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Executive Partial Veto of Assembly Bill 64

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EXECUTIVE PARTIAL VETO OF ASSEMBLY BILL 64

Executive Budget Bill Passed by the 2017 Wisconsin Legislature

(2017 Wisconsin Act 59)

I. INTRODUCTION

This brief contains the veto message of Governor Scott Walker for the partial veto of 2017 Assembly Bill 64 (2017 Wisconsin Act 59), the "Executive Budget Bill" passed by the 2017 Wisconsin Legislature. A subsequent edition of *LRB Reports* will cover the messages for other gubernatorial vetoes or partial vetoes relating to 2017 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 2017 Assembly Bill 64, 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 2017 Wisconsin Act 59. 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 116).

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, Administrative Services Manager

PARTIAL VETOES OF EXECUTIVE BUDGET BILLS

1931–2017[1]

Session	Bill	Law	Number of Vetoes[2]	Senate/Assembly Journal Page[3]	Session	Bill	Law	Number of Vetoes[2]	Senate/Assembly Journal Page[3]
1931	AB–107	Ch. 67	12	A.J. p. 1134	1981	AB–66	Ch. 20	121	A.J. p. 895
1933	SB–64	Ch. 140	12	S.J. p. 1195	1983	SB–83	Act 27	70	S.J. p. 276
1935	AB–17	Ch. 535	0	——	1985	AB–85	Act 29	78	A.J. p. 293
1937	AB–74	Ch. 181	0	——	1987	SB–100	Act 27	290	S.J. p. 277
1939	AB–194	Ch. 142	1	A.J. p. 1462		AB–850[8]	Act 399	118	A.J. p. 1052
1941	AB–35	Ch. 49	1	A.J. p. 770	1989	SB–31	Act 31	208	S.J. p. 325
1943	AB–61	Ch. 132	0	——		SB–542[9]	Act 336	73	S.J. p. 957
1945	AB–1	Ch. 293	1	A.J. p. 1383	1991	AB–91	Act 39	457	A.J. p. 404
1947	AB–198	Ch. 332	4[4]	A.J. p. 1653		SB–483[10]	Act 269	161	S.J. p. 896
1949	AB–24	Ch. 360	0	——	1993	SB–44	Act 16	78	S.J. p. 362
1951	AB–174	Ch. 319	0	——		AB–1126[8]	Act 437	11	A.J. p. 960
1953	AB–139	Ch. 251	2	A.J. p. 1419	1995	AB–150	Act 27	112	A.J. p. 383
1955	AB–73	Ch. 204	0	——		AB–557[11]	Act 113	11	A.J. p. 689
1957	AB–77	Ch. 259	2	A.J. p. 2088		SB–565[12]	Act 216	3	S.J. p. 770
1959	AB–106	Ch. 135	0	——	1997	AB–100	Act 27	152	A.J. p. 322
1961	AB–111	Ch. 191	2	A.J. p. 1461		AB–768[13]	Act 237	20	A.J. p. 927
1963	SB–615	Ch. 224	0	——	1999	AB-133	Act 9	255	A.J. p. 405
1965	AB–903	Ch. 163	1	A.J. p. 1902	2001	SB-55	Act 16	315	S.J. p. 282
1967	AB–99	Ch. 43	0	——		AB–1[14]	Act 109	72	A.J. p. 894
1969	SB–95	Ch. 154	27	A.J. p. 2615	2003	SB–1[15]	Act 1	0	S.J. p. 111
1971	SB–805	Ch. 125	12[5]	S.J. p. 2162		SB–44	Act 33	131	S.J. p. 277
	AB–1610[6]	Ch. 215	8	A.J. p. 4529	2005	AB–100	Act 25	139	A.J. p. 373
1973	AB–300	Ch. 90	38	A.J. p. 2409	2007	SB–40	Act 20	33	S.J. p. 373
	AB–1[7]	Ch. 333	19	A.J. p. 310		AB–1[16]	Act 226	8	A.J. p. 792
1975	AB–222	Ch. 39	42	A.J. p. 1521	2009	AB–75	Act 28	81	A.J. p. 297
	SB–755[6]	Ch. 224	31	S.J. p. 2257	2011	AB–11[17]	Act 10	0	A.J. p. 105
1977	SB–77	Ch. 29	67	S.J. p. 853		AB–40	Act 32	50	A.J. p. 413
	AB–1220[6]	Ch. 418	44	A.J. p. 4345	2013	AB–40	Act 20	57	A.J. p. 48
1979	SB–79	Ch. 34	45	S.J. p. 617	2015	SB–21	Act 55	104	S.J. p. 329
	AB–1180[6]	Ch. 221	58	A.J. p. 3420	2017	AB–64	Act 59	98	A.J. p. 421

[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 Repair Bill, January 2003 Special Session.

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

[17]2011 Budget Repair 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 and reads as follows:

> 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 2017 act:

> 2017 *BILL* was approved by the governor in part and has become 2017 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 2017 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 2017 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 2017 *BILL*, and which is shown in this supplement as part of a SECTION of 2017 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 2017 *BILL*, had proposed to delete certain words contained in existing law. These deletions could not take effect with the publication of 2017 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 2017 ASSEMBLY BILL 64

2017 Wisconsin Act 59 (Assembly Bill 64): State finances and appropriations, constituting the executive budget act of the 2017 legislature

On September 13, 2017, the assembly adopted Assembly Substitute Amendment 1 (as amended by Assembly Amendment 20) to Assembly Bill 64 on a voice vote, A.J. 09/13/17, p. 405, and passed Assembly Bill 64, as amended, by a vote of 57 to 39, paired 2, A.J. 09/13/17, p. 406.

On September 15, 2017, the senate concurred in Assembly Bill 64, as amended, by a vote of 19 to 14, S.J. 09/15/17, p. 451.

On September 19, 2017, the assembly received from the senate and concurred in Assembly Bill 64, as amended, A.J. 09/19/17, p. 413.

On September 21, 2017, the governor approved in part and vetoed in part Assembly Bill 64, and the part approved became 2017 Wisconsin Act 59, A.J. 09/21/17, p. 421. The date of enactment is September 21, 2017, and the date of publication is September 22, 2017, and, as provided in section 991.11, Wisconsin Statutes, the effective date of all provisions of the act is September 23, 2017, except those provisions for which the act expressly provides a different date.

IV. TEXT OF THE GOVERNOR'S VETO MESSAGE

September 21, 2017

To the Honorable Members of the Assembly:

Assembly Bill 64 as **2017 Wisconsin Act 59** is approved and deposited in the office of the Secretary of State.

This budget as introduced was organized around three main priorities: student success, accountable government, and rewarding work. Working together, we have maintained these priorities proving once again that Wisconsin is Working.

While we have been working on a budget, our state has continued to thrive. Our state's unemployment rate reached a 17−year low in 2017, the lowest this century. This year, there were more people employed in our state than ever before. We have a labor force participation rate that is in the top ten of all states. Our state's private sector average weekly wage growth six years since taking office, is ranked 12th best in the nation.

Our state's business climate is ranked in the top ten of the nation by Chief Executive Magazine. This is up from being among the ten worst in the nation when we took office. This coupled with common sense reforms have led to businesses locating and growing in Wisconsin. There has been job growth and investment all over the state; including the largest investment in state history with $10 billion in private sector investment and up to 13,000 jobs to be created by one employer. This shows Wisconsin is leading the nation to again manufacture goods in America, right here in Wisconsin. Working together, this budget will continue to maintain these successes.

This budget is built upon a reform dividend. Lower than estimated state spending and higher than previously estimated revenues resulted in a dividend that we are investing into our priorities. Continuing this trend, the latest fiscal year closed with revenues higher than previously estimated. This budget is projected to end with more than a $200 million surplus. When I first took office as Governor, Wisconsin was plagued by billion dollar deficits, double digit tax increases, and

high unemployment. Today, years of fiscally responsible budgeting and bold common sense reforms have led to surpluses, billions in tax cuts, and some of the lowest unemployment this century.

Since we took office, Wisconsin has ended every year with a surplus. This budget continues that trend and in addition maintains a rainy day fund that is nearly $300 million. In fact, it is 168 times larger than when we first took office. Not only are our finances under control, but our state's bonding is being maintained at a reasonably low level. Total new bonding authorized in this and last budget combined is the lowest back−to−back in at least 20 years. We are also paying off debt faster than we are authorizing new borrowing. We are one of only a handful of states with a fully−funded pension system. Our credit rating was just upgraded by Moody's for the first time since 1973 and our state's long−term obligations are some of the lowest of any state in the nation. This is all great news for state residents and a good foundation for our state's financial future.

Investing in student success is an important part of maintaining this positive momentum in our state. This budget appropriates the largest amount of total state dollars into K−12 education of any budget in state history. The increase is the largest in a decade and total state support for K12 will be the highest in a decade as well. We invest heavily in all schools as well as target dollars to school mental health, special needs, and broadband programs. These investments will help our students succeed and our state to prosper.

Additionally, we invest in higher education. We make the largest investment into the University of Wisconsin System in a decade by increasing state funding by nearly $100 million. We enact performance funding to ensure focus on student achievement, finishing college on time, and college affordability. We also freeze resident undergraduate tuition for a record six straight years. It is estimated this has saved the average student $6,311 over the last four years compared to the prior ten−year trend.

We are investing into our Technical College System. We set aside $5,000,000 for our technical colleges to partner with businesses to fill high demand jobs. In addition, a significant investment is made into need−based aid for technical college students. Overall, funding for Wisconsin Grant need−based aid will rise to the highest appropriated level in state history.

These investments into need−based aid coupled with freezing college tuition will make getting a degree or certificate more affordable. This will reduce student debt and build upon other positive reforms we have enacted to get students educated, graduate on time, and into the workforce with the skills they need to fill high demand jobs. Lowering the cost of higher education and giving students the skills they need to pursue successful careers can reduce student debt in meaningful ways for future generations.

This budget exemplifies our commitment to accountable government as well. We continue to reduce the tax burden on Wisconsin residents. In total, the cumulative tax cuts since we took office will rise to more than $8 billion with this budget. This includes eliminating the state levied property tax. This is one of the actions taken to meet our commitment to reduce property taxes. This budget is estimated to maintain a property tax bill for a typical homeowner in 2018 that is lower than it was in 2014, which is lower than it was when we first took office in 2010. This has cumulatively saved the typical homeowner thousands compared to the trend prior to us taking office. That is truly amazing.

This budget also reduces the personal property tax. This tax cut will directly benefit small businesses all throughout the state. Our efforts to reduce the tax burden in Wisconsin have been significant. Since we took office, only two other states' tax burdens improved more than Wisconsin. This is helping to create jobs, grow our economy, and make Wisconsin a more attractive place to live, work, and grow businesses.

This budget and a separate proposal that invests in the I−94 North−South corridor both invest heavily in our state's infrastructure. Total transportation investments exceed $6 billion. Including these investments, compared to the eight years prior to us taking office, this is more than an additional $3 billion investment into our state's infrastructure. These investments will build upon our top ten ranked state and local spending on highways per capita in 2014.

The investments in infrastructure include the largest increases in local road aids in 20 years, significant investments into safety and maintenance, and we keep vital major road projects on schedule, such as the I−39/90, USH 10−441, and Verona Road projects. State highway rehabilitation receives a significant investment that utilizes higher than anticipated savings to keep projects on time. Also, in this budget total borrowing for roads is the lowest since the 2001−03 biennium and we didn't raise the gas tax.

Our state's employers are telling us they need more workers. This budget meets this need by focusing on rewarding work. One way to accomplish this is by getting more able−bodied individuals trained, off government dependence, and into the dignity and independence that comes from work.

To do this, we continue to expand our drug testing and treatment programs so we can get those in need treatment and ultimately employment. We provide able−bodied adults on public assistance programs opportunities to become trained and join the workforce. We also expand upon our successful workforce training programs such as Wisconsin Fast Forward and our apprenticeship programs to get those seeking employment the skills they need for a successful career.

Wisconsin is working and the policies in this budget will keep Wisconsin moving forward.

I am pleased that the Legislature agreed with my priorities to cut property taxes, fund K−12 education at record levels, and to heavily invest in our state's infrastructure. This budget proves we can work together to meet our shared goals.

These are short summaries of how this budget promotes student success, advances accountable government, and prioritizes rewarding work:

Student Success

This budget appropriates the largest amount of state dollars into K−12 education in state history at $11,525,378,600 in general and categorical aids. In total, schools will receive a $636,272,000 increase in general and categorical aids which is the largest in a decade. State support for K−12 will also rise to the highest level in a decade.

Investments into broadband are increased by $35,500,000 over the biennium. The investments will benefit rural schools, public library systems, and underserved areas of the state. A permanent Broadband Expansion Grant program will also be created to continue our efforts to extend broadband into underserved areas of Wisconsin.

New funding for school mental health programs is included. This includes $3,000,000 for school social workers, $3,250,000 for schools that collaborate with providers to provide mental health services for pupils, and $1,000,000, including funding provided in 2017 Wisconsin Act 31, to support mental health screening and trauma informed care training for school staff.

A $6,100,000 investment is made into special education incentives. This program provides incentives for schools to enroll special needs students into a postsecondary education training program or become employed. An additional $1,500,000 is invested into a special education transition readiness grant program. These grants would fund transportation for special needs students to internships or work, training for school staff, and additional staff to support coordinating work experiences for special needs students with local businesses and organizations.

High Cost Transportation Aid is fully funded with an additional $10,400,000 over the biennium. This will fully reimburse school districts with comparatively high transportation costs. Eligible districts have costs higher than 150 percent of the state average and 50 pupils or less per square mile.

We create and fund a teacher development grant program under which school districts may partner with an educator preparation program to prepare certain nonteacher school district employees to become teachers. Private schools and charter organizations would also be eligible if they partner with an educator preparation program approved by the Department of Public Instruction. This program provides a tool schools can use to address teacher shortages or curriculum expansions.

We continue the resident undergraduate tuition freeze at University of Wisconsin System schools for historic fifth and sixth straight years. Tens of thousands of students have benefited from this freeze since it went into effect four years ago. Since its first year, a student graduating in four years was estimated to have saved $6,311 compared to the prior ten−year annual average due to the freeze.

We implement performance funding for the University of Wisconsin System. An investment of $26,250,000 was made into performance funding based on student completion, access, contributions to the workforce, and operational efficiency.

We invest an additional $5,000,000 into the University of Wisconsin System to increase enrollments in high demand degree programs.

We increase Wisconsin Grant program need−based financial aid by roughly $15,000,000. This increase will push total need−based aid to the highest appropriated level in state history. Thousands of students will receive aid due to this action that reduces the cost and potentially the debt of graduates.

We extend the Wisconsin veterans tuition remission benefit to certain children and spouses. This will ensure disabled veterans' spouses and children will be eligible for tuition and fee remission at University of Wisconsin System and Wisconsin Technical College System schools if they have been state residents for five or more years.

We provide $648,000 in need−based financial aid for Flexible Option students. Also, we require the Board of Regents to increase the number of Flexible Option degree and certificate programs by 100 percent.

We provide $100,000 in new funding for the Alzheimer's Disease Research Center at the University of Wisconsin−Madison.

We provide $490,000 in new funding annually for the University of Wisconsin Carbone Cancer Center.

We require the University of Wisconsin System and Wisconsin Technical College System to recognize service members' postsecondary credits recommended by the American Council on Education. This will assist our veterans by saving education costs as they transition from service to civilian life.

We authorize the Board of Regents to create a school of engineering at the University of Wisconsin−Green Bay. Engineering positions are in high demand all over the state, but particularly in Northeast Wisconsin.

Accountable Government

This budget keeps our commitment to reduce property taxes. Property taxes for the typical homeowner are estimated to be lower in 2018 than they were in 2014, which is lower than they were when we took office in 2010. This is estimated to cumulatively save the typical homeowner roughly $3,000 compared to the trend prior to 2010.

Including this budget, we provided over $8 billion in cumulative tax relief since 2010. This includes reducing income tax brackets, cutting income taxes for all Wisconsin earners focused on the middle class, and enacting a tax credit for our manufacturing and agriculture industries that is making Wisconsin a destination for employers to locate and expand.

In this budget, we eliminate the state levied property tax. This historic action is coupled with other property tax relief measures that are keeping property taxes down in Wisconsin. This keeps more money in families' pockets and makes Wisconsin an even better place to live, work, and raise a family.

We invest $86,935,200 into general transportation aids and into the Local Road Improvement and Bridge Improvement Assistance Programs. These increases for local government general aids are the largest in 20 years.

This budget provides a $63,710,000 increase in safety and maintenance funding. Of this, $33,733,000 will go to Wisconsin's counties to perform highway maintenance. This increases the total to $373,733,000 over the budget biennium for county performed maintenance.

We provide a significant $1,619,432,400 for State Highway Rehabilitation. This funding will allow the state to complete projects on time, but at a lower cost largely due to savings from competitive bids and lower fuel prices.

The budget provides $563,700,000 for major projects. This funding will keep the I−39/90, USH 10−441, and Verona Road projects on time. The budget also reserves $19.4 million in anticipated project let savings for STH 23.

This budget has numerous provisions that will result in savings to be reinvested into our infrastructure. These include repealing prevailing wage, cutting unneeded positions at the Department of Transportation, and enacting institutional reforms at the department that will together save tens of millions of dollars.

We create a human resources shared services initiative to save taxpayers $2,800,000 over just the next two years. This initiative will streamline human resources policies for better implementation at a reduced cost to taxpayers.

We provide four information technology (IT) purchasing positions to review state IT purchases. The goal is to consolidate similar vendor contracts across the enterprise, strategically source our IT purchases, and save state taxpayer dollars. Hundreds of millions of dollars are spent on IT supplies and services each year, so trimming even a small percentage of the cost could result in significant savings.

A $63,000,000 program is created for environmental mitigation from Volkswagen settlement funds. Of this amount, up to $32,000,000 may be used for a new statewide capital program to assist local governments in the purchase of transit vehicles. The remaining funds could be used to purchase necessary vehicles for use by the state. These programs would save taxpayer dollars by using settlement funds as opposed to existing dollars for new vehicles. The state will receive $21,000,000 in each of the next three fiscal years for replacement of both state and local vehicles.

We provide $6,700,000 for Next Generation 911 enhancements to ensure our state public service answering points have the capabilities necessary to provide vital 911 services.

We provide 3.25 FTE positions to expand mental health services for girls at Copper Lake School so that they have similar access to mental health services as juvenile males.

There are 8.25 FTE youth counselor positions at Lincoln Hills School to improve staff ratio standards prescribed by the Prison Rape Elimination Act.

This budget provides 9.0 FTE nurse positions for the safe distribution of medication to the juvenile corrections population.

In combination with 2017 Wisconsin Act 32, we increase funding for treatment, alternatives, and diversion programs throughout the state by $4,500,000 and increase funding for drug courts by $300,000.

There is $2,000,000 for beat patrol grants to local governments. These grants are to reimburse for police overtime in cities with population of 25,000 or more.

This budget provides an additional $1,500,000 for the Internet Crimes Against Children program.

We continue $80,000 per year in funding for the Wisconsin Court Appointed Special Advocates to support court appointed special advocacy services for abused and neglected children.

There are an additional 5.0 FTE staff positions to increase support for the Prescription Drug Monitoring Program. These staff will assist our pharmacy partners to monitor the dispensing of drugs as we work to stem drug abuse in Wisconsin.

We provide $2,000,000 per year to operate a data analytics system within our Medical Assistance programs. The system is designed to identify, prevent, and eliminate fraud in our state Medical Assistance programs.

There is additional funding for local income maintenance consortia to investigate and prevent fraud. Funding is increased from $1,000,000 to $1,500,000 per year.

We increase funding for our veterans service organization grants. Our state Disabled American Veterans transportation grant will increase to $200,000 per year. Veterans service organization grants will increase by $60,000 per year. Camp American Legion will receive a grant increase to $75,000 per year. These increases will assist these organizations as they help veterans with their claims, with transportation of veterans to health care, and help veterans and families heal from the wounds of war.

We provide an additional $6,250,000 for Children and Family Aids and $460,600 annually to fully fund a previously−enacted foster care rate increase. Total state Children and Family Aids funding will rise to $74,308,000 in fiscal year 2018−19. These funds are used to assist abused and neglected children as well as other children and their families in need.

There is an additional $2,000,000 to provide services to sex trafficking victims. Total funding will rise to $6,000,000 over the biennium.

Foster care and kinship care rates paid to parents and relatives will increase by 2.5 percent in each of the next two calendar years or by $1,140,100 over the biennium.

Additional Temporary Assistance for Needy Families (TANF) funding of $3,900,000 annually is allocated to the state's home visiting program to expand the number of families served and increase the number of parents equipped with the tools needed to improve chances of success for parents and their children. Program funding would total $14,297,700 in each fiscal year and $28,595,400 over the biennium.

Medical Assistance nursing home and personal care reimbursement rates will both rise by 2 percent in each year of the biennium. This is the largest increase in over a decade. In addition, we increase by $5,000,000 support for nursing homes to provide care for residents with dementia and other challenging behaviors.

We provide funding to increase Family Care capitation rates. This $25,000,000 increase in state funding is intended to address workforce shortages and retention challenges with caregivers.

The waiting list for the Children's Long−Term Support Waiver program is eliminated. This provides $39,551,900 and is estimated to provide services to 2,200 children with developmental disabilities, physical disabilities or severe emotional disturbances on the waiting list.

There is $3,149,000 to maintain 19 dementia care specialists and increase the number to 24. These positions will assist families as they take care of their loved ones and seniors dealing with dementia.

We provide an increase of $3,611,700 for assistant district attorney and deputy district attorney pay progression. This will provide for two $1.97 per hour pay increases and is intended to improve our retention of experienced district attorney staff. In addition, $3,887,600 will be provided for pay progression for assistant state public defenders.

Rewarding Work

This budget continues to move individuals from government dependence to the true independence that comes from work. Building on the successful reforms to the FoodShare program, this budget creates a pilot program in which able−bodied

adults with school−age dependents in two regions of the state will be required to be working, be looking for work, or engaged in worker training. Tens of thousands of individuals on FoodShare have found employment since statewide implementation of the FoodShare Employment and Training (FSET) program.

This budget includes a Medicaid waiver that will allow the state to include a requirement for certain childless adults to be engaged in work, looking for work, or enrolled in a worker training program for the first time if approved by the federal government.

We expand drug screening and testing requirements in numerous state programs. This expansion will extend testing and treatment options to thousands of additional public assistance recipients. This will help move them from government dependence to the dignity and independence that comes through work.

The Learnfare school attendance requirements are strengthened to ensure students are attending school as opposed to just enrolled as is the case under current law. This aims to reduce truancy that leads to poor academic performance.

Wisconsin Fast Forward training grants are increased by $11,500,000. Of this amount, $5,000,000 is allocated specifically for technical colleges. The remaining increase will be used for apprenticeships, mobile laboratories to train offenders reentering the workforce, dual enrollment programs, and other competitive workforce development awards.

We invest $400,000 into fabrication laboratory (Fab Lab) technical assistance grants to nonprofit organizations to provide services to school districts. School districts would also benefit from an additional $500,000 per year in Fab Lab incentive grants. Since the program was created 34 school districts have received grants of up to $25,000. Fab Labs provide hands−on experience to students in the skills they need for jobs in the 21st century.

We eliminate an eligibility cliff in the Wisconsin Shares program for child care. Currently, at a certain income threshold, a family loses eligibility for any child care subsidy which creates disincentives to work more hours or accept pay raises. Eliminating the cliff by creating a phaseout will support more individuals to successfully make the transition from government dependence to independence by rewarding work.

We provide $75,000 per year for a Wisconsin municipality to pilot a homelessness employment program based on Albuquerque's "Better Way" initiative. The program is intended to provide homeless individuals with work experience and work routine through jobs cleaning up municipal parks and public spaces with a goal of transitioning them into permanent employment.

We provide $500,000 per year in grants funded by TANF funds to homeless shelters for intensive case management services for homeless families, with a focus on financial management counseling, continued school enrollment for children, connecting parents who are job training graduates or who have a recent work history with their local workforce development board to employment, and enrolling unemployed or underemployed parents in W−2 or FSET.

The Medicaid Assistance Purchase Plan (MAPP) program is strengthened to provide incentives for individuals with disabilities to engage in work. These changes will eliminate a current premium cliff and give participants greater incentives to work. The MAPP program allows individuals with disabilities to be eligible for Medical Assistance who otherwise would not be due to income and asset requirements.

The Supporting Parents Supporting Kids program is expanded to three additional counties in fiscal year 2018−19. This program helps noncustodial parents not meeting their child support obligations find employment and connect with their children.

An occupational licensing reform study is created. The Department of Safety and Professional Services would conduct a study to identify barriers that occupational licensing requirements create to employment. The study would examine the financial burden these licenses have on license seekers and whether these licenses are necessary to protect public health and welfare.

We allow a person to take the journeyman plumber's examination if the individual has completed an apprenticeship in this or any state, passed a journeyman plumber's exam in any state, and has practiced for at least five years under a journeyman's plumber's license or equivalent license.

We enact reforms to the Homestead Tax Credit to preserve it for seniors and the disabled while encouraging able−bodied adults to work to qualify.

A grant of $5,000,000 is provided to partner with Brown County, educational institutions, and other industry partners to create the Brown County STEM Innovation Center. This center in Green Bay will provide space for a new University of Wisconsin−Green Bay mechanical engineering program as well as space for high−tech startups. The center will not only help to fill high demand jobs in engineering, but be a place to grow our manufacturing sector.

The budget provides $55,189,000 in funding for a new engineering facility at the University of Wisconsin−Platteville.

A grant of $5,000,000 is provided to the St. Ann Center for Intergenerational Care. The funding would help complete the Alzheimer's and dementia care unit.

A grant of $5,000,000 is provided for the La Crosse Center. The funding will assist to complete renovation and expansion of the La Crosse Convention Center.

There is $2,000,000 to expand the Windows to Work program and other vocational training programs for ex−offenders. Also, we provide $660,800 to extend the Opening Avenues to Reentry Success program to more counties. The program provides employment training for mentally ill offenders. These programs aim to reduce recidivism by successful reentry of offenders into employment which saves taxpayer dollars and fills job openings.

We created a five−year offender reentry demonstration project using a trauma−informed approach and targeted to formerly incarcerated males who are noncustodial parents over age 18 and returning to certain Milwaukee neighborhoods. The TANF funding would total $187,500 in fiscal year 2017−18 and $250,000 in fiscal year 2018−19, for a biennial total of $437,500.

There is funding for graduate medical training of $1,500,000. This funding is intended to increase our medical professionals available to work in high need rural and underserved areas of the state.

We provide $2,000,000 for training allied health professionals and advanced practice clinicians. This funding will provide grants to health systems to train and retain health professionals in rural hospitals and clinics.

We increase funding for the Rural Physician Residency Assistance program by $100,000 per year. This is intended to increase the number of rural residency positions in the state.

Pursuant to Article V, Section 10 of the Wisconsin Constitution and consistent with its intent, I have made 98 vetoes to the budget. These vetoes maintain our priorities while eliminating items that could be categorized as earmarks and non-fiscal policy items. These vetoes also reduce spending, eliminate unfunded mandates, and make technical corrections. These vetoes increase the general fund balance by $16,511,100 GPR over the biennium and reduce overall spending by roughly $4,759,400 GPR. These vetoes will also improve the structural balance heading into the next budget biennium by an estimated $71,143,500 GPR.

We have enacted numerous measures together that have moved Wisconsin forward. We cut taxes by billions of dollars. We enacted historic reforms proving Wisconsin continues to be a leader in the nation. We now have surpluses instead of deficits. We have some of the lowest unemployment in the nation and more people working that ever before. Our state's economy is growing and our wages are rising.

This budget invests in our shared priorities of education, tax relief, and workforce development. I am appreciative of the Legislature's work on this budget and look forward to continuing our good work for the people of Wisconsin.

Respectfully submitted,

SCOTT WALKER

Governor

V. VETOED ITEMS

A. AGRICULTURE, ENVIRONMENT AND JUSTICE

Department of Agriculture, Trade and Consumer Protection

1. Livestock Premises Identification

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Governor's written objections

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

These sections provide $100,000 SEG from the agricultural chemical management fund in each year in a new appropriation for administration of the livestock premises registration program. The current program provides $250,000 GPR annually for the program.

I am vetoing these sections because I object to the use of agricultural chemical management fund moneys for purposes for which they are not intended. The revenues from the fund are generated from feed, fertilizer and pesticides, and are used for the regulation and oversight of those programs. Finally, there is no evidence that additional funds are necessary to manage this program. The department believes it can manage this program with existing funds.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019	
20.115 Agriculture, Trade and Consumer Protection, Department of					
(2) ANIMAL HEALTH SERVICES					
(r) Livestock premises registration — agrichemical management fund	SEG	A	100,000	100,000	**Vetoed In Part**

Vetoed In Part

SECTION 183m. 20.115 (2) (r) of the statutes is created to read:

20.115 **(2)** (r) *Livestock premises registration — agrichemical management fund.* From the agrichemical management fund, the amounts in the schedule for administration of the livestock premises registration program under s. 95.51.

Vetoed In Part

Department of Corrections

2. Alcohol Abuse Treatment Program

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Governor's written objections

Section 9108 (8w)

This section directs the Department of Corrections to design an intensive alcohol abuse treatment program which would provide intensive treatment in conjunction with a work release model that allows inmates to work in individual job placements. Under the provisions, the department must develop community job placements that are appropriately matched to each inmate's employment and educational skills and provide or arrange for appropriate transportation to and from job sites. In addition, the department must submit as part of its 2019−21 budget request a plan for staffing and funding

for the program, as well as any statutory changes necessary to provide sentencing modifications to coordinate the program. Finally, five years after the program begins to operate, the department must submit to the Governor and appropriate legislative standing committees an evidence−based evaluation of the program's impact on inmates' long−term recovery from alcohol abuse programs and recidivism into the criminal justice system.

I am vetoing this section because I object to including a new unfunded mandate that will impede the department's ability to implement the existing expansion of the Earned Release Program included in this budget and would require additional resources and positions to be successful. In addition, the required submission as part of the 2019−21 budget request is premature. The Department of Corrections should ensure it has the positions and resources necessary to address the Earned Release Program before the department begins to develop new programs to address alcohol and drug abuse needs. The department will continue to evaluate the need for additional alcohol abuse programming and will request those needs in the department's agency biennial budget requests when appropriate.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 9108. Nonstatutory provisions; Corrections.

(8w) ALCOHOL ABUSE TREATMENT PROGRAM.

(a) The department of corrections shall design an alcohol abuse treatment program to provide intensive treatment in conjunction with a work release model that allows inmates to work in individual job placements. The department shall develop community job placements that are appropriately matched to each inmate's employment and educational skills and shall provide or arrange for appropriate transportation to and from job sites.

(b) The department of corrections shall submit as part of its 2019−21 agency budget request a request for staffing and funding for the program under paragraph (a) and any statutory changes that may be necessary to provide sentencing modifications to coordinate the program.

(c) Five years after the program under paragraph (a) begins operation, the department of corrections shall submit to the governor and the appropriate standing committees of the legislature under section 13.172 (3) of the statutes an evidence−based evaluation of the program's impact on inmates' long−term recovery from alcohol abuse problems and recidivism into the criminal justice system.

Vetoed In Part

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3. Earned Release Program Expansion

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Governor's written objections

Sections 1856c, 1856e, 1856f, 1856g, 1857b, 1857c, 1857e, 1857f and 1857h

These provisions modify the Earned Release Program from a substance abuse treatment program to a rehabilitation program that addresses needs related to an inmate's criminal behavior.

I am vetoing these provisions because I object to expanding the purpose of the program from its current form, as the department has demonstrated the need for increased alcohol abuse services. The additional resources and funding position authority provided under the bill for the current program should be fully utilized to meet the demands of the existing eligible population. Since 2011 Wisconsin Act 32, the Earned Release Program has been used to address eligible inmates' alcohol and drug related needs. Expanding the program to a rehabilitation program would be an administrative burden on the department and would require newly−eligible inmates to petition the court for participation. Instead, the department should focus on treatment for the existing eligible population under the current program. If there is a desire to expand the scope of the Earned Release Program beyond its current form, it would be more appropriate to do so through separate legislation with additional resources.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1856c. 302.05 (title) of the statutes is amended to read:

302.05 (title) **Wisconsin ~~substance abuse~~ rehabilitation program.**

Vetoed In Part

SECTION 1856e. 302.05 (1) (am) (intro.) and (b) of the statutes are consolidated, renumbered 302.05 (1) and amended to read:

Vetoed In Part

302.05 **(1)** The department ~~of corrections and the department of health services may designate a section of a mental health institute as a correctional treatment facility for the treatment of substance abuse of inmates transferred from Wisconsin state prisons. This section shall be administered by the department of corrections and shall be known as the Wisconsin substance abuse program. The department of corrections and the department of health services shall ensure that the residents at the institution and the residents in the substance abuse program: (b) The department of corrections and the department of health services~~ shall, at any correctional facility the ~~departments determine~~ department determines is appropriate, provide a ~~substance abuse treatment~~ rehabilitation program for inmates for the purposes of the program described in sub. (3).

SECTION 1856f. 302.05 (1) (am) 1. and 2. of the statutes are repealed.

SECTION 1856g. 302.05 (2) of the statutes is amended to read:

302.05 **(2)** Transfer to a correctional ~~treatment~~ facility for ~~the treatment of substance abuse~~ participation in a rehabilitation program described in sub. (1) shall be considered a transfer under s. 302.18.

SECTION 1857b. 302.05 (3) (b) of the statutes is amended to read:

302.05 **(3)** (b) Except as provided in par. (d), if the department determines that an eligible inmate serving a sentence other than one imposed under s. 973.01 has successfully completed a ~~treatment~~ rehabilitation program described in sub. (1), the parole commission shall parole the inmate for that sentence under s. 304.06, regardless of the time the inmate has served. If the parole commission grants parole under this paragraph, it shall require the parolee to participate in an intensive supervision program ~~for drug abusers~~ appropriate to the parolee's rehabilitation needs as a condition of parole.

SECTION 1857c. 302.05 (3) (c) 1. of the statutes is amended to read:

302.05 **(3)** (c) 1. Except as provided in par. (d), if the department determines that an eligible inmate serving the term of confinement in prison portion of a bifurcated sentence imposed under s. 973.01 has successfully completed a ~~treatment~~ rehabilitation program described in sub. (1), the department shall inform the court that sentenced the inmate.

Vetoed In Part

SECTION 1857e. 302.05 (3) (c) 2. (intro.) of the statutes is amended to read:

302.05 **(3)** (c) 2. (intro.) Upon being informed by the department under subd. 1. that an inmate whom the court sentenced under s. 973.01 has successfully completed a ~~treatment~~ rehabilitation program described in sub. (1), the court shall modify the inmate's bifurcated sentence as follows:

SECTION 1857f. 302.05 (3) (d) of the statutes is amended to read:

302.05 **(3)** (d) The department may place intensive sanctions program participants in a ~~treatment~~ rehabilitation program described in sub. (1), but pars. (b) and (c) do not apply to those participants.

SECTION 1857h. 302.05 (3) (e) of the statutes is amended to read:

302.05 **(3)** (e) If an inmate is serving the term of confinement portion of a bifurcated sentence imposed under s. 973.01, the sentence was imposed before ~~July 26, 2003~~ the effective date of this paragraph .... [LRB inserts date], and the inmate satisfies the criteria under par. (a) 1., the inmate may, with the department's approval, petition the sentencing court to determine whether he or she is eligible or ineligible to participate in the earned release program under this subsection during the term of confinement. The inmate shall serve a copy of the petition on the district attorney who prosecuted him or her, and the district attorney may file a written response. The court shall exercise its discretion in granting or denying the inmate's petition but must do so no later than 90 days after the inmate files the petition. If the court determines under this paragraph that the inmate is eligible to participate in the earned release program, the court shall inform the inmate of the provisions of par. (c).

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4. Inmate Work Opportunity Training

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Governor's written objections

Section 9108 (31t)

This section directs the Department of Corrections to submit a report by December 31, 2017, to the appropriate legislative standing committees addressing inmate participation in work release programs, outcomes of the work release program after the inmates are released and the costs the department assesses to the work release participants.

I am vetoing this section because I object to the creation of an additional mandated report which is administratively burdensome and would result in additional unfunded costs to produce. Further, the deadline for submitting the report is not practical. The department already reports on a number of variables relating to recidivism and reincarceration after release from prison, as well as the program outcomes served by the Becky Young program.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9108. Nonstatutory provisions; Corrections.

Vetoed In Part

(31t) DEPARTMENT OF CORRECTIONS INMATE WORK OPPORTUNITIES.

(a) By December 31, 2017, the department of corrections shall submit to the appropriate standing committees of the legislature under section 13.172 (3) of the statutes a report on department of corrections inmate work opportunities, which shall include all of the following:

1. A survey of existing work release programs at each department of corrections institution and the estimated number of inmates who participate in those programs at each department of corrections institution.

2. The estimated number of department of corrections inmates who continue to work after release from incarceration at a job at which he or she began working as an inmate in a work release program. **Vetoed In Part**

3. The costs assessed by the department of corrections on each department of corrections work release participant.

(b) By December 31, 2017, the department of corrections shall submit to the appropriate standing committees of the legislature under section 13.172 (3) of the statutes a plan to increase employment opportunity incentives for department of corrections inmates.

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5. Long−Term Service Awards

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Governor's written objections

Sections 1761p and 9101 (11w)

These sections provide lump−sum awards for correctional officers, correctional sergeants, youth counselors and youth counselors−advanced on their 10th, 15th, 20th and 25th work anniversaries, and every fifth anniversary thereafter.

I am vetoing the provision to provide the lump−sum anniversary awards. I object to providing the lump−sum awards to a subsection of the Department of Corrections and Department of Health Services personnel. Existing provisions of the compensation plan should be used to reward select department personnel for the purposes of recognition of merit and employee retention. Furthermore, the budget already includes two general wage adjustments of 2 percent each to state employees over the biennium, which is in addition to the 80−cent per hour increase Department of Corrections' officers, sergeants and youth counselors received in fiscal year 2015−16.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1761p. 230.12 (1) (cm) of the statutes is created to read:

230.12 **(1)** (cm) *Supplementary compensation; longevity awards for correctional officers and youth counselors.* 1. In this paragraph:

a. "Correctional officer" means an individual classified as a correctional officer or a correctional sergeant who is employed by the state and whose principal duty is the supervision of inmates at a prison, as defined in s. 302.01, or the supervision of persons committed under s. 980.06 at the secure mental health facility established under s. 46.055 or the Wisconsin resource center established under s. 46.056.

b. "Youth counselor" means an individual classified as a youth counselor or a youth counselor−advanced who is employed by the state and whose principal duty is the supervision of juveniles held in a juvenile correctional facility, as defined in s. 938.02 (10p).

2. The administrator shall include in the compensation plan the following length of service awards for correctional officers and youth counselors: **Vetoed In Part**

a. On the employee's 10th anniversary of service, $250.

b. On the employee's 15th anniversary of service, $500.

c. On the employee's 20th anniversary of service, $750.

d. On the employee's 25th anniversary of service, and each 5 year anniversary of service thereafter, $1,000.

SECTION 9101. Nonstatutory provisions; Administration.

Vetoed In Part

(11w) LENGTH OF SERVICE AWARDS FOR CORRECTIONAL OFFICERS AND YOUTH COUNSELORS; COMPENSATION PLAN. If, on the effective date of this subsection, the compensation plan under section 230.12 of the statutes has been adopted for the 2017−19 biennium and the com-

Vetoed In Part

pensation plan does not include the supplemental compensation required under section 230.12 (1) (cm) of the statutes, by no later than 30 days after the effective date of this subsection, the administrator of the division of personnel management in the department of administration shall propose an amendment under section 230.12 (3) (c) of the statutes to include the supplemental compensation required under section 230.12 (1) (cm) of the statutes in the compensation plan for the 2017−19 biennium.

Vetoed In Part

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6. Mental Health Staffing at Oshkosh, Waupun, Green Bay and Columbia

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Governor's written objections

Section 9108 (22t)

This provision requires the Department of Corrections to submit a report to the appropriate legislative standing committees regarding: (a) the number of inmates with serious mental illnesses, (b) the average number of inmates with serious mental illnesses at each of the institutions' restrictive housing units, (c) the department's status or alternative policies related to each of the U.S. Department of Justice's recommendations related to the use of restrictive housing for inmates with serious mental illnesses, and (d) the department's estimate for necessary additional resources.

I am vetoing this provision because it is unnecessary and would create an administrative burden on the department. The department may assess whether additional resources are needed as part of its 2019−21 budget request and provide data to accompany the request.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 9108. Nonstatutory provisions; Corrections.

(22t) REPORT ON SERIOUS MENTAL ILLNESS AMONG DEPARTMENT OF CORRECTIONS INMATES. By July 1, 2018, the department of corrections shall submit to the appropriate standing committees of the legislature under section 13.172 (3) of the statutes a report on serious mental illness among department of corrections inmates, which shall include all of the following:

(a) The average number of inmates with a serious mental illness in each department of corrections institution.

(b) The average number of inmates with a serious mental illness in each department of corrections institution restrictive housing unit.

(c) The department of corrections' compliance status or alternative policies related to each of the U.S. department of justice's recommendations related to the use of restrictive housing for inmates with a serious mental illness.

(d) An estimate of what additional resources, if any, are necessary to address serious mental illness within the department of corrections inmate population.

Vetoed In Part

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7. Opening Avenues to Reentry Success

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Governor's written objections

Section 1849m

This provision requires the Department of Corrections to submit a Wisconsin Results First Initiative Biennial report to the appropriate legislative standing committees regarding the outcomes from the program expansion.

I am vetoing this provision because I object to creating an unnecessary additional report. The department already prepares a report of Becky Young community corrections expenditures and outcomes, which includes this program. In addition, the Results First Initiative is an independent project of the Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation, which is already preparing a cost−benefit analysis of departmental policies and programs.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1849m. 301.03 (21) of the statutes is created to read:

301.03 **(21)** By December 31, 2017, and every 2 years thereafter, submit a Wisconsin Results First Initiative report to the appropriate standing committees of the legislature under s. 13.172 (3).

Vetoed In Part

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8. Planning Concerning Correctional Facilities

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Governor's written objections

Section 9104 (11)

This provision provides $600,000 from the building trust fund for a comprehensive long−range master plan of Department of Corrections facilities to be conducted by the Department of Administration, and directed by a nine−person committee consisting of three appointees of the Governor (one of whom would serve as chair), and six legislators jointly appointed by the Speaker and Senate Majority Leader. The committee would be required to report to the standing committees dealing with Corrections issues by September 15, 2018.

I am partially vetoing the section that establishes the size of the committee, and the number of appointees appointed by the Governor. I object to the requirement limiting the number of committee members appointed by the Governor, as the Department of Administration and the Department of Corrections will be actively participating in the master planning, and the number of individuals required to provide the expertise required to develop the master plan cannot yet be determined. Further, I object to the deadline established under the provision, as it may not provide sufficient time to complete a thorough master plan.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9104. Nonstatutory provisions; Building Commission.

(11) PLAN CONCERNING DEPARTMENT OF CORRECTIONS FACILITIES.

Vetoed In Part

(a) There is created a corrections facilities planning committee consisting of 3 members appointed by the governor, one of whom the governor shall designate as chair of the committee, and 6 members of the legislature, jointly appointed by the speaker of the assembly and the senate majority leader.

(b) The corrections facilities planning committee shall develop a comprehensive, long−range master plan concerning department of corrections facilities and , no later than September 15, 2018, shall submit the plan to the governor and the appropriate standing committees of the legislature under section 13.172 (3) of the statutes.

Vetoed In Part

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9. Geriatric Prison Facility

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Governor's written objections

Section 9104 (12)

This provision provides $7,000,000 general fund supported borrowing and enumeration of a geriatric prison facility at a total cost of $7,000,000. Under the provision, the bonding can be issued upon the approval of the Joint Committee on Finance.

In addition, the provision provides $4,535,000 GPR in fiscal year 2018−19 in the Committee's supplemental appropriation for operating costs of the facility, to be released once the Department of Corrections has identified the location and costs of the facility as well as staffing and other operating costs.

I am partially vetoing this provision because I object to the requirement that the bonding may only be issued upon approval of the Joint Committee on Finance. The approval of this project would be subject to State Building Commission oversight. The Commission has legislative representation and this project has already been enumerated in the budget bill approved by the full Legislature. Therefore, it should not require additional duplicative approval to release the bonding authority.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9104. Nonstatutory provisions; Building Commission.

(12) GERIATRIC CORRECTIONAL INSTITUTION.

Vetoed In Part

(a) No bonds may be issued for the geriatric correctional institution enumerated under subsection (1) (c) 1. d. without the approval of the joint committee on finance under paragraph (b).

(b) The department of corrections may request the approval of the joint committee on finance for the bond issuance enumerated under subsection (1) (c) 1. d. and for the release of funds from the appropriation under section 20.865 (4) (a) of the statutes for operating costs of that institution once the department of corrections has identified the location of the institution and determined the staffing and other operating costs of the institution.

Vetoed In Part

District Attorneys

10. Creation of a Prosecutor Board

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Governor's written objections

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

These provisions establish a new Prosecutor Board and the Office of State Prosecutors, and assigns various duties for both the office and board. The board is created effective February 1, 2018.

The Prosecutor Board is also responsible for providing recommendations on District Attorney budget requests, setting policy initiatives, and reviewing existing and proposed legislation. In addition, the provision creates an executive director in an Office of State Prosecutors, which is attached to the Department of Administration for administrative purposes only, and outlines duties of the office. The executive director is responsible for preparing the biennial budget request on behalf of the board and managing the day−to−day operations of the board and the office, representing the board before various entities, and preparing various documents relating to proposed legislation. The provision provides the board funding and position authority of $93,800 GPR in fiscal year 2017−18 and $225,000 GPR in fiscal year 2018−19 in order to support an executive director and a legislative liaison. Funding and position authority in the Department of Administration is reduced by $75,500 GPR in fiscal year 2017−18 and $181,700 GPR in fiscal year 2018−19 and 1.0 FTE classified position annually.

I am vetoing these provisions because I object to the creation of another layer of bureaucracy which is unnecessary and administratively burdensome, and redirects valuable staff time away from prosecutorial activities and towards functions of the proposed Prosecutor Board. While I understand the importance of identifying evidence−based practices in the performance of the DA function, creating a separate board whose duties resemble activities performed by an existing separate external organization dedicated to advocating on behalf of prosecutors is an ineffective use of taxpayer funding. In addition, when the current director position was filled last year, the duties were redesigned, and it was expected that the individual hired into the position would perform broader advocacy duties on behalf of DAs, without the need for a board.

Further, I am vetoing section 183 [as it relates to s. 20.548] because I object to adding administrative resources to an unnecessary board. By lining out the appropriation under s. 20.548, I am vetoing the part of the bill that funds the Prosecutor Board. I am also requesting the Department of Administration secretary not to allot these funds.

In addition, I direct to the secretary of the Department of Administration to continue to support the functions of the state prosecutor's office within the department. Finally, I direct that the Department of Administration ensures that the individual on military leave serving on active duty, who was displaced as a result of the elimination of the position in the Department of Administration, be reemployed in support of this function under the provisions of the escalator principle, as permitted under the federal Uniformed Services Employment and Reemployment Rights Act of 1994.

.....

Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1e. 13.093 (2) (a) of the statutes is amended to read:

13.093 **(2)** (a) Any bill making an appropriation, any bill increasing or decreasing existing appropriations or state or general local government fiscal liability or revenues, and any bill that modifies an existing surcharge or creates a new surcharge that is imposed under ch. 814, shall, before any vote is taken thereon by either house of the legislature if the bill is not referred to a standing committee, or before any public hearing is held before any standing committee or, if no public hearing is held, before any vote is taken by the committee, incorporate a reliable estimate of the anticipated change in appropriation authority or state or general local government fiscal liability or revenues under the bill, including to the extent possible a projection of such changes in future biennia. The estimate shall also indicate whether any increased costs incurred by the state under the bill can be mitigated through the use of contractual service contracts let in accordance with competitive procedures. For purposes of this paragraph, a bill increasing or decreasing the liability or revenues of the unemployment reserve fund is considered to increase or decrease state fiscal liability or revenues. Except as otherwise provided by joint rules of the legislature or this paragraph, such estimates shall be made by the department or agency administering the appropriation or fund or collecting the revenue. The legislative council staff shall prepare the fiscal estimate with respect to the provisions of any bill referred to the joint survey committee on retirement systems which create or modify any system for, or make any provision for, the retirement of or payment of pensions to public officers or employees. The director of state courts shall prepare the fiscal estimate with respect to the provisions of any bill that modifies an existing surcharge or creates a new surcharge that is imposed under ch. 814. The executive director of the state prosecutors office shall prepare the fiscal estimate with respect to the provisions of any bill that affects prosecutors or the state prosecutors office, including bills modifying or creating crimes or sentencing practices. When a fiscal estimate is prepared after the bill has been introduced, it shall be printed and distributed as are amendments.

SECTION 1L. 13.0967 of the statutes is created to read:

13.0967 Review of bills affecting state prosecutors office. Any bill that is introduced in either house of the legislature that directly affects the state prosecutors office shall have a notation to that effect on its jacket when the jacket is prepared. When a bill that has that notation on the jacket is introduced, the legislative reference bureau shall submit a copy of the bill to the state prosecutors office.

Vetoed In Part

SECTION 31n. 15.105 (7) of the statutes is created to read:

15.105 **(7)** STATE PROSECUTORS OFFICE. There is created a prosecutors office that is attached to the department of administration under s. 15.03. The executive director shall be appointed by the prosecutor board.

SECTION 68g. 15.77 of the statutes is created to read:

15.77 Prosecutor board. There is created a prosecutor board consisting of 11 members, appointed for staggered 3−year terms, as follows:

(1) From each district under s. 752.11 (1) (b), (c), and (d), 2 district attorneys appointed by a majority of district attorneys from the district.

(2) From the district under s. 752.11 (1) (a), the district attorney and a deputy district attorney appointed by the district attorney.

(3) Two nonelected prosecutors, each from a different county, appointed by a majority of nonelected prosecutors. Under this subsection, "prosecutor" does not include a special prosecutor appointed under s. 978.045 or 978.05 (8) (b).

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

SECTION 171b. 16.971 (9) of the statutes, as affected by 2017 Wisconsin Act .... (this act), is amended to read:

16.971 **(9)** In conjunction with the public defender board, the prosecutor board, the director of state courts, and the departments of corrections and justice ~~and district attorneys~~, the department may maintain, promote and coordinate automated justice information systems that are compatible among counties and the officers and agencies specified in this subsection, using the moneys appropriated under s. 20.505 (1) (kh) and (kq). The department shall annually report to the legislature under s. 13.172 (2) concerning the department's efforts to improve and increase the efficiency of integration of justice information systems.

SECTION 171c. 16.971 (10) of the statutes is amended to read:

16.971 **(10)** The department shall maintain, and provide the department of justice and the state prosecutors office with general access to, a case management system that allows the state prosecutors office and district attorneys to manage all case−related information and share the information among prosecutors.

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019
20.548 Prosecutor Board				
(1) COORDINATION AND ADMINISTRATION OF PROSECUTOR FUNCTIONS				
(a) Program administration	GPR	A	93,800	225,000
(g) Gifts, grants, and proceeds	PR	C	−0−	−0−
(1) PROGRAM TOTALS				
GENERAL PURPOSE REVENUE			93,800	225,000
PROGRAM REVENUE			−0−	−0−
OTHER			(−0−)	(−0−)
TOTAL−ALL SOURCES			93,800	225,000
20.548 DEPARTMENT TOTALS				
GENERAL PURPOSE REVENUE			93,800	225,000
PROGRAM REVENUE			−0−	−0−
OTHER			(−0−)	(−0−)
TOTAL−ALL SOURCES			93,800	225,000

Vetoed In Part

Vetoed In Part

SECTION 460r. 20.548 of the statutes is created to read:

20.548 Prosecutor board. There is appropriated to the prosecutor board for the following program:

(1) COORDINATION AND ADMINISTRATION OF PROSECUTOR FUNCTIONS. (a) *Program administration.* The amounts in the schedule for program administration costs of the office of state prosecutors.

(g) *Gifts, grants, and proceeds.* All moneys received from gifts and grants and all proceeds from services, conferences, and sales of publications and promotional materials for the purposes for which made or received.

SECTION 507g. 20.923 (4) (f) 7x. of the statutes is created to read:

20.923 **(4)** (f) 7x. State prosecutors office: executive director.

SECTION 508f. 20.923 (6) (hs) of the statutes is created to read:

20.923 **(6)** (hs) State prosecutors office: legislative liaison.

SECTION 1712h. 227.118 of the statutes is created to read:

227.118 Review of rules affecting state prosecutors office. (1) REPORT ON RULES AFFECTING STATE PROSECUTORS OFFICE. If a proposed rule directly affects the state prosecutors office, the agency proposing the rule shall, prior to submitting the proposed rule to the legislative council staff under s. 227.15, submit the proposed rule to the state prosecutors office. The state prosecutors office shall prepare a report on the proposed rule before it is submitted to the legislative council staff under s. 227.15. The state prosecutors office may request any information from other state agencies, local governments, individuals, or organizations that is reasonably necessary for the office to prepare the report. The state prosecutors office shall prepare the report within 30 days after the rule is submitted to the office.

Vetoed In Part

(2) FINDINGS OF THE OFFICE TO BE CONTAINED IN THE REPORT. The report of the state prosecutors office shall contain information about the effect of the proposed rule on the state prosecutors office.

(3) APPLICABILITY. This section does not apply to emergency rules promulgated under s. 227.24.

SECTION 1740g. 227.19 (3) (em) of the statutes is created to read:

227.19 **(3)** (em) The report of the state prosecutors office, if the proposed rule directly affects the state prosecutors office.

SECTION 1758g. 230.08 (2) (qp) of the statutes is created to read:

230.08 **(2)** (qp) The executive director and legislative liaison in the office of state prosecutors.

SECTION 1762s. 230.33 (1) of the statutes is amended to read:

230.33 **(1)** A person appointed to an unclassified position by the governor, elected officer, judicial body, or prosecutor board, or by a legislative body or committee shall be granted a leave of absence without pay for the duration of the appointment and for 3 months thereafter, during which time the person has restoration rights to the former position or equivalent position in the department in which last employed in a classified position without loss of seniority. The person shall also have reinstatement privileges for 5 years following appointment to the unclassified service or for one year after termination of the unclassified appointment whichever is longer. Restoration rights and reinstatement privileges shall be forfeited if the reason for termination of the unclassified appointment would also be reason for discharge from the former position in the classified service.

SECTION 2261g. 978.001 (1b), (1d) and (1n) of the statutes are created to read:

978.001 **(1b)** "Board" means the prosecutor board.

Vetoed In Part

(1d) "Executive director" means the executive director appointed under s. 978.003 (3).

(1n) "Office" means the state prosecutors office.

SECTION 2261h. 978.001 (1p) of the statutes is repealed.

SECTION 2261j. 978.003 of the statutes is created to read:

978.003 Board; duties. The board shall do all of the following:

(1) Submit the budget in accordance with s. 16.42 after the executive director submits the budget to the board and the board approves it.

(2) At least annually submit to the joint committee on finance recommendations on the allocation of prosecutor resources.

(3) Appoint an attorney with experience in criminal prosecution as the executive director of the office.

(4) Oversee, and set policy initiatives for, the executive director.

(5) Review existing law or proposed legislation and make recommendations to the legislature.

SECTION 2261L. 978.004 of the statutes is created to read:

978.004 State prosecutors office executive director. (1) The executive director shall do all of the following:

(a) Manage and direct the office subject to the policy initiatives set under s. 978.003 (4).

(b) Prepare and submit to the board for its approval a budget and any personnel and employment policies that the board requires.

(c) Prepare and submit to the board and other appropriate persons an annual report of the activities of the office in the form that the board directs.

(d) Represent the board before the governor, the legislature, bar associations, courts, and other appropriate entities.

(e) Appoint in the classified service an executive assistant and all other employees of the office. Before making an appointment under this paragraph, the executive director shall notify the board of any prospective appointment. If the board does not object to the prospective appointment within 7 working days after notification, the executive director may make the appointment. If the board objects to a prospective appointment, the executive director may not make the appointment until the board approves it.

(f) Prepare fiscal estimates on bills affecting prosecutors or the office, including bills modifying or creating crimes or sentencing practices. To prepare a fiscal estimate, the executive director shall consult with and obtain data from district attorneys. The executive director shall transmit a draft fiscal estimate to the board. If the board does not object to the draft fiscal estimate within 7 working days after receiving it, the executive director may submit the fiscal estimate. If the board objects to a draft fiscal estimate, the executive director may not submit the fiscal estimate until the board approves it.

Vetoed In Part

(2) The executive director may identify methods and practices for district attorneys that promote professional competence, ethical practices, and evidence−based practices.

SECTION 2261m. 978.005 of the statutes is created to read:

978.005 Limits on board and executive director. Neither the board nor the executive director may make any decision regarding the handling of any case nor interfere with any district attorney in carrying out professional duties. Neither the board nor the office may interfere with or infringe upon the autonomy of a district attorney or upon the authority of a district attorney to manage his or her own prosecutorial unit.

SECTION 2261o. 978.03 of the statutes is amended to read:

978.03 Deputies and assistants in certain prosecutorial units. (1) The district attorney of any prosecutorial unit having a population of 500,000 or more may appoint 7 deputy district attorneys and such assistant district attorneys as may be requested by the department of administration, or by the board, and authorized in accordance with s. 16.505. The district attorney shall rank the deputy district attorneys for purposes of carrying out duties under this section. The deputies, according to rank, may perform any duty of the district attorney, under the district attorney's direction. In the absence or disability of the district attorney, the deputies, according to rank, may perform any act required by law to be performed by the district attorney. Any such deputy must have practiced law in this state for at least 2 years prior to appointment under this section.

(1m) The district attorney of any prosecutorial unit having a population of 200,000 or more but not more than 499,999 may appoint 3 deputy district attorneys and such assistant district attorneys as may be requested by the department of administration, or by the board, and authorized in accordance with s. 16.505. The district attorney shall rank the deputy district attorneys for purposes of carrying out duties under this section. The deputies, according to rank, may perform any duty of the district attorney, under the district attorney's direction. In the absence or disability of the district attorney, the deputies, according to rank, may perform any act required by law to be performed by the district attorney. Any such deputy must have practiced law in this state for at least 2 years prior to appointment under this section.

(2) The district attorney of any prosecutorial unit having a population of 100,000 or more but not more than 199,999 may appoint one deputy district attorney and such assistant district attorneys as may be requested by the department of administration, or by the board, and authorized in accordance with s. 16.505. The deputy may perform any duty of the district attorney, under the

Vetoed In Part

district attorney's direction. In the absence or disability of the district attorney, the deputy may perform any act required by law to be performed by the district attorney. The deputy must have practiced law in this state for at least 2 years prior to appointment under this section.

(3) Any assistant district attorney under sub. (1), (1m), or (2) must be an attorney admitted to practice law in this state and, except as provided in s. 978.043 (1), may perform any duty required by law to be performed by the district attorney. The district attorney of the prosecutorial unit under sub. (1), (1m), or (2) may appoint such temporary counsel as may be authorized by the ~~department of administration~~ board.

SECTION 2261q. 978.045 (1g) of the statutes is amended to read:

978.045 **(1g)** A court on its own motion may appoint a special prosecutor under sub. (1r) or a district attorney may request a court to appoint a special prosecutor under that subsection. Before a court appoints a special prosecutor on its own motion or at the request of a district attorney for an appointment that exceeds 6 hours per case, the court or district attorney shall request assistance from a district attorney, deputy district attorney or assistant district attorney from other prosecutorial units or an assistant attorney general. A district attorney requesting the appointment of a special prosecutor, or a court if the court is appointing a special prosecutor on its own motion, shall notify the ~~department of administration, on a form provided by that department, of~~ office that the district ~~attorney's~~ attorney or the ~~court's inability~~ court, whichever is appropriate, is unable to obtain assistance from another prosecutorial unit or from an assistant attorney general.

SECTION 2261r. 978.045 (1r) (bm) (intro.) of the statutes, as affected by 2017 Wisconsin Act .... (this act), is amended to read:

978.045 **(1r)** (bm) (intro.) The judge may appoint an attorney as a special prosecutor at the request of a district attorney to assist the district attorney in the prosecution of persons charged with a crime, in grand jury proceedings, in proceedings under ch. 980, or in investigations. Except as provided under par. (bp), the judge may appoint an attorney as a special prosecutor only if the judge or the requesting district attorney submits an affidavit to the ~~department of administration~~ office attesting that any of the following conditions exists:

SECTION 2261s. 978.045 (2) of the statutes is amended to read:

978.045 **(2)** If the ~~department of administration~~ office approves the appointment of a special prosecutor under sub. (1r), the court shall fix the amount of compensation for the attorney appointed according to the rates specified in s. 977.08 (4m) (b). The department of administration shall pay the compensation ordered by the court from the appropriation under s. 20.475 (1) (d). The court, district attorney, and the special prosecutor shall provide any information regarding a payment of compensation that the department requests. Any payment under this subsection earns interest on the balance due from the 121st day after receipt of a properly completed invoice or receipt and acceptance of the property or service under the order or contract, whichever is later, at the rate specified in s. 71.82 (1) (a) compounded monthly.

Vetoed In Part

SECTION 2262c. 978.05 (9) of the statutes is amended to read:

978.05 **(9)** BUDGET. Prepare a biennial budget request for submission to the ~~department~~ executive director under s. ~~978.11~~ 978.004 (1) (b) by September 1 of each even−numbered year.

SECTION 2262e. 978.11 of the statutes is repealed.

SECTION 2262g. 978.12 (1) (c) of the statutes is amended to read:

978.12 **(1)** (c) *Assistant district attorneys.* Assistant district attorneys shall be employed outside the classified service. For purposes of salary administration, the administrator of the division of personnel management in the department of administration, in consultation with the office, shall establish one or more classifications for assistant district attorneys in accordance with the classification or classifications allocated to assistant attorneys general. Except as provided in ss. 111.93 (3) (b) and 230.12 (10), the salaries of assistant district attorneys shall be established and adjusted in accordance with the state compensation plan for assistant attorneys general whose positions are allocated to the classification or classifications established ~~by the administrator of the division of personnel management in the department of administration~~ under this paragraph.

SECTION 9101. Nonstatutory provisions; Administration.

(7p) PROSECUTOR BOARD.

Vetoed In Part

(a) *Initial terms for prosecutor board members.* Notwithstanding section 15.77 of the statutes, of the members of the prosecutor board who are appointed as initial members, one member representing each district under section 752.11 (1) (b) and (d) of the statutes and one member under section 15.77 (3) of the statutes shall serve for a one−year term and one member representing the district under section 752.11 (1) (c) of the statutes, one member under section 15.77 (2) of the statutes, and one member under section 15.77 (3) of the statutes shall serve for a 2−year term.

(b) *Transfer of state prosecutors office.*

1. 'Assets and liabilities.' On the effective date of this subdivision, the assets and liabilities of the department of administration that are primarily related to the state prosecutors office, as determined by the secretary of administration, become the assets and liabilities of the prosecutor board.

2. 'Tangible personal property.' On the effective date of this subdivision, all tangible personal property, including records, of the department of administration that is

Vetoed In Part

primarily related to the state prosecutors office, as determined by the secretary of administration, is transferred to the prosecutor board.

3. 'Contracts.' All contracts entered into by the department of administration that are primarily related to the state prosecutors office, as determined by the secretary of administration, in effect on the effective date of this subdivision, remain in effect and are transferred to the prosecutor board. The prosecutor board shall carry out any such contractual obligations unless modified or rescinded by the prosecutor board to the extent allowed under the contract.

4. 'Pending matters.' Any matter pending with the department of administration that is primarily related to the state prosecutors office, as determined by the secretary of administration, on the effective date of this subdivision, is transferred to the prosecutor board, and all materials submitted to or actions taken by the department of administration, with respect to the pending matter are considered as having been submitted to or taken by the prosecutor board.

5. 'Rules and orders.' All rules promulgated for the department of administration that are primarily related to the state prosecutors office, as determined by the secretary of administration, that are in effect on the effective date of this subdivision remain in effect until their specified expiration dates or until amended or repealed by the prosecutor board.

(c) *Plan for office space for prosecutors office.*

1. The prosecutor board, in consultation with the department of administration, shall, no later than March 1, 2018, submit to the joint committee on finance a plan to house the prosecutors office in the space that, on the effective date of this subdivision, is occupied by the director of the state prosecutors office.

Vetoed In Part

2. The plan submitted under subdivision 1. shall include provisions for the acquisition or release, as appropriate, of space; the relocation, if necessary, of staff and tangible personal property; and any other provisions necessary for the transition. The plan shall provide office space for a legislative liaison and a space to accommodate meetings of the prosecutor board.

3. If the cochairpersons of the joint committee on finance do not notify the prosecutor board within 14 working days after the date the plan is submitted under subdivision 1. that the committee has scheduled a meeting to take place for the purpose of reviewing the plan, the prosecutor board shall implement the plan. If, within 14 working days after the date the plan is submitted under subdivision 1., the cochairpersons of the joint committee on finance notify the prosecutor board that the committee has scheduled a meeting for the purpose of reviewing the plan, the prosecutor board shall incorporate into the plan all changes made by the committee and implement the plan.

SECTION 9401. Effective dates; Administration.

Vetoed In Part

(1p) PROSECUTOR BOARD. The treatment of sections 13.093 (2) (a), 13.0967, 15.105 (7), 15.77, 16.971 (9) (by SECTION 171b) and (10), 20.548, 20.923 (4) (f) 7x. and (6) (hs), 227.118, 227.19 (3) (em), 230.08 (2) (qp), 230.33 (1), 978.001 (1b), (1d), (1n), and (1p), 978.003, 978.004, 978.005, 978.03, 978.045 (1g), (1r) (bm) (intro.) (by SECTION 2261r), and (2), 978.05 (9), 978.11, and 978.12 (1) (c) of the statutes and SECTION 9101 (7p) of this act take effect on February 1, 2018.

Judicial Council

11. Restore Judicial Council

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Governor's written objections

Section 183 [as it relates to s. 20.670 (1) (k)]

This provision provides the Judicial Council with $111,400 PR in each year of the biennium and 1.0 FTE position.

I am partially vetoing section 183 [as it relates to s. 20.670 (1) (k)] by reducing the amount under s. 20.670 (1) (k) to $0 in each fiscal year. I object to including these funds because the Supreme Court notified the Department of Administration on August 17, 2017, that it had issued an order utilizing its discretion under s. 751.20 to discontinue the transfer of funds from the Courts budget to the Judicial Council. Without sufficient funds, the Judicial Council cannot operate. With this veto, I am reducing the 1.0 FTE position in the appropriation under s. 20.670 (1) (k) in each year of the biennium. Further, as the appropriation is a continuing, all monies received appropriation, I am requesting the Department of Administration secretary to allot only the funds received by the Director of State Courts which it has agreed to transfer for obligations incurred to date in fiscal year 2017−18. Finally, I am requesting the Department of Administration secretary not to authorize the position authority.

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Cited segments of 2017 Assembly Bill 64:

Section 183. 20.005 (3) of the statutes is repealed and recreated to read:

Statute, Agency and Purpose	Source	Type	2017−2018	2018−2019	
20.670 Judicial Council					
(1) Advisory services to the courts and the legislature					
(k) Director of state courts and law library transfer	PR−S	C	111,400	111,400	**Vetoed In Part**

Lower Wisconsin State Riverway Board

12. Standard Budget Adjustments

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Governor's written objections

Section 183 [as it relates to s. 20.360 (1) (q)]

This section provides additional funding for a position which was converted from classified to unclassified status as part of standard budget adjustments in order to align with current law regarding positions in the Lower Wisconsin State Riverway Board.

I am partially vetoing section 183 [as it relates to s. 20.360 (1) (q)] by lining out the amount under s. 20.360 (1) (q) and writing in a smaller amount that reduces the appropriation by $14,600 SEG in fiscal year 2017−18 and $14,600 SEG in fiscal year 2018−19. I object to this provision because the conversion of a position from classified to unclassified status should not automatically trigger a pay adjustment, especially if no funds were budgeted for such an increase. The practice would set a bad precedent in the establishment of salaries in the unclassified service. I am requesting the Department of Administration secretary not to allot these funds.

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Cited segments of 2017 Assembly Bill 64:

Section 183. 20.005 (3) of the statutes is repealed and recreated to read:

Statute, Agency and Purpose	Source	Type	2017−2018	2018−2019	
20.360 Lower Wisconsin State Riverway Board					
(1) Control of land development and use in the lower Wisconsin state riverway					
(q) General program operations — conservation fund	SEG	A	238,900 224,300	238,900 224,300	**Vetoed In Part**

Department of Natural Resources

13. Use of Unobligated Stewardship Bonding Authority

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Governor's written objections

Section 514g

This section utilizes unobligated Stewardship Program bonding authority from fiscal years 201415 and 2015−16 for various Stewardship projects.

The projects consist of the following:

a. Up to $1,000,000 for Iron County Saxon Harbor reconstruction necessary as the result of storm damage.

b. Up to $1,000,000 for abandoned Canadian Pacific rail corridor for the White River State Trail in Walworth County.

c. Up to $750,000 for a grant for 50 percent of the costs of reconstructing Eagle Tower in Peninsula State Park.

d. Up to $500,000 for city of Horicon for a shelter on the south side of Horicon Marsh Wildlife area and the requirement that the Department of Natural Resources and the city of Horicon submit a plan through passive review to the Joint Committee on Finance by June 30, 2019, for using the funds.

e. Up to $415,300 for up to 50 percent of the costs to finish construction of Twin Trestles project (first provided under 2015 Wisconsin Act 55). Total bonding cannot exceed $2,015,300, which includes $1.6 million under Act 55.

I am partially vetoing the requirement that the Department of Natural Resources provide a grant for the Eagle Tower project. This project is enumerated in the bill and financed by existing general fund supported borrowing. It is unnecessary and duplicative to require the department to provide this funding as a grant. Further I am partially vetoing the requirement that the department provide $500,000 to the city of Horicon and that the plan must be submitted to the Joint Committee on Finance for passive review. I object to providing a grant to a city for a project which is located on state land. In addition, I object to the requirement that the bonding may only be issued upon approval of the Joint Committee on Finance. The approval of this project would be subject to State Building Commission oversight, which has legislative representation. Instead, I request that the Building Commission fund this project using bond proceeds and no additional duplicative approval to release the bonding authority should be required.

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Cited segments of 2017 Assembly Bill 64:

Section 514g. 23.0917 (5g) (d) of the statutes is created to read:

23.0917 **(5g)** (d)

2. The department shall obligate the unobligated amount as follows:

Vetoed In Part

c. The amount necessary for a grant for no more than 50 percent of the cost of reconstructing Eagle Tower in Peninsula State Park but not more than $750,000.

Vetoed In Part

d. The amount necessary for a grant to the city of Horicon to enhance a shelter located near the Palmatory scenic overlook on the south side of the Horicon Marsh Wildlife Area but not more than $500,000 if, by June 30, 2019, the department and the city submit to the joint committee on finance a written plan for using the grant funds and if, within 14 working days after receiving the plan, the committee cochairpersons do not inform the department of an objection to the plan or, if the cochairpersons inform the department of an objection to the plan, the committee approves the plan by a majority vote .

Vetoed In Part

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14. Vacant Forestry and Parks Positions

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Governor's written objections

Section 9101 (11u)

This section directs the Department of Natural Resources to delete 10.0 FTE vacant forestry or parks SEG positions, and require the Department of Administration to report to the Joint Committee on Finance identifying the deleted position by funding source, no later than January 1, 2018.

In addition, the section requires that the final 2017−19 appropriation schedule reflect funding reductions associated with the deleted positions.

I am partially vetoing this section because I object to establishing a reporting deadline that may not give the Department of Natural Resources sufficient time to identify the positions to be deleted due to the delay in budget passage. As part of this budget act, the department reorganized its operations, and implementing the reorganization will result in significant technical changes, including the realignment of position authority in different forestry and parks operations. As a result, the department should be given sufficient time to identify the positions to be deleted. Instead, I ask the department to complete the report no later than April 1, 2018.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9101. Nonstatutory provisions; Administration.

(11u) POSITION ELIMINATION REPORT.

Vetoed In Part

(a) Not later than January 1, 2018, the department of administration shall report to the cochairpersons of the joint committee on finance the funding source for, and the appropriation to be decreased with regard to, 10.0 vacant SEG FTE positions relating to forestry or parks to be eliminated in the department of natural resources.

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15. Council on Forestry Report

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Governor's written objections

Section 9133 (6r)

This section requires the Wisconsin Council on Forestry to determine the relative priority of current forestry account expenditures and submit a report with these determinations and recommendations regarding forestry account expenditures for the 2019−21 budget to the Governor, the Department of Natural Resources, and the appropriate legislative standing committees by July 1, 2018.

I am vetoing this section because I object to requiring the council to conducting this review without the completion of the recommended audit of the forestry account. This Act requires the Legislative Audit Bureau to audit the forestry account of the conservation fund to determine whether its expenditures support forestry activities. The results of the audit should be completed prior to preparing any recommendations on forestry account expenditures. Further, the Council can conduct such a study independently.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9133. Nonstatutory provisions; Natural Resources.

Vetoed In Part

(6r) COUNCIL ON FORESTRY REPORT. The governor's council on forestry shall determine the relative priority of expenditures from the department of natural resources administrative account that allocates moneys appropriated from the conservation fund to programs relating to forestry. The governor's council on forestry shall report its determinations and recommendations for the 2019−21 biennial budget to the governor, the department of natural resources, and the senate and assembly standing committees having jurisdiction over forestry matters no later than July 1, 2018.

Vetoed In Part

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16. Tainter Lake Water Quality

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Governor's written objections

Section 9133 (7p)

This section provides $65,000 SEG from the nonpoint account of the environmental fund in fiscal year 2017−18 for a pilot project using biomanipulation to improve water quality of Tainter Lake in Dunn County.

I am partially vetoing this section because I object to focusing on one type of potential remedy to address the phosphorus and other water quality issues with the lake. Instead, I ask the Department of Natural Resources to study all available options, and use the funds for the remedies that are likely to lead to the most success in improving the water quality.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9133. Nonstatutory provisions; Natural Resources.

(7p) TAINTER LAKE BIOMANIPULATION PILOT. In the 2017−18 fiscal year, from the appropriation under section 20.370 (4) (mr) of the statutes, the department of natural resources shall expend not less than $65,000 to conduct a pilot project to improve the water quality and fish habitat of Tainter Lake in Dunn County. The project shall include a comprehensive fish study, the removal of zooplanktivorous and benthivorous fish, and the introduction of piscivorous game fish.

Vetoed In Part **Vetoed In Part**

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17. Wolf Damage Payments

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Governor's written objections

Sections 239m and 582h

These provisions prohibit the Department of Natural Resources from prorating claims for damage associated with gray wolves and wildlife damage control and claims. In addition, the department is required to use federal funds and endangered resources funds to pay the claims when necessary, and if those funds are insufficient, the department may request a supplement through s. 13.10 action. Further, the provision deletes the cap on the amount of endangered resources license plate money or income tax checkoff money that could be used for this purpose. Under the provision, the department is required to pay a claim as soon as it determines the claim to be eligible. Under the bill, the provisions apply if the gray wolf is on the federal or state endangered species list.

I am partially vetoing these sections because I object to the use of "prorate" to characterize how claims are paid. The department pays damage claims based on the value of the damage established by administrative rule through a panel of experts. Further, I object to permitting more than 3 percent of the voluntary payments for the endangered resources program to be used for wildlife damage claims, as these funds should continue to be used primarily for improving land or habitats for endangered or threatened species. Finally, I object to specifically requiring the use of federal funds for this purpose in statute, as federal funds received by the department are designated for broad purposes. The department has had sufficient funds in the endangered resources general fund appropriation to satisfy all claims for several years, and the use of these other funds is unnecessary.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 239m. 20.370 (1) (fs) of the statutes is amended to read:

20.370 **(1)** (fs) *Endangered resources — voluntary payments; sales, leases, and fees.* As a continuing appropriation, from moneys received as amounts designated under ss. 71.10 (5) (b) and 71.30 (10) (b), the net amounts certified under ss. 71.10 (5) (h) 4. and 71.30 (10) (h) 3., all moneys received from the sale or lease of resources derived from the land in the state natural areas system, and all moneys received from fees collected under ss. 29.319 (2), 29.563 (10) (a), and 341.14 (6r) (b) 5. and 12., for the purposes of the endangered resources program, as defined under ss. 71.10 (5) (a) 2. and 71.30 (10) (a) 2. ~~Three percent of the moneys certified under ss. 71.10 (5) (h) 4. and 71.30 (10) (h) 3. in each fiscal year and 3 percent of the fees received under s. 341.14 (6r) (b) 5. and 12. in each fiscal year shall be allocated for wildlife damage control and payment of claims for damage associated with endangered or threatened species, except that this combined allocation may not exceed $100,000 per fiscal year.~~

Vetoed In Part

SECTION 582h. 29.888 (5) of the statutes is created to read:

29.888 **(5)**

(b) The department shall pay damage claims under par. (a) as soon as practicable after determining that the claim is eligible to be paid. The department may not make the payments under par. (a) on a prorated basis.

Vetoed In Part

(c) The department shall make the payments under par. (a) from available federal funds to the extent permitted by federal law. If the department determines that the amount available from federal funds is insufficient in a given fiscal year to make all of these payments, the department shall make the remainder of the payments from the appropriation accounts under s. 20.370 (1) (fb), (fe), and (fs). If the department determines that the

Vetoed In Part

amount available under s. 20.370 (1) (fb), (fe), and (fs) is insufficient in a given fiscal year to pay the claims under par. (a) that remain after federal funds are used , the department may request 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.

Vetoed In Part

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18. Permit Sale of Dyed Diesel Fuel to Recreational Motor Boats

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Governor's written objections

Sections 147d, 1208m and 9438 (3m)

This provision permits the sale of dyed diesel fuel for use in a recreational motor boat. Under current law, dyed diesel fuel is exempted from the state motor vehicle fuel tax. However, the sale of gasoline or diesel fuel for use in recreational motor boats is subject to the state's motor vehicle fuel tax. The sales and use tax would apply to the sale of dyed diesel fuel to recreational motor boats, which would result in minimal additional revenue to the general fund. The revenue from the tax is then transferred from the transportation fund to the water resources (motorboats) account of the segregated conservation fund based on a formula that includes the motor vehicle fuel tax rate, a standard number of gallons and the number of annual motorboat registrations in the state. The provision would apply retroactively to July 1, 2013.

As a result of the provision, direct revenues to the transportation fund would decrease by $50,000 SEG in fiscal year 2017−18 and $200,000 SEG in fiscal year 2018−19, while the amount of transportation fund revenue transferred to the conservation fund would be unchanged. Under the provision, $50,000 GPR would be transferred from the general fund to the transportation fund in fiscal year 2017−18 and $200,000 GPR from the general fund to the transportation fund in fiscal year 2018−19, and annually thereafter.

I am vetoing this provision because I object to expanding the use of dyed diesel fuel for purposes outside of agriculture and the unnecessary use of GPR to fund the lost revenues. Because of the requirement that the transportation fund transfer certain revenues to the conservation fund based on the fuel tax rate, gallons and the number of annual motorboat registrations, rather than actual fuel taxes collected, this provision results in an unnecessary use of GPR to backfill the transportation fund for revenues it would otherwise collect under current law.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 147d. 16.5185 (2n) of the statutes is created to read:

16.5185 **(2n)** In fiscal year 2017−18, the secretary shall transfer $50,000 from the general fund to the transportation fund. Beginning on June 30, 2019, in each fiscal year, the secretary shall transfer $200,000 from the general fund to the transportation fund.

SECTION 1208m. 78.01 (2m) (f) of the statutes is amended to read:

78.01 **(2m)** (f) It is dyed diesel fuel and is sold for off−highway use other than use in a snowmobile, in a limited use off−highway motorcycle that is not registered for private use under s. 23.335 (3) (a), or in an all−terrain vehicle or utility terrain vehicle that is not registered for private use under s. 23.33 (2) (d) or (2g)~~, or in a recreational motorboat~~ or if no claim for a refund for the tax on the diesel fuel may be made under s. 78.75 (1m) (a) 3.

SECTION 9438. Effective dates; Revenue.

(3m) RECREATIONAL MOTORBOATS. The treatment of section 78.01 (2m) (f) of the statutes takes effect retroactively on July 1, 2013.

Vetoed In Part

Department of Safety and Professional Services

19. Possession, Use and Transportation of Fireworks and Fireworks Manufacturer Fees

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Governor's written objections

Sections 1680h and 9339 (7f)

This provision modifies current law relating to the possession, use and transportation of fireworks, and increase fees paid by fireworks manufacturers. The following regulations and fees are modified: (a) a person transporting fireworks must

hold a permit from a municipality if the person remains in that municipality for 72 hours, rather than 12 hours, or more; (b) a user's permit for possession of fireworks is no longer required, if the person is not a resident of Wisconsin and if the person will not be using fireworks in the state; (c) any fireworks permits issued by a city, village or town may specify a range of dates (rather than a single date) and location of permitted use; and (d) the fireworks manufacturers' fees are increased from $70 to $100 for the four−year credential term. In addition, the provision establishes in statute the license term to manufacture fireworks.

I am partially vetoing this section because I object to increasing fees on Wisconsin manufacturers. There is no evidence that an increase in the fee is required to support the program.

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Cited segments of 2017 Assembly Bill 64:

SECTION 1680h. 167.10 (6m) (d) of the statutes is amended to read:

167.10 **(6m)** (d) The department of safety and professional services shall issue a 4−year license to manufacture fireworks or devices listed under sub. (1) (e), (f), or (i) to (n) to a person who complies with the rules of the department promulgated under par. (e). Notwithstanding s. 101.19 (1g) (j), the license fee is $100. The department may not issue a license to a person who does not comply with the rules promulgated under par. (e). The department may revoke a license under this subsection for the refusal to permit an inspection at reasonable times by the department or for a continuing violation of the rules promulgated under par. (e).

Vetoed In Part

SECTION 9339. Initial applicability; Safety and Professional Services.

(7f) FIREWORKS MANUFACTURER LICENSING. The treatment of section 167.10 (6m) (d) of the statutes first applies to an application for a license or license renewal under that section received by the department of safety and professional services on the effective date of this subsection.

Vetoed In Part

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20. Information Technology Projects

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Governor's written objections

Section 183 [as it relates to s. 20.865 (4) (g)]

This section provides $2,200,000 PR in each year of the biennium in the Joint Committee on Finance's supplemental appropriation for the implementation of an information technology project in the Department of Safety and Professional Services. The provisions require the department to submit a request under s. 13.10 for the release of the funds.

I am partially vetoing section 183 [as it relates to s. 20.865 (4) (g)] by lining out the amount under s. 20.865 (4) (g) and writing in a smaller amount that reduces the appropriation by $2,200,000 in each fiscal year to veto the part of the bill that funds the information technology project. I object to creating an additional requirement in order to receive the funds. Under current law, the department can submit a funding request for this project under s. 16.515. I am also requesting the Department of Administration secretary not to allot these funds.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019	
20.865 Program Supplements					
(4) JOINT COMMITTEE ON FINANCE SUPPLEMENTAL APPROPRIATIONS					
(g) Program revenue funds general program supplementation	PR	S	3,445,500 1,245,500	2,200,000	**Vetoed In Part**

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21. Local Regulation of Quarries

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Governor's written objections

Sections 982i, 982ib, 982ic, 982id, 982ie, 982if, 982ig, 982m, 982mb, 982mc, 982md, 982me, 982mf, 982q, 982qb, 982qc, 982qd, 982qe, 982s, 984ig, 984ij, 1305p, 9431 (1i), and 9431 (2i)

These provisions outline the parameters for the local regulations of quarries, including creating a definition of quarries, creating definitions relevant to the regulation of quarries, outlining the parameters for the local regulation of quarries, outlining specific provisions on local regulation of blasting at quarries, local regulation of water quality and quantity related to quarry operations, local regulation of air quality and fugitive dust related to quarry operations; and establishing requirements relating to local ordinances in effect prior to the implementation of the provisions. The provisions under the bill generally take effect on April 1, 2018.

I am vetoing these provisions because I object to inserting a major policy item into the budget without sufficient time to debate its merits. While I support the need to address quarry regulations and the ability to provide materials for public works projects in a timely manner, 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 2017 Assembly Bill 64:

Vetoed In Part

SECTION 982i. 59.69 (10) (ab) of the statutes is renumbered 59.69 (10) (ab) (intro.) and amended to read:

59.69 **(10)** (ab) (intro.) In this subsection ~~"nonconforming use"~~:

3. "Nonconforming use" means a use of land, a dwelling, or a building that existed lawfully before the current zoning ordinance was enacted or amended, but that does not conform with the use restrictions in the current ordinance.

SECTION 982ib. 59.69 (10) (ab) 1. of the statutes is created to read:

59.69 **(10)** (ab) 1. "Contiguous" means sharing a common boundary or being separated only by a waterway, section line, public road, private road, transportation right−of−way, or utility right−of−way.

SECTION 982ic. 59.69 (10) (ab) 2. of the statutes is created to read:

59.69 **(10)** (ab) 2. "Nonconforming quarry site" means land on which a quarry existed lawfully before the quarry became a nonconforming use, and includes any parcel of land that, as of the effective date of this subdivision .... [LRB inserts date], is contiguous to the land on which the quarry is located, is under the common ownership, leasehold, or control of the person who owns, leases, or controls the land on which the quarry is located, and is located in the same political subdivision. **Vetoed In Part**

SECTION 982id. 59.69 (10) (ab) 4. of the statutes is created to read:

59.69 **(10)** (ab) 4. "Quarry" has the meaning given in s. 66.0414 (2) (d).

SECTION 982ie. 59.69 (10) (ab) 5. of the statutes is created to read:

59.69 **(10)** (ab) 5. "Quarry operations" has the meaning given in s. 66.0414 (2) (e).

SECTION 982if. 59.69 (10) (ap) of the statutes is created to read:

59.69 **(10)** (ap) Notwithstanding par. (am), an ordinance enacted under this section may not prohibit the continued operation of a quarry at a nonconforming quarry site. For purposes of this paragraph, the continued operation of a quarry includes conducting quarry operations in an area of a nonconforming quarry site in which quarry operations have not previously been conducted.

SECTION 982ig. 59.69 (10s) of the statutes is created to read:

59.69 **(10s)** RENEWAL OF QUARRY PERMITS. (a) Except as provided in par. (b), a county shall, upon submission by a quarry operator of an application for renewal of a

Vetoed In Part

permit, as defined in s. 66.0414 (2) (a), renew the permit if the permit has a duration of less than 10 years.

(b) A county may deny the renewal of a permit, as defined in s. 66.0414 (2) (a), having a duration of less than 10 years if the holder of the permit fails to cure a material violation of a condition of the permit after reasonable notice from the county of the violation and a reasonable opportunity for the quarry operator to cure the violation.

SECTION 982m. 60.61 (5) (ab) of the statutes is renumbered 60.61 (5) (ab) (intro.) and amended to read:

60.61 **(5)** (ab) (intro.) In this subsection ~~"nonconforming use"~~:

2. "Nonconforming use" means a use of land, a dwelling, or a building that existed lawfully before the current zoning ordinance was enacted or amended, but that does not conform with the use restrictions in the current ordinance.

SECTION 982mb. 60.61 (5) (ab) 1. of the statutes is created to read:

60.61 **(5)** (ab) 1. "Nonconforming quarry site" has the meaning given in s. 59.69 (10) (ab) 2.

SECTION 982mc. 60.61 (5) (ab) 3. of the statutes is created to read:

60.61 **(5)** (ab) 3. "Quarry" has the meaning given in s. 66.0414 (2) (d).

SECTION 982md. 60.61 (5) (ab) 4. of the statutes is created to read:

60.61 **(5)** (ab) 4. "Quarry operations" has the meaning given in s. 66.0414 (2) (e).

SECTION 982me. 60.61 (5) (as) of the statutes is created to read:

60.61 **(5)** (as) Notwithstanding par. (am), an ordinance enacted under this section may not prohibit the continued operation of a quarry at a nonconforming quarry site. For purposes of this paragraph, the continued operation of a quarry includes conducting quarry operations in an area of a nonconforming quarry site in which quarry operations have not previously been conducted.

SECTION 982mf. 60.61 (5s) of the statutes is created to read:

60.61 **(5s)** RENEWAL OF QUARRY PERMITS. (a) Except as provided in par. (b), a town shall, upon submission by a quarry operator of an application for renewal of a permit, as defined in s. 66.0414 (2) (a), renew the permit if the permit has a duration of less than 10 years.

(b) A town may deny the renewal of a permit, as defined in s. 66.0414 (2) (a), having a duration of less than 10 years if the holder of the permit fails to cure a material violation of a condition of the permit after reasonable notice from the town of the violation and a reasonable opportunity for the quarry operator to cure the violation.

SECTION 982q. 62.23 (7) (ab) of the statutes is renumbered 62.23 (7) (ab) (intro.) and amended to read:

62.23 **(7)** (ab) ~~*Definition*~~ *Definitions*. (intro.) In this subsection ~~"nonconforming use"~~: **Vetoed In Part**

2. "Nonconforming use" means a use of land, a dwelling, or a building that existed lawfully before the current zoning ordinance was enacted or amended, but that does not conform with the use restrictions in the current ordinance.

SECTION 982qb. 62.23 (7) (ab) 1. of the statutes is created to read:

62.23 **(7)** (ab) 1. "Nonconforming quarry site" has the meaning given in s. 59.69 (10) (ab) 2.

SECTION 982qc. 62.23 (7) (ab) 3. of the statutes is created to read:

62.23 **(7)** (ab) 3. "Quarry" has the meaning given in s. 66.0414 (2) (d).

SECTION 982qd. 62.23 (7) (ab) 4. of the statutes is created to read:

62.23 **(7)** (ab) 4. "Quarry operations" has the meaning given in s. 66.0414 (2) (e).

SECTION 982qe. 62.23 (7) (hd) of the statutes is created to read:

62.23 **(7)** (hd) *Nonconforming quarry sites.* Notwithstanding par. (h), an ordinance enacted under this subsection may not prohibit the continued operation of a quarry at a nonconforming quarry site. For purposes of this paragraph, the continued operation of a quarry includes conducting quarry operations in an area of a nonconforming quarry site in which quarry operations have not previously been conducted.

SECTION 982s. 62.23 (19) of the statutes is created to read:

62.23 **(19)** RENEWAL OF QUARRY PERMITS. (a) Except as provided in par. (b), a city shall, upon submission by a quarry operator of an application for renewal of a permit, as defined in s. 66.0414 (2) (a), renew the permit if the permit has a duration of less than 10 years.

(b) A city may deny the renewal of a permit, as defined in s. 66.0414 (2) (a), having a duration of less than 10 years if the holder of the permit fails to cure a material violation of a condition of the permit after reasonable notice from the city of the violation and a reasonable opportunity for the quarry operator to cure the violation.

SECTION 984ig. 66.0414 of the statutes is created to read:

66.0414 Quarry operations. (1) CONSTRUCTION. (a) Nothing in this section may be construed to affect the authority of a political subdivision to regulate land use for a purpose other than quarry operations.

(b) Nothing in this section may be construed to exempt a quarry from a regulation of general applicability placed by a political subdivision that applies to other property in the political subdivision that is not a quarry unless the regulation is inconsistent with this section.

Vetoed In Part

(c) Except for making unenforceable, under sub. (4) (b), (d), or (f), an ordinance or other limit on quarry operations, this section may not be interpreted to affect a legal claim that involves an ordinance or other limit on quarry operations that is in effect on January 1, 2017.

(2) DEFINITIONS. In this section:

(a) "Permit" means a form of approval granted by a political subdivision for the operation of a quarry.

(b) "Political subdivision" means a city, village, town, or county.

(c) "Public works project" means a federal, state, county, or municipal project that involves the construction, maintenance, or repair of a public transportation facility or other public infrastructure and in which nonmetallic minerals are used.

(d) "Quarry" means the surface area from which nonmetallic minerals, including soil, clay, sand, gravel, and construction aggregate, that are used primarily for a public works project or a private construction or transportation project are extracted and processed.

(e) "Quarry operations" means the extraction and processing of minerals at a quarry and all related activities, including blasting, vehicle and equipment access to the quarry, and loading and hauling of material to and from the quarry.

(3) LIMITATIONS ON LOCAL REGULATION. (a) *Permits.* 1. Consistent with the requirements and limitations in this subsection, except as provided in subd. 2. or 3., a political subdivision may require a quarry operator to obtain a zoning or non−zoning permit to conduct quarry operations.

2. a. Except as provided in subd. 2. b., a political subdivision may not require a quarry operator to obtain a zoning or non−zoning permit if the quarry operator conducts quarry operations at a quarry unless the political subdivision enacts an ordinance that requires the permit.

b. A political subdivision may require a quarry operator to obtain a permit to conduct quarry operations at a nonconforming quarry site, as defined in s. 59.69 (10) (ab) 2., if quarry operations at the nonconforming quarry site have been previously discontinued for a period of 12 consecutive months after the political subdivision enacted the permit requirement.

3. A political subdivision may not require a quarry operator to obtain a zoning or non−zoning permit to conduct quarry operations unless the political subdivision enacts an ordinance that requires the permit.

(b) *Applicability of local limit.* If a political subdivision enacts a non−zoning ordinance regulating the operation of a quarry that was not in effect when quarry operations began at a quarry, the limit does not apply to that quarry or to land that, as of the effective date of this subdivision .... [LRB inserts date], is contiguous, as defined in s. 59.69 (10) (ab) 1., to the land on which the quarry is located, is under the common ownership, leasehold, or control of the person who owns, leases, or controls the land on which the quarry is located, and is located in the same political subdivision.

Vetoed In Part

(c) *Blasting.* 1. In this paragraph:

a. "Affected area" means an area within a certain radius of a blasting site that may be affected by a blasting operation, as determined using a formula established by the department of safety and professional services by rule that takes into account a scaled−distance factor and the weight of explosives to be used.

b. "Airblast" means an airborne shock wave caused by a blast.

c. "Flyrock" means rock that is propelled through the air as a result of a blast.

d. "Ground vibration" means a shaking of the ground caused by the elastic wave emanating from a blast.

2. Except as provided under subds. 3. and 4., a political subdivision may not limit blasting at a quarry.

3. A political subdivision may require the operator of a quarry to do any of the following:

a. Before beginning a blasting operation at the quarry, provide notice of the blasting operation to each political subdivision in which any part of the quarry is located and to owners of dwellings or other structures within the affected area.

b. Before beginning a blasting operation at the quarry, cause a 3rd party to conduct a building survey of any dwellings or other structures within the affected area.

c. Before beginning a blasting operation at the quarry, cause a 3rd party to conduct a survey of and test any wells within the affected area.

d. Maintain records and prepare and submit reports related to blasting operations at the quarry.

e. Comply with other properly adopted local blasting regulations that are not related to airblast, flyrock, or ground vibration.

4. A political subdivision may suspend a permit for a violation of the requirements under s. 101.15 relating to blasting and rules promulgated by the department of safety and professional services under s. 101.15 (2) (e) relating to blasting only if the department of safety and professional services determines that a violation of the requirements or rules has occurred and only for the duration of the violation as determined by the department of safety and professional services.

(d) *Water quality or quantity.* 1. Except as provided under subds. 2. to 5., a political subdivision may not do any of the following with respect to the operation of a quarry:

a. Establish or enforce a water quality standard.

b. Issue permits, including permits for discharges to the waters of the state, or any other form of approval related to water quality or quantity.

c. Impose any restriction related to water quality or quantity.

d. Impose any requirements related to monitoring of water quality or quantity.

Vetoed In Part

2. A political subdivision may require the operator of a quarry to conduct and provide water quality and quantity baseline testing and ongoing quality testing, to occur not more frequently than annually, of all wells within 1,000 feet of the perimeter of a quarry site when a new high capacity well is added to an existing quarry site or a new quarry site is established. A testing requirement under this subdivision may not impose any standard that is more stringent than the standards for groundwater quality required by rules promulgated by the department of natural resources. The political subdivision may request a report of well testing results within 30 days of the completion of testing and the quarry operator shall provide the results within that time. Any person offered the opportunity to have a well tested under this subdivision but who knowingly refuses testing waives any claim against a quarry operator related to the condition of the well if, within 90 days of the offer, the quarry operator records with the register of deeds for the county in which the well is located a written and sworn certification that the person refused the offer.

3. A political subdivision that imposes a requirement to conduct any ongoing water quality or quantity testing of wells adjacent to existing quarry sites prior to the effective date of this subdivision .... [LRB inserts date], may continue to do so.

4. A political subdivision may take actions related to water quality or quantity that are specifically required or authorized by state law.

5. A political subdivision may enforce properly adopted local water regulations but may suspend a permit for a violation of state law or rules promulgated by the department of natural resources relating to water quality or quantity only if the department of natural resources determines that a violation of state law or rules has occurred and only for the duration of the violation, as determined by the department of natural resources.

(e) *Air quality.* 1. Notwithstanding s. 285.73, and except as provided under subds. 2. to 4., a political subdivision may not do any of the following with respect to the operation of a quarry:

a. Establish or enforce an ambient air quality standard, standard of performance for new stationary sources, or other emission limitation related to air quality.

b. Issue permits or any other form of approval related to air quality.

c. Impose any restriction related to air quality.

d. Impose any requirement related to monitoring air quality.

2. A political subdivision may require the operator of a quarry to use best management practices to limit off–site fugitive dust and may enforce properly adopted fugitive dust regulations.

3. A political subdivision may take actions related to air quality that are specifically required or authorized by state law. **Vetoed In Part**

4. A political subdivision may suspend a permit for a violation of state law or rules promulgated by the department of natural resources relating to air quality only if the department of natural resources determines that a violation of state law or rules has occurred and only for the duration of the violation, as determined by the department of natural resources.

(f) *Noise*. A political subdivision may not limit the noise emitted from a quarry site, as measured off the property where the quarry is located without the use of a hearing protector, to be less than 76.5 percent of the decibel standards established under 30 CFR 62.100 to 62.190.

(g) *Quarry production.* A political subdivision may not limit any of the following:

1. The quantity of minerals extracted from or processed by a quarry.

2. The depth of mineral extraction at a quarry.

3. The number of truck loads that exits a quarry or the number of trucks that enters a quarry unless the purpose of the limit is to protect the structural condition of a roadway within the political subdivision.

4. The times that any of the following may occur:

a. Quarry operations if the materials produced by the quarry will be used in a public works project that requires construction work to be performed during the night or an emergency repair except that a political subdivision may limit the number of consecutive days that a quarry operator may conduct quarry operations during the hours of darkness to 5 consecutive days.

b. The transportation of unloaded equipment within a quarry.

c. Maintenance of vehicles, equipment, or buildings at a quarry.

d. Administrative activities at a quarry.

e. Entry of unloaded trucks into a quarry at the times during which a quarry is permitted to operate unless the purpose of the limit is to protect the structural condition of a roadway within the political subdivision.

5. The hours of quarry operations conducted at a quarry to less than 72 hours per week, excluding hours on Sundays and holidays.

(h) *Setbacks*. 1. A political subdivision may not establish a setback requirement for quarry operations that is more than 200 feet from the boundary of the property of a quarry.

2. Notwithstanding subd. 1., a political subdivision that enacts an ordinance imposing setback requirements shall allow a quarry operator to conduct quarry operations nearer to the boundary of the property of the quarry

Vetoed In Part

than the distance of the setback requirement if all of the following apply:

a. Each property owner of a lot that is located within 200 feet of the boundary of a quarry consents in writing to that conduct of quarry operations.

b. The quarry operator provides the clerk of the political subdivision with a copy of the written agreement under subd. 2. a.

c. The quarry operator records the written agreement under subd. 2. a. against the property described in subd. 2. a. in the office of the register of deeds for the county in which the land is located.

(i) *Quarry permit requirements*. 1. A political subdivision may not add a condition to a permit during the duration of the permit unless the permit holder consents.

2. If a political subdivision requires a quarry to comply with another political subdivision's ordinance as a condition for obtaining a permit, the political subdivision that grants the permit may not require the quarry operator to comply with a provision of the other political subdivision's ordinance that is enacted after the permit is granted and while the permit is in effect.

3. a. A town may not require, as a condition for granting a permit to a quarry operator, that the quarry operator satisfy a condition that a county requires in order to grant a permit that is imposed by a county ordinance enacted after the county grants a permit to the quarry operator.

b. A county may not require, as a condition for granting a permit to a quarry operator, that the quarry operator satisfy a condition that a town requires in order to grant a permit that is imposed by a town ordinance enacted after the town grants a permit to the quarry operator.

4. a. Except as provided in subd. 4. b., a political subdivision shall, upon submission of a permit renewal application by a quarry operator, renew the permit if the permit has a duration of less than 10 years. As a condition of renewing a permit, a political subdivision may require that a quarry operator satisfy a condition that the law authorizes the political subdivision to require.

b. A political subdivision may deny the renewal of a permit having a duration of less than 10 years if the permit holder fails to cure a material violation of a condition of the permit after reasonable notice from the political subdivision of the violation and a reasonable opportunity for the operator to cure the violation.

(k) *Mining permit requirements.* A political subdivision may not impose a condition on a permit for quarry operations that is inconsistent with the requirements of this section or s. 295.12.

(4) PREVIOUS RESTRICTIONS. (a) Except as provided in par. (b) or (d), and notwithstanding sub. (3), if a political subdivision has in effect on January 1, 2017, an ordinance that is more restrictive than this section, the political subdivision may maintain and enforce that ordinance.

(b) If a political subdivision has in effect on January 1, 2017, an ordinance that contains a prohibition or requirement that violates the prohibition or limitation under sub. (3) (c) 2., (d) 1., (e) 1., or (g) 4. a., the prohibition or requirement does not apply and may not be enforced.

Vetoed In Part

(c) Except as provided in par. (d), and notwithstanding sub. (3), if a political subdivision has in effect on January 1, 2017, a requirement, not based on the political subdivision's authority under ch. 295, that a quarry operator obtain a non−zoning permit that is more restrictive than this section, the political subdivision may maintain and enforce that requirement if the political subdivision had authority to impose that requirement.

(d) A requirement described under par. (c) that violates the prohibition or limitation under sub. (3) (c) 2., (d) 1., (e) 1., or (g) 4. a. does not apply and may not be enforced.

(e) Notwithstanding sub. (3), a zoning or non−zoning permit that is held by a quarry operator and in effect on January 1, 2017, remains in effect for the duration of the permit.

(f) A condition that a political subdivision requires to be satisfied in order to grant a zoning or non−zoning permit that is in effect on January 1, 2017, does not apply and may not be enforced if either of the following applies:

1. The political subdivision does not have authority to require that the condition be satisfied in order to grant the zoning or non−zoning permit.

2. The condition violates the prohibition or limitation under sub. (3) (c) 2., (d) 1., (e) 1., or (g) 4. a.

SECTION 984ij. 66.0414 (3) (f) of the statutes, as created by 2017 Wisconsin Act .... (this act), is amended to read:

66.0414 **(3)** (f) *Noise*. A political subdivision may not limit the noise emitted from a quarry, as measured off the property where the quarry is located without the use of a hearing protector, to be less than 76.5 percent of the decibel standards established under 30 CFR 62.100 to 62.190. A political subdivision may require trucks and other equipment that are owned or controlled by a quarry operator, when used in quarry operations during the hours of darkness, to use a white noise alarm instead of a beeping alarm for worker and vehicle safety.

SECTION 1305p. 101.02 (7w) of the statutes is created to read:

101.02 **(7w)** Notwithstanding sub. (7) (a), and except as provided in this subsection and s. 66.0414 (3) (c), no city, village, town, or county may make or enforce a local order that limits blasting at a quarry, as defined in s. 66.0414 (2) (d). A city, village, town, or county may petition the department for an order granting the city, village, town, or county the authority to impose additional restrictions and requirements related to blasting on the operator of a quarry, and the department may not charge a fee for the petition. If the department issues the order, the order may grant the city, village, town, or county the authority to impose restrictions and requirements related

Vetoed In Part

to blasting at the quarry that are more restrictive than the requirements under s. 101.15 related to blasting and rules promulgated by the department under s. 101.15 (2) (e) related to blasting. If a city, village, town, or county submits a petition under this subsection because of concerns regarding the potential impact of blasting on a qualified historic building, as defined in s. 101.121 (2) (c), the department may require the operator of the quarry to pay the costs of an impact study related to the qualified historic building.

SECTION 9431. Effective dates; Local Government.

(1i) QUARRY REGULATION; ORDINANCE IN CONFLICT WITH STATUTE. The treatment of sections 59.69 (10) (ap) and (10s), 60.61 (5) (as) and (5s), 62.23 (7) (hd) and (19), and 101.02 (7w) of the statutes, the renumbering and amendment of sections 59.69 (10) (ab), 60.61 (5) (ab), and 62.23 (7) (ab) of the statutes, and the creation of sections 59.69 (10) (ab) 1., 2., 4., and 5., 60.61 (5) (ab) 1., 3., and 4., 62.23 (7) (ab) 1., 3., and 4., and 66.0414 of the statutes take effect on April 1, 2018.

(2i) REGULATION OF QUARRY NOISE. The amendment of section 66.0414 (3) (f) of the statutes takes effect on April 1, 2019.

Vetoed In Part

B. EDUCATION AND WORKFORCE DEVELOPMENT

Historical Society

22. State Archive Preservation Facility

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Governor's written objections

Section 183 [as it relates to s. 20.245 (1) (a)]

This provision provides an additional $72,400 GPR over the biennium for State Archive Preservation Facility rent, and deletes $1,962,400 PR over the biennium.

I am partially vetoing section 183 [as it relates to s. 20.245 (1) (a)] by lining out the amount under s. 20.245 (1) (a) and writing in a smaller amount that reduces the appropriation by $44,000 GPR in the fiscal year 2018−19. This state−of−the−art facility supports the State Historical Society's mission to collect, preserve and share the stories of Wisconsin's past. The state has recognized the importance of this mission by providing $34.67 million – approximately 75 percent of the total cost of the building – in general fund supported bonding for the facility, and an additional $8.4 million in general fund supported bonding for customized shelving systems. However, it is appropriate that the society partner with the state on an ongoing basis to support the cost of operating the facility, as the society is the primary tenant and has the ability to raise funds to support preservation of the precious historical artifacts, maps and documents in its holdings. Other facility tenants will pay rent to support the facility as well. I am requesting the Department of Administration secretary not to allot these funds.

.....

Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019	
20.245 Historical Society					
(1) HISTORY SERVICES					
				14,486,100	**Vetoed**
(a) General program operations	GPR	A	13,021,600	14,442,100	**In Part**

Labor and Industry Review Commission

23. Survey of Labor and Industry Review Commission Decisions

.....

Governor's written objections

Section 9142 (5f)

This section requests that the Chief Justice of the Wisconsin Supreme Court survey decisions of the Labor and Industry Review Commission citing statutes interpreted by the commission and whether the commission's decisions were appealed to the Circuit Court.

I am vetoing this section in its entirety because the study is unnecessary and unlikely to yield useful information.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 9142. Nonstatutory provisions; Supreme Court

(5f) DECISIONS OF LABOR AND INDUSTRY REVIEW COMMISSION. The chief justice of the supreme court is requested to do all of the following:

(a) Conduct a survey of decisions and orders of the labor and industry review commission under chapters 102 and 108 and sections 106.52 (4), 106.56 (4), and 111.39 of the statutes, citing the statutes interpreted by the commission and whether the decisions and orders were the subjects of actions for judicial review filed in circuit court.

(b) Submit a report of the survey's findings to the governor and to the joint committee on finance by July 1, 2018.

Vetoed In Part

Technical College System Board

24. Sunset of the Educational Approval Board

.....

Governor's written objections

Sections 9111 (1p), 9411 (1p) and 9411 (1q)

These provisions administratively transfer the Educational Approval Board and the incumbent employees from the Wisconsin Technical College System to the Department of Safety and Professional Services on January 1, 2018. The board would then sunset on July 1, 2018, and the incumbent staff and current functions would remain with the department.

I am vetoing sections 9111 (1p), 9411 (1p) and (1q) related to the sunset of the board because retaining the board as an entity is unnecessary; the department will provide oversight for the board's functions. As a result of this veto, the board will be eliminated immediately.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 9111. Nonstatutory provisions; Educational Approval Board.

(1p) TEMPORARY ATTACHMENT OF EDUCATIONAL APPROVAL BOARD TO DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES.

(a) *Assets and liabilities.* On the effective date of this paragraph, the assets and liabilities of the technical college system board primarily related to the functions of the educational approval board, as determined by the secretary of administration, become the assets and liabilities of the department of safety and professional services.

(b) *Positions and employees.*

1. On the effective date of this subdivision, all FTE positions, and the incumbent employees holding those positions, in the technical college system board performing duties primarily related to the functions of the educational approval board, as determined by the secretary of administration, are transferred to the department of safety and professional services.

2. Employees transferred under subdivision 1. have all the rights and the same status under chapter 230 of the statutes in the department of safety and professional services that they enjoyed in the technical college system board immediately before the transfer. Notwithstanding section 230.28 (4) of the statutes, no employee transferred under subdivision 1. who has attained permanent status in class is required to serve a probationary period.

(c) *Tangible personal property.* On the effective date of this paragraph, all tangible personal property, including records, of the technical college system board that is primarily related to the functions of the educational approval board, as determined by the secretary of administration, is transferred to the department of safety and professional services.

(d) *Contracts.* All contracts entered into by the technical college system board in effect on the effective date of this paragraph that are primarily related to the functions of the educational approval board, as determined by

Vetoed In Part

Vetoed In Part

the secretary of administration, remain in effect and are transferred to the department of safety and professional services. The department of safety and professional services shall carry out any obligations under such a contract until the contract is modified or rescinded by the department of safety and professional services to the extent allowed under the contract.

(e) *Pending matters.* Any matter pending with the technical college system board that is primarily related to the functions of the educational approval board, as determined by the secretary of administration, is transferred to the department of safety and professional services. All materials submitted to or actions taken by the technical college system board with respect to the pending matter are considered as having been submitted to or taken by the department of safety and professional services.

SECTION 9411. Effective dates; Educational Approval Board.

Vetoed In Part

(1p) TEMPORARY ATTACHMENT OF EDUCATIONAL APPROVAL BOARD TO DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES. The repeal of sections 15.945 (title) and 20.292 (2) (title) of the statutes, the renumbering of section 38.50 (title), (1) (intro.), (b), (c), (d), (e), (f), and (g), (2), (3), (7), (8), (10) (title), (b), (c), (cm), (d), (e), and (f), (11) (title), (a), (b), and (c), (12), and (13) (title), (a), (b), and (c) of the statutes, the renumbering and amendment of sections 15.945 (1), 20.292 (2) (g), (gm), and (i), and 38.50 (1) (a), (5), (10) (a), (11) (d), and (13) (d) of the statutes, the amendment of sections 15.406 (6) (a) 1. (by SECTION 52m), 45.20 (1) (d) and (2) (a) 1. and 2. (intro.), (c) 1., and (d) 1. (intro.), 45.21 (2) (a) (by SECTION 738h), 71.05 (6) (b) 28. (intro.), 71.07 (5r) (a) 2. and 6. b., 71.28 (5r) (a) 2. and 6. b., 71.47 (5r) (a) 2. and 6. b., 102.07 (12m) (a) 1., 111.335 (1) (cx), 182.028, subchapter V (title) of chapter 440, 460.05 (1) (e) 1. (by SECTION 2149m), 944.21 (8) (b) 3. a. (by SECTION 2248m), 948.11 (4) (b) 3. a. (by SECTION 2250m), and 995.55 (1) (b) of the statutes, and SECTION 9111 (1p) of this act take effect on January 1, 2018, or on the day after publication, whichever is later.

Vetoed In Part

(1q) ELIMINATION OF EDUCATIONAL APPROVAL BOARD AND TRANSFER OF FUNCTIONS. The repeal of sections 15.07 (5) (i), 15.405 (18), and 440.52 (1) (a) and (5) of the statutes, the amendment of sections 15.406 (6) (a) 1. (by SECTION 52o), 29.506 (7m) (a), 45.21 (2) (a) (by SECTION 738j), 125.04 (5) (a) 5., 125.17 (6) (a) (intro.), 134.66 (2m) (b), 440.52 (1) (e) 8. and (g), (2), (3), (7) (intro.), (g), (h), and (i), (8) (a), (b), (c) (intro.), 1., 2., 4., and 5., (d), and (e), (10) (a), (b), (c) (intro.) and 1., and (cm), (11) (b) 1., (c), and (d), (12) (a) (intro.) and 1. and (b), and (13) (a) 2. a., b., and e. and (d), 460.05 (1) (e) 1. (by SECTION 2149p), 944.21 (8) (b) 3. a. (by SECTION 2248p), and 948.11 (4) (b) 3. a. (by SECTION 2250p) of the statutes, the repeal and recreation of sections 15.675 (1) (d) and 440.52 (title) of the statutes, and SECTION 9111 (1q) of this act take effect on July 1, 2018, or on the day after publication, whichever is later .

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25. Educational Approval Board Incumbents

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Governor's written objections

Section 9111 (1q) (bm) [as it relates to the transfer of incumbents]

This provision administratively transfers the Educational Approval Board and the incumbent employees from the Wisconsin Technical College System to the Department of Safety and Professional Services on January 1, 2018. The board would then sunset on July 1, 2018, and the incumbent staff and current functions would remain with the department.

I am partially vetoing the provision related to retaining the incumbent employees in order to provide the department with flexibility related to staffing. As a result of this veto, only positions will transfer to the department.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9111. Nonstatutory provisions; Educational Approval Board.

(1q) ELIMINATION OF EDUCATIONAL APPROVAL BOARD AND TRANSFER OF FUNCTIONS.

(bm) *Positions and employees.*

Vetoed In Part

1. On the effective date of this subdivision, all FTE positions , and the incumbent employees holding those positions, in the board are transferred to the department of safety and professional services.

Vetoed In Part

2. Employees transferred under subdivision 1. have all the rights and the same status under chapter 230 of the statutes in the department of safety and professional services that they enjoyed in the board immediately before the transfer. Notwithstanding section 230.28 (4) of the statutes, no employee transferred under subdivision 1. who has attained permanent status in class is required to serve a probationary period.

University of Wisconsin System

26. Performance Funding

.....

Governor's written objections

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

These provisions permit University of Wisconsin System institutions to earn funding based upon performance on metrics of their choosing, one each for improvement and excellence, in accordance with a formula that must be submitted to the Joint Committee on Finance for approval or modification under passive review. In addition, these provisions cap the amount of funding that may be allocated for excellence at 30 percent.

I am partially vetoing these provisions for three reasons. First, performance−based funding in higher education should vigorously challenge institutions to improve, and the provisions do not support this level of challenge. Second, I object to limiting the ability of the Board of Regents to reward high−performing institutions, especially if institutions may not choose metrics upon which to be measured. Third, I believe a passive review process does not provide sufficient transparency around such a significant initiative.

The performance funding initiative includes a substantial investment of state dollars, and as such demands achievement and accountability. Allowing institutions to choose the metrics upon which to be measured is likely to result in funding allocations based upon metrics that are easiest for institutions to improve upon or maintain. This partial veto deletes the ability of institutions to choose performance funding metrics, which will ensure funding incentivizes institutions to improve and excel in many areas. In addition, I am vetoing the cap on funding that is allocated based on excellence so that the Board of Regents may decide how much funding is given to high performing institutions; this will encourage institutions to focus on the performance metrics and give the board flexibility in developing a formula. Finally, this partial veto accomplishes transparency by requiring a meeting under s. 13.10 for approval of the board's formula; the review by the Joint Committee on Finance should be undertaken publicly.

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Cited segments of 2017 Assembly Bill 64:

SECTION 603m. 36.112 of the statutes is created to read:

36.112 Performance funding; innovation fund.

(2) GOALS; METRICS.

(b) For each goal specified in par. (a), the Board of Regents shall identify at least 4 metrics to measure an institution's progress toward meeting the goal. As the Board of Regents determines is appropriate, the board may specify different metrics for the extension. For each goal, each institution shall select one of the metrics for improving its performance and one of the metrics for maintaining excellence.

Vetoed In Part

(3) OUTCOMES−BASED FUNDING FORMULA. (a) The Board of Regents shall develop a formula for distributing under par. (b) the amount allocated under sub. (4) among the institutions based on each institution's performance with respect to the metrics the institution selects under sub. (2) (b) , except that no more than 30 percent of the amount allocated in a fiscal year may be distributed based on the metrics selected for maintaining excellence .

Vetoed In Part

Vetoed In Part

(b) By no later than February 15, 2018, the Board of Regents shall submit the formula developed under par. (a) to the joint committee on finance. If the cochairpersons of the joint committee on finance do not notify the Board of Regents within 14 working days after the date of submittal that the committee has scheduled a meeting to review the formula, the Board of Regents shall use the formula to distribute the amount allocated under sub. (4) among the institutions. If, within 14 working days after the date of submittal, the cochairpersons of the joint committee on finance notify the Board of Regents that the committee has scheduled a meeting to review the formula, the Board of Regents may use the formula to distribute the amount allocated under sub. (4) among the institutions only as modified or approved by the committee. The joint committee on finance shall consult with the appropriate standing committee in each house before modifying or approving the formula.

Vetoed In Part

Vetoed In Part

(5) REPORT. (a) Beginning in fiscal year 2018−19, the Board of Regents shall submit an annual report to the joint committee on finance that describes how the Board of Regents distributed in the fiscal year the amount allo-

cated under (4) to the institutions under the formula under sub. (3) (b). The report shall describe all of the following:

3. The methodology used to make the distributions based on each institution's performance with respect to the metrics selected by the institution . **Vetoed In Part**

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27. Innovation Fund

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Governor's written objections

Section 603m [as it relates to s. 36.112 (6) and (7)]

This provision relates to the creation of an Innovation Fund to support University of Wisconsin System institutions in increasing enrollment in high demand programs through competitive grants. The provision specifies that the Board of Regents is responsible for determining what programs are considered high demand for purposes of the grant program.

I am partially vetoing this provision because it lacks specificity as to the meaning of high demand, and does not require high demand to relate to state priorities (such as creating the workforce needed by the state's employers). As a result of the veto, the Board of Regents will not have specific authority to determine the definition of high demand. I am directing the Board of Regents to consult with the Department of Workforce Development in developing a request for proposals for grants in order to ensure that chosen programs address state workforce needs.

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Cited segments of 2017 Assembly Bill 64:

SECTION 603m. 36.112 of the statutes is created to read:

36.112 Performance funding; innovation fund.

(6) INNOVATION FUND. In fiscal year 2017−18, the Board of Regents shall allocate $5,000,000 of the amount appropriated under s. 20.285 (1) (a) for the board to distribute to institutions to increase enrollments in high−demand degree programs identified under sub. (7) (b) . **Vetoed In Part**

The Board of Regents shall make the distribution through a competitive process involving a request for proposals from the institutions.

(7) OTHER DUTIES. The Board of Regents shall do all of the following:

(b) Identify degree programs that qualify as high demand for each institution. **Vetoed In Part**

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28. University of Wisconsin System Audits

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Governor's written objections

Section 9148 (2q) (b)

This section suspends the requirement that the Legislative Audit Bureau conduct an annual financial audit of the University of Wisconsin System for the fiscal years 2017−18 and 2018−19. Other provisions substitute an audit by an independent accounting firm for these two years.

I am partially vetoing this section because the Legislative Audit Bureau will continue to have other auditing responsibilities related to the Comprehensive Annual Financial Report, the statewide Single Audit report, and the Annual Fiscal Report – each of which incorporates financial information from the University of Wisconsin System. In addition, this will ensure that both an independent audit and an audit by the Legislative Audit Bureau will be done separately and all parties will have the opportunity to compare auditing practices and findings to determine whether an independent audit is appropriate beyond this biennium.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9148. Nonstatutory provisions; University of Wisconsin System.

(2q) ANNUAL FINANCIAL AUDIT OF THE UNIVERSITY OF WISCONSIN SYSTEM.

Vetoed In Part

(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 2017−18 and 2018−19 fiscal years.

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29. Wisconsin Institute for Sustainable Technology

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Governor's written objections

Section 183 [as it relates to s. 20.285 (1) (sp)]

This provision provides funding of $440,000 SEG annually from the environmental fund for the Wisconsin Institute for Sustainable Technology at the University of Wisconsin−Stevens Point.

I am partially vetoing this provision by lining out the appropriation under s. 20.285 (1) (sp) and writing in a smaller amount that deletes $440,000 in fiscal year 2018−19. This results in a onetime grant to the institute and avoids committing environmental fund monies for this purpose in the future, before the condition of and pressures on the environmental fund are known. The environmental fund supports activities that are critical to protecting the state's environmental resources through programs such as recycling grants, nonpoint runoff abatement, and solid waste and air management. The University of Wisconsin System has access to other resources to support the institute. I am requesting the Department of Administration secretary not to allot these funds.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019	
20.285 University of Wisconsin System					
(1) UNIVERSITY EDUCATION, RESEARCH AND PUBLIC SERVICE					
(sp) Wisconsin Institute for Sustainable Technology	SEG	A	440,000	440,000	**Vetoed In Part**

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30. University of Wisconsin−Green Bay Tribal Gaming Appropriation

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Governor's written objections

Section 183 [as it relates to s. 20.505 (1) (km)]

This provision provides funding of $247,500 PR−S annually to the University of Wisconsin−Green Bay from tribal gaming revenues.

I am vetoing this provision by lining out the appropriation under s. 20.505 (1) (km) and writing in smaller amounts that delete $247,500 in each fiscal year because I object to the historical use of these funds, which is to support the institution's athletic programming and is not directly related to tribal affairs. I am requesting the Department of Administration secretary not to allot these funds.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

Statute, Agency and Purpose	Source	Type	2017−2018	2018−2019	
20.505 Administration, Department of					
(1) Supervision and management					
(km) University of Wisconsin−Green Bay programming	PR−S	A	247,500	247,500	**Vetoed In Part**

31. Flexible Option Program

.....

Governor's written objections

Section 9148 (2)

This provision requires the University of Wisconsin System−Extension to increase the number of programs offered as Flexible Option programs by 25 percent from the number of programs offered on the date the budget is enacted. The increase must be accomplished by December 1, 2019.

I am partially vetoing this provision so that the required increase in program offerings by December 1, 2019, is 100 percent. The Flexible Option program is a unique, powerful and affordable tool for nontraditional students to earn degrees or certificates. I believe the University of Wisconsin System can and should aggressively pursue expansion of this program, which will benefit the system, students and employers. Therefore, a 100 percent increase is a more appropriate requirement to challenge the University of Wisconsin System than a 25 percent increase.

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Cited segments of 2017 Assembly Bill 64:

Section 9148. Nonstatutory provisions; University of Wisconsin System.

(2) University of Wisconsin Flexible Option programs. The Board of Regents of the University of Wisconsin System shall ensure that, no later than December 1, 2019, the total number of accredited competency−based degree and certificate programs offered under the University of Wisconsin Flexible Option platform is increased by at least 25 percent over the total number of such programs that are offered on the effective date of this subsection. **Vetoed In Part**

Public Instruction

32. Energy Efficiency Revenue Limit Adjustment

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Governor's written objections

Section 1641m

This section permits school district boards to adopt a resolution to exceed the district's revenue limit for energy efficiency projects before January 1, 2018, or after December 31, 2018, only. Effectively, this provision suspends the school district revenue limit adjustment for energy efficiency measures for one year.

I am exercising the digit veto in this section to limit adoption of such resolutions to before January 1, 2018, or after December 3018. I object to the temporary suspension of this revenue limit adjustment because I believe school districts should be required to use referenda to bypass revenue limits. Many of the recently adopted resolutions for energy efficiency measures allowed school districts to exceed revenue limits by a significant amount. Taxpayers should have a direct voice when large property tax increases are under consideration. This veto will maintain the ability for school districts to ask taxpayers if they wish to exceed revenue limits and eliminate an exemption that has been viewed as a loophole to revenue limits.

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Cited segments of 2017 Assembly Bill 64:

SECTION 1641m. 121.91 (4) (o) 4. of the statutes is created to read:

121.91 **(4)** (o) 4. Unless the resolution is adopted before January 1, 2018, subd. 1. applies only to a resolution adopted after December 31, 2018. **Vetoed In Part**

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33. Low Revenue Adjustment

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Governor's written objections

Section 1640g

This section increases the low revenue adjustment for school districts from $9,100 under current law to $9,300 in fiscal year 2017−18; $9,400 in fiscal year 2018−19; $9,500 in fiscal year 201920; $9,600 in fiscal year 2020−21; $9,700 in fiscal year 2021−22; and $9,800 in fiscal year 202223 and each year thereafter.

I am vetoing this section entirely because the result is a substantial increase in property tax capacity that school districts may exercise without voter input. In several school districts that would be eligible to raise taxes under these sections, referenda to exceed revenue limits already failed within the past two years. An increase in revenue authority from the state in these districts would circumvent purposeful, local actions.

It should also be noted that in some cases, the same districts that would have become eligible to increase their revenues with this adjustment have increased their base revenues at a rate higher than the state average. This brings into question the need for this adjustment and highlights the need for local taxpayer input before a revenue limit adjustment is made.

As a result of this veto, the low revenue adjustment level for school districts will remain at $9,100. School districts across the state will benefit from other significant education investments in this budget, including meaningful increases in per pupil aid. These per pupil increases are equal among all school districts. In addition, school districts could pursue an increase in their revenue limit through a referendum as is the case under current law. In fact, numerous districts have already done so by asking taxpayers through a referendum. Increases to the low revenue adjustment can be discussed in future state budgets.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1640g. 121.905 (1) of the statutes is amended to read:

121.905 **(1)** In this section, "revenue ceiling" means ~~$9,000 in the 2011−12 school year and in the 2012−13 school year and $9,100 in the 2013−14~~ $9,300 in the 2017−18 school year, $9,400 in the 2018−19 school year, $9,500 in the 2019−20 school year, $9,600 in the 2020−21 school year, $9,700 in the 2021−22 school year, and $9,800 in the 2022−23 school year and in any subsequent school year.

Vetoed In Part

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34. School District Referenda Scheduling

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Governor's written objections

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

These provisions generally limit the scheduling of school district referenda to regularly scheduled elections up to twice per year, but permit a school board to conduct special elections to consider referenda on the Tuesday after the first Monday in November in an odd−numbered year, so long as the special election is not earlier than 70 days after adoption of the related resolution. In addition, school districts that experience increased costs as a result of a natural disaster are permitted to hold a special referendum outside of these limitations, so long as the referenda occurs within six months

of the event and at least 70 days elapses between adoption of the initial resolution approving the referenda and the public vote. Section 9435 (1w) specifies an effective date of January 1, 2018, for these provisions.

I am partially vetoing these provisions to eliminate the ability of school districts to conduct the special elections to consider referenda as described above, but maintain the effective date of January 1, 2018, for the limitations on referendum scheduling. School referenda should be known and considered by the greatest number of voters possible, and limiting referenda to regularly scheduled election days will further this principle. Maintaining the delayed effective date will allow currently scheduled referenda to take place.

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Cited segments of 2017 Assembly Bill 64:

SECTION 996pr. 67.05 (6a) (a) 2. a. of the statutes is amended to read:

67.05 **(6a)** (a) 2. a. Direct the school district clerk to ~~call a special election for the purpose of submitting~~ submit the resolution to the electors for approval or rejection~~, or direct that the resolution be submitted~~ at the next regularly scheduled spring primary or election or partisan primary or general election, provided such election is to be held not earlier than 70 days after the adoption of the resolution. The school board may direct the school district clerk to call a special election on the Tuesday after the first Monday in November in an odd−numbered year for the purpose of submitting the resolution to the electors for approval or rejection, provided the special election is held not earlier than 70 days after the adoption of the resolution. A school board may proceed under this subd. 2. a. and under s. 121.91 (3) (a) 1. no more than 2 times in any calendar year. The resolution shall not be effective unless adopted by a majority of the school district electors voting at the referendum.

Vetoed In Part

Vetoed In Part

SECTION 1640i. 121.91 (3) (a) of the statutes is renumbered 121.91 (3) (a) 1. and amended to read:

121.91 **(3)** (a) 1. If a school board wishes to exceed the limit under sub. (2m) otherwise applicable to the school district in any school year, it shall promptly adopt a resolution supporting inclusion in the final school district budget of an amount equal to the proposed excess revenue. The resolution shall specify whether the proposed excess revenue is for a recurring or nonrecurring purpose, or, if the proposed excess revenue is for both recurring and nonrecurring purposes, the amount of the proposed excess revenue for each purpose. The resolution shall be filed as provided in s. 8.37. Within 10 days after adopting the resolution, the school board shall notify the department ~~of the scheduled date of the~~ that it will schedule a referendum for the purpose of submitting the resolution to the electors of the school district for approval or rejection and shall submit a copy of the resolution to the department. ~~The~~ Except as provided in subds. 2. and 3. , the school board shall ~~call a special referendum for the purpose of submitting the resolution to the electors of the school district for approval or rejection. In lieu of a special referendum, the school board may specify that~~ schedule the referendum to be held at the next ~~succeeding~~ regularly scheduled spring primary or election or partisan primary or general election, ~~if~~ provided such election is to be held not sooner than 70 days after the filing of the resolution of the school board. A school board may proceed under this subdivision and under s. 67.05 (6a) 2. a. no more than 2 times in any calendar year. The school district clerk shall certify the results of the referendum to the department within 10 days after the referendum is held.

Vetoed In Part

SECTION 1640p. 121.91 (3) (a) 3. of the statutes is created to read:

121.91 **(3)** (a) 3. The school board of a school district may call a special referendum to be held on the Tuesday after the first Monday in November in an odd−numbered year, provided the special referendum is to be held not sooner than 70 days after the filing of the resolution of the school board under subd. 1.

Vetoed In Part

SECTION 9335. Initial applicability; Public Instruction.

(1g) SCHEDULING OF SCHOOL DISTRICT REFERENDUMS. The treatment of section 121.91 (3) (c) of the statutes, the renumbering and amendment of section 121.91 (3) (a) of the statutes, and the creation of section 121.91 (3) (a) 2. and 3. of the statutes first apply to a resolution to exceed the revenue limit under section 121.91 (2m) of the statutes adopted by the school board of a school district on the effective date of this subsection.

Vetoed In Part

SECTION 9435. Effective dates; Public Instruction.

(1w) SCHEDULING SCHOOL DISTRICT REFERENDUMS. The treatment of sections 7.52 (8), 8.06, 67.05 (6a) (a) 2. (intro.), a., and c. and (am) 1., and 121.91 (3) (c) of the statutes, the renumbering and amendment of section 121.91 (3) (a) of the statutes, the creation of section

Vetoed In Part

121.91 (3) (a) 2. and 3. of the statutes, and SECTION 9335 (1f) and (1g) of this act take effect on January 1, 2018.

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35. Whole Grade Sharing Aid

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Governor's written objections

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

These sections create a grant program in fiscal year 2018−19 for school districts to enter into a whole grade sharing agreement. Grants of $150 per pupil enrolled in a shared grade would be provided to school districts in the first four years of the agreement. In the fifth year, grants are prorated to 50 percent. In addition, the Department of Public Instruction is required to provide a report to the Joint Committee on Finance by February 1, 2019, regarding the number of grant applicants, the number of approved whole grade sharing agreements, the names of participating districts and the grades shared in each district, and how much of the appropriation is awarded or encumbered.

I am vetoing these sections in their entirety to eliminate the grant program for whole grade sharing and related reporting requirements. Whole grade sharing is intended to create savings, which should be a built−in incentive; however, school districts have not taken advantage of whole grade sharing since it became permissible under 2015 Wisconsin Act 55. Therefore, I believe these funds can be repurposed to support more effective programs that support rural schools.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019	
20.255 Public Instruction, Department of					
(2) AIDS FOR LOCAL EDUCATIONAL PROGRAMMING					
(bp) Aid for whole grade sharing agreements	GPR	A	−0−	750,000	**Vetoed In Part**

Vetoed In Part

SECTION 208p. 20.255 (2) (bp) of the statutes is created to read:

20.255 **(2)** (bp) *Aid for whole grade sharing agreements.* The amounts in the schedule for payments under s. 118.50 (5m).

SECTION 1534p. 118.50 (5m) of the statutes is created to read:

118.50 **(5m)** STATE AID. (a) Beginning in the 2018−19 school year and subject to par. (c), the department shall pay to a school board that enters into a whole grade sharing agreement the following amounts:

1. In each of the first 4 school years of the whole grade sharing agreement, $150 multiplied by the number of pupils who, during the first school year of the whole grade sharing agreement, are enrolled in the school district in a grade level that is subject to the whole grade sharing agreement.

2. Subject to par. (b), in the 5th school year of the whole grade sharing agreement, 50 percent of the amount calculated under subd. 1.

(b) If, before the 5th school year of a whole grade sharing agreement, 2 or more school boards participating in the whole grade sharing agreement adopt resolutions ordering that the school districts be consolidated under s. 117.08 or 117.09 and the school boards are following the consolidation procedures under s. 117.08 or 117.09, the department shall, during the 5th and 6th school years of the whole grade sharing agreement, pay each school board that passed a resolution to consolidate the amount calculated under par. (a) 1. for that school board. **Vetoed In Part**

(c) 1. If the appropriation under s. 20.255 (2) (bp) is insufficient to pay the full amount under this subsection, the funds shall be prorated among the entitled school boards.

2. Paragraph (a) applies to an original whole grade sharing agreement. If a whole grade sharing agreement is extended or renewed under this section, the additional school years are considered to be part of the original whole grade sharing agreement. The department shall consider a whole grade sharing agreement entered into between school boards that contains substantially similar terms to an expired whole grade sharing agreement, including that the same grades are subject to both agreements, to be an extension of the expired whole grade sharing agreement.

Vetoed In Part

SECTION 9135. Nonstatutory provisions; Public Instruction.

(4p) WHOLE GRADE SHARING AGREEMENT; AID. By February 1, 2019, the department of public instruction shall submit a report to the joint committee on finance that includes all of the following:

(a) The number of school boards that applied for aid under section 118.50 (5m) of the statutes for the 2018−19 school year.

(b) The number of school boards approved to receive aid under section 118.50 (5m) of the statutes for the 2018−19 school year.

(c) For each school board approved to receive aid under section 118.50 (5m) of the statutes for the 2018−19 school year, all of the following:

1. The name of the school board.

2. The number of grade levels that are subject to the whole grade sharing agreement.

3. The specific grade levels that are subject to the whole grade sharing agreement.

4. As of January 1, 2019, how much of the aid the school board is entitled to receive under section 118.50 (5m) of the statutes during the 2018−19 school year has been encumbered and how much has been expended.

Vetoed In Part

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36. Shared Services Aid

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Governor's written objections

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

These sections create a grant program funded at $2,000,000 in fiscal year 2018−19 for school districts that share administrative functions with local governments or other school districts. Grants would be provided in the following amounts during the first three years of an agreement to share services: $40,000 for sharing a district administrator; $22,500 for sharing a human resources director, information technology coordinator or business manager; and $17,500 for other administrative positions, excluding principals and assistant principals. In the fourth year, grants are prorated to 50 percent, unless the parties to the agreement also are whole grade sharing.

I am vetoing these sections in their entirety to eliminate the grant program for shared services. Sharing services will create savings for school districts; therefore, providing state grants would nullify savings to taxpayers that would result from local actions. In addition, I believe these funds can be repurposed to support more effective programs that support rural schools.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019
20.255 Public Instruction, Department of				
(2) AIDS FOR LOCAL EDUCATIONAL PROGRAMMING				
(bt) Shared services pilot program	GPR	C	−0−	2,000,000

Vetoed In Part

Vetoed In Part

SECTION 208t. 20.255 (2) (bt) of the statutes is created to read:

20.255 **(2)** (bt) *Shared services pilot program.* As a continuing appropriation, the amounts in the schedule for aid to school districts participating in a shared services plan under s. 115.434.

SECTION 1475p. 115.434 of the statutes is created to read:

115.434 Shared services pilot program. (1) (a) Two or more school boards may enter into an agreement to apply for aid under this section to share the services of one or more administrative personnel.

(b) To qualify for aid under this section, each applicant school board shall pass a resolution approving participation in the shared services program under this section.

(c) The school boards that have entered into an agreement to apply for aid under this section shall jointly submit a shared services plan to the department by July 1, 2018. The participating school boards shall include all of the following in the plan:

1. The position or positions the districts intend to share.

2. The position or positions that will be eliminated in each district.

3. The salary and fringe benefit costs of the positions described under subds. 1. and 2.

Vetoed In Part

Vetoed In Part

4. Information demonstrating that the shared services plan will result in a net reduction in filled administrative positions between the participating school districts.

(d) A school board may enter into an agreement with a unit of government other than a school district to share administrative personnel under a shared services plan submitted under par. (c), but the unit of government other than the school district is not eligible for aid under this section.

(e) There is no limit on the number of positions that participating school boards or a participating school board and a participating unit of government may propose to share under a shared services plan.

(2) The department shall review and approve applications submitted under sub. (1) in the order in which the applications are received and shall approve applications until all moneys appropriated under s. 20.255 (2) (bt) have been encumbered.

(3) (a) From the appropriation under s. 20.255 (2) (bt), the department shall, subject to sub. (4), make the following payment to each school district that jointly submitted an application under sub. (1) and whose shared services plan was approved by the department under sub. (2):

1. In the first 3 school years of a shared services plan approved under sub. (2):

a. For a district administrator, $40,000.

b. For a human resources director, information technology coordinator, or business manager, $22,500.

c. For any non−faculty administrative position other than a position identified in subd. 1. a. or b. and other than a principal or assistant principal, $17,500.

2. In the 4th school year of a shared services plan approved under sub. (2), subject to subd. 4., 50 percent of the amount received under subd. 1.

3. In the 5th school year of a shared services plan approved under sub. (2), subject to subd. 4., no payment.

4. If, before the beginning of the 4th school year of a shared services plan, each school district that is participating in the shared services plan enters into a whole grade sharing agreement under s. 118.50, for the 4th and 5th school years of the shared services plan, 100 percent of the amount under subd. 1.

(b) The department shall make its first payments under this subsection by January 1, 2019.

Vetoed In Part

(4) (a) If one of the school boards that jointly submitted a shared services plan approved under sub. (2) hires an additional individual to staff a position covered under the shared services plan without eliminating the individual who is serving in that same position under the shared services plan, the department shall withdraw all school districts that were party to the shared services plan from the program under this section. A school district that is withdrawn under this paragraph may not receive any additional aid under sub. (3).

(b) If a school district employee holds more than one position in each district and each position is covered under a shared services plan approved under sub. (2), each school district may receive aid under sub. (3) for only one of the positions covered under the shared services plan. In the event the school districts whose shared employee holds more than one position under the shared services plan would be eligible for more than one category of aid payment under sub. (3) (a) 1. a. to c., the department shall pay the higher aid amount to each school district for that shared school district employee.

(5) No later than February 1, 2019, the department shall submit to the joint committee on finance a report containing all of the following information about the program under this section:

(a) The number of school boards that jointly submitted an application and shared services plan to participate in the program.

(b) The number of shared services plans approved by the department and the name of each school district participating in each such plan.

(c) The number of administrative personnel positions to be shared under a shared services plan under this section.

(d) The amount of funding encumbered under this section to date.

(e) The total anticipated reduction in salary and fringe benefit costs by each school district participating in a shared services plan and by all school districts participating in a shared services plan.

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37. Summer School Grants

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Governor's written objections

Section 1482j [as it relates to grant eligibility and uses]

This provision creates a grant program in fiscal year 2018−19 for the Milwaukee Public Schools district and any other school district that receives a "fails to meet expectations" rating on its district report card. These competitive grants are to be awarded to school districts to increase attendance, improve low−performing schools, improve academic achievement and expose pupils to innovative learning activities, all through development, redesign or implementation of a summer school program.

I am partially vetoing this provision to create a grant to the Milwaukee Public Schools for summer school programs. The program proposed in my Executive Budget was targeted to the district to augment the Milwaukee Public Schools district's summer school expansion efforts. I object to the expansion of eligibility because it will dilute the funding, and therefore effectiveness, of the funds in the district. I also believe that language specifying outcomes is unnecessary absent a competitive process, and would diminish the ability of a district to employ the funds in the most effective way. As a result of this veto, the district will receive a grant of $1,400,000 in fiscal year 2018−19 for summer school programs, and no other districts will be eligible to apply for these funds.

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Cited segments of 2017 Assembly Bill 64:

SECTION 1482j. 115.447 of the statutes is created to read:

115.447 Summer school programs; grants. (1) In this section, "eligible school district" means any of the following: **Vetoed In Part**

(a) A school district that was placed in the lowest performance category on the accountability report published under s. 115.385 in the previous school year. **Vetoed In Part**

(b) A 1st class city school district. **Vetoed In Part**

(2) Beginning in the 2018−19 school year and in each year thereafter, from the appropriation under s. 20.255 (2) (dj), the department shall award grants, on a competitive basis, to eligible school districts to do any of the following to increase pupil attendance, improve low−performing schools, improve academic achievement, or expose pupils to innovative learning activities : **Vetoed In Part** **Vetoed In Part**

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38. Virtual Charter School Funding Study

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Governor's written objections

Section 9135 (1t)

This provision requires the Department of Public Instruction to submit a report by January 1, 2019, to the Joint Committee on Finance and appropriate standing legislative committees comparing open enrollment payments and the actual costs of educating virtual charter school pupils.

I am vetoing this provision to eliminate the report. I object to the increased administrative burden on the department.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9135. Nonstatutory provisions; Public Instruction.

(1t) VIRTUAL CHARTER SCHOOL FUNDING STUDY. The department of public instruction shall, no later than January 1, 2019, prepare a report that compares the amount spent by the state for each pupil attending a virtual charter school under the program under section 118.51 of the statutes to the actual cost incurred by the virtual charter school to provide instruction to each such pupil. The department shall submit the report required under this subsection to the joint committee on finance and to the appropriate standing committees of the legislature under section 13.172 (3) of the statutes. **Vetoed In Part** **Vetoed In Part**

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39. Mental Health Services Grants

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Governor's written objections

Sections 1470g [as it relates to eligibility criteria] and 9135 (4f) [as it relates to an advisory committee]

These sections create a grant program to fund increased collaborations among school district personnel and community mental health service providers. Under these sections, eligible grantees are public schools, independent charter schools, consortia of schools or school districts, or cooperative education service agencies. Applicants for grants must: (a) require providers or contractors to bill Medical Assistance or an appropriate health insurance company for any goods or services

provided as part of the collaboration, and (b) seek nonstate funding for costs not covered by Medical Assistance or insurance. The Department of Public Instruction has authority to define additional grant parameters. The department also is required to establish an advisory committee to make recommendations about grant parameters and awards, members of which must include: (a) a current or retired school administrator, (b) a teacher or pupil services license holder, (c) a mental health service provider or representative of a mental health service provider association, (d) a family member of a potential service recipient, and (e) a representative of a school board or charter school. The department is further required to award the full appropriated amount in each year.

I am partially vetoing these sections as they relate to requirements on applicants and the requirement for an advisory committee. I believe schools should have maximum flexibility in designing and implementing these collaborations and therefore the statutes creating the program should be general, not prescriptive. In addition, the requirement for an advisory committee is burdensome. As a result of this veto, the department will have broad flexibility to specify grant criteria in administrative rule without an official advisory committee; however, the department should seek input from interested parties informally.

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Cited segments of 2017 Assembly Bill 64:

SECTION 1470g. 115.367 of the statutes is created to read:

115.367 School−based mental health services grants.

(2) ELIGIBILITY CRITERIA. The department shall establish by rule the criteria the department will use to award grants under this section. The department shall include all of the following in the criteria:

Vetoed In Part

Vetoed In Part

(a) That the applicant require providers and contractors who participate in its school−based mental health services program to bill the Medical Assistance program under subch. IV of ch. 49 and health insurance, as applicable, for any goods and services provided under the program.

(b) That the applicant has sought or will seek out community funding or foundation grants to cover at least some of the expenses of the program that are not paid by the Medical Assistance program under subch. IV of ch. 49 or health insurance.

(c) Additional application criteria, which may include that the proposed school mental health services program includes collaboration with counties, providers, or community groups; considers the needs of pupils and families; and includes a referral or intake process, a continuum of therapeutic services, consultation with school staff, and access to services regardless of income.

SECTION 9135. Nonstatutory provisions; Public Instruction.

(4f) SCHOOL−BASED MENTAL HEALTH SERVICES GRANT PROGRAM ; ADVISORY COMMITTEE .

Vetoed In Part

(a) The state superintendent of public instruction shall establish an advisory committee under sections 15.04 (1) (c) and 227.13 of the statutes to make recommendations to the department of public instruction about the criteria the department is required to establish by rule under section 115.367 (2) of the statutes. The state superintendent of public instruction shall include on the committee established under this paragraph at least all of the following:

Vetoed In Part

1. A current or retired school administrator.

2. An individual who holds a license to teach issued by the department of public instruction or a license in a pupil services category under section PI 34.31 of the Wisconsin Administrative Code issued by the department of public instruction.

3. A provider of mental health services or a representative of an association that represents mental health service providers.

4. A family member of a pupil who is receiving or who may receive mental health services.

5. A representative of a school board or a charter school established under under section 118.40 (2r) or (2x) of the statutes.

(b) The advisory committee established under paragraph (a) terminates upon the publication of the permanent rules required to be promulgated by the department under section 115.367 of the statutes, unless the state superintendent of public instruction elects to maintain the committee established under paragraph (a) after the permanent rules are published.

Workforce Development

40. Technical Education Equipment Grants

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Governor's written objections

Section 1407k [as it relates to s. 106.275 (2) (b) and (4) (a)]

This provision creates a technical education equipment grant program, allows the Department of Workforce Development to allocate up to $500,000 GPR annually from the department's workforce training grants appropriation, and requires that: (a) the department award grants of no more than $50,000 to school districts whose grant applications are approved by the department, (b) school districts use dollars for the acquisition of equipment in advanced manufacturing fields, (c) a school district shall provide matching funds equal to 200 percent of the grant amount awarded, (d) school districts apply in accordance to the procedures established by the department, (e) the secretary of the department appoint an advisory committee to review and evaluate applications, and (f) school districts receiving a grant file a report with the department the first three years following the fiscal year in which the grant was received.

I am partially vetoing the provision to delete the requirement for the department secretary to appoint an advisory committee because this provision is administratively burdensome. The department presently seeks input from stakeholders and subject matter experts on a variety of issues and therefore a statutory advisory committee is unnecessary.

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Cited segments of 2017 Assembly Bill 64:

SECTION 1407k. 106.275 of the statutes is created to read:

106.275 Technical education equipment grants.

(2) GRANT APPLICATION PROCESS.

Vetoed In Part

(b) The department, in consultation with the advisory committee created under sub. (4) (a), shall review and evaluate a grant application submitted under par. (a) in accordance with procedures and criteria established by the department under rules promulgated under sub. (4) (b) 2. After completing that review and evaluation, the department shall notify the school district of the department's decision on the grant application.

(4) IMPLEMENTATION OF GRANT PROGRAM. (a) The secretary of workforce development shall create an advisory committee under s. 15.04 (1) (c) to assist the department in reviewing and evaluating grant applications under sub. (2) (b). The committee shall consist of 5 individuals appointed by the secretary each of whom represents a different industrial sector of the economy and a different geographic region of the state.

Vetoed In Part

C. GENERAL GOVERNMENT, CHILDREN AND FAMILIES

Department of Administration

41. Positions for Information Technology Purchasing Report

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Governor's written objections

Section 9101 (11q)

Section 9101 (11q) requires the Department of Administration to submit a report to the Joint Committee on Finance by August 31, 2018, regarding the activities of four new positions added in fiscal year 2017−18, including: (a) any identified accomplishments such as process improvements or major information technology procurements that were done efficiently or effectively, (b) any savings that the department estimates resulted from the initiative, and (c) plans for additional improvement or projects in fiscal year 2018−19. The 4.0 FTE PR−S positions, split between the divisions responsible for information technology and procurement services, are vacancies from other agencies that have been repurposed for this initiative, which is anticipated to generate savings from standardizing and streamlining contract, procurement and information technology practices. It is estimated that state agencies, excluding the University of Wisconsin System, spent $445 million on information technology procurement in fiscal year 201516. For every 1 percent in reductions to these purchases, the state could save $4.45 million.

I am vetoing this section to remove the reporting requirement because I believe that placing reporting requirements in the statutes is both unnecessary and encroaches on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature. This type of information can be requested by legislators or the legislative service agencies at any time without creating an unfunded mandate in the statutes.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9101. Nonstatutory provisions; Administration.

Vetoed In Part

(11q) REPORT CONCERNING CERTAIN INFORMATION TECHNOLOGY AND PROCUREMENT SERVICES POSITIONS. No later than August 31, 2018, the department of administration shall submit a report to the joint committee on finance concerning the activities performed in the 2017−18 fiscal year by the 2.0 PR positions providing information technology services to state agencies and the 2.0 PR positions providing procurement services, created in budget determinations for this act for an information technology procurement initiative. The report shall include all of the following:

(a) Accomplishments of the new positions, including system or process improvements and major information technology procurements that were done efficiently or effectively. **Vetoed In Part**

(b) All additional savings or efficiencies that the department of administration estimates resulted from the activities of the new positions.

(c) The department of administration's plans for additional improvements, projects, or work products for the new positions for the 2018−19 fiscal year.

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42. Replacement of Information Technology Contractors Report

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Governor's written objections

Section 9101 (11s)

Section 9101 (11s) requires the Department of Administration to submit a report to the Joint Committee on Finance by August 31, 2018, regarding the activities performed in fiscal year 2017−18 by new permanent positions, which were added to replace contractor staff, including: (a) accomplishments such as system or process improvements, progress or completion of projects, or finished work products; (b) any additional savings or efficiencies that the department can estimate resulted from the work of the positions; and (c) plans or additional improvements, projects or work products for fiscal year 2018−19. Replacing information technology contractors with 54.0 FTE PR−S positions will generate savings of $463,100 PR−S in fiscal year 2017−18 and $3,712,100 PR−S in fiscal year 2018−19.

I am vetoing this section to remove the reporting requirement because I believe that placing reporting requirements in the statutes is both unnecessary and encroaches on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature. This type of information can be requested by Legislators or the legislative service agencies at any time without creating an unfunded mandate in the statutes.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9101. Nonstatutory provisions; Administration.

Vetoed In Part

(11s) REPORT CONCERNING CERTAIN INFORMATION TECHNOLOGY POSITIONS CONVERTED FROM CONTRACTOR STATUS. No later than August 31, 2018, the department of administration shall submit a report to the joint committee on finance concerning the activities performed in the 2017−18 fiscal year by the permanent information technology positions converted from contractor staff in budget determinations for this act. The report shall include all of the following: **Vetoed In Part**

(a) Accomplishments of the converted positions, including system or process improvements, progress or completion of projects, and finished work products.

(b) All additional savings or efficiencies that the department of administration estimates resulted from the activities of the converted positions.

Vetoed In Part

(c) The department of administration's plans for additional improvements, projects, or work products for the converted positions for the 2018−19 fiscal year.

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43. State Transforming Agency Resources (STAR) Program and Benefits Realization Report

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Governor's written objections

Section 169t

Section 169t requires the Department of Administration to submit a report to the Joint Committee on Finance and the Joint Committee on Information Policy and Technology once every six months, beginning in October 2017, relating to the management of the STAR enterprise resource planning system, including: (a) year−to−date expenditures for related system appropriations, (b) master lease originations since the date of the last report, (c) state agency assessments (most recently charged as well as estimated for future fiscal years), (d) the status of the appropriation deficits, and (e) updated information relating to the department's efforts regarding benefits realization, including any actual or anticipated savings or efficiencies associated with the STAR system.

I am vetoing this section to remove this ongoing reporting requirement because I believe that it is unnecessary and redundant to information that has already been and will be provided to the Legislature. The department has been transparent about the implementation and financing of the STAR system, including presentations at the Joint Committee on Information Policy and Technology informational hearing on November 10, 2015, and on March 8, 2017, presentations on the new STAR assessment to all agencies in the spring of 2016, and written updates on each STAR release to the Legislature on February 3, 2016; December 30, 2016; and March 7, 2017. Furthermore, the department has provided, and will continue to provide until the appropriation is no longer in deficit, a significant amount of financial information each year when it submits its spending plan as required under s. 16.513.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 169t. 16.971 (2) (cg) of the statutes is created to read:

16.971 **(2)** (cg) In October 2017, and every 6 months thereafter, submit a report to the joint committee on finance and the joint committee on information policy and technology relating to the management of the enterprise resource planning system maintained under par. (cf). Each report shall include all of the following:

1. An accounting of all expenditures in the current fiscal year from the appropriations under ss. 20.505 (1) (iv) and (kd) and 20.865 (2) (i) and (r).

2. An identification of all master leases originated since the date of the immediately preceding report under this paragraph.

3. An accounting of all state agency assessments charged in the immediately preceding fiscal year, an accounting of all assessments charged in the current fiscal year, and an estimate of the charges anticipated for future fiscal years.

4. An accounting of the status of any deficit in the appropriation accounts under s. 20.505 (1) (iv) and (kd).

5. Current information concerning the department's efforts with respect to benefits realization, including all actual or anticipated savings and efficiencies associated with the enterprise resource planning system.

Vetoed In Part

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44. Self−Funded Portal Annual Report

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Governor's written objections

Section 172

Section 172 requires the Department of Administration to submit a report to the Joint Committee on Finance and Legislature by October 1 of each year that includes: (a) a financial statement of the state's self−funded portal revenues and expenditures for the fiscal year; (b) a list of the services available through the portal, including the addition of services available since the previous fiscal year; (c) the amounts of any fees charged for each of the services; and (d) a summary

of the activity levels of the services provided, as well as any other information the department wishes to provide. The portal does not have a cost to taxpayers, but is fee−based and user−driven by agencies and customer demand for services.

I am vetoing this section to remove the reporting requirement because I believe that it encroaches on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature. In the Executive Budget, the department requested the conversion of the self−funded portal appropriation from annual to continuing, which would have given the department more flexibility in managing the appropriation and expanding the number of e−projects based on existing fee revenue available. As part of this request, the department was directed to report to the Legislature on these projects. Given that the Joint Committee on Finance elected to reject this proposal, it will be involved directly in any expenditure authority increase and can request any additional information it would like at that time.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 172. 16.973 (15) of the statutes is created to read:

16.973 **(15)** By October 1 of each year, submit to the joint committee on finance and the legislature under s. 13.172 (2) a report on the administration of the information technology and communication services self−funded portal. The report shall include the following information regarding the portal for the immediately preceding fiscal year:

(a) A financial statement of state revenues and expenditures.

(b) A list of services available through the portal, identifying services added since the previous reporting period.

(c) Fees charged for each service available through the portal.

(d) The activity level of each service available through the portal.

(e) Any other information the department determines to be appropriate to include.

Vetoed In Part

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45. Office of the Commissioner of Insurance Information Technology Position Transfers Report

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Governor's written objections

Section 9101 (11c)

Section 9101 (11c) requires the Department of Administration, in consultation with the Office of the Commissioner of Insurance, to prepare a report on information technology services provided to the office and, specifically, any efficiencies created through consolidation during the 2017−19 biennium. This report is to be submitted with the department's 2019−21 budget request.

I am vetoing this section to remove the reporting requirement because I believe that it is unnecessary as the biennial savings related to this initiative have already been estimated at 2.0 FTE PR positions and $216,900 PR. If additional information is of interest, it can be requested of each agency during the 2019−21 biennial budget process.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9101. Nonstatutory provisions; Administration.

Vetoed In Part

(11c) INFORMATION TECHNOLOGY STUDY. In consultation with the office of the commissioner of insurance, the department of administration shall prepare a report on information technology services provided during the 2017−19 fiscal biennium by the division of enterprise technology to the office of the commissioner of insurance. The report shall identify efficiencies associated with the office of the commissioner of insurance receiving information technology services from the division of enterprise technology rather than providing those ser-

Vetoed In Part

Vetoed In Part

vices itself. The department of administration shall submit the report with its 2019−21 biennial budget request.

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46. Worker's Compensation Recording Equipment Report

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Governor's written objections

Section 9101 (11i)

Section 9101 (11i) requires the Department of Administration's Division of Hearings and Appeals to conduct a study of the audio and visual needs of worker's compensation hearings and to present the findings no later than June 30, 2018, to the Worker's Compensation Advisory Council, which may submit a recommendation to the division regarding the recording equipment that would be sufficient to replace a court reporter for inclusion in the department's 2019−21 biennial budget request. The proposal included in the Executive Budget would have eliminated the requirement that court reporters record testimony at worker's compensation hearings and would have resulted in a reduction of 4.0 FTE PR−S positions and a savings of $555,000 PR−S in each year. Wisconsin is the only state with a central panel hearing structure to still have court reporters on staff.

I am vetoing this section to remove the requirement to study the issue further and present to the advisory council because I believe that it is unnecessary as this study can be conducted by the division without creating a statutory requirement.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9101. Nonstatutory provisions; Administration.

Vetoed In Part

(11i) WORKER'S COMPENSATION HEARINGS STUDY. The division of hearings and appeals shall conduct a study of the audio and video needs for worker's compensation hearings and the feasibility of using audio and video technology alternatives for those hearings. The division shall submit its findings to the worker's compensation advisory council no later than June 30, 2018. Based on the findings of the study, the council may submit a recommendation to the division regarding audio and video recording equipment sufficient to replace a court reporter for inclusion in the department of administration's 2019−21 biennial budget request.

Vetoed In Part

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47. Cost−Benefit Analysis of Leases

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Governor's written objections

Sections 161d, 161e and 9301 (2f)

This provision specifies that the Department of Administration may not enter into, extend or renew an executive branch agency lease with an annual rent of more than $500,000 unless the secretary signs the lease, a copy of the proposed lease is submitted electronically to the Chief Clerk of each house of the Legislature, and the department notifies the Joint Committee on Finance of the proposed lease and provides the following information and a summary report to the Committee: (a) a cost−benefit analysis comparing the lease with purchasing the space or another suitable space, and (b) an evaluation of comparable lease options within a ten−mile radius of the property proposed in the lease or, if there are not sufficient comparable properties within a ten−mile radius to perform a meaningful comparison, a wider radius as needed to ensure the lease rate per square foot does not exceed the lease rate per square foot on comparable properties or the market rate by more than 5 percent. Each proposed lease would be subject to a 14−day passive review process.

I am vetoing these sections in their entirety because I object to these additional restrictions on the state leasing program. Approving leases is a statutory responsibility of the Department of Administration and the State Building Commission, which includes legislative members. In addition, I am concerned that some landlords could try to use the proposed legislative approval process to circumvent the procurement process. However, I understand the policy goal behind this provision of ensuring that state agencies are evaluating alternatives before entering into large, long−term leases in order to find the most cost−effective option and consequently, I am directing the department to review and improve its existing evaluation procedures for these types of leases.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 161d. 16.84 (5) of the statutes is renumbered 16.84 (5) (a) and amended to read:

16.84 **(5)** (a) 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 exercising this ~~connection~~ responsibility, the department ~~shall~~ may not enter into, extend, or renew a lease for an executive branch agency, as defined in s. 16.70 (4), involving an annual rent of more than $500,000 unless the secretary signs the lease, a copy of the proposed lease is submitted electronically to the chief clerk of each house for distribution, and the department notifies the joint committee on finance of the proposed lease and provides the committee with the information under par. (b) as well as a summary report of that information, including the terms of the lease and the lease rate per square foot of the proposed property and the comparable options. If the cochairpersons of the joint committee on finance do not notify the secretary that the committee has scheduled a meeting for the purpose of reviewing the proposed lease within 14 working days after the date of the notification, the lease may be entered into, extended, or renewed. If, within 14 working days after the date of the notification, the cochairpersons of the committee notify the secretary that the committee has scheduled a meeting for the purpose of reviewing the proposed lease, the lease may be entered into, extended, or renewed only upon approval of the committee.

(c) When exercising the responsibility under par. (a), with the governor's approval, require 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~~

(d) 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).~~

Vetoed In Part

SECTION 161e. 16.84 (5) (b) of the statutes is created to read:

16.84 **(5)** (b) Before entering into, extending, or renewing a lease, do all of the following:

1. Conduct a cost−benefit analysis comparing the lease with purchasing the space or another suitable space.

2. Evaluate comparable lease options within a 10−mile radius of the property proposed in the lease, or if there are not sufficient comparable properties within a 10−mile radius to perform a meaningful comparison, a wider radius as needed, to ensure the lease rate per square foot does not exceed the lease rate per square foot on comparable properties or the market rate by more than 5 percent.

SECTION 9301. Initial applicability; Administration.

Vetoed In Part

(2f) COST−BENEFIT ANALYSIS OF LEASE AND PURCHASE OPTIONS. The renumbering and amendment of section 16.84 (5) of the statutes and the creation of section 16.84 (5) (b) of the statutes first apply to leases entered into, renewed, or extended on the effective date of this subsection.

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48. Fee Report with Agency Budget Requests

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Governor's written objections

Section 139m

This provision requires each executive branch agency to include in its biennial budget request a report identifying: (a) each fee the agency is authorized to charge, (b) the amount of each fee or method of calculating the fee, (c) the statutory authority to charge the fee, (d) a statement of whether or not the fee is currently charged, (e) a description of how each fee has changed over time, and (f) any recommendation the agency has concerning each fee.

I am vetoing this provision because I object to these requirements as they are burdensome and not directly related to the budget development process. In addition, although it is unclear what the legislative intent is behind this new mandate, the Legislature (or its service agencies) already has access to this information and has the authority to request any additional information at any time.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 139m. 16.42 (5) of the statutes is created to read:

16.42 **(5)** (a) In this subsection, "fee" means any amount of money other than a tax that an agency charges a person other than a governmental entity.

(b) Each agency required to submit a budget request under sub. (1) shall include with its request a report that lists each fee the agency is required or otherwise authorized to charge and that, for each fee, includes all of the following:

1. The amount of the fee, or, if the fee does not have a fixed amount, the method of calculating the fee.

2. An identification of the agency's statutory authority to charge the fee.

3. A statement of whether the agency currently charges the fee.

4. A description of whether and how the fee has increased or decreased since the agency was first authorized to charge the fee.

5. Any recommendation the agency has concerning the fee.

Vetoed In Part

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49. On−Site Delivery of Human Resources, Payroll and Benefit Functions at Select Agencies

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Governor's written objections

Section 73

This section requires the Division of Personnel Management within the Department of Administration to provide human resources and payroll and benefit services to most executive branch agencies, beginning on July 1, 2018. It also requires the department to submit an annual report to the Joint Committee on Finance by April 15 under 14−day passive review that includes: (a) the assessments that the department intends to charge each agency for human resources, payroll and benefit services in the upcoming fiscal year; (b) the number of positions that the department is using to administer these services; (c) the number of vacant and filled positions the department no longer needs to administer these services; (d) the cost savings to the state due to the administration of these services; and (e) the metrics evaluating the effectiveness of these services provided to participating agencies by the department in the previous fiscal year, as well as a comparison of the metrics for the previous fiscal year to similar metrics in previous reports. If the Committee schedules a meeting within the 14−day time frame, the department may not provide human resources, payroll and benefit functions or charge the assessments proposed in the report without the approval of the Committee.

The provision also requires the Department of Administration to provide human resources, payroll and benefit services on−site for the Department of Corrections, Department of Health Services, Department of Veterans Affairs and State Fair Park Board, beginning on July 1, 2018.

I am partially vetoing the provision that requires the Department of Administration to provide human resources, payroll and benefit services on−site for select agencies because it will restrict the department's ability to achieve the maximum enterprisewide staffing flexibility and efficiency possible from the human resources shared services initiative. Concerns regarding the location of human resources, payroll and benefit services and staffing levels can be addressed through service level agreements that will be negotiated between agencies and the Department of Administration's Division of Personnel Management.

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Cited segments of 2017 Assembly Bill 64:

SECTION 73. 16.004 (20) of the statutes is created to read:

16.004 **(20)** SHARED SERVICES AGENCIES.

Vetoed In Part

(d) The department shall provide human resources services and payroll and benefits services on site for the State Fair Park Board, the department of corrections, the department of health services, and the department of veterans affairs.

Vetoed In Part

Department of Children and Families

50. Homeless Shelter Employment Services Grant Uses

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Governor's written objections

Section 129

This section defines the types of entities that could receive Homeless Shelter Employment Services Grant funds to include shelter facilities as well as nonprofit organizations that partner with local governments, religious organizations, local businesses and charitable organizations to provide individuals and families with rent assistance and intensive case management. For each type of organization, it also defines the services that shall be provided, including specifically that nonprofit organizations shall use the funds for the purpose of providing immediate housing relocation services, including paying rent on behalf of participants in private housing.

I am partially vetoing this section because the expansion of eligible organizations beyond shelter facilities and the inclusion of rent assistance as an allowable use of grant funds could diminish the intended effect of the grant dollars, which was to provide funding to existing Homeless Management Information System or State Shelter Subsidy Grant−participating homeless shelters for social workers and associated case management services. Expanding grants to organizations other than homeless shelters will reduce the ability of shelters to provide case management services. In addition, including rent assistance as an allowable use of grant funds could direct more funds to a short−term housing solution rather than the long−term employment solution achieved through case management services.

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Cited segments of 2017 Assembly Bill 64:

SECTION 129. 16.3085 of the statutes is created to read:

16.3085 Homeless case management services grants.

(2) GRANTS. (a) From the appropriation under s. 20.505 (7) (kg), the department may award up to 10 grants, of up to $50,000 each, annually to any of the following: **Vetoed In Part**

1. A shelter facility.

2. A nonprofit organization that partners with local governments, religious organizations, local businesses, or charitable organizations to provide individuals and families with rent assistance and intensive case management. **Vetoed In Part**

(b) A shelter facility shall use all grant moneys awarded to it under par. (a) 1. for the purpose of providing intensive case management services to homeless families, including any of the following: **Vetoed In Part**

(c) A nonprofit organization shall use all grant moneys awarded to it under par. (a) 2. for the purpose of providing immediate housing relocation services to individuals and families, including paying rent on behalf of participants in private housing. **Vetoed In Part**

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51. Work Participation Rate Reporting Requirements

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Governor's written objections

Section 9106 (3w)

This provision requires the Department of Children and Families to submit periodic reports regarding performance on work participation rate targets in the Temporary Assistance for Needy Families (TANF) program; progress on any compliance programs with the federal Department of Health and Human Services; and the appeals process for any TANF penalties related to work participation rate requirements. Reports would be required every six months, starting September 15, 2017, and ending March 15, 2019. The department would also be required to present a plan on or before October 1, 2018, for Joint Committee on Finance approval, to improve work participation rates in the TANF program. This provision also encourages, but does not require, the department to include a request for a waiver under section 1115 of the Social Security Act.

I am partially vetoing this provision because statutory language specifying the timing of reporting intervals, requiring a plan for Committee approval, and encouraging a section 1115 waiver is unnecessary. I support requiring the department to be more accountable regarding work participation rate issues, but it is sufficient for the department to periodically

report updated information when it has it, which won't be on September 15, 2017, given the budget delay and may not be on six−month intervals. Requiring the submittal of an improvement plan for approval and language encouraging a section 1115 waiver are unnecessary because the worker supplement created in the budget is the mechanism that the department will use to improve work participation rates in the state's Wisconsin Works program.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9106. Nonstatutory provisions; Children and Families.

(3w) WORK PARTICIPATION RATE.

Vetoed In Part

(a) The department of children and families shall submit reports to the joint committee on finance that detail performance on work participation rate targets in the temporary assistance for needy families program, progress made on any compliance programs with the federal department of health and human services, and the appeals process for any penalties applied to the state under the temporary assistance for needy families program that are related to work participation rate requirements. The department of children and families shall submit the reports no later than September 15, 2017, March 16, 2018, September 14, 2018, and March 15, 2019.

Vetoed In Part

Vetoed In Part

(b) On or before October 1, 2018, the department of children and families shall present to the joint committee on finance for its approval a plan to improve work participation rates in the temporary assistance for needy families program. The department may incorporate into the plan a request for a waiver under Section 1115 of the Social Security Act. If the cochairpersons of the joint committee on finance do not notify the department that the committee has scheduled a meeting for the purpose of reviewing the plan within 14 working days after the date the plan was submitted, the department shall implement the plan. If, within 14 working days after the date the plan was submitted, the cochairpersons of the committee notify the department that the committee has scheduled a meeting for the purpose of reviewing the plan, the department may not implement the plan unless the committee approves or modifies the plan. If the committee modifies the plan, the department may implement the plan only as modified by the committee.

Vetoed In Part

Elections Commission

52. Funding for Elections Commission Positions

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Governor's written objections

Section 183 [as it relates to s. 20.510 (1) (a) and (1) (x)]

This provision allocates funding and permanent position authority for Elections Commission positions currently funded by federal Help America Vote Act funding. The current 22.0 FTE FED positions were previously approved with an end date of the end of fiscal year 2016−17 and the federal funding supporting these positions is expected to be exhausted at some point during fiscal year 2018−19. The provision creates 21.0 FTE FED permanent positions and provides federal expenditure authority in fiscal year 2017−18 and provides 21.0 FTE GPR positions and funding in fiscal year 2018−19. The Executive Budget recommended funding and position authority for only 16.0 FTE positions.

I am partially vetoing this provision by lining out the appropriation under s. 20.510 (1) (x) and writing in a smaller amount in fiscal year 2017−18 and lining out the appropriation under s. 20.510 (1) (a) and writing in a smaller amount in fiscal year 2018−19. The reduction in each year is $304,100 and is equivalent to the salary and fringe benefit costs associated with 5.0 FTE positions. I am requesting the Department of Administration secretary to not allot these funds. I object to the level of staffing approved by the Legislature given that the Elections Commission has been operating effectively with fewer staff. Rather than adding five additional permanent FTE positions, I believe that the commission can more cost effectively manage peak workload periods by hiring limited term employees or contractors, as they did during the 2016 presidential election.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019
20.510 Elections Commission				
(1) ADMINISTRATION OF ELECTIONS				

Statute, Agency and Purpose		Source	Type	2017–2018	2018–2019	
(a)	General program operations; general purpose revenue	GPR	B	1,817,300	4,733,600 4,429,500	Vetoed In Part
(x)	Federal aid; election administration fund	SEG–F	C	2,674,800 2,370,700	–0–	Vetoed In Part

Elections and Ethics Commissions

53. Elections and Ethics Commissioner Per Diems

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Governor's written objections

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

These sections establish and fund the statutory per diems of each of the elections and ethics commissioners at $227 per meeting. Under current law, each commissioner receives a per diem equivalent to a reserve judge sitting in circuit court for each day the commissioners were actually and necessarily engaged in performing their duties. In fiscal year 2016–17, this was equivalent to $454 per day.

I object to this provision because I believe that a $227 per meeting statutory per diem paid to ethics and elections commissioners is still out–of–line with per diems paid to members of comparable boards and commissions.

I am exercising the digit veto in section 17 in order to decrease the statutory per diem from $227 per meeting to $27 per meeting. Further, I am partially vetoing section 183 by lining out the amounts under s. 20.510 (1) (a) and s. 20.521 (1) (a) and writing in smaller amounts that reduce each appropriation by $9,600 in each year of the biennium. I am requesting the Department of Administration secretary to not allot these funds. With these vetoes, the statutory per diems paid to ethics and elections commissioners will be better aligned with the statutory per diems paid to members of other state boards and commissions.

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Cited segments of 2017 Assembly Bill 64:

Section 17. 15.06 (10) of the statutes is amended to read:

15.06 **(10)** Compensation. ~~Members~~ A member of the elections commission and ~~members~~ a member of the ethics commission shall receive a per diem of $227 for each day ~~they were actually and necessarily engaged in performing their duties a per diem equal to the amount prescribed under s. 753.075 (3) (a) for reserve judges sitting in circuit court~~ on which the member attends or participates by audio or video conference call in a meeting of the member's commission. **Vetoed In Part**

Section 183. 20.005 (3) of the statutes is repealed and recreated to read:

Statute, Agency and Purpose		Source	Type	2017–2018	2018–2019	
20.510 Elections Commission						
(1)	Administration of elections					
(a)	General program operations; general purpose revenue	GPR	B	1,817,300 1,807,700	4,733,600 4,724,000	Vetoed In Part
20.521 Ethics Commission						
(1)	Ethics, campaign finance and lobbying regulation					
(a)	General program operations; general purpose revenue	GPR	A	614,700 605,100	617,100 607,500	Vetoed In Part

Department of Employee Trust Funds

54. Group Insurance Program Changes and Group Insurance Board Directives

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Governor's written objections

Sections 17n, 39d, 39f, 39g, 39h, 39j, 39k, 707f, 709g, 9114 (1c), 9114 (1t), 9114 (2p), 9114 (2w), 9129 (2w), 9314 (3c), 9314 (3p) and 9314 (4p)

These sections make the following changes to the state group health insurance program and the Group Insurance Board:

• Section 9114 (2w) directs the Group Insurance Board to attempt to ensure that state group health insurance costs paid from GPR are reduced by $63,900,000 over the 201719 biennium through a combination of provider negotiation savings, utilization of state group health program reserves, increased use of health plan tiers and health plan design changes, with an emphasis on consumer−driven health care, that do not exceed a 10 percent increase to total employee costs for the lowest tier plans in each of calendar years 2018 and 2019. Premiums, copays, deductibles, coinsurance and out−of−pocket−maximums are subject to the 10 percent limitation.

• Section 9114 (1c) directs the Department of Employee Trust Funds to submit a plan and request for related funding to conduct an educational campaign for consumer−driven health plans before and during the annual enrollment period for the state health insurance plan for calendar year 2019 to the Joint Committee on Finance for its approval no later than January 1, 2018. The educational campaign shall provide the following information: (a) the advantages of high−deductible health plans and health savings accounts, (b) examples of individuals or families that may benefit from high−deductible health plans and health savings accounts, and (c) any consumer−driven health plan design changes or initiatives approved by the board. The department cannot conduct the campaign without the approval of the Committee.

• Section 9114 (1t) requires the Group Insurance Board to submit a report to the Joint Committee on Finance by March 1, 2018, detailing: (a) the amount of state group health program reserves as of December 31, 2017, (b) the amount of state program reserves that will be used during calendar year 2018 to reduce state program costs, (c) a projection of 2018 year−end state program reserves by the board's consulting actuary, and (d) the board's planned utilization of state program reserves during calendar year 2019. The board may not implement the plan if, within 21 working days, the cochairpersons of the Joint Committee on Finance notify the board that a meeting has been scheduled to review the plan.

• Section 9114 (2p) requires the Group Insurance Board to use $68,800,000 of the state group health program reserves during the 2017−19 biennium to reduce program costs. The board is also directed to review its policies related to maintaining reserves for fully insured health plans. In conducting the review, the board is required to review: (a) the history of changes in the participation of fully insured health plans in the group health insurance program, (b) the number of members affected by the discontinuation of fully insured health plans from year to year, and (c) the dollar amount of claims or premiums associated with members that are affected by the discontinuation of fully insured health plans from year to year.

• Sections 709g and 9314 (3c) establish five, rather than three, health plan tiers in statute.

• Sections 707f and 9314 (3p) require the Group Insurance Board, in consultation with the Division of Personnel Management within the Department of Administration, to submit any proposed changes to the state group health insurance program in the following program year to the Joint Committee on Finance by April 1 of each year under a passive review approval process. Proposed changes for calendar year 2018 that would have a financial impact or affect covered benefits are also subject to the passive review requirement. If the Committee notifies the board within 21 working days that a meeting has been scheduled for the purpose of reviewing the changes, the changes may not be implemented unless approved by the Committee.

• Section 9129 (2w) requests the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a financial and performance audit of the state group health insurance programs, including a review of the Group Insurance Board's compliance with the state group health reserves policy, a review of the appropriateness of its policy regarding fully−insured program reserves and the circumstances that have created ongoing, frequent accumulation and use of reserves.

• Sections 17n, 39d, 39f, 39g, 39h, 39j, 39k and 9314 (4p) require 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. In addition, this provision would expand the board from 11 members to 15 members and specify the following

new members: (a) one member appointed by the Speaker of the Assembly, (b) one member appointed by the Minority Leader of the Assembly, (c) one member appointed by the Majority Leader of the Senate, and (d) one member appointed by the Minority Leader of the Senate.

I am vetoing all of these sections in their entirety because I object to having the Legislature interfere with the responsibilities of the Group Insurance Board, which has set policy and overseen administration of the group health insurance plan for state and local employees, retirees and employers since 1959. The Legislature's role is to approve the compensation plan and set overall funding for the state group health insurance program. In addition, last session, the Legislature passed, and I signed, 2015 Wisconsin Act 119, which established new authority for the Joint Committee on Finance to approve or reject contracts to provide self−insured group health plans to state employees. Thus, I believe that current law already provides a sufficient and appropriate oversight role for the Legislature. I do not believe that they should micromanage plan design, contract negotiations and the financial and programmatic management of the program. The provisions to be vetoed ensure that the Joint Committee on Finance have complete control over any change, no matter how small, to the program. This degree of oversight will not be workable, especially for a Committee that does not meet on a regular basis.

Furthermore, some of these provisions are unnecessary and administratively burdensome. For example, the board has already approved the participating health plans and rates for the calendar year 2018 group health insurance program and is committed to achieving the biennial savings target established by the Legislature. Any changes to the 2018 program made by the Joint Committee on Finance would require problematic contract amendments. Submitting any future changes to the plan design to the Committee for approval will also be problematic and may encourage additional lobbying of the Legislature by providers and employees. In addition, statutorily increasing the number of health plan tiers from three to five does not make sense for counties where fewer than five plans are even offered. Furthermore, statutorily requiring reports and an audit by the Legislative Audit Bureau of the program reserves are unnecessary as the Group Insurance Board is already in the process of updating its reserve policies as part of its normal process.

Finally, direct involvement of legislators in the policy−setting and administration of the group health program could politicize a process that has worked effectively under Group Insurance Board oversight for the past 58 years. 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 2017 Assembly Bill 64:

Vetoed In Part

SECTION 17n. 15.07 (1) (b) 24. of the statutes is created to read:

15.07 **(1)** (b) 24. The 6 members of the group insurance board appointed under s. 15.165 (2) (j).

SECTION 39d. 15.165 (2) of the statutes is renumbered 15.165 (2) (intro.) and amended to read:

15.165 **(2)** GROUP INSURANCE BOARD. (intro.) 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~~, the~~ or his or her designee.

(b) The attorney general~~, the~~ or his or her designee.

(c) The secretary of administration~~, the director of the office of state employment relations, and the~~ or his or her designee.

(e) The commissioner of insurance or ~~their designees, and 6 persons~~ his or her designee.

(j) Six individuals 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 government that is a participating employer in the Wisconsin Retirement System.

Vetoed In Part

SECTION 39f. 15.165 (2) (d) of the statutes is created to read:

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

SECTION 39g. 15.165 (2) (f) of the statutes is created to read:

15.165 **(2)** (f) One member appointed by the speaker of the assembly.

SECTION 39h. 15.165 (2) (g) of the statutes is created to read:

15.165 **(2)** (g) One member appointed by the minority leader of the assembly.

SECTION 39j. 15.165 (2) (h) of the statutes is created to read:

Vetoed In Part

15.165 **(2)** (h) One member appointed by the majority leader of the senate.

SECTION 39k. 15.165 (2) (i) of the statutes is created to read:

15.165 **(2)** (i) One member appointed by the minority leader of the senate.

SECTION 707f. 40.03 (6) (m) of the statutes is created to read:

40.03 **(6)** (m) 1. In consultation with the division of personnel management in the department of administration, shall annually, by April 1, submit to the joint committee on finance any changes it proposes to make to the group health insurance programs under subch. IV, other than programs under ss. 40.51 (7) and 40.55, for the following year. If the cochairpersons of the joint committee on finance do not notify the group insurance board that the committee has scheduled a meeting for the purpose of reviewing the proposed changes within 21 working days after the date of the group insurance board's submittal of the proposed changes, the group insurance board may implement the proposed changes. If, within 21 working days after the date of the group insurance board's submittal of the proposed changes, the cochairpersons of the committee notify the group insurance board that the committee has scheduled a meeting for the purpose of reviewing the proposed changes, the group insurance board may not implement the proposed changes without the approval of the committee.

2. In consultation with the division of personnel management in the department of administration, submit to the joint committee on finance any changes it proposes to make to the group health insurance programs under subch. IV, other than programs under ss. 40.51 (7) and 40.55, for the following year that were not submitted to the joint committee on finance under subd. 1. if the proposed changes would have a financial impact or would affect covered benefits. If the cochairpersons of the joint committee on finance do not notify the group insurance board that the committee has scheduled a meeting for the purpose of reviewing the proposed changes within 21 working days after the date of the group insurance board's submittal of the proposed changes, the group insurance board may implement the proposed changes. If, within 21 working days after the date of the group insurance board's submittal of the proposed changes, the cochairpersons of the committee notify the group insurance board that the committee has scheduled a meeting for the purpose of reviewing the proposed changes, the group insurance board may not implement the proposed changes without the approval of the committee.

SECTION 709g. 40.51 (6) of the statutes is amended to read:

40.51 **(6)** This state shall offer to all of its employees at least 2 insured or uninsured health care coverage plans providing substantially equivalent hospital and medical benefits, including a health maintenance organization or a preferred provider plan, if those health care plans are determined by the group insurance board to be available in the area of the place of employment and are approved by the group insurance board. The group insurance board shall place each of the plans into one of ~~3~~ 5 tiers established in accordance with standards adopted by the group insurance board. The tiers shall be separated according to the employee's share of premium costs.

Vetoed In Part

SECTION 9114. Nonstatutory provisions; Employee Trust Funds.

(1c) CONSUMER−DRIVEN HEALTH PLAN EDUCATIONAL CAMPAIGN.

Vetoed In Part

(a) The department of employee trust funds shall develop a plan to conduct a consumer−driven health plan educational campaign before and during the annual enrollment period under the state health insurance plan for the 2019 calendar year. The educational campaign shall provide all of the following information:

1. The advantages of high−deductible health plans and health savings accounts.

2. Examples of individuals or families that may benefit from high−deductible health plans and health savings accounts.

3. Any consumer−driven health plan design changes or initiatives approved by the group insurance board for implementation by the department of employee trust funds.

(b) No later than January 1, 2018, the department of employee trust funds shall submit the plan developed under paragraph (a), along with a request for any funding needed to conduct the educational campaign described under paragraph (a), to the joint committee on finance under section 13.10 of the statutes. The department of employee trust funds may not conduct the educational campaign unless the committee approves the plan.

(1t) GROUP INSURANCE BOARD PLAN FOR STATE PROGRAM RESERVES.

(a) No later than March 1, 2018, the group insurance board shall submit to the joint committee on finance for review a plan that includes all of the following:

1. The amount of state program reserves as of December 31, 2017.

2. The amount of state program reserves that will be used during calendar year 2018 to reduce state program costs.

3. A projection of 2018 year−end state program reserves prepared by the group insurance board's consulting actuary.

4. The group insurance board's planned utilization of state program reserves in calendar year 2019.

(b) If, within 21 working days after the date on which the group insurance board submitted the plan described under paragraph (a), the cochairpersons of the joint committee on finance do not notify the group insurance board that the joint committee on finance has scheduled a meeting for the purpose of reviewing the plan, the group

Vetoed In Part

insurance board may implement the plan. If, within 21 working days after the date on which the group insurance board submitted the plan, the cochairpersons of the joint committee on finance notify the group insurance board that the joint committee on finance has scheduled a meeting for the purpose of reviewing the plan, the group insurance board may implement the plan only upon approval of the joint committee on finance.

(2p) GROUP INSURANCE BOARD; GROUP HEALTH PROGRAM RESERVES.

(a) During the 2017−19 fiscal biennium, the group insurance board shall use $68,800,000 of the state group health program reserves established under section 40.03 (6) of the statutes to reduce state group health program costs.

(b) During the 2017−19 fiscal biennium, the group insurance board shall review its policies related to maintaining reserves for fully insured health plans. In conducting this review, the group insurance board shall review at least all of the following:

1. The history of changes in the participation of fully insured health plans in the group health insurance program.

2. The number of members affected by the discontinuation of fully insured health plans from year to year.

3. The dollar amount of claims or premiums associated with members that are affected by the discontinuation of fully insured health plans from year to year.

(2w) STATE EMPLOYEE GROUP HEALTH PROGRAM SAVINGS. The group insurance board shall attempt to ensure that state employee group health program costs, paid from general purpose revenues, are reduced by $63,900,000 during the 2017−19 fiscal biennium. The reductions shall be achieved through a combination of the following:

(a) Savings resulting from negotiations with insurers who provide health care coverage to state employees.

(b) Utilization of state group health program reserves.

(c) Increased use of tiers under section 40.51 (6) of the statutes for state employee health insurance premium costs.

(d) Additional utilization of state group health program reserves during 2018 and 2019 if the group insurance board revises its reserve policy.

(e) Health care plan design changes, with a focus on consumer−driven health care, provided that the changes do not increase total employee premium costs under the lowest tier plans under section 40.51 (6) of the statutes by more than 10 percent during 2018 and 2019. The costs include health insurance premiums, co−pays, deductibles, coinsurance, and out−of−pocket expenditures. **Vetoed In Part**

(f) Any other state employee health program or health care plan changes, provided that they do not increase total employee health insurance premium costs under the lowest tier plans under section 40.51 (6) of the statutes by more than 10 percent during 2018 and 2019. The costs include health insurance premiums, co−pays, deductibles, coinsurance, and out−of−pocket expenditures.

SECTION 9129. Nonstatutory provisions; Legislature.

(2w) AUDIT OF STATE GROUP HEALTH INSURANCE PROGRAMS. The joint legislative audit committee is requested to direct the legislative audit bureau to perform a financial and performance evaluation audit of the state group health insurance programs, including a review of the group insurance board's compliance with its reserves policy, a review of the appropriateness of the group insurance board's policy regarding fully insured program reserves, and the circumstances that have created ongoing, frequent accumulation and use of reserves. If the joint legislative audit committee directs the legislative audit bureau to perform an audit, the legislative audit bureau shall file its report as described under section 13.94 (1) (b) of the statutes. **Vetoed In Part**

SECTION 9314. Initial applicability; Employee Trust Funds.

(3c) HEALTH CARE COVERAGE PLAN TIERS. The treatment of section 40.51 (6) of the statutes first applies to health care coverage plans offered for calendar year 2018. **Vetoed In Part**

(3p) SUBMISSION OF PROPOSED CHANGES TO GROUP HEALTH INSURANCE PROGRAMS. The treatment of section 40.03 (6) (m) 2. of the statutes first applies to changes the group insurance board proposes to make to the group health insurance program 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 2018 program year.

(4p) APPOINTMENT OF MEMBERS TO THE GROUP INSURANCE BOARD. The treatment of section 15.07 (1) (b) 24. of the statutes first applies to members of the group insurance board who are appointed on the effective date of this subsection.

Legislature

55. 100th Anniversary of the State Capitol

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Governor's written objections

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

This provision creates an annual GPR appropriation for activities related to the celebration of the 100th anniversary of the State Capitol and appropriates $50,000 GPR in fiscal year 2017−18. Payments from the appropriation must be authorized by the cochairpersons of the Joint Committee on Legislative Organization. It also creates a PR continuing appropriation to receive revenues generated from activities related to the celebration. The first $50,000 of these funds received in each fiscal year lapses to the general fund. Any amounts above $50,000 are transferred to a new PR biennial appropriation for capitol restoration and relocation planning.

I am vetoing this provision in its entirety because the State Capitol and Executive Residence Board has already authorized the use of funds from the capitol restoration fund for this purpose.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 8p. 13.90 (10) of the statutes is created to read:

13.90 **(10)** The cochairpersons of the joint committee on legislative organization shall authorize all expenditures from the appropriation under s. 20.765 (4) (b).

Vetoed In Part

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019	
20.765 Legislature					
(4) CAPITOL OFFICES RELOCATION ; 100TH ANNIVERSARY OF STATE CAPITOL					**Vetoed In Part**
(b) Celebration of 100th anniversary of state capitol; general purpose revenue	GPR	A	50,000	−0−	**Vetoed In Part**
(h) Celebration of 100th anniversary of state capitol; program revenue	PR	C	−0−	−0−	
20.855 Miscellaneous Appropriations					
(3) CAPITOL RENOVATION EXPENSES					
(k) Capitol restoration and relocation planning; program revenue	PR−S	B	−0−	−0−	**Vetoed In Part**

Vetoed In Part

SECTION 480b. 20.765 (4) (title) of the statutes is amended to read:

20.765 **(4)** (title) CAPITOL OFFICES RELOCATION; 100TH ANNIVERSARY OF STATE CAPITOL.

SECTION 480c. 20.765 (4) (b) of the statutes is created to read:

20.765 **(4)** (b) *Celebration of 100th anniversary of state capitol; general purpose revenue.* The amounts in the schedule to fund activities related to the celebration of the 100th anniversary of the state capitol.

SECTION 480cg. 20.765 (4) (h) of the statutes is created to read:

20.765 **(4)** (h) *Celebration of 100th anniversary of state capitol; program revenue.* All moneys received from revenues generated from activities related to the celebration of the 100th anniversary of the state capitol to lapse to the general fund the first $50,000 credited to this appropriation account in each fiscal year and to transfer the remainder to the appropriation account under s. 20.855 (3) (k).

Vetoed In Part

SECTION 483m. 20.855 (3) (k) of the statutes is created to read:

20.855 **(3)** (k) *Capitol restoration and relocation planning; program revenue.* Biennially, the amounts in the schedule for purposes related to capitol restoration and relocation planning. All moneys transferred from the

Vetoed In Part

appropriation account under s. 20.765 (4) (h) shall be credited to this appropriation account.

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56. State Capitol Basement Renovations

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Governor's written objections

Section 9104 (1) (a)

This provision enumerates $1 million GPR−supported borrowing for the purpose of renovations of the State Capitol basement.

I am vetoing this provision to delete the enumeration for the State Capitol basement renovation. I believe that the State Capitol and Executive Residence Board should study the proposal and determine if renovations to the basement are the best use of funds or if renovations to other parts of the State Capitol would be a more beneficial investment.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9104. Nonstatutory provisions; Building Commission.

(1) 2017−19 AUTHORIZED STATE BUILDING PROGRAM. For the fiscal years beginning on July 1, 2017, and ending on June 30, 2019, the Authorized State Building Program is as follows:

Vetoed In Part

(a) BUILDING COMMISSION		
1. *Projects financed by general fund supported borrowing:*		
a. State Capitol basement renovations	$	1,000,000
2. *Agency totals:*		
General fund supported borrowing		1,000,000
Total — All sources of funds	$	1,000,000

Public Service Commission

57. Provision of Utility Services Effective Date

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Governor's written objections

Section 9437 (1t)

Section 1691c amends the definition of "public utility" to exclude, among other entities, a state agency, as defined in s. 20.001 (1) of the statutes, that may own, operate, manage or control all or any part of a plant or equipment for the production, transmission, delivery or furnishing of water either directly or indirectly for the public. Section 9437 (1t) provides an effective date for this change on the first day of the 13th month after the effective date of the budget bill.

In addition, for the purposes of awarding federal Community Development Block Grant funding in the 2017−19 biennium, section 9101 (10t) directs the Department of Administration to give priority to a project meeting all of the following: (a) the project would plan for or establish public or private facilities for the provision of water and sewer services primarily to residential users; (b) the new water service would replace services currently provided by an entity other than a public utility, a community water system, a cooperative association, or private groundwater wells; and (c) the new sewer service would replace services currently provided by an entity other than a public utility, private on−site wastewater treatment systems, or any other on−site forms of sewage disposal.

These provisions were added to allow the Department of Health Services' Winnebago Mental Health Institute to discontinue providing water and sewer services to residents located near the facility without negatively impacting these individuals.

I am vetoing section 9437 (1t) to remove the effective date of the first day of the 13th month beginning after the effective date of the bill because I believe that the change to clarify that the department is not a public utility should be made immediately. I am, however, directing the department to continue to provide water and sewer services to these residents for 12 months after the effective date of the budget.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9437. Effective dates; Public Service Commission.

Vetoed In Part (1t) PUBLIC UTILITY DEFINITION. The treatment of section 196.01 (5) (b) 7. of the statutes takes effect on the first day of the 13th month beginning after publication. **Vetoed In Part**

D. HEALTH SERVICES AND INSURANCE

Department of Health Services

58. Supervised Release of Sexually Violent Persons

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Governor's written objections

Sections 377h, 979p, 2230s, 2251y, 2257e, 2257f, 2257g, 2257h, 2257i, 2257j, 2257k, 2257L, 2257m, 2257n, 2257o, 2257p, 2261d, 2262L, 2262m, 2262n, 2262o, 2262p, 2262q, 2262r, 2262s, 2262t, 2262u, 2262v, 2262w, 2262x, 9120 (1t) and 9320 (1t)

These provisions make a series of changes to the supervised release of sexually violent persons and representation of sexually violent persons by the State Public Defender. The changes apply to all petitions for supervised release under Chapter 980 currently pending at the time of the effective date of the bill. The following details those changes.

Require the county of residence of the sexually violent person, as determined by the Department of Health Services, to create a temporary committee in order to prepare a report identifying an appropriate residential option in that county and demonstrate that the county has contacted the landlord and that the landlord has committed to enter the lease. The committee will consist of: (a) the county human services department, (b) a representative from the department, (c) a local probation or parole officer, (d) the county corporation counsel or his or her designee, and (e) a representative of the department of the county that is responsible for land conservation.

The county shall consider the following factors when identifying an appropriate residential option: (a) the distance between the person's placement and any school premises, child care facility, public park, place of worship or youth center; (b) if the person committed a sexually violent offense against an adult at risk or an elder at risk, the distance between the person's placement and a nursing home or assisted living facility; and (c) if the person is a serious child sex offender, the distance between the person's placement and a property where a child's primary residence exists.

The county must consult with a local law enforcement agency having jurisdiction over the residence and allow the law enforcement agency to submit a written report that provides information on the residential option that must be included in the report submitted to the department.

The county report must be submitted to the department within 120 days following the court order. If a county does not submit a report within 120 days, it is in violation of the person's rights and each day after the 120−day mark is a new violation. A new PR appropriation is created for fees recovered by the person for a violation. These funds would be used for costs associated with housing a person. Within the first 12 months of the bill's effective date, the 120−day limit is extended to 180 days.

Within 30 days after the court orders the county to prepare a report, the department is required to determine the identity and location of known and registered victims of the person's acts by searching its victim database and consulting with the Office of Victim Services in the Department of Corrections, the Department of Justice, and the county coordinator of victims and witness services in the county of intended placement, the county where the person was convicted and the county of commitment.

Require the department, within 30 days after the county submits its report, to use the report to prepare a supervised release plan for the person that would address the person's need for supervision, counseling, medication, community support

services, residential services, vocational services and alcohol and other drug abuse treatment. An extension of 30 days may be granted for good cause. The current law provision that the department may not arrange placement in a facility that did not exist before January 1, 2006, is repealed.

If current law procedures are insufficient, the department shall find the county of residence is the county in which, on the date that the person committed the sexually violent offense that resulted in the sentence, placement or commitment, the person would have been a resident for the purpose of Social Security disability insurance eligibility.

In any situation under Chapter 980 where the person has the right to be represented by counsel, the court is required to refer the person as soon as practicable to the State Public Defender, who would be required to appoint counsel.

At the conclusion of any proceeding under Chapter 980, the court may inquire as to the person's ability to reimburse the state for the costs of representation. If the court determines that the person is able to make reimbursement, the court may order the person to reimburse the state. These reimbursements would be made to the clerk of courts where the proceedings took place, which would transmit payments to the county treasurer, who would be required to deposit 25 percent of the payment in the county treasury and transmit the remainder to the Department of Administration. Upon request, the State Public Defender must conduct a determination of indigency and report the results of the determination.

Require the clerk of courts to report, by January 31 of each year, to the State Public Defender the total amount of reimbursements order for Chapter 980.

While I understand the importance of updating the process for placing sexually violent persons in the community, the issues the Department of Health Services and communities face in completing placement plans and how critical it is that these individuals be placed in appropriate settings for the health and safety of the citizens in those counties, I am vetoing these provisions as nonfiscal policy. This policy eliminates current law provisions requiring that residential options be a specific distance from any school premises, child care facility, public park, place of worship or youth center and should therefore be thoroughly vetted through the regular legislative process, with input from the public and counties.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 377h. 20.435 (2) (gz) of the statutes is created to read:

20.435 **(2)** (gz) *Costs of housing persons on supervised release.* All moneys received under s. 980.08 (4) (dm) 4. for payment of costs associated with housing persons on supervised release.

SECTION 979p. 51.61 (1) (z) of the statutes is created to read:

51.61 **(1)** (z) In the case of a patient committed under ch. 980, have the right to have a county department submit a report under s. 980.08 (4) (dm) within the time frame specified under that paragraph.

SECTION 2230s. 809.30 (2) (d) of the statutes is amended to read:

809.30 **(2)** (d) *Indigency redetermination.* Except as provided in this paragraph, whenever a person whose trial counsel is appointed by the state public defender files a notice under par. (b) requesting public defender representation for purposes of postconviction or postdisposition relief, the prosecutor may, within 5 days after the notice is served and filed, file in the circuit court and serve upon the state public defender a request that the person's indigency be redetermined before counsel is appointed or transcripts are requested. This paragraph does not apply to a person who is entitled to be represented by counsel under s. 48.23, 51.60 (1), 55.105, ~~or~~ 938.23, or 980.03 (2) (a).

SECTION 2251y. 967.06 (2) (b) of the statutes is amended to read:

Vetoed In Part

967.06 **(2)** (b) If the person indicating that he or she wants to be represented by a lawyer is detained under ch. 48, 51, 55, ~~or~~ 938, or 980, the person shall be referred for appointment of counsel as provided under s. 48.23 (4), 51.60, 55.105, ~~or~~ 938.23 (4), or 980.03 (2) (a), whichever is applicable.

SECTION 2257e. 977.02 (2m) of the statutes is amended to read:

977.02 **(2m)** Promulgate rules regarding eligibility for legal services under this chapter, including legal services for persons who are entitled to be represented by counsel without a determination of indigency, as provided in s. 48.23 (4), 51.60, 55.105, ~~or~~ 938.23 (4), or 980.03 (2) (a).

SECTION 2257f. 977.02 (3) (intro.) of the statutes is amended to read:

977.02 **(3)** (intro.) Promulgate rules regarding the determination of indigency of persons entitled to be represented by counsel, other than persons who are entitled to be represented by counsel under s. 48.23, 51.60, 55.105, ~~or~~ 938.23, or 980.03 (2) (a) including the time period in which the determination must be made and the criteria to be used to determine indigency and partial indigency. The rules shall specify that, in determining

Vetoed In Part

indigency, the representative of the state public defender shall do all of the following:

SECTION 2257g. 977.05 (4) (gm) of the statutes is amended to read:

977.05 **(4)** (gm) In accordance with the standards under pars. (h) and (i), accept referrals from judges and courts for the provision of legal services without a determination of indigency of persons who are entitled to be represented by counsel under s. 48.23, 51.60, 55.105, ~~or~~ 938.23, or 980.03 (2) (a), appoint counsel in accordance with contracts and policies of the board, and inform the referring judge or court of the name and address of the specific attorney who has been assigned to the case.

SECTION 2257h. 977.05 (4) (h) of the statutes is amended to read:

977.05 **(4)** (h) Accept requests for legal services from persons who are entitled to be represented by counsel under s. 48.23, 51.60, 55.105, ~~or~~ 938.23, or 980.03 (2) (a) and from indigent persons who are entitled to be represented by counsel under s. 967.06 or who are otherwise so entitled under the constitution or laws of the United States or this state and provide such persons with legal services when, in the discretion of the state public defender, such provision of legal services is appropriate.

SECTION 2257i. 977.05 (4) (i) 9. of the statutes is created to read:

977.05 **(4)** (i) 9. Cases involving persons who are subject to petitions under ch. 980.

SECTION 2257j. 977.06 (2) (a) of the statutes is amended to read:

977.06 **(2)** (a) A person seeking to have counsel assigned for him or her under s. 977.08, other than a person who is entitled to be represented by counsel under s. 48.23, 51.60, 55.105, ~~or~~ 938.23, or 980.03 (2) (a), shall sign a statement declaring that he or she has not disposed of any assets for the purpose of qualifying for that assignment of counsel. If the representative or authority making the indigency determination finds that any asset was disposed of for less than its fair market value for the purpose of obtaining that assignment of counsel, the asset shall be counted under rules promulgated under s. 977.02 (3) at its fair market value at the time it was disposed of, minus the amount of compensation received for the asset.

SECTION 2257k. 977.06 (2) (am) of the statutes is amended to read:

977.06 **(2)** (am) A person seeking to have counsel assigned for him or her under s. 977.08, other than a person who is entitled to be represented by counsel under s. 48.23, 51.60, 55.105, ~~or~~ 938.23, or 980.03 (2) (a), shall sign a statement declaring that the information that he or she has given to determine eligibility for assignment of counsel he or she believes to be true and that he or she is informed that he or she is subject to the penalty under par. (b).

SECTION 2257L. 977.07 (1) (a) of the statutes is amended to read:

977.07 **(1)** (a) Determination of indigency for persons entitled to counsel shall be made as soon as possible and shall be in accordance with the rules promulgated by the board under s. 977.02 (3) and the system established under s. 977.06. No determination of indigency is required for a person who is entitled to be represented by counsel under s. 48.23, 51.60, 55.105, ~~or~~ 938.23, or 980.03 (2) (a).

Vetoed In Part

SECTION 2257m. 977.07 (1) (c) of the statutes is amended to read:

977.07 **(1)** (c) For all referrals made under ss. 809.107, 809.30, 974.06 (3) (b) and 974.07 (11), except a referral of a person who is entitled to be represented by counsel under s. 48.23, 51.60, 55.105, ~~or~~ 938.23, or 980.03 (2) (a), a representative of the state public defender shall determine indigency. For referrals made under ss. 809.107, 809.30 and 974.06 (3) (b), except a referral of a person who is entitled to be represented by counsel under s. 48.23, 51.60, 55.105, ~~or~~ 938.23, or 980.03 (2) (a), the representative of the state public defender may, unless a request for redetermination has been filed under s. 809.30 (2) (d) or the person's request for representation states that his or her financial circumstances have materially improved, rely upon a determination of indigency made for purposes of trial representation under this section.

SECTION 2257n. 977.075 (4) of the statutes is amended to read:

977.075 **(4)** The board shall establish by rule a fee schedule that sets the maximum amount that a parent subject to s. 48.275 (2) (b) or 938.275 (2) (b) shall pay as reimbursement for legal services and sets the maximum amount that a person subject to s. 51.605 ~~or~~, 55.107, or 980.0305 shall pay as reimbursement for legal services. The maximum amounts under this subsection shall be based on the average cost, as determined by the board, for each applicable type of case.

SECTION 2257o. 977.08 (1) of the statutes is amended to read:

977.08 **(1)** If the representative or the authority for indigency determinations specified under s. 977.07 (1) refers a case to or within the office of the state public defender or if a case is referred under s. 48.23 (4), 51.60, 55.105, ~~or~~ 938.23 (4), or 980.03 (2) (a), the state public defender shall assign counsel according to subs. (3) and (4). If a defendant makes a request for change of attorney assignment, the change of attorney must be approved by the circuit court.

SECTION 2257p. 977.08 (2) (intro.) of the statutes is amended to read:

977.08 **(2)** (intro.) All attorneys in a county shall be notified in writing by the state public defender that a set of lists is being prepared of attorneys willing to represent persons referred under s. 48.23 (4), 51.60, 55.105, ~~or~~ 938.23 (4), or 980.03 (2) (a) and indigent clients in the following:

Vetoed In Part

SECTION 2261d. 977.085 (3) of the statutes is amended to read:

977.085 **(3)** The board shall provide quarterly reports to the joint committee on finance on the status of reimbursement for or recoupment of payments under ss. 48.275, 51.605, 55.107, 757.66, 938.275, 977.06, 977.075 ~~and~~, 977.076, and 980.0305, including the amount of revenue generated by reimbursement and recoupment. The quarterly reports shall include any alternative means suggested by the board to improve reimbursement and recoupment procedures and to increase the amount of revenue generated. The department of justice, district attorneys, circuit courts and applicable county agencies shall cooperate by providing any necessary information to the state public defender.

SECTION 2262L. 980.03 (2) (a) of the statutes is amended to read:

980.03 **(2)** (a) Counsel. ~~If~~ In any situation under this chapter in which the person ~~claims or appears to be indigent~~ has a right to be represented by counsel, the court shall refer the person ~~to the authority for indigency determinations under s. 977.07 (1) and, if applicable, the appointment of~~ as soon as practicable to the state public defender, who shall appoint counsel for the person under s. 977.08 without a determination of indigency.

SECTION 2262m. 980.0305 of the statutes is created to read:

980.0305 Reimbursement for counsel provided by the state. (1) INQUIRY. At or after the conclusion of a proceeding under this chapter in which the state public defender has provided counsel for a person, the court may inquire as to the person's ability to reimburse the state for the costs of representation. If the court determines that the person is able to make reimbursement for all or part of the costs of representation, the court may order the person to reimburse the state an amount not to exceed the maximum amount established by the public defender board under s. 977.075 (4). Upon the court's request, the state public defender shall conduct a determination of indigency under s. 977.07 and report the results of the determination to the court.

(2) PAYMENT. Reimbursement ordered under this section shall be made to the clerk of courts of the county where the proceedings took place. The clerk of courts shall transmit payments under this section to the county treasurer, who shall deposit 25 percent of the payment amount in the county treasury and transmit the remainder to the secretary of administration. Payments transmitted to the secretary of administration shall be deposited in the general fund and credited to the appropriation account under s. 20.550 (1) (L).

(3) REPORT. By January 31st of each year, the clerk of courts for each county shall report to the state public defender the total amount of reimbursements ordered under sub. (1) in the previous calendar year and the total amount of reimbursements paid to the clerk under sub. (2) in the previous year.

Vetoed In Part

SECTION 2262n. 980.08 (4) (cm) and (e) of the statutes are consolidated, renumbered 980.08 (4) (dm) 1. (intro.) and amended to read:

980.08 **(4)** (dm) 1. (intro.) If the court finds that all of the criteria in par. (cg) are met, the court shall ~~select a county to prepare a report under par. (e). Unless the court has good cause to select another county, the court shall select~~ order the county of the person's ~~county of~~ residence, as determined by the department of health services under s. 980.105. ~~An actual or alleged lack of available housing for the person within a county because of an ordinance or resolution in effect or proposed by the county or by a city, town, or village within the county may not constitute good cause to select another county under this paragraph. The court may not select a county where there is a facility in which persons committed to institutional care under this chapter are placed unless that county is also that person's county of residence. (e) The court shall order the county department under s. 51.42 in the county of intended placement to prepare a report, either independently or with the department of health services, identifying prospective residential options for community placement. In identifying prospective residential options, the county department shall consider the proximity of any potential placement to the residence of other persons on supervised release and to the residence of persons who are in the custody of the department of corrections and regarding whom a sex offender notification bulletin has been issued to law enforcement agencies under s. 301.46 (2m) (a) or (am). The~~, to prepare a report. The county shall create a temporary committee to prepare the report for the county. The committee shall consist of the county department under s. 51.42, a representative of the department of health services, a local probation or parole officer, the county corporation counsel or his or her designee, and a representative of the department of the county that is responsible for land use and planning or the department of the county that is responsible for land information. In the report, the county shall identify an appropriate residential option in that county while the person is on supervised release and shall demonstrate that the county has contacted the landlord for that residential option and that the landlord has committed to enter into a lease. The county shall consider the following factors when identifying an appropriate residential option:

2. When preparing the report, the county ~~department~~ shall consult with a local law enforcement agency having jurisdiction over the residential option. The law enforcement agency may submit a written report that provides information relating to the residential option, and, if the law enforcement agency submits a report, the county department shall include the agency's report when the

Vetoed In Part

county department submits its report to the department of health services.

4. The county shall submit its report to the department of health services within ~~60~~ 120 days following the court order. A county that does not submit its report within 120 days violates the person's rights under s. 51.61, and each day that the county does not submit the report after the 120 days have expired constitutes a separate violation under s. 51.61. Notwithstanding s. 51.61 (7), any damages beyond costs and reasonable actual attorney fees recovered by the person for a violation shall be deposited into the appropriation account under s. 20.435 (2) (gz).

SECTION 2262o. 980.08 (4) (d) of the statutes is repealed.

SECTION 2262p. 980.08 (4) (dm) 3. of the statutes is created to read:

980.08 **(4)** (dm) 3. To assist the county in identifying appropriate residential options for the report, within 30 days after the court orders the county to prepare the report, the department of health services shall determine the identity and location of known and registered victims of the person's acts by searching its victim database and consulting with the office of victim services in the department of corrections, the department of justice, and the county coordinator of victims and witnesses services in the county of intended placement, the county where the person was convicted, and the county of commitment. The county may consult with the department of health services on other matters while preparing the report and the department of health services shall respond as soon as practically possible.

SECTION 2262q. 980.08 (4) (em) of the statutes is repealed.

SECTION 2262r. 980.08 (4) (f) (intro.) of the statutes is renumbered 980.08 (4) (f) and amended to read:

980.08 **(4)** (f) The court shall direct the department to use ~~any submissions under par. (d),~~ the report submitted under par. ~~(e), any report submitted under par. (em), and other residential options identified by the department~~ (dm) to prepare a supervised release plan for the person~~. The department shall search its victim database, and consult with the office of victim services in the department of corrections, the department of justice, and the county coordinator of victims and witnesses services in the county of intended placement, the county where the person was convicted, and the county of commitment to determine the identity and location of known and registered victims of the person's acts. The department shall prepare a supervised release plan~~ that identifies the ~~proposed residence~~ residential option the county identified in its report. The plan shall also address the person's need, if any, for supervision, counseling, medication, community support services, residential services, vocational services, and alcohol or other drug abuse treatment. The supervised release plan shall be submitted to the court within ~~90~~ 30 days ~~of the finding under par. (cg)~~ after the county submitted its report under par. (dm). The court may grant ~~extensions~~ one extension of up to 30 days of this time period for good cause. ~~The plan shall do all of the following:~~

Vetoed In Part

SECTION 2262s. 980.08 (4) (f) 1. of the statutes is repealed.

SECTION 2262t. 980.08 (4) (f) 2., 3. and 4. of the statutes are renumbered 980.08 (4) (dm) 1. a., b. and c. and amended to read:

980.08 **(4)** (dm) 1. a. ~~Ensure that~~ The distance between the person's placement ~~is into a residence that is not less than 1,500 feet from~~ and any school premises, child care facility, public park, place of worship, or youth center. A person is not in violation of a condition or rule of supervised release under sub. (7) (a) if any school premises, child care facility, public park, place of worship, or youth center is established ~~within 1,500 feet from~~ near the person's residence after he or she is placed in the residence under this section.

b. If the person committed a sexually violent offense against an adult at risk, as defined in s. 55.01 (1e), or an elder adult at risk, as defined in s. 46.90 (1) (br), ~~ensure that~~ the distance between the person's placement ~~is into a residence that is not less than 1,500 feet from~~ and a nursing home or an assisted living facility. A person is not in violation of a condition or rule of supervised release under sub. (7) (a) if a nursing home or an assisted living facility is established ~~within 1,500 feet from~~ near the person's residence after he or she is placed in the residence under this section.

c. If the person is a serious child sex offender, ~~ensure that~~ the distance between the person's placement ~~is into a residence that is not on a property adjacent to~~ and a property where a child's primary residence exists. ~~For the purpose of this subdivision, adjacent properties are properties that share a property line without regard to a public or private road if the living quarters on each property are not more than 1,500 feet apart.~~ A person is not in violation of a condition or rule of supervised release under sub. (7) (a) if a child establishes primary residence in a property ~~adjacent to~~ near the person's residence after the person is placed in the residence under this section.

SECTION 2262u. 980.08 (4) (g) of the statutes is amended to read:

980.08 **(4)** (g) The court shall review the plan submitted by the department under par. ~~(cm)~~ (f). If the details of the plan adequately meet the treatment needs of the individual and the safety needs of the community, then the court shall approve the plan and determine that supervised release is appropriate. If the details of the plan do not adequately meet the treatment needs of the individual or the safety needs of the community, then the court shall determine that supervised release is not appropriate or direct the preparation of another supervised release plan to be considered by the court under this paragraph. If the

Vetoed In Part

plan is inadequate under this paragraph due to the residential option, the court shall order the county to identify and arrange to lease another residential option and to prepare a new report under par. (dm). If the plan is inadequate under this paragraph due to the treatment options, the court shall order the department to prepare another plan under par. (f).

SECTION 2262v. 980.08 (5m) of the statutes is repealed.

SECTION 2262w. 980.105 (2) of the statutes is created to read:

980.105 **(2)** If sub. (1m) is insufficient to determine the county of residence, the department shall find that the county of residence is the county in which, on the date that the person committed the sexually violent offense that resulted in the sentence, placement, or commitment that was in effect when the petition was filed under s. 980.02, the person would have been a resident for the purposes of social security disability insurance eligibility.

SECTION 2262x. 980.105 (2m) of the statutes is repealed.

SECTION 9120. Nonstatutory provisions; Health Services.

(1t) GRACE PERIOD FOR COUNTY REPORTS. Notwithstanding sections 51.61 (1) (z) and 980.08 (4) (dm) 4. of the statutes, beginning on the effective date of this subsection and ending on the first day of the 13th month beginning after the effective date of this subsection, the county shall submit a report required under section 980.08 (4) (dm) of the statutes to the department of health services within 180 days, rather than 120 days, following the court order or be subject to action as provided in sections 51.61 (1) (z) and 980.08 (4) (dm) 4. of the statutes.

Vetoed In Part

SECTION 9320. Initial applicability; Health Services.

(1t) SUPERVISED RELEASE. The treatment of sections 20.435 (2) (gz), 51.61 (1) (z), 980.08 (4) (cm), (d), (dm) 3., (e), (em), (f) (intro.), 1., 2., 3., and 4., and (g) and (5m), and 980.105 (2) and (2m) of the statutes and SECTION 9120 (1t) of this act first apply to petitions pending under section 980.08 of the statutes on the effective date of this subsection.

Vetoed In Part

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59. FoodShare Employment and Training — Universal Referrals

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Governor's written objections

Section 964d

This provision requires income maintenance workers to provide all FoodShare applicants and participants information about the FoodShare Employment and Training program at least two times per year.

I am vetoing this provision because there is no additional funding or positions included in the bill to implement this unfunded mandate. However, I am directing the Department of Health Services to develop a protocol for better informing all FoodShare applicants and participants about the FoodShare Employment and Training Program because I agree with the intent of the provision.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 964d. 49.79 (9) (e) of the statutes is created to read:

49.79 **(9)** (e) The department shall ensure that all applicants for and recipients of the food stamp program are provided information about the employment and training program under this subsection at least once every 6 months and that all able−bodied adults without dependents are referred to the employment and training program under this subsection regardless of whether they are required to comply with a work requirement.

Vetoed In Part

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60. FoodShare Employment and Training — Cost to Continue

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Governor's written objections

Section 9120 (2s)

This section requires the Department of Health Services to submit a report to the Legislature regarding the outcomes related to the FoodShare Employment and Training program before February 1, 2018. The report shall include any proposed program improvements and contract modifications necessary based on the reported outcomes.

I am vetoing this section because I object to this administratively burdensome requirement.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9120. Nonstatutory provisions; Health Services.

Vetoed In Part (2s) FOODSHARE EMPLOYMENT AND TRAINING PROGRAM OUTCOMES REPORT. By February 1, 2018, the department of health services shall provide to the joint committee on finance an outcome report on the food stamp program's employment and training program under section 49.79 (9) of the statutes. The report shall include any proposed program improvements and contract modifications necessary based on the reported outcomes. Vetoed In Part

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61. FoodShare Employment and Training Pilot

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Governor's written objections

Section 9120 (2)

This provision modifies the provision in the Governor's budget to increase the amount of job training and employment assistance services provided to individuals receiving FoodShare benefits by requiring able−bodied adults with school−age children to participate in the FoodShare Employment and Training Program. The provision is modified in the following ways: (a) require the pilot region selected by the Department of Health Services to be composed of no more than two FoodShare Employment and Training vendor regions; (b) require a pilot of the work requirement be run from April 2019 through June 30, 2020; and (c) require an evaluation of the pilot program and make statewide expansion contingent on that evaluation.

Further, this provision reduces funding in fiscal year 2017−18 by $29,000 GPR and increases funding by $42,300 GPR in fiscal year 2018−19. This provision also transfers the biennial funding of $4,236,400 GPR provided in the bill to the Joint Committee on Finance supplemental appropriation and requires that the Department of Health Services seek release of the funds through s. 13.10 by submitting a detailed plan for implementation of the pilot.

I am partially vetoing this provision to remove the requirements that the regions be FoodShare Employment and Training vendor regions because I object to this arbitrary policy. I direct the department to determine which region or regions make the most sense for Wisconsin.

Second, I am partially vetoing the provision to remove the evaluation of the program because I object to requiring an evaluation of this provision before it can be expanded.

Lastly, I am partially vetoing the requirement that the department operate a pilot from April 2019 through June 30, 2020, because I object to this arbitrary and administratively burdensome timeline. The department requires flexibility in operating this program and an arbitrary timeline impedes on the administration's ability to successfully implement this provision.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9120. Nonstatutory provisions; Health Services.

(2) FOODSHARE EMPLOYMENT AND TRAINING PROGRAM REQUIREMENT PILOT PROGRAM.

(a) The department of health services may implement a requirement for able−bodied adults to participate in the food stamp program's employment and training program under section 49.79 (9) of the statutes in no more than 2 vendor regions of the food stamp program's employment and training program beginning in April 2019 . The department may not impose the pilot program requirement under this paragraph after June 30, 2020. Vetoed In Part

Vetoed In Part

(b) The department of health services shall evaluate the pilot program under paragraph (a) and, depending on the department's findings, submit a proposal for statewide expansion of the requirement to participate in the food stamp program's employment and training program in its 2021−23 biennial budget. Vetoed In Part

(c) During the 2017−19 fiscal biennium, the department of health services shall submit a detailed implemen- Vetoed In Part

Vetoed In Part

tation plan for the pilot program under paragraph (a) and may submit one or more requests to the joint committee on finance under section 13.10 of the statutes to supplement the appropriations under section 20.435 (4) (a), (bm), (bn), and (bp) of the statutes from the appropriation under section 20.865 (4) (a) of the statutes for the purpose of implementing the pilot program under paragraph (a). The department of health services may only use moneys for the pilot program under paragraph (a) of the statutes if the joint committee on finance approves the request under this paragraph. Notwithstanding section 13.101 (3) of the statutes, the joint committee on finance is not required to find that an emergency exists before making a supplementation under this paragraph.

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62. Medical Assistance Coverage of Complex Rehabilitation Technology

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Governor's written objections

Sections 926p, 931n and 9120 (5h)

This provision specifies that durable medical equipment that is considered complex rehabilitation technology is a covered service under the Medical Assistance program.

The provision defines a "complex needs patient" as an individual with a diagnosis or medical condition that results in significant physical impairment or functional limitation; "complex rehabilitation technology" as items classified within Medicare as durable medical equipment that are individually configured for individuals to meet their specific and unique medical, physical and functional needs and capacities for basic activities of daily living and instrumental activities of daily living identified as medically necessary; "individually configured" as having a combination of sizes, features, adjustments or modifications that a qualified complex rehabilitation technology supplier can customize to the specific individual by measuring, fitting, programming, adjusting or adapting as appropriate so that the device operates in accordance with an assessment or evaluation of the individual by a qualified health care professional and is consistent with the individual's medical condition, physical and functional needs and capacities, body size, period of need, and intended use.

The provision further defines "Medicare" as coverage under Part A or Part B of Title XVIII of the federal Social Security Act, 42 USC 1395 et seq. A "qualified complex rehabilitation technology professional" is defined as an individual who is certified as an assistive technology professional by the Rehabilitation Engineering and Assistive Technology Society of North America.

The provision defines "qualified complex rehabilitation technology supplier" as a company or entity that meets all of the following criteria: (a) is accredited by a recognized accrediting organization as a supplier of complex rehabilitation technology; (b) is an enrolled supplier for purposes of Medicare reimbursement that meets the supplier and quality standards established for durable medical equipment suppliers, including those for complex rehabilitation technology under Medicare; (c) is an employer of at least one qualified complex rehabilitation technology professional to analyze the needs and capacities of the complex needs patient in consultation with qualified health care professionals, to participate in the selection of appropriate complex rehabilitation technology for those needs and capacities of the complex needs patient, and to provide training in the proper use of the complex rehabilitation technology; (d) requires a qualified complex rehabilitation technology professional to be physically present for the evaluation and determination of appropriate complex rehabilitation technology for a complex needs patient; (e) has the capability to provide service and repair by qualified technicians for all complex rehabilitation technology it sells; and (f) provides written information at the time of delivery of the complex rehabilitation technology to the complex needs patient stating how the complex needs patient may receive service and repair for the complex rehabilitation technology.

Further, the provision defines "qualified health care professional" as any of the following: (a) a licensed physician or physician assistant, (b) a licensed physical therapist, (c) a licensed occupational therapist, or (d) a licensed chiropractor.

The provision also requires the Department of Health Services to promulgate rules and other policies for the use of complex rehabilitation technology by recipients of Medical Assistance (MA). The provision stipulates that the rules shall include all of the following: (a) designation of billing codes as complex rehabilitation technology including creation of new billing codes or modification of existing billing codes and provisions allowing for quarterly updates to the designations; (b) establishment of specific supplier standards for companies or entities that provide complex rehabilitation technology and limiting reimbursement only to suppliers that are qualified complex rehabilitation technology suppliers; (c) a requirement that MA recipients who need a manual wheelchair, power wheelchair, or other seating component to be evaluated by a qualified health care professional who does not have a financial relationship with a qualified complex rehabilitation technology supplier and a qualified complex rehabilitation technology professional; (d) establishment and

maintenance of payment rates for complex rehabilitation technology that are adequate to ensure complex needs patients have access to complex rehabilitation technology, taking into account the significant resources, infrastructure and staff needed to appropriately provide complex rehabilitation technology to meet the unique needs of complex needs patients; (e) a requirement for contracts with the department that managed care plans providing services to MA recipients comply with statutory requirements related to the provision of complex rehabilitation technology and with the related administrative rules; and (f) protection of access to complex rehabilitation technology for complex needs patients.

Lastly the provision specifies that the proposed rules must designate certain healthcare common procedure system codes, which are used under the federal Medicare program and certain mixed complex rehabilitation technology product and standard mobility and accessory product codes. Require the department to specify, in the proposed rules, that procurement of these codes shall be exempt from any bidding or selective contracting requirements.

I am vetoing this provision because I believe there may be unanticipated costs to the MA program and that the language presented may inadvertently limit availability for this service in rural areas of the state. I object to this policy item being placed in the budget without giving the department, MA recipients, health care providers and the public an opportunity to publicly debate its merits. While this provision may have merit, the Legislature should review the impact further and forward legislation when the impacts have been analyzed and such issues have been resolved.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 926p. 49.45 (9r) of the statutes is created to read:

49.45 **(9r)** COMPLEX REHABILITATION TECHNOLOGY. (a) In this subsection:

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

2. "Complex rehabilitation technology" means items classified within Medicare as durable medical equipment that are individually configured for individuals to meet their specific and unique medical, physical, and functional needs and capacities for basic activities of daily living and instrumental activities of daily living identified as medically necessary. "Complex rehabilitation technology" includes complex rehabilitation manual and power wheelchairs, adaptive seating and positioning items, and other specialized equipment such as standing frames and gait trainers, as well as options and accessories related to any of these items.

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

4. "Medicare" means coverage under Part A or Part B of Title XVIII of the federal Social Security Act, 42 USC 1395 et seq.

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

6. "Qualified complex rehabilitation technology supplier" means a company or entity that meets all of the following criteria:

a. Is accredited by a recognized accrediting organization as a supplier of complex rehabilitation technology.

b. Is an enrolled supplier for purposes of Medicare reimbursement that meets the supplier and quality standards established for durable medical equipment suppliers, including those for complex rehabilitation technology under Medicare.

c. Is an employer of at least one qualified complex rehabilitation technology professional to analyze the needs and capacities of the complex needs patient in consultation with qualified health care professionals, to participate in the selection of appropriate complex rehabilitation technology for those needs and capacities of the complex needs patient, and to provide training in the proper use of the complex rehabilitation technology.

d. Requires a qualified complex rehabilitation technology professional to be physically present for the evaluation and determination of appropriate complex rehabilitation technology for a complex needs patient.

e. Has the capability to provide service and repair by qualified technicians for all complex rehabilitation technology it sells.

f. Provides written information at the time of delivery of the complex rehabilitation technology to the complex needs patient stating how the complex needs patient may receive service and repair for the complex rehabilitation technology.

7. "Qualified health care professional" means any of the following:

a. A physician or physician assistant licensed under subch. II of ch. 448.

Vetoed In Part

Vetoed In Part

b. A physical therapist licensed under subch. III of ch. 448.

c. An occupational therapist licensed under subch VII of ch. 448.

d. A chiropractor licensed under ch. 446.

(b) The department shall promulgate rules and other policies for use of complex rehabilitation technology by recipients of Medical Assistance. The department shall include in the rules all of the following:

1. Designation of billing codes as complex rehabilitation technology including creation of new billing codes or modification of existing billing codes. The department shall include provisions allowing quarterly updates to the designations under this subdivision.

2. Establishment of specific supplier standards for companies or entities that provide complex rehabilitation technology and limiting reimbursement only to suppliers that are qualified complex rehabilitation technology suppliers.

3. A requirement that Medical Assistance recipients who need a manual wheelchair, power wheelchair, or other seating component to be evaluated by all of the following:

a. A qualified health care professional who does not have a financial relationship with a qualified complex rehabilitation technology supplier.

b. A qualified complex rehabilitation technology professional.

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

5. A requirement for contracts with the department that managed care plans providing services to Medical Assistance recipients comply with this subsection and the rules promulgated under this subsection.

Vetoed In Part

6. Protection of access to complex rehabilitation technology for complex needs patients.

(c) This subsection is not intended to affect coverage of speech generating devices, including healthcare common procedure coding system codes E2500, E2502, E2504, E2506, E2508, E2510, E2511, E2512, and E2599, under the Medical Assistance program.

SECTION 931n. 49.46 (2) (b) 6. dm. of the statutes is created to read:

49.46 **(2)** (b) 6. dm. Subject to the requirements under s. 49.45 (9r), durable medical equipment that is considered complex rehabilitation technology, excluding speech generating devices.

SECTION 9120. Nonstatutory provisions; Health Services.

Vetoed In Part

(5h) COMPLEX REHABILITATION TECHNOLOGY.

(a) The department of health services shall submit in proposed form the rules required under section 49.45 (9r) of the statutes, including the rules described under paragraph (b), to the legislative council staff under section 227.15 (1) of the statutes no later than the first day of the 13th month beginning after the effective date of this paragraph.

(b) The department of health services shall include in the proposed rules submitted under paragraph (a) rules that designate the healthcare common procedure coding system codes that are used in the federal Medicare program for complex rehabilitation technology for the Medical Assistance program and are in accordance with section 49.45 (9r) of the statutes.

(c) The department of health services shall in the proposed rules exempt the codes designated from any bidding or selective contracting requirements.

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63. Exemption from the Nursing Home Bed Assessment

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Governor's written objections

Sections 969n, 969p and 969r

This provision creates an exemption for county−owned institutions for mental diseases and state licensed nursing homes, which are not certified to participate in Medicaid and Medicare, from the state nursing home bed assessment. The Department of Health Services is required to seek approval from the U.S. Department of Health and Human Services.

I am vetoing this provision because the practice would violate a Centers for Medicare and Medicaid Services requirement that the assessment be "broad based" in design and is therefore not allowable.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 969n. 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 969p. 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 969r. 50.14 (2d) of the statutes is created to read:

50.14 **(2d)** (a) The department shall request approval from the secretary of the federal department of health and human services for the state to allow an exemption from the assessment described under sub. (2) for county government−owned institutions for mental diseases and facilities that are state licensed but not certified to participate in the Medicaid or Medicare programs.

(b) To the extent approved by the federal department of health and human services under par. (a), 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, effective on July 1, 2017, or the date on which the state receives federal approval, whichever is later.

Vetoed In Part

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64. Childless Adult Employment and Training Waiver

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Governor's written objections

Section 928d

This section requires the Department of Health Services to submit a report to the Joint Committee on Finance no later than three months following final approval of the proposed Medicaid Childless Adult waiver, including the following: (a) a description of each component of the approved waiver, including information on the department's plan to implement; and (b) an estimate of the impact on Medical Assistance enrollment and the Medical Assistance budget.

The section further specifies that that the department may not implement the waiver unless the Joint Committee on Finance meets under s. 13.10 of the statutes to review the report and approves the waiver. Lastly, the Joint Committee on Finance may modify the waiver by removing certain components. The department is required to implement the waiver as approved by the Joint Committee on Finance and the department must submit a waiver amendment to the federal government with any changes made by the committee.

I am vetoing this section because I believe these requirements will infringe on the Department of Health Services' ability to negotiate a successful waiver with the Centers for Medicare and Medicaid Services. Further, I object to the creation of unnecessary and burdensome reporting requirements that could delay approval of the waiver, jeopardizing these reforms from being implemented.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 928d. 49.45 (23) (g) 3. and 4. of the statutes are created to read:

49.45 **(23)** (g) 3. If the secretary of the federal department of health and human services approves any portion of the waiver amendment requested under subd. 1., the department shall, no later than the first day of the 4th month beginning after that approval, submit to the joint committee on finance a report that includes all of the following:

a. A description of each component of the waiver amendment that is approved and any pertinent information on the department's plan for implementation.

b. An estimate of the effect of implementation of the approved portions of the waiver amendment on enrollment in and the budget of the Medical Assistance program in the fiscal biennium in which approval occurs and in future fiscal bienniums.

4. The department may not implement any approved portion of the waiver amendment requested under subd. 1. unless the joint committee on finance meets under s. 13.10 and approves the implementation of that portion of the waiver amendment. In a meeting under s. 13.10 to review the report submitted under subd. 3., the joint committee on finance may approve or disapprove of the

Vetoed In Part

Vetoed In Part waiver amendment portions that are approved by the federal department of health and human services or may modify the waiver amendment only by removing one or more components of the waiver amendment. The department may implement the waiver amendment only as approved by the joint committee on finance, including any modifications. The department shall, if necessary to implement the waiver amendment as modified by the joint committee on finance, submit a subsequent waiver amendment request to the federal department of health and human services that is consistent with the committee's actions. Vetoed In Part

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65. Family Care Funding

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Governor's written objections

Section 928r

This provision provides funding in the Joint Committee on Finance supplemental GPR appropriation and requires the Department of Health Services to work with both the Centers for Medicare and Medicaid Services as well as Family Care Managed Care Organizations to develop a payment mechanism to increase the direct care and services portion of the capitation rates paid to the managed care organizations.

The provision further requires the department to seek release of the funds under s. 13.10 upon the Centers for Medicare and Medicaid Services approval of such a payment mechanism and lastly requires the department to seek any required federal approval no later than December 31, 2017.

I support efforts aimed at increasing rates paid to direct care service providers. However, I believe the requirements of this provision to be administratively burdensome and am vetoing it in two ways. I am partially vetoing the provision to remove the date by which the department must seek federal approval for the rate methodology because I object to this burdensome timeline and believe the department should seek federal approval when it is appropriate to do so, and not at an arbitrary time.

Further, I am partially vetoing the provision to remove the requirement for the department to seek funds under s. 13.10 because I believe it is administratively burdensome. As a result, the supplement of funds to implement this provision will be made from the appropriation under s. 20.865 (4) (a) without the approval of the Joint Committee on Finance.

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Cited segments of 2017 Assembly Bill 64:

SECTION 928r. 49.45 (47m) of the statutes is created to read:

49.45 **(47m)** FAMILY CARE FUNDING.

Vetoed In Part (c) By December 31, 2017, the department shall seek any federal approval necessary from the federal centers for Medicare and Medicaid services to implement the payment mechanism developed under par. (b).

(d) The department may not implement the plan developed under this subsection unless the department Vetoed In Part receives federal approval under par. (c) . The department may submit one or more requests to the joint committee on finance under s. 13.10 to supplement the appropriation under s. 20.435 (4) (b) from the appropriation under s. 20.865 (4) (a) for implementation of the payment mechanism under par. (b). The department may only use moneys for the payment mechanism under par. (b) if the joint committee on finance approves the request under this paragraph . Notwithstanding s. 13.101, the joint committee on finance is not required to find that an emergency exists before making a supplementation under this paragraph. Vetoed In Part Vetoed In Part Vetoed In Part

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66. Family Care Partnership Program

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Governor's written objections

Section 9120 (4k)

This section directs the Department of Health Services to submit a waiver to the Centers for Medicare and Medicaid Services to expand the Family Care Partnership Program statewide. The department is further required to submit a plan to

expand the program to the Joint Committee on Finance within 60 days of federal approval. Lastly, should the waiver request be denied by the federal government, the section requires the department to submit a report to the Joint Committee on Finance detailing the reasons why the waiver request was denied.

I am vetoing this section because a waiver request is not necessary to expand the Family Care Partnership Program and I object to the creation of this unnecessary and burdensome process. However, I support expansion of the Family Care Partnership Program and am directing the department to explore expansion opportunities throughout the state.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 9120. Nonstatutory provisions; Health Services.

(4k) FAMILY CARE PARTNERSHIP PROGRAM. By December 31, 2017, the department of health services shall submit a request for a waiver of federal Medicaid law to the federal department of health and human services to expand the Family Care Partnership program, as described in section 49.496 (1) (bk) 3. of the statutes, statewide. If the federal department of health and human services approves the request, the department of health services shall, within 60 days of receiving notice of the approval, submit a plan for expansion of the Family Care Partnership program following the guidelines in the waiver to the joint committee on finance for approval. The department of health services may expand the Family Care Partnership program only as approved by the joint committee on finance. If the federal department of health and human services disapproves the request, the department of health services shall submit a report to the joint committee on finance describing the reasons the request was disapproved.

Vetoed In Part

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67. Self−Directed Services Waiver for Postsecondary Education

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Governor's written objections

Section 747w

This section requires the Department of Health Services to request a federal home and community−based services waiver to provide Medicaid coverage for services provided to individuals with developmental disabilities receiving postsecondary education on the grounds of a health care institution. If the waiver is approved, the department shall limit the coverage to 100 individuals per month and shall determine the funding for each participant based on the benefit levels for the Include, Respect, I Self−Direct (IRIS) waiver program.

I am vetoing this section because these requirements are substantially similar to current law provisions directing the department to request a waiver. The federal government has indicated the provisions are not permitted under federal regulations and law regarding Medicaid home and community−based services.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 747w. 46.2899 (2), (3) and (4) of the statutes are amended to read:

46.2899 **(2)** WAIVER PROGRAM. The department shall request a waiver, or a modification of a waiver, from the federal centers for medicare and medicaid services in order to receive the federal medical assistance percentage for home−based and community−based services provided to individuals who are developmentally disabled and who received post−secondary education on the grounds of health care institutions. If the waiver or modification of the waiver is approved, the department shall operate a waiver program to provide those services to no more than 100 individuals per month per year.

(3) ELIGIBILITY. The department shall consider as eligible for the waiver program described under sub. (2) only individuals who are receiving post−secondary education in a setting that is distinguishable from the health care institution. The department shall set the financial eligibility requirements and functional eligibility requirements for the waiver program described under sub. (2) the same as the financial eligibility requirements and functional eligibility requirements for the self−directed services option except for the requirement to be an individual who is developmentally disabled and who is receiving post−secondary education on the grounds of a health care institution.

Vetoed In Part

Vetoed In Part

(4) SERVICES AND BENEFITS. The department shall provide the same services under the waiver program described in sub. (2) as it provides under the self−directed services option. The department shall determine the funding amount for a waiver program participant under this section based on what the individual would receive if enrolled in the self−directed services option.

Vetoed In Part

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68. Nursing Home Bed Licenses

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Governor's written objections

Section 9120 (5b)

This provision requires the Department of Health Services to increase by 18 the number of licensed nursing home beds for a nursing facility that meets the following requirements: (a) has a bed capacity of no more than 30 on the effective date of the bill, (b) is in a county with a population of at least 27,000 with the population of the county seat no more than 9,200 and the home county is adjacent to a county with a population of at least 20,000 on the effective date of the bill, and (c) has requested the increase in its licensed beds through a notice to the department that includes the applicant's per diem and operating and capital rates. The provision further requires the department to approve an application from a nursing home under this provision within one month of receiving the application. The provision also requires the department to develop a policy which nursing homes may use to apply for, and receive approval of, the transfer of available and licensed nursing home beds. Lastly, the provision requires the department to report to the Joint Committee on Finance no later than July 1, 2018, with details of the developed policies.

I am vetoing this provision because there is a current law process by which nursing homes can transfer licensed beds and I object to the creation of this redundant process. I further object to the increase in the number of licensed nursing home beds which is a deviation from the department's long−standing nursing home bed moratorium and the decades−long trend toward community−based long−term care. However, I understand the issues facing the nursing home industry and direct the department to work with stakeholders to identify any alternatives available to increase a nursing home's licensed bed count.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9120. Nonstatutory provisions; Health Services.

Vetoed In Part

(5b) NURSING HOME BED LICENSES.

(a) In this subsection, "nursing home" has the meaning given in section 50.01 (3) of the statutes.

(b) Notwithstanding sections 150.33, 150.35, and 150.39 of the statutes, from the nursing home beds that are available under section 150.31 of the statutes, the department of health services shall, following submission of the application under paragraph (c), redistribute 18 beds to a nursing home that satisfies all of the following:

1. On the effective date of this subdivision, it has a licensed bed capacity of no more than 30.

2. On the effective date of this subdivision, it is located in a county that has a population of at least 27,000, with the population of the county seat of no more than 9,200, and that is adjacent to a county with a population of at least 20,000.

Vetoed In Part

3. It has requested the increase in the number of its licensed beds through a notice to the department of health services that includes its per diem operating and capital rates.

(c) The department of health services shall approve an application from a nursing home that meets the qualifications under paragraph (b) within 30 days after the department of health services receives the application.

(d) 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. The department of health services

Vetoed In Part shall submit a report on the resulting policy to the joint committee on finance no later than July 1, 2018.

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69. Intensive Care Coordination Pilot Program

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Governor's written objections

Sections 928g, 2249e and 2249g

These provisions provide one−time funding for the Department of Health Services to fund an intensive care coordination pilot project. The pilot would reimburse hospitals and health care systems for intensive care coordination services provided to Medical Assistance (MA) recipients.

The department is required to select eligible hospitals and health care systems to receive reimbursement under the program that submit a description of their programs to the department that meets the following: (a) the entity uses emergency department utilization data to identify MA recipients in order to reduce the use of the emergency department; (b) the entity identifies MA recipients who frequently visit the emergency room; (c) the entity has an intensive care coordination team; (d) the entity provides MA recipients with discharge instructions, referral information, appointment scheduling and intensive care coordination by a coordination individual to connect the MA recipient to a primary care provider; and (e) the intensive care coordination by the entity is designed to result in outcomes during the six−month or 12−month period.

The department is required to respond to the entity if additional information is required to determine eligibility and provide a description for enrolling MA recipients. The department is also required to reimburse the entity for enrollment in the program at $500 per MA recipient with an option for one additional six−month period for additional $500 reimbursement payment.

Entities that are eligible for reimbursement under this program are required to report, for each of the two years of the pilot program, to the department all of the following: (a) the number of MA recipients served by intensive care coordination; (b) for each MA recipient, the number of emergency department visits for a time period before enrollment of that recipient in intensive care coordination and the number of emergency department visits for the same recipient during the same period after enrollment in intensive care coordination; and (c) any demonstrated outcomes.

The department is required to calculate the costs saved to the MA program by avoiding emergency department visits and distribute half the amount to the hospital or health care system if the calculation is positive.

The department is required to submit a report to the Joint Committee on Finance no later than 24 months after the date on which the first hospital or health care system is able to enroll individuals.

Finally, the department is required to obtain any necessary approval from the federal Department of Health and Human Services.

Overuse of the emergency room system leads to needless expense, crowding and reduced access to those individuals in need of true emergency services. I support efforts to reduce emergency overuse. However, I am vetoing this provision because I believe efforts to address this systemic problem should be broad−based and not aimed at one or two health care systems. Further, I believe that incentives of this nature should be tied to performance in order to best utilize taxpayer dollars and ensure the best outcomes for program participants. Lastly, Wisconsin has a strong history of managed care and a pilot of this nature reverts back to a fee−for−service and more costly payment model.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part **SECTION 928g.** 49.45 (26g) of the statutes is created to read:

49.45 **(26g)** INTENSIVE CARE COORDINATION PROGRAM. (a) Subject to par. (h), the department shall create and implement a program to reimburse hospitals and health care systems for intensive care coordination services provided to recipients of Medical Assistance under this subchapter who are not enrolled in coverage under Medicare, 42 USC 1395 et seq.

(b) The department shall select hospitals and health care systems to receive reimbursement under this subsection that submit to the department a description of their **Vetoed In Part**

Vetoed In Part

intensive care coordination program that includes all of the following:

1. A statement that the hospital or health care system will use emergency department utilization data to identify recipients of Medical Assistance to receive intensive care coordination to reduce use of the emergency department by those Medical Assistance recipients.

2. The method the hospital or health care system uses to identify for intensive care coordination a Medical Assistance recipient who uses the emergency department frequently. The hospital or health care system shall specify how it defines frequent emergency department use and may use criteria such as whether a recipient of Medical Assistance visits the emergency room 3 or more times within 30 days, 6 or more times within 90 days, or 7 or more times within 12 months.

3. A description of the hospital's or health care system's intensive care coordination team consisting of health care providers other than solely physicians, such as nurses; social workers, case managers, or care coordinators; behavioral health specialists; and schedulers.

4. That the hospital or health care system provides to a Medical Assistance recipient enrolled in intensive care coordination through the hospital or health care system all of the following, as appropriate to his or her care:

a. Discharge instructions and contacts for following up on care and treatment.

b. Referral information.

c. Appointment scheduling.

d. Medication instructions.

e. Intensive care coordination by a social worker, case manager, or care coordinator to connect the Medical Assistance recipient to a primary care provider or to a managed care organization.

f. Information about other health and social resources, such as transportation and housing.

5. The outcomes intended to result from intensive care coordination by the hospital or health care system. Outcomes for a Medical Assistance recipient during a 6−month or 12−month period may include successful connection to primary care or the managed care organization as evidenced by 2 or 3 primary care appointments, successful connection to behavioral health resources and alcohol and other drug abuse resources, as needed, or a decrease in use of the emergency room.

(c) The department shall do all of the following:

1. Respond to the hospital or health care system indicating if additional information is required to determine eligibility for the reimbursement program under this subsection.

2. If the hospital or health care system is eligible for the reimbursement program under this subsection, provide a description of the process for enrolling Medical Assistance recipients in intensive care coordination for reimbursement.

(d) The department shall provide as reimbursement for intensive care coordination to eligible hospitals and health care systems participating in the program under this subsection $500 for each Medical Assistance recipient who is not enrolled in coverage under Medicare, 42 USC 1395 et seq., the hospital or health care system enrolls in intensive care coordination. The initial enrollment for each recipient lasts for 6 months, and the health care provider may enroll the Medical Assistance recipient in one additional 6−month period for an additional $500 reimbursement payment. The department shall pay no more than $1,500,000 cumulatively in each fiscal year from all funding sources for reimbursements under this paragraph.

Vetoed In Part

(e) Annually, each hospital and health care system that is eligible for the reimbursement program under this subsection shall submit a report to the department containing all of the following:

1. The number of Medical Assistance recipients served by intensive care coordination.

2. For each Medical Assistance recipient who is not enrolled in coverage under Medicare, 42 USC 1395 et seq., the number of emergency department visits for a period before enrollment of that recipient in intensive care coordination and the number of emergency department visits for the same recipient during the same period after enrollment in intensive care coordination.

3. Any demonstrated outcomes, such as those described in par. (b) 5., for Medical Assistance recipients.

(f) For each hospital or health care system eligible for the reimbursement program under this subsection, the department shall calculate the costs saved to the Medical Assistance program by avoiding emergency department visits by subtracting the sum of reimbursements made under par. (d) to the hospital or health care system from the sum of costs of visits to the emergency department as reported under par. (e) 2. that were expected to occur without intensive care coordination. If the result of the calculation is positive, the department shall distribute half of the amount saved to the hospital or health care system subject to par. (h).

(g) No later than 24 months after the date on which the first hospital or health care system is able to enroll individuals in the intensive care coordination program under this subsection, the department shall submit a report to the joint committee on finance summarizing the information reported under par. (e) including the costs saved by avoiding emergency department visits as calculated under par. (f).

(h) The department shall seek any necessary approval from the federal department of health and human services to implement the program under this subsection. If the federal department of health and human services disapproves the request for approval, the department may implement the reimbursement under par. (d),

Vetoed In Part

the savings distribution under par. (f), or both or any part of the program under this subsection.

SECTION 2249e. 946.91 (3) (c) 3. of the statutes is created to read:

946.91 **(3)** (c) 3. Any payment made for sharing of cost savings under s. 49.45 (26g).

SECTION 2249g. 946.93 (5) (c) 3. of the statutes is created to read:

946.93 **(5)** (c) 3. Any payment made for sharing of cost savings under s. 49.45 (26g).

Vetoed In Part

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70. Clinical Consultations

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Governor's written objections

Section 928h

This provision requires the Department of Health Services to provide reimbursement for clinical consultations under the Medical Assistance program. This provision defines "clinical consultation" as, for a student up to age 21, communication from a mental health professional, or qualified treatment trainee working under the supervision of a mental health professional, to another individual who is working with the client to inform, inquire and instruct regarding all of the following and to direct and coordinate clinical service components: (a) the client's symptoms, (b) strategies for effective engagement, care and intervention for the client, and (c) treatment expectations for the client across service settings. The department is required to report on utilization of these services, to the Joint Committee on Finance, by March 31, 2019. This provision is repealed effective June 30, 2019.

I am partially vetoing this provision to remove the report on utilization of services because I believe this report is administratively burdensome.

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Cited segments of 2017 Assembly Bill 64:

SECTION 928h. 49.45 (29y) of the statutes is created to read:

49.45 **(29y)** MENTAL HEALTH CONSULTATION REIMBURSEMENT.

Vetoed In Part

(c) By March 31, 2019, the department shall submit a report to the joint committee on finance on the utilization of the clinical consultation services under this subsection.

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71. Emergency Physician Services and Reimbursement Workgroup

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Governor's written objections

Section 9120 (5f)

This provision establishes a workgroup to examine and make recommendations regarding medical services provided in hospital emergency departments to Medical Assistance recipients. The workgroup is to focus on aspects of the healthcare system involving emergency care, specifically patient care practices, medication use and prescribing practices, billing and coding administration, organization of health care delivery systems, care coordination, patient financial incentives, and any other aspects the workgroup finds appropriate.

This provision specifies the workgroup to include: (a) two physicians practicing in Wisconsin representing a statewide physician−member organization of emergency physicians; (b) two representatives of the Division of Medicaid Services, with experience in emergency physician services, codes and payment; (c) one representative who is a hospital emergency department administrator employed by a Wisconsin hospital or hospital−based health system; and (d) one coding/billing specialist from an organization with expertise in the business of emergency medicine that contracts with emergency physicians practicing in Wisconsin.

The provision requires the workgroup to meet no later than 60 days after the effective date of the bill and at least every 45 days following until a consensus of the workgroup has established a set of recommendations. The workgroup is to report its finding to the Joint Committee on Finance no later than September 1, 2018.

I am vetoing this provision because it is duplicative of current managed care and care coordination efforts in the Department of Health Services. I direct the department to continue its efforts.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 9120. Nonstatutory provisions; Health Services.

(5f) EMERGENCY PHYSICIAN SERVICES AND REIMBURSEMENT WORKGROUP.

(a) Under section 15.04 (1) (c) of the statutes, the department of health services shall establish a committee to examine medical services provided in hospital emergency departments to Medical Assistance recipients and make recommendations regarding potential savings in these services and increases to Medical Assistance reimbursement for emergency physician services. To the extent the committee determines appropriate, the committee may examine aspects of the healthcare system involving emergency care, including patient care practices, medication use and prescribing practices, billing and coding administration, organization of health care delivery systems, care coordination, patient financial incentives, and other aspects.

(b) The committee under paragraph (a) shall consist of all of the following members appointed by the secretary of health services:

1. Two physicians practicing in Wisconsin representing a statewide physician−member organization of emergency physicians.

2. Two representatives of the division of the department of health services that addresses Medical Assistance services, with experience in emergency physician services, codes, and payment.

3. One representative who is a hospital emergency department administrator employed by a Wisconsin hospital or hospital−based health system.

4. One coding and billing specialist from an organization with expertise on and in the business of emergency medicine that contracts emergency physicians practicing in Wisconsin.

(c) The committee may solicit input from others as it determines is necessary and appropriate.

(d) The committee under this subsection must first convene no later than 60 days after the effective date of this paragraph and meet at least every 45 days until arriving at a set of recommendations.

(e) The committee shall report its findings and recommendations to the joint committee on finance no later than September 1, 2018, and each recommendation must be made on the basis of a consensus of the committee.

Vetoed In Part

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72. Youth Crisis Stabilization Facility

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Governor's written objections

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

These provisions create two new facilities for serving individuals with mental health needs. First, these provisions modify the Governor's budget initiative to allow the Department of Health Services to make transfers from its program revenue appropriation that funds the general operations of the state mental health institutes by transferring $450,000 PR in fiscal year 2018−19 on a one−time basis to a new program revenue, all moneys received appropriation for the purpose of contracting for a peer−run respite center for veterans in the Milwaukee area.

Further, these provisions modify language included in the Governor's budget to establish a youth crisis stabilization facility eliminating funding from the department and requiring the department to submit a request under s. 13.10 to the Joint Committee on Finance for release of funds allocated for youth crisis stabilization grants. The provisions require the department to submit any such request to the Joint Committee on Finance prior to the department soliciting proposals and allows the Committee to approve or modify and approve any plan submitted for review. A new sum certain appropriation is created in the department to receive any approved transfer of authority from the Committee and fund the costs of the facility.

These provisions also require the department to include in its 2019−21 budget request, a proposal to provide ongoing GPR funding for both the peer−run respite center for veterans as well as the youth crisis stabilization facility.

Finally, both the new appropriation for the peer−run respite center for veterans as well as the appropriation for the crisis stabilization facility are repealed at the end of the biennium, as is the authority to transfer any balances from the state operations for the mental health institutes appropriation for these purposes.

I believe both a youth crisis stabilization facility and a peer−run respite center for veterans are important tools for the department to support and treat individuals with complex mental health needs and potentially significant mental health crises. I object to the overly burdensome requirements laid out in the bill and believe they will impede the ability for the department to negotiate and enter into contracts for both services, thereby delaying critical treatment options for some of Wisconsin's most vulnerable citizens. In order to give the department full flexibility in implementing these important programs, I am partially vetoing the provisions in the following ways.

First, I am partially vetoing section 183 [as it relates to s. 20.435 (5) (kd)] and vetoing section 379j to remove the appropriation for the youth crisis stabilization facility. Further, I am vetoing section 9120 (1b) to remove any requirements for the department to seek funding from the Joint Committee on Finance to implement this program. I object to this overly burdensome process and believe this type of treatment center should be implemented as soon as the department believes it is feasible to do so. I am also partially vetoing section 183 [as it relates to s. 20.865 (4) (g)] by lining out the appropriation and writing in a smaller amount that reduces the appropriation by $1,245,500 in fiscal year 2017−18. I am also requesting the Department of Administration secretary to not allot these funds.

Next, I am partially vetoing section 183 [as it relates to s. 20.435 (5) (kp)] related to the peer−run respite center for veterans by striking the words "veterans peer−run respite" from the title of the appropriation to broaden its scope in order to fund both the peer−run respite center for veterans and a youth crisis stabilization center. I am also partially vetoing section 379p to further broaden the scope of the appropriation. However, I direct the department to expend at least $450,000 PR for a peer−run respite center for veterans and at least $1,245,500 PR for a youth crisis stabilization facility, consistent with the amounts approved for each by the Legislature.

Further, I am partially vetoing section 377 to allow sufficient funding to be transferred from the appropriation funding operations of the mental health institutes to fund the youth crisis stabilization facility and the peer−run respite center for veterans.

Lastly, I am vetoing the remaining provisions to ensure ongoing funding for both the peer−run respite center and the youth crisis stabilization facility.

I believe these changes will allow the department to implement these important mental health treatment options in the most efficient manner possible.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE		SOURCE	TYPE	2017−2018	2018−2019	
20.435 Health Services, Department of						
(5)	CARE AND TREATMENT SERVICES					
(kd)	Youth crisis stabilization facilities	PR−S	A	−0−	−0−	**Vetoed In Part**
(kp)	Veterans peer−run respite center	PR−S	C	−0−	450,000	
20.865 Program Supplements						
(4)	JOINT COMMITTEE ON FINANCE SUPPLEMENTAL APPROPRIATIONS					
(g)	Program revenue funds general program supplementation	PR	S	3,445,500 **2,200,000**	2,200,000	**Vetoed In Part**

SECTION 377. 20.435 (2) (gk) of the statutes, as affected by 2015 Wisconsin Act 55, is amended to read:

20.435 **(2)** (gk) *Institutional operations and charges*. The amounts in the schedule for care, other than under s. 51.06 (1r), provided by the centers for the developmentally disabled, to reimburse the cost of providing the services and to remit any credit balances to county departments that occur on and after July 1, 1978, in accordance with s. 51.437 (4rm) (c); for care, other than under s. 46.043, provided by the mental health institutes, to reimburse the cost of providing the services and to remit any credit balances to county departments that occur on and after January 1, 1979, in accordance with s. 51.42 (3) (as) 2.; for maintenance of state−owned housing at centers for the developmentally disabled and mental health institutes; for repair or replacement of property damaged at the mental health institutes or at centers for the developmentally disabled; ~~and~~ for reimbursing the total cost of using, producing, and providing services, products, and care; and to transfer to the appropriation account under sub. (5) (kp) $450,000 in fiscal year 2018−19 for funding **Vetoed In Part**

Vetoed In Part

peer−run respite centers for veterans . All moneys received as payments from medical assistance on and after August 1, 1978; as payments from all other sources including other payments under s. 46.10 and payments under s. 51.437 (4rm) (c) received on and after July 1, 1978; as medical assistance payments, other payments under s. 46.10, and payments under s. 51.42 (3) (as) 2. received on and after January 1, 1979; as payments for the rental of state−owned housing and other institutional facilities at centers for the developmentally disabled and mental health institutes; for the sale of electricity, steam, or chilled water; as payments in restitution of property damaged at the mental health institutes or at centers for the developmentally disabled; for the sale of surplus property, including vehicles, at the mental health institutes or at centers for the developmentally disabled; and for other services, products, and care shall be credited to this appropriation, except that any payment under s. 46.10 received for the care or treatment of patients admitted under s. 51.10, 51.15, or 51.20 for which the state is liable under s. 51.05 (3), of forensic patients committed under ch. 971 or 975, admitted under ch. 975, or transferred under s. 51.35 (3), or of patients transferred from a state prison under s. 51.37 (5), to the Mendota Mental Health Institute or the Winnebago Mental Health Institute shall be treated as general purpose revenue — earned, as defined under s. 20.001 (4); and except that moneys received under s. 51.06 (6) may be expended only as provided in s. 13.101 (17).

Vetoed In Part

SECTION 377b. 20.435 (2) (gk) of the statutes, as affected by 2017 Wisconsin Act .... (this act), is amended to read:

20.435 **(2)** (gk) *Institutional operations and charges.* The amounts in the schedule for care, other than under s. 51.06 (1r), provided by the centers for the developmentally disabled, to reimburse the cost of providing the services and to remit any credit balances to county departments that occur on and after July 1, 1978, in accordance with s. 51.437 (4rm) (c); for care, other than under s. 46.043, provided by the mental health institutes, to reimburse the cost of providing the services and to remit any credit balances to county departments that occur on and after January 1, 1979, in accordance with s. 51.42 (3) (as) 2.; for maintenance of state−owned housing at centers for the developmentally disabled and mental health institutes; for repair or replacement of property damaged at the mental health institutes or at centers for the developmentally disabled; and for reimbursing the total cost of using, producing, and providing services, products, and care~~; and to transfer to the appropriation account under sub. (5) (kp) $450,000 in fiscal year 2018−19 for funding peer−run respite centers for veterans~~. All moneys received as payments from medical assistance on and after August 1, 1978; as payments from all other sources including other payments under s. 46.10 and payments under s. 51.437 (4rm) (c) received on and after July 1, 1978; as medical assistance payments, other payments under s. 46.10, and payments under s. 51.42 (3) (as) 2. received on and after January 1, 1979; as payments for the rental of state−owned housing and other institutional facilities at centers for the developmentally disabled and mental health institutes; for the sale of electricity, steam, or chilled water; as payments in restitution of property damaged at the mental health institutes or at centers for the developmentally disabled; for the sale of surplus property, including vehicles, at the mental health institutes or at centers for the developmentally disabled; and for other services, products, and care shall be credited to this appropriation, except that any payment under s. 46.10 received for the care or treatment of patients admitted under s. 51.10, 51.15, or 51.20 for which the state is liable under s. 51.05 (3), of forensic patients committed under ch. 971 or 975, admitted under ch. 975, or transferred under s. 51.35 (3), or of patients transferred from a state prison under s. 51.37 (5), to the Mendota Mental Health Institute or the Winnebago Mental Health Institute shall be treated as general purpose revenue — earned, as defined under s. 20.001 (4); and except that moneys received under s. 51.06 (6) may be expended only as provided in s. 13.101 (17).

Vetoed In Part

SECTION 379j. 20.435 (5) (kd) of the statutes is created to read:

20.435 **(5)** (kd) *Youth crisis stabilization facilities.* The amounts in the schedule for the purposes of providing grants to youth crisis stabilization facilities under s. 51.042. All moneys transferred by the joint committee on finance through the appropriation account under s. 20.865 (4) (g) shall be credited to this appropriation account.

SECTION 379k. 20.435 (5) (kd) of the statutes, as created by 2017 Wisconsin Act .... (this act), is repealed.

SECTION 379p. 20.435 (5) (kp) of the statutes is created to read:

Vetoed In Part

20.435 **(5)** (kp) *Veterans peer−run respite center.* All moneys transferred from the appropriation account under sub. (2) (gk) to make payments to an organization that establishes a peer−run respite center that provides services to veterans .

Vetoed In Part

Vetoed In Part

SECTION 379r. 20.435 (5) (kp) of the statutes, as created by 2017 Wisconsin Act .... (this act), is repealed.

SECTION 752b. 46.48 (32) of the statutes, as affected by 2017 Wisconsin Act .... (this act), is amended to read:

46.48 **(32)** PEER−RUN RESPITE CENTER CONTRACTS. The department shall contract with a peer−run organization to establish peer−run respite centers for individuals experiencing mental health conditions or substance abuse. ~~Notwithstanding sub. (1), the department may make payments to an organization that establishes~~

Vetoed In Part ~~peer−run respite centers that provide services to veterans from the appropriation under s. 20.435 (5) (kp).~~

SECTION 9120. Nonstatutory provisions; Health Services.

Vetoed In Part (1b) SUPPLEMENT FOR YOUTH CRISIS STABILIZATION FACILITIES. During the 2017−19 fiscal biennium, the department of health services may submit one or more requests to the joint committee on finance under section 13.10 of the statutes to supplement the appropriation under section 20.435 (5) (kd) of the statutes in a total of no more than $1,245,500 from the appropriation account under section 20.435 (2) (gk) of the statutes for the purpose of providing one or more grants to a youth crisis stabilization facility under section 51.042 of the statutes. In a submission under this subsection, the department of health services shall describe its plan for distributing grant moneys, including the conditions the department would specify for the expenditure of grant moneys and the criteria the department proposes to use for selecting grantees. The department of health services may not issue a request for proposals to award grants to a youth crisis stabilization facility until the joint committee on finance approves or modifies and approves the department's plan under this subsection. Vetoed In Part

SECTION 9420. Effective dates; Health Services.

Vetoed In Part (3t) YOUTH CRISIS STABILIZATION FACILITY. The repeal of section 20.435 (5) (kd) of the statutes takes effect on July 1, 2019.

(4f) PEER−RUN RESPITE CENTER FOR VETERANS. The treatment of sections 20.435 (2) (gk) (by SECTION 377b) and 46.48 (32) (by SECTION 752b) of the statutes and the repeal of section 20.435 (5) (kp) of the statutes take effect on July 1, 2019.

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73. Disposition of Surplus Revenue Balance in the Mental Health Institutes Appropriation

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Governor's written objections

Section 744av

This provision requires the Department of Health Services, at the close of each even−numbered fiscal year, to provide county and tribal human services agencies with the unencumbered balance in the program revenue appropriation account for the state mental health institutes. If this amount exceeds 17 percent of the expenditures from the appropriation in the even−numbered year, the department must include a spending plan for the balance in its next biennial budget request. The department is required to consult with county human services agencies in developing the proposal.

While consultation between the Department of Health Services and counties is an integral part to setting policy, I am vetoing this provision as I believe it is overly burdensome for the agency and encroaches on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature. In addition, these consultations already occur without a statutory requirement.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part **SECTION 744av.** 46.03 (1m) of the statutes is created to read:

46.03 **(1m)** INSTITUTE APPROPRIATION SURPLUS. After June 30 of each even−numbered fiscal year, determine the unencumbered amount remaining in the appropriation account under s. 20.435 (2) (gk) and provide this information to county and tribal human services departments. If the unencumbered amount in the appropriation account under s. 20.435 (2) (gk) on June 30 of an even−numbered fiscal year exceeds 17 percent over the amount of expenditures made during the even−numbered fiscal year, the department shall consult with county and tribal human services departments to develop a proposal for the use of that excess amount. The department shall submit the proposal for use of the excess amount, if an excess amount exists, in its next biennial budget request. Vetoed In Part

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74. Office of Children's Mental Health Travel Reimbursement

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Governor's written objections

Section 392c

This provision requires the Department of Health Services to fund, from within its base resources in its GPR general administration appropriation, travel reimbursements for individuals with firsthand mental health experience to participate in Office of Children's Mental Health meetings.

I am vetoing this provision because the Department of Health Services has the ability to provide funding for this purpose and so the authorization in statute for the department to fund these costs is duplicative and unnecessary.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 392c. 20.435 (8) (a) of the statutes is amended to read:

20.435 **(8)** (a) *General program operations.* The amounts in the schedule for executive, management and policy and budget services and activities, and for travel reimbursement for families with firsthand experience with children's mental health services who participate in meetings arranged by the office of children's mental health.

Vetoed In Part

Department of Veterans Affairs

75. Veterans Trust Fund and State Veterans Homes

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Governor's written objections

Sections 739qg, 739qm, 9149 (1f) and 9149 (1g)

These provisions make a series of changes to the Wisconsin Department of Veterans Affairs veterans trust fund and State Veterans Homes. Under these provisions, the Department of Veterans Affairs is prohibited from making any transfer from the unencumbered program revenue balance of the Veterans Homes to the veterans trust fund unless the transfer has been approved by the Joint Committee on Finance.

The Department of Veterans Affairs is required to prepare a report that contains all of the following: (a) a description and analysis of the administrative costs supported by the veterans trust fund and veterans home revenue; (b) proposes any changes to the department's programs, administrative structure or position level and salaries to increase efficiency or lower administrative costs; and (c) proposes two long−term plans to maintain solvency of the veterans trust fund, one of which allows for transfers from the homes and one of which uses no such transfers.

Further, these sections require the department to submit proposed changes to VA 6 of the Administrative Code to include a formula for calculating private pay rates for nursing home and assisted living care at Veterans Homes and to clearly define rate−setting terms. Further, the department is required to submit a report to the Joint Legislative Audit Committee and the Joint Committee on Finance by January 1, 2018, on the cash balance in the Veterans Home program revenue appropriation it believes is appropriate to maintain, and its efforts to develop, and routinely update, a detailed plan for the management and proposed use of the cash balance.

Finally, under these sections the department is required to submit a report to the Joint Legislative Audit Committee and the Joint Committee on Finance by January 1, 2018, on its efforts to (a) establish a systematic process for comprehensively identifying and assessing the capital−related project needs for the State Veterans Homes, and (b) the use of this information to complete a ten−year facilities plan for the Veterans Homes and to help develop its required six−year facilities plans in the future.

I am vetoing these provisions because I object to the creation of a series of additional mandated reports which are administratively burdensome and redirects valuable staff time away from care for veterans. Further, I believe these requirements encroach on the executive branch's responsibility to manage state agency programs within the statutes and funding levels set by the Legislature.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 739qg. 45.57 (1) of the statutes is renumbered 45.57 (1) (a) and amended to read:

45.57 **(1)** (a) ~~The~~ Subject to par. (b), the department may transfer all or part of the unencumbered balance of

Vetoed In Part

Vetoed In Part

any of the appropriations under s. 20.485 (1) (g), (gd), (gk), or (i) to the veterans trust fund or to the veterans mortgage loan repayment fund.

SECTION 739qm. 45.57 (1) (b) of the statutes is created to read:

45.57 **(1)** (b) Before transferring all or part of an appropriation balance under par. (a), the department shall notify the joint committee on finance in writing of the proposed balance transfer. If the cochairpersons of the committee do not notify the department within 14 working days after the date of the department's notification that the committee has scheduled a meeting for the purpose of reviewing the proposed balance transfer, the balance transfer may be made as proposed by the department. If, within 14 working days after the date of the department's notification, the cochairpersons of the committee notify the department that the committee has scheduled a meeting for the purpose of reviewing the proposed balance transfer, the balance may be made only upon approval of the committee.

SECTION 9149. Nonstatutory provisions; Veterans Affairs.

Vetoed In Part

(1f) VETERANS TRUST FUND REPORT. No later than January 1, 2018, the department of veterans affairs shall submit a report to the joint committee on finance that includes all of the following:

(a) A description and analysis of the department's administrative costs supported by the veterans trust fund.

(b) A description and analysis of the department's administrative costs supported by revenue generated from Wisconsin veterans homes.

(c) The department's proposals for changes to the department's programs, administrative structure, or position levels and salaries to increase efficiency or lower administrative costs.

(d) The following proposals:

1. A proposed long−term plan to maintain the solvency of the veterans trust fund that includes the use of transfers from appropriations for Wisconsin veterans homes.

2. A proposed long−term plan to maintain the solvency of the veterans trust fund that does not include the use of transfers from appropriations for Wisconsin veterans homes.

Vetoed In Part

(1g) RESPONSE TO AUDIT. The department of veterans affairs shall do all of the following to implement the recommendations contained in the legislative audit bureau's Report 17−8 relating to the Wisconsin Veterans Home at King:

(a) Promulgate rules amending chapter VA 6 of the Wisconsin Administrative Code to establish a formula for calculating private pay rates for nursing home and assisted living care at Wisconsin veterans homes and that clearly define rate−setting terms, including "costs of care" under section VA 6.01 (16) of the Wisconsin Administrative Code. The department shall present the statement of scope of the rules required under this paragraph to the governor for approval under section 227.135 (2) of the statutes no later than July 1, 2018.

(b) No later than July 1, 2018, submit a report to the joint committee on finance and the joint legislative audit committee that includes all of the following:

1. The cash balance the department believes is appropriate to maintain in the appropriation account under section 20.485 (1) (gk) of the statutes.

2. A description of the department's effort to develop and routinely update a detailed plan for the management and proposed use of the cash balance in the Wisconsin veterans home PR appropriation accounts.

(c) No later than July 1, 2018, submit a report to the joint committee on finance and the joint legislative audit committee that includes all of the following:

1. A description of the department's efforts to establish a systematic process for comprehensively identifying and assessing the capital−related project needs of all Wisconsin veterans homes.

2. A description of the department's efforts to use the information gathered under the process described in subdivision 1. to complete a 10−year facilities plan for the Wisconsin veterans homes and to help develop the department's required 6−year facilities plans in the future.

E. TAX, LOCAL GOVERNMENT AND ECONOMIC DEVELOPMENT

Budget Management

76. General Fund Structural Balance

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Governor's written objections

Section 140k

This section prohibits general fund net appropriations from exceeding general fund revenues in the second year of the fiscal biennium for every future Governor's budget bill submitted to the Legislature.

I am vetoing this section for several important reasons.

First, I am vetoing this section because I object to the unnecessary constraint that this provision places upon the Governor's budget recommendations. Prudent budgeting can, and has been, undertaken without this constraint. This unnecessary limitation would prohibit the Governor from recommending the return of excess funds at the beginning of the second year of a fiscal biennium to the people of Wisconsin through reduced taxes, increases in state aid or enhanced state programs.

Second, I am vetoing this section because it is poorly placed in the budget process and, consequently, can be expected to create unnecessary uncertainty for the funding of state programs. It is poorly placed because the Governor's budget recommendations are made prior to the final general fund revenue estimates used for budget passage that the Legislative Fiscal Bureau typically makes in May of each odd−numbered year. As a result, this section may generate unneeded angst regarding the funding of a wide variety of state aids and programs despite an expected excess balance in the state's general fund.

Third, I am vetoing this section because it establishes a standard contradictory to legislative action. This requirement would submit the Governor's budget to a constraint that the Legislature has explicitly excluded itself from in recent budgets, including this 2017−19 budget act.

Finally, I am vetoing this section because it forces the Executive Budget Bill to be incomplete, in that it cannot be fully tailored to address the state's fiscal circumstances. By prohibiting all Governors, both current and future, from having the current level of budget flexibility in making gubernatorial budget recommendations, it gives the Legislature an incomplete outline, direction and vision to move the state forward in the best manner possible just as the Legislature begins its budget deliberations.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 140k. 16.47 (1d) of the statutes is created to read:

16.47 **(1d)** The executive budget bill or bills shall satisfy the requirement applicable to bills adopted by the legislature under s. 20.003 (4m).

Vetoed In Part

General Fund Taxes

77. Refundable Business Tax Credit Claims

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Governor's written objections

Sections 1036h, 1036Lm, 1037bc, 1037bd, 1037be, 1037d, 1037e, 1037f, 1037g, 1037h, 1037i [as it relates to s. 71.07 (3wm) (c) and (d)], 1037t, 1037u, 1037v, 1037w, 1038g, 1038h, 1085ba, 1085bb, 1085bc, 1085bd, 1085be, 1085d, 1085e, 1085f, 1085g, 1085h, 1085i [as it relates to 71.28 (3wm) (c) and (d)], 1086b, 1086d, 1086e, 1086f, 1086g, 1086h, 1110ba, 1110bb, 1110bc, 1110bd, 1110be, 1110d, 1110e, 1110f, 1110g, 1110h, 1111b, 1111d, 1111e, 1111f, 1111g, 1111h, 1769v, 1779L, 1783q and 9150 (3t)

These provisions require that claims for credits awarded by the Wisconsin Economic Development Corporation must be filed with and paid by the corporation from the tax credit appropriations using policies and procedures developed by the corporation's board. In addition, these provisions require that credits earned by pass−through entities be claimed by the business entity itself rather than the individual owners of the business. Finally, these provisions specify that the corporation may recover such credits that have been revoked or that are otherwise invalid from either the pass−through entity or the entity's individual owners.

I am vetoing these provisions because I object to transferring these responsibilities from the Department of Revenue to the Wisconsin Economic Development Corporation, which may result in a diminution of internal controls that safeguard against incorrect payments. I appreciate the desire for efficiency by consolidating functions with the corporation, but the department has a well−established system to prevent incorrect payments of these credits that would be unnecessarily jeopardized by transferring these functions to the corporation.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1036h. 71.07 (3w) (b) (intro.) of the statutes is amended to read:

71.07 **(3w)** (b) *Filing claims; payroll.* (intro.) Subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.02 or 71.08~~ an amount calculated as follows:

SECTION 1036Lm. 71.07 (3w) (bm) 1. of the statutes is amended to read:

71.07 **(3w)** (bm) 1. In addition to the credits under par. (b) and subds. 2., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.02 or 71.08~~ an amount equal to a percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 100 percent, of the amount the claimant paid in the taxable year to upgrade or improve the job−related skills of any of the claimant's full−time employees, to train any of the claimant's full−time employees on the use of job−related new technologies, or to provide job−related training to any full−time employee whose employment with the claimant represents the employee's first full−time job. This subdivision does not apply to employees who do not work in an enterprise zone.

SECTION 1037bc. 71.07 (3w) (bm) 2. of the statutes is amended to read:

71.07 **(3w)** (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.02 or 71.08~~ an amount equal to the percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of the claimant's full−time employees whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality, not including the wages paid to the employees determined under par. (b) 1., or greater than $30,000 in a tier II county or municipality, not including the wages paid to the employees determined under par. (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if the total number of such employees is equal to or greater than the total number of such employees in the base year. A claimant may claim a credit under this subdivision for no more than 5 consecutive taxable years.

SECTION 1037bd. 71.07 (3w) (bm) 3. of the statutes is amended to read:

71.07 **(3w)** (bm) 3. In addition to the credits under par. (b) and subds. 1., 2., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., for taxable years beginning after December 31, 2008, a claimant may claim as a credit ~~against the tax imposed under s. 71.02 or 71.08~~ up to 10 percent of the claimant's significant capital expenditures, as determined under s. 238.399 (5m) or s. 560.799 (5m), 2009 stats.

Vetoed In Part

SECTION 1037be. 71.07 (3w) (bm) 4. of the statutes is amended to read:

71.07 **(3w)** (bm) 4. In addition to the credits under par. (b) and subds. 1., 2., and 3., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., for taxable years beginning after December 31, 2009, a claimant may claim as a credit ~~against the tax imposed under s. 71.02 or 71.08~~, up to 1 percent of the amount that the claimant paid in the taxable year to purchase tangible personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d), or services from Wisconsin vendors, as determined under s. 238.399 (5) (e) or s. 560.799 (5) (e), 2009 stats., except that the claimant may not claim the credit under this subdivision and subd. 3. for the same expenditures.

SECTION 1037d. 71.07 (3w) (c) 1. of the statutes is renumbered 71.07 (3w) (c) 1. a. and amended to read:

Vetoed In Part

71.07 **(3w)** (c) 1. a. ~~If~~ For claims filed before January 1, 2018, if the allowable amount of the claim under this subsection exceeds the taxes otherwise due on the claimant's income under s. 71.02, the amount of the claim that is not used to offset those taxes shall be certified by the department of revenue to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (co). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 1. a.

Vetoed In Part

SECTION 1037e. 71.07 (3w) (c) 1. b. of the statutes is created to read:

71.07 **(3w)** (c) 1. b. For claims filed after December 31, 2017, claims under this subsection shall be made to the Wisconsin Economic Development Corporation using policies and procedures established by the corporation board. The corporation shall certify valid claims to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (co). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 1. b.

SECTION 1037f. 71.07 (3w) (c) 2. of the statutes is amended to read:

71.07 **(3w)** (c) 2. ~~Partnerships~~ For claims filed before January 1, 2018, partnerships, limited liability companies, and tax−option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts described under pars. (b) and (bm). A partnership, limited liability company, or tax−option cor-

Vetoed In Part

poration shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax−option corporations may claim the credit in proportion to their ownership interests. For claims filed after December 31, 2017, partnerships, limited liability companies, and tax−option corporations may claim the credit under this subsection as provided under subd. 1. b.

Section 1037g. 71.07 (3w) (c) 3. of the statutes is amended to read:

71.07 **(3w)** (c) 3. ~~No~~ For claims filed before January 1, 2018, no credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 238.399 (5) or (5m) or s. 560.799 (5) or (5m), 2009 stats.

Section 1037h. 71.07 (3w) (d) of the statutes is amended to read:

71.07 **(3w)** (d) *Administration.* Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection. Claimants shall include with their returns a copy of their certification for tax benefits, and a copy of the verification of their expenses, from the department of commerce or the Wisconsin Economic Development Corporation. This paragraph does not apply to claims filed after December 31, 2017.

Section 1037i. 71.07 (3wm) of the statutes is created to read:

71.07 **(3wm)** Electronics and information technology manufacturing zone credit.

Vetoed In Part

(c) *Limitations.* Partnerships, limited liability companies, and tax−option corporations may claim the credit under this subsection as provided under par. (d). The Wisconsin Economic Development Corporation may recover credits claimed under this paragraph that are revoked or otherwise invalid from the partnership, limited liability company, or tax−option corporation or from the individual partner, member, or shareholder.

Vetoed In Part

(d) *Administration.* Claims under this subsection shall be made to the Wisconsin Economic Development Corporation using policies and procedures established by the corporation board. The corporation shall certify valid claims to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (cp). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subdivision.

Vetoed In Part

Section 1037t. 71.07 (3y) (b) (intro.) of the statutes is amended to read:

71.07 **(3y)** (b) *Filing claims.* (intro.) Subject to the limitations provided in this subsection and s. 238.308, for taxable years beginning after December 31, 2015, a claimant may claim as a credit ~~against the tax imposed under ss. 71.02 and 71.08~~ all of the following:

Vetoed In Part

Section 1037u. 71.07 (3y) (c) 1. of the statutes is amended to read:

71.07 **(3y)** (c) 1. ~~Partnerships~~ For claims filed before January 1, 2018, partnerships, limited liability companies, and tax−option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax−option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax−option corporations may claim the credit in proportion to their ownership interests. For claims filed after December 31, 2017, partnerships, limited liability companies, and tax−option corporations may claim the credit under this subsection as provided under par. (d) 2. b.

Section 1037v. 71.07 (3y) (c) 2. of the statutes is amended to read:

71.07 **(3y)** (c) 2. ~~No~~ For claims filed before January 1, 2018, no credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 238.308.

Section 1037w. 71.07 (3y) (d) 1. of the statutes is amended to read:

71.07 **(3y)** (d) 1. Section 71.28 (4) (e), (g), and (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection. This subdivision does not apply to claims filed after December 31, 2017.

Section 1038g. 71.07 (3y) (d) 2. of the statutes is renumbered 71.07 (3y) (d) 2. a. and amended to read:

Vetoed In Part

71.07 **(3y)** (d) 2. a. ~~If~~ For claims filed before January 1, 2018, if the allowable amount of the claim under par. (b) exceeds the tax otherwise due under ss. 71.02 and 71.08, the amount of the claim not used to offset the tax due shall be certified by the department of revenue to the department of administration for payment by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (bg). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 2. a.

Vetoed In Part

Section 1038h. 71.07 (3y) (d) 2. b. of the statutes is created to read:

71.07 **(3y)** (d) 2. b. For claims filed after December 31, 2017, claims under this subsection shall be made to the Wisconsin Economic Development Corporation using policies and procedures established by the corporation board. The corporation shall certify valid claims to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (bg). Notwithstanding s. 71.82, no

Vetoed In Part

interest shall be paid on amounts certified under this subd. 2. b.

SECTION 1085ba. 71.28 (3w) (b) (intro.) of the statutes is amended to read:

71.28 **(3w)** (b) *Filing claims; payroll.* (intro.) Subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.23~~ an amount calculated as follows:

SECTION 1085bb. 71.28 (3w) (bm) 1. of the statutes is amended to read:

71.28 **(3w)** (bm) 1. In addition to the credits under par. (b) and subds. 2., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.23~~ an amount equal to a percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 100 percent, of the amount the claimant paid in the taxable year to upgrade or improve the job−related skills of any of the claimant's full−time employees, to train any of the claimant's full−time employees on the use of job−related new technologies, or to provide job−related training to any full−time employee whose employment with the claimant represents the employee's first full−time job. This subdivision does not apply to employees who do not work in an enterprise zone.

SECTION 1085bc. 71.28 (3w) (bm) 2. of the statutes is amended to read:

71.28 **(3w)** (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.23~~ an amount equal to the percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of the claimant's full−time employees whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality, not including the wages paid to the employees determined under par. (b) 1., or greater than $30,000 in a tier II county or municipality, not including the wages paid to the employees determined under par. (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if the total number of such employees is equal to or greater than the total number of such employees in the base year. A claimant may claim a credit under this subdivision for no more than 5 consecutive taxable years.

SECTION 1085bd. 71.28 (3w) (bm) 3. of the statutes is amended to read:

71.28 **(3w)** (bm) 3. In addition to the credits under par. (b) and subds. 1., 2., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., for taxable years beginning after December 31, 2008, a claimant may claim as a credit ~~against the tax imposed under s. 71.23~~ up to 10 percent of the claimant's significant capital expenditures, as determined under s. 238.399 (5m) or s. 560.799 (5m), 2009 stats. **Vetoed In Part**

SECTION 1085be. 71.28 (3w) (bm) 4. of the statutes is amended to read:

71.28 **(3w)** (bm) 4. In addition to the credits under par. (b) and subds. 1., 2., and 3., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., for taxable years beginning after December 31, 2009, a claimant may claim as a credit ~~against the tax imposed under s. 71.23~~, up to 1 percent of the amount that the claimant paid in the taxable year to purchase tangible personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d), or services from Wisconsin vendors, as determined under s. 238.399 (5) (e) or s. 560.799 (5) (e), 2009 stats., except that the claimant may not claim the credit under this subdivision and subd. 3. for the same expenditures.

SECTION 1085d. 71.28 (3w) (c) 1. of the statutes is renumbered 71.28 (3w) (c) 1. a. and amended to read:

71.28 **(3w)** (c) 1. a. ~~If~~ For claims filed before January 1, 2018, if the allowable amount of the claim under this subsection exceeds the taxes otherwise due on the claimant's income under s. 71.23, the amount of the claim that is not used to offset those taxes shall be certified by the department of revenue to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (co). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 1. a. **Vetoed In Part**

SECTION 1085e. 71.28 (3w) (c) 1. b. of the statutes is created to read: **Vetoed In Part**

71.28 **(3w)** (c) 1. b. For claims filed after December 31, 2017, claims under this subsection shall be made to the Wisconsin Economic Development Corporation using policies and procedures established by the corporation board. The corporation shall certify valid claims to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (co). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 1. b.

SECTION 1085f. 71.28 (3w) (c) 2. of the statutes is amended to read:

71.28 **(3w)** (c) 2. ~~Partnerships~~ For claims filed before January 1, 2018, partnerships, limited liability companies, and tax−option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts described under pars. (b) and (bm). A partnership, limited liability company, or tax−option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall

Vetoed In Part

provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax−option corporations may claim the credit in proportion to their ownership interests. For claims filed after December 31, 2017, partnerships, limited liability companies, and tax−option corporations may claim the credit under this subsection as provided under subd. 1. b.

Section 1085g. 71.28 (3w) (c) 3. of the statutes is amended to read:

71.28 **(3w)** (c) 3. ~~No~~ For claims filed before January 1, 2018, no credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 238.399 (5) or (5m) or s. 560.799 (5) or (5m), 2009 stats.

Section 1085h. 71.28 (3w) (d) of the statutes is amended to read:

71.28 **(3w)** (d) *Administration.* Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies to the credit under this subsection. Claimants shall include with their returns a copy of their certification for tax benefits, and a copy of the verification of their expenses, from the department of commerce or the Wisconsin Economic Development Corporation. This paragraph does not apply to claims filed after December 31, 2017.

Section 1085i. 71.28 (3wm) of the statutes is created to read:

71.28 **(3wm)** Electronics and information technology manufacturing zone credit.

Vetoed In Part

(c) *Limitations.* Partnerships, limited liability companies, and tax−option corporations may claim the credit under this subsection as provided under par. (d). The Wisconsin Economic Development Corporation may recover credits claimed under this paragraph that are revoked or otherwise invalid from the partnership, limited liability company, or tax−option corporation or from the individual partner, member, or shareholder.

Vetoed In Part

(d) *Administration.* Claims under this subsection shall be made to the Wisconsin Economic Development Corporation using policies and procedures established by the corporation board. The corporation shall certify valid claims to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (cp). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subdivision.

Vetoed In Part

Section 1086b. 71.28 (3y) (b) (intro.) of the statutes is amended to read:

71.28 **(3y)** (b) *Filing claims.* (intro.) Subject to the limitations provided in this subsection and s. 238.308, for taxable years beginning after December 31, 2015, a claimant may claim as a credit ~~against the tax imposed under s. 71.23~~ all of the following:

Section 1086d. 71.28 (3y) (c) 1. of the statutes is amended to read: **Vetoed In Part**

71.28 **(3y)** (c) 1. ~~Partnerships~~ For claims filed before January 1, 2018, partnerships, limited liability companies, and tax−option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax−option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax−option corporations may claim the credit in proportion to their ownership interests. For claims filed after December 31, 2017, partnerships, limited liability companies, and tax−option corporations may claim the credit under this subsection as provided under par. (d) 2. b.

Section 1086e. 71.28 (3y) (c) 2. of the statutes is amended to read:

71.28 **(3y)** (c) 2. ~~No~~ For claims filed before January 1, 2018, no credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 238.308.

Section 1086f. 71.28 (3y) (d) 1. of the statutes is amended to read:

71.28 **(3y)** (d) 1. Subsection (4) (e), (g), and (h), as it applies to the credit under sub. (4), applies to the credit under this subsection. This subdivision does not apply to claims filed after December 31, 2017.

Section 1086g. 71.28 (3y) (d) 2. of the statutes is renumbered 71.28 (3y) (d) 2. a. and amended to read:

71.28 **(3y)** (d) 2. a. ~~If~~ For claims filed before January 1, 2018, if the allowable amount of the claim under par. (b) exceeds the tax otherwise due under s. 71.23, the amount of the claim not used to offset the tax due shall be certified by the department of revenue to the department of administration for payment by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (bg). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 2. a. **Vetoed In Part**

Section 1086h. 71.28 (3y) (d) 2. b. of the statutes is created to read: **Vetoed In Part**

71.28 **(3y)** (d) 2. b. For claims filed after December 31, 2017, claims under this subsection shall be made to the Wisconsin Economic Development Corporation using policies and procedures established by the corporation board. The corporation shall certify valid claims to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (bg). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 2. b.

Vetoed In Part

SECTION 1110ba. 71.47 (3w) (b) (intro.) of the statutes is amended to read:

71.47 **(3w)** (b) *Filing claims; payroll.* (intro.) Subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.43~~ an amount calculated as follows:

SECTION 1110bb. 71.47 (3w) (bm) 1. of the statutes is amended to read:

71.47 **(3w)** (bm) 1. In addition to the credits under par. (b) and subds. 2., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.43~~ an amount equal to a percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 100 percent, of the amount the claimant paid in the taxable year to upgrade or improve the job−related skills of any of the claimant's full−time employees, to train any of the claimant's full−time employees on the use of job−related new technologies, or to provide job−related training to any full−time employee whose employment with the claimant represents the employee's first full−time job. This subdivision does not apply to employees who do not work in an enterprise zone.

SECTION 1110bc. 71.47 (3w) (bm) 2. of the statutes is amended to read:

71.47 **(3w)** (bm) 2. In addition to the credits under par. (b) and subds. 1., 3., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., a claimant may claim as a credit ~~against the tax imposed under s. 71.43~~ an amount equal to the percentage, as determined under s. 238.399 or s. 560.799, 2009 stats., not to exceed 7 percent, of the claimant's zone payroll paid in the taxable year to all of the claimant's full−time employees whose annual wages are greater than the amount determined by multiplying 2,080 by 150 percent of the federal minimum wage in a tier I county or municipality, not including the wages paid to the employees determined under par. (b) 1., or greater than $30,000 in a tier II county or municipality, not including the wages paid to the employees determined under par. (b) 1., and who the claimant employed in the enterprise zone in the taxable year, if the total number of such employees is equal to or greater than the total number of such employees in the base year. A claimant may claim a credit under this subdivision for no more than 5 consecutive taxable years.

SECTION 1110bd. 71.47 (3w) (bm) 3. of the statutes is amended to read:

71.47 **(3w)** (bm) 3. In addition to the credits under par. (b) and subds. 1., 2., and 4., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., for taxable years beginning after December 31, 2008, a claimant may claim as a credit ~~against the tax imposed under s. 71.43~~ up to 10 percent of the claimant's significant capital expenditures, as determined under s. 238.399 (5m) or s. 560.799 (5m), 2009 stats. **Vetoed In Part**

SECTION 1110be. 71.47 (3w) (bm) 4. of the statutes is amended to read:

71.47 **(3w)** (bm) 4. In addition to the credits under par. (b) and subds. 1., 2., and 3., and subject to the limitations provided in this subsection and s. 238.399 or s. 560.799, 2009 stats., for taxable years beginning after December 31, 2009, a claimant may claim as a credit ~~against the tax imposed under s. 71.43~~, up to 1 percent of the amount that the claimant paid in the taxable year to purchase tangible personal property, items, property, or goods under s. 77.52 (1) (b), (c), or (d), or services from Wisconsin vendors, as determined under s. 238.399 (5) (e) or s. 560.799 (5) (e), 2009 stats., except that the claimant may not claim the credit under this subdivision and subd. 3. for the same expenditures.

SECTION 1110d. 71.47 (3w) (c) 1. of the statutes is renumbered 71.47 (3w) (c) 1. a. and amended to read:

71.47 **(3w)** (c) 1. a. ~~If~~ For claims filed before January 1, 2018, if the allowable amount of the claim under this subsection exceeds the taxes otherwise due on the claimant's income under s. 71.43, the amount of the claim that is not used to offset those taxes shall be certified by the department of revenue to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (co). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 1. a. **Vetoed In Part**

SECTION 1110e. 71.47 (3w) (c) 1. b. of the statutes is created to read: **Vetoed In Part**

71.47 **(3w)** (c) 1. b. For claims filed after December 31, 2017, claims under this subsection shall be made to the Wisconsin Economic Development Corporation using policies and procedures established by the corporation board. The corporation shall certify valid claims to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (co). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 1. b.

SECTION 1110f. 71.47 (3w) (c) 2. of the statutes is amended to read:

71.47 **(3w)** (c) 2. ~~Partnerships~~ For claims filed before January 1, 2018, partnerships, limited liability companies, and tax−option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts described under pars. (b) and (bm). A partnership, limited liability company, or tax−option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of

Vetoed In Part

tax−option corporations may claim the credit in proportion to their ownership interests. For claims filed after December 31, 2017, partnerships, limited liability companies, and tax−option corporations may claim the credit under this subsection as provided under subd. 1. b.

Section 1110g. 71.47 (3w) (c) 3. of the statutes is amended to read:

71.47 **(3w)** (c) 3. ~~No~~ For claims filed before January 1, 2018, no credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 238.399 (5) or (5m) or s. 560.799 (5) or (5m), 2009 stats.

Section 1110h. 71.47 (3w) (d) of the statutes is amended to read:

71.47 **(3w)** (d) *Administration.* Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection. Claimants shall include with their returns a copy of their certification for tax benefits, and a copy of the verification of their expenses, from the department of commerce or the Wisconsin Economic Development Corporation. This paragraph does not apply to claims filed after December 31, 2017.

Section 1111b. 71.47 (3y) (b) (intro.) of the statutes is amended to read:

71.47 **(3y)** (b) *Filing claims.* (intro.) Subject to the limitations provided in this subsection and s. 238.308, for taxable years beginning after December 31, 2015, a claimant may claim as a credit ~~against the tax imposed under s. 71.43~~ all of the following:

Section 1111d. 71.47 (3y) (c) 1. of the statutes is amended to read:

71.47 **(3y)** (c) 1. ~~Partnerships~~ For claims filed before January 1, 2018, partnerships, limited liability companies, and tax−option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax−option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax−option corporations may claim the credit in proportion to their ownership interests. For claims filed after December 31, 2017, partnerships, limited liability companies, and tax−option corporations may claim the credit under this subsection as provided under par. (d) 2. b.

Section 1111e. 71.47 (3y) (c) 2. of the statutes is amended to read:

71.47 **(3y)** (c) 2. ~~No~~ For claims filed before January 1, 2018, no credit may be allowed under this subsection unless the claimant includes with the claimant's return a copy of the claimant's certification for tax benefits under s. 238.308.

Section 1111f. 71.47 (3y) (d) 1. of the statutes is amended to read: **Vetoed In Part**

71.47 **(3y)** (d) 1. Section 71.28 (4) (e), (g), and (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection. This subdivision does not apply to claims filed after December 31, 2017.

Section 1111g. 71.47 (3y) (d) 2. of the statutes is renumbered 71.47 (3y) (d) 2. a. and amended to read:

71.47 **(3y)** (d) 2. a. ~~If~~ For claims filed before January 1, 2018, if the allowable amount of the claim under par. (b) exceeds the tax otherwise due under s. 71.43, the amount of the claim not used to offset the tax due shall be certified by the department of revenue to the department of administration for payment by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (bg). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 2. a. **Vetoed In Part**

Section 1111h. 71.47 (3y) (d) 2. b. of the statutes is created to read: **Vetoed In Part**

71.47 **(3y)** (d) 2. b. For claims filed after December 31, 2017, claims under this subsection shall be made to the Wisconsin Economic Development Corporation using policies and procedures established by the corporation board. The corporation shall certify valid claims to the department of administration for payment by check, share draft, or other draft drawn from the appropriation under s. 20.835 (2) (bg). Notwithstanding s. 71.82, no interest shall be paid on amounts certified under this subd. 2. b.

Section 1769v. 238.115 (4) of the statutes is created to read:

238.115 **(4)** Exception. After March 31, 2018, this section does not apply to the tax credits under ss. 238.308, 238.396, and 238.399.

Section 1779L. 238.28 of the statutes is created to read:

238.28 Refundable tax credits. (1) Policies and procedures. The corporation shall adopt policies and procedures implementing ss. 71.07 (3w) (c) 1. b., (3wm) (d), and (3y) (d) 2. b., 71.28 (3w) (c) 1. b., (3wm) (d), and (3y) (d) 2. b., and 71.47 (3w) (c) 1. b. and (3y) (d) 2. b. **Vetoed In Part**

(2) Use of credits. It is the intent of the legislature that all credits awarded under ss. 238.16, 238.308, 238.396, and 238.399 become a permanent part of the working capital structure of businesses claiming the credits. **Vetoed In Part**

Section 1783q. 238.399 (6) (e) of the statutes is repealed. **Vetoed In Part**

Section 9150. Nonstatutory provisions; Wisconsin Economic Development Corporation.

(3t) Reconciliation. **Vetoed In Part**

(a) If August 2017 Special Session Assembly Bill 1, as shown by Senate Substitute Amendment 1, or August 2017 Special Session Senate Bill 1, as shown by Senate

Vetoed In Part

Substitute Amendment 1, is enacted substantially without change, then the treatment of sections 20.835 (2) (cp), 71.07 (3wm), and 71.28 (3wm) of the statutes in this act supersedes the treatment in those bills as shown by those substitute amendments.

(b) If August 2017 Special Session Assembly Bill 1, as shown by Senate Substitute Amendment 1, or August 2017 Special Session Senate Bill 1, as shown by Senate Substitute Amendment 1, is not enacted substantially without change, then the treatment of sections 20.835 (2) (cp), 71.07 (3wm), and 71.28 (3wm) of the statutes in this act and all cross−references to section 238.396 of the statutes in this act are void.

Vetoed In Part

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78. Limit on Enterprise Zones

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Governor's written objections

Sections 1783L and 1783o

These provisions eliminate the current law limit that the Wisconsin Economic Development Corporation may not designate more than 30 zones under the Enterprise Zone Jobs Tax Credit program. Instead, the provisions specify that the corporation may not verify businesses as eligible to claim enterprise zone credits of more than $80,600,000 biennially, beginning with the 2017−19 biennium. The corporation would be permitted to exceed the biennial limit if such an action is approved by the Joint Committee on Finance subject to a 14−day passive review process.

I am vetoing these provisions because I object to fully removing the 30−zone limitation on the corporation while also imposing limitations on credit payments that could result in uncertainty for recipients regarding when their credits, which are subject to existing contracts specifying timetables for payment, may be claimed. The biennial limitation on verifications may result in situations where key Wisconsin companies would face significant delays between when their qualifying activity takes place and when they may claim the credits for those activities. This would weaken the attractiveness of the enterprise zone program for businesses, potentially harming the ability of the state to attract and retain businesses.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1783L. 238.399 (3) (a) of the statutes is amended to read:

238.399 **(3)** (a) The corporation may designate ~~not more than 30~~ areas in this state as enterprise zones.

SECTION 1783o. 238.399 (5s) of the statutes is created to read:

238.399 **(5s)** CAP. (a) Except as provided in par. (b), the corporation may not authorize payments under ss. 71.07 (3w), 71.28 (3w), and 71.47 (3w) in any fiscal biennium that total more than $80,600,000 in the aggregate.

(b) The corporation may submit a plan to exceed the aggregate amount specified under par. (a) to the cochairpersons of the joint committee on finance for review by the committee. If the cochairpersons of the committee do not notify the corporation that the committee has scheduled a meeting for the purpose of reviewing the proposed plan within 14 working days after the date of the corporation's submittal, the corporation may exceed the aggregate amount in accordance with its proposed plan. If, within 14 working days after the date of the corporation's submittal, the cochairpersons of the committee notify the corporation that the committee has scheduled a meeting for the purpose of reviewing the proposed plan, the corporation may not exceed the aggregate amount unless the committee approves the proposed plan. If the committee modifies and approves the proposed plan, the corporation may exceed the aggregate amount in accordance with the plan as modified by the committee.

Vetoed In Part

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79. Historic Rehabilitation Credit

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Governor's written objections

Section 1775g

This section creates a limitation on the historic rehabilitation tax credit that limits the amount of credits the Wisconsin Economic Development Corporation may certify to no more than $5 million on the same parcel. This limitation would first take effect with certifications beginning on July 1, 2018.

I am partially vetoing this because I object to continuing this program with almost no limitation on the amount that can be awarded each fiscal year. The $5 million per parcel limitation does little to curtail the fiscal effects of this program, which has swelled to cause an annual tax revenue loss exceeding $60 million, making it one of this state's most expensive economic development incentives. My budget proposal included a recommendation to limit program awards to $10 million annually and institute competitive awards of those credits to emphasize job creation potential, among other considerations, in order to balance the state's fiscal exposure with the needs of local communities. I am using the digit veto to reduce the per parcel cap from $5,000,000 to $500,000. Reducing the per parcel cap to $500,000 per parcel leaves unchanged the incentives for many of the projects in smaller communities across Wisconsin while reducing the state's fiscal exposure on larger projects. I am maintaining the July 1, 2018, effective date for this new cap to allow projects currently under consideration time to incorporate the limitation into their plans.

Roughly half of states have per project caps and a third of those state have per project caps at or lower than $500,000. Of the awards approved since 2014, just under half have been for $500,000 or less.

Further, while I support the reasonable changes made through this veto, the Legislature could pursue separate legislation that more closely mirrors my original budget recommendations to more thoroughly reform this program, addressing both the state's fiscal exposure and program objectives in a comprehensive manner.

The fiscal effect of this veto is estimated to be an increase in general fund tax revenue of $1,220,700 in fiscal year 2018−19, $12,062,900 in fiscal year 2019−20 and $33,173,000 in fiscal year 2020−21. Savings would grow to $46,241,200 in fiscal year 2021−22 and $47,390,000 annually beginning in fiscal year 2022−23.

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Cited segments of 2017 Assembly Bill 64:

SECTION 1775g. 238.17 (2) of the statutes is created to read:

238.17 **(2)** Beginning July 1, 2018, the corporation may not certify persons to claim more than a total of $5,000,000 in tax credits for all projects undertaken on the same parcel. **Vetoed In Part**

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80. Working Families Tax Credit

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Governor's written objections

Section 1041e

This section repeals the Working Families Tax Credit beginning with the 2017 tax year.

I am vetoing this section because I object to entirely eliminating the Working Families Tax Credit instead of addressing the narrower issue of ensuring that credits may only be claimed by full−time Wisconsin residents, which I proposed in the Executive Budget for the 2017−19 biennium. The fiscal effect of vetoing this provision will be a loss of $200,000 in general fund tax revenue in each year of the biennium.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part **SECTION 1041e.** 71.07 (5m) (e) of the statutes is created to read:

71.07 **(5m)** (e) *Sunset.* No credit may be claimed under this subsection for taxable years beginning after December 31, 2016. **Vetoed In Part**

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81. Private Label Credit Card Bad Debt Deduction

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Governor's written objections

Section 2265

This section delays the effective date for 2013 Wisconsin Act 229, which pertains to allowing sales tax return adjustments for bad debts on private label credit cards, until July 1, 2018, instead of the September 1, 2019, recommended in the Executive Budget.

I am exercising the digit veto in this section to delay the effective date to July 1, 2078, because I object to incurring a large fiscal effect in this biennium. The effect of this veto will be to achieve the same result as my original budget recommendations. These funds may be better spent on broad−based relief such as with a sales tax holiday that was included in my original budget recommendations as opposed to a provision that will benefit only select financial institutions. Partially vetoing this provision will increase sales and use tax collections by $10,436,000 in fiscal year 2018−19.

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Cited segments of 2017 Assembly Bill 64:

SECTION 2265. 2013 Wisconsin Act 229, section 6 (1), as last affected by 2015 Wisconsin Act 55, is amended to read:

[2013 Wisconsin Act 229] Section 6 (1) This act takes effect on July 1, ~~2017~~ 2018, and first applies to bad debts resulting from sales completed beginning on July 1, ~~2017~~ 2018. **Vetoed In Part**

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82. Sales Tax Exemption for Broadcast Equipment

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Governor's written objections

Sections 1187d, 1187e, 1187f and 9438 (2i)

These provisions create a sales and use tax exemption for broadcast transmitters, satellite dishes and communications towers if the equipment is used primarily for transmitting or receiving commercial radio or television material. This sales tax exemption would first be effective on July 1, 2019, and would cause an annual general fund revenue loss of $928,000. These provisions also exempt a vehicle if it is used exclusively in the origination of radio or television programs. In addition, these provisions create an exemption for leased space on a communications tower if the space is used exclusively for transmitting or receiving commercial radio or television program material. For the purposes of this exemption, "program material" is defined to mean material generally available to the public free of charge.

I am vetoing these provisions because I object to providing a sales and use tax exemption that does not have any clear tax equity or economic purpose. It is unclear if any meaningful activity would be incentivized by this exemption. Further, there is no compelling tax equity issue being addressed by this sales and use tax exemption. This may be better reviewed as separate legislation. Vetoing this provision will increase annual revenue collections by $928,000 beginning in fiscal year 2019−20.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1187d. 77.54 (23n) of the statutes is renumbered 77.54 (23n) (b) (intro.) and amended to read:

77.54 **(23n)** (b) (intro.) The sales price from the sales of tangible personal property and property under s. 77.52 (1) (c) to, and the storage, use, or other consumption of tangible personal property and property under s. 77.52 (1) (c) by, a person who is licensed to operate a commercial radio or television station in this state, if the tangible personal property or property under s. 77.52 (1) (c) is ~~used~~ any of the following:

1. Used exclusively and directly in~~, or is fuel or electricity consumed in,~~ the origination or integration of ~~various sources of~~ program material for commercial radio or television transmissions ~~that are generally available to the public free of charge without a subscription or service agreement. This subsection applies to vehicles licensed~~ **Vetoed In Part**

Vetoed In Part

~~for highway use and equipment used to transmit or receive signals from a satellite~~.

SECTION 1187e. 77.54 (23n) (a) of the statutes is created to read:

77.54 **(23n)** (a) In this subsection, "program material" means material transmitted by a commercial radio or television station that is generally available to the public free of charge without a subscription or service agreement. "Program material" includes material used in origination.

SECTION 1187f. 77.54 (23n) (b) 2. to 5. of the statutes are created to read:

77.54 **(23n)** (b) 2. Used primarily for transmitting or receiving commercial radio or television program material, including a broadcast transmitter, a satellite dish, and a communications tower and the material used to construct the tower.

Vetoed In Part

3. Leased space on a communications tower if the space is used exclusively for transmitting or receiving commercial radio or television program material.

4. A motor vehicle licensed for highway use and used exclusively in the origination of commercial radio or television program material.

5. A part, an accessory, or a supply, including fuel or electricity, that is used for any of the property that is exempt under in subds. 1. to 4.

SECTION 9438. Effective dates; Revenue.

(2i) SALES TAX ON BROADCAST EQUIPMENT. The renumbering and amendment of section 77.54 (23n) of the statutes and the creation of section 77.54 (23n) (a) and (b) 2. to 5. of the statutes take effect on July 1, 2019.

Vetoed In Part

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83. Alternative Minimum Tax Repeal Technical Correction

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Governor's written objections

Section 1052e

This section sunsets the state alternative minimum tax with taxable years beginning after December 31, 2016. Separately in the bill, nonstatutory language specifies that the effective date for the repeal is for taxable years beginning after December 31, 2018.

I am partially vetoing this section to remove the "2016" reference in the applicable taxable years, which is inconsistent with the general effective dates of this provision and the Legislature's stated intent. The intent of this provision is to sunset the state alternative minimum tax with taxable years beginning after December 31, 2018. This corrective partial veto will leave the only sunset date as the nonstatutory language setting the initial applicability of the repeal as December 31, 2018.

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Cited segments of 2017 Assembly Bill 64:

SECTION 1052e. 71.08 (5) of the statutes is created to read:

71.08 **(5)** SUNSET. This section does not apply to taxable years beginning after December 31, 2016 .

Vetoed In Part

Local Government

84. Duties of the Milwaukee County Comptroller

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Governor's written objections

Section 981e

This section specifies that the duties and responsibilities of the Milwaukee County Comptroller include administering accounts payable, payroll, accounting and financial information systems, in addition to those duties and responsibilities specified under current law.

I am vetoing this section because I object to how the increased specification of duties for the Milwaukee County Comptroller in state law will diminish how the county may best structure its administrative responsibilities.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 981e. 59.255 (2) (L) of the statutes is created to read:

59.255 **(2)** (L) The comptroller shall administer accounts payable, payroll, accounting, and financial information systems.

Vetoed In Part

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85. County Board Approval for Sale or Lease of Land Owned by Milwaukee County

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Governor's written objections

Sections 980s, 980se, 981h, 981m [as it relates to land transactions in Milwaukee County], 982f and 9331 (7t)

These sections specify that, with regard to the sale or lease of property owned by Milwaukee County, the Milwaukee County Executive's action must be consistent with established county board policy and must be approved by the county board to take effect. In addition, these sections provide that the county board may only approve or reject a contract for the sale or lease of county property as negotiated by the Milwaukee County Executive. These sections also delete current law provisions that permit the Milwaukee County Executive, together with either the Milwaukee County Comptroller or an appointed real estate executive, to form a majority to lease, sell or convey any nonpark county property regardless of board policy and without board approval. These changes apply to a land transaction for which a contract has been entered into after September 1, 2018.

I am vetoing these sections [as these sections relate to land transactions in Milwaukee County] because these changes would hinder recent progress made to provide the Milwaukee County Executive with effective and efficient means to conduct the county's business transactions.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 980s. 59.17 (2) (b) 3. (intro.) of the statutes is renumbered 59.17 (2) (b) 3. and amended to read:

59.17 **(2)** (b) 3. Exercise the authority under s. 59.52 (6) (a) that would otherwise be exercised by a county board~~, except that the county board may continue to exercise the authority under s. 59.52 (6) with regard to land that is zoned as a park on or after July 14, 2015, other than land zoned as a park in the city of Milwaukee that is located within the area west of Lincoln Memorial Drive, south of E. Michigan Street, east of N. Van Buren Street, and north of E. Clybourn Avenue~~. With regard to the sale~~,~~ ~~acquisition,~~ or lease ~~as landlord or tenant~~ of property, ~~other than certain park land as described in this subdivision,~~ the county executive's action ~~need not~~ must be consistent with established county board policy and ~~may take effect without submission to or approval by~~ must be approved by the county board~~. The proceeds of the sale of property as authorized under this subdivision shall first be applied to any debt attached to the property. Before the county executive's sale of county land may take effect, a majority of the following must sign a document, a copy of which will be attached to the bill of sale and a copy of which will be retained by the county, certifying that they believe the sale is in the best interests of the county:~~ to take effect. The county board may only approve or reject the contract as negotiated by the county executive.

SECTION 980se. 59.17 (2) (b) 3. a. to c. of the statutes are repealed.

SECTION 981h. 59.52 (6) (intro.) of the statutes is amended to read:

Vetoed In Part

59.52 **(6)** PROPERTY. (intro.) ~~Except as provided in s. 59.17 (2) (b) 3., the~~ The board may:

SECTION 981m. 59.52 (6) (a) of the statutes is amended to read:

59.52 **(6)** (a) *How acquired; purposes.* ~~Take~~ Except as provided in s. 59.17 (2) (b) 3., take and hold land acquired under ch. 75 and acquire, lease or rent property, real and personal, for public uses or purposes of any nature, including without limitation acquisitions for county buildings, airports, parks, recreation, highways, dam sites in parks, parkways and playgrounds, flowages, sewage and waste disposal for county institutions, lime pits for operation under s. 59.70 (24), equipment for clearing and draining land and controlling weeds for operation under s. 59.70 (18), ambulances, acquisition and transfer of real property to the state for new collegiate institutions or research facilities, and for transfer to the state for state parks and for the uses and purposes specified in s. 23.09 (2) (d). The power of condemnation may not be used to acquire property for the purpose of establishing or extending a recreational trail; a bicycle way, as defined in s. 340.01 (5s); a bicycle lane, as defined in s. 340.01 (5e); or a pedestrian way, as defined in s. 346.02 (8) (a).

Vetoed In Part

Vetoed In Part

SECTION 982f. 59.52 (31) (e) of the statutes is repealed.

SECTION 9331. Initial applicability; Local government.

Vetoed In Part

(7t) LAND TRANSFER AUTHORITY, MILWAUKEE COUNTY EXECUTIVE AND BOARD. The treatment of sections 59.17 (2) (b) 3. (intro.) and a. to c. and 59.52 (6) (intro.) and (a) (as it relates to land transactions in Milwaukee County) and (31) (e) of the statutes first applies to a land transaction for which a contract has been entered into after September 1, 2018.

Vetoed In Part

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86. Conduit Revenue Bonds

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Governor's written objections

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

This provision modifies current law as it relates to the Public Finance Authority and its ability to issue bonds in an assortment of ways, including empowering the authority to create one or more business units to carry out, or assist the authority in carrying out, all or part of the purposes or powers of the authority. In addition, the provision modifies the requirements for local approval of financing by the authority; broadens the authority's ability to own or operate property; and extends the existing personal liability law exemptions to officers, employees and agents of the authority and related business units.

I am vetoing this provision because this is nonfiscal policy that should be vetted as separate legislation.

.....

Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 8s. 13.94 (1) (u) of the statutes is created to read:

13.94 **(1)** (u) Audit the financial records of a commission created under s. 66.0304 and any entity created under s. 66.0304 (4e) at the direction of the joint legislative audit committee.

SECTION 177s. 19.32 (1) of the statutes is amended to read:

19.32 **(1)** "Authority" means any of the following having custody of a record: a state or local office, elective official, agency, board, commission, committee, council, department or public body corporate and politic created by the constitution or by any law, ordinance, rule or order; a governmental or quasi−governmental corporation except for the Bradley center sports and entertainment corporation; a special purpose district; any court of law; the assembly or senate; a nonprofit corporation which receives more than 50 percent of its funds from a county or a municipality, as defined in s. 59.001 (3), and which provides services related to public health or safety to the county or municipality; a university police department under s. 175.42; a commission, as defined in s. 66.0304 (1) (c); or a formally constituted subunit of any of the foregoing.

SECTION 179e. 19.42 (7w) (f) of the statutes is created to read:

19.42 **(7w)** (f) The position of member of the board of a commission created under s. 66.0304.

Vetoed In Part

SECTION 179f. 19.45 (11) (e) of the statutes is created to read:

19.45 **(11)** (e) A commission established under s. 66.0304 shall establish a code of ethics for members of the board, and employees, contract staff, and agents of a commission established under s. 66.0304 who are not state public officials and shall file the code of ethics with the department of administration. A commission shall provide the department of administration with any amendments to the code of ethics within 30 days of adoption of the amendment.

SECTION 179s. 19.82 (1) of the statutes is amended to read:

19.82 **(1)** "Governmental body" means a state or local agency, board, commission, committee, council, department or public body corporate and politic created by constitution, statute, ordinance, rule or order; a governmental or quasi−governmental corporation except for the Bradley center sports and entertainment corporation; a local exposition district under subch. II of ch. 229; a long−term care district under s. 46.2895; the board of a commission, as defined in s. 66.0304 (1) (c); or a formally constituted subunit of any of the foregoing, but excludes any such body or committee or subunit of such body which is formed for or meeting for the purpose of collective bargaining under subch. I, IV, or V of ch. 111.

SECTION 585h. 32.02 (1) of the statutes is amended to read:

Vetoed In Part

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. 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.

SECTION 984g. 66.0304 (1) (c) of the statutes is amended to read:

66.0304 **(1)** (c) "Commission" means an entity created by two or more political subdivisions, who contract with each other under s. 66.0301 (2) or 66.0303 (2), for the purpose of ~~issuing bonds~~ exercising the powers under this section.

SECTION 984gb. 66.0304 (1) (e) of the statutes is amended to read:

66.0304 **(1)** (e) "Participant" means any public or private entity or unincorporated association, including a federally recognized Indian tribe or band, and including a business entity created under sub. (4e), that contracts with a commission for the purpose of financing or refinancing a project that is owned, sponsored, or controlled by the public or private entity or unincorporated association.

SECTION 984gc. 66.0304 (1) (f) of the statutes is amended to read:

66.0304 **(1)** (f) "Political subdivision" means any city, village, town, or county in this state or any city, village, town, county, district, authority, agency, commission, ~~or~~ other similar governmental entity, or tribal government in another state or office, department, authority, or agency of any such other state or territory of the United States.

SECTION 984gd. 66.0304 (3) (a) of the statutes is amended to read:

66.0304 **(3)** (a) Two or more political subdivisions may create a commission for the purpose of ~~issuing bonds~~ exercising the powers granted under this section by entering into an agreement to do so under s. 66.0301 (2) or 66.0303 (2), except that upon its creation all of the initial members of ~~a~~ the commission shall be political subdivisions that are located in this state. A commission that is created as provided in this section is a unit of government, and a body corporate and politic, that is separate and distinct from, and independent of, the state and the political subdivisions which are parties to the agreement.

Vetoed In Part

SECTION 984ge. 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 984gf. 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 real, personal, tangible, or intangible property or interest in property that is located within or outside of this state.

SECTION 984gg. 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 984gh. 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 ~~the~~ any state, ~~or~~ any political subdivision or subunit of a political subdivision, or the federal government or 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 984gi. 66.0304 (4e) of the statutes is created to read:

66.0304 **(4e)** CREATION OF BUSINESS ENTITY. In this subsection, "business entity" means any nonprofit or for–profit corporation, limited liability company, partnership, or other business organization or entity. A commission may create one or more business entities of which the commission is the sole or controlling owner, member, manager, or partner, provided that the purpose of the business entity is to carry out or assist the commission in carrying out all or part of the commission's powers under sub. (4) with respect to projects located outside this state. Control may consist of the power to appoint a majority of, or veto any proposed appointment to, the governing body of a business entity created under this subsection. A business entity created under this subsection shall have such powers, consistent with the laws of the jurisdiction in which the business entity is organized, as are delegated to it by the commission and set forth in its organizational documents or in the resolution authorizing its creation. A business entity created under this subsection may be created or organized under the laws of this state or any state or territory of the United States. A business entity created under this subsection is entitled to the same exemptions and immunities that apply to a commission

Vetoed In Part

under this section. A business entity 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 or any participant. A business entity 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 or any other business entity created under this subsection. A commission may not be held accountable for the actions, omissions, debts, or liabilities of any business entity created under this subsection. A business entity 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 business entity created under this subsection.

SECTION 984gj. 66.0304 (4s) of the statutes is created to read:

66.0304 **(4s)** PARTICIPATION IN PROJECTS. In connection with a project located outside this state, the commission, directly or through a business entity created under sub. (4e), may participate in any new markets or other tax credit, subsidy, grant, loan, or credit enhancement program and may participate in any federal, state, or local government program established for the purpose of fostering economic development, including disaster relief, clean or renewable energy, housing assistance, water efficiency, transportation, or any other economic development in which the commission or a business entity created under sub. (4e) is eligible to participate, regardless of whether participation by the commission or a business entity involves the issuance of bonds by the commission or by any other issuer. In connection with the participation described in this subsection, the commission may exercise any or all of the powers under sub. (4) (c) and (g) to (L), or it may delegate those powers to a business entity created under sub. (4e).

SECTION 984gk. 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 984gL. 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 984gm. 66.0304 (5) (ae) of the statutes is created to read:

66.0304 **(5)** (ae) A bond resolution, trust agreement or indenture, or other agreement providing for issuance of the bonds 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 984gn. 66.0304 (5) (am) (intro.) of the statutes is amended to read: **Vetoed In Part**

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 984go. 66.0304 (5) (am) 3. of the statutes is amended to read:

66.0304 **(5)** (am) 3. The maximum interest rate to be borne by the bonds expressed as a numerical percentage and without regard to any penalty, default, or taxable rate that may be applicable to the bonds.

SECTION 984gp. 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 984gq. 66.0304 (5) (b) 3. of the statutes is amended to read:

66.0304 **(5)** (b) 3. A trust agreement or indenture ~~containing~~, or other agreement providing for issuance of the bonds, any of which contains 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 984gqf. 66.0304 (5) (e) of the statutes is amended to read:

66.0304 **(5)** (e) The commission shall send notification to the department of administration and the department of revenue, on a form prescribed by the department of revenue, whenever a bond is issued under this section.

SECTION 984gr. 66.0304 (6) (e) of the statutes is repealed.

SECTION 984gs. 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 com-

Vetoed In Part

mission 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 984gt. 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 business entity created under sub. (4e) is liable personally on the bonds or any contract entered into by the commission or business entity 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 984gu. 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 the 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 business entity created under sub. (4e), whether in tort, contract, or otherwise.

SECTION 984gv. 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 the 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.

SECTION 984gw. 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 984gx. 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.

Vetoed In Part

SECTION 984gy. 66.0304 (10) (d) of the statutes is created to read:

66.0304 **(10)** (d) Within 30 days of the close of each calendar quarter, a commission and any entity created under sub. (4e) shall file a report with the secretary of administration and the legislative audit bureau containing information showing the amount of bonds issued by the commission and any such entity in the previous quarter, the names of the borrowers and the project associated with the bonds, the types of bonds that were issued, the location of the project associated with the bonds, and a statement of the bond issuance fees that the commission and any such entity received in relation to each of the bond issues identified in the report.

SECTION 984h. 66.0304 (11) (a) of the statutes is renumbered 66.0304 (11) (a) 1. (intro.) and amended to read:

66.0304 **(11)** (a) 1. (intro.) ~~A~~ Except as provided in subd. 2., a commission may not issue bonds to finance a capital improvement project 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~~ have approved the financing of the project. An approval under this ~~paragraph~~ subdivision may be made by ~~the~~ one of the following:

a. The governing body of the political subdivision ~~or, except~~ or its designee.

b. Except for a 1st class city or a county in which a 1st class city is located, ~~by~~ the highest ranking executive or administrator of the political subdivision or his or her designee.

SECTION 984hb. 66.0304 (11) (a) 1. c. of the statutes is created to read:

66.0304 **(11)** (a) 1. c. An applicable elected representative of the political subdivision, if any, as defined in section 147 (f) (2) (E) of the Internal Revenue Code, except that for a 1st class city, or a county in which a 1st class city is located, such approval may be given only by the governing body of the city or county.

SECTION 984hc. 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 this state, the commission may issue bonds to finance a capital improvement project without receiving the approval under subd. 1. if the

Vetoed In Part

financing is approved in accordance with section 147 (f) of the Internal Revenue Code.

SECTION 984hd. 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 facility if the facility was placed in service for federal tax purposes by the participant or a related person prior to the commission issuing the bonds and if no more than 10 percent of the bond proceeds are used to finance the construction, expansion, rehabilitation, renovation, or remodeling of capital improvements.

b. To finance the acquisition of a facility, by a participant or by the commission, if no more than 10 percent of the bond proceeds are used to finance the construction, expansion, rehabilitation, renovation, or remodeling of the facility.

c. To finance the commission's purchase either of bonds issued by a different issuer or of leases or contracts from a 3rd−party provider, and those bonds, leases, or contracts are used or were used to finance in whole or in part the construction, expansion, rehabilitation, renovation, or remodeling of real or tangible personal property.

SECTION 984he. 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 ~~the~~ any participant or borrower, including a co−borrower, of proceeds of bonds issued to finance or refinance the project in whole or in part is ~~incorporated~~ organized under the laws of and has its principal place of business in any state or territory of 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.~~

Vetoed In Part

SECTION 984hf. 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.

SECTION 984hg. 66.0304 (12) of the statutes is amended to read:

66.0304 **(12)** STATE PLEDGE. The state pledges to and agrees with the bondholders, and persons that enter into contracts with a commission under this section, that the state will not limit, impair, or alter the rights and powers vested in a commission by this section, including the rights and powers under sub. (4), before the commission has met and discharged the bonds, and any interest due on the bonds, and has fully performed its contracts, unless adequate provision is made by law for the protection of the bondholders or those entering into contracts with a commission. The commission may include this pledge in a contract with bondholders. The pledge and agreement described in this subsection do not create any liability on any bonds or contracts of the commission on the part of the state, the members, or any other political subdivision of the state, or any political subdivision approving financing under sub. (11) (a), which liability shall be expressly limited as provided in sub. (9).

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87. Ordinances Conflicting with Statutory Provisions

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Governor's written objections

Section 982t

This provision prohibits cities, villages, towns or counties from enforcing ordinances which either directly conflict with statute or when the intent of the ordinance appears to conflict with statute, either in its intent or its spirit.

I am vetoing this provision because I object to inserting a broad provision which may violate home rule under the Wisconsin Constitution for cities and villages. The statutes already provide the ability to regulate matters of statewide concern that could affect political subdivisions.

.....

Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 982t. 66.0102 of the statutes is created to read:

66.0102 Conflicts with statutory provisions. (1) In this section, "political subdivision" means a city, village, town, or county.

(2) A political subdivision may not enforce an ordinance if any of the following applies:

(a) A statutory provision prohibits the political subdivision from enforcing the ordinance.

(b) The ordinance logically conflicts with a statutory provision.

(c) The ordinance defeats the purpose of a statutory provision.

(d) The ordinance violates the spirit of a statutory provision.

Vetoed In Part

Department of Transportation

88. Transfer of State Car−Killed Deer Removal Program

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Governor's written objections

Sections 362n, 578ym and 1222m

This provision would transfer, from the Department of Natural Resources to the Department of Transportation, the administration of the car−killed deer removal program that is currently funded on a one−time basis in the 2015−17 biennium by the forestry account of the conservation fund. It would further require that the Department of Transportation's expenses for contracting with vendors or local governments to remove car−killed deer shall be funded from the department's departmental management and operations, state funds appropriation under s. 20.395 (4) (aq) and specify that the removal of car−killed deer is not a routine highway maintenance activity.

I am partially vetoing this provision in several ways because I object to the appropriation under which the Department of Transportation is to fund its costs pertaining to the removal of car−killed deer and I object to the restrictions placed on the department's flexibility to address the removal of car−killed deer.

I am vetoing the requirement to fund the removal of car−killed deer from the department's departmental management and operations, state funds appropriation under s. 20.395 (4) (aq) because this requirement would take funding away from other priorities for the department's operating expenses given that no additional funding was provided to the department for car−killed deer removal.

I am vetoing the prohibition that specifies that the removal of car−killed deer is not a routine highway maintenance activity because this prohibition conflicts with current law. Through its routine maintenance agreements for county−performed maintenance on state highways, the department already has the authority under s. 84.07 (1) to perform, "all routine measures deemed necessary to provide adequate traffic service" including the removal of car−killed deer.

I am also vetoing the requirement that the department must contract for the removal and disposal of deer killed by vehicles to provide the department with greater flexibility in administering these duties.

This provision placed an unfunded mandate on the Department of Transportation. Under my partial vetoes, however, removal of deer carcasses could be funded under the Department of Transportation's routine maintenance appropriation if a need arises.

Under my partial vetoes, the earlier intent to sunset the Department of Natural Resources program for car−killed deer at the end of fiscal year 2016−17 will be maintained.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 362n. 20.395 (4) (aq) of the statutes is amended to read:

20.395 **(4)** (aq) *Departmental management and operations, state funds.* The amounts in the schedule for departmental planning and administrative activities and the administration and management of departmental programs except those programs under subs. (2) (bq), (cq), and (dq) and (3) (iq), including not less than $220,000 in each fiscal year to reimburse the department of justice for legal services provided the department under s. 165.25

Vetoed In Part

Vetoed In Part

(4) (a) and including activities related to the transportation employment and mobility program under s. 85.24 that are not funded from the appropriation under sub. (1) (bs), (bv) or (bx) and the scholarship and loan repayment incentive grant program under s. 85.107 and to match federal funds for mass transit planning and to pay for the removal and disposal of deer killed by vehicles on state trunk highways under s. 84.07 (7).

SECTION 578ym. 29.349 (4) of the statutes is renumbered 84.07 (7) and amended to read:

84.07 **(7)** DEER KILLED BY VEHICLES. The department

Vetoed In Part

shall ~~establish a program~~ contract with counties, municipalities, or private entities for the removal and disposal of deer killed by vehicles on state trunk highways.

Vetoed In Part

SECTION 1222m. 84.07 (1) of the statutes is amended to read:

84.07 **(1)** ROUTINE MAINTENANCE. Subject to sub. (1r), the state trunk highway system shall be maintained by the state at state expense. The department shall prescribe by rule specifications for such maintenance and may contract with any county highway committee or municipality to have all or certain parts of the work of maintaining the state trunk highways within or beyond the limits of the county or municipality, including interstate bridges, performed by the county or municipality, and any county or municipality may enter into such contract. Maintenance activities include the application of protective coatings, the removal and control of snow, the removal, treatment and sanding of ice, interim repair of highway surfaces and adjacent structures, and all other operations, activities and processes required on a regular, continuing basis for the preservation of the highways on the state trunk system, and including the care and protection of trees and other roadside vegetation and suitable planting to prevent soil erosion or to beautify highways pursuant to s. 66.1037, and all routine measures deemed necessary to provide adequate traffic service. Maintenance activities also include the installation, replacement, rehabilitation, or maintenance of highway signs, highway lighting, and pavement markings, and the maintenance of traffic control signals and intelligent transportation systems. Maintenance activities do not include the removal and disposal of deer killed by vehicles on state trunk highways. The department may contract with a private entity for services or materials or both associated with the installation, replacement, rehabilitation, or maintenance of highway signs, highway lighting, and pavement markings and the maintenance of traffic control signals and intelligent transportation systems.

Vetoed In Part

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89. Volkswagen Settlement

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Governor's written objections

Section 111

This provision allocates funding for state vehicle replacement and the creation of a statewide local transit capital assistance program using Wisconsin's share of a settlement with Volkswagen related to the company's fraudulent vehicle emissions practices.

I am partially vetoing this provision to eliminate the $10,000,000 cap on Volkswagen settlement funds that may be used for state fleet vehicle replacement because I object to limiting the funds for state vehicle replacement to an amount below the state's potential replacement needs. As a result of my partial veto, Volkswagen settlement funds sufficient for the replacement of all eligible state vehicles will be available for this purpose. This partial veto will not, however, impact the total $32,000,000 in funding set aside for a statewide local transit capital assistance program because the state can fully fund this amount by allocating a portion of the final third of Wisconsin's share of settlement funding that it will gain access to in the 2019−21 biennium.

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Cited segments of 2017 Assembly Bill 64:

SECTION 111. 16.047 of the statutes is created to read:
16.047 Volkswagen settlement funds.
(2) REPLACEMENT OF STATE VEHICLES.

(c) The department may expend no more than $10,000,000 under par. (a) during the 2017−19 fiscal biennium. **Vetoed In Part**

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90. Tolling Implementation Study

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Governor's written objections

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

This provision provides the Department of Transportation with $2,500,000 SEG in fiscal year 2017−18 to enter into a contract not to exceed that amount for a tolling implementation study. The study is to include an analysis to support the completion of a federal tolling application process; a tolling concepts of operations plan that outlines the policies, procedures and operations needed to govern roadway tolling; a traffic and revenue analysis including the revenue needed to support toll revenue−supported debt; and an evaluation, or reevaluation of federal environmental requirements, including needed documentation.

I am vetoing this provision to eliminate the requirement for the department to enter into a contract for a tolling study. This provision is unnecessary as the Department of Transportation may further study tolling under its own administrative authority at its discretion.

I am directing the Department of Transportation to continue to monitor and evaluate federal actions and directives that would impact Wisconsin's highway funding and review the need to further study tolling.

To make the $2,500,000 SEG that was provided for this study more immediately available, I am lining out the amount under s. 20.395 (4) (aq) for fiscal year 2017−18 and writing in a smaller amount that excludes this funding. In doing so, 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. This action will increase the transportation fund's ending balance for the biennium by $2,500,000.

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Cited segments of 2017 Assembly Bill 64:

SECTION 183. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2017−2018	2018−2019	
20.395 Transportation, Department of					
(4) GENERAL TRANSPORTATION OPERATIONS					
(aq) Departmental management and operations, state funds	SEG	A	69,154,800 66,654,800	65,528,900	**Vetoed In Part**

SECTION 9145. Nonstatutory provisions; Transportation.

Vetoed In Part

(6b) TOLLING IMPLEMENTATION STUDY.

(a) The department of transportation shall enter into a contract under which the department of transportation may expend not more than $2,500,000 from the appropriation under section 20.395 (4) (aq) of the statutes for the purpose of the contractor conducting a tolling implementation study that includes all of the following:

1. An analysis to support the completion of the federal tolling application process. **Vetoed In Part**

2. A tolling concepts of operation plan that outlines the policies, procedures, and operations needed to govern roadway tolling.

3. A traffic and revenue analysis including the revenue needed to support toll revenue−supported debt.

4. An evaluation or reevaluation of federal environmental requirements, including required documentation.

Vetoed In Part

(b) No later than January 1, 2019, the contractor conducting the study under paragraph (a) shall report its findings to the department of transportation and the legislature under section 13.172 (2) of the statutes.

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91. Aeronautics Local Government Zoning

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Governor's written objections

Section 1460m

This section specifies that no county, city, village or town airport or spaceport protection ordinance may prohibit the use of a physical barrier in lieu of compliance with a 48−hour drainage requirement for a storm retention pond that is located in a residential subdivision underlain by natural clay soil.

I am vetoing this section because it creates a safety hazard by increasing the risk of wildlife strikes to airplanes. The purpose of the 48−hour drainage requirement rather than a physical barrier is to prevent standing water from attracting wildlife that may pose a hazard to aircraft operations. This is a recommended practice under federal and state guidelines. I am also vetoing this section because it may conflict federal wildlife hazard management plans required by the Federal Aviation Administration administrator.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 1460m. 114.136 (2) (b) 3. of the statutes is created to read:

114.136 **(2)** (b) 3. An ordinance under this section may not prohibit the use of a physical barrier in lieu of compliance with a 48−hour drainage requirement for a storm detention pond that is located in a residential subdivision underlain by natural clay soil.

Vetoed In Part

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92. State Highway Rehabilitation — State Highway 154 (Sauk County)

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Governor's written objections

Section 9145 (10c)

This section requires the Department of Transportation to complete state highway rehabilitation work on STH 154 in the 2017−19 biennium in Sauk County, from the Richland/Sauk County line to the village of Loganville.

I am vetoing this section because it interferes with the department's ability to prioritize rehabilitation work. Moreover, since the department has this work programmed for fiscal year 2019−20, this project could already be advanced into the 2017−19 biennium should funding become available.

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Cited segments of 2017 Assembly Bill 64:

SECTION 9145. Nonstatutory provisions; Transportation.

Vetoed In Part

(10c) STATE HIGHWAY 154 REHABILITATION. In the 2017−19 fiscal biennium, the department of transportation shall complete the rehabilitation project on STH 154 in Sauk County between the village of Loganville and the Richland County−Sauk County border. The

Vetoed In Part

Vetoed In Part project shall include milling, overlay, and safety improvements to existing facilities.

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93. Enumerate I−94 between USH 12 and STH 65 (St. Croix County)

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Governor's written objections

Section 1212m

This section enumerates the 7.5−mile segment of I−94 between USH 12 and 130th Street near STH 65 in St. Croix County in the statutes as a major highway development project.

I am vetoing this section because I object to efforts to sidestep the current prioritization of major highway projects. In addition, the enumeration of this project at this time may create expectations that work may be undertaken on this project earlier than is likely to occur. As a result of my veto, the Department of Transportation will be able to consider this project in the context of all other projects which are under consideration – thereby allowing a comprehensive statewide approach to be applied.

.....

Cited segments of 2017 Assembly Bill 64:

Vetoed In Part **SECTION 1212m.** 84.013 (3) (cb) of the statutes is created to read:

84.013 **(3)** (cb) I 94 extending approximately 7.5 miles from US 12 to 130th Street near STH 65 in St. Croix County. **Vetoed In Part**

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94. State Highway Construction — "Replace−In−Kind" Alternative Requirement

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Governor's written objections

Sections 1221m and 9345 (4t)

These sections require the Department of Transportation to study, consider and provide a cost estimate for a "replace−in−kind" alternative when developing state highway construction projects plans. These sections define "replace−in−kind" alternatives as plans that would not include bicycle lanes, added lanes of travel or significant design modifications that would include any of the following: (a) geometric or safety modifications, (b) changes to highway alignment, or (c) changes to access points. These sections would first apply to a highway improvement project commenced on the effective date of the bill.

I am vetoing these sections because placing these requirements in statute is both unnecessary and potentially costly. The provisions are unnecessary because the Department of Transportation has already adopted a "replace−in−kind" approach as a standard strategy to limit the scope and cost of construction projects. This provision is also potentially costly because the placement of this requirement in statute may force the development of plans that will be known from the start as imprudent if clear safety or congestion needs unquestionably merit something beyond a "replace−in−kind" project plan.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part **SECTION 1221m.** 84.06 (14) of the statutes is created to read:

84.06 **(14)** REPLACE−IN−KIND ALTERNATIVES REQUIRED. (a) In this subsection, "replace−in−kind alternative" means a project plan that does not include bicycle lanes, added lanes of travel, or significant design modifications that would include geometric or safety modifications, changes to highway alignment, or access points.

(b) The department shall conduct a study of and provide a cost estimate for a replace−in−kind alternative for each highway improvement project. **Vetoed In Part**

Section 9345. Initial applicability; Transportation.

Vetoed In Part

(4t) Replace–in–kind alternatives. The treatment of section 84.06 (14) of the statutes first applies to preparations for a highway improvement project commenced on the effective date of this subsection.

Vetoed In Part

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95. Initial Applicability of the Repeal of Prevailing Wage Law

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Governor's written objections

Section 9452 (2w)

This section establishes when the bill's repeal of the state's prevailing wage law goes into effect. This section specifies, for a project of public works that is subject to bidding, the prevailing wage repeal first applies to a project for which the request for bids is issued on or after September 1, 2018. In addition, this section specifies that for a project of public works that is not subject to bidding, the prevailing wage repeal first applies to a contract that is entered into on or after September 1, 2018.

I am vetoing this section because I object to making the taxpayers of Wisconsin wait for nearly a year before they can begin to benefit from the cost savings to be created by the repeal of the state's prevailing wage laws. As a result of my veto, the delay of the repeal to September 1, 2018, will be deleted, so that the repeal of the state's prevailing wage law will, instead, be effective with the effective date of the 2017−19 budget bill as a whole — and consequently, the effective date will be the day after publication of this budget act rather than nearly a year from now.

.....

Cited segments of 2017 Assembly Bill 64:

Section 9452. Effective dates; Other.

Vetoed In Part

(2w) Elimination of prevailing wage law. The treatment of sections 16.856, 19.36 (3) and (12), 59.20 (3) (a), 84.062, 84.41 (3), 106.04, 109.09 (1), 111.322 (2m) (c) and (d), 230.13 (1) (intro.), 233.13 (intro.), 946.15, and 978.05 (6) (a) of the statutes and Section 9352 (3) of this act take effect on September 1, 2018.

Vetoed In Part

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96. Transportation Projects Commission Temporary Changes

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Governor's written objections

Sections 8bt, 8c, 8d, 8e, 8f, 8g, 8h, 8i, 8j, 8k, 8L, 8m, 8n, 183 [as it relates to s. 20.395 (4) (ab) and s. 20.865 (4) (a)], 362m, 507d, 1216bg, 1216bi, 1757m, 9145 (1f), 9145 (2f) and 9445 (1f)

These provisions make numerous changes to the Transportation Projects Commission and the Department of Transportation's duties pertaining to the commission. These changes include modifying the membership of the Transportation Projects Commission, providing staff and funding for the commission, specifying duties and the authority of the commission, requiring the Department of Transportation to provide specific information to the Transportation Projects Commission, requiring the commission to produce certain reports, and requiring an independent engineering firm to prepare a report reviewing the department's construction standards and project prioritization. These provisions also create a new biennial appropriation with $150,000 GPR in fiscal year 2017−18 to fund the initial costs for the Transportation Projects Commission and include an additional $550,000 GPR in fiscal year 2017−18 in the Joint Committee on Finance's supplemental appropriation to fund costs associated with staff for the commission. Certain duties and the statutory specification of the membership of the commission, under these provisions, sunset after June 30, 2021. The commission is initially provided 3.0 FTE GPR positions and may request an additional 4.0 FTE GPR positions through the Joint Committee on Finance.

I am fully vetoing these provisions as they pertain to the Transportation Projects Commission and the positions for the commission because I object to the creation of the duplicative functions and duties that these provisions create. I am also vetoing these provisions to eliminate wasteful and unnecessary spending.

I am retaining, however, the requirement that the department contract with an independent engineering firm to prepare a report reviewing the department's construction standards and project prioritization. I am partially vetoing the section

that specifies the scope and due date of the independent engineering report, however, to eliminate the requirement that the department undertake the engineering study in consultation with the commission. I am making this partial veto because it is unnecessary to specify that the department must consult with the commission especially once the unneeded staffing for the commission is eliminated.

Under my veto, both the appropriation for $150,000 GPR for the Transportation Projects Commission and the initial 3.0 FTE GPR positions are eliminated. In addition, I am writing down the GPR supplemental appropriation for the Joint Committee on Finance by $550,000 in fiscal year 2017−18 by lining out the amount under s. 20.865 (4) (a) for that fiscal year and writing in a smaller amount to eliminate the funding set aside for additional Transportation Projects Commission staffing costs. I am also requesting the Department of Administration secretary to not allot these funds. I am further vetoing the provision allowing the commission to request up to an additional 4.0 FTE GPR positions under a 14−day passive review request to the Joint Committee on Finance. I am, however, directing the department to create an Office of Inspector General.

The sections pertaining to the Transportation Projects Commission include numerous problems and duplications. The staff provided to the commission would duplicate the duties of existing department positions. Permanent year−round positions for the commission are also wasteful because the activity of the commission is cyclical. The broad authority that these provisions give to the commission staff to access any record of the department means personal information from driver licenses, driver medical records and law enforcement investigations is available to the commission – thus jeopardizing the state's compliance with confidentiality laws. Changing the membership of the commission whereby the secretary of the Department of Transportation is potentially not a member creates a potential gap in program prioritization and the flow of information. Requiring commission staff to produce reports which are redundant with Department of Transportation duties is unnecessary. Sunsetting provisions pertaining to the commission's membership and duties after June 30, 2021, creates unnecessary disruption to highway programming activities and oversight.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part

SECTION 8bt. 13.489 (1g) of the statutes is renumbered 13.489 (1g) (a) and amended to read:

13.489 **(1g)** (a) There is created a transportation projects commission ~~consisting.~~

(b) The commission consists of the governor, ~~3~~ 2 citizen members appointed by the governor to serve at his or her pleasure, ~~and 5~~ 3 senators and ~~5~~ 3 representatives to the assembly appointed as are the members of standing committees in their respective houses, and 4 citizen members, one appointed by each the senate majority leader, the senate minority leader, the speaker of the assembly, and the assembly minority leader. Of the members from ~~each house, 3 shall be chosen from the majority party and 2 shall be chosen from the minority party~~ the senate and the assembly, 2 shall be appointed by each the speaker of the assembly and the senate majority leader and one shall be appointed by each the assembly minority leader and senate minority leader. The governor shall appoint the secretary of transportation ~~shall serve~~ or the secretary of administration as a nonvoting member.

(c) The governor shall serve as chairperson of the commission.

(d) Citizen members of the commission shall be reimbursed for their actual and necessary expenses incurred as members of the commission from the appropriation under s. 20.395 (4) (aq).

SECTION 8c. 13.489 (1i) of the statutes is created to read:

13.489 **(1i)** STAFF. (a) The commission shall appoint a director and submit the appointment to the senate for confirmation. The director may serve prior to senate confirmation. The commission shall make the initial appointment of a director under this paragraph no later than January 12, 2018.

(b) The director shall appoint staff necessary for performing the duties of the commission. Staff appointed under this paragraph shall include an engineer, legal counsel, and a financial auditor. Staff appointed under this paragraph report to and serve at the pleasure of the director.

SECTION 8d. 13.489 (2) of the statutes is renumbered 13.489 (2) (a).

SECTION 8e. 13.489 (2) (b) of the statutes is created to read:

13.489 **(2)** (b) 1. Annually, the department of transportation shall provide the commission with a list of potential major highway projects and southeast Wisconsin freeway megaprojects that are not yet being considered for an environmental impact statement or an environmental assessment or enumeration under s. 84.013 (3) or approval under s. 84.013 (6) and the estimated cost and scope of each project.

2. In each even−numbered year, the department of transportation shall provide the commission with a list of proposed or planned state highway rehabilitation projects and southeast Wisconsin freeway megaprojects, the

Vetoed In Part

Vetoed In Part

estimated cost and scope of each project, and the location of each project.

Section 8f. 13.489 (3) of the statutes is renumbered 13.489 (3) (a).

Section 8g. 13.489 (3) (b) of the statutes is created to read:

13.489 **(3)** (b) When the department of transportation submits its biennial budget request under s. 16.42, the department shall provide a copy of the request to the commission.

Section 8h. 13.489 (7) of the statutes is created to read:

13.489 **(7)** REVIEW OF DEPARTMENT ACCOUNTS AND RECORDS. (a) The commission shall periodically review the records and accounts of the department of transportation.

(b) Annually, the commission shall evaluate the department of transportation based on goals and performance measures established by the commission. Not later than December 31 of each year, the commission shall submit the evaluation to the governor, the joint committee on finance, the standing committees of the legislature with jurisdiction over transportation matters, and the department of transportation.

(c) The director of the commission may periodically enter into a contract for an independent audit of the department of transportation.

Section 8i. 13.489 (8) of the statutes is created to read:

13.489 **(8)** MEETINGS. (a) The commission shall meet at least twice each year.

(b) The commission may hold public meetings.

Section 8j. 13.489 (9) of the statutes is created to read:

13.489 **(9)** DEENUMERATION. In each even−numbered year the commission shall consider recommending the removal of projects that are at least 10 years old from the schedule of enumerated projects.

Vetoed In Part

Section 8k. 13.489 (10) of the statutes is created to read:

13.489 **(10)** COMMISSION REPORTS. The commission shall prepare all of the following reports:

(a) A report describing the short−term and long−term impacts of each department of transportation biennial budget request on state and local roads. The commission shall submit the report under this paragraph to the governor and the standing committees of the legislature with jurisdiction over transportation matters no later than 30 days after the department of transportation submits its biennial budget request under s. 16.42.

(b) A report describing the short−term and long−term impacts of the executive budget bill on state and local roads. The commission shall submit the report under this paragraph to the governor and the standing committees of the legislature with jurisdiction over transportation matters no later than 30 days after the executive budget bill is introduced under s. 16.47.

Section 8L. 13.489 (11) of the statutes is created to read:

13.489 **(11)** LONG−RANGE PLANNING. If the commission issues long−range planning recommendations, the department of transportation, to the extent permitted by state and federal law, shall adopt the recommendations.

Section 8m. 13.489 (12) of the statutes is created to read:

13.489 **(12)** BUDGET REQUEST. The commission shall submit a biennial budget request under s. 16.42 for commission operations.

Section 8n. 13.489 (13) of the statutes is created to read:

13.489 **(13)** SUNSET. Subsections (1g) (b), (1m), (3), (4), (4m), (7), (8), (9), (10), and (11) do not apply after June 30, 2021.

Section 183. 20.005 (3) of the statutes is repealed and recreated to read:

Statute, Agency and Purpose	Source	Type	2017−2018	2018−2019	
20.395 Transportation, Department of					
(4) GENERAL TRANSPORTATION OPERATIONS					
(ab) Transportation projects commission	GPR	B	150,000	−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	16,879,600 **16,329,600**	21,740,900	**Vetoed In Part**

Vetoed In Part

Section 362m. 20.395 (4) (ab) of the statutes is created to read:

20.395 **(4)** (ab) *Transportation projects commission.* Biennially, from the general fund, the amounts in the schedule for the general program operations of the transportation projects commission.

Section 507d. 20.923 (4) (e) 13. of the statutes is created to read:

20.923 **(4)** (e) 13. Transportation projects commission: director.

Vetoed In Part

Section 1216bg. 84.013 (5) of the statutes is amended to read:

84.013 **(5)** Commencing with the 1985−87 biennial budget bill and biennially thereafter, the department shall request adjustments to the list of major highway projects under sub. (3) as listed projects are completed, projects

Vetoed In Part

are approved under sub. (6) and new projects are ready for construction. The department shall submit the proposed biennial adjustments for major highway projects to the transportation projects commission for review and recommendation as provided under s. 13.489. Submission of proposed adjustments to the transportation projects commission is not required after June 30, 2021.

SECTION 1216bi. 84.013 (6) of the statutes is amended to read:

84.013 **(6)** If following the enactment of the biennial budget bill the department determines that a highway project which was initially planned or designed as a reconditioning, reconstruction or resurfacing project is a major highway project and is ready for construction, the department shall submit the proposal for the specific project to the transportation projects commission for review and recommendation as provided under s. 13.489. After the transportation projects commission has submitted its report on the project, the department may request approval of the specific project as a major highway project from the joint committee on finance. If the joint committee on finance approves the project, the committee shall make such transfer of funds among the highway appropriations as deemed necessary and the department may proceed with construction. This subsection does not apply after June 30, 2021.

SECTION 1757m. 230.08 (2) (fq) of the statutes is created to read:

230.08 **(2)** (fq) The director of the transportation projects commission.

SECTION 9145. Nonstatutory provisions; Transportation.

(1f) TRANSPORTATION ENGINEERING AND CONSTRUCTION STUDY. The department of transportation in consultation with the transportation projects commission shall enter into an agreement with an independent engineering firm that has not previously conducted business with the state for the preparation, and delivery to the department and commission , of a report by no later than January 1, 2019, that does all of the following:

Vetoed In Part

Vetoed In Part

(2f) TRANSPORTATION PROJECTS COMMISSION FUNDING. Not later than March 1, 2018, the transportation projects commission shall submit a request to the joint committee on finance for not more than an additional 4.0 GPR−funded positions. If the cochairpersons of the committee do not notify the commission within 14 working days after the submittal that the committee has scheduled a meeting for the purpose of reviewing the request, the commission may expend the funds. If, within 14 working days after the submittal, the cochairpersons of the committee notify the commission that the committee has scheduled a meeting for the purpose of reviewing the request, the commission may expend the funds only as approved by the committee.

Vetoed In Part

SECTION 9445. Effective dates; Transportation.

(1f) TRANSPORTATION PROJECTS COMMISSION MEMBERSHIP. The treatment of section 13.489 (1g) of the statutes takes effect on January 1, 2018.

Vetoed In Part

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97. Transfer of Segregated Funds

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Governor's written objections

Sections 359p and 9145 (4w)

These provisions require the Department of Transportation to study and report on the effects of consolidating SEG in the surface transportation program and replacing these funds with FED from the state highway program. This report is required to be submitted to the Joint Committee on Finance no later than May 1, 2018. These provisions further permit the department to submit a s. 13.10 request to the Joint Committee on Finance that would accomplish such transfers and would require such requests to include an estimate of the potential savings or costs to local governments. In addition, these provisions create a SEG continuing appropriation under which funds could be transferred to implement any actions by the Committee.

I am partially vetoing these provisions because I object to the limitations created in this budget on the allocation of segregated funds among highway projects. The limitations placed on the amounts provided for the southeast Wisconsin freeway megaprojects and the major highway projects, in particular, will inhibit the department's ability to allocate funds in the most advantageous manner especially in light of the I−94 north−south corridor project funding provided for in separate legislation.

As a result of my partial vetoes of these sections, the department will be able to make dollar−for−dollar reallocations among all state and local road and highway projects – including the southeast Wisconsin freeway megaprojects. My veto will ensure that the state can maximize the use of federal matching dollars and begin to implement state efforts to reduce local government's costs immediately. While no overall increase in spending will be permitted by my partial vetoes, critical reallocations, especially to advance the southeast Wisconsin freeway megaprojects will be enabled. None of

these reallocations, however, will hinder my earlier commitment to keep all major projects on schedule to the highest degree possible within the overall funding provided under the budget bill.

I am also partially vetoing the Joint Committee of Finance review of reallocations under this provision because such review may impede the speed of the department's efforts to bring projects to completion. I am further partially vetoing the requirement that the department provide a report on the consolidation of funds to the Committee by May 1, 2018, because the study of such consolidation should remain as an ongoing function. My partial vetoes retain, however, the requirement for the department to study the effects of consolidating state moneys in the surface transportation program as our efforts to examine means to reduce local government costs must continue.

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Cited segments of 2017 Assembly Bill 64:

SECTION 359p. 20.395 (2) (fq) of the statutes is created to read:

Vetoed In Part 20.395 **(2)** (fq) *Local transportation facility improvement assistance , state funds.* All moneys transferred under 2017 Wisconsin Act .... (this act), section 9145 (4w), for providing public access roads to navigable **Vetoed In Part** waters, for the purposes of ss. 84.27 and 84.28, and for improving transportation facilities, including facilities funded under applicable federal acts or programs, that are not state trunk or connecting highways.

SECTION 9145. Nonstatutory provisions; Transportation.

Vetoed In Part (4w) STUDY OF CONSOLIDATION OF SEGREGATED FUNDS IN LOCAL PROGRAM .

(a) The department of transportation shall study the effects of consolidating state moneys in the surface transportation program and replacing these funds with federal moneys from the state highway program and shall report **Vetoed In Part** its findings to the joint committee on finance no later than May 1, 2018 .

(b) The department of transportation may submit a **Vetoed In Part** request to make transfers of state and federal moneys between the surface transportation program and state **Vetoed In Part** highway program to the joint committee on finance under section 13.10 of the statutes . A request made under this **Vetoed In Part** paragraph shall include an estimate of the potential savings or costs to local governments and the state that could be associated with the request.

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98. Railroad Corporation Condemnation Authority

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Governor's written objections

Sections 585i and 585k

These sections require that prior to a railroad corporation acquiring any property through condemnation that exceeds 100 feet in width, the Legislature must enact a law that states a legislative finding that the railroad corporation's acquisition serves the public interest, and that authorizes the acquisition of the property or property interest.

I am vetoing these sections because it is possible that this limitation may be deemed an unreasonable interference with railroad transportation, which is prohibited by federal law. In addition, I am vetoing these sections because the requirement that the Legislature must enact a law prior to the acquisition of property through condemnation may cause excessive delays in railroad projects necessary for economic growth in the state.

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Cited segments of 2017 Assembly Bill 64:

Vetoed In Part **SECTION 585i.** 32.02 (3) of the statutes is amended to read:

32.02 **(3)** ~~Any~~ Subject to s. 32.03 (7), any railroad corporation, any grantee of a permit to construct a dam to develop hydroelectric energy for sale to the public, any Wisconsin plank or turnpike road corporation, any drainage corporation, any interstate bridge corporation, **Vetoed In Part** or any corporation formed under chapter 288, laws of 1899, for any public purpose authorized by its articles of incorporation.

SECTION 585k. 32.03 (7) of the statutes is created to read:

Vetoed In Part

32.03 **(7)** A railroad corporation may not acquire by condemnation any property or property interest that exceeds a width of 100 feet unless law is enacted that includes the legislative findings that the acquisition serves the public interest and that authorizes the acquisition.

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