention and health promotion in aging; and advise the Department of Health Services on public policy issues concerning disease prevention and health promotion in aging.

In addition, the provision creates an annual GPR appropriation, entitled "Healthy aging; evidence–based training and prevention" among the department's programs for disability and elder services.

I am partially vetoing this provision to remove the overly restrictive grant administration requirements. Instead, I am allowing the department more flexibility to best address healthy aging issues.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 703r.** 20.435 (7) (cx) of the statutes is created to read:

**Vetoed In Part** 20.435 **(7)** (cx) *Healthy aging; evidence–based training and prevention* . The amounts in the schedule for the purpose of making a grant under 2015 Wisconsin Act .... (this act), section 9118 (4f).

**SECTION 9118. Nonstatutory provisions; Health Services.**

(4f) HEALTHY AGING GRANT. From the appropriation account under section 20.435 (7) (cx) of the statutes the **Vetoed In Part** department of health services shall allocate as a grant **Vetoed In Part** $200,000 in each fiscal year of the 2015–17 fiscal biennium to a private, nonprofit entity that conducts all **Vetoed In Part** of the following activities:

**Vetoed In Part** (a) Coordinating the implementation of evidence–based health promotion programs in healthy aging.

(b) Coordinating with academic and research institutes regarding research on healthy aging. **Vetoed In Part**

(c) Serving as a statewide clearinghouse on evidence–based disease prevention and health promotion programs.

(d) Providing training and technical assistance to the staff of county departments, administering agencies, and other providers of services to aging populations.

(e) Collecting and disseminating information on disease prevention and health promotion in healthy aging populations.

(f) Coordinating public awareness activities related to disease prevention and health promotion in aging populations.

(g) Advising the department of health services on public policy issues concerning disease prevention and health promotion in aging.

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**E−83. Enhanced Dental Services Reimbursement Pilot Program**

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**Governor's written objections**

*Sections 1798 [as it relates to setting the rates in statute, specifying the length of the pilot program, and requiring an evaluation and report to the Joint Committee on Finance] and 9318 (2)*

This provision requires the Department of Health Services to request a waiver from the federal government to conduct a pilot program to provide an enhanced Medicaid payment for pediatric and adult emergency dental services in Brown, Polk, Racine and Marathon counties. The reimbursement is specified at 80 percent of the median fee for each procedure, or the usual and customary charge, whichever is less. In addition, the department is required to work collaboratively with the American Dental Association's Health Policy Institute to prepare an evaluation of the pilot program on a quarterly basis, beginning at the end of the first quarter in which the pilot program becomes effective.

Further, the department is required to submit a report to the Joint Committee on Finance regarding dental care utilization, the number of Medicaid participating dentists in the state, the fiscal impact of the pilot program, a comparison of the pilot program as administered under a fee−for−service system and under a health maintenance organization system, and the impact of the pilot program on oral health outcomes.

These requirements apply to claims by providers for services provided on or after the effective date of the waiver or state plan amendment. Lastly, the pilot program is discontinued on the first day of the 37th month after the enhanced reimbursement rates take effect.

While I believe this dental reimbursement pilot program will allow eligible Medicaid recipients to have greater access to vital dental care, I am partially vetoing the provision in several ways. First, I am vetoing the inclusion of specific rates in statute because I object to limiting the department's ability to negotiate the rate methodology with the federal government.

I am also vetoing the requirement that the department work collaboratively with the American Dental Association's Health Policy Institute and the requirement to submit quarterly evaluation reports to the Committee. While I understand the importance of program evaluation and ensuring the effectiveness of this pilot program, I object to the overly prescriptive requirement placed on the department. The department should have flexibility to determine the appropriate timing of reports and the appropriate entities with whom to consult on a review of the pilot program to ensure it is an effective use of taxpayer funding.

I am vetoing the discontinuation of the pilot program on the first day of the 37th month after the enhanced reimbursement rates take effect because I object to specifying the length of the pilot program in statutes.

Lastly, I am vetoing the requirement to apply these changes to claims by providers for services provided on or after the effective date of the waiver or state plan amendment because I object to limiting the department's ability to negotiate the parameters of this dental reimbursement pilot program with the federal government.

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**Cited segments of 2015 Senate Bill 21:**

**Section 1798.** 49.45 (24k) of the statutes is created to read:

49.45 **(24k)** Dental reimbursement pilot project. (a) 1. Subject to approval of the federal department of health and human services under par. (b), the department, as a pilot project, shall distribute moneys in each fiscal year to increase the reimbursement rate under Medical Assistance for pediatric dental care and adult emergency dental services, as defined by the department, that are provided in Brown, Marathon, Polk, and Racine counties. The reimbursement rate for these services shall equal 80 percent of the median fee for each service as reported in the most recent fee survey for the east north central region conducted by the American Dental Association or shall equal the provider's usual and customary charge, whichever is less. If a median fee is not reported for a service, the department shall establish a fee for the service that approximates 80 percent of the median usual and customary charge for that service for dentists practicing in the state but the reimbursement received by a provider may not exceed the provider's usual and customary charge for that service.

**Vetoed In Part**

**Vetoed In Part**

(c) If the reimbursement rate increase pilot project under par. (a) is implemented, before the first day of the

**Vetoed In Part**

**Vetoed In Part**

4th month beginning after the effective date of the waiver or plan amendment described in par. (b) and quarterly thereafter, the department shall collaborate with the Health Policy Institute of the American Dental Association to evaluate the pilot project under par. (a) and shall submit a report to the joint committee on finance that includes data on all of the following key outcomes of interest from the pilot counties specified in par. (a) and from counties that are not pilot counties:

1. Dental care utilization among children and adults in dental clinics and in emergency rooms.

2. Participation by dentists in the Medical Assistance program.

3. The fiscal impact of the pilot project under par. (a), including costs and savings.

4. If feasible, a comparison of the pilot project as administered under a fee–for–service system and under a health maintenance organization system.

**Vetoed In Part**

5. If feasible, the impact of the pilot project on oral health outcomes, such as Medical Assistance recipients' self–reported assessment of oral health and barriers to obtaining dental care.

(d) The department may not distribute the reimbursement rate increases under par. (a) for pediatric dental care and adult emergency dental services provided after the first day of the 37th month beginning after the effective date of the waiver or plan amendment described in par. (b).

**SECTION 9318. Initial applicability; Health Services.**

**Vetoed In Part**

(2) DENTAL REIMBURSEMENT PILOT PROJECT. The treatment of section 49.45 (24k) (a) of the statutes first applies to claims by dental services providers for services that are provided on the effective date of the waiver or plan amendment described in section 49.45 (24k) (b) of the statutes.

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## E–84. BadgerCare Plus Coverage for Childless Adults

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**Governor's written objections**

*Section 1797*

This section requires the Department of Health Services to submit two reports to the Joint Committee on Finance regarding changes to the BadgerCare Plus coverage for childless adults. The first report must be submitted to the Committee prior to submitting a waiver amendment to the federal Centers for Medicare and Medicaid Services and must summarize the provisions of the waiver and estimate the fiscal impact of any changes. The second report is required to be submitted to the Committee summarizing any provision approved by the federal government and must estimate the fiscal impact of those approved provisions.

I am partially vetoing this section because I object to these administratively burdensome requirements. In addition, these requirements may have the unintended consequence of limiting the administration's ability to negotiate the waiver amendment with the federal government.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1797.** 49.45 (23) (g) of the statutes is created to read:

**Vetoed In Part**

49.45 **(23)** (g) 1. Subject to subd. 3., the department shall submit to the secretary of the federal department of health and human services an amendment to the waiver requested under par. (a) that authorizes the department to do all of the following with respect to the childless adults demonstration project under this subsection:

**Vetoed In Part**

2. Subject to subd. 3., if the secretary of the federal department of health and human services approves the amendment to the waiver under par. (a), in whole or in part, the department shall implement the changes to the demonstration project under this subsection specified in subd. 1. a. to e. that are approved by the secretary, consistent with the approval.

**Vetoed In Part**

3. Prior to submitting to the secretary of the federal department of health and human services the amendment described in subd. 1., the department shall submit to the joint committee on finance a report that summarizes the provisions, and provides an estimate of the fiscal effect, of the proposed amendment to the waiver. If the secretary of the federal department of health and human services approves the amendment described in subd. 1., in whole or in part, before implementing the changes approved by the secretary, the department shall submit a report to the joint committee on finance that summarizes the provisions, and provides an estimate of the fiscal effect, of the amendment approved by the secretary.

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**E−85. Consolidate Community Mental Health Programs**

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**Governor's written objections**

*Section 9118 (1q)*

This section requires the Department of Health Services to consult with the Wisconsin Counties Association and mental health stakeholders before developing a method for distributing community mental health services funds from a new consolidated community mental health program in 2016 and beyond. In addition, this provision requires the department to submit the proposed distribution to the Joint Committee on Finance under 14−day passive review and use the proposed distribution method as approved, or modified and approved by the Committee.

I am vetoing this section because it is overly prescriptive and unnecessarily limits the flexibility of the department to balance the interests of counties and other stakeholders while providing services in the most programmatically and financially sound manner.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9118. Nonstatutory provisions; Health Services.**

**Vetoed In Part**

(1q) COMMUNITY MENTAL HEALTH SERVICES FUNDS. Before developing a method for distributing community mental health services funds under section 46.40 (7m) of the statutes, as created by this act, for 2016 and thereafter, the department of health services shall consult with the Wisconsin Counties Association and other persons and organizations with an interest in mental health services on the distribution method. The department of health services before implementing the distribution method shall submit the proposed distribution method to the joint committee on finance. If the cochairpersons of the committee do not notify the department of health services within 14 working days after the date of the submittal of the proposed distribution method by the department of health services that the committee has scheduled a meeting for the purpose of reviewing the proposed distribution method, the department of health services shall implement the proposed distribution method as submitted to the committee. If, within 14 working days after the date of the submittal of the proposed distribution method by the department of health services, the cochairpersons of the committee notify the department of health services that the committee has scheduled a meeting for the purpose of reviewing the proposed distribution method, the department of health services may implement the proposed distribution method only as approved by, or as modified and approved by, the committee.

**Vetoed In Part**

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**E−86. Children's Community Options Program Technical Modification**

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**Governor's written objections**

*Section 1535*

This section defines which individuals are eligible for the newly created Children's Community Options Program as a person under 22 years of age who is not eligible to receive services in, or be on a waiting list for, an adult long−term care program.

I am partially vetoing this section because the language, as drafted, could lead to uncertainty regarding eligibility for the program. My partial veto clarifies that individuals up to 22 years of age, as long as they are not otherwise able to access services through the adult long−term care system, are eligible for the newly created Children's Community Options Program.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 1535.** 46.272 of the statutes is created to read:

**46.272 Children's community options program. (1)** DEFINITIONS. In this section:

(a) "Child" means a person under 22 years of age who is not eligible to receive services in or be on a waiting list for an adult long–term care program. **Vetoed In Part**

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**E–87. Division of Medicaid Services**

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**Governor's written objections**

*Sections 3665r, 3665s and 9418 (7p)*

These sections reduce the number of division administrator unclassified positions authorized for the Department of Health Services to reflect the newly created Division of Medicaid Services.

I am vetoing these sections because I object to reducing the current number of unclassified positions in the department at this time. Staffing levels will continue to be reviewed by the department as the new division is implemented and these changes to the unclassified position authority are premature.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 3665r.** 230.08 (2) (e) 5. of the statutes is amended to read:

230.08 **(2)** (e) 5. Health services — ~~10~~ 9.

**SECTION 3665s.** 230.08 (2) (e) 5. of the statutes, as affected by 2015 Wisconsin Act .... (this act), is amended to read:

230.08 **(2)** (e) 5. Health services — ~~9~~ 8. **Vetoed In Part**

**SECTION 9418. Effective dates; Health Services.**

(7p) HEALTH SERVICES DIVISION ADMINISTRATORS. The treatment of section 230.08 (2) (e) 5. (by SECTION 3665s) of the statutes takes effect on June 30, 2017. **Vetoed In Part**

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# F. PROTECTING WISCONSIN CITIZENS AND OUR MOST VULNERABLE

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**F–88. Pedestrians Crossing Railroads**

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**Governor's written objections**

*Section 3527m*

This section allows a person to walk directly across the tracks or right–of–way of any railroad without being considered to be trespassing on the railroad property.

I am vetoing this section because I am concerned that allowing people to walk across railroad tracks outside of a designated crossing impairs public safety.

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**Cited segments of 2015 Senate Bill 21:**

| Vetoed In Part | | | Vetoed In Part |
|---|---|---|---|
| | **Section 3527m.** 192.32 (1) (c) of the statutes is created to read: | 192.32 **(1)** (c) To prevent any person from walking directly across the tracks or right−of−way of any railroad. | |

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**F−89. Expanded Payday Lender Authority**

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**Governor's written objections**

*Sections 3443f, 3443h, 3443j and 3443m*

These sections expand the types of financial products and services a payday lending company may provide to include sales of insurance, annuities and related products, and any financial or consumer financial services subject to regulation by statute or rule.

These sections also specify that a payday loan licensee may conduct, or permit others to conduct, at the place of business specified in its license, services commonly offered by a currency exchange. Finally, these sections allow a payday loan licensee to sell merchandise and conduct other business provided it possesses any applicable license, permit or other approval required by law.

I am vetoing these sections because the expanded scope of business provided for payday lenders is overly broad and significantly exceeds that of any other financial institutions. In addition, the expanded scope could create regulatory ambiguity and consumer uncertainty. Changes of this magnitude should be addressed as separate legislation where the implications can be more carefully explored.

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**Cited segments of 2015 Senate Bill 21:**

| Vetoed In Part | | | Vetoed In Part |
|---|---|---|---|
| | **Section 3443f.** 138.14 (6) (b) 1. (intro.) of the statutes is amended to read:<br>138.14 **(6)** (b) 1. (intro.) ~~Except as provided in subd. 2., a~~ A licensee may conduct, and permit others to conduct, at the place of business specified in its license, one or more of the following businesses not subject to this section or a business providing any of the following services or any combination of these:<br>**Section 3443h.** 138.14 (6) (b) 1. a. of the statutes is amended to read:<br>138.14 **(6)** (b) 1. a. A currency exchange under s. 218.05, including providing those services commonly offered by a currency exchange.<br>**Section 3443j.** 138.14 (6) (b) 1. e. and f. of the statutes are created to read:<br>138.14 **(6)** (b) 1. e. The sale of insurance, annuities, and related products. | f. Any financial or consumer finance services subject to regulation by statute or rule.<br>**Section 3443m.** 138.14 (6) (b) 2. of the statutes is amended to read:<br>138.14 **(6)** (b) 2. A licensee may ~~not~~ sell merchandise ~~or~~ and conduct other business not included in subd. 1. at the place of business specified in the license ~~unless written authorization is granted to the licensee by the division~~ if the licensee holds any applicable license, permit, or other approval required by law to sell the merchandise or conduct the other business. Any business specified in subd. 1. a. to d. is subject to applicable licensing requirements under the provisions referenced in subd. 1. a. to d. and the provision of any service specified in subd. 1. e. and f. is subject to any applicable requirement related to obtaining a license, permit, or other approval before providing the service. | |

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**F–90. Nonprofit Voluntary Host Families Report**

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**Governor's written objections**

*Section 9106 (2e)*

This section requires the Department of Children and Families to establish a plan for engaging and utilizing nonprofit volunteer programs to place, with temporary host families, children whose parents or guardians have agreed to participate as an alternative to foster care. The department must submit a report on this plan to the Joint Committee on Finance on or before November 1, 2015.

I am partially vetoing this section to remove the requirement that a report be submitted because it is unnecessary. The department will evaluate the proposal and determine how to best serve the children involved.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9106. Nonstatutory provisions; Children and Families.**

(2e) PLACEMENT OF CHILDREN WITH VOLUNTEER HOST FAMILIES. The department of children and families shall establish a plan for engaging and using nonprofit volunteer programs to place children whose parents or guardians have agreed to participate in such programs in the homes of temporary volunteer host families whose homes are not required under section 48.62 (2) of the statutes to be licensed as foster homes as an alternative to placement of those children in foster homes. The department of children and families shall submit a report describing that plan to the joint committee on finance by no later than November 1, 2015. **Vetoed In Part**

**F–91. Increase Part–Time District Attorneys to Full–Time**

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**Governor's written objections**

*Sections 481 [as it relates to s. 20.475 (1) (d)], 4735d, 4735r, 4740e, 4740n and 9410 (1c)*

This provision provides $83,500 GPR and 1.2 FTE district attorney positions for Florence, Buffalo and Pepin counties on January 2, 2017, which will be the first day of the new four–year term of office. Currently, Florence County has a 0.5 FTE district attorney position, Buffalo County has a 0.5 FTE district attorney position and Pepin County has a 0.8 FTE district attorney position.

I am vetoing sections 4735d, 4735r, 4740e, 4740n and 9410 (1c), and partially vetoing section 481 [as it relates to s. 20.475 (1) (d)] by lining out the amount under s. 20.475 (1) (d) and writing in a smaller amount that reduces the appropriation by $83,500 in fiscal year 2016–17 because I object to the inclusion of these positions when there is not a uniform demonstrated need across all three counties. With this veto, I am reducing the 1.2 FTE positions in the appropriation under s. 20.475 (1) (d) in each year of the biennium. I am requesting the Department of Administration secretary not to allot these funds or authorize the additional position authority.

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**Cited segments of 2015 Senate Bill 21:**

**20.475 District Attorneys**

(1) DISTRICT ATTORNEYS

| | | | | | | |
|---|---|---|---|---|---|---|
| (d) | Salaries and fringe benefits | GPR | A | 44,004,000 | ~~44,199,100~~ 44,115,600 | **Vetoed In Part** |

**Vetoed In Part**

**SECTION 4735d.** 978.01 (2) (a) of the statutes is renumbered 978.01 (2) and amended to read:

978.01 **(2)** ~~Except as provided in par. (b), each~~ Each district attorney serves on a full−time basis.

**SECTION 4735r.** 978.01 (2) (b) of the statutes is repealed.

**SECTION 4740e.** 978.06 (3) (a) of the statutes is amended to read:

978.06 **(3)** (a) No district attorney, deputy district attorney or assistant district attorney while in office may hold any judicial office. No full−time district attorney, deputy district attorney or assistant district attorney may hold the office of or act as corporation counsel or city, village or town attorney. A part−time ~~district attorney,~~ deputy district attorney or assistant district attorney may hold the office of or act as corporation counsel or city, village or town attorney or otherwise serve as legal counsel to any governmental unit.

**Vetoed In Part**

**SECTION 4740n.** 978.06 (5) (a) of the statutes is amended to read:

978.06 **(5)** (a) No full−time district attorney, deputy district attorney or assistant district attorney may engage in a private practice of law, but he or she is authorized to complete all civil cases, not in conflict with the interest of the county or counties of his or her prosecutorial unit, in which he or she is counsel, pending in court before he or she takes office. A part−time ~~district attorney,~~ deputy district attorney or assistant district attorney may engage in a private practice of law.

**Vetoed In Part**

**SECTION 9410. Effective dates; District Attorneys.**

(1c) DISTRICT ATTORNEYS. The treatment of sections 978.01 (2) (a) and (b) and 978.06 (3) (a) and (5) (a) of the statutes takes effect on January 2, 2017.

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**F−92. Reference to the Department of Children and Families**

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**Governor's written objections**

*Section 4699f*

This section would allow the Department of Corrections or the Department of Children and Families to review and inspect certain court records concerning a juvenile who is required to register as a sex offender. It would further allow the Department of Corrections to disclose certain information obtained.

I am partially vetoing this section to eliminate the reference to the Department of Children and Families because the department was erroneously included. Only the Department of Corrections should be authorized to make a request to review and inspect these records.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 4699f.** 938.396 (2g) (em) of the statutes is amended to read:

**Vetoed In Part**

938.396 **(2g)** (em) *Sex offender registration.* Upon request of the department of corrections or the department of children and families to review court records for the purpose of obtaining information concerning a juvenile who is required to register under s. 301.45, the court shall open for inspection by authorized representatives of the ~~department~~ requester the records of the court relating to any juvenile who has been adjudicated delinquent or found in need of protection or services or not responsible by reason of mental disease or defect for an offense specified in s. 301.45 (1g) (a). The department of corrections may disclose information that it obtains under this paragraph as provided under s. 301.46.

# G. SUPPORTING OUR VETERANS

## G–93. Commercial Driver License Fee Waiver

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**Governor's written objections**

*Section 4334t*

This section waives the fees, at the point of initial issuance, for a commercial driver license for persons holding a military commercial driver license.

I am partially vetoing this section because I object to limiting the commercial driver license fee waiver for a person with a military commercial driver license to the initial issuance of these licenses. By partially vetoing this section, I am ensuring that the fee waiver will apply to the fees for initial license issuance as well as the fees for license renewal.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 4334t.** 343.16 (2) (f) 3. of the statutes is amended to read:

343.16 **(2)** (f) 3. Notwithstanding pars. (a) to (c) and sub. (1) (a), with respect to equivalent classes of vehicles under s. 343.04 (1), the department shall treat an application for a commercial driver license submitted with a military commercial driver license and other related documentation the same as an application for that license submitted by a person holding a commercial driver license from another jurisdiction, except that the department shall waive the initial issuance or upgrading fees under s. 343.21 (1) (d) and (n) for the commercial driver license and any applicable endorsement, and shall require the applicant to take and pass the applicable knowledge tests, unless the applicant is exempt from, or eligible for a waiver of, these knowledge tests under 49 CFR 383. **Vetoed In Part**

# H. PRESERVING WISCONSIN'S HERITAGE

## H–94. PECFA Program Sunset

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**Governor's written objections**

*Section 4213 [as it relates to s. 292.63 (3) (ac)]*

This provision requires the Department of Natural Resources to deny any claim for PECFA reimbursement if the department has not been notified of the discharge of petroleum and potential claim before July 1, 2017. The provision also specifies that the department must deny reimbursement of a PECFA claim if the claim is not submitted by July 1, 2020. Finally, the provision requires that a claim for reimbursement must be submitted within 180 days after incurring the eligible costs, or by the first day of the seventh month after the effective date of the budget, whichever is later.

I am partially vetoing this provision to specify that notification must be received by the department before July 20, 2015, because I object to further extending the amount of time for claimants to submit notices of claims to the department. The program was intended to pay for removal of petroleum tanks installed before 1991 that did not meet certain federal standards and cleanup petroleum discharges from these tanks. The program was extended to include cleanup of discharges

from certain tanks installed before 2001. The program has existed for sufficient time that its primary purpose has been completed.

.....

**Cited segments of 2015 Senate Bill 21:**

**SECTION 4213.** 292.63 (3) (ac) of the statutes is created to read:

292.63 **(3)** (ac)

2. An owner or operator or person owning a home oil tank system is not eligible for an award under this section for costs incurred because of a petroleum product discharge if the owner or operator or person does not provide notification under par. (a) 3. concerning the discharge before July 1, 2017 . **Vetoed In Part**

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**H−95. Frank Lloyd Wright Heritage Trail**

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**Governor's written objections**

*Sections 641m, 641n, 1422m, 2564m and 2595g*

Section 2564m requires the Department of Transportation to create a Frank Lloyd Wright Heritage Trail commencing at I−94 in Kenosha County at the Illinois state border; extending through STH 30, USH 151 and USH 14 in Dane County; extending though USH 14 West in Iowa County; extending through USH 14 West in Sauk County; and ending at the junction of USH 14 West and CTH Q in the city of Richland Center in Richland County. Section 2564m also requires the department to erect signage at various points along the route denoting the Frank Lloyd Wright Heritage Trail, and section 2595g gives the department the authority to erect additional markers to denote specific buildings designed by Frank Lloyd Wright along the route.

In addition, sections 641m and 1422m require an additional $500,000 GPR be provided to the Department of Tourism in its tourism marketing; general purpose revenue appropriation under s. 20.380 (1) (b) to be spent on promoting the trail in the 2015−17 fiscal biennium, and section 641n exempts this amount from the spending requirements for the appropriation under s. 20.380 (1) (kg).

I am vetoing these sections because I object to requiring the Department of Transportation to mark a Frank Lloyd Wright Heritage Trail, thus circumventing the established application and administrative process for determining the placement and approval of highway signage. I further object to the addition of another specific spending earmark to be made from the Department of Tourism's marketing appropriations. Rather than a statutory earmark, I am directing the Department of Tourism to include, as part of the statewide marketing strategy, promotion of buildings constructed or designed by Frank Lloyd Wright that are open to the public throughout the state.

.....

**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 641m.** 20.380 (1) (b) of the statutes is amended to read:

20.380 **(1)** (b) *Tourism marketing; general purpose revenue*. Biennially, the amounts in the schedule for tourism marketing service expenses and the execution of the functions under ss. 41.11 (4) ~~and~~, 41.17 , and 41.25. In each fiscal year, the department shall expend for tourism marketing service expenses and the execution of the functions under ss. 41.11 (4) and 41.17 an amount that bears the same proportion to the amount in the schedule for the fiscal year as the amount expended under par. (kg) in that fiscal year bears to the amount in the schedule for par. (kg) for that fiscal year. Of the amounts under this paragraph, not more than 50% shall be used to match funds allocated under s. 41.17 by private or public organizations for the joint effort marketing of tourism with the state.

**Vetoed In Part**

**SECTION 641n.** 20.380 (1) (kg) of the statutes is amended to read:

20.380 **(1)** (kg) *Tourism marketing; gaming revenue.* Biennially, the amounts in the schedule for tourism marketing service expenses and the execution of the functions under ss. 41.11 (4) and 41.17. In each fiscal year, the department shall expend for tourism marketing service expenses and the execution of the functions under ss. 41.11 (4) and 41.17 an amount that bears the same

**Vetoed In Part**

proportion to the amount in the schedule for the fiscal year as the amount expended under par. (b) for those purposes in that fiscal year bears to the amount in the schedule for par. (b) for that fiscal year, minus the amount expended under s. 41.25. All moneys transferred from the appropriation account under s. 20.505 (8) (hm) 6. shall be credited to this appropriation account. Notwithstanding s. 20.001 (3) (b), the unencumbered balance on June 30 of each odd–numbered year shall revert to the appropriation account under s. 20.505 (8) (hm).

**Vetoed In Part**

**Section 1422m.** 41.25 of the statutes is created to read:

**41.25 Frank Lloyd Wright promotion. (1)** In the 2015–17 fiscal biennium, from the appropriation under s. 20.380 (1) (b), the department shall expend $500,000 to promote, advertise, and publicize buildings designed or constructed by Frank Lloyd Wright that are open to the public.

**Vetoed In Part**

**Section 2564m.** 84.10255 of the statutes is created to read:

**84.10255 Frank Lloyd Wright Heritage Trail. (1)** The department shall designate and, subject to subs. (2) and (3), mark the following route, through Kenosha, Racine, Milwaukee, Waukesha, Jefferson, Dane, Iowa, Sauk, and Richland counties, as the "Frank Lloyd Wright Heritage Trail":

(a) Commencing in Kenosha County, where I 94 enters Wisconsin and proceeding on I 94 to Dane County.

(b) In Dane County, proceeding on I 94; exiting to and proceeding on STH 30; exiting to USH 151 and then proceeding on USH 151 south; exiting to USH 14 west and then proceeding on USH 14 west to Richland County.

(c) In Richland County, proceeding on USH 14 west, ending at the junction of USH 14 and CTH "Q."

(d) In Sauk County, in addition to the route described in par. (b), turning from USH 14 onto STH 23 south and proceeding on STH 23 south to Iowa County.

(e) In Iowa County, proceeding on STH 23 south, ending at the junction of STH 23 and CTH "C" nearest to the Frank Lloyd Wright Visitor Center.

**(2)** The department shall erect and maintain all of the following markers along the route specified in sub. (1):

**Vetoed In Part**

(a) At the end of the route in Kenosha County, one marker facing each direction of travel to identify to motorists the designation of the route as the "Frank Lloyd Wright Heritage Trail."

(b) In Racine County, at the interchange of I 94 and STH 20, one marker facing each direction of travel to identify to motorists the location of the Frank Lloyd Wright Research Tower at the headquarters of S.C. Johnson and Son, Inc., in the city of Racine and Wingspread in the village of Wind Point.

(c) In Dane County, on USH 151, one marker facing each direction of travel to identify to motorists the location of Monona Terrace in the city of Madison and the First Unitarian Society Meeting House in the village of Shorewood Hills.

(d) In Sauk County, at the junction of USH 14 and STH 23, one marker facing each direction of travel to identify to motorists the continuation of the route and Taliesin in Iowa County.

(e) In Iowa County, on STH 23, one marker facing each direction of travel to identify to motorists the designation of the route as the "Frank Lloyd Wright Heritage Trail" and the location of the Frank Lloyd Wright Visitor Center and Taliesin in the town of Wyoming.

(f) In Richland County, at the junction of USH 14 and CTH "Q," a marker facing each direction of travel to identify to motorists the designation of the route as the "Frank Lloyd Wright Heritage Trail" and the location of the Richland Museum and Visitors Center in the city of Richland Center.

**(3)** The department may erect and maintain markers along the route specified in sub. (1) to identify to motorists the location of buildings designed or constructed by Frank Lloyd Wright that are open to the public and that are within 15 miles of the route specified in sub. (1).

**Vetoed In Part**

**Section 2595g.** 86.19 (1u) of the statutes is created to read:

86.19 **(1u)** Notwithstanding sub. (1), the department may erect and maintain directional signs along any highway along the route described in s. 84.10255 (1) to aid navigation to the locations described in s. 84.10255 (2) (b) to (e).

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**H–96. 100th Anniversary of the State Capitol**

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**Governor's written objections**

*Section 9127*

This section requires the Joint Committee on Legislative Organization to appoint a 100th Anniversary State Capitol Commemoration Commission composed of nine members with one member each nominated by: the Speaker of the

Assembly, Minority Leader of the Assembly, President of the Senate, Senate Minority Leader, Governor, Supreme Court, Secretary of the Department of Administration, State Capitol and Executive Residence Board, and Director of the State Historical Society.

The commission is required to plan events, including educational programs for children and students, to celebrate the 100th anniversary of the State Capitol. The commission may request individuals and entities with knowledge of the history, construction and renovation of the Capitol to assist the commission.

I am vetoing this section because it is unnecessary. While I support the intent, the Legislature has the authority to create this commission without requiring it in this bill. The 100th anniversary of the State Capitol is an important milestone in Wisconsin's history and should be celebrated.

.....

**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 9127. Nonstatutory provisions; Legislature.**

(1j) 100TH ANNIVERSARY STATE CAPITOL COMMEMORATION COMMISSION.

(a) The joint committee on legislative organization shall establish a committee, to be known as the 100th anniversary state capitol commemoration commission, consisting of 9 members. Each of the following shall appoint one member: the speaker of the assembly, the minority leader of the assembly, the president of the senate, the minority leader of the senate, the governor, the supreme court, the secretary of administration, the state capitol and executive residence board, and the director of the state historical society. The members of the commission shall elect a chairperson.

(b) The 100th anniversary state capitol commemoration commission shall plan events, including educational programs for children and students, to be held in 2017 for commemorating the 100th anniversary of the completion of the state capitol. The commission may request that individuals and organizations with knowledge of the history, construction, and renovation of the state capitol assist the commission in planning and executing the commemoration.

(c) Upon completion of the commemoration, the 100th anniversary state capitol commemoration commission is dissolved.

**Vetoed In Part**

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**H−97. Proceeds from Sale of Stewardship Lands**

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**Governor's written objections**

*Sections 481 [as it relates to s. 20.370 (7) (iv)], 639m, 640d, 980b and 980bm*

This provision specifies that the net proceeds (after repayment of debt on the specific parcel, applicable federal law compliance or other restrictions) of Department of Natural Resources land sales from land required to be offered for sale under current law be used as follows: (a) 50 percent to pay principal on outstanding public debt issued under the Stewardship Program; and (b) 50 percent to be deposited in a new, continuing, conservation fund SEG appropriation to be used for the department to acquire land in the manner specified under s. 23.09 (2) (d), with priority given to the current law Stewardship purposes.

I am vetoing this provision because I object to using proceeds from land sales for additional property acquisition. Rather, these proceeds should be utilized to reduce existing debt related to the acquisition of property.

.....

**Cited segments of 2015 Senate Bill 21:**

**20.370 Natural Resources, Department of**

(7) DEBT SERVICE AND DEVELOPMENT

| | | | | | |
|---|---|---|---|---|---|
| (iv) Land sales – use of proceeds | SEG | C | –0– | –0– | **Vetoed In Part** |

**Vetoed In Part**

**SECTION 639m.** 20.370 (7) (ad) of the statutes is amended to read:

20.370 **(7)** (ad) *Land sales — principal repayment.* ~~All~~ Fifty percent of all moneys received from the proceeds from the sale of land and property under s. 23.145 to reimburse s. 20.866 (1) (u) for the payment of principal on outstanding public debt incurred under the Warren Knowles–Gaylord Nelson stewardship 2000 program under s. 23.0917 and to make payments under an agreement or ancillary arrangement entered into under s. 18.06 (8) (a).

**Vetoed In Part**

**SECTION 640d.** 20.370 (7) (iv) of the statutes is created to read:

20.370 **(7)** (iv) *Land sales — use of proceeds.* From the conservation fund, 50 percent of all moneys received from the proceeds from the sale of land and property under s. 23.145 for the purpose of acquiring land as specified under s. 23.145 (2) (b).

**Vetoed In Part**

**SECTION 980b.** 23.145 (2) of the statutes is renumbered 23.145 (2) (intro.) and amended to read:

23.145 **(2)** (intro.) If there is any outstanding public debt used to finance the acquisition of any land that is sold under sub. (1), the department shall deposit a sufficient amount of the net proceeds from the sale of the land in the bond security and redemption fund under s. 18.09 to repay the principal and pay the interest on the debt, and any premium due upon refunding any of the debt. If there is any outstanding public debt used to finance the acquisition of any land that is sold under sub. (1), the department shall then provide a sufficient amount of the net proceeds from the sale of the land for the costs of maintaining federal tax law compliance applicable to the debt. If the land was acquired with federal financial assistance, the department shall pay to the federal government any of the net proceeds required by federal law. If the land was acquired by gift or grant or acquired with gift or grant funds, the department shall adhere to any restriction governing use of the proceeds. If there is no such debt outstanding, there are no moneys payable to the federal government, and there is no restriction governing use of the proceeds, and if the net proceeds exceed the amount required to be deposited, paid, or used for another purpose under this subsection, the department shall ~~use~~ do all of the following with the net proceeds or remaining net proceeds from the sale of land under sub. (1) ~~to pay:~~

(a) Use 50 percent of the proceeds to pay principal on outstanding public debt under the Warren Knowles–Gaylord Nelson stewardship 2000 program under s. 23.0917.

**SECTION 980bm.** 23.145 (2) (b) of the statutes is created to read:

23.145 **(2)** (b) Credit 50 percent of the proceeds to the appropriation account under s. 20.370 (7) (iv) for the department to acquire land for the purposes specified in s. 23.09 (2) (d). In acquiring land with these proceeds, the department shall give priority to all of the following purposes:

1. Acquisition of land that preserves or enhances the state's water resources, including land in and for the Lower Wisconsin State Riverway; land abutting wild rivers designated under s. 30.26, wild lakes, and land along the shores of the Great Lakes.

2. Acquisition of land for the stream bank protection program under s. 23.094.

3. Acquisition of land for habitat areas and fisheries under s. 23.092.

4. Acquisition of land for natural areas under ss. 23.27 and 23.29.

5. Acquisition of land in the middle Kettle Moraine.

6. Acquisition of land in the Niagara Escarpment corridor.

**Vetoed In Part**

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**H–98. Northern State Forests Master Plans**

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**Governor's written objections**

*Sections 9132 (4vw) and 9132 (4vx)*

This provision requires the Department of Natural Resources to update master plans for all the northern state forests, except for Governor Knowles State Forest, by March 1, 2017. The provision also requires that the department propose a statewide variance to all northern state forests master plans by June 30, 2016, not including Governor Knowles State Forest. The provision further requires the department to change the percentage of forest land open for timber harvest from 66 percent to 75 percent, except in the Governor Knowles State Forest.

I am partially vetoing this provision to remove the required dates because I object to limiting the flexibility of the department to perform a thorough review of the master plans. Instead, I am directing the department to update the master plans and propose the variance no later than June 30, 2017.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9132. Nonstatutory provisions; Natural Resources.**

**Vetoed In Part**

(4vw) STATE FOREST PLAN VARIANCE. On or before June 30, 2016, the department of natural resources shall propose a variance to the master plans of all state forests except for the southern state forests, as defined in section 27.016 (1) (c) of the statutes, and except for Governor Knowles State Forest to incorporate the requirements in section 28.04 (3) (am) of the statutes, as created by this act, with respect to land classified as a forest production area.

**Vetoed In Part**

(4vx) STATE FOREST PLAN AMENDMENT. Before March 1, 2017, the department of natural resources shall amend the master plans of all state forests except for the southern state forests, as defined in section 27.016 (1) (c) of the statutes, and except for Governor Knowles State Forest so that 75 percent of all the land in those state forests combined is classified as a forest production area.

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**H−99. Audit of the Forestry Account**

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**Governor's written objections**

*Section 9132 (3f)*

This provision requests that the Joint Legislative Audit Committee require the Legislative Audit Bureau to conduct an audit of the forestry account of the conservation fund.

I am vetoing this provision because the Legislature does not need statutory authority to direct one of its own service agencies to conduct a study.

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**Cited segments of 2015 Senate Bill 21:**

**SECTION 9132. Nonstatutory provisions; Natural Resources.**

**Vetoed In Part**

(3f) AUDIT OF MONEYS RECEIVED FOR FORESTRY ACTIVITIES. The joint legislative audit committee is requested to direct the legislative audit bureau to perform an audit of the moneys received by the department of natural resources for forestry activities and how those moneys are spent. If the committee directs the legislative audit bureau to perform an audit, the bureau shall file its report as described under section 13.94 (1) (b) of the statutes on or before June 30, 2017.

**Vetoed In Part**

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**H−100. Car−Killed Deer Report**

*Section 9132 (1q)*

This provision requires the Department of Natural Resources to conduct a study to be submitted to the Joint Committee on Finance, the Governor and appropriate standing committees by January 1, 2017, on the cost−effectiveness of the car−killed deer program, the number of deer collected and any program recommendations.

I am vetoing this provision because it is unnecessary. The department will continue to work with the counties and other stakeholders to appropriately manage the program.

.....

**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 9132. Nonstatutory provisions; Natural Resources.**

(1q) CAR–KILLED DEER REPORT. The department of natural resources shall prepare a report on the program under section 29.349 (4) of the statutes, as created by this act, including an account of the cost–effectiveness of the program, the number of deer collected, and any recommendations regarding the program. Before January 1, 2017, the department shall submit the report to the governor, to the joint committee on finance, and to appropriate standing committees of the legislature, as determined by the speaker of the assembly and the president of the senate.

**Vetoed In Part**

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**H–101. Snowmobile Supplemental Trail Aids Requests to Joint Committee on Finance**

*Section 4359m*

This section requires the Department of Natural Resources to submit a request to the Joint Committee on Finance for the distribution of supplemental snowmobile trail aids from the departments appropriation under s. 20.370 (5) (cr), in excess of the available trail pass revenue. It also limits the appropriations from which the department may pay supplemental trail aids to the appropriations under s. 20.370 (5) (cr) or (cs). The request would be subject to 14–day passive review under s. 16.515.

I am vetoing this section because it is overly prescriptive and unnecessary.

Section 350.12 (4) (br) provides a process to allow for payments of supplemental trail aids in excess of available trail pass revenue and ensures that supplemental snowmobile trail aids are distributed in a timely fashion.

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**Cited segments of 2015 Senate Bill 21:**

**Vetoed In Part**

**SECTION 4359m.** 350.12 (4) (br) of the statutes is renumbered 350.12 (4) (br) (intro.) and amended to read:

350.12 **(4)** (br) *Supplemental trail aids; insufficient funding.* (intro.) If the aid that is payable to counties and to the department under par. (bm) exceeds the moneys available under par. (bg), the department may ~~prorate~~ only do the following or any combination of the following:

1. Prorate the payments ~~or may request.~~

2. Request, in writing, that the joint committee on finance ~~to take action under s. 13.101. The requirement of a finding of emergency under s. 13.101 (3) (a) 1. does not apply to such a request~~ authorize the department to pay any or all of the insufficiency from the appropriations under s. 20.370 (5) (cr) or (cs). The department may proceed with the requested action if within 14 working days of the request the committee does not schedule a meeting for the purpose of reviewing the department's request. If the committee schedules a meeting for the purpose of reviewing the department's request, the department may not take the requested action unless the committee approves the request.

**Vetoed In Part**

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**H–102. Grants to Nonprofit Conservation Organizations**

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**Governor's written objections**

*Section 481 [as it relates to ss. 20.370 (5) (at), (aw), (ax), (ay), (bw), (cx), 20.370 (6) (ar), (aw), and 20.370 (9) (mu)]*

This provision funds grants to various nonprofit conservation organizations, as follows: section 481 [as it relates to s. 20.370 (5) (at)] provides $66,800 annually to the Ice Age Trail Alliance; (b) section 481 [as it relates to s. 20.370 (5) (aw)] provides $124,500 annually to the Gathering Waters Conservancy and $75,700 to the Natural Resources Foundation; (c) section 481 [as it relates to s. 20.370 (5) (ax)] provides $75,000 annually to the Great Lakes Timber Professionals Association for a Master Logger program; (d) section 481 [as it relates to s. 20.370 (5) (ay)] provides $66,800 annually

for urban forest protection; (e) section 481 [as it relates to s. 20.370 (5) (bw)] provides $50,000 annually for up to 50 percent of costs of dues to the Wisconsin County Forest Association; (f) section 481 [as it relates to s. 20.370 (5) (cx)] provides $297,000 annually for off−road safety programs; (g) section 481 [as it relates to s. 20.370 (6) (ar)] provides $180,000 annually to Wisconsin Lakes; (h) section 481 [as it relates to s. 20.370 (6) (aw)] provides $62,300 annually to the River Alliance of Wisconsin; and (i) section 481 [as it relates to s. 20.370 (9) (mu)] provides $22,800 annually for the Wild River Interpretive Center.

I am lining out the amounts under ss. 20.370 (5) (at), (aw), (ax), (ay), (bw), (cx), 20.370 (6) (ar), (aw), and 20.370 (9) (mu) and writing in smaller amounts because I object to earmarking these funds for specific conservation organizations without requiring accountability in the use of the funds. With this veto, I am reducing the appropriations by a total of $1,020,900. I am also requesting the Department of Administration secretary not to allot these funds.

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**Cited segments of 2015 Senate Bill 21:**

**20.370 Natural Resources, Department of**

| | | | | | | |
|---|---|---|---|---|---|---|
| (5) | CONSERVATION AIDS | | | | | |
| (at) | Ice age trail area grants | SEG | A | 66,800 | 66,800 | **Vetoed In Part** |
| (aw) | Resource aids — nonprofit conservation organizations | SEG | C | 200,200 | 200,200 | **Vetoed In Part** |
| (ax) | Resource aids – forestry | SEG | A | 75,000 | 75,000 | **Vetoed In Part** |
| (ay) | Resource aids – urban land conservation | SEG | A | 66,800 | 66,800 | **Vetoed In Part** |
| (bw) | Resource aids — county sustainable forestry grants | SEG | B | ~~1,576,900~~ 1,526,900 | ~~1,576,900~~ 1,526,900 | **Vetoed In Part** |
| (cx) | Recreation aids — all−terrain vehicle safety program | SEG | A | 297,000 | 297,000 | **Vetoed In Part** |
| (6) | ENVIRONMENTAL AIDS | | | | | |
| (ar) | Environmental aids – lake protection | SEG | C | ~~2,432,600~~ 2,252,600 | ~~2,432,600~~ 2,252,600 | **Vetoed In Part** |
| (aw) | Environmental aids – river protection, nonprofit organization contracts | SEG | C | 62,300 | 62,300 | **Vetoed In Part** |

(9) CUSTOMER ASSISTANCE AND EXTERNAL RELATIONS

| | | | | | | |
|---|---|---|---|---|---|---|
| (mu) General program operations – state funds | SEG | A | ~~8,666,800~~ 8,644,000 | ~~8,639,100~~ 8,616,300 | **Vetoed In Part** |

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**H–103. Areawide Water Quality Management Plan**

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**Governor's written objections**

*Section 4203m*

This provision makes a number of changes to the areawide water quality management process for Dane County. The changes include utilizing a statewide water quality standard for Dane County, establishing limits on the ability of Dane County to require information on proposed revisions to the plan, setting a timeline for applications and revisions to the Dane County water quality management plan, and establishing the conditions under which Dane County or any of its subunits may develop or provide advisory services relating to the areawide water quality management plan. Further, the provision prohibits the Governor from designating, under 33 USC 1288 (a) (2), Dane County or any of its subunits, including the Dane County Lakes and Watershed Commission, to develop the areawide water quality management plan for Dane County, or to review proposed revisions to the plan.

Under federal law, the Governor is required to designate a single representative organization, including elected officials from local governments or their designees, capable of developing effective areawide water quality management plans for an area. In addition, the Governor may identify any additional area (or modify an existing area) for which he determines areawide water quality management to be appropriate, designate the boundaries of such area, and designate an organization capable of developing effective water quality management plans for such area.

I am partially vetoing this provision to remove the restriction on the Governor's designation authority because I object to the infringement on gubernatorial powers and duties. In addition, the prohibition on the Governor designating Dane County or any of its subunits to develop the areawide water quality management plan for Dane County, or to review proposed revisions to the plan, may prevent the Governor from complying with federal law.

.....

**Cited segments of 2015 Senate Bill 21:**

**SECTION 4203m.** 283.83 (1m) of the statutes is created to read:

283.83 **(1m)**

**Vetoed In Part**

(d) The governor may not under 33 USC 1288 (a) (2) designate Dane County or any of its subunits, including the Dane County lakes and watershed commission, to develop the areawide water quality management plan for the area consisting of Dane County or to review proposed revisions to the plan. **Vetoed In Part**

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**H–104. Well Compensation Grant Appropriation**

*Sections 481 [as it relates to s. 20.370 (6) (cr)], 639g and 9232 (1q)*

This provision specifies that the Department of Natural Resources must lapse $320,000 from the balance of the environmental aids – compensation for well contamination and abandonment appropriation under s. 20.370 (6) (cr) to the segregated environmental fund. The provision also converts the environmental aids – compensation for well contamination and abandonment appropriation from continuing to biennial. Finally, the provision deletes $76,000 SEG annually from the appropriation, to reduce the appropriation level to $200,000 annually for grants.

I am partially vetoing this provision because I object to requiring this appropriation to lapse funds at the end of each biennium on an ongoing basis. Costs related to well compensation fluctuate over time and allowing the appropriation to remain continuing will allow the department to reserve funds for times when grant payments are higher than expected.

.....

**Cited segments of 2015 Senate Bill 21:**

**20.370 Natural Resources, Department of**

| | | | | | | |
|---|---|---|---|---|---|---|
| (6) | ENVIRONMENTAL AIDS | | | | | |
| (cr) | Environmental aids – compensation for well contamination and abandonment | SEG | B | 200,000 | 200,000 | **Vetoed In Part** |

**Vetoed In Part**

**SECTION 639g.** 20.370 (6) (cr) of the statutes is amended to read:

20.370 **(6)** (cr) *Environmental aids — compensation for well contamination and abandonment.* ~~As a continuing appropriation~~ Biennially, from the environmental fund, the amounts in the schedule to pay compensation under s. 281.75.

**SECTION 9232. Fiscal changes; Natural Resources.**

(1q) WELL COMPENSATION LAPSE. Notwithstanding section 20.001 (3) (b) and (c) of the statutes and the treatment of section 20.370 (6) (cr) of the statutes by this act, the unencumbered balance of the appropriation account under section 20.370 (6) (cr), 2013 stats., shall not lapse to the environmental fund on the effective date of this subsection and all of the following shall occur with respect to that appropriation account:

(a) In fiscal year 2015−16, there is lapsed to the environmental fund $320,000.

(b) In the 2015−17 fiscal biennium, the amounts that may be expended from that appropriation account are the sum of the amounts in the schedule under chapter 20 of the statutes, as affected by this act, and the unencumbered balance in the appropriation account, less the amount lapsed under paragraph (a).

(c) At the end of the 2015−17 fiscal biennium, the unencumbered balance of the appropriation account is lapsed to the environmental fund.

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