# 1997-99 WISCONSIN STATE BUDGET

## Comparative Summary of Budget Provisions

## Enacted as 1997 Act 27

## Volume II

**Legislative Fiscal Bureau**

**One East Main, Suite 301**
**Madison, Wisconsin**

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**Volume II**

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# NATURAL RESOURCES

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $335,280,800 | $316,200,600 | $318,616,800 | $319,696,200 | $319,696,200 | - $15,584,600 | - 4.6% |
| FED | 76,024,800 | 76,582,100 | 76,234,100 | 76,194,500 | 76,194,500 | 169,700 | 0.2 |
| PR | 46,826,200 | 49,308,000 | 49,015,600 | 49,531,200 | 49,361,600 | 2,535,400 | 5.4 |
| SEG | 379,828,600 | 401,359,300 | 410,441,900 | 410,397,100 | 410,297,100 | 30,468,500 | 8.0 |
| TOTAL | $837,960,400 | $843,450,000 | $854,308,400 | $855,819,000 | $855,549,400 | $17,589,000 | 2.1% |
| BR | | $23,863,600 | $28,573,600 | $30,573,600 | $30,573,600 | | |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 521.28 | 507.28 | 503.28 | 503.28 | 503.28 | - 18.00 |
| FED | 481.55 | 456.05 | 451.55 | 451.55 | 451.55 | - 30.00 |
| PR | 235.14 | 244.14 | 242.14 | 249.14 | 247.14 | 12.00 |
| SEG | 1,667.75 | 1,667.25 | 1,680.25 | 1,684.25 | 1,684.25 | 16.50 |
| TOTAL | 2,905.72 | 2,874.72 | 2,877.22 | 2,888.22 | 2,886.22 | - 19.50 |

### Budget Change Items

## Departmentwide and Administrative Services

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $91,800 | 0.00 |
| FED | - 988,100 | - 18.50 |
| PR | - 3,001,000 | 0.00 |
| SEG | - 19,571,100 | - 13.00 |
| Total | - $23,468,400 | - 31.50 |

**Governor/Legislature:** Adjust the Department's base budget by deleting $7,937,800 in 1997-98 and $15,530,600 in 1998-99 as follows: (a) -$2,242,100 annually for turnover reduction (-$551,900 GPR, -$39,400 FED, -$140,300 PR and -$1,510,500 SEG); (b) -$9,094,000 in 1997-98 and -$16,686,800 in 1998-99 for removal of noncontinuing items from the base (-$340,000 FED, -$2,244,800 PR and

-$6,509,200 SEG in 1997-98; -$721,900 FED, -$2,244,800 PR and -$13,720,100 SEG in 1998-99; -15.0 FED positions and -13.0 SEG positions in 1997-98; and -18.5 FED positions and -13.0 SEG positions in 1998-99); (c) $418,000 annually for full funding of continuing salaries and fringe ($278,400 GPR, $73,300 FED, $859,000 PR and -$792,700 SEG); (d) $688,000 annually for full funding of financial services charges ($86,600 GPR, $14,200 PR and $587,200 SEG); (e) $2,018,600 annually for overtime ($162,400 GPR and $1,856,200 SEG); (f) $156,200 annually for fifth vacation week as cash ($46,500 GPR, $3,000 FED, $5,700 PR and $101,000 SEG); (g) minor transfers within the same appropriation; and (h) $117,500 annually for delayed pay adjustments ($23,900 GPR, $5,700 PR, and $87,900 SEG). The SEG reductions for noncontinuing costs in (b) above are due mainly to: (1) deletion of $5,200,000 in 1997-98 and $12,200,000 in 1998-99 to reduce municipal and county recycling grants to conform with current law; and (2) deletion of $649,900 and 12.0 positions annually related to the leaking underground storage tank cost-control project which ends June 30, 1997.

## 2. AGENCY REORGANIZATION [LFB Paper 575]

**Governor:** Restructure DNR Divisions and Bureaus and make corresponding changes in the Chapter 20 appropriations structure to move staff and funding into the newly configured programs.

**Proposed DNR Divisions and Functions**

- *Division of Land*: Wildlife Management, Forestry, Parks and Recreation, Endangered Resources, Facilities and Lands.

- *Division of Air and Waste*: Air Management, Waste Management, Recycling, Remediation and Redevelopment.

- *Division of Enforcement and Science*: Law Enforcement, Integrated Science Services

- *Division of Water*: Watershed Management, Fisheries Management and Habitat Protection, Drinking Water and Groundwater.

- *Division of Administration and Technology*: Finance, Administrative and Field Services, Enterprise Information Technology and Applications, Human Resources.

- *Division of Customer Assistance and External Relations (CAER)*: Customer Service and Licensing, Cooperative Environmental Assistance, Communication and Education, Community Financial Assistance.

Modify the Chapter 20 appropriation schedule to reflect the nine programs of the reorganized Department: (1) Land; (2) Air and Waste; (3) Enforcement and Science; (4) Water; (5) Conservation

Aids; (6) Environmental Aids; (7) Debt Service and Development; (8) Administration and Technology; and (9) CAER.

Examples of a number of functions under the current and proposed organizational structure are shown in the following table.

**Overview of Major Changes**

| Function | Old Division | New Division |
|---|---|---|
| Wildlife, Forestry, Parks | Resource Management | Land |
| Licensing | Resource Management | CAER |
| Fisheries | Resource Management | Water |
| Research | Resource Management | Enforcement & Science |
| Wastewater | Environmental Quality | Water |
| Air | Environmental Quality | Air and Waste |
| Solid/Hazardous Waste | Environmental Quality | Air and Waste |
| Pollution Prevention | Environmental Quality | CAER |
| Water Regulation/Zoning | Enforcement | Water |
| Information/Education | Administrative Services | CAER |
| Loans, Grants and Aids Administration | Office of Governmental Relations | CAER |

Create appropriation schedules for Program 4 (Water) and Program 9 (CAER) with general program operations appropriations for the various funding sources for those divisions (such as state funds, service funds, federal funds and the environmental fund).

Move Ice Age Trail gifts and grants, state trails gifts and grants, and several land-related resource acquisition, maintenance and development appropriations from Program 1 (Land) to Program 7 (Debt Service and Development) and water-related resource acquisition, maintenance and development appropriations from Program 1 (Land) to Program 4 (Water).

Change the appropriation for the MacKenzie Environmental Center from an annual to a biennial appropriation. Change the state trails gifts and grants appropriation from PR to SEG.

**Joint Finance:** Make technical modifications to: (a) delete obsolete subappropriation lines within the segregated and federal general program operations appropriations for the Land Division; and (b) retain $45,800 PR and 1.0 PR position annually associated with brownfields-related program revenues rather than solid waste program revenues.

**Assembly/Legislature:** Transfer 1.0 PR air emissions fee position and $42,200 PR annually between appropriations to reflect the intended agency reorganization. Maintain 1.0 PR position and

$56,400 PR annually from ozone-depleting refrigerant fees (the bill transfers the position to air emissions fees in error).

[Act 27 Sections: 293, 300, 302 thru 322, 324, 325, 326m, 328 thru 341, 342, 346, 347 thru 349, 350 thru 354, 356 thru 358, 359 thru 364, 365 thru 375, 380, 382 thru 396, 399, 400, 401, 402 thru 410, 415 thru 431, 434, 439 thru 452, 453 thru 455, 732, 741, 744, 771, 773, 782, 783, 785 thru 788, 844, 870, 873, 982, 996, 1057, 1065, 1143, 1147, 2474m, 3159, 3488, 3587, 3601, 3605, 3608, 3612, 3613, 3637 and 4191 thru 4193]

## 3. UNCLASSIFIED DIVISION ADMINISTRATORS

**Governor/Legislature:** Increase the number of unclassified division administrators in DNR from four to six to reflect the departmental reorganization. Two existing classified positions would be reallocated to create the two unclassified administrator positions, which would head the newly-created Divisions of Air and Waste and of Customer Assistance and External Relations.

[Act 27 Section: 3298]

## 4. INTERNAL REALLOCATION

| | Chg. to Base |
|---|---|
| GPR | - 0.50 |
| SEG | - 4.50 |
| Total | - 5.00 |

**Governor/Legislature:** Reallocate $939,100 ($230,000 GPR, $217,000 PR and $492,100 SEG) in 1997-98 and $945,100 ($230,000 GPR, $208,400 PR and $506,700 SEG) in 1998-99 and delete 5.0 positions to fund basic program and infrastructure needs.

| | 1997-98 | 1998-99 | Positions |
|---|---|---|---|
| **Funding Increases** | | | |
| Department reorganization | $578,300 | $531,400 | |
| Departmentwide land use initiative | 30,000 | 72,000 | |
| Geographic information systems | 260,000 | 260,000 | |
| Staff and equipment support for regional operations | 70,800 | 81,700 | 1.5 |
| Subtotal | $939,100 | $945,100 | 1.5 |
| **Funding Decreases** | | | |
| Word processing services | -$80,200 | -$80,200 | -2.0 |
| Eliminate half-time attorney (GPR) | -33,700 | -33,700 | -0.5 |
| Assistance to forest landowners | -200,000 | -200,000 | -3.0 |
| Southern forest operations | 0 | -46,500 | |
| Wildlife management | -35,300 | -38,500 | |
| Contingency funds for preventive maintenance | -38,100 | 0 | |
| Nonpoint source contracts | -23,900 | -23,900 | |
| Clean Water Fund automated equipment purchases | -25,000 | -25,000 | |
| Wildlife surveys | -50,000 | -50,000 | -1.0 |
| Ozone boundary flights | -37,000 | -37,000 | |
| Postpone installation of fourth ozone monitoring site | -140,000 | -131,400 | |
| UW College of Engineering intern program | -40,000 | -40,000 | |
| Support for water quality modelling | -50,000 | -50,000 | |
| Great Lakes remedial action projects | -100,000 | -100,000 | |
| Fish management supplies and services | -39,600 | -42,600 | |
| Support for drinking water and groundwater program | -46,300 | -46,300 | |
| Subtotal | -$939,100 | -$945,100 | -6.5 |

Reallocated funds would support: (a) departmentwide reorganization efforts, including operation of current customer service centers, opening of new centers, computer network technology, license sale improvements and staff training; (b) a departmentwide land use initiative, including operational costs and providing technical assistance and the sharing of information with local governments; (c) geographic information systems, including hardware, software, staff travel and training; and (d) regional operations support, including a one-half time employe safety coordinator in the Southeastern Region, LTE clerical staff in the West Central Region, a facility repair worker for the Northeastern Region and equipment in the Northern Region.

## 5. DEBT SERVICE REESTIMATE

| | Chg. to Base |
|---|---|
| GPR | $4,411,300 |
| SEG | 216,900 |
| Total | $4,628,200 |

**Governor/Legislature:** Provide $7,513,400 in 1997-98 ($7,567,700 GPR and -$54,300 SEG) and a decrease of $2,885,200 in 1998-99 (-$3,156,400 GPR and $271,200 SEG) to fund estimates of principal repayment and interest. SEG funding is provided from the conservation fund.

## 6. PROGRAM REVENUE REESTIMATES

| | Chg. to Base |
|---|---|
| PR | $3,664,600 |

**Governor/Legislature:** Provide $1,834,500 in 1997-98 and $1,830,100 in 1998-99 as a reestimate of program revenues and expenditures as follows: (a) $232,700 annually in Forestry to reflect increased federal revenues for gypsy moth eradication, a correction for the transfer of the Trust Land Foresters to Treasury and revenues from the Menominee Tribal Enterprises for DNR-provided management services; (b) -$1,500 annually in Parks and Recreation to reflect decreased inter-agency grants that have ended and increased payments from Justice for law enforcement training; (c) -$362,900 annually from Air Management to reflect reduced revenues from the Department of Transportation for the Congestion Mitigation and Air Quality Improvement grant; (d) -$571,900 annually from Integrated Science Services for the loss of the Electric Power Research Institute grant program; (e) $2,383,300 annually for the Bureau of Enterprise Information Technology and Applications to reflect anticipated revenues primarily from information technology chargebacks from other bureaus; (f) $50,000 annually in the Bureau of Finance to cover charges from the State Controller's Office for WISMART and GAAP accounting; (g) $4,700 in 1997-98 and $300 in 1998-99 in the Bureau of Communication and Education to reflect increased revenues collected and costs at the MacKenzie Environmental Center; (h) $68,600 annually in the Bureau of Communication and Education to reflect actual revenues collected from non-governmental agencies and state agencies for public education programs; (i) $19,400 in the Bureau of Cooperative Environmental Assistance to reflect increased costs; (j) $12,100 across various bureaus to reflect actual expenditures in 1995-96.

## 7. SEGREGATED REVENUE REESTIMATES

| | Chg. to Base |
|---|---|
| SEG | $2,669,400 |

**Governor/Legislature:** Provide $1,334,700 annually to reflect segregated revenue reestimates in the following programs: (a) $62,200 in wild turkey restoration; (b) $100,600 in pheasant restoration; (c) $81,700 in wetlands habitat protection; (d) $15,900 in trapper education; (e) -$48,000 in voluntary payments in the Bureau of Endangered Resources; (f) $19,000 in voluntary contributions for lake research; (g) $127,100 for Great Lakes trout and salmon programs; (h) $156,100 for inland trout habitat improvement; (i) $40,800 for Canadian agencies migratory waterfowl aids; and (j) $779,300 for wildlife damage claims and abatement.

## 8. FEDERAL AID REESTIMATES

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| FED | $1,239,200 | - 3.50 |

**Governor/Legislature:** Provide $619,600 and -3.5 positions annually to reflect the most recent information on federal grants, aids, and contracts, as follows:

| A. Federal Aid Reestimates | Annual Funds | Positions |
|---|---|---|
| **Land** | | |
| Wildlife Management | $1,063,300 | |
| Forestry | -109,900 | |
| Southern Forests | 31,200 | |
| Parks and Recreation | -75,200 | |
| Endangered Resources | 44,300 | |
| Facilities and Lands | 14,400 | |
| **Air and Waste** | | |
| Waste Remediation | 129,500 | |
| Remediation and Redevelopment | -1,435,500 | 0.5 |
| **Enforcement and Science** | | |
| Law Enforcement | 78,700 | |
| Integrated Science Services | -21,300 | |
| **Water** | | |
| Watershed Management | 1,309,400 | |
| Fisheries Management & Habitat Protection | -245,000 | |
| Drinking Water and Groundwater | 287,700 | |
| Water Program Management | 14,000 | |
| **Acquisition/Development** | | |
| Acquisition/Development | -660,300 | |
| **Administration and Technology** | | |
| Enterprise Information | 0 | 1.0 |
| **Customer Assistance and External Relations** | | |
| Cooperative Environmental Assistance | 23,500 | 0.5 |
| Community Financial Assistance | 100,000 | |
| **Total Federal Aid Reestimates** | **$548,800** | **2.0** |

| B. Federal Indirect (Overhead) Changes | Annual Funds | Positions |
|---|---|---|
| **Administration and Technology** | | |
| Administrative & Field Services | -$139,400 | |
| Enterprise Information | -95,300 | -1.0 |
| Legal Services | -142,300 | -1.5 |
| Human Resources | -3,600 | |
| Finance | 324,100 | -0.5 |
| Management and Budget | -4,700 | |
| Administration | -4,200 | |
| Facility Rental Costs | $274,800 | |
| **Customer Assistance and External Relations** | | |
| Customer Service and Licensing | -5,200 | |
| Communication and Education | -133,400 | -2.5 |
| **Total Federal Indirect Changes** | **$70,800** | **-5.5** |
| **Total Federal Changes** | **$619,600** | **-3.5** |

## 9. STATEWIDE INFORMATION TECHNOLOGY STANDARDS

| | Chg. to Base |
|---|---|
| FED | $654,100 |
| PR | 209,900 |
| SEG | 1,795,400 |
| Total | $2,659,400 |

**Governor/Legislature:** Provide $1,237,500 in 1997-98 ($273,300 FED, $78,700 PR and $885,500 SEG) and $1,421,900 in 1998-99 ($380,800 FED, $131,200 PR and $909,900 SEG) to update and periodically replace network and desktop hardware and software and printers and provide support and training to move the Department toward the state's information technology (IT) standards. Nearly 86% of the SEG funding in the biennium would come from the conservation fund.

## 10. RENT INCREASES

| | Chg. to Base |
|---|---|
| SEG | $750,000 |

**Governor/Legislature:** Provide $375,000 annually ($350,000 from the conservation fund and $25,000 from the environmental fund) for increased rental costs for state-owned and leased space as part of the implementation of DNR's service center concept.

## 11. ADMINISTRATION AND TECHNOLOGY OPERATIONS REDUCTIONS

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| GPR | - $389,200 | - 1.50 |

**Governor/Legislature:** Delete $194,600 and 1.5 positions annually from various bureaus in the Division of Administration and Technology as follows:

a. $71,500 and 1.0 position in the Bureau of Finance, including $62,500 from merging two existing sections in the Bureau and deleting one section chief position and $9,000 in supplies.

b. $55,000 in the Bureau of Enterprise Information, Technology and Applications by converting GPR to PR, requiring the Bureau to increase internal chargeback rates for information technology.

c. $26,000 from travel and training expenditures in the Bureau of Enterprise Information, Technology and Applications.

d. $24,600 and 0.5 position in the Bureau of Legal Services to eliminate a one-half time attorney position responsible for hazardous waste and PCB regulation.

e. $13,900 from the Bureau of Human Resources, including $11,000 in supplies and $2,900 in LTE funds.

f. $3,600 from supplies in the Bureau of Management and Budget.

## 12. INTEGRATED SCIENCE SERVICES STAFF REDUCTION

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| GPR | - $92,200 | - 1.00 |

**Governor/Legislature:** Delete $46,100 and 1.0 position annually in environmental project review and analysis staff in the Bureau of Integrated Science Services. A 0.5 FTE reduction would be taken in both the Northern and South Central Regions.

## 13. FEDERAL-STATE RELATIONS CHARGEBACKS

| | Chg. to Base |
|---|---|
| FED | $41,400 |

**Governor/Legislature:** Provide $20,700 annually to reflect federal grant application processing costs charged to DNR by the Bureau of Intergovernmental Relations in DOA.

## 14. FACILITIES AND LANDS OPERATING BUDGET REDUCTION

| | Chg. to Base |
|---|---|
| GPR | - $39,800 |

**Governor/Legislature:** Delete $19,900 annually in LTE support from the operating budgets for properties assigned to the Bureau of Facilities and Lands as follows: (a) $3,200 from Wild Rivers; (b) $10,500 for management of the Lower Wisconsin State Riverway; (c) $2,800 from the Chippewa Flowage; and (d) $3,400 from the Turtle-Flambeau Flowage.

## 15. PUBLIC INTERVENOR SUPPORT [LFB Paper 576]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $30,000 | 0.00 | - $160,900 | - 1.00 | - $130,900 | - 1.00 |

**Governor:** Provide $15,000 annually for supplies and services for the Office of the Public Intervenor for reimbursement of expenses of members of the Public Intervenor Board, the hiring of expert assistance and LTE support.

**Joint Finance:** Delete provision. Further, delete $56,100 in 1997-98 and $74,800 in 1998-99 and 1.0 position annually and eliminate the Office of the Public Intervenor and Board effective October 1, 1997.

**Assembly/Legislature:** Modify provision by delaying the elimination of the Public Intervenor from October 1, 1997, to 30 days after the effective date of the bill.

[Act 27 Sections: 45m, 66m, 154m, 783x, 3281m and 9437(5m)]

## 16. TRANSFERS BETWEEN PROGRAMS AND SUBPROGRAMS

| | Chg. to Base |
|---|---|
| FED | - $15,800 |
| PR | - 1,800 |
| SEG | 17,600 |
| Total | $0 |

**Governor/Legislature:** Transfer funding between programs and subprograms as follows:

a. *Segregated Revenue*: Transfer SEG funding from the following programs to the segregated general program operations appropriation for the Division of Administration and Technology (to be used for rent and other payments).

| | |
|---|---|
| Wildlife Management | $2,300 |
| Forestry | 6,500 |
| Southern Forests | 700 |
| Parks & Recreation | 2,300 |
| Facilities & Lands | 1,500 |
| Integrated Science Services | 1,200 |
| Fisheries Management | 4,500 |
| Customer Service & Licensing | 600 |
| Community Financial Assistance | 800 |
| Subtotal | $20,400 |

b. *GPR*: Transfer GPR funding from the following programs to the GPR general program operations appropriation in the Division of Administration and Technology.

| | |
|---|---|
| Endangered Resources | $400 |
| Waste Management | 1,600 |
| Remediation & Redevelopment | 1,200 |
| Law Enforcement | 3,600 |
| Watershed Management | 3,700 |
| Drinking Water & Groundwater | 1,600 |
| Water Integration Team | 200 |
| Cooperative Environmental Assistance | 200 |
| Subtotal | $12,500 |

c. *Program Revenue*: Transfer PR funding ($2,800) from permits for the operation of stationary sources from Air Management to Administration and Technology.

Further, transfer funding for environmental enforcement in the following programs: (a) conversion of $61,200 and 1.0 position annually from PR to FED in air management; (b) convert $54,800 and 1.0 position annually from SEG to FED in watershed management; and (c) convert $123,900 FED and 2.0 FED positions annually to $63,600 SEG and 1.0 SEG position and $60,300 PR and 1.0 PR position in law enforcement.

## 17. VEHICLE AND EQUIPMENT POOLS [LFB Paper 577]

| | Assembly/Leg. (Chg. to Base) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|
| SEG-Lapse | $1,040,000 | - $1,040,000 | $0 |

**Governor:** Add the information technology pool to the list of vehicle and equipment pools from which DNR can spend moneys received from within the Department for the operation, maintenance, replacement and purchase of that equipment. Require DNR to submit a report to DOA no later than January 1, 1998, detailing the Department's proposed expenditures of these funds necessary to conform to the information technology guidelines established by DOA.

Also add DNR's vehicle and equipment pool SEG appropriation to the list of specified appropriations from which DNR can expend conservation fund SEG in an amount not exceeding the depreciated value of the vehicles and equipment financed from the pool.

**Joint Finance:** Require DNR to submit a request to the Joint Committee on Finance for approval no later than the Committee's third quarterly meeting under s. 13.10 (March, 1998) to expend any funds on a one-time basis from the vehicle and equipment pools for information technology equipment. Require the request to include: (a) the balances in the Department's vehicle and equipment pool accounts; (b) the Department's proposed expenditure of these funds necessary to conform to information technology guidelines; (c) how any one-time expenditure of funds would affect the rates charged for and the long-term solvency of the accounts; (d) any proposed purchases of other equipment that would be foregone to purchase information technology equipment; and (e) the sources and recipients within the Department of any funding from the pool accounts used to purchase information technology equipment.

**Assembly/Legislature:** In addition, require DNR to lapse $520,000 SEG annually in 1997-99 from the vehicle and equipment pool appropriation to the conservation fund.

**Veto by Governor [B-28]:** Delete the requirement that DNR submit a request to Joint Finance for the expenditure of funds from the vehicle and equipment pools for information technology equipment. Also, delete the requirement that DNR lapse $520,000 SEG annually in 1997-99 from the vehicle and equipment pool appropriation.

[Act 27 Sections: 448 and 741]

[Act 27 Vetoed Sections: 448, 9137(7m) and 9237(2q)]

## 18. REPEAL INDIRECT COST REIMBURSEMENT APPROPRIATION

**Governor/Legislature:** Repeal the Department's federal appropriation in Administration and Technology for moneys received from the federal government as reimbursement of indirect costs of administering federal grants, contracts and programs. Moneys for these purposes would instead be deposited into a federal appropriation in Customer Assistance and External Relations.

[Act 27 Section: 432]

## 19. NEW STEWARDSHIP COMPONENTS

**Joint Finance:** Create two new components of the Warren Knowles-Gaylord Nelson stewardship program as follows:

a. *Open Space Protection Program.* Create the open space protection program within stewardship to allow local government units and nonprofit conservation organizations to receive grants of up to 75% of the cost to purchase development rights. Authorize the Department to award grants under the program to cities, villages, towns, counties and nonprofit conservation organizations for the acquisition of conservation easements on land for the purposes of preserving open space, including agricultural and forest lands.

Authorize $2 million annually for the open space protection program and reduce the following components of stewardship accordingly: (1) Ice Age Trail, by $500,000 in 1997-98; (2) general property development, by $500,000 in 1997-98 and by $1 million annually thereafter; and (3) general land acquisition, by $1 million annually beginning in 1997-98.

Authorize DNR to provide one grant of $100,000 to a nonprofit corporation to provide training and technical assistance to local units of government to assist them in the establishment of projects for the acquisition of conservation easements to protect open space.

b. *Bluff Protection Program.* Create the bluff protection program within stewardship to allow cities, villages, towns, counties and nonprofit conservation organizations to receive grants of up to 50% of the cost of acquiring bluff land for environmental protection and management. Allocate $500,000 annually for the program and reduce the general land acquisition component of stewardship by $500,000 annually. Require DNR to promulgate rules to define a bluff and determine standards for awarding grants under this program.

With the addition of these programs, the various components of stewardship would be authorized at the following levels through the sunset of the program in 1999-2000 under Joint Finance action.

| Component | 1996-97 | 1998-99 and 1997-98 | 1999-2000 |
|---|---|---|---|
| General Land Acquisition | $6,700,000 | $5,200,000 | $5,200,000 |
| General Property Development | 3,500,000 | 3,000,000 | 2,500,000 |
| Local Park Aids | 2,250,000 | 2,250,000 | 2,250,000 |
| Lower Wisconsin State Riverway | 2,000,000 | 2,000,000 | 2,000,000 |
| Open Space Protection | N/A | 2,000,000 | 2,000,000 |
| Urban Rivers | 1,900,000 | 1,900,000 | 1,900,000 |
| Habitat Areas | 1,500,000 | 1,500,000 | 1,500,000 |
| Natural Areas Acquisition | 1,500,000 | 1,500,000 | 1,500,000 |
| Stream Bank Protection | 1,000,000 | 1,000,000 | 1,000,000 |
| Trails | 1,000,000 | 1,000,000 | 1,000,000 |
| Urban Green Space | 750,000 | 750,000 | 750,000 |
| Natural Areas Heritage | 500,000 | 500,000 | 500,000 |
| Ice Age Trail | 500,000 | 0 | 500,000 |
| Bluff Protection | N/A | 500,000 | 500,000 |
| TOTAL | $23,100,000 | $23,100,000 | $23,100,000 |

**Assembly:** Delete provisions creating the open space protection program.

**Senate/Legislature:** Restore provisions creating the open space protection program within the Warren Knowles-Gaylord Nelson stewardship program. In addition, modify the Joint Finance provision by reducing the bonding authorization for the general property development component of stewardship by $500,000 in 1997-98 and restore the authorization for the Ice Age Trail component by the same amount. This would maintain bonding authorization of $2 million for the open space protection component of stewardship, funded by reducing the bonding authorization for the general land acquisition and general property development components of stewardship each by $1 million annually.

**Veto by Governor [B-23]:** Delete provisions creating the open space protection and bluff protection programs. As a result, the annual bonding allocation among stewardship categories would remain unchanged from the 1996-97 amounts shown in the table. (A technical modification correcting a cross-reference related to stewardship funding would remain.)

[Act 27 Section: 768m]

[Act 27 Vetoed Sections: 762g thru 762L, 766b thru 766i, 766m thru 766s, 766w and 766x thru 767]

## 20. STEWARDSHIP PROJECTS EARMARKED

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | $104,000 | 1.00 | - $12,000 | 0.00 | $92,000 | 1.00 |

**Joint Finance:** Provide funding from the Warren Knowles-Gaylord Nelson stewardship program for the following projects:

a. *Henry Aaron State Park Trail.* Direct DNR to expend $290,000 from the habitat areas component of stewardship by June 30, 2000, for the development of the Henry Aaron State Park Trail in Milwaukee County, as follows: (1) $100,000 for wetland creation and streambank stabilization; (2) $140,000 for trail development, including river access and a bridge; (3) $37,500 for landscaping of the river banks and recreation areas; and (4) $12,500 for signs and other site amenities. In addition, provide $46,000 in 1997-98 and $58,000 in 1998-99 and 1.0 project manager position from the parks account of the conservation fund for the development, operation and maintenance of the trail.

b. *Crex Meadows Wildlife Center.* Direct DNR to expend, by June 30, 2000, $250,000 from the general property development component of stewardship to construct and equip a wildlife education center for the Crex Meadows Wildlife Area in Burnett County. Direct that expenditures be made in a manner that for every $3 received by DNR from private grants, gifts or bequests for the project, $1 be expended from stewardship. Require DNR to expedite the planning, design and development of the center. Enumerate the project at $1 million ($250,000 stewardship bonding and $750,000 in gifts and grants).

c. *Flambeau Mine Trail.* Direct DNR to expend $100,000 from the trails component of stewardship by June 30, 2000, for development of the Flambeau Mine Trail and Rusk County Visitor Center as follows: (1) $7,500 for construction of six miles of trail; (2) $58,000 for winter grooming equipment; (3) $31,500 to finance completion of the center; and (4) $3,000 for related costs.

d. *Grandfather Falls Recreation Area.* Direct DNR to purchase, at a price of up to $2,138,000, approximately 1,485 acres of land in Lincoln County commonly known as the Grandfather Falls Recreation Area. Allow DNR to choose which components of stewardship the purchase would be credited against.

**Assembly/Legislature:** Make the following changes to the Joint Finance provisions:

a. *Henry Aaron State Park Trail.* Delete $12,000 in 1997-98 to reflect a January 1, 1998, starting date for the project manager position.

b. *Badger Trail.* Allow DNR to expend up to $1,750,000 from stewardship to develop a state trail on the portion of an abandoned railroad corridor between Madison and Freeport, Illinois, that is located in Dane and Green counties. The trail would be designated the Badger Trail. Allow DNR to choose the components of stewardship against which any funding expended would be credited. Provide that the railroad corridor need not be under the ownership or jurisdiction of DNR. Provide that no matching gift, grant, bequest or land need be donated for the trail.

**Veto by Governor [B-23]:** Delete provisions related to the Badger Trail.

[Act 27 Sections: 766j thru 766L, 766t thru 766um, 766v and 9107(1)(f),(2),(3)&(6)]

[Act 27 Vetoed Section: 766ur]

## 21. USE OF STEWARDSHIP FUNDING FOR PROPERTY OUTSIDE MUNICIPAL BOUNDARIES

**Assembly/Legislature**: Prohibit any municipality from using any funding from the Warren Knowles-Gaylord Nelson stewardship program to acquire property that is outside of municipal boundaries unless authorized by the affected local governmental unit.

[Act 27 Sections: 766Lm and 9337(8g)]

## 22. BLACK POINT ESTATE

**Joint Finance/Legislature:** Enumerate a project to adapt the property commonly known as Black Point Estate in Walworth County for public use. The Black Point estate is a parcel of land which includes approximately 600 feet of frontage on the south shore of Lake Geneva and a 13-bedroom Queen Anne style residence constructed in 1888. Require DNR to make a grant of $1.8 million from the recreational boating aids appropriation to a nonprofit conservation organization (NCO) that meets the following requirements: (a) the purposes of the NCO consist primarily of the preservation of the estate; (b) the NCO Board consists of representatives of the donor family, the state of Wisconsin and local units of government and civic organizations with an interest in Black Point; (c) the NCO acquires and holds a conservation easement to preserve Black Point; and (d) the NCO makes a commitment to use the grant and any additional funds donated to the NCO to fund an endowment for the operation and maintenance of Black Point. Provide that if NCO does not use the grant in the manner required that the NCO reimburse DNR in an amount equal to the grant. In addition, provide $1.6 million in general fund supported borrowing to allow the Department of Administration to fund various improvements to the property. DNR is also expected to maintain the property using existing staff and equipment at Big Foot Beach State Park and to make improvements to the public lake shore path and other areas at a total cost of $100,000 from base funding. The NCO

would manage and maintain the residence and other buildings and immediately surrounding areas, any public dock facilities and the visitor center.

[Act 27 Sections: 378m, 378no, 685m, 726, 735am, 767m and 9107(1)(a)(1)]

## 23. PROVISION OF ACCESS TO LANDLOCKED OWNERS

**Joint Finance:** Require all state and local governmental units and any organization that receives state or local government funding through grants or loans to provide access to any landowner that is landlocked as a result of the government's or the organization's land purchase.

**Assembly/Legislature:** Delete provision.

## 24. AIDS IN LIEU OF PROPERTY TAXES

| | Chg. to Base |
|---|---|
| SEG | $143,200 |

**Assembly/Legislature**: Provide $71,600 annually ($43,500 from the forestry account, $26,300 from the fish and wildlife account and $1,800 from the parks account) to increase the aids provided to municipalities in lieu of property taxes for DNR-owned land within each municipality purchased prior to July 1, 1969, from 80¢ per acre to 88¢ per acre. Further, specify that the 8¢ increase be paid fully from the conservation fund rather than from a combination of conservation fund SEG and GPR as under current law.

[Act 27 Sections: 2234b and 2234c]

## 25. FIRST RIGHT OF REFUSAL

**Assembly/Legislature:** For the sale of land by DNR beginning on the effective date of the bill, require the Department to offer the first right to purchase land, including any structures on the land, to all of the owners from whom DNR acquired the land. Require an owner to make a bona fide offer to purchase the land. Further, provide that if no owner exercises this right, that DNR shall next offer the right to purchase to the immediate family members (spouse, brother, sister, parent or child) of all the owners.

**Veto by Governor [B-26]:** Delete provision.

[Act 27 Vetoed Sections: 767r thru 767v and 960g]

## 26. AGENCY BUDGET REDUCTIONS

| | Chg. to Base |
|---|---|
| GPR-Lapse | $300,800 |

**Assembly/Legislature:** Require that the Secretary of DOA allocate annually reductions of $150,400 to DNR's sum certain GPR state operations appropriations to be achieved by requiring DNR to lapse the requisite amount from among its state operations GPR appropriations. Further, provide that in the event the Secretary of DOA determines in either fiscal year that any state agency subject to this requirement cannot reduce expenditures as required, the Secretary of DOA shall submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the required reductions. The plan must be approved by the Committee under a 14-day passive review procedure.

[Act 27 Section: 9156(6ng)]

## 27. ELIMINATION OF CERTAIN COUNCILS

| | Assembly (Chg. to Base) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|
| GPR | - $21,000 | $20,400 | - $600 |
| SEG | - 24,200 | 21,200 | - 3,000 |
| Total | - $45,200 | $41,600 | - $3,600 |

**Assembly:** Delete $10,500 GPR and $12,100 SEG ($10,600 from the water resources account and $1,500 from the ATV account) annually and eliminate the following councils attached to DNR on the effective date of the bill.

a. *Aquatic Nuisance Control Council.* Repeal the Aquatic Nuisance Control Council and associated statutory functions and delete $300 GPR annually in the Department of Natural Resources on the effective date of the budget act. The Council is comprised of the DNR Secretary and ten members with a background in conservation, environmental policy or public health appointed by the Governor. The Council was required to make recommendations relating to the control of aquatic nuisance species.

b. *Inland Lakes Protection and Rehabilitation Council.* Repeal the Inland Lakes Protection and Rehabilitation Council and the associated statutory functions in the Department of Natural Resources on the general effective date of the budget act. The Council is comprised of: (a) four public members nominated by the Governor with the advice and consent of the Senate; (b) the director of the University of Wisconsin-Madison Water Resources Center; (c) the chairperson of the Land and Water Conservation Board; and (d) representatives of the Departments of Natural Resources; Tourism; and Agriculture, Trade and Consumer Protection. The Council was required to advise DNR on all matters pertaining to lake rehabilitation and preservation and the abatement of pollution of lakes.

c. *Metallic Mining Council.* Repeal the Metallic Mining Council and associated statutory functions in the Department of Natural Resources on the general effective date of the budget act. The Council is comprised of nine members appointed by the Department Secretary representing a variety and balance of economic, scientific and environmental viewpoints. The Council is required to advise the Department on matters related to metallic mining such as rules, implementation of statutes, mining waste disposal, metallic mining reclamation and criteria for the location, construction and operation of metallic mining waste sites.

d. *Milwaukee River Revitalization Council.* Repeal the Milwaukee River Revitalization Council and associated statutory functions and delete $10,200 GPR and $10,600 SEG from the water resources account of the conservation fund annually in the Department of Natural Resources on the general effective date of the budget act. The Council is comprised of the Secretaries of the DNR and the Department of Tourism and eleven members appointed by the Governor (with at least one council member representing each of the priority watersheds located in the Milwaukee river basin). The Council is required to advise DNR, the Governor and the Legislature on matters relating to the environmental, recreational and economic revitalization of the Milwaukee river basin.

e. *Nonmetallic Mining Council.* Repeal the Nonmetallic Mining Council and associated statutory functions in the Department of Natural Resources on the general effective date of the budget act. The Council is comprised of nine members appointed by the Governor representing economic, scientific and environmental viewpoints and including a representative from businesses that extract nonmetallic minerals, a representative from businesses that use nonmetallic minerals for road building and other purposes and a representative of county zoning administrators. The Council was required to advise the Department on proposed administrative rules related to mining of nonmetallic minerals such as stone, sand and gravel.

f. *Off-the-Road Vehicle Council.* Repeal the Off-the-Road Vehicle Council and associated statutory functions and delete $1,500 SEG annually from the all-terrain vehicle enforcement and administration account in the Department of Natural Resources on the general effective date of the budget act. The Council is comprised of seven members appointed by the Natural Resources Board who are knowledgeable in the off-the-road sporting and recreational needs of the drivers of motorcycles and all-terrain vehicles. The Council was required to carry out studies and make recommendations to DNR concerning the implementation of the motorcycle recreation and all-terrain vehicle programs.

**Senate/Legislature:** Provide $10,200 GPR and $10,600 SEG from the water resources account annually and retain the Milwaukee River Revitalization Council and associated statutory functions.

**Veto by Governor [E-14]:** Delete the repeal of the Metallic Mining Council and associated statutory functions.

[Act 27 Sections: 67m, 67p, 67s, 68t, 765m, 1139x thru 1139zb, 1148q and 1148r]

[Act 27 Vetoed Sections: 67q, 3636m, 3636p, 3730m and 3730p]

## 1. SHIFT STEWARDSHIP DEBT SERVICE TO FORESTRY ACCOUNT [LFB Paper 580]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | - $16,000,000 | - $1,400,000 | - $17,400,000 |
| SEG | 16,000,000 | 1,400,000 | 17,400,000 |
| Total | $0 | $0 | $0 |

**Governor:** Shift $8,000,000 in each year of GPR debt service costs to the forestry account of the conservation fund for the payment of principal and interest related to the acquisition and development of state forests under the stewardship program. The appropriation for payments from the forestry account would be repealed on July 1, 1999.

**Joint Finance/Legislature:** Shift an additional $700,000 in each year from GPR to the forestry account.

[Act 27 Sections: 411 thru 414, 726, 727 and 9437(7)]

## 2. FOREST LANDOWNER GRANT PROGRAM [LFB Paper 581]

| | Chg. to Base |
|---|---|
| SEG | $2,000,000 |

**Governor:** Provide $1,000,000 annually in a continuing appropriation from the forestry account of the conservation fund to create a grant program for private forest landowners. DNR would provide grants for up to 50% of the costs for developing and implementing management plans for private forests that are not used for commercial timber production. Management plans would contain practices that emphasize the protection and enhancement of the natural resources on the forest land, including: (a) sustainable forestry; (b) soil and water quality; (c) endangered, threatened or rare forest communities; (d) the growth and maintenance of the forest; (e) habitat for fish and wildlife; and (f) the recreational, aesthetic and environmental benefits that the forest land provides. Require DNR to promulgate rules to implement the program.

**Joint Finance/Legislature:** Limit eligibility to landowners with 500 acres or less of nonindustrial private forest land and create a biennial (rather than a continuing) appropriation for the program. Transfer a vacant 0.5 position from Forestry to Community Financial Assistance to administer the program. Grant DNR emergency rule-making authority without the finding of an emergency to implement the program. Further, require each landowner receiving a grant to contribute a percentage of eligible costs as determined by DNR (rather than 50% of project costs). Require that

a management plan meet minimum standards established by DNR for forest stewardship management plans and clarify that the program is to award grants for developing and implementing practices contained in such plans. Additionally, substitute "sustainable forestry" for "the growth and maintenance of the forest" on the list of practices eligible for funding under the program. Provide definitions for nonindustrial private forest land and forest stewardship management plan consistent with existing DNR programs.

[Act 27 Sections: 377, 918 and 9137(10n)]

## 3. LOCAL FIRE DEPARTMENT EQUIPMENT ASSISTANCE GRANTS [LFB Paper 582]

| | Chg. to Base |
|---|---|
| SEG | $1,220,000 |

**Governor:** Provide $610,000 in each year as one-time financing from the forestry account of the conservation fund to assist local fire departments in forest fire suppression. Create an equipment cost-share grant program on a two-year demonstration basis to provide a 50% grant for local fire departments to purchase fire resistant clothing and fire suppression supplies, equipment and vehicles ($525,000 annually). Funds would be made available to cities, villages, towns, counties and fire suppression organizations who agree to assist the Department in the suppression of forest fires. Require DNR to promulgate rules establishing criteria and procedures for awarding grants under this section. Also provide $85,000 annually in 1997-99 only to purchase fire-resistant coveralls for localities and organizations that enter into such an agreement with DNR.

**Joint Finance/Legislature:** Sunset the program on June 30, 1999. Further, transfer a vacant 0.5 position from Forestry to Community Financial Assistance to administer the program. Grant DNR emergency rule-making authority without the finding of an emergency to implement the program. Clarify that a local fire department would have to enter into a written agreement to assist DNR in the suppression of forest fires at DNR's request to be eligible for a grant.

[Act 27 Sections: 378, 917 and 9137(10x)]

## 4. RANGER STATION REPLACEMENT

| | Chg. to Base |
|---|---|
| SEG | $1,208,300 |

**Governor/Legislature:** Provide $536,000 in 1997-98 and $672,300 in 1998-99 in one-time funding from the forestry account of the conservation fund to replace ranger stations at Wausaukee (Marinette County) and Lake Tomahawk (Oneida County). These two stations, which would require enumeration by the Legislature and the approval of the Building Commission, would be cash-funded.

[Act 27 Section: 9107(1)(f)(5)]

## 5. FOREST FIRE CONTROL EQUIPMENT REPLACEMENT

| | Chg. to Base |
|---|---|
| SEG | $288,000 |

**Governor/Legislature:** Provide $170,000 in 1997-98 and $118,000 in 1998-99 for forest fire control equipment replacement. This includes: (a) $100,000 annually for replacing Forestry's heavy fire fighting equipment on a periodic basis; (b) $70,000 in 1997-98 for the replacement of smaller fire tools and safety items; and (c) $18,000 in 1998-99 for base level funding for the routine replacement of short-lived fire fighting tools.

## 6. HIGHWAY LANDSCAPING INITIATIVE [LFB Paper 583]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $1,000,000 | - $1,000,000 | $0 |

**Governor:** Provide $500,000 annually in unalloted reserve from the forestry account of the conservation fund for contracts with the Department of Corrections and the Wisconsin Conservation Corps for planting trees and performing landscaping activities along state highways. Release of the funds would be contingent on the development of a work plan by DNR and the Department of Transportation to be submitted to DOA by January 1, 1998, for its approval. The plan would: (a) give priority to landscaping highways in counties including and south of a line from Manitowoc to LaCrosse Counties; and (b) require at least 50% of the funds to be used for Corrections inmate work crews.

**Joint Finance/Legislature:** Delete provision.

## 7. FORESTRY RESOURCE MANAGEMENT AND PLANNING

| | Chg. to Base |
|---|---|
| SEG | $892,400 |

**Governor/Legislature:** Provide $441,200 in 1997-98 and $451,200 in 1998-99 from the forestry account of the conservation fund for various projects to improve planning activities within the forestry program, including: (a) $83,100 annually to establish base funding for master planning at the northern state forests; (b) $171,700 annually to support the production of additional geographic information systems (GIS) data layers, provide GIS training for state forest staff and continue to upgrade GIS equipment; (c) $60,200 in 1997-98 and $70,200 in 1998-99 to revise and update the 1988 edition of the Field Guide to Forest Habitat Types of Northern Wisconsin and provide training in the use of the guides for resource managers; (d) $46,200 annually to support statewide forest resource planning by writing and publishing a Forest Resource Assessment and a Forest Resource Plan; and (e) $80,000 annually for the collection, analysis and publication of ecological and socioeconomic data related to the management of state forests.

## 8. FOREST CROP LAW ROLLOVER FUNDING

| | Chg. to Base |
|---|---|
| SEG | $766,800 |

**Governor/Legislature:** Provide $398,400 in 1997-98 and $368,400 in 1998-99 from the forestry account of the conservation fund to allow landowners to convert their land from the Forest Crop Law program to the Managed Forest Law program. (The Forest Crop Law program is not accepting new entries and the last contract will expire in 2035.) This includes one-time funding (in each year of the 1997-99 biennium) of: (a) $276,700 for contracts with private foresters to develop management plans; (b) $22,000 for LTEs; and (c) $19,700 for contract management. Also provide $80,000 in 1997-98 and $50,000 in 1998-99 for ongoing payment of recording fees to county Registers of Deeds (one-time funding was provided in the 1995-97 biennial budget).

## 9. URBAN FORESTRY GRANT PROGRAM

| | Chg. to Base |
|---|---|
| SEG | $400,000 |

**Governor:** Provide $200,000 annually from the forestry account of the conservation fund to increase funding for the urban forestry grant program. Under this program, DNR provides grants to cities and villages for up to 50% of the cost of tree management plans, tree inventories, brush residue projects and public education programs. Base funding for the program is currently $329,900 annually.

**Joint Finance/Legislature:** Earmark $50,000 annually in 1997-99 only from the urban forestry grant program for a tree planting demonstration project in Milwaukee. The project would involve the planting of trees on private land, including the central city.

[Act 27 Section: 9137(10m)]

## 10. NORTHERN FOREST OPERATIONS

| | Chg. to Base |
|---|---|
| SEG | $316,100 |

**Governor/Legislature:** Provide $177,800 in 1997-98 and $138,300 in 1998-99 from the forestry account of the conservation fund for various projects at the five northern state forests, including: (a) $45,300 annually for wage increases for LTEs; (b) $69,100 annually for operation and maintenance of facilities; (c) $30,000 in 1997-98 and $4,500 in 1998-99 to purchase and maintain timber sale administration software for three northern state forests and two wildlife areas; and (d) $33,400 in 1997-98 and $19,400 in 1998-99 for the replacement of capital equipment.

## 11. FOREST LANDSCAPE ECOLOGY RESEARCH [LFB Paper 584]

| | Chg. to Base |
|---|---|
| SEG | $160,000 |

**Governor:** Provide $80,000 annually from the forestry account of the conservation fund to contract with the University of Wisconsin-Madison for a cooperative forest landscape ecology position to assist in the implementation of ecosystem management in state forests.

**Joint Finance/Legislature:** Require DNR to consult with the Governor's Council on Forestry in developing the annual work plan for the forest landscape ecologist.

[Act 27 Sections: 762p and 762r]

## 12. FORESTRY OPERATIONS SUPPORT

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | - $48,000 | - 0.50 | $0 | 0.00 | - $48,000 | - 0.50 |
| SEG | 152,600 | 0.00 | 48,000 | 0.50 | 200,600 | 0.50 |
| Total | $104,600 | - 0.50 | $48,000 | 0.50 | $152,600 | 0.00 |

**Governor:** Provide $96,300 SEG in 1997-98 and $56,300 SEG in 1998-99 from the forestry account of the conservation fund and delete $24,000 PR and 0.5 PR position annually for the following: (a) $12,300 SEG annually to provide program support for Forestry's Best Management Practices program; (b) $12,000 SEG annually for capital equipment purchases in the western district; (c) $60,000 SEG in 1997-98 and $20,000 SEG in 1998-99 to support the Weather Information System, the annual weather station maintenance agreements and purchase four automated weather stations to replace an anticipated loss in federal grants; (d) $12,000 SEG for LTE janitorial services at the LeMay Forestry Center in Lincoln County; and (e) delete $24,000 PR annually and a vacant 0.5 PR forest resource educator position funded from private contributions (an existing 0.5 SEG forestry position would be reallocated to replace the 0.5 PR position).

**Joint Finance/Legislature:** Provide an additional $24,000 SEG and 0.5 SEG position annually from the forestry account to convert the one-half time forest resource educator position from PR to SEG.

## 13. FOREST TAX LAW AIDS

| | Chg. to Base |
|---|---|
| SEG | $52,100 |

**Governor/Legislature:** Provide $52,100 in 1998-99 from the forestry account of the conservation fund to make statutorily required payments to municipalities under the Managed Forest Law and Forest Crop Law programs and for

payments for county forest land in municipalities. Base funding of $1,196,300 is currently available for these payments.

## 14. GYPSY MOTH PEST MANAGEMENT EDUCATION

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | $48,100 | 0.00 | $88,600 | 1.00 | - $12,700 | 0.00 | $124,000 | 1.00 |

**Governor:** Provide $11,600 in 1997-98 and $36,500 in 1998-99 from the forestry account of the conservation fund for gypsy moth educational materials and supplies to limit the spread of the gypsy moth. In 1998-99, $30,000 would be one-time funding to produce educational materials.

**Joint Finance:** Provide an additional $38,000 in 1997-98 and $50,600 in 1998-99 and 1.0 position annually from the forestry account for a plant pest and disease specialist position to coordinate the Department's gypsy moth integrated pest management program.

**Assembly/Legislature:** Delete $12,700 in 1997-98 to reflect a January 1, 1998, starting date for the plant pest and disease specialist position.

## 15. KETTLE MORAINE EXOTIC SPECIES CONTROL

| | Chg. to Base |
|---|---|
| SEG | $16,000 |

**Governor/Legislature:** Provide $8,000 annually from the forestry account of the conservation fund for control of exotic species in oak woodlands in the northern and southern units of the Kettle Moraine State Forest.

## 16. WISCONSIN CONSERVATION CORPS [LFB Paper 962]

**Governor:** Allocate an additional $2,224,500 in 1997-98 and $2,239,100 in 1998-99 from the forestry account of the conservation fund to convert $1 million in base WCC funding from GPR to forestry SEG and provide for full funding of crew costs. (The fiscal effect of this item is shown under "Workforce Development -- Employment and Training Programs and Services.")

**Joint Finance/Legislature:** In addition, modify the appropriation language for WCC funding from the conservation fund to permit the use of non-mill tax forestry account monies for any projects authorized for the WCC under the statutes.

[Act 27 Sections: 642g and 2680m]

## 17. TRAVEL INFORMATION CENTER SUPPORT STAFF [LFB Paper 803]

**Governor:** Allocate $25,500 in 1998-99 from the forestry account of the conservation fund for LTE wage increases for support staff in Tourism's travel information centers.

**Joint Finance/Legislature:** Provide $25,500 GPR (rather than forestry SEG) in 1998-99 for LTE wage increases. (The fiscal effect of this item is shown under "Tourism.")

## 18. SHIFT KICKAPOO RESERVE MANAGEMENT BOARD FUNDING

**Governor/Legislature:** Shift $180,800 and 2.0 positions annually in base funding for the Kickapoo Reserve Management Board from the parks account to the forestry account of conservation fund.

## 19. PARKS AND SOUTHERN FORESTS FACILITIES

| | Chg. to Base |
|---|---|
| SEG | $126,600 |

**Governor/Legislature:** Provide $63,300 annually ($30,900 from the forestry account and $32,400 from the parks account of the conservation fund) for operational costs for nineteen new toilet and shower buildings and six wastewater treatment facilities on state parks and southern forest properties.

## 20. CONVERT PIKE LAKE STATE PARK TO A SOUTHERN FOREST PROPERTY [LFB Paper 585]

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| GPR | - $454,800 | - 3.00 |
| SEG | 454,800 | 3.00 |
| Total | $0 | 0.00 |

**Governor/Legislature:** Shift $227,400 and 3.0 positions annually from parks-related GPR to the forestry account of the conservation fund and convert Pike Lake State Park to a southern forest property as a unit of the Kettle Moraine. The anticipated annual revenue of $100,000 at Pike Lake would accrue to the forestry account rather than the parks account.

## 21. PARKS ADMISSION FEE STRUCTURE [LFB Paper 597]

**Governor/Legislature:** Change the admission fee structure for state parks, state forests and other recreational properties effective January 1, 1998, to allow for automated park admission sticker sales consistent with other DNR conservation licenses under the bill. Under the bill, a person must pay both an admission fee and an issuing fee for a vehicle admission receipt, as shown in the table. The base admission fee would be reduced in the bill, so the total amount a person pays would be the same as under current law.

**State Parks and Forests Vehicle Admission and Issuing Fees**

| Resident | | | | Nonresident | | | |
|---|---|---|---|---|---|---|---|
| Receipt | Admission Fee | Issuing Fee | Total Fee | Receipt | Admission Fee | Issuing Fee | Total Fee |
| Annual | $17.50 | $0.50 | $18.00 | Annual | $24.50 | $0.50 | $25.00 |
| Additional Annual | 8.50 | 0.50 | 9.00 | Additional Annual | 12.00 | 0.50 | 12.50 |
| Daily Auto | 4.85 | 0.15 | 5.00 | Daily Auto | 6.85 | 0.15 | 7.00 |
| Daily Bus | 9.85 | 0.15 | 10.00 | Daily Bus | 13.85 | 0.15 | 14.00 |
| Senior Annual | 8.50 | 0.50 | 9.00 | | | | |
| Senior Daily | 2.85 | 0.15 | 3.00 | | | | |

Authorize DNR to appoint agents to issue vehicle admission receipts and collect admission and issuing fees, and allow agents to retain the issuing fees as compensation for providing the service. (No estimate of the revenue effect of this provision was included in the bill.) The Department would also be allowed to promulgate rules regulating the activities of persons authorized as agents. Also, allow DNR to promulgate rules on the display of vehicle admission receipts in addition to current statutory authorization to affix a sticker by its own adhesive to the lower left-hand interior corner of the windshield of a vehicle. Allow DNR to publish emergency rules, without the finding of an emergency, within three months of bill enactment to implement these provisions.

[Act 27 Sections: 919 thru 946, 954mm, 1001, 1071, 1072, 9137(1) and 9437(1)]

## 22. PARKS AND SOUTHERN FORESTS PREVENTIVE MAINTENANCE

| | Chg. to Base |
|---|---|
| GPR | - $150,000 |
| SEG | 150,000 |
| Total | $0 |

**Governor/Legislature:** Continue funding of the preventive maintenance budget for state parks and southern forests. The $500,000 in funding provided in 1994-95 was intended to be one-time, but coding errors placed the funds in the base, carrying them forward into the current biennium. DOA recommended that DNR request continuation of this funding so it could be reevaluated. Further, shift $75,000 annually in preventive maintenance funds for southern forests from GPR to the forestry account of the conservation fund. Under the bill, this preventive maintenance set-aside would be funded annually as follows: (a) $220,200 GPR; (b) $204,800 SEG from the parks account; and (c) $75,000 SEG from the forestry account.

## 23. CAMPGROUND RESERVATION SYSTEM [LFB Paper 586]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $847,500 | $36,500 | $884,000 |

**Governor:** Provide $265,900 in 1997-98 ($64,600 from the forestry account and $201,300 from the parks account of the conservation fund) and $581,600 in 1998-99 ($122,500 from the forestry account and $459,100 from the parks account of the conservation fund) for automation of the reservation system for state park and forest campgrounds.

Allow DNR to enter into a contract with another party to operate the campground reservation system. Effective April 1, 1998, delete statutory provisions specifying: (a) when DNR may begin accepting reservation applications each year; (b) how DNR handles early applications; and (c) other processing matters. Effective January 1, 1998, require DNR to promulgate rules for the operation of the campground reservation system, including: (a) the authority to refuse to accept campground reservation applications before a certain date or to treat applications received before that date as if they had been made on that date; and (b) the authority to give reservations for each year until all of the available sites in a campground that are open for reservations for a given date have been reserved. Allow DNR to publish emergency rules, without the finding of an emergency, within three months of bill enactment to implement these provisions.

**Joint Finance/Legislature:** Provide an additional $14,100 in 1997-98 and $22,400 in 1998-99 from the forestry account to implement the automated reservation system at the Northern Highland/American Legion and Black River State Forests. Require DNR to retain $1 from the reservation fee charged by the vendor (estimated at $5 to $9) under the automated system. Require the Joint Committee on Finance to review the contract negotiated by DNR and the vendor chosen for the system under a 14-day passive review process before final approval of the contract.

**Veto by Governor [B-27]:** Delete the provision requiring Joint Finance to review the contract negotiated by DNR and the vendor chosen for the system under a 14-day passive review process before final approval of the contract.

[Act 27 Sections: 947 thru 953, 9137(1) and 9437(2)]

Act 27 Vetoed Section: 948m]

## 24. STATE PARK AND TRAIL OPERATIONS

| | Chg. to Base |
|---|---|
| SEG | $345,600 |

**Governor/Legislature:** Provide $172,800 annually from the parks account of the conservation fund for the operation of five properties. To

date, operational budget dollars have been reallocated from other parks and forestry programs for limited operations and maintenance at these properties. The properties are: (a) the Chippewa Moraine Interpretive Center in Chippewa County completed in 1993 ($45,850); (b) the Chippewa River Trail in Eau Claire and Dunn Counties completed in 1992 ($41,550); (c) the Old Abe Trail in Chippewa County currently under limited development ($6,200); (d) the Bearskin Trail in Oneida County ($6,650); and (e) the 400 Trail in Juneau and Sauk Counties completed in 1993 ($72,550).

## 25. STATE PARK AND FOREST ROADS [LFB Paper 825]

| | Chg. to Base |
|---|---|
| GPR | $3,800,000 |
| SEG | - 3,800,000 |
| Total | $0 |

**Joint Finance/Legislature:** Provide $1,900,000 GPR annually and delete an equal amount of SEG as part of the conversion of most transportation fund appropriations in agencies other than DOT to general fund appropriations. Specify that an amount equal to the encumbrances or expenditures from the state park and forest roads appropriation between July 1, 1997, and the effective date of the bill would be transferred from the general fund to the transportation fund. Provide that expenditures or encumbrances from the appropriation balance existing on June 30, 1997, would be disregarded in computing the amount of any transfer from the general fund to the transportation fund. Continuing balances in the appropriation on June 30, 1997, would be retained within the new GPR appropriations.

[Act 27 Sections: 326m and 2474m]

## 26. CONVERT FEDERAL FORESTRY STAFF

| | Chg. to Base Funding | Positions |
|---|---|---|
| FED | - $448,000 | - 4.50 |
| SEG | 448,000 | 4.50 |
| Total | $0 | 0.00 |

**Joint Finance/Legislature:** Shift $224,000 and 4.5 positions annually from FED to the forestry account of the conservation fund to reflect an anticipated reduction in overall federal support. The forestry program currently supports eight FTE positions with four separate federal grants.

## 27. NORTHERN GREAT LAKES CENTER [LFB Paper 491]

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | - $48,000 | - 1.00 |

**Joint Finance/Legislature:** Transfer $16,000 in 1997-98 and $32,000 in 1998-99 and 1.0 position annually effective January 1, 1998, from the forestry account of the conservation fund for interpretative programming at the Northern Great Lakes Center in Bayfield County. (A complete description of provisions relating to the Center is under "Historical Society.")

[Act 27 Sections: 244r and 9124(1m)]

## 28. WISCONSIN ENVIRONMENTAL EDUCATION BOARD

**Joint Finance/Legislature:** Provide $200,000 annually from the forestry account of the conservation fund for the Wisconsin Environmental Education Board for grants for forestry-related environmental education programs. (The fiscal effect of this item is shown under "Public Instruction.")

[Act 27 Section: 277m]

## 29. FORESTRY EDUCATION GRANTS PROGRAM

**Joint Finance/Legislature:** Provide $100,000 annually in a continuing appropriation from the forestry account for a forestry education grant program administered by the Department of Commerce. Authorize Commerce to make grants to nonprofit organizations to fund forestry education programs and instructional materials for K-12 classroom education in public schools. (The fiscal effect of this item is shown under "Commerce -- Departmentwide and Economic Development.")

[Act 27 Sections: 204m and 4404m]

## 30. MANAGED FOREST LAND

**Joint Finance/Legislature:** Require DNR to modify the definition of "developed for human residence" within the Managed Forest Land (MFL) program through the rule-making process to address the development of land for secondary homes to exclude up to one acre of property surrounding a secondary home. Require DNR to submit rule changes to the Legislature by September 1, 1998.

[Act 27 Sections: 2399g thru 2399k and 9137(10t)]

## 31. CAMP MATAWA LEASE

**Joint Finance/Legislature:** Allow DNR to lease lands within the Kettle Moraine State Forest for the YMCA Camp Matawa for terms not to exceed 30 years. Under current law, DNR may not lease lands from state forests or parks for terms greater than 15 years. Statutory exemptions have been granted for 30-year leases on lands at Rib Mountain and Willow River state parks.

[Act 27 Sections: 916m and 916p]

## 32. BIKE TRAIL STUDY

**Joint Finance/Legislature:** Require DNR to submit a study to the appropriate standing committees of the Legislature by July 1, 1998, on the feasibility of paving state bike trails, including such factors as effects on trail maintenance and usage and the applicability of similar efforts in other states.

**Veto by Governor [B-27]:** Delete provision.

[Act 27 Vetoed Section: 9137(3g)]

## 33. MOUNTAIN BAY STATE TRAIL

**Assembly/Legislature:** Require DNR to provide up to $333,000 from base funding to fully construct the Mountain Bay State Trail in western Shawano County and to maintain the trail crossings in Brown, Marathon, Oconto and Shawano Counties. Funding would be provided from general operations appropriations for state parks and trails (GPR, SEG or FED) or the Heritage State Parks and Forests Trust Fund, as determined by DNR.

**Veto by Governor [B-24]:** Delete provision.

[Act 27 Vetoed Section: 953m]

# Fish, Wildlife and Recreational Aids

## 1. HUNTING AND FISHING LICENSE FEE INCREASES

While not included in the bill, the Governor stated that proposed expenditure levels from the fish and wildlife account of the conservation fund (approximately $55.8 million in 1997-98 and $57.8 million in 1998-99) are predicated on the passage of DNR's proposed hunting and fishing license fee increase package in separate legislation (1997 AB 61). Wisconsin Act 1 was enacted on March 13, 1997, incorporating the hunting and fishing license fee increase included in AB 61. The fee package in Act 1 will raise an estimated $6.0 million in 1997-98 and $5.9 million in 1998-99.

## 2. LICENSING AUTOMATION [LFB Paper 595]

| | Chg. to Base |
|---|---|
| SEG | $1,945,000 |

**Governor:** Provide $657,000 in 1997-98 and $1,288,000 in 1998-99 from the fish and wildlife account of the conservation fund to complete development and implement an Automated License Issuance System (ALIS). Effective January 1, 1998, a data terminal and printer would be placed at license sales locations. Hunting and fishing licenses could be printed by agents on demand and agents would have the capability to sell all types of licenses. In addition, license sales information could be captured electronically and license revenue could be collected via electronic funds transfer. Funds for the planning phase of this project were approved in the 1995-97 budget. This request provides for the design, installation and operation of the project.

Require DNR to promulgate rules regarding the issuance of approvals, including: (a) the signature requirements, if any, for each type of approval; (b) the conditions, if any, under which a person may be issued an approval for another person; and (c) the authorized forms for stamps and the methods of attaching stamps to, or imprinting stamps on, approvals. Allow the Department to: (a) directly issue approvals; (b) appoint, as an agent of the Department, the clerk of one or more counties to issue approvals and specify that clerks shall accept the appointment; and (c) appoint persons who are not employes of the Department to issue approvals as agents of the Department. Require DNR to promulgate rules for each type of hunting, fishing, combination and duplicate license that specify which persons appointed as agents will issue that type of approval. Allow DNR to promulgate rules regulating the activities of persons appointed as agents. Eliminate the current statutory authority of county clerks to issue these licenses (though a county clerk could be a sales agent under the bill). Sales agents would continue to retain an issuing fee of 50¢ per license and 15¢ per stamp. The 25¢ per license and 10¢ per stamp that had gone to county clerks would be retained by DNR. Allow DNR to publish emergency rules, without the finding of an emergency, within three months of budget enactment to implement these provisions.

**Joint Finance:** Allow, rather than require, a county clerk to accept an appointment as a license sales agent under ALIS.

**Assembly/Legislature:** Delay the effective date for statutory changes related to the implementation of ALIS from January 1, 1998, to January 1, 1999.

[Act 27 Sections: 968, 970 thru 978, 983 thru 988, 990, 993, 1002 thru 1009, 1011 thru 1017, 1017rm thru 1034, 1043 thru 1055, 1058, 1061, 1063, 1066, 1068, 1075, 1077, 1079, 1080, 1082, 1083, 1108, 1109, 1111, 1113, 1115, 1116, 1118, 9137(1) and 9437(1)]

## 3. LICENSING DATABASE USE AND FEES [LFB Paper 596]

**Governor:** Allow DNR to refuse to reveal the name, address or telephone number of any person to whom a hunting, fishing, combination or duplicate license is issued. (Under current law,

DNR must release this information). Allow DNR to charge a fee for providing, or for the use of, such identifying information. No person who obtains or uses identifying information provided by DNR would be able to refer to DNR as the source of the information unless the person clearly indicates that the provision of or permission to use the information does not indicate DNR's knowledge of, involvement with or authorization of the person's activities. Any fee charged by DNR for this information would at least equal the amount necessary to cover the cost of collecting, storing, managing, compiling and providing the information. (Currently only the cost of compiling and providing the information may be charged.) DNR would use the money collected for the identified costs. If the fees collected exceed the amount necessary to cover costs, DNR must use the excess for data systems, systems for issuing approvals and other informational activities.

**Joint Finance/Legislature:** Delete provision. Instead, require DNR to submit a bill draft to the Joint Committee on Finance and the Joint Committee on Information Policy by January 1, 1998, relating to providing access to records containing personally identifiable information in its database of persons holding hunting and fishing licenses and boat, snowmobile and all-terrain vehicle (ATV) registrations. Require the draft to consider state open records policy, privacy concerns and use of access fees to fund DNR's use of information technology.

**Veto by Governor [B-27]:** Delete provision.

[Act 27 Vetoed Section: 9137(11t)]

## 4. LICENSING COSTS

| | Chg. to Base |
|---|---|
| SEG | $659,000 |

**Governor/Legislature:** Provide $329,500 annually from the conservation fund ($317,500 from the fish and wildlife account, $5,400 from both the snowmobile and boat registration accounts and $1,200 from the ATV enforcement and administration account) for costs associated with increased sales of licenses and permits. This request covers three areas: (a) $114,900 annually for the mailing costs resulting from the growth in the number of conservation patron licenses sold; (b) $202,600 annually for the keying and mailing costs resulting from the increase in sales of the hunters choice permits; and (c) $12,000 annually for the mailing costs for boat, snowmobile and ATV registrations.

## 5. BOAT, SNOWMOBILE AND ATV REGISTRATION AUTOMATION [LFB Paper 598]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $338,600 | - $50,000 | $288,600 |

**Governor:** Provide $288,600 in 1997-98 and $50,000 in 1998-99 from the conservation fund ($260,000 in 1997-98 and $45,000 in 1998-99 from the boat registration account and $28,600 in 1997-98 and $5,000 in 1998-99 from the ATV enforcement and administration account) to develop and implement an integrated, on-line boat, snowmobile and ATV registration processing system. The system will enable staff to perform every function related to registration, including verification of current status, registration and issuance of duplicate registrations. The project is being initiated in 1996-97 using funds from the Information Technology (IT) Investment Fund. System development will take about two years, with implementation to begin on January 1, 1999. (No funds would be provided from the snowmobile account, which represents about one-quarter of registration transactions handled by the Department.)

**Joint Finance/Legislature:** Delete $144,300 in 1997-98 and provide an additional $94,300 in 1998-99 to fund development and deployment of the automated registration system at $144,300 annually ($95,700 from the boat registration account, $38,300 from the snowmobile account and $10,300 from the ATV enforcement and administration account). Operating funds would be addressed in the 1999-2001 budget.

## 6. LAC DU FLAMBEAU TRIBAL LICENSING AND REGISTRATION RECIPROCITY [LFB Paper 599]

| | Chg. to Base |
|---|---|
| SEG-REV | - $230,000 |

**Governor:** Provide a framework for an agreement with the Lac du Flambeau band of the Lake Superior Chippewa under which the band may agree to limit its treaty-based, off-reservation fishing rights in return for the ability to issue and retain revenues from fishing and sports licenses and snowmobile and all-terrain vehicle (ATV) registrations issued by the band on their reservation land. The provisions for license and registration issuance would apply only if: (a) the Lac du Flambeau band agrees to comply with the statutory provisions; (b) the agreement includes the manner in which the band will limit its treaty-based right to fish outside the reservation; and (c) the fees collected by the band for fishing licenses be used for fish management; snowmobile registration fees be used for snowmobile registration, regulation, trails and facilities; and ATV registration fees be used for ATV registration, regulation, trails and facilities.

The band would charge the same fees for fishing and sports licenses and ATV and snowmobile registrations that DNR does. The band would not be allowed to issue or renew fishing or sports licenses or ATV or snowmobile registrations in conjunction with discount coupons or as part of a promotion or merchandising offer. The effective period for fishing and sports licenses and for snowmobile and ATV registration certificates would be the same as the licenses or registrations sold by DNR. The band would only be able to issue duplicates for those approvals they are allowed to sell. The band would only be able to issue fishing or sports licenses or ATV or snowmobile registration certificates to applicants who appear in person on the reservation.

Annually, before June 1, the band would be required to submit a report to DNR notifying it of the number of each type of fishing and sports license and ATV and snowmobile registration that

the band issued for the period beginning on April 1 of the previous year and ending on March 31 of the year in which the report is submitted. Persons issuing licenses or registrations would be required to make available for inspection by DNR during normal business hours their records of approvals issued and copies of all licenses issued. The band would be required to retain a record and a copy of each license and registration issued for a period of at least two years after the date of expiration of the license or registration.

*Fishing and Sports Licenses*. The band would be authorized to issue the following fishing licenses and stamps: (a) nonresident annual; (b) nonresident 15-day; (c) nonresident 4-day; (d) nonresident annual family; (e) nonresident 15-day family; (f) 2-day Great Lakes sports; (g) resident annual; (h) husband and wife; and (i) inland waters trout stamps. The band would also be allowed to issue resident and nonresident sports (combination fish, small game and deer gun) licenses. The band would retain all fees collected from these licenses, with the exception of the sports licenses. For sports licenses, the band would retain only the amount equal to the fee for an annual fishing license and would remit the balance to DNR.

DNR could also choose to pay the band the money received from the issuance of the specified fishing and sports licenses sold by agents other than the band at locations within the reservation. A sum sufficient SEG appropriation would be created for an amount equal to the sum of: (a) the amount in fees received by DNR in the previous year from the issuance of the fishing licenses the band is authorized to issue by agents other than the band within the reservation; and (b) an amount calculated by multiplying the number of resident and nonresident sports licenses issued in the previous year by agents other than the band at locations within the reservation by the amount of the fee for an annual fishing license, including the portion of the issuing fee for an annual fishing license that DNR receives.

In selling approvals, the band would be required to prepare and supply all the necessary approval blanks and applications for the approvals they are authorized to issue. Approval blanks and applications would be numbered consecutively and in a separate series for each kind of approval. Each license blank would have to be provided with a corresponding stub or carbon numbered with the serial number of the license. Each requisition for printing approval blanks would have to specify any serial numbers to be printed on the blanks. Each license issued would bear on its face the signature of the licensee, the date of issuance and the signature of the issuing agent. All licenses would have to be issued in English and in ink.

A person fishing with a license issued by the band would be subject to the same conditions, limitations and restrictions as imposed on the equivalent license issued by DNR, including bag limits, size limits, rest days and closed seasons.

*Snowmobile and ATV Registrations*. The Lac du Flambeau band would also be authorized to issue registration certificates for public or private use for ATVs and for snowmobiles equivalent to the registration certificates issued by DNR. The band would be able to renew and transfer registration

certificates that either the band or DNR has issued. The band would be able to issue duplicates of only those certificates it is allowed to issue.

The band would have to use ATV and snowmobile registration applications and certificates substantially similar to those used by DNR with regard to length, legibility and information content. The band would have to use registration decals substantially similar to those used by DNR with regard to color, size, legibility, information content and placement on the ATV or snowmobile. The band would have to use a sequential numbering system that includes a series of letters or initials that identify the band as the issuing authority. The band would have to provide ATV and snowmobile registration information to the state either: (a) by transmitting all additions, deletions and changes of registration information to an agreed-upon person for incorporation into the registration records of the state within one working day after the addition, change or deletion; or (b) by establishing a 24-hour per day data retrieval system, consisting of either a law enforcement agency with 24-hour per day staffing or a computerized data retrieval system to which law enforcement officials of the state would have access at all times.

The band would be required to collect the sales and use taxes due on any ATV and snowmobile registered and make the report for those taxes. On or before the 15th day of each month, the band would pay all ATV and snowmobile taxes collected in the previous month to the Department of Revenue. The band would be required to use collection and accounting methods approved by the Department of Revenue in collection sales and use taxes for snowmobiles.

The band would not be able to register snowmobiles as antiques and would not be able to issue registration certificates to political subdivisions of the state. If a snowmobile buyer wishes to register the snowmobile with the Lac du Flambeau, snowmobile dealers would be exempted from the requirement to collect the state registration fee and to send the completed application and fee to DNR. Rather, a Wisconsin snowmobile dealer selling a snowmobile to a person who wishes to register the snowmobile with the Lac du Flambeau would be required, at the time of sale, to complete a Wisconsin application for a registration certificate, indicating on the application that the snowmobile is to be registered with the band and mail one copy (but no fee) to DNR within 14 days after the date of sale, furnish the buyer with one copy and retain one copy for the dealer's records.

The ATVs and snowmobiles registered by the Lac du Flambeau would be included in the gas tax transfers to the snowmobile and ATV trail aids accounts. One percent of sales tax revenue collected on ATVs and snowmobiles registered by the band for which purchasers cannot provide proof that a sales tax was paid would continue to be deposited into the conservation fund. ATVs and snowmobiles registered by the band are treated the same as those registered by DNR with respect to motor vehicle fuel tax provisions for those vehicles.

**Joint Finance/Legislature:** Adopt provision. Based on limited data the agreement is expected to result in an annual revenue loss of $115,000 ($100,000 from the fish and wildlife account, $12,000 from the snowmobile account and $3,000 from the ATV enforcement and administration account). Further, require the Department to obtain the approval of the Joint Committee on Finance before

**Veto by Governor [B-27]:** Delete the provision requiring DNR to obtain the approval of Joint Finance before entering into any agreement with a tribe or band authorizing or recognizing the sale of licenses or registrations in exchange for fish or game harvest limits.

[Act 27 Sections: 438, 776 thru 781, 845 thru 847, 969, 979, 999, 1041, 1042, 1057, 1065, 1081, 2414, 2414n, 2428, 2440 thru 2442, 3966, 4189, 4190 and 4194 thru 4196]

[Act 27 Vetoed Sections: 779, 783v, 1041, 1042 and 4194]

## 7. URBAN WILDLIFE SPECIALIST [LFB Paper 600]

**Governor:** Reallocate $46,200 SEG and 1.0 vacant wildlife biologist position within the fish and wildlife account for an urban wildlife specialist. The position would be funded from wildlife damage surcharge revenue and would focus on urban wildlife damage and nuisance problems.

**Joint Finance:** Delete provision.

**Senate/Legislature:** Restore provision, but reallocate only $23,100 SEG in 1997-98 to reflect delayed budget passage.

## 8. WILDLIFE MANAGEMENT REDUCTIONS

| | Chg. to Base |
|---|---|
| GPR | - $17,200 |

**Governor/Legislature:** Delete $8,600 annually from wildlife management program services, including: (a) $4,000 for travel, training and printing; (b) $2,600 for toxic contaminate monitoring; and (c) $2,000 for program activities in the Glacial Habitat Restoration Area.

## 9. STURGEON SPEARING PERMITS

**Governor/Legislature:** Allow DNR to establish a permitting system for harvesting sturgeon. Under the system, DNR may limit the number of persons fishing for sturgeon by hook and line, by spear or both and may limit the maximum harvest of sturgeon in any area. Authorize DNR to collect the $3 application processing fee for a sturgeon spearing permit.

[Act 27 Sections: 981, 998, 1073, 1075, 1078, 1086 and 1087]

## 10. STATE SNOWMOBILE TRAILS AND ENFORCEMENT [LFB Paper 601]

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $922,400 | 5.00 |
| SEG | - 922,400 | - 5.00 |
| Total | $0 | 0.00 |

**Governor/Legislature:** Shift $461,200 and 5.0 positions (4.5 wardens and 0.5 program assistant) annually from snowmobile account SEG to GPR. Further shift $90,000 SEG annually from the snowmobile account to the parks and forestry accounts of the conservation fund. Funds used to provide snowmobile enforcement and develop and maintain trails on state parks and forests would be shifted, annually, as follows:

| | |
|---|---|
| Forestry general operations | $65,000 SEG |
| Parks general operations | 25,000 SEG |
| Enforcement general operations | 461,200 GPR |
| Total increases | $551,200 |
| | |
| State snowmobile trails operations | -$90,000 SEG |
| Snowmobile enforcement and safety training | -461,200 SEG |
| Total decreases | -$551,200 |

## 11. LOCAL SNOWMOBILE TRAIL AIDS [LFB Paper 601]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $1,858,300 | $1,933,100 | $3,791,400 |

**Governor:** Provide $836,700 in 1997-98 and $1,021,600 in 1998-99 from the snowmobile account of the conservation fund for development, maintenance and rehabilitation of local snowmobile trails as follows: (a) $551,200 annually in available funding as a result of shifting various state enforcement and trail maintenance costs off the snowmobile account; and (b) $285,500 in 1997-98 and $470,400 in 1998-99 from the motor fuel tax transfer. The appropriations for local snowmobile trail aids would increase from $4,243,000 in 1996-97 to $5,079,700 in 1997-98 and to $5,264,600 in 1998-99.

**Joint Finance:** Adopt provision. In addition: (a) provide $500,000 annually from the available balance in the snowmobile account; (b) reestimate the motor fuel tax transfer to provide an additional $39,900 in 1997-98 and $193,200 in 1998-99; and (c) provide $700,000 in 1998-99 for local snowmobile trails aids by requiring a $10 annual trail use sticker for snowmobiles registered in another state using public trails in Wisconsin effective July 1, 1998. Require DNR to provide the trail sticker free with a Wisconsin snowmobile registration. Authorize DNR to promulgate rules to implement the requirement. The penalty for noncompliance with the trail sticker requirement would be a maximum fine of $1,000 (consistent with hunting or fishing without the appropriate license).

The appropriations for local snowmobile trail aids would increase from $4,243,000 in 1996-97 to $5,619,600 in 1997-98 and to $6,657,800 in 1998-99.

**Senate/Legislature**: Modify provision to exempt snowmobiles registered in Wisconsin from having to display a trail use sticker. (A Wisconsin snowmobile registration sticker would serve as proof of the exemption.) In addition, extend the requirement to include snowmobiles operating on public snowmobile corridors. A public snowmobile corridor would be defined as an established snowmobile trail or other corridor that is open to public use, but not including highways or sidewalks designated for use by snowmobiles. Also, change the effective date for the trail use sticker requirement provisions from July 1, 1998, to May 1, 1998.

[Act 27 Sections: 4189g thru 4189t, 4190g, 4190r, 4193g, 4193r and 9437(9g)]

## 12. ALL-TERRAIN VEHICLE PROGRAM [LFB Paper 605]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | $922,400 | 1.00 | $43,600 | 0.00 | - $16,200 | 0.00 | $949,800 | 1.00 |

**Governor:** Provide $438,600 in 1997-98 and $483,800 in 1998-99 and 1.0 position for all-terrain vehicle (ATV) enforcement and trail aids as follows: (a) one conservation warden position for ATV program enforcement ($48,500 and 1.0 position in 1997-98 and $64,600 and 1.0 position in 1998-99 from the ATV enforcement and administration account); (b) ATV enforcement aids ($8,000 annually from the ATV enforcement and administration account); and (c) ATV trail aids to counties ($382,100 in 1997-98 and $411,200 in 1998-99 from the ATV trail aids account).

**Joint Finance**: Reestimate the motor fuel tax transfer to provide an additional $4,300 in 1997-98 and $39,300 in 1998-99 for ATV trail aids. In addition, delete the requirement that half of ATV registration revenue be used for ATV enforcement and safety purposes and that half be used for ATV trail projects.

**Assembly/Legislature:** Delete $16,200 in 1997-98 to reflect a January 1, 1998, starting date for the conservation warden position.

[Act 27 Sections: 378r, 378s and 783 thru 783s]

## 13. RECREATIONAL BOATING AIDS LAPSE

**Governor/Legislature:** Lapse $2.8 million in 1997-98 from the continuing balance of the recreational boating aids appropriation to the water resources account of the conservation fund.

[Act 27 Section: 9237(2)]

## 14. LOCAL BOATING ENFORCEMENT AIDS APPROPRIATION

**Governor/Legislature:** Provide $400,000 annually from the water resources account (motorboat gas tax) for local boating enforcement aids. The 1995-97 biennial budget provided a one-time transfer of $200,000 annually from the water resources account to the boat registration account to increase local water safety patrol aids. In addition to the ongoing funding of $400,000 from the water resources account, local boating enforcement aids would also receive $700,000 from the boat registration account.

[Act 27 Section: 381]

## 15. RECREATIONAL BOATING PROJECTS EARMARKED [LFB Paper 602]

**Governor:** Require DNR to provide funds from the recreational boating aids projects appropriation for the following projects:

a. *Petenwell Lake.* Up to $1,200,000 to Adams County for boat launching facilities and a harbor of refuge on Petenwell Lake.

b. *Columbia County Park.* Up to $750,000 to Fond du Lac County for boat launching facilities at Columbia County Park on Lake Winnebago.

c. *Stockbridge Harbor.* Up to $700,000 to Calumet County to complete Stockbridge Harbor on Lake Winnebago.

d. *High Cliff State Park.* Up to $500,000 to construct a breakwater structure in Lake Winnebago at the entrance of High Cliff State Park harbor. DNR may expend this amount directly or provide it as a grant to Calumet County.

None of the counties would be required to match the amount provided under the bill. (Under the recreational boating aids program, DNR may provide 60% of projects costs if the locality conducts an approved boating safety enforcement and education program or 50% of project costs otherwise). The amounts expended for these projects would be considered inland water projects for the purposes of meeting the statutory distribution of funds (40% for Great Lakes projects, 40% for

inland water projects, 20% without regard to location). These projects will not need to be placed on the priority list of recreational boating projects nor be approved by the Waterways Commission. DNR must expend the funds by June 30, 2000.

e. *Lake Superior harbor.* Allow DNR, with the approval of the Wisconsin Waterways Commission, to expend an amount to pay up to 100% of the eligible costs (rather than the 50% or 60% under current law) for the construction of a harbor of refuge along the Lake Superior shoreline. The project costs may include the acquisition of land (prohibited for other projects). Allow DNR to directly expend the amount authorized. The amount expended would be considered a Great Lakes project and the project would not need to be placed on the priority list of boating projects.

**Joint Finance/Legislature:** Modify provisions to require DNR to provide grants of 80% of the costs as enumerated in the bill of developing recreational boating facilities (90% if the sponsor conducts a boating safety program) for the Petenwell Lake, Columbia County Park and Stockbridge Harbor projects. (The provisions for High Cliff State Park and the Lake Superior harbor remain the same.) DNR would be required to provide the following amounts for these three projects:

a. *Petenwell Lake.* 90% of project costs or $1,080,000, whichever is less, to Adams County if a boating safety program is provided; or 80% of project costs or $960,000, whichever is less, if a program is not provided.

b. *Columbia County Park.* 90% of project costs or $675,000, whichever is less, to Fond du Lac County if a boating safety program is provided; or 80% of project costs or $600,000, whichever is less, if a program is not provided.

c. *Stockbridge Harbor.* 90% of project costs or $630,000, whichever is less, to Calumet County if a boating safety program is provided; or 80% of project costs or $560,000, whichever is less, if a program is not provided.

In addition, allow DNR to provide grants of up to 80% of the costs of developing other recreational boating facilities (and up to 90% of the costs if the sponsor conducts a boating safety program) if the Waterways Commission deems the project to be of regional or statewide significance. Allow sponsors to make in-kind contributions to match the grant if the project is deemed to be of regional or statewide significance. Require DNR to promulgate rules to define regional and statewide significance.

[Act 27 Sections: 760, 1144q thru 1144s, 1146, 1146g, 1146h, 9137(3),(8tt),(8tu)&(8tv) and 9337(7z)]

## 16. RECREATIONAL BOATING PROJECTS -- TRASH COLLECTORS

**Governor/Legislature:** Add the acquisition of capital equipment to collect and remove floating trash and debris from a waterway as a project eligible for funding from recreational boating aids.

[Act 27 Section: 1145]

## 17. MOBILE DATA COMPUTER NETWORK

| | Chg. to Base |
|---|---|
| SEG | $165,000 |

**Governor/Legislature:** Provide $90,000 in 1997-98 and $75,000 in 1998-99 from the fish and wildlife account of the conservation fund for application development and master lease costs associated with the purchase of mobile data computers. The network, developed in conjunction with the Wisconsin State Patrol, would allow law enforcement officers to access and share data, communicate and develop reports using mobile computers. This funding would be used to install equipment and software in DNR law enforcement vehicles to allow conservation wardens to access the system and develop applications specific to DNR and for ongoing hardware and software purchases, maintenance and replacement costs.

## 18. CAR-KILLED DEER REMOVAL [LFB Paper 825]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $0 | $493,500 | $493,500 |
| SEG | 147,000 | - 493,500 | - 346,500 |
| Total | $147,000 | $0 | $147,000 |

**Governor:** Provide $47,000 in 1997-98 and $100,000 in 1998-99 funded 50% from the transportation fund and 50% from the fish and wildlife account of the conservation fund for the costs of contracting for removal of car-killed deer. Base funding of $420,000, funded 50% from the transportation fund and 50% from the fish and wildlife account, is currently available for this purpose.

**Joint Finance/Legislature:** Provide $233,500 GPR in 1997-98 and $260,000 GPR in 1998-99 and delete an equal amount of SEG as part of the conversion of most transportation fund appropriations in agencies other than DOT to general fund appropriations. Specify that an amount equal to the encumbrances or expenditures from the car-killed deer appropriation between July 1, 1997, and the effective date of the bill would be transferred from the general fund to the transportation fund. In 1998-99, $520,000 would be available for car-killed deer removal, funded 50% from the fish and wildlife account and 50% from GPR.

[Act 27 Section: 358m]

## 19. KARNER BLUE BUTTERFLY HABITAT CONSERVATION PLAN

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | $100,000 | - 1.00 | $84,800 | 1.00 | $184,800 | 0.00 |

**Governor:** Provide $50,000 annually from the forestry account of the conservation fund and delete 1.0 landowner contact position from the endangered resources account for implementation funding for the Karner Blue Butterfly Habitat Conservation Plan. Salary and fringe benefit costs associated with the position ($42,400 annually) would be moved to supplies and services. Annual funding of $92,400 would be used for activities such as data processing and monitoring, public education and outreach, research, travel and supplies for ongoing administration and implementation. DNR would utilize existing forestry and endangered resources staff to process incidental take permits under federal law for the Karner Blue butterfly to allow for authorized land use and land management activities that would otherwise be prohibited.

**Joint Finance/Legislature**: Provide an additional $42,400 and 1.0 position annually from the forestry account to implement the Habitat Conservation Plan.

## 20. ENDANGERED RESOURCES REVENUE CHANGES

**Governor/Legislature:** Deposit the revenues received from the sale or lease of resources (such as timber) derived from land in the state natural areas system into an endangered resources SEG appropriation. Currently, such moneys are deposited into the conservation fund and are not appropriated for any specific purpose.

Further, allow the Bureau of Endangered Resources to recover costs associated with collecting, storing and managing the information and data provided by the Natural Heritage Inventory Environmental Review Program. Current law allows the Bureau to collect only the cost of compiling and providing the data. Require the program to establish and coordinate standards for the management of information related to the natural heritage inventory.

[Act 27 Sections: 301, 769 thru 770, 772 and 2266]

## 21. LAKE SUPERIOR COMMERCIAL FISHING LICENSE RETIREMENT [LFB Paper 603]

| | Chg. to Base |
|---|---|
| GPR | - 1.00 |

**Joint Finance/Legislature:** Although not reflected in the bill, administration and DNR officials indicated that funding for the Lake Superior commercial fishing license retirement was funded in the bill through $154,000 GPR annually associated with three of the

base budget reductions identified by DNR. Consistent with the DOA and DNR agreement: (a) reduce LTE staffing and contracts for water supply analysis by $76,100; (b) eliminate 1.0 wastewater data entry position ($64,900); and (c) reduce LTE support for treaty fishery assessment work by $13,000, but retain funding in the base budget to pay for the Lake Superior commercial fishing license retirement. Also, prohibit DNR from entering into any future agreements under which the Department would make payments to persons in exchange for the retirement of commercial fish and game licenses sold by DNR for the permanent or temporary cessation of activities authorized under the licenses.

[Act 27 Sections: 847g, 967m and 967n]

## 22. MUNICIPAL DAM REPAIR AND REMOVAL GRANT PROGRAM [LFB Paper 604]

| | Chg. to Base |
|---|---|
| BR | $2,350,000 |
| SEG | $206,900 |

**Joint Finance:** Provide an additional $2,350,000 in segregated revenue supported bonding for the municipal dam repair and removal grant program. Designate $350,000 as follows: (a) $250,000 as part of the municipal dam repair and removal grant program for the removal of small dams and the restoration of streams and rivers; and (b) $100,000 for the removal of abandoned dams. Define small dams as those less than 15 feet wide and that create impoundments of 50 acre/feet or less. DNR would promulgate rules to determine distribution of the funding. Debt service is estimated at $206,900 annually (for 20 years) from the water resources account beginning in 1998-99.

Also, allow DNR to provide grants for up to 90% of the project cost, up to $350,000 per grant, under the municipal dam repair and removal grant program when the property affected by the dam's impoundment is primarily owned by the state (66% or more) and state property immediately within the impoundment area would be significantly devalued by the dam's removal. The program currently provides 50% matching grants with a limit of $200,000 per project.

**Assembly/Legislature:** Delete the provision allowing DNR to provide grants for up to 90% of the project cost, up to $350,000, per grant, when the property affected by the dam's impoundment is primarily owned by the state and the state's property immediately within the impoundment would be significantly devalued by the dam's removal.

[Act 27 Sections: 731h, 1147f and 1147g]

## 23. CHAIR FACTORY DAM

**Joint Finance/Legislature:** Require DNR to spend the amount necessary, up to $264,000, from the recreational boating facilities aids appropriation for the removal or repair of the Chair Factory Dam in Grafton, Wisconsin. Under 1995 Act 27, DNR has expended $10,000 for this project.

[Act 27 Section: 5503g]

## 24. LAKE CLASSIFICATION PROGRAM

| | Chg. to Base |
|---|---|
| SEG | $1,400,000 |

**Joint Finance/Legislature:** Provide $700,000 annually from the water resources account of the conservation fund to expand the lake management grant program to include a lake classification program. Allow DNR to provide lake classification project grants of up to $50,000 per county for up to 75% of the costs for the development and implementation of lake classification and subsequent protection programs. In addition, allow DNR to provide lake classification technical assistance grants of up to $200,000 to nonprofit corporations to provide educational and technical assistance to local units of government and lake management organizations that will participate in a lake classification project.

Require DNR to promulgate rules to administer and determine eligibility for lake classification projects grants and lake classification technical assistance grants, including which classification and protection activities are eligible for grants. Require the rules for lake classification project grants to include guidelines and factors to be used for lake classification. Require the factors to include: (a) the size, depth and shape of the lake; (b) the size of the lake's watershed; (c) the quality of water in the lake; (d) the potential of the lake to be overused for recreational purposes; (e) the potential for the development of land surrounding the lake; (f) the potential of the lake to suffer from nonpoint source water pollution; and (g) the type and size of the fish and wildlife population in and around the lake.

[Act 27 Sections: 762d, 3599b thru 3599t]

## 25. SOUTHEASTERN WISCONSIN FOX RIVER COMMISSION

**Joint Finance:** Create an Illinois Fox River Commission. Provide that a county may appropriate money to the Commission, and the Commission may solicit gifts, grants and other aid to perform other functions. In addition, require DNR to allocate $300,000 in 1997-98 from the recreational boating facilities aids appropriation for an engineering study and dredging. Require the Commission to prepare a budget, make it available for public inspection and hold a public hearing on the budget.

*Board Membership.* A Board of Commissioners shall govern the Commission. The Board shall include: (a) the village presidents of Big Bend, Mukwonago and Waterford, or their designees; (b) the town chairpersons of Waterford, Vernon, Waukesha and Mukwonago or their designees; (c) the mayor of the City of Waukesha, or his or her designee; (d) two residents each of the Town of Waterford and Vernon appointed by the town board; (e) one resident of Big Bend appointed by the village board; (f) the county executives of Racine and Waukesha County, or their designees; (g) one representative from the Southeastern Wisconsin Regional Planning Commission appointed by the Commission chairperson; and (h) one representative of DNR appointed by the DNR Secretary. Provide that: (a) terms of elected officials run concurrently with their terms of office; and (b) the terms of residents be two years.

*Board Duties.* The Board shall: (a) initiate and coordinate surveys and research projects to gather data relating to the surface waters and groundwaters of the Illinois Fox River basin that are located in a river municipality; (b) maintain a liaison with federal, state and local agencies and other organizations involved in protecting, rehabilitating and managing water resources; (c) provide the public with information on issues related to the surface waters and groundwaters of the Illinois Fox River basin that are located in a river municipality; and (d) utilize the Wisconsin Conservation Corps and volunteers to the greatest extent practicable for projects.

The Board may also: (a) develop and implement plans or projects to: (1) improve water quality and the scenic, economic and environmental value of the surface waters and groundwaters of the Illinois Fox River basin that are located in a river municipality; (2) protect or enhance the recreational use of the navigable waters of the Illinois Fox River basin; or (3) coordinate and integrate county programs or projects for the waters of the county; (b) develop and propose programs or projects to make improvements to the navigable waters of the Illinois Fox River basin located in a river municipality; (c) create advisory committees as it considers necessary; or (d) promulgate rules necessary to implement the duties and powers granted to the Board.

*Implementation Plan.* The Board shall develop an implementation plan by April 1, 1998. The plan shall include: (a) a plan (including the method of payment) for an engineering study to determine areas for selective dredging including dredging of selected shallow areas of the impoundment area in Waterford; (b) a plan for clearing channels of fallen trees and similar debris; (c) a water use plan; (d) a plan for operating the Waterford Dam with a winter drawdown level; (e) a plan for streambank erosion protection; (f) a plan for automation of the Waterford Dam with upstream sensors; (g) a plan for maintenance, protection and improvement of shorelines, banks and beds of navigable waters; (h) a plan for access to shoreline recreational areas and facilities; and (i) water safety, navigational and boating regulations. Within three months after the development and submission of the plan, require the Department of Natural Resources and the designated county planning agencies to evaluate the implementation plan to determine if it is adequate to: (a) protect and rehabilitate the water quality of the surface waters and the groundwater of the Illinois Fox River basin that are located in a river municipality; (b) protect and enhance the recreational use of the navigable waters of the Illinois Fox River basin that are located in a river municipality; and (c) increase water and boating safety on the navigable waters of the Illinois Fox River basin that are located in a river municipality.

*Miscellaneous Provisions.* The Board may propose to a county board the adoption, modification or rescission of any ordinance or local regulation relating to boating, recreation or safety upon the navigable waters of the Illinois Fox River basin located in a river municipality. The Board may propose to a county board minimum standards for local regulations and ordinances for municipalities and the county to protect and rehabilitate the water quality of the surface waters and groundwaters of the Illinois Fox River basin located in a river municipality.

A county board or river municipality may adopt a minimum standard, ordinance or a local regulation, or a modification to or rescission of a standard, an ordinance or a local regulation, as proposed by the Board of Commissioners. An ordinance, local regulation or minimum standard as adopted by a county board or river municipality shall apply to the county and to any municipality partially or totally within the county and shall supersede any less restrictive and conflicting provision of a minimum standard, ordinance or local regulation adopted by a municipality.

If the Board consents, Racine County, Waukesha County or a municipality served by the Illinois Fox River Commission may empower the Commission by ordinance to administer an ordinance that is enacted under this section, whether or not the area otherwise served by the Commission includes all of Racine County or Waukesha County.

A county or municipality within a county may not reduce its expenditures relating to environmental control of land surfaces below its fiscal year 1998 expenditures if the county or municipality makes the expenditures for the purpose of protecting or rehabilitating the quality of surface waters and groundwaters of the Illinois Fox River basin.

**Assembly/Legislature:** Make the following changes to the Illinois Fox River Commission created by the Joint Committee on Finance.

Allow the Commission to use the $300,000 allocated from the recreational boating facilities aids appropriation in 1997-98 for the projects, plans and responsibilities of the Commission (rather than only for an engineering study and dredging).

Change the name of the Commission from the Illinois Fox River Commission to the Southeastern Wisconsin Fox River Commission.

Allow a river municipality to appropriate money to the Commission and solicit gifts, grants and other aids for the Commission.

Define the Illinois Fox River basin as extending from the northern boundary of the City of Waukesha downstream to the point immediately below the Waterford Dam.

Provide that the representatives from DNR and the Southeastern Wisconsin Regional Planning Commission on the Board are non-voting members.

Delete the provision allowing the Board to propose to a county board the adoption, modification or rescission of any ordinance or local regulation relating to boating, recreation or safety upon the navigable waters of the Illinois Fox River basin located in a river municipality or to propose to a county board minimum standards for local regulations and ordinances for municipalities and the county to protect and rehabilitate the water quality of the surface waters and groundwaters of the Illinois Fox River basin located in a river municipality.

Delete the provision allowing a county board to adopt a minimum standard, ordinance or a local regulation, or a modification to or rescission of, a standard, an ordinance or a local regulation, as proposed by the Board. Delete provisions under which an ordinance, local regulation or minimum standard adopted by a county board apply to the county and to any municipality partially or totally within the county and supersede any less restrictive and conflicting provision of a minimum standard, ordinance or local regulation adopted by a municipality.

Delete the provision allowing a county or a municipality served by the Commission to empower the Commission to administer an ordinance that is enacted whether or not the area otherwise served by the Commission includes all of the county or municipality.

Delete the provision prohibiting a county or municipality within a county from reducing its expenditures relating to environmental control of land surfaces below its fiscal year 1998 expenditures if the county or municipality makes the expenditures for the purpose of protecting or rehabilitating the quality of surface waters and groundwaters of the river basin.

**Veto by Governor [B-21]:** Delete provision requiring DNR to allocate $300,000 in 1997-98 from the recreational boating facilities aids appropriation for the projects, plans and responsibilities of the Commission.

[Act 27 Sections: 152m, 378m, 378no, 1148p and 1148t]

[Act 27 Vetoed Sections: 378m, 378no and 1148t]

## 26. REGULATION OF PRIVATE FISH FARMING

| | Chg. to Base |
|---|---|
| SEG-REV | - $30,000 |

**Joint Finance:** Assign regulatory oversight of fish farming to the Department of Agriculture, Trade and Consumer Protection and repeal provisions related to the regulation of private fish hatcheries by DNR effective January 1, 1998. No person would be able to bring any fish or fish eggs into the state without an annual permit from DATCP and a health certificate for the fish or fish eggs issued by DATCP, another state or a licensed veterinarian. DNR would continue to issue permits for the introduction or stocking of fish in the waters of the state. In addition to a DNR stocking permit, a person would have to be in compliance with DATCP permitting and certificate requirements. When issuing stocking permits, DNR would be required to accept the DATCP health certificate and may not require any additional testing, inspection

or investigation be performed concerning the health of the fish. DNR would have to be in compliance with the health requirement of DATCP, although no DATCP permit would be required. The fish and wildlife account of the conservation fund would see a revenue reduction of approximately $20,000 annually ($30,000 in the 1997-99 biennium) from the deletion of fish hatchery license fees and requirements.

**Assembly/Legislature:** Make the following changes to the assignment of regulatory oversight of fish farming to the Department of Agriculture, Trade and Consumer Protection.

*Fish Health and Importation.* Require persons bringing fish or fish eggs into the state for the purpose of: (a) introduction into the waters of the state; (b) use as bait; or (c) rearing in a fish farm to have an annual permit from DATCP. Prohibit any person from bringing fish or fish eggs of the family salmonidae into the state for the purpose of introduction into the waters of the state unless the fish are certified in a manner provided in rules from diseases specified in rule. Allow DATCP to require a person who is subject to the permit or certification requirements to notify the Department before bringing fish or fish eggs into the state. Exempt DNR from the annual permit requirement.

Require a person who operates a fish farm to obtain an annual health certificate from a licensed veterinarian or from a person who is qualified under rule to issue fish health certificates for any fish eggs present or any fish reared on the fish farm. Require a person who operates a fish farm to annually register the fish farm with DATCP. Require the person registering the fish farm to provide evidence of any required health certificate and to identify the activities that will be engaged in, the species of fish that will be used and the facilities that will be used on the fish farm.

Require DATCP to maintain a registry of fish farms. Require DATCP to inspect a fish farm upon initial registration of the farm. Allow DATCP to inspect the fish farm at any other time. Allow DATCP to inspect fish or fish eggs subject to the permit or certification requirements or other rules to ensure the health of the fish and fish eggs. Allow such inspection to include removal of reasonable samples of the fish and fish eggs for biological examination. Require a person who operated a fish farm to keep records on purchases, sales and production of fish and fish eggs and any other records required by DATCP by rule. Allow DATCP to inspect these records upon request.

Require DATCP, in consultation with DNR, to promulgate rules specifying: (a) requirements for the labeling and identification, in commerce, of fish reared in fish farms; (b) fish health standards and requirements for certifying that fish meet those standards for organizations publicly showing, exhibiting, giving demonstrations or providing fishing of fish; (c) the qualifications that a person who is not a veterinarian must satisfy in order to issue fish health certificates; (d) diseases and requirements for certifying fish or fish eggs of the family salmonidae. In addition, require DATCP to specify, by rule, the fees for permits, certificates, registration and inspections. Grant DATCP emergency rule-making authority without the finding of an emergency to implement these provisions.

Require any person bringing into the state any fish or fish eggs of a species that is not native to the state for: (a) introduction into the waters of the state; (b) use as bait; or (c) rearing in a fish

farm to have a permit issued by DNR. Require a person applying for a permit to submit a written application to DNR. Prohibit DNR from requiring that any testing, inspection or investigation be performed concerning the health of the fish in the issuance of these permits.

*Fish Farming in Natural Waters.* Prohibit any person from using a natural body of water as a fish farm or as part of a fish farm unless all of the following apply: (a) the land that is riparian to the body of water is owned, leased or controlled by the owners of the fish farm; (b) none of the owners of the fish farm or of the riparian land provides access to the body of water to the public by means of an easement or by means of a business open to the public except to allow fishing by the public for a fee; (c) the body of water is a freeze-out pond (defined as a natural, self-contained body of water in which freezing or anoxic conditions prevent the body of water from naturally sustaining a fish population at least twice every five years) or a preexisting fish rearing facility that is barrier equipped (a body of water that is a fish farm or part of a fish farm and that is not a self-contained body of water but was licensed as a private fish hatchery or as part of a private fish hatchery as of January 1, 1998, and has been continuously used to rear fish since that date and is equipped to prevent the passage of fish between the body of water and the other waters of the state).

Require DNR to issue a permit for a freeze-out pond if DNR determines that no substantial public interest exists in the body of water and that no public or private rights in the body of water will be damaged. Provide that for a freeze-out pond or a preexisting fish rearing facility that is barrier equipped licensed as a private fish hatchery on January 1, 1998, DNR shall issue the initial permit without making such a determination. Provide that such permits are valid for 10 years after that date of issuance. Require DNR to renew a permit unless the Department determines that there has been a substantial change in circumstances that is related to a determination. Allow a person to apply for renewal of a permit within the 16 months before the permit expires. Require DNR to renew the permit or deny the renewal within three months after the date on which DNR receives the renewal application. Allow DNR to delay the renewal or denial until the May 31 immediately following the date on which the Department receives the renewal application if ice conditions prevent DNR from inspecting the body of water for purposes of renewal within a reasonable time after receiving the application. Require that, if DNR denies a permit, that the Department issue written findings supporting the reason for denial based on criteria set in rule.

Allow DNR to suspend a permit for a preexisting fish rearing facility that is barrier equipped for 90 days if DNR finds that the permit holder has failed to adequately maintain the fish barriers. Allow DNR to revoke the permit if DNR determines that the failure to adequately maintain the barriers has not been corrected within the 90-day period.

Require DNR to promulgate rules to establish fees, criteria and procedures to be used for issuing permits for fish farms on natural waters and to submit the rules to the Legislative Council by August 1, 1998. Require DNR to consult with the Aquaculture Industry Advisory Council and the Wisconsin Aquaculture Association in promulgating these rules.

*Self-contained and Preexisting Fish Rearing Facilities.* Provide that the operator of a self-contained fish-rearing facility (an artificial, self-contained body of water that is a fish farm or part of a fish farm or a freeze-out pond) is not required to obtain a DNR fish stocking permit prior to placing fish in such a fish farm. Provide that DNR may not remove fish or fish eggs from a self-contained or preexisting fish rearing facility under its general power to remove fish for health or ecological reasons unless DATCP has requested DNR to remove the fish or fish eggs to address a problem affecting fish health. Provide that DNR may not remove fish or fish eggs under its general power to remove detrimental fish unless: (a) DATCP has requested DNR to remove the fish or fish eggs to address a problem affecting fish health; or (b) the fish are not native to the state and the DNR finds that the presence of the fish in the particular facility poses a risk of being detrimental to the waters of the state.

Provide that toxicants may be placed in the waters of a preexisting fish rearing facility that is an artificial body of water if the toxicants are necessary to the operation of the fish farm and DNR has issued a water pollution permit for the facility. Provide that toxicants may be applied in the waters of a self-contained fish rearing facility or a state or municipal fish hatchery if the application is necessary to the operation of the farm or hatchery.

*Private Fishing Preserves.* Allow a "single person" (one licenseholder in the state is intended) to register a natural, navigable, self-contained body of water as a private fishing preserve with DNR if: (a) all of the use and occupancy rights in the land that is riparian to the body of water are owned or leased by the registrant; and (b) the registrant and any owner of riparian land do not provide access to the public by means of an easement or of a business open to the public. Prohibit a lake association, corporation or other association from registering a private fishing preserve. Provide that such a registration is valid for one year. Exempt a person fishing in a private fishing preserve from having any sport-fishing approval issued by DNR. Prohibit any person from selling or trading fish caught in a private fishing preserve. Prohibit any person from charging a fee for fishing in a private fishing preserve.

*Other Provisions.* Generally, exempt farm-raised fish (fish kept on a fish farm for propagation purposes or reared on a fish farm and that have not been introduced, stocked or planted into waters outside a fish farm or that have not escaped from a fish farm) from statutes regulating the taking and possessing of wild fish.

Require DNR and DATCP to enter into a memorandum of understanding relating to the transfer of the regulation of fish farming between the Departments.

Prohibit persons holding a commercial fishing license from DNR from operating a fish farm that contains a species of fish that the holder of the license is authorized to catch under the conditions of the license.

Prohibit the rearing of lake sturgeon in a fish farm. Exempt DNR from this prohibition. Require DATCP, in consultation with DNR, to study regulatory options that would enable the

commercial rearing of lake sturgeon while protecting the wild lake sturgeon population. Require DATCP to submit the results of the study to the appropriate standing committees of the Legislature no later than December 31, 2000.

[Act 27 Sections: 170r, 762b, 960mn thru 960r, 967n, 996m thru 996t, 1000g thru 1000L, 1034m, 1040h, 1059d, 1103m, 1103p thru 1105m, 1108m, 1111m, 1111r, 1115m, 1118m, 1119k thru 1139e, 1139s thru 1139w, 2543sm, 5227g, 5339j, 9104(3xr)&(3xs), 9137(12m) and 9437(6gs)]

## 27. WILLOW FLOWAGE

**Joint Finance/Legislature:** Require DNR to designate the Willow Flowage in Oneida County as an outstanding resource water.

**Veto by Governor [B-19]:** Delete provision.

[Act 27 Vetoed Section: 3487d]

## 28. AQUATIC AND TERRESTRIAL RESOURCES INVENTORY

| | Chg. to Base |
|---|---|
| SEG | $300,000 |

**Joint Finance/Legislature:** Provide $150,000 annually ($75,000 from both the fish and wildlife account and the water resources account of the conservation fund) for an Aquatic and Terrestrial Resources Inventory (ATRI) project in DNR to develop a system that links and presents existing aquatic and terrestrial inventory information sources. The funding would be used as follows: (a) $90,000 for computer programming contracts; and (b) $60,000 for data acquisition and linkage with other public agencies and private entities.

[Act 27 Section: 364m and 762c]

## 29. SANDHILL WILDLIFE SKILLS CENTER DORMITORY

| | Chg. to Base |
|---|---|
| BR | $360,000 |
| SEG | $32,000 |

**Joint Finance/Legislature:** Provide $360,000 in segregated revenue supported bonding for a dormitory construction project at the Sandhill Wildlife Area Skills Center in Wood County. Direct DOA to utilize Wisconsin Conservation Corps crews to the greatest extent possible as part of this project. Estimated debt service for the project would be $32,000 from the fish and wildlife account in 1998-99.

[Act 27 Sections: 9101(12z) and 9107(1)(f)(4)]

## 30. WILDLIFE DAMAGE CLAIMS AND ABATEMENT PROGRAMS

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | $75,000 | 1.00 |

**Joint Finance:** Make the following changes in the wildlife damage claims and abatement programs effective January 1, 1998.

*Eligibility and Program Funding.* Extend eligibility for claims and abatement to damage caused by turkey, sandhill cranes and coyote. (Under current law, damage done by deer, bear and geese is eligible under the program.)

Require DNR to submit a proposal in each fiscal year to the Joint Committee on Finance for the level of funding to be expended under the wildlife damage claims and abatement program. Prohibit the Department from expending any funding for the program until Joint Finance has approved the proposal for the fiscal year. Allow DNR to request that Joint Finance amend any allocation of funding for the wildlife damage claims and abatement programs.

*Wildlife Damage Claims.* Require a person submitting a claim to obtain, at the claimant's expense, an estimate of wildlife damage from a certified wildlife damage estimator. Require the applicant to file the claim with DNR on an application form approved by the Department. Require DNR to make the payment based on the amount of damage stated in the claim. (The current county role in administering the program would thus be eliminated).

Set the amount of the wildlife damage payment at 80% of the eligible claim amount with a maximum claim of $25,000 (a maximum payment of $20,000, rather than up to $5,000 in damage costs after a $250 deductible currently). Allow DNR to prorate the payments if funds are insufficient to pay all the claims in any calendar year. Require payments to be made no later than June 1 of the calendar year after the claim is filed.

Require DNR to approve a claim if: (a) the estimator certifies that crops, apiaries and livestock were managed in accordance with normal agricultural practices; (b) the form, contents and timing of the application comply with DNR requirements; (c) the claim is filed within 14 days after the wildlife damage first occurs; and (d) the claimant accepts wildlife damage abatement measures offered by DNR.

Require DNR to establish and maintain a system for certifying wildlife damage estimators. Require DNR to establish training requirements and qualifications for wildlife damage estimators and provide or certify educational programs for this purpose.

*Wildlife Damage Abatement.* Allow DNR to offer wildlife damage abatement, at DNR expense, to any person owning, leasing or controlling land. DNR would pay 100% of the cost of the abatement measure (rather than 50% currently). Provide that if the person refuses to accept the abatement measures that the person may not claim reimbursement for damages to the crops, apiaries or livestock that would have been subject to the abatement. Provide that a person owning, leasing or

controlling land may request the DNR to provide wildlife damage abatement measures. Require the Department to approve only abatement measures that are cost-effective in relation to wildlife damage payments.

*Hunting Access.* Require a person who receives a wildlife damage claim or abatement payment who owns, leases or controls the land to which the claim or abatement payment applies to permit hunting on that land during the appropriate season and on contiguous land under the same ownership, lease or control. Require DNR to determine the acreage of land suitable for hunting. A person who owns, leases or occupies land on which wildlife damage occurs and who does not have the authority to control entry on the land for the purpose of hunting would continue to be eligible for abatement measures and claims payments.

Require that if a person required to keep land open to hunting fails to do so, that the person is responsible for: (a) repayment of any money paid to the claimant; (b) payment for the cost of abatement measures installed; and (c) payment for the DNR costs of reviewing and approving the claim or abatement measure and DNR's costs of investigating the erroneous information.

*Enforcement and Penalties.* Require the person receiving a wildlife damage payment or abatement measure and the wildlife damage estimator to retain all records required by DNR and make them available to DNR for inspection at reasonable times. Allow DNR to enter and inspect at reasonable times any land which is subject to a claim or on which abatement measures are installed. Prohibit people from refusing entry or access to or withhold records from DNR. Prohibit people from obstructing or interfering with a DNR inspection. Require DNR, if requested, to furnish the person a report setting forth all facts found relating to an inspection.

Require DNR to conduct a random audit of claims, payments and abatement measures. Require DNR to conduct an audit of all claims submitted by, payments to or abatement measure installed on property owned, leased or operated by or apiaries or livestock owned by DNR employes or certified wildlife estimators.

Require that if either the wildlife damage estimator or the person receiving a claim or abatement negligently provides erroneous information to DNR, that the estimator and the person receiving a claim or abatement measure to be jointly responsible for: (a) repayment of any money paid to the claimant; (b) payment for the cost of abatement measures installed; and (c) payment for the DNR costs of reviewing and approving the claim or abatement measure and the costs to DNR of investigating the erroneous information.

Provide that if any person fraudulently provides erroneous information to DNR or otherwise commits fraud in relation to the wildlife damage abatement and claims program that (in addition to the payments above) the person is subject to: (a) a mandatory forfeiture equal to twice the amount of the claim or value of the abatement measure; (b) an additional forfeiture not to exceed $1,000; (c) revocation or suspension of hunting and fishing privileges of the owner; (d) revocation of the certification of the wildlife damage estimator; and (e) a bar to eligibility for payment under the

wildlife damage claims and abatement programs to the person who owns, leases or controls land or owns livestock or apiaries with respect to which fraud is committed for a period of ten years, whether or not the person was responsible for the fraud.

*Miscellaneous Provisions*. Require DNR to prepare an annual report summarizing wildlife damage in the state and activity under the wildlife damage program, including: (a) all wildlife damage believed to have occurred in the state; (b) the claims submitted; (c) payments made and abatement measures provided; and (d) the portion of claims submitted that is ineligible for payments or for which funds are not available to make payments. Require DNR to submit the report no later than January 1 of each year to the appropriate standing committees of the Legislature.

Require DNR to promulgate by rule standards for tolerable levels of damage caused by deer to commercial seedlings, crops on agricultural land, orchard trees or nursery stock. Require DNR to use the rule as a goal in managing the deer herd.

Require DNR to promulgate rules for the following related to the wildlife damage claims and abatement programs: (a) eligibility and funding requirements; (b) application forms and procedures; (c) procedures and standards for damage estimates; (d) authorized abatement measures; (e) proration of claims; and (f) audit and inspection procedures.

Grant DNR emergency rule-making authority, without the finding of emergency, to implement the program. Require DNR to submit proposed rules no later than October 1, 1997.

**Assembly:** Make the following changes to the Joint Finance provisions relating to the wildlife damage claims and abatement programs.

*Eligibility and Program Funding*. Extend eligibility for claims and abatement to damage on crops that have been harvested for sale or for further use but that have not yet been removed from the land. Allow the owner or occupant of land and any member of his or her family to hunt or trap coyote on the land without a license at any time, except during the 24 hours prior to the opening of the deer gun hunting season. Provide that such persons may not hunt coyotes during an open season for hunting deer with firearms in an area that is closed by the Department by rule to coyote hunting.

Add a $1 wildlife damage surcharge to the resident and nonresident wild turkey licenses, but maintain the total costs of the licenses at their current levels ($11 and $55). This would raise approximately $45,000 annually (approximately $23,000 in 1997-98) for wildlife damage purposes rather than general fish and wildlife purposes currently.

*Wildlife Damage Claims*. Maintain the current $250 deductible and $5,000 maximum for wildlife damage claim payments and allow a claimant to receive 80% of the amount of the claim that exceeds $5,250 up to a maximum payment of $15,000 per claim. Require a total damage estimate to be provided for all claims regardless of the payment limit. Require direct billing of claims by farmers to the Department and direct payment of claims to farmers by the Department.

*Hunting Access*. Exempt beekeepers from the public hunting access requirements for eligibility for abatement payments.

*Rule Submission.* Delay the date by which DNR must submit rules related to the wildlife damage claims and abatement programs to the Legislative Council from October 1, 1997, to within 45 days after the effective date of the budget bill.

**Senate/Legislature**: Make the following changes to the Joint Finance and Assembly provisions relating to the wildlife damage claims and abatement programs.

*Eligibility and Program Funding*. Remove damage caused by coyote from eligibility for claims and abatement. Provide that damage caused by sandhill crane would be eligible under the program if and when it becomes allowable to hunt them.

*Wildlife Damage Claims.* Delete provisions related to a system of certified wildlife damage estimators and retain the current role of counties in making damage determinations under the program. (Provisions related to the direct billing of claims and payments between landowners and the DNR and submission of a total damage estimate would be retained.)

*Wildlife Damage Abatement.* Restore the role of counties in administering the abatement program to that under current law. Require DNR to pay 75% of the actual cost of providing wildlife damage abatement assistance.

*Miscellaneous Provisions*. Modify the date for DNR submission of an annual report on the wildlife damage program to on or before June 1 of each year. Provide that the report summarize activity from the previous calendar year, and that the first report be submitted on or before June 1, 1999.

Provide $25,000 in 1997-98 and $50,000 in 1998-99 and 1.0 position annually funded from wildlife damage surcharge revenue to provide clerical support and public assistance related to the wildlife damage program.

**Veto by Governor [B-27]:** Delete the provisions: (a) requiring DNR to submit a proposal in each fiscal year to the Joint Committee on Finance for the level of funding to be expended under the wildlife damage claims and abatement program; (b) prohibiting the Department from expending any funding for the program until Joint Finance has approved the proposal for the fiscal year; and (c) allowing DNR to request that Joint Finance amend any allocation of funding for the wildlife damage program.

[Act 27 Sections: 381g, 381t, 994e, 994k, 998b, 998d, 1085b, 1087m, 1099b, 1099bn, 1139rb thru 1139ru, 1139rw thru 1139ryd, 9137(11x)&(13b), 9337(7xog) and 9437(9xoj)]

[Act 27 Vetoed Sections: 322m, 381r, 381t, 1139rv and 9437(9xoj)]

## 31. WILDLIFE ABATEMENT AND CONTROL GRANTS

| | Chg. to Base |
|---|---|
| SEG | $50,000 |

**Assembly/Legislature:** Provide $25,000 each year in a biennial appropriation from the wildlife damage surcharge revenue (within the fish and wildlife account) to create a 50% cost-share grant program under which urban communities can apply to DNR for grants of up to $5,000 for planning wildlife abatement projects and for wildlife control efforts. Require DNR to promulgate rules establishing criteria for awarding the grants. Prohibit the Department from expending any funding from the wildlife abatement and control grants appropriation until the Joint Committee on Finance has approved the overall funding proposal for the wildlife damage claims and abatement program for the fiscal year, consistent with other wildlife-damage related appropriations under the bill.

**Veto by Governor [B-27]:** Delete the provision prohibiting the Department from expending any funding from the wildlife abatement and control grants appropriation until Joint Finance has approved the overall funding proposal for the wildlife damage claims and abatement program for the fiscal year.

[Act 27 Sections: 381t, 381v, 998m, 1139p and 9437(9xoj)]

[Act 27 Vetoed Sections: 381r thru 381v and 9437(9xoj)]

## 32. HUNTER EDUCATION AND FIREARM SAFETY CERTIFICATE

**Joint Finance/Legislature:** Allow a person who is required to have successfully completed the hunter education and firearm safety course established by DNR (any person born after January 1, 1973) to show that he or she did so by presenting a Wisconsin hunting approval issued in the last 365 days, or for a hunting season that ended within the last 365 days, or to show the certificate of accomplishment for the safety course. Currently, such a person may not be issued any type of hunting license unless he or she presents the certificate.

[Act 27 Section: 1098m]

## 33. CUMULATIVE PREFERENCE SYSTEM

**Joint Finance:** Require DNR to utilize a cumulative preference system for those species for which permits are issued (deer hunters choice, bobcat, otter, fisher trapper, Canada goose, wild turkey, sharp-tailed grouse and sturgeon) effective January 1, 1998. 1997 Act 1 requires a cumulative preference system for bear harvest permits. Under a cumulative system, applicants would not lose their preference points unless they do not submit an application for three consecutive years. Currently, most permits are distributed based on continuous preference (where preference points are lost if an application is not submitted each year) or random selection.

**Assembly/Legislature:** Modify provision by: (a) delaying the effective date for modifications to the bear permitting system from October 15, 1997, to that date or the day after publication of the budget act, whichever is later; and (b) delaying the effective date for modification of the permitting system for other species from January 1, 1998, to April 1, 1998.

[Act 27 Sections: 1009j thru 1009y, 1017g thru 1017r, 1085c thru 1085p, 1087g, 9437(9w)]

## 34. SHIFT STEWARDSHIP DEBT SERVICE TO WATER RESOURCES ACCOUNT

| | Chg. to Base |
|---|---|
| GPR | - $450,000 |
| SEG | 450,000 |
| Total | $0 |

**Assembly/Legislature:** Shift $225,000 annually in 1997-99 only in GPR debt service costs to water resources account SEG (motorboat gas tax) for payment of principal and interest related to the acquisition and development of recreational boating-related properties under the stewardship program.

[Act 27 Sections: 411, 412, 414b, 414c, 726, 727 and 9437(7)]

## 35. LINNIE LAC DAM

**Assembly:** Require DNR to provide the amount necessary, up to $250,000, from the recreational boating projects aids appropriation to the city of New Berlin for the repair, removal or reconstruction of the Linnie Lac Dam. Specify that: (a) these funds would be excluded prior to determining the expenditure percentages for recreational boating facilities aids; (b) the city of New Berlin need not contribute any moneys to match the funds provided by DNR; (c) the project is a recreational boating facility for the purposes of expending the funds; (d) the project need not be placed on a priority list by the Waterways Commission; and (e) the city of New Berlin need not assume ownership of the dam.

**Senate/Legislature**: Change the recipient of the funding from the City of New Berlin to the Linnie Lac Management District.

[Act 27 Section: 1146d]

## 36. LONE ROCK BOAT LANDING

**Assembly/Legislature:** Require DNR to provide the amount necessary, up to $10,000, from the recreational boating project aids appropriation to Richland County for soil erosion control at Lone Rock Boat Landing on the Wisconsin River. Specify that: (a) Richland County need not contribute any moneys to match the funds provided by DNR; (b) these funds would be considered as an expenditure for an inland water project in determining the expenditure percentages for recreational

boating facilities aids; (c) the project need not be place on a priority list by the Waterways Commission; and (d) DNR must expend the funds by June 30, 2000.

[Act 27 Section: 9137(9c)]

## 37. LITTLE MUSKEGO LAKE

| | Chg. to Base |
|---|---|
| GPR | $30,000 |

**Senate/Legislature:** Require DNR to provide $30,000 in 1997-98 to the Little Muskego Lake Protection and Rehabilitation District (Waukesha County) for remediation costs related to flooding in June of 1997.

[Act 27 Section: 9137(12n)]

## 38. SESQUICENTENNIAL SAILING SHIP

**Assembly:** Provide up to $200,000 PR from the historical grants appropriation in DOA to the Wisconsin Lake Schooner Education Association for the construction of a tall sailing ship for Wisconsin's sesquicentennial celebration. Provide that the first $200,000 transferred to the appropriation be expended for financial assistance to the Association. Require DOA to provide assistance upon written agreement with the Association to use the assistance for the specified construction. Further, allow the Association to be reimbursed for expenses incurred prior to the effective date of the bill. This provision would sunset on July 1, 1999.

**Senate/Legislature:** Delete provision. Instead, require DNR to provide up to $200,000 from the recreational boating projects aids appropriation to the Association for the construction of the ship. Require DNR to provide assistance upon written agreement with the Association to use the assistance for the specified construction. Further, allow the Association to be reimbursed for expenses incurred prior to the effective date of the bill. This provision would sunset on June 30, 1999.

[Act 27 Sections: 378m, 378no, 9137(12f) and 9437(10c)]

## 39. GREAT LAKES STUDIES

**Senate/Legislature:** Provide $16,000 in 1997-98 and $32,000 in 1998-99 from the fish and wildlife account of the conservation fund to allow DNR to contract for a position at UW-Milwaukee for the purpose of performing studies of Great Lakes fish. (While it was intended that DNR's expenditure authority be increased for this purpose, due to a technical error, the appropriation increase

was not included in the bill. Information on position authority is provided under "University of Wisconsin System.")

[Act 27 Sections: 276g, 373 and 9153(3pjf)]

## 40. GROUP DEER HUNTING

**Senate/Legislature:** Delete the requirement that a member of a group deer hunting party who kills a deer for another member of the party be in contact with that person at the time and place of the kill. (Under current law, contact is defined as visual or voice contact without the aid of any mechanical or electronic amplifying device other than a hearing aid.) Require a person who kills a deer as part of a group deer hunting party to inform a member of his or her party of the kill and ensure that the member attaches the validated tag to the deer within one hour after the deer is killed. Provide that the person who killed the deer may not use a telephone, cellular mobile telecommunications device, radio or other means of electronic communication to inform any member of the party of the kill.

Add bow hunters to the definition of group deer hunting party. Allow any member of a group deer hunting party who are all using bows to kill an antlerless deer for another member of the party who has a current unused deer carcass tag.

**Veto by Governor [B-25]:** Delete provisions.

[Act 27 Vetoed Sections: 1119b thru 1119g]

## 41. COMMERCIAL HARVEST OF SMELT AND ALEWIFE

**Senate/Legislature:** Provide that the season for the commercial harvest of smelt on Lake Michigan is eleven months, with a closed season in May. (Under current DNR rule, trawls may be used only from November 15 to April 20.) Provide that the hours for the commercial harvest of smelt from Green Bay be extended by four hours to be one hour after sunset to three hours after sunrise in Green Bay. (Under current DNR rule, trawls may be used only at nighttime from one hour after sunset to one hour before sunrise.) Require DNR to establish by emergency rule a harvest limit for alewife in Green Bay and Lake Michigan.

**Veto by Governor [B-22]:** Delete the provision setting the season for commercial harvest of smelt on Lake Michigan at eleven months, with a closed season in May.

[Act 27 Sections: 1105r, 1105u and 9137(13f)]

[Act 27 Vetoed Sections: 1105s and 1105t]

## 1. AIR QUALITY MONITORING AND DATA ACQUISITION AND REPORTING SYSTEM [LFB Paper 617]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | $1,066,100 | - $220,100 | $846,000 |

**Governor:** Provide $723,100 PR in 1997-98 and $343,000 PR in 1998-99 as one-time funding during the biennium for two air quality programs. Funding would be provided from emissions fees program revenue and would be used for:

a. $220,100 in 1997-98 for capital equipment to set up a statewide fine particulate monitoring network to monitor particulates smaller than 2.5 microns in diameter in response to proposed U.S. Environmental Protection Agency standards for fine particulates. Current EPA standards require DNR to monitor particulates 10 microns or smaller in diameter. The funds, which would purchase 12 sampling units to measure the amount of fine particulates in the air, would be placed in unallotted reserve, subject to release by DOA.

b. $846,000 in one-time funding ($503,000 in 1997-98 and $343,000 in 1998-99) to contract for computer programming for a new automated data acquisition and reporting system, primarily for ground-level ozone, and to purchase computer equipment to operate the new system. A 10-year-old air monitoring system would be replaced. The new system would collect and report levels of air pollutants in the state and allow users of the data to have immediate access to information on pollutant levels. Of the requested funding, $550,000 would be used to hire a contractor to develop and program a new data acquisition system, $286,000 would be used to purchase computers, software, two computer servers and a hardware maintenance contract, and $10,000 would be used to purchase development software to be used to write the new system.

**Joint Finance/Legislature:** Delete $220,100 PR for particulate monitoring equipment.

## 2. CONVERT REMEDIATION AND REDEVELOPMENT AND WASTE MANAGEMENT FUNDING

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $30,000 | - 4.00 |
| SEG | 536,800 | 4.00 |
| Total | $506,800 | 0.00 |

**Governor/Legislature:** Decrease GPR by $15,000 annually and 4.0 GPR positions and provide $268,400 SEG annually for the following purposes in the Air and Waste Division:

a. Transfer $262,400 and 4.0 positions annually from GPR to environmental fund SEG. This would include 2.0 positions in the Bureau of Waste Management and 2.0 positions in the Bureau of Remediation and Redevelopment.

b. Provide $247,400 GPR and $6,000 SEG annually for supplies and services costs for GPR-funded positions in the following programs: (1) Bureau of Waste Management ($126,200 GPR); (2) Bureau of Remediation and Redevelopment ($106,200 GPR and $6,000 SEG); and (3) Air and Waste Division Program Management ($15,000 GPR).

## 3. ENVIRONMENTAL FUND RESTRUCTURING

**Governor/Legislature:** Restructure the segregated environmental fund from the current three accounts (groundwater, environmental repair and nonpoint source) into two. The groundwater and environmental repair accounts would be merged into one account called "environmental management." All statutory references to fund revenues being designated for "groundwater management" or "environmental repair" would be replaced with "environmental management." In recent years, ongoing deficits in the groundwater account have generally been balanced by environmental repair account surpluses.

[Act 27 Sections: 355, 356, 872, 873, 874 thru 883, 885 thru 888, 890 thru 898, 2512, 2519, 2581, 2983, 3494, 3600, 3604, 3638, 3641, 3643 thru 3645, 3650, 3685, 3686, 3717 and 3719]

## 4. VEHICLE ENVIRONMENTAL IMPACT FEE [LFB Paper 620]

| | Governor (Chg. to Base) | Assembly/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG-REV | $3,116,700 | $7,684,900 | $10,801,600 |

**Governor:** Create an environmental impact fee of $5 per vehicle on the sale of new cars and trucks. The fee would be collected by the Department of Transportation at the time a new vehicle is registered for the first time in the state. Deposit fee revenues into the environmental fund. The fee would be collected in the same way as the existing tire recovery fee of $2 per tire ($10 per car) which is collected when a new vehicle is registered in Wisconsin for the first time. The $10 fee generated $3.2 million in 1995-96. The current fee was repealed in 1995 Act 27, effective June 30, 1997. DOA estimates that the new fee would generate $1,416,700 during 10 months of 1997-98 and $1,700,000 in 1998-99. The fee would first apply to vehicles purchased on the effective date of the bill.

**Assembly/Legislature:** Provide that the $5 per vehicle environmental impact fee would apply to the transfer of used vehicles, in addition to new cars and trucks. Further, delay the effective date

of the fee to December 1, 1997. The fee is expected to generate revenues of approximately $4,001,600 in 1997-98 and $6,800,000 in 1998-99 ($1.7 million related to new vehicle sales and $5.1 million for used vehicle sales) for the environmental management account of the environmental fund. Further, sunset the fee on June 30, 2001.

[Act 27 Sections: 849, 899, 4044 and 9449(7mg)]

## 5. ENVIRONMENTAL REPAIR REMEDIATION BONDING

| | Chg. to Base |
|---|---|
| BR | $15,500,000 |

**Governor/Legislature:** Provide $15,500,000 in general obligation bonding authority to conduct remedial actions at contaminated sites. The request would increase DNR's general obligation bonding authority for remedial action (with GPR debt service payments) from the current $22.5 million to $38.0 million. Currently, bonding can be used for: (a) state-funded cleanup under the environmental repair statute (s. 292.31) when construction is involved and no responsible party is known, willing or able to take the necessary action; and (b) to fund the state's cost-share at federal Superfund sites. Expand the eligible use of bonding for state-funded cleanups to include: (a) cleanup under the hazardous substances spills statute (s. 292.11) when construction is involved and where no responsible party is known, willing or able to take the necessary action; and (b) the state's cost share at federal LUST (leaking underground storage tank) Trust Fund sites.

[Act 27 Section: 731]

## 6. SPILLS AND ABANDONED CONTAINERS CLEANUP [LFB Paper 620]

| | Governor (Chg. to Base) | Senate/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $1,937,000 | - $172,000 | $1,765,000 |

**Governor:** Provide $968,500 annually from the environmental fund to increase expenditure authority for state-funded cleanup of contaminated sites from $2,271,000 to $3,239,500 annually. The spills cleanup appropriation is utilized when DNR funds the cleanup at contaminated sites where no known responsible party is willing or able to cleanup the property in the immediate future.

**Senate/Legislature:** Decrease expenditure authority by $86,000 annually from $3,239,500 to $3,153,500 annually (in order to fund three nonmetallic mining staff while retaining a positive balance in the environmental fund).

## 7. ELIMINATE FEES FOR AGRICULTURAL CLEAN SWEEPS

| | Chg. to Base |
|---|---|
| SEG-REV | - $4,000 |

**Governor/Legislature:** Exempt hazardous wastes collected under a "Clean Sweep" program for the collection and disposal of agricultural hazardous wastes from existing hazardous waste generator fees. Currently, counties participating in agricultural clean sweep programs that help farmers properly manage and dispose of unwanted and unusable pesticides and farm chemicals are required to pay hazardous waste generator fees but household hazardous wastes collected at similar clean sweep programs are exempt from the same fee. Currently, generators of hazardous waste pay a base fee of $125 plus $12 per ton of hazardous waste generated. Fees from agricultural clean sweep programs currently generate approximately $2,000 per year and are deposited in the environmental fund.

[Act 27 Section: 3642]

## 8. COMPETITIVE BIDDING EXEMPTION FOR STATE-FUNDED CLEANUP

**Governor/Legislature:** Authorize the Governor to waive state requirements for competitive bidding of contracts involving construction for remediation of environmental contamination: (a) if DNR desires to use innovative or patented technology that is available from only one source; and (b) if in the judgment of DNR, it would provide the best remedial option under the hazardous substances spills statute or environmental repair statute. Currently, the Governor may only waive the requirement in an emergency involving public health, welfare, safety or the environment.

[Act 27 Sections: 789 and 790]

## 9. FEDERAL FUNDING REDUCTIONS

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| FED | - $652,000 | - 6.50 |

**Governor/Legislature:** Eliminate $326,000 annually with a corresponding decrease of 6.5 positions to reflect reductions in federal funding for the following programs: (a) $207,400 and 4.0 positions annually from the leaking underground storage tank (LUST) program; and (b) $118,600 and 2.5 positions annually from the Superfund program.

## 10. LAND RECYCLING LOAN PROGRAM ADMINISTRATION

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | $91,100 | 1.00 | - $12,900 | 0.00 | $78,200 | 1.00 |

**Governor:** Provide $43,800 SEG in 1997-98 and $47,300 SEG in 1998-99 from the clean water fund with 1.0 position to administer the land recycling loan program created under the environmental improvement fund (shown under "Clean Water Fund"). The position would be funded through a loan service fee added to the interest rate of low-interest loans made to municipalities to clean up brownfields sites.

**Assembly/Legislature:** Delete $12,900 SEG in 1997-98 for the position to reflect delayed passage of the budget.

## 11. BROWNFIELDS -- FUNDING CHANGES [LFB Paper 608]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly (Chg. to JFC) | | Senate/Leg. (Chg. to Assem.) | | Net Change | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $0 | 0.00 | $103,500 | 0.00 | $441,900 | 6.00 | $73,700 | 1.00 | $619,100 | 7.00 |
| SEG | 1,443,400 | 13.00 | - 103,500 | 0.00 | - 171,300 | 0.00 | 0 | 0.00 | 1,168,600 | 13.00 |
| Total | $1,443,400 | 13.00 | $0 | 0.00 | $271,600 | 6.00 | $73,700 | 1.00 | 1,787,700 | 20.00 |

**Governor:** Provide $713,200 in 1997-98 and $730,200 in 1998-99 and 13.0 positions for a brownfields program to clean up contaminated properties that are not being utilized to their full economic potential. Sites would include tax delinquent sites, spills sites, leaking underground storage tank sites, former landfills and sites with abandoned containers. The initiative would consist of the following funding changes:

a. *Cost Containment.* Provide $111,200 SEG annually from the petroleum inspection fund to convert 2.0 positions from project to permanent status to review and analyze the effectiveness of approximately 600 new engineered cleanup systems that begin operation annually. The project positions and associated funding terminate on June 30, 1997, and are deleted under standard budget adjustments.

b. *Municipal Brownfields Environmental Assessment Program.* Provide $140,000 SEG in 1997-98 and $153,700 SEG in 1998-99 from the environmental fund and 3.0 positions to continue a brownfields environmental assessment pilot started in 1995 with federal Superfund project positions. The positions would conduct environmental assessments for selected municipalities to determine the extent of contamination at abandoned properties and recommend further investigatory work, develop technical guidance and train staff in customer service and environmental sampling.

c. *Brownfields Redevelopment Assistance Team.* Provide $293,400 SEG in 1997-98 and $301,200 SEG in 1998-99 from the environmental fund with 6.0 positions and $114,600 SEG annually from the petroleum inspection fund to convert 2.0 positions from project to permanent status. The positions would assist with site cleanup and closure of contaminated properties, assist property

owners and municipalities in the area of brownfield redevelopment, provide public outreach and training on DNR administrative rules (NR 700 series) related to cleanup of contaminated property, provide technical assistance on determining site-specific soil standards and implementing closure flexibility for sites with contaminated groundwater and provide "comfort letters" to purchasers, lenders, sellers and lessees of property that may be contaminated.

d. *Information Streamlining and Efficiency Project.* Provide $54,000 SEG in 1997-98 and $49,500 SEG in 1998-99 from the environmental fund to hire a management consultant to evaluate and recommend methods to improve and streamline the data system for the brownfields program.

**Joint Finance:** Approve the Governor's recommendation, except provide $54,000 in 1997-98 and $49,500 in 1998-99 in one-time funding as PR rather than environmental fund SEG for the information streamlining and efficiency project. Program revenues would be derived from charges to users of DNR brownfields services.

**Assembly:** Delete $171,300 SEG in 1997-98 in salary and related costs to reflect delayed passage of the budget. Further, provide an additional $147,300 PR in 1997-98 and $294,600 PR in 1998-99 with 6.0 PR hydrogeologist positions to implement the brownfields initiative. Program revenue would be derived from charges to users of DNR brownfields services.

**Senate/Legislature:** Provide an additional $24,600 PR in 1997-98 and $49,100 PR in 1998-99 with 1.0 PR hydrogeologist position to implement the brownfields initiative. In total, the bill would provide 13.0 new SEG (environmental and petroleum inspection funds) and 7.0 new PR positions, in addition to 3.0 previously-authorized PR positions.

[Act 27 Sections: 9137(7gm)&(7gx)]

## 12. BROWNFIELDS -- REQUESTS FOR TECHNICAL ASSISTANCE

**Governor:** Authorize DNR to do the following: (a) provide assistance to persons concerning the investigation and cleanup of environmental pollution of properties and the determination of who is liable for the pollution; (b) upon request, assist a person in determining whether the person is or may become liable for the environmental pollution of a property; (c) assist in, or supervise, the planning and implementation of environmental investigations or cleanup of a property; (d) determine whether further action is necessary to remedy environmental pollution of a property; (e) issue a letter to a person requesting assistance concerning: (1) the environmental liability of owning or leasing the property; (2) the type and extent of contamination on the property; (3) the adequacy of an environmental investigation of the site; or (4) any other matter requested by the person; and (f) promulgate administrative rules to assess and collect fees from a person to offset the costs of providing assistance. Direct that DNR deposit any fees collected for this purpose in a program revenue appropriation for conducting reviews, providing technical assistance and issuing determinations of liability.

**Joint Finance/Legislature:** Consistent with current DNR practice, specify that DNR would have the authority to "provide comments on" instead of "supervise" the planning and implementation of an environmental investigation or cleanup of a property.

[Act 27 Sections: 343 and 3720]

## 13. BROWNFIELDS -- PROPERTY AFFECTED BY OFFSITE DISCHARGES [LFB Paper 609]

| | Chg. to Base |
|---|---|
| PR-REV | $25,000 |

**Governor:** Exempt, in certain situations, a person who owns land where a hazardous substance is present in the soil or groundwater from the following current requirements that the person: (a) restore the environment to the extent practicable and minimize the harmful effects of the hazardous substance; (b) reimburse DNR for any DNR costs of responding to the discharge; and (c) comply with DNR orders to restore the environment and minimize the harmful effects of the hazardous substance. Apply the exemption if: (a) the discharge of the hazardous substance originated from a source on property that is owned by another person; and (b) the person did not possess or control the hazardous substance on the other land or cause the original discharge.

Authorize DNR to, upon request, issue a written determination that, based on information available to DNR, the person is not required to respond to the discharge or reimburse DNR for the costs of responding to the discharge if: (a) DNR determines that the person qualifies for the exemption from liability; (b) the person agrees to allow DNR and any authorized representatives of DNR to enter the property to take action to respond to the discharge; (c) the person agrees to avoid any interference with actions taken by DNR or at the direction of DNR and to avoid actions that worsen the discharge; and (d) the person agrees to any other condition that DNR determines is reasonable and necessary to ensure that DNR can adequately take action to respond to the discharge.

Authorize DNR to promulgate administrative rules to assess and collect fees from a person to offset the costs of issuing determinations to persons who request them. Direct that DNR deposit any fees collected for this purpose in a program revenue appropriation for conducting reviews, providing technical assistance and issuing determinations of liability.

**Joint Finance:** Estimate revenues from the fees at $25,000 in 1998-99. Modify the Governor's recommendation to allow the exemption only if the person satisfies, in addition to the requirements above, the following: (a) the off-site source was possessed or controlled by another person; (b) the person conducts an adequate investigation approved by DNR; (c) the person allows reasonable access to the site to DNR, its representatives, responsible parties, consultants or their contractors to enter the property to take action to respond to the discharge; and (d) the person takes all necessary emergency actions to prevent threats to human health, safety, welfare or the environment and takes all non-emergency immediate or interim actions that are necessary to prevent a new or continuing release of the hazardous substance into the environment. In addition, authorize DNR to revise or revoke the exemption if any of the criteria for exemption would no longer be met.

**Assembly:** Delete the requirement that in order for a person to receive an exemption from environmental liability for groundwater contamination that originated off-site, the person must take any necessary emergency actions and all nonemergency immediate or interim actions necessary to prevent a new or continuing release of the hazardous substance into the environment. A person would be exempt from environmental liability for groundwater contamination on property the person "possesses or controls" instead of "owns." Further, a person would be authorized to submit other information that DNR determines is satisfactory instead of conducting an investigation.

Exempt a person from environmental liability for soil contamination that originated off-site on property the person possesses or controls if all of the following apply:

a. The discharge originated from a source on property that is not possessed or controlled by the person.

b. The person did not possess or control the hazardous substance on the property on which the discharge originated or cause the original discharge.

c. The person conducts an investigation or submits other information, that the Department determines is adequate, to substantiate that pars. (a) and (b) are satisfied.

d. The person agrees to allow the Department, any party that possessed or controlled the hazardous substance or caused the discharge and any consultant or contractor to enter the property to take action to respond to the discharge.

e. The person agrees to take one or more of the following actions at the direction of DNR if, after the Department has made a reasonable attempt to notify the party who caused the discharge of the hazardous substance about the party's responsibilities under the cleanup law, DNR determines that the action or actions are necessary to prevent an imminent threat to human health, safety or welfare or to the environment: (1) limit public access to the property; (2) identify, monitor and mitigate fire, explosion and vapor hazards on the property; and (3) visually inspect the property and install appropriate containment barriers.

f. The person agrees to avoid any interference with action undertaken to respond to the discharge and to avoid actions that worsen the discharge.

g. The person agrees to any other condition that the Department determines is reasonable and necessary to ensure that the Department or other specified persons can adequately respond to the discharge.

**Senate/Legislature:** Specify that the environmental liability exemption for property affected by groundwater or soil contamination from offsite discharges would not be available to any state agency for property that the state agency possesses or controls.

[Act 27 Sections: 343 and 3661]

## 14. BROWNFIELDS -- LIMITING LIABILITY FOR INVESTIGATIONS OF CONTAMINATION

**Governor:** Specify that a person who conducts an investigation of property to determine the existence of or obtains information about, the discharge of a hazardous substance is not considered to possess or control the hazardous substance or cause the discharge of the hazardous substance as the result of conducting the investigation. The limit on liability would not apply if the person who conducts the investigation causes a discharge or exacerbates an existing discharge. Currently, the hazardous substances spills law requires that any person who possesses or controls a hazardous substance which is discharged or who causes the discharge of a hazardous substance, take actions necessary to restore the environment to the extent practicable and minimize the harmful effects from the discharge to the air, lands or waters of this state.

**Joint Finance:** Modify the Governor's recommendation to specify that if the person who conducts the investigation physically causes a discharge or exacerbates an existing discharge, the limit on liability would not apply with respect to the portion of the property (rather than the entire property) on which the person causes the discharge or exacerbates the existing discharge.

**Assembly/Legislature:** Delete the provision that would specify the spills law liability exemption not apply if the person who conducts the investigation exacerbates an existing discharge. (This means that the limitation on liability from the spills law would not be available if an investigator causes a discharge, but the investigator would be exempt from liability if he or she exacerbates an existing spill.)

[Act 27 Section: 3680]

## 15. BROWNFIELDS -- VOLUNTARY PARTY LIABILITY LIMITATION [LFB Paper 610]

| | Chg. to Base |
|---|---|
| PR-REV | $87,200 |

**Governor:** Apply the current provisions providing certain "purchasers" of property with exemption from environmental liability instead to any voluntary party. Define "voluntary party" as any person who: (a) did not cause the discharge of a hazardous substance on the property; (b) did not control the hazardous substance prior to its discharge; and (c) did not participate in the management, control or ownership of a business or entity that caused the initial release of the hazardous substance on the property. Currently, a person who purchases a property on

which a hazardous substance was discharged before the person acquired the property is eligible for an exemption from the current requirements that the person restore the environment and minimize the harmful effects of the hazardous substance if the purchaser, in a manner approved by DNR, investigates and restores the environment, minimizes the harmful effects of the discharge and maintains and monitors the property. Examples of persons to whom the bill would extend those provisions could include lenders who acquire property through defaults, municipalities who acquire property through tax delinquency or bankruptcy proceedings and persons who inherit contaminated property.

Exempt a voluntary party from certain requirements if the voluntary party, in a manner approved by DNR, does all of the following: (a) conducts an environmental investigation; (b) restores the environment to the extent practicable and minimizes the harmful effects from a discharge of the hazardous substance; (c) obtains a certificate of completion from DNR; (d) maintains and monitors the property; (e) does not engage in activities that are inconsistent with the maintenance of the property; and (f) has not obtained the certificate of completion by fraud or misrepresentation.

Exempt a voluntary party who completes these required activities from the following requirements with respect to the release of a hazardous substance which occurred prior to the date of acquisition of the property: (a) minimum standards for operation, monitoring and maintenance of solid waste facilities; (b) standards for operation, monitoring and maintenance of metallic mining waste disposal facilities; (c) standards for the reuse of foundry sand and other high-volume industrial waste; (d) certification requirements for persons who operate solid waste disposal facilities; (e) environmental repair fees and surcharges required to be paid by waste generators (50¢ per ton for municipal solid waste or 20¢ per ton for high-volume industrial waste with a base fee of $100 or $1,000 annually, and $12 per ton of hazardous waste with a base fee of $125 annually); (f) licensing requirements for the treatment, storage and disposal of hazardous waste on the property; (g) requirements to take corrective action to protect human health or the environment from any spill, leak or other release into the environment of a hazardous substance at a facility that stores, treats or disposes of solid or hazardous waste; (h) orders by DNR to take action necessary to protect public health or the environment; and (i) liability for repayment of costs incurred by DNR for environmental repair or cleanup of the property. Retain, for voluntary parties, the current liability exemption for purchasers from: (a) the requirement to take actions necessary to restore the environment to the extent practicable and minimize the harmful effects from the discharge; (b) take measures to prevent a discharge; and (c) the obligation to repay DNR for costs of responding to a hazardous substances spill. Specify that the exemption would first apply to persons issued certificates of exemption by DNR on or after the effective date of the biennial budget act.

Make changes in the extent of cleanup that must be completed by a voluntary party. Limit the obligation of the voluntary party to restore the environment "to the extent practicable." Currently, a purchaser who seeks certification of a partial exemption from liability must meet a higher standard of "restoring the environment." Require the cleanup of "discharges," meaning spilling, leaking, pumping, pouring, emitting, emptying or dumping a hazardous substance, instead of "releases," which means the original discharge.

Authorize DNR to approve a partial cleanup by a voluntary party and issue a certificate of completion that states that not all of the property has been satisfactorily restored or that not all of the harmful effects from a discharge of a hazardous substance have been minimized. Specify that approval of a partial cleanup would exempt a voluntary party, with respect to the portion of the property subject to the partial approval from: (a) the requirement to take actions necessary to restore the environment to the extent practicable and minimize the harmful effects from the discharge; (b) the requirement to take measures to prevent a discharge; (c) requirements to take corrective action to protect human health or the environment from any spill, leak or other release into the environment of a hazardous substance at a facility that stores, treats or disposes of solid or hazardous waste; and (d) the obligation to pay DNR costs of responding to a hazardous substances spill at that portion of the property.

Specify that a certificate for partial cleanup may be issued only if: (a) public health, safety or the environment will not be endangered by any hazardous substances remaining on the property after the partial cleanup, given the manner in which the property will be developed and used and any other relevant factors; (b) the activities associated with any proposed use or development of the property will not aggravate or contribute to the discharge of a hazardous substance and will not interfere with or increase the costs of restoring the property and minimizing the harmful effects of the discharge; and (c) the owner of the property agrees to cooperate with DNR to address problems caused by hazardous substances remaining on the property, including allowing access to the property to DNR or its agents to place borings, equipment or structures or to undertake other activities. Authorize DNR to require the owner of the property to grant an easement to DNR to address the hazardous substances on the property.

Specify that the exemption or partial exemption from liability for a voluntary party would not apply to a municipal waste landfill or to an approved solid waste disposal facility. Specify that the exemption or partial exemption would not exempt the property from any lien filed by DNR to recover its costs of cleaning up the property if the lien is filed prior to the date DNR issues a certificate of exemption or partial exemption.

**Joint Finance:** Estimate revenues from the fee at $87,200 in 1998-99. In addition:

a. Modify the list of requirements that a voluntary party would be exempt from as follows: (1) delete the exemption under hazardous waste statutes from orders by DNR to take action necessary to protect public health or the environment; (2) delete the exemption from hazardous waste license revocation actions; and (3) add an exemption from closure and long-term care plan requirements for unlicensed hazardous waste facilities.

b. Specify that the voluntary party exemption from liability would not apply to: (1) a new hazardous waste treatment, storage or disposal facility on the property that begins operation after the date of acquisition by the voluntary party; (2) a licensed hazardous waste treatment, storage or disposal facility that operated on the property prior to the date of acquisition of the property by the voluntary party and which continues to operate or resumes operation after the date of acquisition; and

(3) any hazardous waste disposal facility that has applied to have a long-term care license as of the effective date of the budget bill.

c. Require that the certificate of completion of partial cleanup can only be granted if public health, safety or the environment will not be endangered by any hazardous substances remaining off of the property, in addition to on the property.

d. Require the owner of the property for which a certification of partial cleanup is made to allow DNR or "its representatives" instead of "its agents" to undertake activities on the property.

**Assembly:** Make the following changes in brownfields program provisions:

a. Rather than maintaining liability for prior owners, any person who controlled or caused the discharge of a hazardous substance, and any person who participated in the management, control or ownership of a business or entity that caused the release of the hazardous substance on the property, modify the definition of voluntary party to mean a person who did not "intentionally or recklessly cause the release" of a hazardous substance on the property.

b. Provide an exemption from environmental liability to lessees and tenants of property on which a hazardous substance is discharged if the property is owned by a voluntary party.

c. Authorize the Secretary of DNR, in accordance with administrative rules promulgated by the Department, to issue to a prospective purchaser of property a letter certifying that the prospective purchaser is entitled to the voluntary party exemptions from liability under the hazardous substances spills law. The DNR Secretary could condition the entitlement to the exemptions upon the prospective purchaser's taking action as provided under the voluntary party provisions and in a manner considered satisfactory to DNR. A prospective purchaser to whom the DNR Secretary issues a letter of entitlement would be considered a voluntary party.

d. Add to the list of requirements that a voluntary party would be exempt from, an exemption from minimum standards for closure, long-term care and termination of solid waste disposal facilities or hazardous waste facilities.

e. Modify the requirement related to issuance of a certificate of completion of partial cleanup so that the certificate could only be issued if the public health, safety or the environment will not be endangered by any hazardous substance remaining "on or originating from" the property (instead of remaining "on or off" the property).

**Senate/Legislature:** Make the following changes in brownfields program provisions:

a. Delete the Assembly definition of "voluntary party," which would mean a person who did not intentionally or recklessly cause the release of a hazardous substance on the property. Restore the Governor's recommendation that the definition of "voluntary party" include any person who: (1)

did not cause the discharge of a hazardous substance on the property; (2) did not control the hazardous substance prior to its discharge; and (3) did not participate in the management of, and was not the owner of, a business or entity that caused the initial release of a hazardous substance on the property. Effective July 1, 1998, expand the definition of voluntary party to alternatively include a person who did not intentionally or recklessly cause the release of a hazardous substance on the property. (A drafting error causes the expanded definition to be a fourth condition that must be met to be a voluntary party instead of being an alternate definition.)

b. Delete the provision that would exempt from environmental liability lessees and tenants of property on which a hazardous substance is discharged if the property is owned by a voluntary party.

c. Authorize DNR, instead of the Secretary of DNR, to issue to a prospective purchaser of property a letter certifying that the prospective purchaser is entitled to the voluntary party exemptions from liability under the hazardous substances spills law. Specify that a letter issued by DNR to a prospective purchaser of property which certifies that the prospective purchaser is entitled to the voluntary party exemption would be void if the prospective purchaser obtained the letter through fraud or misrepresentation.

**Veto by Governor [B-12]:** Delete the definitions of "voluntary party" that would have gone into effect on the effective date of the budget act, including any person who: (1) did not cause the discharge of a hazardous substance on the property; (2) did not control the hazardous substance prior to its discharge; and (3) did not participate in the management of, and was not the owner of, a business or entity that caused the initial release of a hazardous substance on the property. Retain the definition that would go into effect July 1, 1998, that would include a person who did not intentionally or recklessly cause the initial release of a hazardous substance on the property. This results in no statutory definition of voluntary party between the effective date of the budget act and July 1, 1998. The Governor's veto message requests DNR to provide assurance letters to potential voluntary parties on a case-by-case basis during this interim period.

[Act 27 Sections: 3662 thru 3679m, 9337(1) and 9437(1x)]

[Act 27 Vetoed Sections: 3663 thru 3666 and 3668]

## 16. BROWNFIELDS -- LIEN PROVISIONS

**Governor/Legislature:** Delete lien provisions related to DNR abandoned container removal actions. Currently, DNR is authorized to file a lien upon the property to recover DNR costs of removing abandoned containers on the property. DNR does not fund abandoned container removal

on properties where there are potential or known responsible parties, does not recover costs from innocent landowners, and has not used the lien provisions.

[Act 27 Sections: 960, 2059, 2217, 2233, 2374 thru 2376, 2488, 2690, 3167, 3172, 3718, 3723 thru 3727, 4945, 4946, 4947, 5163, 5164, 5165 and 5198]

## 17. BROWNFIELDS -- ELIGIBILITY FOR NEGOTIATION AND COST RECOVERY PROGRAM

**Governor/Legislature:** Expand eligibility for the negotiation and cost recovery program, which currently includes cities, villages, towns and counties, to also include a redevelopment authority and certain public bodies designated by a municipality. The program authorizes local governments to negotiate with parties responsible for environmental pollution to share the costs of remedial action at certain environmentally contaminated land owned by the local government.

[Act 27 Sections: 3687 thru 3689 and 3691 thru 3715]

## 18. BROWNFIELDS -- EXEMPTION FROM HAZARDOUS SUBSTANCES SPILLS LAW [LFB Paper 611]

**Governor:** Currently, municipalities, redevelopment authorities and certain public bodies designated by a municipality are exempt from liability under the hazardous substances spills law for property they acquire through tax delinquency or bankruptcy proceedings. Under the bill, this exemption would not be available if: (a) the discharge is from a federally-regulated hazardous substance storage tank; or (b) DNR determines, after considering the intended development and use of the property, that action is necessary to reduce to acceptable levels any substantial threat to public health or safety when the property is developed or put to the intended use, DNR directs the local government to take the necessary action and the local government does not take the action as directed.

**Joint Finance/Legislature:** Make the following changes to the exemption for local governments:

a. Delete an unnecessary reference to the date a local government acquired eligible property (before, on or after May 13, 1994) to be eligible for the exemption from the spills law.

b. Exempt a local government from the spills law for: (1) properties it acquires through condemnation or other proceedings under the eminent domain statute (chapter 32); or (2) properties it acquires for the purpose of slum clearance or blight elimination. The local government would be required to meet the other requirements for an exemption.

c. Add "housing authority" to the definition of local governmental unit that is exempt under the provision.

[Act 27 Sections: 3654 thru 3656e and 3658 thru 3660]

## 19. BROWNFIELDS -- LENDER LIABILITY EXEMPTION [LFB Paper 612]

| | Jt. Finance (Chg. to Base) | Assembly (Chg. to JFC) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|---|
| PR-REV | $1,200 | - $1,200 | $1,200 | $1,200 |

**Governor:** Modify the lender liability exemption from the hazardous substances spills law so that a lender may conduct an environmental assessment at any time before acquiring the property (in addition to current law allowing up to 90 days after acquiring the property). Require any lender who conducts the environmental assessment more than one year before acquiring title to the property to obtain a visual inspection of the property after acquiring title to, or possession or control of, the property to verify the environmental assessment and submit the results of the environmental assessment and visual inspection to DNR within 90 days after the lender acquires the property. DNR would be required to review the environmental assessment and either determine that the environmental assessment is adequate or direct the lender to address any inadequacies in the environmental assessment. Require the lender to correct, to DNR's satisfaction, any inadequacies in the environmental assessment. The lender would be required to permit access to the property to DNR and to any party who may have possessed or controlled a hazardous substance that is discharged, or who may have caused the discharge of a hazardous substance, on the property.

Require the lender to reimburse DNR for the costs of reviewing materials submitted by the lender. Under the bill, the fees would be deposited into the general fund.

**Joint Finance:** Modify the Governor's recommendation to: (a) specify that the exemption is available only if the lender complies with all federal and state requirements, whichever are more restrictive, pertaining to the removal of underground storage tanks; (b) require the lender to also allow access to the Department's representatives, or the responsible party's consultant or contractor in order to take appropriate response action; and (c) deposit any fees received under the provision in the program revenue appropriation for similar remediated property fees, instead of in the general fund. Estimate revenues from the fee at $1,200 in 1998-99.

**Assembly:** Delete provision and maintain current law.

**Senate/Legislature:** Restore the following provisions related to the lender liability exemption from the hazardous substances spills law : (a) allow a lender to conduct an environmental assessment

at any time before acquiring the property, in addition to currently allowing up to 90 days after acquiring the property; (b) require a lender who conducts the environmental assessment more than one year before acquiring the property to obtain a visual inspection of the property after acquiring the property and submit the results of the environmental assessment and visual inspection to DNR within 90 days after the lender acquires the property; (c) require DNR to review the environmental assessment and to direct the lender to address any inadequacies in the assessment; (d) require the lender to correct any inadequacies in the environmental assessment; and (e) deposit any fees received under the provision in a program revenue appropriation (an estimated $1,200 in 1998-99).

[Act 27 Sections: 343 and 3681]

## 20. BROWNFIELDS -- CANCELLATION OF DELINQUENT PROPERTY TAXES

**Governor:** Authorize counties and the City of Milwaukee to cancel all or part of the unpaid property taxes, plus interest and penalties, on real property for which a tax certificate has been issued but a tax deed has not yet been recorded, if all of the following apply: (a) the property is contaminated by a hazardous substance; (b) an environmental investigation of the property has been conducted that is approved by DNR; (c) the owner of the property or another person agrees to cleanup the property by restoring the environment to the extent practicable and to minimizing the harmful effects from a discharge of a hazardous substance in accordance with DNR administrative rules; (d) the owner or another person agrees to obtain a certificate of completion from DNR indicating that the cleanup has been completed; and (e) the owner agrees to maintain and monitor the property as required by DNR administrative rules and under any contract entered into under the rules. Require the county treasurer or the City of Milwaukee treasurer to provide a statement identifying property where taxes have been cancelled and enter on tax certificates the date of cancellation and the amount of taxes cancelled.

**Assembly/Legislature:** Replace the provisions requiring: (a) an environmental investigation by DNR; and (b) the owner of the property or another person to agree to obtain a certificate of completion from DNR verifying the "clean-up" with provisions requiring: (a) an environmental assessment that has concluded that the property is contaminated by the discharge of a hazardous substance; and (b) the owner of the property or another person to present to the county or city an agreement entered into with DNR to investigate and clean up the property.

[Act 27 Section: 2373]

## 21. BROWNFIELDS -- CIVIL IMMUNITY [LFB Paper 613]

**Governor:** Specify that any lender or voluntary party who qualifies for an exemption from liability for hazardous substances discharges would be immune from any civil liability related to a hazardous substance released on property that the person holds title to, or has possession or control of, if the hazardous substance was released on the property before the date that the person acquired title to, or possession or control of the property and the person acquired the property after the effective date of the biennial budget act. Specify that the provision would not provide any immunity from liability under a contract.

**Joint Finance/Legislature:** Delete provision. However, provide immunity from civil liability for local governmental units (municipalities, redevelopment authorities, certain public bodies designated by a municipality and housing authorities) related to the discharge of a hazardous substance on or from property formerly owned or controlled by the local governmental unit if the property is no longer owned by the local government at the time that the discharge is discovered and if any of the following apply: (a) the local government acquired the property through delinquency proceedings or as the result of an order by a bankruptcy court; (b) the local government acquired the property from another local government that acquired it through tax delinquency proceedings or as the result of an order by a bankruptcy court; (c) the local government acquired the property through condemnation or other eminent domain proceedings; and (d) the local government acquired the property for the purpose of slum clearance or blight elimination. The immunity from civil liability would not apply with respect to a discharge of a hazardous substance caused by an activity conducted by the local government while the local government owned or controlled the property.

[Act 27 Section: 3683g]

## 22. BROWNFIELDS -- STEWARDSHIP FUNDING PRIORITY [LFB Paper 614]

**Governor:** Require DNR to give higher priority to stewardship program grants to local units of government under the urban green space and local park aids components to those projects related to brownfields development. Also, require DNR to give higher priority to grants to nonprofit conservation organizations (NCOs) under the urban green space, local park aids, and trails components to those projects related to brownfields redevelopment. Add to the list of criteria for grants to localities and NCOs under the urban rivers component whether the project under consideration is related to brownfields development. Require DNR to assign the greatest weight to the brownfields criteria in awarding urban rivers grants. Define brownfields redevelopment as an abandoned, idle or underused industrial or commercial facility or site, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination.

**Joint Finance/Legislature:** Modify the provision by deleting the brownfields funding priority provision for the local park aids component of stewardship.

[Act 27 Sections: 763 thru 765, 767, 768, 1140, 1141 and 9337(4)]

## 23. BROWNFIELDS STUDY

**Joint Finance:** Direct DNR to establish, in cooperation with the Departments of Commerce, Administration, Revenue, Transportation and Agriculture, Trade and Consumer Protection, a brownfields policy forum to: (a) study the means by which the state can increase the number of sites that are cleaned and returned to productive use; (b) study the potential methods for long-term funding of the brownfields financial assistance programs; (c) study optional methods to cleanup groundwater on a comprehensive (rather than property-specific) basis; (d) study the effectiveness of existing legislation on brownfields redevelopment; and (e) evaluate and identify additional legislative proposals to further the clean up and redevelopment of brownfields properties. Direct DNR to submit the report and any recommendations to the Joint Committee on Finance and the appropriate standing committees of the Legislature by December 1, 1997.

**Assembly:** To reflect delayed passage of the budget, delay, from December 1, 1997, to March 1, 1998, the date by which DNR must submit the report and any recommendations.

**Senate/Legislature:** Direct that, as part of the brownfields study required under the bill (and due by March 1, 1998), DNR study: (a) the definition of "voluntary party"; and (b) potential sources of funding for brownfields cleanups for which this state becomes responsible because of the expansion of the definition of voluntary party to cover persons who did not intentionally or recklessly cause the release of a hazardous substance on the property.

**Veto by Governor [B-12]:** Delete the March 1, 1998, deadline for submission of the report and recommendations. The Governor's veto message states that the Departments of Natural Resources, Commerce, Administration, Transportation and Agriculture, Trade and Consumer Protection should work together in developing a comprehensive study that fully addresses the required elements by January 1, 1999.

[Act 27 Section: 9137(6g)]

[Act 27 Vetoed Section: 9137(6g)(c)]

## 24. SPILLS LAW STEPPED ENFORCEMENT [LFB Paper 615]

| | Chg. to Base |
|---|---|
| PR-REV | $8,100 |

**Governor:** Authorize DNR to negotiate and enter into an agreement containing a schedule for conducting a cleanup required by the hazardous substances spills law with a person who possessed or controlled a hazardous substance that was discharged or who caused the discharge of a hazardous substance if the discharge does not endanger public health. Authorize DNR to refer, to the Department of Justice (DOJ) for enforcement, any person who violates an agreement under the provision. Currently, a person who possesses or controls a hazardous substance that is discharged or who causes the discharge of a hazardous substance is required to take the actions necessary to restore the environment to the extent practicable and to minimize the harmful effects of the discharge to the environment. DNR is currently authorized, for the protection of public health, safety or welfare, to order a person to cleanup the discharge and to refer violators of orders to DOJ.

**Joint Finance/Legislature:** Modify the Governor's recommendation to: (a) specify that the agreement would only relate to conducting a non-emergency action; (b) require that the agreement be with a person who possesses or controls (instead of possessed or controlled) a hazardous substance; (c) authorize DNR to charge fees to offset its costs of negotiating and entering into an agreement, and deposit the fees in the program revenue appropriation for remediated property fees (estimated fee revenues would be $8,100 in 1998-99); and (d) direct the Department of Justice (DOJ) to review the effectiveness of the provision and submit a report of its findings to the Joint Committee on Finance and the appropriate standing committees of the Legislature by January 1, 2000.

**Veto by Governor [D-11]:** Delete the requirement that DOJ review the effectiveness of the provision and submit a report of its findings to the Joint Committee on Finance and the appropriate standing committees of the Legislature by January 1, 2000.

[Act 27 Sections: 3651 and 3652]

[Act 27 Vetoed Section: 9131(1t)]

## 25. DELAY SPILLS LAW CLEANUP REQUIREMENT [LFB Paper 616]

**Governor:** Authorize a person who discovers a discharge of a hazardous substance on his or her property as a result of conducting an environmental investigation of the property to delay cleaning up the property if all of the following apply: (a) the person provides DNR with a legal description of the property and a summary of the environmental investigation; (b) DNR determines that the discharge does not pose an immediate and direct threat to human health or the environment; (c) the person does not take any action that increases the rate of migration of the hazardous substance or that otherwise worsens the effect of the discharge on human health or the environment; and (d) the person

negotiates with DNR and within three years of conducting the investigation (or six years if the person qualifies under voluntary party provisions), enters into an agreement with DNR that contains a schedule for conducting a cleanup under the hazardous substances spills law.

Prohibit DNR from issuing an order to the person to cleanup the property or from requiring the person pay DNR costs of responding to the hazardous substances spill if the person enters into an agreement under the provision, unless the person violates the agreement. Authorize DNR to promulgate rules to charge fees to offset the Department's costs of reviewing investigations submitted, making determinations and negotiating agreements under the provision. Direct that DNR deposit any fees collected for this purpose in a program revenue appropriation for conducting reviews, providing technical assistance and issuing determinations of liability.

**Joint Finance/Legislature:** Delete provision.

## 26. EXEMPT NONPROFIT ECONOMIC DEVELOPMENT CORPORATION FROM SPILLS LAW [LFB Paper 611]

**Governor:** Exempt a tax-exempt economic development corporation that owns land on which a hazardous substance has been discharged from certain requirements of the hazardous substances spills law for property the corporation acquires before, on or after the effective date of the budget act and if the property is acquired to further the economic development purposes that qualify the corporation as exempt from federal taxation. The provision would exempt the corporation from current requirements to: (a) take the actions necessary to restore the environment to the extent practicable and minimize the harmful effects from the discharge; (b) take measures to prevent discharges; and (c) the obligation to pay DNR costs of responding to a hazardous substances spill. Specify that the exemption would not be available if the discharge is from a federally-regulated hazardous substance storage tank.

**Joint Finance/Legislature:** Clarify that the exemption from the spills law would not be available to an eligible corporation if DNR determines, after considering the intended development and use of the property, that action is necessary to reduce to acceptable levels any substantial threat to public health or safety when the property is developed or put to the intended use, DNR directs the corporation to take the necessary action and the corporation does not take the action as directed.

In addition, specify that the exemption would not apply if the eligible corporation fails to do one or more of the following: (a) respond to a discharge of a hazardous substance that poses an imminent threat to public health, safety, welfare or to the environment, on or off of the property; (b) enter into an agreement with the Department to conduct any necessary investigation and remediation activities at the property no later than three years after acquiring the property; and (c) allow DNR or its authorized representatives, any party that possessed, controlled or discharged the hazardous

substance or their consultants or contractors to enter the property to take necessary action to respond to the discharge.

[Act 27 Sections: 3657 thru 3660c]

## 27. ENVIRONMENTAL ENFORCEMENT SUPPORT

| | Chg. to Base |
|---|---|
| SEG | $60,000 |

**Governor/Legislature:** Provide $30,000 annually from the environmental fund for limited-term employe support for regional environmental enforcement efforts related to water, air and solid and hazardous waste, including providing data management support, compiling case files, responding to public inquiries and preparing letters and standard documents.

## 28. RECYCLING FUND TRANSFERS [LFB Papers 592, 606, 607 and 140]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG-REV | - $28,350,000 | $19,400,000 | $1,100,000 | - $7,850,000 |

**Governor:** Provide for the following from the recycling fund: (a) transfer $3,850,000 in 1997-98 to the general fund (shown under "General Fund Taxes"); (b) appropriate $20,000,000 in 1997-98 to Commerce for a brownfields grant program (shown under "Commerce"); (c) appropriate $4,000,000 in 1997-98 to WHEDA for a brownfields redevelopment loan guarantee program (shown under "Wisconsin Housing and Economic Development Authority"); and (d) appropriate $500,000 ($275,000 in 1997-98 and $225,000 in 1998-99) to DOA for the development and maintenance of geographic information systems (shown under "Administration").

**Joint Finance:** Make the following modifications: (a) appropriate $5,000,000 instead of $20,000,000 to Commerce for a brownfields grant program; (b) provide $100,000 SEG in 1997-98 to WHEDA for start-up costs associated with the brownfields redevelopment loan guarantee program, and transfer additional funds up to $3,900,000 from the recycling fund to WHEDA to provide $1 in reserves for every $4.50 in loan guarantees under the program (the amount of funds to be transferred

from the recycling fund would depend on the loan guarantee program demand); and (c) delete the $500,000 appropriation to DOA.

**Assembly/Legislature:** Make the following modifications: (a) delete the remaining $5,000,000 in recycling fund SEG for the Commerce brownfields grant program; and (b) restore the Governor's recommendation related to WHEDA, which would appropriate $4,000,000 (rather than $100,000 under Joint Finance) for a brownfields loan guarantee program.

[Act 27 Section: 9237(1)]

## 29. MUNICIPAL AND COUNTY RECYCLING GRANTS [LFB Paper 593]

| | Chg. to Base |
|---|---|
| SEG | $7,000,000 |

**Governor:** Continue the same municipal and county recycling grant calculation formula for calendar years 1998 and 1999 as currently exists for calendar year 1997. The 1997 formula provides a grant of either 66% of the difference between eligible recycling expenses and avoided disposal costs or $8 times the population of the responsible unit of government, whichever is less. Currently, the grant calculation formula changes in 1998 and 1999 so that yard waste costs and capital costs are funded at 50% in 1998 and 25% in 1999 (instead of 66% in 1997) and other costs of planning and operating the recycling program would continue to be funded at 66% in 1998 and reduced to 50% in 1999. In 1997, the grant calculation formula subtracts avoided disposal costs from eligible costs before multiplying by 66%. In 1998 and 1999 the current formula subtracts avoided disposal costs from eligible costs after multiplying by 66% (in 1998) or 50% (in 1999) of other program costs.

The bill would retain the: (a) calculation percentage of 66%; and (b) subtraction of avoided disposal costs from eligible costs before multiplying by 66%. The change would result in a higher amount of eligible grant than under current law in 1998 and 1999 for responsible units who: (a) own their own collection equipment and/or processing facilities; (b) provide collection of solid waste other than recyclables (and thus have avoided disposal costs); or (c) incur yard waste costs. However, no additional funding is provided and current proration requirements would apply. Under current law, funding for the grants decreases from $29.2 million in 1996-97 to $24.0 million in 1997-98 and $17.0 million in 1998-99 (the funding reduction is accomplished under standard budget adjustments).

**Joint Finance:** Approve the Governor's recommendation. In addition, make the following modifications to the existing municipal and county recycling grant program for calendar years 1998 and 1999: (a) increase the total grant amount for calendar year 1999 from $17 million under current law to $24 million; (b) repeal the funding of yard waste expenses; and (c) repeal the 10% set-aside of the funds appropriated for supplemental grants to responsible units that have implemented a

volume-based fee system for solid waste services. Further, provide $19 million for recycling grants for calendar year 2000.

Sunset, on December 31, 1999, the effective recycling program criteria (which responsible units must meet to receive municipal and county recycling grants), the duty of DNR to review and determine whether local recycling programs are effective, variances to the criteria and exceptions to the criteria. Instead, require a responsible unit of government to register a local recycling program with DNR as being an effective recycling program that manages solid wastes in compliance with the 1991, 1993 and 1995 landfilling and incineration bans and the state solid waste management hierarchy in order to be eligible for recycling grants in 2000. (The effective recycling program exceptions to 1995 landfilling and incineration bans would apply to registered effective recycling programs effective January 1, 2000.)

Create a municipal and county recycling grant program for calendar year 2000 as follows: (a) provide $19,000,000 SEG from the recycling fund for grants; (b) specify that a responsible unit that has submitted a registration to DNR for the responsible unit's effective recycling program by October 1, 1999, would be eligible for a grant; (c) direct DNR to award grants to eligible responsible units by providing them with the same percentage of the total amount of grant funds that a responsible unit received in calendar year 1999; and (d) specify that calendar year 2000 grants may be expended on expenses of a registered recycling program that complies with the 1995 landfilling bans (this excludes yard waste costs).

**Assembly/Legislature:** Delete the Joint Finance changes to the municipal and county recycling grant program. Rather, provide: (a) the same municipal and county recycling grant calculation formula through calendar year 2000 as currently exists for calendar year 1997 (a drafting error causes the same grant formula to be provided through 1999 instead of 2000); and (b) $24 million for grants in 1999 and 2000. This provision would retain the current law effective recycling program criteria, a 10% set-aside of funding for supplemental grants to responsible units of government that have implemented a volume-based fee system for solid waste services, and funding of yard waste expenses.

Further, direct DNR to submit to the Legislature, no later than September 1, 1998, a proposal that if enacted would carry out the intent of the Legislature that the state continue through at least the year 2004 its practice of providing state financial assistance for expenses relating to programs for the recycling of postconsumer waste to municipalities, counties, other units of government, including Indian tribes and bands, and solid waste management systems.

**Veto by Governor [B-16]:** Delete the September 1, 1998, due date of the proposal. The Governor's veto message requests DNR to complete its efforts by January 1, 1999.

[Act 27 Sections: 400p, 400pm and 3614mg thru 3620]

[Act 27 Vetoed Section: 3614mg]

## 30. RECYCLING STAFF CONVERSION [LFB Paper 594]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | - $146,400 | - 1.00 | - $242,000 | - 2.00 | - $388,400 | - 3.00 |
| SEG | 146,400 | 1.00 | 242,000 | 2.00 | 388,400 | 3.00 |
| Total | $0 | 0.00 | $0 | 0.00 | $0 | 0.00 |

**Governor:** Convert $73,200 and 1.0 waste manager position annually in the Bureau of Waste Management from GPR to recycling fund SEG.

**Joint Finance/Legislature:** In addition to the Governor's recommendation, convert an additional $121,000 and 2.0 positions annually from GPR to recycling fund SEG.

## 31. NONMETALLIC MINING RECLAMATION [LFB Paper 622]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Senate/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $172,000 | 3.00 | - $172,000 | - 3.00 | $0 | 0.00 | $0 | 0.00 |
| SEG | 0 | 0.00 | 0 | 0.00 | 172,000 | 3.00 | 172,000 | 3.00 |
| Total | $172,000 | 3.00 | - $172,000 | - 3.00 | $172,000 | 3.00 | $172,000 | 3.00 |

**Governor:** Provide $172,000 and 3.0 positions in 1998-99 funded from fees for reviewing local nonmetallic mining programs to administer changes in nonmetallic mining and reclamation requirements. Nonmetallic mining is the extraction of nonmetallic substances such as stone or gravel. 1993 Wisconsin Act 464 created the current nonmetallic mining program and authorized DNR to promulgate rules to assess fees for the costs of reviewing local nonmetallic mining reclamation programs. As of March, 1997, DNR had prepared draft administrative rules but had not submitted proposed rules to the Legislature or assessed fees for the program.

Make the following changes:

*Definition of Nonmetallic Mining Site.* Modify the definition of nonmetallic mining site as follows: (a) retain the inclusion of the location where nonmetallic mining is proposed or conducted but delete the inclusion of all surface areas from which materials have been or will be removed; (b) modify the inclusion of storage and processing areas related to the nonmetallic mining to instead include storage and processing areas that are in or contiguous to areas excavated for nonmetallic mining; (c) add inclusion of areas where grading or regrading is necessary to conduct nonmetallic mining or to achieve a land use specified in an approved nonmetallic mining reclamation plan; (d) delete the inclusion of buffer areas necessary to assure appropriate final slopes after nonmetallic mining reclamation; and (e) add an exclusion of any area included as a nonmetallic mining site that is not used for nonmetallic mining or for purposes related to nonmetallic mining on or after the effective date of the bill.

*Local Ordinances.* Eliminate the requirement that DNR promulgate the text of a nonmetallic mining ordinance in administrative rules. Require local governments to enact ordinances that comply with nonmetallic mining reclamation rules promulgated by DNR, including nonmetallic mining reclamation standards and requirements and procedures for local program administration. Currently, local governments are required to enact ordinances in strict conformity with the text of the ordinance in DNR rules.

Require the local ordinance to include a requirement that the local government issue a reclamation permit on the condition that the operator submit currently required proof of financial responsibility within a time specified by DNR rules. Authorize a local government to reduce the amount of financial assurance that an operator is required to provide based on nonmetallic mining reclamation that the operator performs while the nonmetallic mine continues to operate.

Require the local ordinance to include a prohibition on basing the current program fees on any portion of a nonmetallic mining site that has been reclaimed when the fees are imposed. Delete the requirement that annual fees determined by the local government shall cover the costs of reviewing nonmetallic mining operation plans and the inspection of nonmetallic mining. Retain the current requirements that the ordinance must include a provision imposing annual fees as determined by DNR for the costs of reviewing local nonmetallic mining reclamation programs and annual fees as determined by the local government that shall, as closely as possible, equal the cost of the examination and approval of reclamation plans and the inspection of nonmetallic mining reclamation.

Exempt a county with a population of 700,000 or more (Milwaukee County) from the requirement to enact an ordinance, if every city, village or town that contains a nonmetallic mining site enacts a complying local ordinance.

*Nonmetallic Mining Reclamation Standards.* Specify that nonmetallic mining reclamation standards and ordinances do not apply to any area that is not used for nonmetallic mining or related purposes on or after the effective date of the bill. Eliminate the requirement that standards for reclamation must differ depending on whether the portion of a nonmetallic mining site was mined before or after the effective date of the ordinance.

Require that any DOT requirements for the restoration of a nonmetallic mining site shall be consistent with the nonmetallic mining reclamation standards established in DNR rules. Retain the current requirement that a nonmetallic mining ordinance and the standards established in DNR rules would not apply to nonmetallic mining to obtain stone, soil, sand or gravel for the construction, maintenance or repair of a highway, railroad, airport facility or any other transportation facility, if the nonmetallic mining is subject to DOT requirements for the restoration of the nonmetallic mining site. Revise the current exemption from the ordinance and standards for excavations or grading conducted for highway construction purposes within the highway right-of-way to instead exempt excavations or grading conducted for the construction, reconstruction, maintenance or repair of a highway, railroad, airport facility or any other transportation facility if the excavation or grading is within the property boundaries or the transportation facility.

Apply the nonmetallic mining reclamation standards, but not an ordinance, to a nonmetallic mining site that is subject to DNR permit and reclamation requirements of DNR navigable waterways statutes. Currently, the standards and ordinance do not apply to these sites.

*Nonmetallic Mining Reclamation Plan.* Eliminate the requirement that the operator of a nonmetallic mine submit a mining operation plan. Retain the current requirement that the operator submit a mining reclamation plan. Require that the reclamation plan include a proposed land use for which the nonmetallic mining site will be rehabilitated after mining is completed.

*Nonmetallic Mining Permit.* Change the term of the permit that the nonmetallic mine is required to obtain from the local government from five years to be equal to the period during which mining is conducted. Prohibit the local government from issuing a nonmetallic mining permit before the local government approves a mining reclamation plan for the site. Require the local government to issue a permit for a currently operating nonmetallic mine on the condition that the operator submit a mining reclamation plan within a deadline established by the local government of not more than three years.

*Registration of Nonmetallic Mining Sites.* Beginning on the effective date of the bill, allow a landowner to register land owned by the person with the county register of deeds only if: (a) the land has a marketable nonmetallic mineral deposit, as determined by a registered geologist or engineer; (b) the landowner notifies each local government that has authority to zone the land of his or her intent to register the marketable nonmetallic mineral deposit; and (c) nonmetallic mining is a permitted or conditional use for the land under any zoning that is in effect on the day the owner makes the notification. Currently, a landowner may register land that has an economically viable nonmetallic mineral deposit but does not have to provide a determination by a geologist or engineer that the land has a marketable deposit.

Eliminate the requirement that the registration delineate the necessary buffer areas, but retain the current requirement that the registration delineate the nonmetallic mineral deposit.

Specify that the registration would last for 10 years and could be renewed for one additional ten-year period. Specify that land registered before the effective date of the bill would remain registered for ten years after the initial date of registration. Currently, a registration does not have a specific term and may not be rescinded.

Authorize a local government that receives a notice from a landowner of his or her intent to register the nonmetallic mineral deposit to contest the registration in the Circuit Court for the county in which the land is located on the grounds that the land does not satisfy the requirements for registration. Require that the local government would have the burden of proving, by a preponderance of the evidence, that one of those grounds exists.

*Zoning.* Authorize a local government to enact an ordinance changing the zoning of land that is registered as containing a nonmetallic mineral deposit if the ordinance is necessary to implement a master plan, comprehensive plan or land use plan that was adopted at least one year before the rezoning. Specify that the zoning change would not apply to the registered land during the registration period in effect when the zoning is changed or during the ten-year renewal period if the land is eligible for a renewal.

Prohibit a local government from permitting the erection of permanent structures on, or otherwise permitting the use of land while a registration is in effect (through zoning, rezoning, granting a variance, or other official action or inaction), in a manner that would permanently interfere with the present or future extraction of the nonmetallic mineral deposit located on the land. Currently, a local government may not permit the erection of permanent structures on, or permit the use of, any nonmetallic mineral deposit or registered buffer area.

*DNR Review.* Decrease from three to 10 years, the frequency with which DNR must issue a written determination of whether a local government is in compliance with nonmetallic mining requirements. If DNR determines that a local government is not in compliance, add a requirement that DNR notify the local government of the determination. If the local government does not then come into compliance, require DNR to consult with the Nonmetallic Mining Council and decide whether to pursue the matter. If DNR decides to pursue the noncompliance, DNR would use existing hearing procedures. If DNR would issue a written decision that a county is in noncompliance, DNR would retain its current responsibility to administer the nonmetallic mining reclamation program in the county. However, the bill would prohibit DNR from administering the program in a city, village or town that enacted a complying ordinance before DNR made the determination of noncompliance and is administering the ordinance.

*Rules.* Direct DNR to promulgate administrative rules that contain all of the following: (a) a definition of "marketable nonmetallic mineral deposit"; (b) procedures and requirements for registering marketable nonmetallic mineral deposits; (c) procedures and criteria for objecting to the proposed registration of a nonmetallic mineral deposit; (d) procedures for terminating the registration of land under this section when there is no longer a marketable nonmetallic mineral deposit on the land; (e) procedures and criteria for renewing the registration of land that allow renewal for one ten-year period

without review of the marketability of the deposit or the zoning of the land; and (f) procedures for renewing the registration of land registered before the effective date of the bill.

**Joint Finance:** Modify the Governor's recommendation as follows: (a) delete the funding and positions; (b) require the local government to hold a public informational hearing before modification of a reclamation permit, in addition to before issuance of a reclamation permit; (c) an operator seeking a nonmetallic mining reclamation permit would have the right to a contested case hearing (under s. 68.11 which prescribes the process for a municipality to hear an administrative appeal) on the issuance, modification or denial of a reclamation permit and for a person holding a reclamation permit to a contested case hearing on an order related to a violation of a local nonmetallic mining ordinance; (d) specify that the right to a contested case hearing under s. 68.11 would be notwithstanding several substantive provisions of Chapter 68 and the legislative purpose section under s. 68.001; (e) a local government would be authorized to issue an order suspending or revoking a nonmetallic mining reclamation permit (instead of nonmetallic mining permit); (f) delete the requirement that a registration of a nonmetallic mining site could be renewed for one additional 10-year period but retain the requirement that the renewal be as provided for in DNR rules; (g) in addition to the requirements that a local government may enact an ordinance changing the zoning of registered land if the ordinance is necessary to implement a master plan, comprehensive plan or land use plan that was adopted at least one year before the rezoning, require that mining has not begun on any portion of the registered land; (h) registration of buffer areas is deleted; (i) DNR rules contain procedures and requirements for registering land containing a marketable nonmetallic mineral deposit (instead of the requirement that rules contain procedures for registering marketable nonmetallic mineral deposits); (j) the requirement would be retained that requires DNR rules to contain procedures and criteria for renewing the registration of the land, including allowing renewal for one 10-year period without review of the marketability of the deposit or the zoning of the land, but an exception would be added so that when mining has begun on any portion of the registered land, the rules shall allow the person to renew the registration for an unlimited number of 10-year periods as long as active mining continues; and (k) DNR would have to include in rules criteria under which contiguous parcels of land owned by the same person and containing the same marketable nonmetallic mineral deposit may be included in one registration.

**Senate/Legislature:** Provide $172,000 SEG and 3.0 SEG positions in 1998-99 from the environmental management account of the environmental fund to administer the nonmetallic mining reclamation program. Delete a program revenue appropriation for fees from reviewing local nonmetallic mining reclamation programs and instead, specify that the fees be deposited in the environmental management account.

[Act 27 Sections: 349g, 898m and 3731 thru 3784]

## 32. INDUSTRIAL PESTICIDES FEES [LFB Paper 166]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $154,000 | - $135,000 | $19,000 |

**Joint Finance:** Deposit pesticide surcharges paid by manufacturers of wood preservatives containing pentachlorophenol, coal tar creosote and inorganic arsenicals into the environmental management account of the environmental fund. The surcharges would be equal to 1.1% of annual sales of the product. Revenues would be approximately $77,000 annually.

**Assembly/Legislature:** Exempt wood preservatives containing inorganic arsenicals from paying the industrial pesticide surcharge to be deposited to the environmental management account of the environmental fund under the substitute amendment. Exempting these wood preservative products would result in approximately a $67,500 annual reduction in revenues to the environmental fund ($135,000 for the biennium).

[Act 27 Section: 2519]

## 33. PESTICIDE LABELERS FEE TRANSFER FROM AGRICHEMICAL MANAGEMENT FUND [LFB Paper 620]

| | Chg. to Base |
|---|---|
| SEG-REV | $252,000 |

**Joint Finance/Legislature:** Increase the transfer of revenues from the pesticide labelers fee assessed by DATCP and currently deposited in the environmental management account of the environmental fund by $14 (from $110 to $124) per household pesticide product and by $14 (from $80 to $94) per nonhousehold pesticide product. Revenues of approximately $252,000 ($126,000 annually) would be deposited in the environmental management account during 1997-99. There would be a corresponding decrease in agrichemical management fund revenues.

[Act 27 Section: 2519]

## 34. RECYCLING POSITION

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | $75,700 | 1.00 | - $10,800 | 0.00 | $64,900 | 1.00 |

**Joint Finance:** Provide $32,400 SEG in 1997-98 and $43,300 SEG in 1998-99 from the recycling fund and create 1.0, four-year project position to provide ongoing support for recycling education and promotion, the Council on Recycling and the Recycling Market Development Board.

**Assembly/Legislature:** Delete $10,800 SEG in 1997-98 for the position to reflect delayed passage of the budget.

## 35. ASBESTOS ABATEMENT PROGRAM REVENUE REESTIMATE [LFB Paper 618]

| | Chg. to Base |
|---|---|
| PR | - $140,000 |

**Joint Finance/Legislature:** Delete $70,000 PR annually from supplies and services in the air management asbestos abatement appropriation to reflect a reestimate of available program revenues. Fees imposed on persons proposing asbestos abatement projects are used to fund contracts for asbestos abatement inspections.

## 36. AIR MANAGEMENT PERMIT REVIEW PROGRAM [LFB Paper 619]

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| PR | - $228,000 | - 2.00 |

**Joint Finance/Legislature:** Delete $114,000 PR annually and 2.0 PR positions in the air management new source permit review appropriation. Further, transfer $171,000 PR annually and 2.5 PR positions from the permit review to the air emissions fee appropriation.

## 37. AIR EMISSIONS FEE CAP

**Joint Finance:** Direct DNR to examine raising the air pollution emissions fee cap of 4,000 tons per billable pollutant. Direct DNR to, in consultation with the Acid Deposition Research Council, study the feasibility of utilizing emission fees for the enhanced monitoring of sulfur dioxide, nitrogen dioxide and mercury deposition in Wisconsin. Direct DNR to submit a report of its findings and recommendations to the Joint Committee on Finance no later than December 1, 1997.

**Assembly/Legislature:** Delete provision.

## 38. EMISSIONS INSPECTION AND MAINTENANCE PROGRAM CONVERSION [LFB Paper 825]

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $120,200 | 1.00 |
| SEG | - $120,200 | - 1.00 |
| Total | $0 | 0.00 |

**Joint Finance/Legislature:** Provide $60,100 GPR and 1.0 GPR position annually and delete an equal amount of SEG for the air management emissions inspection and maintenance program to reflect a decision to convert most transportation fund appropriations to agencies other than DOT to general fund appropriations. Specify that an amount equal to the encumbrances or expenditures from these appropriations between July 1, 1997, and the effective date of the bill would be transferred from the general fund to the transportation fund.

[Act 27 Section: 341m]

## 39. LIABILITY LIMITATION FOR MUNICIPAL PURCHASERS OF CLOSED LANDFILLS (Holtz-Krause Landfill)

**Joint Finance/Legislature:** Provide a municipality with an exemption for liability from certain environmental laws if the municipality acquires property before, on or after the effective date of the budget bill, that contains a closed landfill, applies to DNR for the exemption, and meets the following requirements. The liability exemption is only expected to apply to the Holtz-Krause Landfill in Marathon County.

Direct DNR to approve the municipality's application for exemption from liability if all of the following apply: (a) the landfill is closed when the municipality acquires the property; (b) the closure is in compliance with all DNR rules at the time of the application; (c) the municipality did not own or have an ownership interest in the landfill during the time it was in operation; (d) the municipality enters into an agreement with DNR which establishes the requirements for the municipality to maintain the property; (e) DNR determines that an exemption from liability is in the public interest; (f) the landfill was privately owned before the municipality acquired the property; (g) the landfill contaminated groundwater; (h) a steering committee of local public and private representatives was formed to address the contamination in a cooperative effort with DNR which resulted in the landfill not being listed on the federal Superfund National Priority List; and (i) the remedial action included a DNR-approved recreational use and was completed by December 31, 1995.

Exempt a municipality that is approved by DNR under the criteria above from the following requirements, based on the municipality's ownership of the property: (a) minimum standards for operation, monitoring and maintenance of solid waste facilities; (b) standards of operation, monitoring and maintenance of metallic mining waste disposal facilities; (c) minimum standards for closing, long-term care and termination of solid waste disposal facilities or hazardous waste facilities; (d) standards for the reuse of foundry sand and other high-volume industrial waste; (e) long-term care and financial

responsibility requirements for solid waste facilities; (f) requirements for transfer of responsibility for long-term care of a solid or hazardous waste facility with transfer of ownership of the property; (g) enforcement procedures for solid waste facilities licensed on or before January 1, 1977; (h) requirements to take corrective action to protect human health or the environment from any spill, leak or other release into the environment of a hazardous substance at a facility that stores, treats or disposes of hazardous waste; (i) orders by DNR to take action necessary to protect human health or the environment; (j) the requirement that a person who possesses, controls or causes a discharge of a hazardous substance shall take the actions necessary to restore the environment to the extent practicable; (k) the requirement that the person who possessed, controlled or caused the discharge of a hazardous substance shall reimburse DNR for its costs of responding to the discharge; (l) the requirement that DNR may direct the person to take preventive measures and may specify necessary preventive measures by emergency or special order; and (m) the obligation to repay DNR for costs of responding to environmental pollution at the site.

Specify that the exemption from liability would not apply to hazardous substances for which the municipality is responsible as a generator or transporter and which were disposed in the landfill during the time that the landfill was in operation. Use the same definitions of generator and transporter as are included in the local government negotiation and cost recovery program. (Generator would mean a person who, by contract, agreement or otherwise, either arranges or arranged for disposal or treatment, or arranges or arranged with a transporter for transport for disposal or treatment, of a hazardous substance owned or possessed by the person, if the disposal or treatment is done by another person at a site or facility owned and operated by another person and the site or facility contains the hazardous substance. Transporter would mean a person who accepts or accepted a hazardous substance for transport to a site or facility.)

Require that a municipality that receives DNR approval of an exemption from liability shall: (a) obtain prior approval from DNR for any proposed uses of the property, for any physical disturbance of the soil and for any construction on the property; and (b) allow access to the property by any person who, in connection with the closed landfill, is required to conduct monitoring, to operate and maintain equipment or to undertake remedial action.

[Act 27 Section: 3679p]

## 40. CERTIFIED REMEDIATION PROFESSIONALS PROGRAM

| | Jt. Finance (Chg. to Base) | | Assembly (Chg. to JFC) | | Senate/Leg. (Chg. to Assem.) | | Veto (Chg. to Leg.) | | Net Change | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $169,600 | 2.00 | - $169,600 | - 2.00 | $169,600 | 2.00 | - $169,600 | - 2.00 | $0 | 0.00 |

**Joint Finance:** Provide $74,500 PR in 1997-98 and $95,100 PR in 1998-99 and 2.0 PR positions and create a certified remediation professionals program that would require persons who perform certain cleanup activities to be certified by DNR. Require that each application for an initial or renewal certificate be accompanied by a fee in an amount, established by rule, that is sufficient to cover all costs of administering and enforcing the program. The program would include the following provisions.

a. Require that as of April 1, 1998, a person: (1) may not submit a report to DNR, Commerce or DATCP with respect to a covered activity unless the report is prepared by, or under the direction of, a certified remediation professional; or (2) may not conduct a covered activity unless the person is, or is under the direction or supervision of, a certified remediation professional. Specify that the requirement would not apply to a report prepared, or an activity performed, by a state employe acting within the scope of his or her employment.

b. Define "covered activity" as: (1) corrective action under the agricultural chemical cleanup program; (2) petroleum tank cleanup under the petroleum environmental cleanup fund award (PECFA) program or Commerce regulation of non-PECFA eligible petroleum tanks; (3) closure and long-term care of unlicensed hazardous waste facilities; (4) corrective action at facilities that store, treat or dispose of solid waste or hazardous waste; (5) response to a discharge of a hazardous substance; (6) remedial action under the purchaser limited liability program; (7) environmental assessment under the lender limited liability program; (8) environmental repair of sites or facilities contaminated by environmental pollution; (9) response, cleanup or removal of an abandoned container; or (10) any other environmental remedial action specified by DNR by rule. Specify that "covered activity" does not include an emergency response under the hazardous substances spill, environmental repair and abandoned containers statutes.

c. Define "report" as a report of a site investigation, a report of interim actions prior to remedial action, a report of the design of a proposed remedial action plan, a report of a site closure or any other report designated by DNR, Commerce or DATCP by rule.

d. Direct DNR to promulgate rules necessary to implement the program in consultation with all state agencies that have oversight responsibility for programs related to environmental remediation and with other interested persons. Require that the rules include requirements for education, continuing education, training, experience and standards of professional conduct for certified remediation professionals. Specify that the requirements and standards shall be sufficiently stringent so that covered activities conducted by or under the direction or supervision of a certified remediation professional and all reports related to covered activities that are prepared by or under the direction or supervision of certified remediation professionals are rendered in a manner that protects public health, safety, welfare and the environment and that is consistent with applicable statutes and rules.

e. Require DNR to promulgate emergency rules, without the finding of an emergency, by February 1, 1998, to implement the program. Require that the emergency rules authorize a person to become a certified remediation professional by certifying to DNR that the person possesses the minimum education and experience required under the rule for certified remediation professionals. Exempt DNR from the requirement to publish notices of applications for certificates under the emergency rule. Specify that a certificate issued under the emergency rule would be valid until such time, as determined by DNR, that a person may become certified under permanent rules promulgated by DNR or until the certificate is revoked. The emergency rules would remain in effect for a period not to exceed two years.

f. A certificate under the program may only be issued to an individual and could not be transferred.

g. DNR would periodically publish notice of each application for a certificate, approval or denial of a certificate, revocation of a certificate and termination of a certificate. Prohibit DNR from approving an application for an initial or renewal certificate until at least 30 days after the notice of application for the initial or renewal certificate has been published. Direct DNR to promulgate rules for the periodic publication of notice of applications.

h. An initial certificate may only be granted or renewed if the applicant or the holder of the certificate is in compliance with all requirements under the program and under rules promulgated by DNR, Commerce and DATCP. Suspend or revoke a certificate if DNR, Commerce or DATCP determine that the individual holding the certificate fails to comply with all requirements under the program and under rules promulgated by the agencies.

i. Authorize DNR to bar an individual whose application for an initial certificate or a renewal certificate is denied, or whose certificate is revoked, from applying for a certificate for a period determined by DNR. If a certificate is revoked, DNR would be authorized to permanently bar the individual from applying for a certificate.

j. Require a certified remediation professional to obtain and maintain insurance against loss, expense and liability, including those caused by pollution, resulting from errors, omissions or neglect in the performance of any professional service in an amount of at least $1,000,000 per claim and $1,000,000 in annual aggregate claims, with a deductible of no more than $100,000 per claim.

k. Prohibit a person from advertising or otherwise holding himself or herself out to be a certified remediation professional unless that person possesses a valid certificate.

l. Authorize employes or agents of DNR, Commerce or DATCP to at any reasonable time enter any site or building for the purpose of investigating, sampling or inspecting any condition,

equipment, practice or property relating to a covered activity conducted, supervised or directed by a certified remediation professional.

m. Authorize employes or agents of DNR, Commerce or DATCP to seek a special inspection warrant authorizing entry to a site or building if permission to enter is denied or if one of the three departments determines that entry without prior notice is necessary to enforce the program.

n. Require a certified remediation professional to provide any information requested by DNR, Commerce or DATCP relating to his or her activities as a certified remediation professional. If one of the three agencies has reason to suspect that a violation of any statute or rule related to a covered activity has occurred or may occur, it would be authorized to issue an order requiring the production or analysis of samples, requiring the protection of records or requiring any action by the certified remediation professional that may be necessary to prevent or eliminate the violation.

o. Direct DNR, Commerce and DATCP to enter a memorandum of understanding with respect to common areas of responsibility that relate to the program. The memorandum of understanding would not take effect until it is approved by the Secretary of DOA.

p. Authorize any person aggrieved by a determination or order of DNR under the program to request a contested case hearing under ch. 227.

**Assembly:** Delete provision.

**Senate/Legislature:** Restore provision.

**Veto by Governor [B-11]:** Delete provision.

[Act 27 Vetoed Sections: 169 (as it relates to s. 20.370(2)(fg)), 346s, 3727g, 9137(7n) and 9437(2m)]

## 41. DRY CLEANER ENVIRONMENTAL RESPONSE PROGRAM

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG-REV | $3,550,000 | | - $50,000 | | $3,500,000 | |
| SEG | $1,868,000 | 4.00 | - $24,100 | 0.00 | $1,843,900 | 4.00 |

**Joint Finance:** Create a Dry Cleaner Environmental Response Fund and Dry Cleaner Environmental Response Program to provide financial assistance for investigation and remedial action

of contamination at current and certain former dry cleaning facilities. Provide DNR with $75,400 SEG in 1997-98 with 2.0 SEG positions and $1,792,600 SEG in 1998-99 with 4.0 SEG positions from the dry cleaner environmental response fund. Revenues received under the program would total approximately $1,700,000 in 1997-98 and $1,850,000 in 1998-99. The program would include the following provisions:

a. Revenue. Create a segregated dry cleaner response fund. Provide for the following revenues to be deposited in the fund, effective on the effective date of the biennial budget act: (1) an annual dry cleaning facility license fee of 1.8% of the previous year's gross receipts from dry cleaning; (2) a dry cleaning solvents fee imposed on persons who sell a dry cleaning solvent to a dry cleaning facility equal to $5.00 per gallon of perchloroethylene sold and $0.75 per gallon of hydrocarbon-based solvent sold; (3) an inventory fee imposed on each dry cleaning facility equal to $5.00 per gallon of perchloroethylene and $0.75 per gallon of hydrocarbon-based solvent in the inventory of dry cleaning facilities on the effective date of the bill; (4) a penalty of $5 for each day that the person operates without a dry cleaning facility license; (5) payments by closed facilities equal to the average license fee paid and the average solvent fees paid by operating dry cleaning facilities in that year; and (6) any recovery of fraudulent awards. Direct the Department of Revenue (DOR) to collect the fees and fund 1.0 DOR position.

Define "dry cleaning facility" as a facility that dry cleans apparel or household fabrics for the general public other than the following facilities: (1) coin-operated facilities; (2) facilities that are located on U.S. military installations; (3) industrial laundries; (4) commercial laundries; (5) linen supply facilities; (6) facilities that are located at a prison or other penal institution; (7) facilities that are located at a nonprofit hospital or at a nonprofit health care institution; and (8) facilities that are located on property that is owned by the U.S. government or by this state.

Direct that the fees would be payable by the following dates: (1) the annual dry cleaning facility license would be due on or before January 15 for the prior calendar year; (2) the solvents fee would be would be due on January 25, April 25, July 25 and October 25 for the previous three months; and (3) the inventory fee would be due 30 days after the effective date of the bill.

Direct DOR to mail to each known dry cleaning facility an application form for an annual dry cleaning facility license. Direct DOR to issue a license to each person who pays the annual fee and submits the application form. The license would be valid through December 31 of the year during which the fee is due. If a dry cleaning facility is sold, the seller would be authorized to transfer the license to the buyer. Each holder of a license would be required to display it prominently in the facility to which it applies. Any person who operates a dry cleaning facility and who does not hold a dry cleaning facility license would be required to pay to DOR the license fee and a penalty of $5 for each day that the person operates without a license.

b. Dry Cleaner Environmental Response Council. Create a six-member Dry Cleaner Environmental Response Council in DNR to advise the Department concerning the program. The Council would consist of the following members appointed by the Governor for three-year terms: (1) one representative of dry cleaning operations with annual gross receipts of less than $200,000; (2) two representatives of dry cleaning operations with annual gross receipts of at least $200,000; (3) one representative of wholesale distributors of dry cleaning solvent; (4) one engineer or hydrogeologist with knowledge, experience or education concerning environmental remediation; and (5) one representative of manufacturers and sellers of dry cleaning equipment.

c. Program Definitions. Create the following definitions under the dry cleaner environmental response program:

1. "Bodily injury" would not include those liabilities that are excluded from coverage in liability insurance policies for bodily injury other than liabilities excluded because they are caused by a dry cleaning solvent discharge from a dry cleaning facility.

2. "Case closure letter" would mean a letter provided by DNR that states that, based on information available to the Department, no further remedial action is necessary with respect to a dry cleaning solvent discharge.

3. "Dry cleaning facility" would mean the same dry cleaning facilities that would be subject to the annual dry cleaning facility licensing fee, except that in addition to excluding facilities that are located on property that is owned by the U.S. government or by this state, exclude a facility that was owned by the federal government or by this state when the facility was operating.

4. "Dry cleaning solvent" would mean a chlorine-based or hydrocarbon-based formulation or product that is used as a primary cleaning agent in dry cleaning facilities.

5. "Emergency" would mean a situation that requires an immediate response to protect public health or safety. An emergency would last until the threat to public health or safety is mitigated.

6. "Groundwater" would mean any of the waters of the state occurring in a saturated subsurface geological formation of permeable rock or soil.

7. "Operator" would mean a person who holds an annual dry cleaning facility license or a subsidiary or parent corporation of the person holding the license.

8. "Owner" would mean a person who owns, or has possession or control of, a dry cleaning facility, or who receives direct or indirect consideration from the operation of a dry cleaning facility

regardless of whether the dry cleaning facility remains in operation and regardless of whether the person owns or receives consideration at the time that environmental pollution occurs.

9. "Program year" would mean the period beginning on July 1, and ending on the following June 30.

10. "Property damage" would not include those liabilities that are excluded from coverage in liability insurance policies for property damage, other than liability for remedial action associated with dry cleaning solvent discharges from affected dry cleaning facilities, and would not include the loss of fair market value resulting from a discharge.

11. "Service provider" would mean a consultant, testing laboratory, monitoring well installer, soil boring contractor, other contractor, lender or any other person who provides a product or service for which a claim for reimbursement has been or will be filed under the program, or a subcontractor of such a person.

12. "Subsidiary or parent corporation" would mean a business entity, including a subsidiary, parent corporation or other business arrangement, that has elements of common ownership or control or that uses a long-term contractual arrangement with a person to avoid direct responsibility for conditions at a dry cleaning facility.

d. Third Party Compensation. Direct the Commissioner of Insurance to promulgate rules defining "liabilities that are excluded from coverage in liability insurance policies for bodily injury" and "liabilities that are excluded from coverage in liability insurance policies for property damage." Direct that the definitions be consistent with standard insurance industry practices.

Direct the owner or operator of a dry cleaning facility to notify DNR of any action by a third party against the owner or operator for compensation for bodily injury or property damage caused by a dry cleaning solvent discharge from a dry cleaning facility if the owner or operator may be eligible for an award under the program. Authorize DNR to intervene in any action by a third party against an owner or operator for compensation for bodily injury or property damage caused by a dry cleaning solvent discharge from a dry cleaning facility if the owner or operator may be eligible for an award under the program for compensation awarded in the action. Exclude the loss of fair market value from contamination as a reimbursable cost under the program.

e. Eligible Applicants. Owners or operators of dry cleaning facilities could apply for financial assistance to clean up contamination. An owner or operator of a dry cleaning facility located on trust lands of an American Indian tribe may be eligible for an award if the owner or operator satisfies the requirements of the program and complies with program rules and any other rules DNR promulgates concerning dry cleaning facilities.

f. Duties of DNR. Direct DNR to: (1) promulgate administrative rules to administer the program; (2) establish a method for determining the order in which it pays awards, which shall be based on environmental factors and on the order in which applications are received; (3) pay awards for emergency remedial action activities within two working days of receipt of the application (emergency remedial action activities would not include removal of contaminated soils and recovery of free dry cleaning solvent); (4) after paying awards for emergency remedial action activities, give highest priority to paying awards for eligible costs incurred before the effective date; (5) allocate 9.7% of appropriated funds in each fiscal year for emergency remedial action activities and applications that exceed the amount anticipated; (6) promote the program to persons who may be eligible for awards; and (7) keep records and statistics on the program and periodically evaluate the effectiveness of the program.

g. Claim Submittal. Owners or operators who want to participate in the program would be required to do the following: (1) report a dry cleaning solvent discharge to DNR in a timely manner; (2) notify DNR, before conducting a site investigation or any remedial action activity, of the potential for submitting an application for an award under the program (except for an owner or operator who began a site investigation or remedial action activity before the effective date of the bill); (3) conduct an investigation to determine the extent of environmental impact of the dry cleaning solvent discharge; (4) after completing the investigation, prepare a remedial action plan that identifies specific remedial action activities proposed to be conducted (this would not be required if an emergency existed that made the investigation and remedial action plan requirements inappropriate); and (5) conduct remedial action activities, including (a) recover any recoverable dry cleaning solvent, (b) manage any residual solid or hazardous waste in accordance with law, and (c) restore groundwater in accordance with DNR administrative rules.

When an owner or operator notifies DNR of the potential for submitting an application, DNR would be required to provide the owner or operator with information on the program and the Department's estimate of the eligibility of the owner or operator for an award.

Direct DNR, at the request of an owner or operator, to review the site investigation results and remedial action plan within 45 days, and provide an estimate of when funding will be available to pay an award for remedial action. Direct DNR to approve the completed site investigation and remedial action activities before paying an award.

Authorize the owner or operator to enter into a written agreement with another person under which the other person acts as an agent for the owner or operator in conducting the remedial action activities. The owner or operator and the agent would be required to jointly submit an application for an award.

Direct the owner or operator to submit an application on a form provided by DNR. Direct DNR to authorize owners or operators to apply for awards at stages that the Department specifies by

rule. Specify that the application shall include all of the following documentation of activities, plans and expenditures associated with the eligible costs incurred because of a dry cleaning solvent discharge from a dry cleaning facility: (1) a record of investigation results and data interpretation; (2) a remedial action plan; (3) contracts for eligible costs incurred because of the discharge and records of the contract negotiations; (4) accounts, invoices, sales receipts or other records documenting actual eligible costs incurred because of the discharge; and (5) other records and statements that DNR determines to be necessary to complete the application.

Direct DNR to acknowledge, in writing, the receipt of an application. DNR would make an award to reimburse the applicant for eligible costs paid if the Department finds that the applicant meets the requirements of the program and rules promulgated under the program.

h. Application Deadline. Specify that closed dry cleaning facilities would have five years and active dry cleaning facilities would have 10 years from the date that DNR first accepts applications under the program to fulfill the requirements for eligibility.

i. Denial of Applications. DNR would deny an application for an award if any of the following applies: (1) the application is not within the scope of the program; (2) the applicant submits a fraudulent application; (3) the applicant has been grossly negligent in the maintenance of the dry cleaning facility; (4) the applicant intentionally damaged the dry cleaning equipment; (5) the applicant falsified records; (6) the applicant wilfully failed to comply with laws or rules of the state concerning the use or disposal of dry cleaning solvents; and (7) the applicant has not paid the fees required under the program.

j. Eligible Costs. Eligible reimbursable costs under the program would include reasonable and necessary costs paid for the following items only: (1) removal of dry cleaning solvents from surface waters, groundwater or soil; (2) investigation and assessment of contamination caused by a dry cleaning solvent discharge from a dry cleaning facility; (3) preparation of remedial action plans; (4) removal of contaminated soils; (5) soil and groundwater treatment and disposal; (6) environmental monitoring; (7) laboratory services; (8) maintenance of equipment for dry cleaning solvent recovery performed as part of remedial action activities; (9) restoration or replacement of a private or public potable water supply; (10) restoration of environmental quality; (11) contractor costs for remedial action activities; (12) inspection and supervision; (13) costs of purchase and installation of interim remedial equipment; (14) other costs that DNR determines to be reasonable and necessary; (15) third party compensation for bodily injury and property damage caused by a dry cleaning solvent discharge from a dry cleaning facility; and (16) financing costs, including interest at no more than the prime rate and loan origination fees of up to 1% of the loan principal, and excluding costs of financing activities that are undertaken after the effective date of the budget act and that are undertaken without DNR's advance written approval.

Authorize DNR to establish a schedule of usual and customary costs for any eligible costs and use the schedule to determine the amount of a claimant's eligible costs.

k. Ineligible Costs. The following would be ineligible costs: (1) costs incurred before January 1, 1991; (2) costs of retrofitting or replacing dry cleaning equipment; (3) other costs that DNR determines to be associated with, but not integral to, the investigation and remediation of a dry cleaning solvent discharge from a dry cleaning facility; (4) unreasonable or unnecessary costs; (5) costs for investigations or remedial action activities conducted outside Wisconsin; and (6) costs for discharges from hazardous substances other than dry cleaning solvents. Require DNR to subtract an amount equal to one-half of ineligible costs claimed by an owner from the eligible costs of the claim (a consultant would be assessed the fee if the claim was prepared by the consultant).

l. Deductible. Provide for the following deductible schedule. Allow DNR to postpone collection of the deductible if the owner or operator is unable to pay. If the deductible is waived, DNR would record a lien on the property until the deductible amount is paid.

| Cost of Remediation | Deductible |
|---|---|
| $0 - $200,000 | $10,000 |
| $200,001 - $400,000 | $10,000 plus 8% of amount of claim over $200,000 to $400,000 |
| $400,001 - $600,000 | $26,000 plus 10% of amount of claim over $400,000 to $600,000 |

m. Maximum Award. Provide a maximum award of $600,000 for reimbursement for costs incurred at a single dry cleaning facility. Specify that DNR may not issue financial assistance to an owner or operator in one program year that totals more than the following: (1) $250,000 for an owner or operator of 10 or fewer dry cleaning facilities; or (2) $500,000 for an owner or operator of more than 10 dry cleaning facilities.

n. Contributory Negligence. Prohibit DNR from diminishing or denying an award as a result of negligence attributable to the applicant.

o. Assignment of Awards. If an applicant files an assignment of an award to a person who loans money to the applicant for the purposes of conducting activities under the program, the filing would create a lien in favor of the assignee in the proceeds of the award. The lien would secure all principal, interest, fees, costs and expenses of the assignee related to the loan. The lien would have priority over any previously existing or subsequently created lien, assignment, security interest or other interest in the proceeds of the award.

p. Recovery of Awards. A right of action would accrue to the state against an owner or operator only if the owner or operator submits a fraudulent application or does not meet the requirements under the program and if an award is issued to the owner or operator for eligible costs. The Attorney General would be required to take appropriate actions to recover awards to which the state is entitled. DNR would be required to request the Attorney General to take action if DNR discovers a fraudulent claim after an award is issued.

q. Interim Remedial Equipment. Direct DNR to allocate 46% of the funds appropriated for financial assistance in each year for awards to reimburse owners and operators for costs of preliminary site screening and the purchase and installation of equipment to begin the cleanup of discharges of dry cleaning solvent from dry cleaning facilities before the completion of full site investigations and remedial action plans. Prohibit DNR from making an award for interim remedial equipment after June 30, 2002.

An owner or operator would be eligible for an award for interim remedial equipment of up to $15,000, of which not more than $2,500 may be for the cost of conducting the preliminary site screening. An owner or operator would be eligible if all of the following apply: (1) the owner or operator reports the dry cleaning solvent discharge to DNR in a timely manner; (2) the owner or operator conducts a preliminary site screening, including an onsite mobile laboratory analysis of any soil and groundwater affected by the discharge to determine the location for installation of the interim remedial equipment; (3) an emergency does not exist at the affected dry cleaning facility; (4) the owner or operator installs equipment that is approved by DNR to begin the cleanup of the discharge of dry cleaning solvent; (5) the dry cleaning facility is operating at the time the owner or operator applies for assistance; and (6) the owner or operator submits an application for reimbursement in a form approved by DNR and complies with any inspection requirements established by the Department.

Authorize DNR to promulgate rules for determining usual and customary costs reimbursable under the interim remedial equipment section. Specify that if an owner or operator is eligible for an award for interim remedial equipment and also applies for an award for investigation and remedial action activities, the owner or operator and any person who caused the discharge of dry cleaning solvent is not required to conduct a site investigation or proceed with other remedial action activities until DNR informs the owner or operator that funding is available for an award to the owner or operator. However, the owner or operator would not be allowed to delay cleanup if an emergency exists because of the discharge of dry cleaning solvent.

r. Appropriations. Create three appropriations in DNR: (1) a SEG annual appropriation for payment of financial assistance with expenditure authority of $1,600,000 SEG in 1998-99; (2) a SEG annual administrative appropriation in the Air and Waste Division's Bureau for Remediation and Redevelopment for environmental review with expenditure authority of $38,400 SEG in 1997-98 with 1.0 position and $98,200 SEG in 1998-99 with 2.0 positions; and (3) a SEG annual administrative

appropriation in the Customer Assistance and External Relations Division's Bureau of Community Financial Assistance for grant administration with expenditure authority of $37,000 SEG in 1997-98 with 1.0 position and $94,400 SEG in 1998-99 with 2.0 positions.

s. Enhanced pollution prevention measures. New facilities where construction began after the effective date of the bill would be ineligible for cleanup grants unless all of the following apply: (1) wastes involving dry cleaning solvent are managed in compliance with certain federal laws; (2) the facility does not discharge solvent into a sewer, septic system or waters of the state; (3) dry cleaning machines have appropriate containment structures that are able to contain any leak, spill or other release of dry cleaning solvent from the machines or other pieces of equipment; (4) floors are sealed or otherwise impervious to dry cleaning solvent; and (5) solvent is delivered to the facility by means of a closed, direct-coupled delivery system. Existing facilities on which construction began on or before the effective date of the bill would be ineligible for an award beginning on the 91st day after the day on which DNR issues a case closure letter with respect to the discharge of dry cleaning solvent from the dry cleaning facility, unless the owner or operator has implemented the enhanced pollution prevention measures.

t. Closed facilities. Former dry cleaning facility sites would be eligible for a cleanup award if the owner guaranteed annual payments, for 30 years after DNR issues an award, equal to the average license fee paid and the average solvent fees paid by operating dry cleaning facilities in that year. An owner or operator of a closed facility would be required to guarantee payment by executing a note and mortgage on the site of the dry cleaning facility and a payment bond acceptable to DNR.

u. Liability. Specify that conducting a cleanup or applying for an award under the program are not an admission of liability for environmental pollution. Further, specify that the program does not supersede common law or statutory liability for damages from a dry cleaning facility. An award under the program would be the exclusive method for the recovery of eligible costs. If a person conducts a remedial action activity for a discharge at a dry cleaning facility site, whether or not the person files an application under the program, the remedial action activity conducted and any application filed under the program would not be evidence of liability or an admission of liability for any potential or actual environmental pollution.

v. Effective Date. The effective date of the fees would be the effective date of the bill. The effective date for submitting applications for awards to DNR would be September 1, 1998. Require DNR to notify, in writing, all Wisconsin dry cleaners at least 30 days prior to the date that applications will be accepted for awards under the program.

w. Program Sunset. Sunset the program and fees in 35 years (June 30, 2032). Further, require the Dry Cleaner Environmental Response Council to evaluate the program at least every five years, based on criteria developed by the Council.

x. Program Review. Direct DNR to, no later than January 1, 2002, complete a review of the program and submit a report on the results of the review to Joint Finance and the appropriate standing committees of the Legislature. The report shall include the Department's recommendations for changes to the program. The review shall include consideration of whether the program should be expanded or ended, whether the program should be incorporated into a broader program of financial assistance for the remediation of environmental contamination and whether private insurance coverage should be required for any dry cleaning facilities.

**Assembly/Legislature:** Modify the dry cleaner environmental response program as follows:

a. Delete the definition of "emergency." Instead, include a definition of "immediate action" to mean a remedial action that is taken within a short time after a discharge of dry cleaning solvent occurs, or after the discovery of a discharge of dry cleaning solvent, to halt the discharge, contain or remove discharged dry cleaning solvent or remove contaminated soil or water in order to restore the environment to the extent practicable and to minimize the harmful effects of the discharge to air, lands and waters of the state and to eliminate any imminent threat to public health, safety or welfare.

b. Change "emergency" to "immediate action" in the following provisions to require: (1) DNR to pay awards for immediate remedial action activities within two working days of receipt of the application; (2) removal of contaminated soils and recovery of free dry cleaning solvent are not considered immediate remedial action activities; (3) first priority be given to awards for immediate remedial action activities; (4) allocation of 9.7% of the financial assistance funds for immediate remedial action activities; (5) an owner or operator would not be required to complete an investigation or prepare a remedial action plan before taking action if DNR determines that an immediate action is necessary; (6) an owner or operator would be eligible for an award for interim remedial equipment if immediate action is not necessary; and (7) an owner or operator who applies and is eligible for an award for interim remedial equipment and who also applies for a remedial action award may not delay conducting a site investigation or proceeding with other remedial action if immediate action is necessary.

c. Direct that if DNR determines that immediate action is necessary in response to a discharge of dry cleaning solvent, the owner or operator of the dry cleaning facility conducts the immediate action and is eligible for a remedial action award under the dry cleaner program and the dry cleaner financial assistance appropriation does not have sufficient funds to pay the award, DNR shall pay the award using the spills cleanup appropriation (funded from the environmental management account of the environmental fund). Awards paid from the spills appropriation under the provision would have priority over other payments under the spills appropriation except for payments under the current statutory priorities for payments for certain monitoring costs at specified municipally owned or operated landfills and for certain municipal incinerator ash testing. Whenever DNR pays an immediate action award from the spills appropriation, it would be required to provide notice to the Department of Revenue stating the amount of the award. After receiving a notice from

DNR, DOR would be required to deposit 50% of the dry cleaner revenues it collects (the annual dry cleaning facility license fee, dry cleaning solvents fee, penalties and payments by closed dry cleaning facilities) in the environmental management account of the environmental fund until the total amount deposited in the environmental fund equals the total amount paid by DNR from the spills appropriation.

d. To reflect a delayed effective date, decrease the estimated amount of revenue from the dry cleaning solvents fee imposed on persons who sell a dry cleaning solvent to a dry cleaning facility equal to $5.00 per gallon of perchloroethylene sold and $0.75 per gallon of hydrocarbon-based solvent sold, by $50,000 in 1997-98. The fees would be deposited in the dry cleaner environmental response fund. Reestimated revenues to the fund would be $1,650,000 in 1997-98 and $1,850,000 in 1998-99.

e. Delete $24,100 SEG in 1997-98 associated with 2.0 SEG positions to reflect delayed passage of the budget.

**Veto by Governor [B-10]:** Delete the following provisions:

a. The requirements that if DNR determines that immediate action is necessary and the dry cleaner financial assistance appropriation does not have sufficient funds to pay the award, DNR shall pay the award using the spills cleanup appropriation, funded from the environmental management account of the environmental fund and that DOR would be required to deposit 50% of the dry cleaner revenues it collects in the environmental fund until the total amount deposited in the environmental fund equals the total amount paid by DNR from the spills appropriation.

b. The requirement that DNR pay awards for immediate remedial action activities within two working days of receipt of the application.

c. All provisions related to third party compensation, which would have provided reimbursement for third party compensation for bodily injury and property damage caused by a dry cleaning solvent discharge from a dry cleaning facility.

d. Reimbursement for financing costs.

e. Finally, reduce the maximum award for reimbursement of costs at a single dry cleaning facility from $600,000 to $500,000, delete the maximum deductible of $46,000, retain a deductible of $26,000 plus 10% of the amount by which eligible costs exceeds $400,000 and delete the annual limits for reimbursement to an owner or operator.

[Act 27 Sections: 66r, 346m, 401m, 452m, 701m, 832e, 906e, 2379m, 2410ts, 3721e, 3721m and 9137(10g)]

[Act 27 Vetoed Sections: 344m, 873r, 906e, 2410ts and 3721e]

## 42. FACILITIES BONDING AND ENVIRONMENTAL FUND DEBT SERVICE APPROPRIATION

**Building Commission/Legislature:** Authorize up to $145,000 in segregated fund supported borrowing from the environmental fund for DNR administrative office, laboratory equipment storage or maintenance facilities. Create a sum sufficient SEG debt service appropriation from the environmental fund under DNR for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement Department facilities and to make payments determined by the Building Commission to comply with federal arbitrage requirements.

[Act 27 Sections: 414m, 726, 727, 731g and 9107(1)(f)]

## 43. WASTE TIRE REMOVAL PROGRAM

| | Chg. to Base |
|---|---|
| GPR | $1,500,000 |

**Assembly:** Make the following changes to the waste tire removal program:

a. Reallocate $500,000 GPR from the existing GPR general program operations appropriation for the Air and Waste Division, to be used for waste tire cleanups at tire dumps that contain solid waste resulting from manufacturing tires.

b. Expand the definition of "tire dump" to include locations that are used for storing or disposing of solid waste resulting from manufacturing tires (such as tire bladders). Currently, "tire dump" means any location that is used for storing or disposing of waste tires. Expand DNR's authority to determine that if a site that meets the expanded definition of tire dump is a nuisance, the Department may order the person responsible for the tire dump to remove the solid waste resulting from manufacturing tires. If the responsible party does not comply, DNR would be authorized to take necessary actions to remove the solid waste resulting from manufacturing tires.

**Senate/Legislature:** Delete the Assembly provision that would reallocate $500,000 GPR from the existing GPR general program operations appropriation for the DNR Air and Waste Division to be used for waste tire cleanups at tire dumps that contain solid waste resulting from manufacturing tires. Instead, make the following changes to the waste tire removal and recycling program:

a. Create a GPR sum sufficient appropriation in 1997-98, not to exceed the amount that lapsed from the waste tire program revenue appropriation account to the general fund on June 30, 1997 (estimated to be $1,500,000). Repeal the appropriation on June 30, 1999.

b. Expand the definition of "tire dump" to include locations that are used for storing or disposing of solid waste resulting from manufacturing tires. Currently, "tire dump" means any location that is used for storing or disposing of waste tires. Expand DNR's authority to determine that if a site that meets the expanded definition of tire dump is a nuisance, the Department may order the person responsible for the tire dump to remove the solid waste resulting from manufacturing tires. If the responsible party does not comply, DNR would be authorized to take necessary actions to remove the solid waste resulting from manufacturing tires.

c. Specify that the GPR appropriation shall be used for waste tire program activities in the following priorities: (1) an amount not to exceed $1,135,700 would be used to make payments to each person who received a waste tire reimbursement grant for tires used during 1995 if the grant was prorated, with a requirement that the payments could not exceed the amount by which the grant was reduced because it was prorated; (2) up to $400,000 of any remaining funds would be used for waste tire cleanups at tire dumps that store or dispose solid waste resulting from manufacturing tires; and (3) any remaining funds would be used for waste tire cleanups at tire dumps that store or dispose of waste tires.

**Veto by Governor [B-15]:** Delete the $400,000 limit on funding for cleanup of tire dumps that contain waste resulting from manufacturing tires. The Governor's veto message states that DNR should proceed with cleanup of identified sites in a timely manner and limit the cost to no more than $500,000.

[Act 27 Sections: 341sm, 341t, 3637m, 3637n, 9137(4eq) and 9437(7eq)]

[Act 27 Vetoed Section: 9137(4eq)(b)]

## 44. OUT-OF-STATE WASTE DISPOSED OF IN WISCONSIN

**Senate/Legislature:** Include the provisions of SB 187, which incorporates the recommendations of the Joint Legislative Council Special Committee on the Future of Recycling,

related to out-of-state waste disposed of in Wisconsin, but include a delayed effective date of October 1, 1999. The provisions would:

a. Retain the requirement that in order for solid waste generated in another state to be disposed of in Wisconsin, the out-of-state local government's recycling program must be "an effective recycling program" (which would allow solid waste generated within that out-of-state local government to contain residual amounts of recyclable materials) but allow the out-of-state local government to apply the components of the program, as appropriate, only to the waste that is to be disposed of in Wisconsin.

b. Repeal the requirement that an out-of-state local government must be in compliance with all recycling requirements imposed by its home state in order to be an effective recycling program under Wisconsin law.

c. Repeal the requirement that DNR promulgate administrative rules for the determination of comparability of an out-of-state local government's recycling program to a similarly situated responsible unit in Wisconsin.

d. Repeal the requirement that, in order for out-of-state waste to be disposed of in Wisconsin, the state in which it is generated must have an "effective landfill siting program."

e. Repeal the requirement that DNR promulgate by administrative rule its determination that an out-of-state local government has an "effective recycling program."

f. Repeal the solid waste capacity fee, which is a fee charged for each ton of out-of-state waste disposed of in Wisconsin based on a comparison of the landfill capacities of Wisconsin and the state of origin of the waste. (Although the fees have been in effect since January 1, 1995, DNR has not tried to collect the fees because the opinion of the Wisconsin Attorney General is that the capacity fee provision is not valid.)

g. Repeal the requirement that an out-of-state local government must comply with all of it's home state's recycling requirements in order for its recycling program to qualify as an effective recycling program.

h. Make out-of-state local governments eligible for variances and exceptions to the landfill and incinerator bans, for which in-state units are currently eligible.

i. Exempt out-of-state local governments from the following effective recycling program criteria: (1) exempt out-of-state local governments from having to prohibit the disposal within their jurisdiction of materials separated from waste for recycling; and (2) for waste disposed of outside of

Wisconsin, exempt out-of-state local governments from having to manage waste not separated for recycling in compliance with Wisconsin's recycling policy.

j. Require that waste generators (whether in Wisconsin or out-of-state) separate recyclable materials from solid waste prior to its collection for disposal in Wisconsin.

In addition to the provisions of SB 187, exempt from the landfill and incineration bans, any person who converts waste materials that are generated outside Wisconsin into fuel or burns the material at a solid waste treatment facility operating during April, 1990. It is anticipated that this provision would apply to the LaCrosse incinerator.

[Act 27 Sections: 883m, 3613g thru 3613m, 3614gc thru 3614gt, 3638m, 3638mg, 3640gc thru 3640gm and 9437(4d)]

## Water Quality

### 1. NONPOINT SOURCE POLLUTION ABATEMENT PROGRAM CHANGES [LFB Paper 625]

| | Chg. to Base |
|---|---|
| SEG | - $500,000 |

**Governor:** Recommend the following changes to the priority watershed program and the nonpoint source water pollution abatement grant program:

*Priority Watershed Designations.* Modify the process by which priority watersheds and lakes projects are selected and receive state financial assistance. Under current law, DNR, through a continuing planning process, designates the watersheds and lakes where the need for nonpoint source water pollution abatement is most critical. Further, based on this process, before July 1, of each even-numbered year, DNR submits recommendations to the Land and Water Conservation Board (LWCB) on additional watershed or lake projects that should be designated as priority. The LWCB designates priority watersheds and lakes based on DNR's recommendations. If a project is designated, it is eligible to receive nonpoint source local assistance grants and cost-sharing for water pollution abatement and conservation practices. Through 1996, 66 of the state's 330 watersheds and 20 lakes have been designated as priority.

The bill would require DNR to submit to the LWCB by January 1, 1998, a list of watersheds and lakes in the state ranked by the level of impairment by nonpoint source pollution. In preparing the list, DNR would consider the location of the impaired water bodies identified by the Department in a list of impaired state waters that is federally required to be submitted to the U.S. Environmental Protection Agency.

No later than July, 1 1998, the LWCB would be required to identify priority watersheds and lakes using the impaired waters list as well as DNR and Department of Agriculture Trade and Consumer Protection (DATCP) recommendations. DNR and DATCP would be required to limit the number of watersheds (not lakes) recommended to the LWCB to a number (determined by the Departments) that would enable DNR to meet the statutory requirement that the planning process on all priority watersheds be completed by December 31, 2015, assuming the funding level for the program remains the same as the funding available under the bill. Unlike the current program, under which all watersheds or lakes designated as priority have received funding, being identified as a priority watershed or lake under the bill would not necessarily secure funding for the project.

The LWCB would be required to identify the priority watersheds and lakes in the state without regard to whether the watershed or lake has previously been designated as priority, except for those watersheds in the Milwaukee River basin which are statutorily designated. If a watershed or lake is designated as priority (except those statutorily designated) before the LWCB acts under the provisions of the bill, and Board does not identify the watershed as priority, the Board shall terminate the watershed or lake project's priority designation. If the Board terminates a watershed or lake priority designation, the Board would be required to review the status of the project and direct DNR to continue, modify or eliminate funding for that watershed or lake.

*Nonpoint Project Applications.* Under current law, DNR, based on a continuous planning process, recommends watershed projects to LWCB to be designated as priority. Under the bill, beginning on July 1, 1998, governmental units could request funding directly from the LWCB for a priority watershed project, a priority lake project or a nonpoint source water pollution abatement project that is not in a priority watershed or a priority lake area by submitting an application to the LWCB, by July 15, in order to be considered for initial funding in the following year.

*Selection of Projects for Funding.* The bill would require that by April 1, 1998, DNR, in consultation with DATCP, propose to the LWCB a scoring system for ranking nonpoint source water pollution abatement project applications, submitted by governmental units. The scoring system shall include the following criteria:

a. The extent to which the application proposes to use cost-effective and appropriate best management practices to achieve water quality goals;

b. The existence in the project area of an impaired water body that the Department has identified to the EPA;

c. The extent to which the project will result in the attainment of established water quality objectives;

d. The local interest in and commitment to the project; and

e. The inclusion of a strategy to evaluate the progress toward reaching project goals, including the monitoring of water quality improvements resulting from project activities.

Require the LWCB to: (a) review the scoring system and approve the system as submitted or modify and approve the system; and (b) review the system at least once every two years and if necessary require the Department to submit a revised system.

Require DNR, in consultation with DATCP, to use the approved scoring system to determine the score of each project for which the LWCB receives an application and inform the Board of the scores no later than September 1, of each year. After receiving project scores, the LWCB would be required to select the projects that would receive funding in the following year before November 1 of each year. To the extent practicable, within the scoring process, the Board would select projects so that projects are distributed evenly around the state.

*Cost Share Rates.* Under current law, grants for 50%-70% of the costs of installing best management practices are available to landowners and local units of government. Under certain circumstances cost-share rates are allowed to exceed 70% of the practice installed (for example, economic hardship on the part of the landowner). Effective July 1, 1998, the bill would allow local units of government, in their project applications, to determine the cost share rate for their project, not to exceed 70%, without exception. However, if a site has been designated as a critical site and has had cost share grants available for three years, DNR would continue to determine a reduced cost share rate by rule (DNR's current rule reduces cost share rates by one-half for such sites).

*Best Management Practices.* DNR is currently required to promulgate rules, in consultation with DATCP, identifying the best management practices that are eligible for cost sharing and that are to be used in meeting water quality goals within the priority watershed or lake. The bill would require that rules specify "cost-effective" water pollution abatement and conservation best management practices that would be eligible for cost-sharing grants. Similarly, DNR, in cooperation with DATCP, is currently required to identify best management practices that will achieve the water quality goals for each priority watershed or lake and prepare watershed or lake plans that incorporate the proper best management practices. The bill would require that DNR and DATCP identify cost-effective best management practices in these instances.

Under current law, DATCP is required to prepare and submit to DNR, sections of a watershed or lake project plan relating to farm-specific project implementation schedules, soil and water conservation standards and plans, animal waste management and the selection of agriculturally-related best management practices. The bill would require that the practices identified by DATCP be cost-effective practices except when the use of the practice would not improve water quality or would cause the watershed or lake to continue to be impaired under EPA standards.

The bill would also require that grants available for best management practices be used for the cost-effective practices identified by DNR and DATCP, unless an applicant demonstrates that the

practice would not improve water quality or would cause the watershed or lake to continue to be impaired under EPA standards.

*Water Basin.* Require that DNR establish water quality objectives for each water basin in addition to each priority watershed and priority lake.

*Budget Report.* Effective July 1, 1998, require that before September 1 of each year, DNR, in consultation with DATCP, submit a budget report to the LWCB that includes: (a) anticipated expenditures for priority watershed or lake projects during the next year; (b) a plan for reducing expenditures if expenditures exceed anticipated funding; and (c) criteria for ending priority watershed or lake projects (for example, one criterion could be low cost share grant program participation in a watershed project).

**Joint Finance:** Require that funding be terminated for existing priority watersheds that are not re-identified by the LWCB (projects outside watersheds could still be funded) and clarify that all currently designated priority watersheds or lakes that are re-identified would receive funding. As a result only those watersheds re-identified would receive funding on an area-wide basis. Include the extent to which a project makes use of available federal funding to the criteria to be used in selecting nonpoint source projects for funding.

Require that DNR and DATCP establish a plan by July 1, 1998, to be approved by the LWCB, that allocates funding for staff in every county as funds become available from the completion or termination of existing priority watershed and lake projects. In addition, require $500,000 SEG in 1998-99 be used to provide staff in counties that do not have staff funded from the nonpoint program as of June 30, 1997. Further, retain the hardship provisions related to cost share percentages (state funding of up to 85% of project costs).

Prohibit nonpoint grant funds from being used for promotional items except those items that may be used for informational purposes such as brochures or videos.

**Assembly/Legislature:** Require that $500,000 SEG in 1998-99 identified for counties that do not have nonpoint staff be transferred to the DATCP soil and water resource management appropriation to fund staff in those counties. Funding would be transferred to DATCP on a permanent basis, although staffing expenditures would only be required in 1998-99 by DATCP. DATCP and DNR would be required to submit a plan for distributing the funds to the Land and Water Conservation Board for approval (see "Agriculture, Trade and Consumer Protection.")

Also, add to the criteria to be used to select nonpoint source water pollution abatement projects for funding after July 1, 1998, the extent to which a nonpoint project is necessary for the City of Racine to control its stormwater discharges to meet federal and state requirements.

[Act 27 Sections: 3573 thru 3585, 3586, 3586g, 3588, 3589 thru 3599, 9104(1h) and 9437(3)]

## 2. NONPOINT SOURCE WATER QUALITY STANDARDS

| | Chg. to Base |
|---|---|
| BR | $2,000,000 |

**Joint Finance:** Establish water quality performance and technical standards and prohibitions for nonpoint sources of water pollution as follows:

*a. Non-Agricultural Facilities.* Direct that DNR set performance standards and prohibitions for facilities and practices for nonpoint sources of water pollution that are not agricultural for the purpose of achieving water quality standards by limiting nonpoint sources of water pollution. Require DNR to establish a process for the development and dissemination of technical standards to implement the performance standards and prohibitions. Further, require DNR to develop alternatives where technical standards are capable of implementing the performance standards and prohibitions.

*b. Agricultural Facilities.* Require DNR, in consultation with the Department of Agriculture, Trade and Consumer Protection (DATCP), to establish performance standards for agricultural facilities and practices that are nonpoint sources for the purpose of achieving water quality standards by limiting nonpoint source water pollution.

Direct DATCP, in consultation with DNR, to establish best management practices and technical standards for nonpoint source agricultural practices and facilities to implement the performance standards and prohibitions promulgated by the DNR. Require DATCP to promulgate rules relating to the conservation practices and a process for the development, and dissemination of the technical standards.

Require DATCP to promulgate rules that, at a minimum, establish conservation practices and technical standards for animal waste management, nutrients applied to the soil and cropland sediment delivery that are capable of meeting the DNR's nonpoint source performance standards and prohibitions. Direct the DATCP to develop statewide agricultural nutrient management policies. Provide that the policies include components such as technical standards, incentives, educational and outreach strategy, and compliance requirements.

Require that the performance standards and prohibitions for agricultural facilities and practices set by DNR and the conservation practices and technical standards set by DATCP apply to the following: (a) DNR's priority watershed program; (b) the farmland preservation cross-compliance requirements; (c) animal feeding operations and DNR's animal waste regulatory program (NR 243); (d) the county soil erosion control program (renamed the county land and water resource management planning program); and (e) remedies under the right to farm statute. However, require that the standards and prohibitions which apply to each program can only be enforced if cost sharing is available as determined by DNR and DATCP.

Rename the "county erosion control planning program" the "land and water resource management planning program" and require that each county submit a land and water resource plan. The plan shall describe all activities of the county land conservation department regarding nonpoint

source water pollution and identify the causes, other than soil erosion, of nonpoint source water pollution.

c. *Livestock Facilities.* Require DNR, in consultation with the DATCP, to establish performance standards and prohibitions for agricultural facilities with livestock for the purpose of achieving water quality standards by limiting nonpoint source water pollution. At a minimum, the prohibitions shall provide that livestock operations shall have no:

1. overflow of manure storage structures.

2. unconfined manure piles in certain "water quality management areas", defined as follows: (a) the area within 1,000 feet from the ordinary high-water mark of navigable waters; (b) the area within 300 feet from the ordinary high-water mark of navigable waters that consist of a river or stream; and (c) specific sites that are susceptible to groundwater contamination or that have a potential to be a direct conduit to groundwater contamination.

3. direct runoff from feedlots or stored manure into waters of the state.

4. unlimited access by livestock to waters of the state where high concentrations of animals prevent adequate sod cover maintenance.

Allow a local governmental unit to promulgate regulations that are consistent with performance standards, prohibitions, conservation practices and technical standards promulgated by DNR and DATCP. Further, allow a local governmental unit to exceed the performance standards, prohibitions, conservation practices and technical standards applicable to livestock operations promulgated by DNR and DATCP only if the local governmental unit demonstrates to the satisfaction of DNR or DATCP that more stringent regulations by the local governmental unit are necessary to achieve the water quality standards promulgated by DNR. Require DNR and DATCP to promulgate procedures for review and approval of requests by local governmental units for more stringent regulations.

Allow an existing livestock operation that is required to apply for a DNR point source permit or an existing livestock operation that receives notice of discharge from the DNR, under its NR 243 process, may continue to operate at that location regardless of any city, village, town or county general zoning ordinance if the livestock operation is a lawful use or a legal nonconforming use.

Require that compliance with, or enforcement of, the performance standards, prohibitions, conservation practices and technical standards for agricultural facilities and practices for the abatement of nonpoint source water pollution caused or threatened to be caused by existing agricultural facilities and practices is not required unless cost-sharing is available to the owner or operator as determined by DNR and DATCP.

Require that any local government regulations that exceed the state performance standards, prohibitions, conservation practices and technical standards applicable to livestock operations promulgated by DNR and DATCP apply to existing agricultural facilities only if cost-sharing is available as determined by DNR and DATCP.

*d. Agricultural Facilities Cost Sharing Program.* Provide $2.0 million in general fund supported borrowing for nonpoint source water pollution abatement program activities to provide cost sharing to operators of agricultural facilities, where other funding is not available, in order to meet any state or local nonpoint source performance standards, prohibitions, conservation practices and technical standards for agricultural facilities and practices.

**Assembly:** Exclude construction sites and construction practices from any nonpoint source water quality or performance standards created under the nonpoint source water quality standards authority provided DNR under the bill. Other construction site erosion control standards and regulations developed by DNR and the Department of Commerce would continue to apply.

Further, require that any local nonpoint source water quality standard that requires the installation or implementation of a water pollution abatement practice to meet that standard be required to contain a minimum cost share rate of 70% and up 90% in cases of hardship. Local government units would be required to provide at least 70% cost sharing before the local unit of government could enforce the standards.

**Senate/Legislature:** Delete the Assembly provision that would exclude construction sites and construction practices from any nonpoint source water quality or performance standards created under the nonpoint source water quality standards authority provided DNR. Also, delete "forest and game management" and "plant and greenhouse nurseries" from the list of agricultural practices that would define a facility as an agricultural facility. These facilities would not be regulated as agricultural facilities and would not be subject to the water quality standards and prohibitions required of such facilities (promulgated by DATCP and DNR). However, those engaged in "forest and game management" and "plant and greenhouse nursery" activities would be subject to nonpoint water quality standards relating to nonagricultural facilities (promulgated by DNR).

Allow the $2.0 million in general fund supported borrowing to be used for cost share grants under the nonpoint source grant program until the nonpoint water quality standards are promulgated by DNR and DATCP.

**Veto by Governor [B-17]:** Delete the provisions that provide DNR the authority to prohibit certain non-agricultural activities or practices that DNR determines necessary to achieve water quality standards. Further, the veto deletes DNR's authority to develop specific or alternative technical standards that could be used to implement performance standards for non-agricultural facilities. DNR

would retain the authority to develop performance standards for non-agricultural facilities and to establish a process for the development of technical standards to imlement the performance standards.

[Act 27 Sections: 414g, 726, 727, 730, 730m, 766wm, 2488g thru 2488i, 2488s thru 2488u, 2489c thru 2489h, 2489j thru 2489L, 2490g, 2491dg, 2491dr, 2491L, 3273r, 3487p, 3582, 3585m, 3588c and 5197s]

[Act 27 Vetoed Sections: 3273r and 3487p]

## 3. SOUTH FORK OF THE HAY RIVER PILOT WATERSHED DESIGNATION

**Joint Finance:** Statutorily designate the South Fork of the Hay River priority watershed area (in Barron, Dunn, Polk and St. Croix Counties) as a four-year pilot project. Exempt the pilot project area from the nonpoint program requirements related to cost share rates and the types of best management practices installed and allow for cost share payments to be paid based on the amount of pollution reductions made. Require DNR, in consultation with the local units of government involved with the pilot watershed project area, to establish guidelines for the pilot project related to the cost share rates and types of practices to be installed to reduce nonpoint source water pollution. Further, require DNR and local project area staff to evaluate the cost-effectiveness of the project and the nonpoint source water pollution reduction associated with the pilot project. The watershed was designated priority in 1993.

**Assembly:** Delete provision.

**Senate/Legislature:** Restore the Joint Finance provision.

[Act 27 Section: 3599am]

## 4. NONPOINT SOURCE GRANT FUNDING [LFB Paper 626]

| | Governor (Chg. to Base) | Senate/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | - $6,363,600 | $0 | - $6,363,600 |
| BR | $12,363,600 | $2,000,000 | $14,363,600 |

**Governor:** Delete base GPR funding of $6,363,600 in 1997-98 for the nonpoint source water pollution abatement program for aids to local units of government for priority watershed project administration and cost-share grants to landowners and certain governmental units for the installation of water pollution abatement and conservation practices. Instead, provide an additional $12,363,000 in general obligation bonding authority, of which $2.0 million would be designated for projects

selected after July 1, 1998. Bonding is limited to cost-share grants for the installation of water pollution abatement or conservation practices and cannot be used for local program administration. Currently, $20.0 million in general obligation bonding has been authorized for nonpoint source water pollution abatement grants, of which approximately $18.6 million has been expended.

The bill would also limit the program's GPR appropriation ($6,363,600 in 1998-99) to the provision of nonpoint source cost share grants only. Under current law, both cost share grants and local assistance grants to governmental units administering a priority watershed or lake project can be funded from the appropriation. ($6,505,300 SEG annually from the nonpoint account of the environmental fund would also be available for local administration and cost share grants.)

**Joint Finance:** Specify that up to 50% of GPR funds could be used for local assistance grants (at least 50% would be for landowner cost share grants). In addition, require recipients of nonpoint source program local assistance grants to provide a minimum 30% match in order to receive grant funds for projects selected after July 1, 1998.

**Senate/Legislature:** Provide an additional $2.0 million in general fund supported bonding for the DNR nonpoint source water pollution abatement program. In addition, specify that the $2.0 million provided to assist landowners in complying with the newly-created nonpoint source water quality standards may be used for the nonpoint program cost share grants until administrative rules implementing the water quality standards become effective. Further, delay the provision that specifies that no more than 50% of GPR funding for the nonpoint program may be used to fund local assistance (county staff) grants until July 1, 1999 (the 1999-2001 biennium). As a result, all GPR and SEG funding for the program could be used to fund county staff in the current biennium.

[Act 27 Sections: 397, 726, 727, 730, 730m and 3588s]

## 5. NONPOINT SOURCE SEGREGATED FUNDING [LFB Paper 627]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | - $1,200,000 | - $533,400 | - $1,733,400 |

**Governor:** Delete $600,000 annually from the nonpoint source pollution abatement program to reflect available revenues in the nonpoint account of the environmental fund (revenues are derived from a $7.50 vehicle title transfer fee). The bill would reduce funding as follows: (a) $400,000 annually associated with contracted services, including information and education, to support and implement the nonpoint program ($1,076,100 annually would remain); and (b) $200,000 annually for cost sharing grants for the installation of water pollution abatement and conservation practices and local assistance grants to government units administering priority watershed and lake projects ($6,505,300 annually would remain).

**Joint Finance:** Delete an additional 7% in 1997-98 grant and contract funding to reflect available revenues in the nonpoint account of the environmental fund as follows: $457,700 from the grant program; and $75,700 in contract funding. Further, specify that DNR allocate $500,000 each year from the nonpoint contract appropriation for contracts with UW-Extension for educational and technical assistance.

**Assembly/Legislature:** Deposit the revenues from the $7.50 vehicle title transfer fee, currently deposited to the nonpoint account of the environmental fund, to the transportation fund (approximately $10.3 million annually). Further, annually deposit general fund revenues in an amount equal to the annual title transfer fee revenues to the segregated nonpoint account of the environmental fund.

[Act 27 Sections: 167, 719r, 849m, 873m, 899m, 2476g, 3587, 4044r, 9149(1c) and 9449(3b)]

## 6. NONPOINT SOURCE STAFF REDUCTIONS

| | Governor (Chg. to Base) | | Assembly (Chg. to Gov.) | | Senate/Leg. (Chg. to Assem.) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | - $195,400 | - 1.50 | - $175,000 | 0.00 | $175,000 | 0.00 | - $195,400 | - 1.50 |

**Governor/Legislature:** Eliminate $97,700 and 1.5 positions annually associated with the nonpoint source pollution abatement program as follows: (a) $71,500 and 1.0 position associated with program planning and administration; and (b) $26,200 and a 0.5 grants administrator position.

**Assembly:** Delete $175,000 GPR in 1998-99 from DNR's bureau of watershed management general operations appropriation to offset the costs of the $2.0 million in general fund supported borrowing provided DATCP.

**Senate/Legislature:** Restore $175,000 GPR in 1998-99 to DNR.

## 7. REPAYMENT OF NONPOINT SOURCE GRANT ADVANCES

**Governor/Legislature:** Create a continuing, program revenue appropriation for the deposit of all moneys received as repayments from local units of government of unexpended or surplus funds that were provided for nonpoint source pollution abatement program activities. Grant funds are currently provided to local governmental units (primarily counties) based on anticipated cost sharing and local assistance program expenditures in a watershed project during the year. The bill would allow the Department to recapture any remaining funds if actual expenditures in a watershed project are less than anticipated in a particular year. No revenues are indicated in the bill.

[Act 27 Section: 398]

## 8. WATERSHED STEWARDSHIP GRANT

| | Jt. Finance/Leg. (Chg. to Base) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|
| SEG | $100,000 | - $100,000 | $0 |

**Joint Finance/Legislature:** Provide $50,000 SEG annually from the water resources account of the conservation fund for a four-year project beginning in 1997-98 to provide a grant to a nonprofit organization to establish a watershed stewardship grant program to: (a) encourage and facilitate the formation and development of local watershed groups; (b) serve as an education and information clearinghouse; (c) provide start-up funding and technical assistance to local watershed groups; and (d) administer a watershed stewardship competitive grants program to provide grants of up to $5,000 for the formation and development of local watershed groups. The grants would be allocated by a committee established by the nonprofit organization that would be comprised of state agencies and local watershed interests. DNR would be required to promulgate rules on the administration of the grant program as well as the membership requirements for the grant committee.

**Veto by Governor [B-18]:** Delete provision.

[Act 27 Vetoed Sections: 169 (as it relates to s. 20.370(6)(au)), 400g and 3599v]

## 9. GREAT LAKES REMEDIATION BONDING

| | Chg. to Base |
|---|---|
| BR | - $4,000,000 |

**Governor/Legislature** Delete $4.0 million in general obligation bonding for the Great Lakes remedial action program. The program is currently authorized $9 million (reduced to $5 million under the bill), approximately $1.1 million of which has been expended through January, 1997. The bill would reverse the 1995 Act 27 transfer of $4 million in bonding from the nonpoint program to the Great Lakes remedial action program.

[Act 27 Section: 731]

## 10. SURFACE WATER DATA SYSTEM INTEGRATION

| | Chg. to Base |
|---|---|
| SEG | $300,000 |

**Governor/Legislature:** Provide $150,000 annually from the water resources account of the conservation fund to develop, support and implement the Department's surface water integration system (SWIS). The system will link nine existing water-related data systems to the Department's geographic information system.

## 11. STORMWATER FUNDING CONVERSION

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $204,400 | - 1.50 |
| PR | 204,400 | 1.50 |
| Total | $0 | 0.00 |

**Governor/Legislature:** Convert $102,200 and 1.5 stormwater management positions annually from GPR to PR. Program revenues associated with the stormwater management program are provided from: (a) construction permit fees for the discharge of stormwater at a construction site; and (b) annual stormwater permits for the discharge of stormwater from sources other than a construction site (industrial permits and municipal storm sewer permits). Authorized expenditures from the program revenue account would be $246,600 in 1997-98 and $248,000 in 1998-99 with annual revenues of approximately $315,000.

## 12. REDUCE LOCAL WATER QUALITY PLANNING AIDS

| | Chg. to Base |
|---|---|
| GPR | - $30,000 |

**Governor/Legislature:** Delete $15,000 annually for local water quality planning aids used to contract directly with local governments and to provide support staff at regional planning agencies to conduct water quality planning activities. Base funding is $298,400 for local water quality planning aids.

## 13. WELL COMPENSATION FEE [LFB Paper 621]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG-REV | $700,000 | - $342,700 | - $32,100 | $325,200 |

**Governor:** Increase the well compensation fee from 1¢ to 4¢ per ton of municipal and industrial solid or hazardous waste. Currently, owners or operators of licensed solid or hazardous waste disposal facilities are required to collect the fee when waste is disposed of at the facility. The increased fee would first apply to solid or hazardous waste disposed of on the effective date of the bill. The 1¢ per ton fee generated $87,500 in 1995-96. DOA estimates that the fee increase will generate $325,000 in 1997-98 and $375,000 in 1998-99. (Under the bill, DOA estimates that total revenue from the 4¢ per ton fee would be $431,700 in 1997-98 and $497,000 in 1998-99.)

**Joint Finance:** Approve the Governor's recommendation and reestimate the amount of revenue from the fee increase to be $357,300 ($96,400 in 1997-98 and $260,900 in 1998-99).

**Assembly:** To reflect delayed budget passage, decrease the estimated amount of revenue from the fee increase by $32,100 in 1997-98 to $64,300.

[Act 27 Sections: 3639 and 9337(3)]

## 14. WELL COMPENSATION GRANTS [LFB Paper 621]

| | Chg. to Base |
|---|---|
| SEG | $400,000 |

**Governor:** Provide $200,000 annually from the environmental fund to increase well compensation grants from $300,000 to $500,000 annually. The well compensation grant program provides grants to private well owners for a portion of the costs of replacing the water supply for wells that have become contaminated and unusable for drinking water purposes.

**Joint Finance/Legislature:** Increase well compensation grants by $300,000 in 1997-98 and by $100,000 in 1998-99 (instead of by $200,000 annually). This would result in grant funding of $600,000 in 1997-98 (to fund a claims backlog) and $400,000 in 1998-99.

## 15. SAFE DRINKING WATER LOAN PROGRAM ADMINISTRATION [LFB Paper 633 and 940]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| FED | $278,500 | 3.00 | $100,000 | 0.00 | - $39,600 | 0.00 | $338,900 | 3.00 |

**Governor:** Provide $133,700 in 1997-98 and $144,800 in 1998-99 with 3.0 positions annually to administer the safe drinking water loan program created under the environmental improvement fund (shown under "Clean Water Fund"). Create FED appropriations for administration of the safe drinking water loan program in DNR's Water Division and Customer Assistance and External Relations Division. The provided funding and positions would include $46,000 in 1997-98 and $50,200 in 1998-99 with 1.0 position annually in the Water Division and $87,700 in 1997-98 and $94,600 in 1998-99 with 2.0 positions annually in the Customer Assistance and External Relations Division. [A technical correction is required to implement the Governor's intent.] The positions would perform activities related to reviewing program applications, determining the priority rank of projects, responding to inquiries, applying for federal capitalization grants, and developing and implementing program procedures and administrative rules.

**Joint Finance**: Make a technical correction to transfer the funding and positions from clean water fund administrative appropriations to safe drinking water loan program administrative appropriations. Provide DNR with the authority and $100,000 FED in 1997-98 to contract with WHEDA to establish and administer a safe drinking water loan guarantee program.

**Assembly:** Reduce funding by $39,600 FED in 1997-98 associated with 3.0 FED positions to reflect delayed passage of the budget.

[Act 27 Section: 453]

## 16. SAFE DRINKING WATER ENFORCEMENT [LFB Paper 623]

**Governor:** Authorize DNR to issue orders and assess penalties for violations of the safe drinking water program. Wisconsin currently has primary enforcement authority delegated by the Environmental Protection Agency under federal law. The federal Safe Drinking Water Act Amendments of 1996 require states to have authority to impose administrative penalties for safe drinking water violations in order to maintain primary enforcement authority.

Specify that if DNR determines that a civil forfeiture should be assessed, DNR would be required to issue an order to the person alleged to have committed the violation, specifying the amount of the forfeiture assessed, the violation and the rule alleged to have been violated and informing the licensee of the right to a hearing. Specify that the amounts of the forfeiture would be: (a) for water systems that serve a population of more than 10,000, not less than $10 and not more than $1,000 each day of violation, up to $25,000 in one order; and (b) for water systems that serve a population of 10,000 or less, not less than $10 and not more than $500 each day of violation, up to $25,000 in one order. Require that DNR, when determining the amount of forfeiture that it assesses, must consider the following factors, as appropriate: (a) the gravity of the violation, including the probability of harm to persons served by the water system; (b) good faith exercised by the water system owner or operator, including past or ongoing efforts to correct problems or achieve compliance with the safe drinking water program; (c) any previous violations committed by the owner or operator; (d) the financial benefit to the owner or operator of continuing the violation; and (e) any other relevant factors. If an order is suspended, stayed or enjoined, any forfeiture would not accrue.

Authorize any person who is assessed a forfeiture under the safe drinking water program to contest the assessment under existing procedures for a hearing. Require that all forfeitures be paid to DNR within 10 days after receipt of the order, or if the order is contested, within 10 days of the final decision in the case, unless the order is stayed by court order. The forfeitures would be given to the State Treasurer for deposit in the common school fund.

Authorize the Attorney General to collect any forfeiture that is not paid following the exhaustion of all administrative and judicial reviews. The only issue that could be contested in a collection action would be whether the forfeiture has been paid.

Specify that the penalties for any person who acts as a well driller or pump installer without the required permit or certificate of registration, or who violates other drinking water provisions, shall be not less than $10 and not more than $100 each day of violation (the same as current law) or not more than 30 days of imprisonment (currently, not less than 30 days), or both.

Specify that general statutory prohibitions against claims against governmental units or their officers, agents or employes would not apply to actions brought under these safe drinking water provisions.

**Joint Finance/Legislature**: Modify the Governor's recommendation as follows:

a. Specify that when DNR assesses forfeitures it do so for violations of rules adopted under the safe drinking water program (instead of the program).

b. Where the bill refers to orders issued to, or violations by a "person" or an "owner or operator," instead indicate "water system owner or operator."

c. In addition to the requirement that the order would have to specify the violation, the rule alleged to have been violated and the amount of the forfeiture assessed, the order would have to inform the water system owner or operator of the right to contest the order (instead of the right to a hearing).

d. Add a requirement that DNR provide written notice of the alleged violation to the water system owner or operator at least 60 days before the final order is issued and the forfeiture is actually assessed. The notice would include an explanation of how the proposed forfeiture was determined and a proposed special order. DNR would be required to attempt to negotiate with the water system owner or operator after providing the written notice to remedy the alleged violation. If the alleged violation would be corrected or an acceptable compliance agreement is reached before the final order is issued, no forfeiture for the violation alleged in the proposed order may be assessed.

e. Specify that DNR could directly assess forfeitures in a special order without using the written notice and proposed special order requirements if the Department determines that the alleged violation either creates an acute risk to public health or safety, or is part of a documented pattern of noncompliance with one or more rules adopted under the safe drinking water program.

f. In addition to the requirement that while an order issued is suspended, stayed or enjoined, any forfeiture would not accrue, specify that while an order issued is contested, any forfeiture would not accrue.

g. Instead of allowing a person to contest the assessment of forfeiture, specify that a water system owner or operator may contest the assessment and also contest the issuance of the order. Authorize the water system owner or operator to choose whether to contest using the administrative hearing procedure, or to proceed directly to a contested case hearing (under ch. 227 of the statutes). Specify that a water system owner or operator who timely requests a hearing under ch. 227 shall be entitled to a contested case hearing. (Chapter 227 contains criteria which must be met in order to be eligible for a contested case hearing. Although most or all municipalities would meet the criteria, the change would guarantee that the municipality could have a contested case hearing.)

h. Require that forfeitures be paid to DNR within 60 days (instead of 10) after receipt of the order, and add that alternatively, the forfeitures shall be paid within a mutually agreed on schedule. The change to 60 days would reflect that the municipality would have 60 days to appeal the forfeiture, so the municipality would not have to pay the forfeitures during the period it is considering an appeal. The allowance of paying according to a mutually agreed on schedule would

allow the possibility of installment payments or other arrangements to fit a municipality's budgeting or financing needs.

i. Specify that if the Attorney General brings an action to collect forfeitures, it must be under the safe drinking water program. Delete the requirement that the only issue to be contested would be whether the forfeiture has been paid. This would allow the municipality to contest the issuance of the forfeiture.

[Act 27 Sections: 2158, 2174, 2180, 2181, 2184, 2487, 2804, 2854, 3162, 3487, 3489 thru 3491, 3602, 3603 and 5219]

## 17. WASTEWATER PERMIT INFORMATION TECHNOLOGY SYSTEM

| | Chg. to Base |
|---|---|
| GPR | $186,900 |

**Governor/Legislature:** Provide $47,200 in 1997-98 and $139,700 in 1998-99 for an integrated, centralized database for Wisconsin Pollution Discharge Elimination System (WPDES) wastewater permits. The funds would be used for contract computer programming and system design to provide an automated wastewater permit process, including automation of permit applications and compliance maintenance and annual reports, a database containing information on all permits, an information technology tool linked to DNR's geographic information system hydrography layer, automated generation of permit letters and public notices and electronic discharge monitoring report forms. The funds would be provided under two master leases, with a total principal lease amount of $784,600 and total lease payments over seven fiscal years of $925,700 (based on a 6.25% interest rate).

## 18. WASTEWATER PERMIT STAFF REDUCTION

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| GPR | - $236,000 | - 2.00 |

**Governor/Legislature:** Delete $118,000 annually to eliminate 2.0 positions that currently review, analyze and process Wisconsin Pollution Discharge Elimination System (WPDES) wastewater permits.

## 19. OPERATOR CERTIFICATION PROGRAM REDUCTION

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| GPR | - $158,000 | - 1.00 |

**Governor/Legislature:** Delete $79,000 annually and 1.0 position to eliminate: (a) $52,300 annually and one position in the program that certifies operators of wastewater treatment plants, water supply plants and solid and hazardous waste sites; and (b) $26,700 annually for analytical development and service contracts with the State Laboratory of Hygiene.

## 20. SEPTAGE MANAGEMENT FUNDING CONVERSION [LFB Paper 634]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | - $215,600 | - 2.00 | - $194,600 | - 1.00 | - $410,200 | - 3.00 |
| PR | 215,600 | 2.00 | 194,600 | 1.00 | 410,200 | 3.00 |
| Total | $0 | 0.00 | $0 | 0.00 | $0 | 0.00 |

**Governor:** Convert $107,800 and 2.0 positions annually from GPR to PR in the septage management program. Funding would be provided from current revenues collected annually from the certification of operators of waterworks, wastewater treatment plants and septage servicing vehicles, and from septic servicing license fees.

**Joint Finance/Legislature:** Approve the Governor's recommendation. Further, convert an additional $97,300 and 1.0 position annually from GPR to PR in the septage management program.

## 21. WATER POLLUTION CREDIT TRADING [LFB Paper 628]

| | Chg. to Base |
|---|---|
| SEG | $100,000 |

**Governor:** Provide $50,000 annually to fund a project to evaluate the trading of water pollution credits as follows:

*Projects.* Require DNR to administer one or more projects involving the trading of water pollution credits among sources of water pollution. The project would authorize a permitted source of water pollution discharges to increase the discharge of pollutants above the levels that would otherwise be authorized in the permit, provided the permitted source does one of the following:

a. Reaches an agreement with another permitted source under which the other source agrees to reduce the discharge of pollutants in the project area below the levels that would otherwise be required in the permit;

b. Reaches an agreement with another person who is not required to obtain a water pollution discharge permit under which the other person agrees to reduce the amount of water pollution it causes in the project area below the level of pollution it caused when the agreement is reached; or

c. Reaches an agreement with DNR, or a local unit of government, under which the source pays money to DNR or a local unit of government that would be used to reduce water pollution in the project area.

Require DNR to amend the permits of the sources entering into the project agreement in order to enable the agreement to be implemented. Further, the Department would be allowed to select a watershed or water basin as a project area if all the following apply:

a. The watershed or water basin contains at least one impaired water body that DNR has identified to the U.S. Environmental Protection Agency;

b. The watershed contains both agricultural and municipal sources of water pollution and both are point or nonpoint sources of pollution; and

c. Potential participants in the watershed or water basin exhibit interest in participating in a project.

*Local Committees.* Require DNR to appoint a local committee for each project to advise the Department concerning the project. The local committee would include a representative of each person in the project area who holds a water pollution discharge permit. A local priority watershed or lake committee could serve as the project committee if it includes representatives for each permitted source within the project area.

*Appropriations.* Create the following appropriations: (a) a continuing, segregated appropriation (funded at $50,000 annually) from the nonpoint account of the environmental fund to assist in funding water pollution credit trading projects; and (b) a continuing, program revenue appropriation for all moneys received from agreements reached with sources of water pollution in project areas for activities to reduce pollution in the project area.

*Reports.* Beginning no later than September 1, 1998, and annually thereafter, require that DNR submit a report to the Governor, the Secretary of DOA and the LWCB on the progress and status of each project in achieving water quality goals and coordinating state and local efforts to improve water quality.

**Joint Finance:** Make the following modifications to the Governor's recommendation: (a) require that the program be implemented consistent with the federal Clean Water Act: (b) require that agreements lead to an improvement in water quality in the project area; (c) require that any water pollution credit trading agreement authorized under the program involve the same pollutant or water quality standard; (d) prohibit those involved in metallic, nonmetallic mining or prospecting from entering into an agreement under the program; (e) require that only those water bodies listed on the impaired waters list submitted to the U.S. Environmental Protection Agency (EPA) under the Clean Water Act requirements be eligible project areas for the program; (f) require that no project be undertaken after June 30, 1999 and that any agreement authorized under the program be sunset within five years of the date of the agreement; (g) require that the local committee include one or more representatives of persons holding permits in the project area; and (h) require that the City of Cumberland (Barron County) within the Hay River Watershed be designated as one of the project areas.

**Assembly:** Delete the Joint Committee on Finance action that designates the Hay River watershed, including the City of Cumberland, as one of the project areas for the pollution credit trading pilot program created under the bill.

**Senate/Legislature:** Restore the Joint Committee on Finance action that designates the Hay River watershed, including the City of Cumberland, as one of the project areas for the pollution credit trading pilot program created under the bill.

**Veto by Governor [B-20]:** Delete the requirements that the City of Cumberland (Barron County) within the Hay River Watershed be designated as one of the project areas and that no project be undertaken after June 30, 1999.

[Act 27 Sections: 366, 367 and 3606]

[Act 27 Vetoed Sections: 3606 and 9137(1)(hm)]

## 22. PERMIT GUARANTEE PROGRAM [LFB Paper 629]

**Governor:** Require that DNR promulgate rules that would specify the allowable time limits for departmental approval of an application for a license, permit or other approval. The rules would require the Department to refund fees paid by applicants if the Department fails to approve an application prior to the time limit established under the rule. Require that a permit guarantee program be established for at least the permits, licenses or other required departmental approvals in the following program areas:

a. navigable waters projects;
b. well construction projects;
c. water pollution discharges (point sources);
d. air pollution discharges;
e. solid waste management facilities licenses; and
f. regulation of hazardous waste facilities.

Require DNR to submit proposed rules for the permit guarantee program to Legislative Council staff for review no later than the first day after the 13th month beginning after the effective date of the bill.

**Joint Finance:** Delete provision.

**Assembly:** Restore the Governor's recommendation except: (a) specify that the program would not apply to activities related to metallic and nonmetallic mining or prospecting; and (b) delete the air pollution discharge permits that were included by the Governor.

**Senate/Legislature:** Delete Wisconsin Pollution Discharge Elimination System (WPDES) and navigable water permits from the permit guarantee program. Under the bill, the permit guarantee program would be limited to the following permits or approvals: (a) well construction projects; (b) solid waste management facilities licenses; and (c) regulation of hazardous waste facilities.

[Act 27 Sections: 3785 and 9137(5)]

## 23. EXPEDITED SERVICE FOR PERMITEES [LFB Paper 630]

| | Chg. to Base |
|---|---|
| PR | 3.00 |

**Governor/Legislature:** Provide 3.0 positions annually to administer a newly-created expedited permit service program. Allow the Department to establish a supplemental fee for various permits or approvals provided by the Department. The supplemental fee could only be assessed if the applicant requests in writing that the permit or approval be issued within a time period that is shorter than the existing period allowed for issuance and the Department verifies that it will be able to comply with applicant's request.

Require DNR to promulgate rules to administer the program and establish the fee. In addition, require that rules specify a time limit allowed for making a determination as to whether or not to grant each type of permit or approval.

Permits or approvals in the following program areas would be affected:

a. projects that affect navigable waters (for example, placing of dams, deposits or other obstructions in a navigable stream); and

b. projects that affect wetlands for which the Department has to make a determination that the project complies with state water quality standards.

Any revenues associated with the supplemental fees would be deposited to the Department's water regulation and zoning program revenue continuing appropriation. No estimate of revenues is made. Existing revenues to the account are provided from permit and approval fees and from the sale of maps and photographs.

[Act 27 Sections: 1142, 1148 and 3492]

## 24. ENVIRONMENTAL PERFORMANCE COUNCIL [LFB Paper 631]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $180,000 | - $180,000 | $0 |

**Governor:** Provide $90,000 SEG annually from the environmental fund and create an Environmental Performance Council in DNR. The Council would advise the Governor and the Secretary of DNR concerning efforts to improve the environmental performance of businesses and local governments and environmental management systems. The funds would be used for supplies and services costs of the Council, including travel, consultants, meetings, round table seminars, studies and reports.

a. *Membership.* Specify that the Council would have 11 members: (a) the Secretaries of Commerce, DNR and DOA or their designees; and (b) eight other members appointed by the Governor for four-year terms. The Governor would designate one member as chairperson. Four of the eight members who are not agency Secretaries would have initial terms that expire on July 1, 1999, and the other four members would have initial terms that expire on July 1, 2001.

b. *Funding.* Create a SEG, continuing appropriation with $90,000 annually to support the operations of the Council. Create a PR, continuing appropriation to accept all money received from gifts or grants to the Council to be used for the purposes for which made. No PR expenditure authority would be provided.

c. *Duties.* Direct the Council to advise the Governor and the Secretary of DNR concerning all of the following: (1) ways to integrate the state's efforts related to environmental management systems with national and international activities related to environmental management systems; (2) the development of incentives to promote superior environmental performance by businesses and local governments; (3) ways that the public sector and the private sector can work together to make the most effective use of resources to enhance environmental performance and the competitiveness of the state's businesses; (4) ways to ensure that the state's methods of environmental regulation comply with federal law; (5) the development of a method for certifying environmental management systems that is compatible with standards issued by the International Organization for Standardization (also known as ISO 14000 standards); (6) the evaluation of: (a) projects designed to demonstrate the effectiveness of environmental management systems, (b) efforts to provide the public with more information about environmental matters, and (c) granting environmental regulatory flexibility in improving environmental performance by businesses and local governments; and (7) state policies, rules and programs that would enhance the competitiveness of the state's businesses and opportunities for the state's businesses and residents through improvements in environmental performance and the quality of products.

d. *Staff.* Authorize, but do not require, the following agencies to designate staff to support activities of the Council: DNR; DOA; Commerce; and UW-System.

e. *Report.* Direct the Council to submit an annual report on its activities to the Legislature, Secretary of DNR and the Governor.

**Joint Finance/Legislature:** Modify the Governor's recommendation to: (a) delete the Council; (b) delete the SEG appropriation and funding; and (c) modify the PR appropriation to authorize receipt of gifts and grants for the Department's activities related to environmental management systems.

[Act 27 Section: 435]

## 25. ENVIRONMENTAL COOPERATION PROGRAM [LFB Paper 632]

**Governor:** Direct DNR to administer a program to evaluate innovative environmental regulatory methods (such as those based on "ISO 14000," an internationally promoted, semi-privatized comprehensive environmental regulation project). Direct DNR to enter into not more than 10 cooperative agreements with persons who own or operate facilities that are required to be covered by licenses or permits under current law, such as water pollution discharge elimination permits, air pollution control permits and landfill operation licenses. Direct that any cooperative agreement would replace a license or permit identified in the cooperative agreement and provisions of the cooperative agreement would supersede provisions of identified licenses or permits. Direct that a person who enters into a cooperative agreement would pay the same fees under the cooperative agreement as under superseded licenses or permits. Specify that the program would have the following provisions:

*DNR Duties.* Require that DNR, when administering the program, do all of the following: (a) provide at least the same level of protection of public health and the environment as provided by the current statutory environmental regulatory methods; (b) encourage facility owners and operators to assess the pollution that they cause, directly and indirectly, to the air, water and land; (c) encourage facility owners and operators to implement efficient and cost-effective pollution reduction strategies for their facilities, while complying with verifiable and enforceable pollution limits; (d) encourage facility owners and operators to achieve superior environmental performance with respect to the effects of a facility that are regulated and to the effects that are unregulated, to reduce usage of natural resources and to reduce waste generation, while achieving a balance among the economic, social and environmental impacts of these efforts that is acceptable to the community in which the facility is located; (e) recognize and reward facility owners and operators who have demonstrated excellence and leadership in environmental stewardship or pollution prevention and who can achieve reductions in emissions and waste generation through implementation of innovative measures; (f) encourage the transfer of information about methods for improving environmental performance and the adoption of these methods by others; (g) consolidate into a cooperative agreement environmental requirements relating to a facility owned or operated by a participant that are otherwise included in

separate approvals to the extent that consolidation is practical and efficient; (h) grant owners and operators of facilities greater operational flexibility than would otherwise be allowed under statutes and administrative rules; (i) seek to reduce the time and money spent by government and owners and operators of facilities on paperwork and other administrative tasks that do not result in benefits to the environment; (j) encourage public participation and consensus among interested persons in the development of innovative environmental regulatory methods and in monitoring the environmental performance of projects; (k) seek to improve the provision of useful information to the public about the environmental and human health impacts of facilities on communities; (l) provide public access to information about performance evaluations conducted by participants in the program; (m) encourage facility owners and operators and communities to work together to reduce pollution levels below the levels required in statutes; and (n) seek to increase trust among government, facility owners and operators and the public through open communication and support of early and credible resolution of conflicts over issues concerning the environment and environmental regulation.

*Program Definitions.* Create the following program definitions: (a) "approval" would mean a permit, license or other approval issued by DNR under statutory authority; (b) "cooperative agreement" would mean an agreement entered into between DNR and a person under the environmental cooperation program; (c) "environmental management system" would mean an organized set of procedures implemented by the owner or operator of a facility to evaluate the environmental performance of the facility and to achieve measurable or noticeable improvements in that environmental performance through planning and changes in the facility's operations; (d) "environmental performance" would mean the effects, whether regulated under statutes or unregulated, of a facility on air, water, land, natural resources and human health; (e) "facility" would mean all buildings, equipment and structures located on a single parcel or on adjacent parcels that are owned or operated by the same person; (f) "interested person" would mean a person who is or may be affected by the activities at a facility that is covered or is proposed to be covered by a cooperative agreement; (g) "performance evaluation" would mean a systematic, documented and objective review, conducted by or on behalf of the owner or operator of a facility, of the environmental performance of the facility, including an evaluation of compliance with the cooperative agreement covering the facility, approvals that are not replaced by the cooperative agreement and the provisions of statutes and rules for which a variance is not granted; (h) "pollutant" would mean any of the following discharges into water or onto land: any dredged spoil, solid waste, incinerator residue, sewage, garbage, refuse, oil, sewage sludge, munitions, chemical wastes, biological materials, radioactive substance, heat, wrecked or discarded equipment, rock, sand, cellar dirt or industrial, municipal or agricultural waste; (i) "pollutant" would mean any of the following emissions into the air: dust, fumes, mist, liquid, smoke, other particulate matter, vapor, gas, odorous substances or any combination of those things, but would not include uncombined water vapor; (j) "violation" would mean a violation of a cooperative agreement, of a statutory approval that is not replaced by the cooperative agreement, or of rules for which a participant has not received a variance.

*Content of Cooperative Agreements.* Direct that a cooperative agreement shall do all of the following: (a) identify the facilities, activities and pollutants covered by the agreement; (b) specify any approvals that are replaced by the agreement; (c) commit the participant to implement an

environmental management system that is based on standards issued by the International Organization for Standardization (such as ISO 14000), or an alternative system that is acceptable to DNR; (d) commit the participant to superior environmental performance, to reducing natural resource usage and to reducing waste generation, while achieving a balance among the economic, social and environmental impacts of these efforts that is acceptable to the community in which the facility is located; (e) specify waste reduction goals in measurable and verifiable terms; (f) identify changes in raw materials, in the design, methods of production, distribution or uses of products or in the reuse, recycling or disposal of materials that the participant will implement to achieve process efficiencies, to reduce pollution and water use, energy use or indoor chemical exposure; (g) contain pollution limits that are verifiable, enforceable and at least as stringent as limits in statutes and rules; (h) describe the operational flexibility granted to the participant and any variances granted from a requirement in statutes or rules; (i) contain the requirements that would be included in any approvals to be replaced by the agreement; (j) require the participant to submit a baseline performance evaluation within 180 days of the agreement date and to update the performance periodically; (k) require the participant to report any violations discovered during a performance evaluation; (l) ensure that the interested persons group required to be established by the participant has the opportunity to comment on the participant's environmental management system and are involved in reviewing the participant's performance under the agreement and require a process that seeks consensus between the participant and interested persons over issues concerning that performance; (m) require the participant to assist interested persons to understand implementation of the agreement; (n) require the participant to provide information to the public about the participant's environmental performance and the results of the project, including environmental, social and economic impacts, and to meet with interested persons at least once every six months to discuss the implementation of the environmental management system and to receive comments on the progress of the project; (o) describe how the participant will measure the opinions of its employes and the public concerning its participation in the program; (p) require the participant to assess the success of the project in reducing the time and money spent by the participant on paperwork and other administrative activities that do not directly benefit the environment; and (q) specify a five-year term of agreement with a possible renewal of five years if DNR and the participant agree.

*Variances.* Authorize DNR to grant in the agreement a variance to statutes or rules if a variance would otherwise be allowed under the statutes or rules. If a variance is not permitted by statutes or rules, authorize DNR to grant a variance in an agreement if the variance is consistent with DNR administration of the program and either: (a) promotes the reduction in overall pollution levels to below the levels required in statutes; or (b) provides for alternative monitoring, testing, record keeping, notification or reporting requirements that reduce the administrative burden on state agencies or the participant and that provide the information needed to ensure compliance with the agreement, statutes and rule.

*Application Procedures.* Direct DNR to solicit applications for participation in the environmental cooperation program. Authorize owners or operators of regulated facilities to apply to participate by submitting: (a) a proposed cooperative agreement; and (b) a description of the process used by the applicant to establish an interested persons group that includes residents of the

area of the facility's location, a list of the members of the group and a description of the involvement of the group in the development of the proposed agreement.

*Approval of Agreements.* Direct DNR to: (a) review each proposed agreement and decide whether to enter into negotiations with the applicant; (b) seek to ensure participation by a variety of types, sizes and locations of facilities; (c) consult with the federal Environmental Protection Agency; and (d) prepare a draft cooperative agreement in any case where it decides to enter negotiations and to provide public notice of its decision. Specify that, during negotiations concerning a proposed agreement, DNR would not be allowed to modify or revoke any approvals for a facility that would be replaced by the agreement. Authorize DNR to terminate negotiations.

*Pilot Program.* Authorize DNR to enter into up to ten cooperative agreements that meet all requirements of the environmental cooperation program. Prohibit DNR from entering into an initial agreement after five years after the effective date of the biennial budget act.

*Administrative Review Limits.* Specify that if DNR decides not to negotiate with an applicant, terminates negotiations or decides to enter into an agreement, the decision would not be subject to administrative review.

*Expiration of Agreements.* Specify that if a participant submits a timely application for an approval under statutes or rules that is replaced by a cooperative agreement, but DNR does not issue the approval before the agreement expires, the agreement would continue to apply. However, DNR and the participant would be authorized to agree to interim requirements that do not allow pollution in excess of that allowed in statutes.

*Amendment or Revocation of Agreements.* Authorize DNR to amend an agreement with the consent of the participant. In addition, authorize DNR to amend the agreement, after providing an opportunity for a hearing, for any of the following causes: (a) a change in federal or state environmental laws, (b) a violation of the agreement, or (c) obtaining an agreement by misrepresentation or incomplete disclosure of relevant information.

Authorize DNR to revoke an agreement at the request of the participant. Authorize DNR to revoke the agreement, after providing an opportunity for a hearing, if it finds all of the following: (a) the participant is in substantial noncompliance with the agreement, with an approval that is not replaced by the agreement, or with statutes or rules for which the agreement does not grant a variance; (b) the participant has refused DNR's request to amend the agreement; (c) the participant is unable, or unwilling to comply with pollution reduction goals in the agreement; and (d) the participant has not satisfactorily addressed a substantive issue raised by the majority of the interested persons group that the applicant is required to establish.

Direct DNR to do the following in a written revocation decision: (a) delay compliance deadlines established in the agreement if necessary to provide the participant with time to obtain statutory approvals that were replaced by the agreement; and (b) establish practical interim

requirements that do not allow pollution in excess of that allowed under statutes at the time the agreement was entered into, to replace the agreement until DNR issues statutory approvals that were replaced by the agreement.

Direct a participant to comply with DNR's revocation decision and with all requirements of the agreement for which DNR does not establish interim requirements until DNR issues approvals required by statutes that were replaced by the agreement. Authorize a participant to appeal the revocation decision.

*Public Notice Requirements.* Direct DNR to provide a 30-day public comment period on the proposed issuance, amendment or revocation of an agreement. Direct DNR, before the public comment period would begin, to prepare a draft agreement, amendment or revocation notice and a fact sheet that describes the facts of the case, how the proposed action complies with program requirements and any variances that would be granted by the proposed action.

Direct that DNR prepare a public notice of a proposed action that: (a) describes the facility that is the subject of the proposed action; (b) identifies the proposed action; (c) states whether any variances would be granted; (d) identifies contact persons for DNR and the applicant who can provide additional information; (e) states that the draft of the proposed action and the required fact sheet are available upon request; (f) states that comments may be submitted to DNR; (g) indicates the last date of the comment period; (h) describes DNR decision-making procedures; and (i) describes how persons may request public informational meetings, contested case hearings or public hearings and how persons may request to appear at the meetings and hearings.

Direct that DNR mail the public notice to the applicant or participant, EPA, members of the interested persons group and all persons who ask to receive the notice. Direct that DNR make a copy of the notice available at DNR's main office, any DNR office in the area of the facility and at public libraries in that area. Direct that DNR post the notice in public buildings in the area of the facility, publish the notice in local newspapers and use other effective notification methods.

Direct DNR to hold a public informational meeting if the comments received during the public comment period demonstrate considerable public interest in the proposed action.

*Reporting Requirements.* Specify that reports submitted under an agreement fulfill reporting requirements for statutory approvals, except for requirements related to immediate reporting. Direct a participant to notify DNR before it increases the amount of the discharge or emission of pollutants from a covered facility and before it begins to discharge or emit a pollutant that it did not discharge or emit from a covered facility when the agreement was entered into. If the increased or new discharge or emission is not authorized under the agreement, authorize DNR to amend the agreement or to require the participant to obtain an approval under relevant statutes.

*Violations.* Direct a participant to submit a report to DNR within 45 days after completion of a performance evaluation if violations are found. Direct that the report contain: (a) a description of

the performance evaluation; (b) a description of all violations revealed by the evaluation; (c) a description of the actions taken or proposed to be taken to correct the violations; (d) a commitment to correct the violations within 90 days of submitting the report or within a compliance schedule approved by DNR; (e) if the participant proposes to take more than 90 days to correct the violations, a proposed compliance schedule, a justification statement, a description of measures that the participant will take to minimize the effects of the violations and proposed stipulated penalties if the participant violates the compliance schedule; and (f) a description of what the participant has done or will do to prevent future violations.

*Compliance Schedules.* Direct DNR to approve the compliance schedule or to propose a different schedule. If the participant does not agree to DNR's proposed compliance schedule, direct DNR to schedule a meeting with the participant to attempt to agree on a compliance schedule. If DNR and the participant do not agree, direct DNR to initiate revocation of the agreement. If DNR and the participant agree to a compliance schedule, direct DNR to amend the agreement to incorporate the schedule. Prohibit DNR from approving a compliance schedule that extends longer than 12 months beyond the date of approval. Direct DNR to consider the following when determining whether to approve a compliance schedule: (a) the environmental and public health consequences of the violations; (b) the time needed to implement a change in raw materials or method of production if the change is an available alternative method of correcting the violations; and (c) the time needed to purchase any equipment or supplies needed to correct the violations.

*Deferred Civil Enforcement.* Prohibit DNR from commencing a civil action to collect forfeitures for violations at a facility covered by an agreement that are disclosed in a report made by a participant: (a) for at least 90 days after DNR receives the report; (b) if the participant corrects violations within 90 days after DNR receives the report; (c) during the period of the compliance schedule if the participant is complying with the schedule; and (d) if the participant corrects the violations according to the compliance schedule. Authorize DNR to commence a civil enforcement action: (a) if the participant violates the compliance schedule and DNR revokes the agreement; (b) at any time if the violations present an imminent threat or may cause serious harm to public health or the environment; or (c) if DNR discovers the violations before the participant notifies DNR.

*Public and Confidential Records.* Direct that records, reports or other information received as part of the program are public records. Require DNR to keep confidential any part of the information, other than emission data, discharge data or information included in an agreement, that the participant identifies as confidential and proprietary and that is entitled to protection as a trade secret. If a person challenges the confidentiality of information and the applicant or participant refuses to make the information public, the applicant or participant would be required to pay reasonable costs incurred by the state to defend the refusal to release the information.

*Program Review.* Direct the Secretary of DNR to submit an annual progress report on the environmental cooperation program, beginning one year after the effective date of the biennial budget act, to the Governor, the Environmental Performance Council and the standing committees of the Legislature with jurisdiction over environmental matters. Direct the Secretary of DNR to submit,

within four years after the effective date of the biennial budget act, a report to the Governor, Environmental Performance Council and the Legislature that includes recommendations concerning the continuation of the program and any changes that should be made to the program.

**Joint Finance/Legislature:** Approve the Governor's recommendation, modified as follows:

a. Limit the length of agreements to a single five-year term, but allow the participant to submit a request one, five-year extension. DNR would submit the requested extension to the Joint Committee on Finance for approval, and if, within 14 days of submittal of the request, the Committee does not object or decide to hold a meeting to consider the request, the requested extension would be approved.

b. Require that any variances granted to current statutes or rules result in a measurable reduction in overall pollution levels by the participant.

c. Request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to monitor the program and to submit annual reports to the Legislature regarding the findings of its monitoring of the program.

d. Specify that the definition of "interested person" includes a person's representatives, in addition to a person who is or may be affected by the activities at a facility that is covered or proposed to be covered by a cooperative agreement.

e. Direct DNR to encourage facility owners and operators to minimize transfers of waste discharges between air, water and land.

f. Direct DNR to grant the owners and operators of facilities greater flexibility, rather than greater operational flexibility, than would otherwise be allowed under statutes and rules.

g. Direct that a cooperative agreement shall commit the participant to achieving measurable or noticeable improvements in environmental performance, in addition to superior environmental performance.

h. Direct DNR to review each application submitted rather than each proposed agreement submitted.

i. Specify that DNR shall determine that the applicant's efforts related to the process used to establish an interested persons group, rather than determine that the efforts related to granting a variance, were adequate.

j. Specify that the cooperative agreement is subject to review under Chapter 227 procedures (such as administrative hearings, appeals, contested cases and judicial review). Maintain the

requirement that the decision by DNR to enter into a cooperative agreement is not subject to review under Chapter 227.

k. Specify that when a cooperative agreement replaces an approval and the agreement expires before DNR issues an approval to be in place after the agreement expires, the agreement shall continue to apply until the approval is issued. Delete the authorization for DNR and the participant to agree to interim requirements that do not allow pollution in excess of that allowed under chapters 280 to 295.

l. Rather than requiring DNR to keep confidential any part of a record, report or other information obtained in the administration of the program that the applicant or participant identifies as confidential and proprietary and entitled to protection as a trade secret, specify that the Department shall keep the information confidential upon a showing satisfactory to the Department by any person that the part of a record, report or other information would, if made public, divulge a method or process that is entitled to protection as a trade secret.

[Act 27 Sections: 10r and 3789]

## 26. WASTEWATER DISCHARGE ENVIRONMENTAL (NR 101) FEES [LFB Paper 635]

**Joint Finance/Legislature:** Delete the current provisions related to the amount of annual wastewater discharge fees charged. Retain the current limit that DNR may not charge annual wastewater discharge fees that exceed $7,450,000 (the amount charged in 1992-93). Retain the current allocation of 50% of fees paid by municipalities and 50% paid by industries.

[Act 27 Sections: 3787e and 3787g]

## 27. HEARING REQUEST FEE

| | Chg. to Base |
|---|---|
| PR | - $1,200 |

**Joint Finance/Legislature:** Delete the $25 fee charged by DNR for any person requesting a hearing on an application to issue a water regulation permit or other proceedings involving navigable waters, harbors or navigation (Chapter 30). The estimated loss in revenues would be $600 annually.

[Act 27 Sections: 1141e and 9337(7g)]

## 28. WETLANDS MITIGATION FOR TRANSPORTATION PROJECTS

**Assembly:** Specify that agreements between DNR and DOT to replace wetlands that may be lost due to a transportation project may not be based solely on the proximity to the lost wetlands, except that they may give priority to the same aquifer or watershed as the lost wetlands.

**Senate/Legislature:** Delete provision.

## 29. REBUILDING OF STRUCTURES ON SHORELANDS

**Assembly/Legislature:** Require that no shoreland zoning ordinance may: (a) prohibit the repair, reconstruction or improvement of any structure that is damaged by wind, flood, vandalism, or fire after the effective date of the bill as to the size, location and use that the structure had immediately before the damage or destruction occurred; or (b) impose any limits on the costs of the repair, reconstruction, or improvement of the structure. However, the structure could be built to a larger size if necessary to meet federal or state building and safety regulations.

Under current law: (a) DNR requires that certain structures must be setback 75 feet from the ordinary high water mark of a navigable waterway; (b) villages and cities may develop zoning ordinances that restrict the construction or reconstruction of facilities that did not exist on the effective date of the ordinance; and (c) any structure that existed prior to the creation of a zoning ordinance but does not meet the requirements of that ordinance (a nonconforming use) cannot be rebuilt or repaired if the cost of the repairs during the life of the nonconforming use structure exceeds 50% of the assessed value of the structure unless the repaired or rebuilt structure is changed to a conforming use.

[Act 27 Section: 2174pm]

## 30. REGULATION OF WATER SKI PLATFORMS AND JUMPS

| | Chg. to Base |
|---|---|
| PR-REV | - $4,000 |

**Assembly/Legislature:** Provide that a riparian property owner may place a water ski platform or water ski jump in a navigable waterway without obtaining a permit if all of the following requirements are met: (a) the platform or jump does not interfere with public rights in navigable waters; (b) the platform or jump does not interfere with the rights of other riparian owners; and (c) the platform or jump is located at a site that ensures adequate water depth and clearance for safe water skiing. Require a riparian owner to submit a permit application if DNR determines that any of these requirements are not met. While only limited data is available, it is estimated that program revenue would decrease by $2,000 annually.

Provide that such permit applications are subject to the same provisions regarding notice requirements as other proceedings related to navigable waters, harbors and navigation (Chapter 30.02).

Require the Department to approve or disapprove the permit within five days after the 30-day period expires if it receives no substantive written objection to the permit and proceeds on the permit application without a hearing. If DNR orders a hearing on the permit application, require the hearing to be scheduled within 30 days after the date on which the hearing is ordered. Require the DOA Division of Hearings and Appeals to mail copies of the written notice of the hearing to the applicant at least 20 days before the hearing and to all other persons provided notice at least 10 days before the hearing. Require the applicant to publish the notice and to file proof of publication with the hearing examiner at or prior to the hearing.

Require DNR to promulgate a rule listing specific reasons that will support a substantive written objection to the placement of a water ski platform or water ski jump. Require DNR to promulgate rules specifying the information that shall be disclosed in a notice, which shall include: (a) a statement explaining what constitutes a substantive written objection and a list of specific reasons that support such an objection; (b) the fact that the Department may proceed on the application without a hearing; and (c) the fact that a decision to proceed on an application without a hearing is subject to review by an administrative law judge.

[Act 27 Section: 1139zm]

## 31. SHORELAND ZONING ENFORCEMENT LIMIT

**Senate/Legislature:** Require that DNR, counties or other governmental bodies may not commence an action for a violation of a shoreland zoning ordinance if the structure in violation has been in existence for ten years prior to the action. Under current law, DNR has the authority to regulate structures on shorelands and requires that most structures must be setback 75 feet from the ordinary high water mark of a navigable waterway. Further villages and cities may develop zoning ordinances that further restrict the construction or reconstruction of facilities that did not exist on the effective date of the ordinance.

[Act 27 Sections: 2174p and 2174q]

## 32. SILVER LAKE HIGH WATER MARK

**Senate/Legislature:** Specify that the high water mark for Big Silver Lake in the Town of Marion in Waushara County be 867 feet above the mean sea level as determined by the U.S. Geological Survey. Currently, the measure of the ordinary high water mark (which determines public ownership and rights in navigable waters) is determined by DNR rule.

[Act 27 Section: 1139zr]

## 33. BOAT SHELTERS AND HOISTS

**Senate/Legislature:** Modify the definition of boat shelter to be a structure in navigable waters designed and constructed for the purpose of providing cover for a berth for watercraft, which has (rather than may have) a roof but does not have walls or sides. Provide that a boat shelter may include any device for lifting a boat. Modify the definition of pier and wharf to allow such structures to include a boat hoist or boat lift, and provide that the hoist or lift may be permanent or removed seasonally. These definitions are used to determine what standards apply to and by what process certain structures may be placed in waters of the state.

[Act 27 Sections: 1139we thru 1139wi]

# PERSONNEL COMMISSION

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $1,473,400 | $1,604,600 | $1,604,600 | $1,604,600 | $1,604,600 | $131,200 | 8.9% |
| PR | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 0 | 0.0 |
| TOTAL | $1,479,400 | $1,610,600 | $1,610,600 | $1,610,600 | $1,610,600 | $131,200 | 8.9% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 0.00 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base |
|---|---|
| GPR | $116,400 |

**Governor/Legislature:** Provide $56,500 in 1997-98 and $59,900 in 1998-99 for base budget adjustments for: (a) full funding of salary and fringe benefits costs ($41,200 in 1997-98 and $44,500 in 1998-99); (b) full funding of financial services charges ($600 annually); (c) reclassifications ($5,200 annually); (d) fifth week of vacation as cash ($6,900 in 1997-98 and $7,000 in 1998-99); (e) full funding of lease costs ($2,000 annually); and (f) full funding of delayed pay adjustments ($600 annually).

### 2. SUPPLIES AND SERVICES COST INCREASES

| | Chg. to Base |
|---|---|
| GPR | $14,800 |

**Governor/Legislature:** Provide $7,400 annually to fund increased supplies and services costs for: (a) legal publications subscriptions ($1,700 annually); (b) transcription services ($3,500 annually); and (c) additional rental and maintenance costs associated with the replacement of the agency's photocopier ($2,200 annually).

## 3. AGENCY BUDGET REDUCTIONS

| | Chg. to Base |
|---|---|
| GPR-Lapse | $29,400 |

**Assembly/Legislature:** Require that the Secretary of DOA allocate annually reductions of $14,700 to the Commission's sum certain GPR state operations appropriations to be achieved by requiring the agency to lapse the requisite amount from among its state operations appropriations. Further, provide that in the event the Secretary of DOA determines in either fiscal year that any state agency subject to this requirement cannot reduce expenditures as required, the Secretary of DOA shall submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the required reductions. The plan must be approved by the Committee under a 14-day passive review procedure.

[Act 27 Section: 9156(6ng)]

# PROGRAM SUPPLEMENTS

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Act 27 Change Over Base Year Doubled Percent |
|---|---|---|---|---|---|---|---|
| GPR | $87,273,600 | $17,610,100 | $50,105,000 | $89,899,000 | $89,899,000 | $2,625,400 | 3.0% |
| FED | 0 | 0 | 17,000,000 | 17,000,000 | 17,000,000 | 17,000,000 | N.A. |
| PR | 0 | 0 | 160,300 | 160,300 | 160,300 | 160,300 | N.A. |
| SEG | 0 | 0 | 2,592,400 | 2,592,400 | 2,592,400 | 2,592,400 | N.A. |
| Total | $87,273,600 | $17,610,100 | $69,857,700 | $109,651,700 | $109,651,700 | $22,378,100 | 25.6% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 4.00 | 0.00 | 0.00 | 0.00 | 0.00 | - 4.00 |

## Budget Change Items

### 1. JOINT FINANCE COMMITTEE APPROPRIATION [LFB Papers 317, 361, 362 and 507]

| | Governor (Chg. to Base) Funding | Positions | Jt. Finance (Chg. to Gov.) Funding | Positions | Assembly (Chg. to JFC) Funding | Positions | Senate/Leg. (Chg. to Assem.) Funding | Positions | Net Change Funding | Positions |
|---|---|---|---|---|---|---|---|---|---|---|
| GPR-Lapse | $0 | | $0 | | $1,500,000 | | $0 | | $1,500,000 | |
| GPR | - $67,384,600 | - 4.00 | $38,318,700 | 0.00 | $35,912,300 | 0.00 | $3,908,000 | 0.00 | $10,754,400 | - 4.00 |
| FED | 0 | 0.00 | 17,000,000 | 0.00 | 0 | 0.00 | 0 | 0.00 | 17,000,000 | 0.00 |
| PR | 0 | 0.00 | 160,300 | 0.00 | 0 | 0.00 | 0 | 0.00 | 160,300 | 0.00 |
| SEG | 0 | 0.00 | 2,592,400 | 0.00 | - 1,872,000 | 0.00 | 1,872,000 | 0.00 | 2,592,400 | 0.00 |
| Total | - $67,384,600 | - 4.00 | $58,071,400 | 0.00 | $34,040,300 | 0.00 | $5,780,000 | 0.00 | $30,507,100 | - 4.00 |

**Governor:** Reduce base level funding for the Joint Committee on Finance appropriation for supplement of state agency GPR appropriations by $33,692,300 annually. The reduction in funding reflects the removal of noncontinuing funding, placed in the appropriation for 1995-97 only, associated with specific funding allocations such as $13.2 million for the child support enforcement computer system, $13.0 million for W-2 implementation, $5.3 million for self-sufficiency/pay for

performance waiver programs and $2.1 million for jail bed contracts. Some or all of these reserved funds have been or will be allocated to the appropriate state agencies during the 1995-97 biennium. Also, delete 4.0 FTE positions that were erroneously included in this program's base position count but which were actually associated with a secure work program in the Department of Corrections.

**Joint Finance:** Create a continuing, federal appropriation for supplementing state agencies for the administration of federally-funded programs. Further, modify the provision by allocating the following additional funding amounts to the respective Joint Committee on Finance supplemental appropriations.

| Purpose of Reserved Funding | Fund Source | Reserve Amounts 1997-98 | Reserve Amounts 1998-99 |
|---|---|---|---|
| DOA budget system redesign consultant's study | GPR | $60,000 | $0 |
| OCI information technology imaging project | PR | 0 | 160,300 |
| ETF retirement rollover project | SEG | 0 | 180,000 |
| ETF health data appropriation | SEG | 0 | 140,400 |
| Corrections probation and parole absconder unit | GPR | 702,700 | 1,025,600 |
| St. John's Correctional Center expansion | GPR | 0 | 991,800 |
| DVA veterans assistance program | SEG | 200,000 | 200,000 |
| ETF special investment performance dividend supplemental annuity payments | GPR | 1,000,000 | 1,000,000 |
| DOR integrated computer system | GPR | 1,257,100 | 203,500 |
| DHFS prevention grants | GPR | 744,800 | 1,489,700 |
| DHFS adoption assistance | GPR | 241,500 | 0 |
| Temporary aid to needy families (DHFS/DWD) | FED | 14,000,000 | 0 |
| DHFS home visiting program | GPR | 1,400,000 | 0 |
| DHFS medical assistance administration | GPR | 468,300 | 0 |
| DHFS women's health initiative | GPR | 2,200,000 | 1,300,000 |
| KIDS system (DWD) | GPR | 5,570,300 | 11,055,900 |
| DWD centralized receipt and disbursement for child support | GPR | 0 | 117,100 |
| W2 transportation assistance (DWD) | FED | 1,000,000 | 2,000,000 |
| School for the Visually Handicapped maintenance funds (DPI) | GPR | 17,200 | 17,200 |
| School for the Deaf maintenance funds (DPI) | GPR | 74,000 | 74,000 |
| UW BadgerNet -- universal service fund | SEG | 1,008,000 | 864,000 |
| -- general fund | GPR | 1,470,000 | 1,470,000 |
| UW technology infrastructure and faculty technology | GPR | 1,060,800 | 3,307,200 |
| TOTALS | GPR | $16,266,700 | $22,052,000 |
| | FED | 15,000,000 | 2,000,000 |
| | PR | 0 | 160,300 |
| | SEG | 1,208,000 | 1,384,400 |
| | TOTAL | $32,474,700 | $25,596,700 |

In addition, specify that from the amounts appropriated, the Joint Committee on Finance may provide a supplement of $50,000 annually to the Department of Agriculture, Trade and Consumer Protection for a food inspection program efficiency study.

**Assembly:** Modify the Joint Finance provision by making the following funding changes:

| | | Reserve Amount Changes | |
|---|---|---|---|
| Purpose of Reserved Funding | Fund Source | 1997-98 | 1998-99 |
| Elections Board electronic filing enhancement | GPR | $102,800 | $0 |
| Compensation reserves supplement | GPR | 7,326,000 | 14,674,000 |
| Delete DHFS home visiting program | GPR | -1,400,000 | 0 |
| Increase unallocated JFC supplemental funding | GPR | 1,400,000 | 0 |
| Corrections additional contract beds | GPR | 4,900,000 | 10,100,000 |
| DHFS criminal background checks* | GPR | 0 | 1,500,000 |
| ETF special investment performance dividend supplemental annuity payments | GPR | 1,650,400 | 2,547,100 |
| DHFS criminal background checks | GPR | 0 | 420,000 |
| UW BadgerNet -- universal service fund | SEG | -1,008,000 | -864,000 |
| -- general fund | GPR | -1,470,000 | -1,470,000 |
| UW technology infrastructure and faculty technology | GPR | -1,060,800 | -3,307,200 |
| TOTALS (Change to JFC) | GPR | $11,448,400 | $24,463,900 |
| | FED | 0 | 0 |
| | PR | 0 | 0 |
| | SEG | -1,008,000 | -864,000 |
| | TOTAL | $10,440,400 | $23,599,900 |

*Note: Under a separate decision item, funding in the bill is also provided directly to the Departments of Health and Family Services, Justice and Regulation and Licensing for the expansion of the nurse aide registry and criminal background checks for licensees and employes of health care and child care facilities. Therefore, the $1,500,000 GPR in 1998-99 in the Joint Finance supplemental appropriation for this purpose is counted as a lapse to the general fund at the end of the 1997-99 biennium.

**Senate/Legislature:** Modify the Assembly provision by making the following funding changes:

| | | Reserve Amount Changes | |
|---|---|---|---|
| Purpose of Reserved Funding | Fund Source | 1997-98 | 1998-99 |
| Compensation reserves supplement | GPR | -$6,000,000 | -$14,000,000 |
| DHFS BadgerCare | GPR | 0 | 16,600,000 |
| UW BadgerNet -- universal service fund | SEG | 1,008,000 | 864,000 |
| -- general fund | GPR | 1,470,000 | 1,470,000 |
| UW technology infrastructure and faculty technology | GPR | 1,060,800 | 3,307,200 |
| TOTALS (Change to Assembly) | GPR | -$3,469,200 | $7,377,200 |
| | FED | 0 | 0 |
| | PR | 0 | 0 |
| | SEG | 1,008,000 | 864,000 |
| | TOTAL | -$2,461,200 | $8,241,200 |

**Act 27:** Total funding provided under Act 27 for the Joint Committee on Finance's supplemental appropriations is as follows:

| Reserved Funding | Fund Source | Amounts 1997-98 | Amounts 1998-99 |
|---|---|---|---|
| DOA budget system redesign consultant's study | GPR | $60,000 | $0 |
| DOC additional contract beds | GPR | 4,900,000 | 10,100,000 |
| DOC probation and parole absconder unit | GPR | 702,700 | 1,025,600 |
| DOC St. John's Correctional Center expansion | GPR | 0 | 991,800 |
| Elections Board electronic filing enhancement | GPR | 102,800 | 0 |
| ETF SIPD supplemental annuity payments | GPR | 2,650,400 | 3,547,100 |
| ETF retirement rollover project | SEG | 0 | 180,000 |
| ETF health data appropriation | SEG | 0 | 140,400 |
| DHFS BadgerCare | GPR | 0 | 16,600,000 |
| DHFS women's health initiative | GPR | 2,200,000 | 1,300,000 |
| DHFS prevention grants | GPR | 744,800 | 1,489,700 |
| DHFS criminal background checks* | GPR | 0 | 1,500,000 |
| DHFS criminal background checks | GPR | 0 | 420,000 |
| DHFS medical assistance administration | GPR | 468,300 | 0 |
| DHFS adoption assistance | GPR | 241,500 | 0 |
| DHFS/DWD temporary aid to needy families | FED | 14,000,000 | 0 |
| OCI information technology imaging project | PR | 0 | 160,300 |
| DPI School for the Deaf maintenance funds | GPR | 74,000 | 74,000 |
| DPI School for the Visually Handicapped maintenance funds | GPR | 17,200 | 17,200 |
| DOR integrated computer system | GPR | 1,257,100 | 203,500 |
| UW BadgerNet -- universal service fund | SEG | 1,008,000 | 864,000 |
| -- general fund | GPR | 1,470,000 | 1,470,000 |
| UW technology infrastructure and faculty technology | GPR | 1,060,800 | 3,307,200 |
| DVA veterans assistance program | SEG | 200,000 | 200,000 |
| DWD KIDS system | GPR | 5,570,300 | 11,055,900 |
| DWD centralized receipt and disbursement for child support | GPR | 0 | 117,100 |
| DWD W2 transportation assistance | FED | 1,000,000 | 2,000,000 |
| DOA compensation reserves supplement | GPR | 1,326,000 | 674,000 |
| Reserved Funding Total | GPR | $22,845,900 | $53,893,100 |
| | FED | 15,000,000 | 2,000,000 |
| | PR | 0 | 160,300 |
| | SEG | 1,208,000 | 1,384,400 |
| | TOTAL | $39,053,900 | $57,437,800 |
| Unreserved Funding Total | GPR | $1,752,200 | $352,200 |
| TOTALS | GPR | $24,598,100 | $54,245,300 |
| | FED | 15,000,000 | 2,000,000 |
| | PR | 0 | 160,300 |
| | SEG | 1,208,000 | 1,384,400 |
| | | $40,806,100 | $57,790,000 |

*The $1.5 million GPR in 1998-99 for DHFS criminal background checks is counted as a lapse to the general fund at the end of the 1997-99 biennium.

[Act 27 Sections: 725r, 1857p, 9104(1), 9123(1), 9129(1m), 9131(3pu), 9132(2r),(2z)&(7c) and 9143(4z)]

## 2. CY 97 HEALTH INSURANCE PREMIUMS [LFB Paper 639]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | - $1,007,000 | - $5,215,400 | - $6,222,400 |

**Governor:** Reduce base level funding by $503,500 annually to reflect the amounts estimated to be needed in 1997-98 and 1998-99 to supplement state agencies' GPR appropriations for the employer's share of group health insurance premiums which resulted from the November 1, 1996, annual premium setting process for state health insurance contracts for calendar year 1997. These increased costs were not included in agencies' adjusted base funding levels. With this adjustment, a total of $2,607,700 would be provided annually.

**Joint Finance/Legislature:** Transfer the $2,607,700 annually remaining in the health insurance premium increase supplemental appropriation to the GPR amounts included in the general fund condition statement for compensation reserves.

## 3. STATE-OWNED SPACE RENTAL SUPPLEMENTS

| | Chg. to Base |
|---|---|
| GPR | - $857,400 |

**Governor/Legislature:** Reduce base level funding for state-owned space rental supplements by $428,700 annually. This would reduce funding available for space rental supplements to $0 annually to reflect the estimate that no supplemental GPR funding is necessary in 1997-98 or 1998-99.

## 4. PRIVATE LEASE SPACE SUPPLEMENTS [LFB Paper 640]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | - $360,000 | - $566,100 | - $926,100 |

**Governor:** Reduce base level funding by $60,000 in 1997-98 and $300,000 in 1998-99 to reflect the estimated amount needed in 1997-98 and 1998-99 to supplement state agencies' GPR appropriations for the increased costs of privately leased space and unbudgeted costs of assessments for the cost of facilities for the care of children of state employes. Under the Governor's recommendation, a total of $1,611,100 in 1997-98 and $1,371,600 in 1998-99 would be available for private lease space supplements to state agencies.

**Joint Finance/Legislature:** Modify provision by reducing private lease space supplements by an additional $414,100 in 1997-98 and $152,000 in 1998-99 to reflect: (a) the removal of sum

sufficient funded lease costs from the supplements' calculation (-$76,100 in 1997-98 and -$152,000 in 1998-99); and (b) the removal of funding associated with the purchase of office furniture (-$338,000 in 1997-98).

## 5. FINANCIAL SERVICES ASSESSMENTS [LFB Paper 145 and 146]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| GPR | - $54,500 | - $42,300 | - $26,300 | - $123,100 |

**Governor:** Reduce base level funding by $52,800 in 1997-98 and $1,700 in 1998-99 for estimated amounts needed in 1997-98 and 1998-99 to supplement state agencies' GPR appropriations to pay for additional DOA Bureau of Financial Operations chargebacks for the cost of operating that Bureau. The estimate is based on an estimated reduction in the amount of financial services supplements needed by state agencies. Under the Governor's recommendation, the level of funding available for supplements to GPR funded state agencies would be $140,300 in 1997-98 and $191,400 in 1998-99.

**Joint Finance:** Modify the provision by deleting $23,100 in 1997-98 and $19,200 in 1998-99 associated with the elimination of the auditing services contract provision.

**Assembly/Legislature:** Further, reduce program supplements funding by $26,300 in 1997-98 to reflect a January 1, 1998, starting date for DOA auditing services and program evaluation unit positions, rather than October 1, 1997, and consequently a reduced need for agency supplemental funding.

## 6. AGENCY BUDGET REDUCTIONS

| | Chg. to Base |
|---|---|
| GPR-Lapse | $271,400 |

**Assembly/Legislature:** Require that the Secretary of DOA allocate annually reductions of $135,700 to the program supplements sum certain GPR state operations appropriations provided for state programs and facilities to be achieved by requiring the program to lapse the requisite amount from among its state operations GPR appropriations. Further, provide that in the event the Secretary of DOA determines in either fiscal year that any state agency subject to this requirement cannot reduce expenditures as required, the Secretary of DOA shall submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the required reductions. The plan must be approved by the Committee under a 14-day passive review procedure.

[Act 27 Section: 9156(6ng)]

# PUBLIC DEFENDER

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $111,711,600 | $114,522,200 | $114,397,900 | $114,970,900 | $114,970,900 | $3,259,300 | 2.9% |
| PR | 8,792,800 | 2,561,200 | 2,561,200 | 2,561,200 | 2,561,200 | - 6,231,600 | - 70.9 |
| TOTAL | $120,504,400 | $117,083,400 | $116,959,100 | $117,532,100 | $117,532,100 | - $2,972,300 | - 2.5% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 529.60 | 526.60 | 526.60 | 526.60 | 526.60 | - 3.00 |
| PR | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 |
| TOTAL | 533.60 | 530.60 | 530.60 | 530.60 | 530.60 | - 3.00 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $62,500 | - 12.00 |
| PR | 28,400 | 0.00 |
| Total | - $34,100 | - 12.00 |

**Governor/Legislature:** Adjust base level funding by -$35,800 GPR and $14,200 PR in 1997-98 and -$26,700 GPR and $14,200 PR in 1998-99 for the following: (a) turnover reduction (-$665,500 GPR annually); (b) nonrecurring costs (-$484,000 GPR and -12.0 GPR positions annually); (c) full funding of salaries and fringe benefits ($612,700 GPR and $300 PR annually); (d) full funding of financial services charges ($104,500 GPR and $1,300 PR annually); (e) reclassifications ($4,700 GPR and $6,200 PR annually); (f) risk management ($12,800 GPR and $3,600 PR annually); (g) overtime costs ($194,300 GPR and $2,800 PR annually); (h) fifth week of vacation as cash for certain long-term employes ($142,800 GPR in 1997-98 and $151,900 GPR in 1998-99); (i) full funding of lease costs ($15,600 GPR annually); and (j) full funding of delayed adjustments ($26,300 GPR annually).

## 2. UNSPECIFIED BUDGET REDUCTIONS [LFB Paper 645]

| | Chg. to Base |
|---|---|
| GPR | - $1,804,500 |

**Governor:** Delete $816,900 in 1997-98 and $987,600 in 1998-99 from the Public Defender's trial representation appropriation. The reduction represents a cut of 1.46% in 1997-98 and 1.77% in 1998-99 from the agency's $55.9 million base budget level. Further, require the Public Defender to submit a report to the Governor and Joint Committee on Finance, by October 1, 1997, indicating the agency's preference for allocating the reductions among the agency's sum certain, general purpose revenue appropriations.

**Joint Finance:** Modify the requirement for a report indicating the agency's preference for allocating the reductions, to allow the report to be approved under a 14-day passive review process.

**Assembly/Legislature:** Modify the deadline for the report to 30 days following the publication of the budget bill.

[Act 27 Section: 9139(2t)]

## 3. PRIVATE BAR - COST TO CONTINUE

| | Chg. to Base |
|---|---|
| GPR | $6,160,000 |
| PR | - 6,260,000 |
| Total | - $100,000 |

**Governor/Legislature:** Provide $2,201,500 GPR and -$3,114,400 PR in 1997-98 and $3,958,500 GPR and -$3,145,600 PR in 1998-99 to fully fund private bar expenses. Base funding for the private bar is approximately $20.5 million ($16,327,200 GPR and $4,170,300 PR). The program revenue reduction reflects a reestimate of collections. The 1995-97 budget act included an initiative to collect payments from clients for the cost of their representation and created the program revenue appropriation. However, total collections in 1995-96 were only $853,900 and are estimated at almost $1.9 million in 1996-97. The bill assumes total collections of $1,055,900 in 1997-98 and $1,024,700 in 1998-99. Of the GPR funding provided under the bill, $1,452,900 annually is associated with a two-year paralegal project approved under the 1995-97 budget act. The 12.0 positions and associated funding were removed from the agency's base as part of the standard budget adjustments. However, the private bar savings that were associated with the positions were not restored. The remainder of the GPR funding provided under the bill ($748,600 in 1997-98 and $2,532,600 in 1998-99) reflects the difference between private bar savings due to caseload decreases and the GPR substitution for the collections shortfall.

## 4. SEXUAL PREDATOR CASELOAD [LFB Paper 646]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $787,000 | - $393,300 | $393,700 |

**Governor:** Provide $284,700 in 1997-98 and $502,300 in 1998-99 for increased costs associated with creating a special statutory caseload standard for staff attorneys for sexual predator cases and expert witness costs associated with those cases. Under current law, each staff attorney must handle the equivalent of 15 first-degree homicide cases, 184.5 felony cases, 492 misdemeanor cases or 246 other cases. Sexual predator cases are currently counted as felony cases for purposes of staff caseloads. Under the bill, sexual predator cases would be counted the same as first-degree homicide cases, through June 30, 1999, at which time the statutory caseload would revert back to current law. The Public Defender indicates that, under the current statutory caseload standards, sex predator cases involve too much time for staff attorneys to fulfill their annual caseloads. As a result, most of these cases are assigned to private attorneys at higher costs. However, since the Public Defender's budget was not increased to reflect the passage of sexual predator legislation, there is no reduction in private bar spending as a result of staff attorneys handling these cases. Instead, the bill would increase the private bar appropriation by $123,700 in 1997-98 and $341,300 in 1998-99 to reflect fewer total cases being handled by staff attorneys and more assigned to private attorneys. The bill would also provide $161,000 annually to pay for increased investigative and expert witness expenses required in sexual predator cases. Further, under the bill, the State Public Defender would be required to submit a report to the legislature by October 1, 1998, specifying and evaluating the time spent by public defender attorneys in representing sexual predator cases.

**Joint Finance/Legislature:** Delete $140,600 in 1997-98 and $252,700 in 1998-99 to reflect a reestimate of the number of sexual predator cases during the 1997-99 biennium (it is estimated that the Public Defender will handle 70 sexual predator cases annually compared to 92 cases estimated by the Governor).

[Act 27 Sections: 5483, 5484 and 9139(1)]

## 5. SENTENCING ALTERNATIVES [LFB Paper 647]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Senate/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| GPR | - $857,500 | $269,000 | $588,500 | $0 |

**Governor:** Delete $184,700 in 1997-98 and $672,800 in 1998-99 from the private bar appropriation to reflect attorney cost savings as a result of reduction of penalties for certain crimes. The new penalties would be effective for offenses committed on or after August 1, 1997, or on the day after publication of the bill, whichever is later. The bill would increase from $1,000 to $1,500 the threshold for determining whether misdemeanor or felony penalties apply for certain offenses in which the penalty depends on the value of the property. Crimes affected would include intentional damage to property, intentional damage to a machine operated by cash, debit card or credit card, theft, issuing of worthless checks, graffiti, fraud on a hotel or restaurant keeper or taxicab driver, receiving stolen property, financial transaction card crimes, retail theft and theft of library materials. In

addition, under current law, a person who makes a fraudulent insurance or employe benefit claim is subject to a felony if the value of the claim or benefit exceeds $1,000. The bill would raise this threshold to $1,500. Further, under current law, certain forgeries are subject to a class C felony. Under the bill, if the purported value involved in these types of forgery crimes is less than $1,500, the penalty would be reduced to a class A misdemeanor. Lastly, under current law, vehicles which are used to cause more than $1,000 in damage to cemetery property are subject to seizure and forfeiture. Under the bill, the value of the damage to cemetery property at which a vehicle used in a crime may be forfeited is increased to $1,500.

**Joint Finance:** Eliminate the Governor's recommendations. Instead, reduce the penalty for forgeries involving less than $1,000 from a class C felony to a class A misdemeanor. This would make penalties for certain forgery crimes consistent with the current levels which apply to similar property crimes. Provide additional funding of $58,000 in 1997-98 and $211,000 in 1998-99 to the private bar appropriation.

**Senate/Legislature:** Provide $126,700 in 1997-98 and $461,800 in 1998-99 and delete the penalty reduction for forgeries involving less than $1,000.

## 6. PARALEGAL DEMONSTRATION PROJECT

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $841,100 | 12.00 |

**Governor/Legislature:** Provide $479,900 in 1997-98 and $486,700 in 1998-99 and 12.0 paralegal project positions annually to continue the paralegal demonstration project for another two years to June 30, 1999. (The positions and funding were removed as non-continuing elements under standard budget adjustments.) In addition, reduce the private bar appropriation by $714,500 in 1997-98 and $1,093,200 in 1998-99 to reflect additional cases handled by staff attorneys as a result of paralegals performing duties that would otherwise be performed by staff attorneys. The project was originally created under the 1995-97 budget act to increase the amount of time staff attorneys had to defend cases. At that time it was estimated that each of the paralegals would perform enough duties so that overall, staff attorneys could handle an additional 12 attorney caseloads. Under the bill, the project is budgeted at a level that assumes each paralegal would allow attorneys to handle 75% of an additional staff attorney's caseload (or nine caseloads).

## 7. TRIAL ATTORNEYS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $452,600 | - 4.00 |

**Governor/Legislature:** Delete $226,300 and 4.0 positions annually. The positions are vacant trial attorney positions. According to the Public Defender, the positions have not been filled because jurisdictional changes and contracts with attorneys, which were included as part of the 1995-97 biennial budget, have resulted in fewer cases available for staff attorneys. As a result, in some areas of the state, there are not enough cases for staff attorneys to carry full statutory caseloads.

## 8. TRANSFER OF ATTORNEY POSITIONS

| | Chg. to Base |
|---|---|
| GPR | - $238,200 |

**Governor/Legislature:** Transfer $84,800 in 1997-98 and $113,100 in 1998-99 and 2.0 staff attorney positions annually from the trial representation appropriation to the appellate representation appropriation, and reduce the private bar appropriation by $119,100 annually. Jurisdictional changes and contract provisions that were included under the 1995-97 budget act have produced reductions in overall trial caseload and changes in the distribution of the caseload around the state. As a result, there are not enough cases in any one area to locate these two attorney positions and assign them each a full statutory caseload, so these positions have not been filled. (It is less expensive to assign cases to private attorneys than to fill positions which cannot carry a full caseload.) However, the appellate division has sufficient cases to assign full caseloads (60 cases per year) to two attorneys. The reduction to the private bar appropriation reflects savings generated from staff attorneys handling appellate cases that would otherwise go to the private bar.

## 9. INFORMATION TECHNOLOGY SUPPORT POSITION [LFB Paper 132]

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $120,000 | 1.00 | - $15,500 | 0.00 | $104,500 | 1.00 |

**Governor:** Provide $53,700 GPR in 1997-98 and $66,300 GPR in 1998-99 and 1.0 position annually for a management information specialist position. The position would coordinate the conversion of the Public Defender's existing computer system to the state standard technology infrastructure. The bill would provide funding ($806,100 PR in 1997-98 and $2,180,400 PR in 1998-99) under the Department of Administration's Bureau of Justice Information Systems for the first two years of a three-year SPD conversion plan. The DOA funding would be provided from justice information fee revenue and Office of Justice Assistance federal anti-drug abuse funds. [See "Administration--Information Technology."]

**Joint Finance:** Delete funding of $28,800 PR annually under the Department of Administration's Bureau of Justice Information Systems to reflect a reestimate of revenue available from the justice information fee for Public Defender automation.

**Assembly/Legislature:** Delete $15,500 GPR in 1997-98 to reflect a delayed starting date for the new position of January 1, 1998.

# PUBLIC INSTRUCTION

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $7,213,882,600 | $7,600,947,900 | $7,629,079,500 | $7,625,171,000 | $7,618,764,300 | $404,881,700 | 5.6% |
| FED | 639,768,200 | 744,454,200 | 744,454,200 | 744,454,200 | 744,454,200 | 104,686,000 | 16.4 |
| PR | 45,679,800 | 40,731,200 | 46,384,800 | 46,384,800 | 46,384,800 | 705,000 | 1.5 |
| SEG | 38,672,600 | 37,652,100 | 28,600,000 | 28,600,000 | 28,600,000 | - 10,072,600 | - 26.0 |
| TOTAL | $7,938,003,200 | $8,423,785,400 | $8,448,518,500 | $8,444,610,000 | $8,438,203,300 | $500,200,100 | 6.3% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 328.06 | 324.61 | 327.36 | 330.36 | 327.36 | - 0.70 |
| FED | 204.97 | 200.22 | 200.22 | 200.22 | 200.22 | - 4.75 |
| PR | 84.02 | 67.72 | 79.37 | 79.37 | 79.37 | - 4.65 |
| TOTAL | 617.05 | 592.55 | 606.95 | 609.95 | 606.95 | - 10.10 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $1,230,100 | 0.00 |
| FED | 2,323,200 | - 4.75 |
| PR | - 41,000 | - 1.75 |
| Total | $1,052,100 | - 6.50 |

**Governor/Legislature:** Adjust the base budget for: (a) turnover reduction (-$367,200 GPR and -$164,800 FED annually); (b) removal of noncontinuing items from the base (-$28,000 PR annually and -3.2 FED and -1.0 PR positions); (c) full funding of continuing salaries and fringe benefits (-$591,200 GPR, $1,283,900 FED and -$1,400 PR annually); (d) full funding of financial services charges (-$11,700 GPR annually); (e) overtime ($261,900 GPR and $23,600 FED in 1997-98 and $267,100 GPR and $24,100 FED in 1998-99); (f) night and weekend differential ($44,200 GPR and $2,400 FED annually); (g) fifth week of vacation as cash ($16,100 GPR, $5,000 FED and $4,800 PR in 1997-98 and $16,600 GPR, $5,100 FED and $5,000 PR in 1998-99); (h) full funding of delayed pay adjustments ($30,000 GPR, $11,200 FED and $4,000 PR annually); and (i) removal of long-term vacant positions (-0.75 PR and -1.55 FED positions in 1997-98).

## 2. STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION [LFB Papers 655 and 665]

**Governor:** Increase the total amount appropriated for general and categorical school aids from $3,566,051,400 in 1996-97 to $3,775,209,000 in 1997-98 and $3,869,443,100 in 1998-99. Compared to the 1996-97 base year, school aids would increase by $209,157,600 in 1997-98 and $303,391,700 in 1998-99 (or $94,234,100 over the 1997-98 recommended level). These proposed funding levels would represent annual increases over the prior year of 5.9% in 1997-98 and 2.5% in 1998-99.

Establish the distribution amount for the 1999 school levy property tax credit at $569,305,000 or $100,000,000 over the 1997 and 1998 funding level of $469,305,000. The higher amount would affect property taxes levied in 1998 (payable in 1999), but would be paid by the state in fiscal year 1999-2000.

The administration estimates that the bill would provide two-thirds state funding of partial school revenues in the 1997-99 biennium. State funding is statutorily defined as the sum of state general and categorical school aids and the school levy property tax credit. The bill would increase state funding from the base amount of $4,035,356,400 in 1996-97 to $4,244,514,000 in 1997-98 and $4,438,748,100 in 1998-99. Compared to the 1996-97 base year, state funding would increase by $209,157,600 in 1997-98 and $403,391,700 in 1998-99 (or $194,234,100 over 1997-98). These funding increases would represent annual increases over the prior year of 5.2% in 1997-98 and 4.6% in 1998-99. Partial school revenues is statutorily defined as the sum of state school aids and the gross property taxes levied for the school district. A summary of these funding amounts with the administration's estimates of partial school revenues is presented in the table below.

**State Support for K-12 Education -- Governor**
**($ in Millions)**

| | School Year | | |
|---|---|---|---|
| | 1996-97 | 1997-98 | 1998-99 |
| State Funding: | | | |
| State School Aid | $3,566.1 | $3,775.2 | $3,869.4 |
| School Levy Tax Credit | 469.3 | 469.3 | 569.3 |
| Total | $4,035.4 | $4,244.5 | $4,438.7 |
| | | | |
| Partial School Revenues | $6,094.1 | $6,366.7 | $6,658.1 |
| State Share | 66.22% | 66.67% | 66.67% |

**Joint Finance:** Increase the total amount appropriated for general and categorical school aids from $3,566.1 million in 1996-97 to $3,754.6 million in 1997-98 and $3,905.4 million in 1998-99. Compared to the 1996-97 base year, school aids would increase by $188.5 million in 1997-98 and

$339.3 million in 1998-99 (or $150.8 million over the 1997-98 recommended level). These proposed funding levels would represent annual increases over the prior year of 5.3% in 1997-98 and 4.0% in 1998-99.

Establish the distribution amount for the 1997-98 equalization aid formula at $50 million higher than what appears in the bill. This $50 million would be counted by school districts as aid received during 1997-98, but would be paid in July, 1998. This delayed payment of equalization aids would be an ongoing change. In addition, transfer $100 million from the school levy property tax credit to the equalization formula beginning in 1998-99. The Governor had recommended that the levy credit be increased by $100 million; instead, the Committee would increase equalization aids by $100 million. This $100 million would be counted as aid received during the 1998-99 school year, but would be paid on the fourth Monday in July, 1999, as would the proposed increase to the levy credit under the Governor's recommendation. This change would be done on an ongoing basis.

The bill would increase state funding from the base amount of $4,035.4 million in 1996-97 to $4,273.9 million in 1997-98 and $4,474.7 million in 1998-99. Compared to the 1996-97 base year, state funding would increase by $238.5 million in 1997-98 and $439.3 million in 1998-99 (or $200.8 million over 1997-98). These funding increases would represent annual increases over the prior year of 5.9% in 1997-98 and 4.7% in 1998-99. A summary of these funding amounts with JFC's estimates of partial school revenues is presented in the table below.

**State Support for K-12 Education -- JFC**
**($ in Millions)**

| | School Year | | |
|---|---|---|---|
| | 1996-97 | 1997-98 | 1998-99 |
| State Funding: | | | |
| State School Aid | $3,566.1 | $3,754.6 | $3,905.4 |
| Delayed Equalization Aids | 0.0 | 50.0 | 100.0 |
| School Levy Tax Credit | 469.3 | 469.3 | 469.3 |
| Total | $4,035.4 | $4,273.9 | $4,474.7 |
| | | | |
| Partial School Revenues | $6,094.1 | $6,410.9 | $6,712.0 |
| State Share | 66.22% | 66.67% | 66.67% |

**Assembly:** Increase the total amount appropriated for general and categorical school aids by $5.0 million in 1997-98 and a net amount of $0.67 million in 1998-99.

**Senate/Legislature:** Modify the total amount appropriated for general and categorical school aids by -$27.0 million in 1997-98 and by $14.3 million in 1998-99.

**Veto by Governor [A-3]:** Decrease the total amount appropriated for equalization aids by $2.8 million in 1997-98 and $3.4 million in 1998-99.

Act 27 would increase state funding from the base amount of $4.035.4 million in 1996-97 to $4,274.3 million in 1997-98 and $4,486.2 million in 1998-99. Compared to the 1996-97 base year, state funding would increase by $238.9 million in 1997-98 and $450.8 million in 1998-99 (or $211.9 million over 1997-98). These funding increases would represent annual increases over the prior year of 5.9% in 1997-98 and 5.0% in 1998-99. A summary of these funding amounts and estimates of partial school revenues is presented in the table below.

**State Support for K-12 Education -- Act 27**
**($ in Millions)**

| | School Year | | |
|---|---|---|---|
| | 1996-97 | 1997-98 | 1998-99 |
| State Funding: | | | |
| State School Aid | $3,566.1 | $3,730.0 | $3,916.9 |
| Delayed Equalization Aids | 0.0 | 75.0 | 100.0 |
| School Levy Tax Credit | 469.3 | 469.3 | 469.3 |
| Total | $4,035.4 | $4,274.3 | $4,486.2 |
| Partial School Revenues | $6,094.1 | $6,411.5 | $6,729.3 |
| State Share | 66.22% | 66.67% | 66.67% |

The Act 27 provisions relating to individual school aid programs are summarized in the items that follow. The following table presents Act 27 funding amounts for each general and categorical aid program as compared to the 1996-97 base funding level.

# General and Categorical School Aids
## 1996-97 Base Year Compared to Act 27

| | Summary Item # | 1996-97 Base Year | Act 27 1997-98 | Act 27 1998-99 | 1997-99 Change Over Base Year Doubled Amount | 1997-99 Change Over Base Year Doubled Percent |
|---|---|---|---|---|---|---|
| **DPI -- General Aids** | | | | | | |
| Equalization/Integration* | 3,4,5,6,7 | $3,182,215,800 | $3,318,488,800 | $3,486,115,500 | $440,172,700 | 6.9% |
| **DPI -- Categorical Aids** | | | | | | |
| Handicapped Aids | 25 | $275,548,700 | $275,548,700 | $275,548,700 | $0 | 0.0% |
| Pupil Transportation | | 17,742,500 | 17,742,500 | 17,742,500 | 0 | 0.0 |
| School Library Aids | 24 | 14,300,000 | 14,300,000 | 14,300,000 | 0 | 0.0 |
| Bilingual-Bicultural | | 8,291,400 | 8,291,400 | 8,291,400 | 0 | 0.0 |
| Aid to Milwaukee Public Schools | | 8,000,000 | 8,000,000 | 8,000,000 | 0 | 0.0 |
| Preschool to Grade 5 Grants | 19 | 6,670,000 | 7,003,500 | 7,003,500 | 667,000 | 5.0 |
| State Tuition Payments | 17 | 6,620,700 | 7,445,100 | 7,595,100 | 1,798,800 | 13.6 |
| Driver Education | 21,22 | 5,006,300 | 4,498,400 | 4,493,700 | - 1,020,500 | - 10.2 |
| Head Start Supplement | | 4,950,000 | 4,950,000 | 4,950,000 | 0 | 0.0 |
| Student Achievement Guarantee in Ed. | 18 | 4,591,000 | 6,960,000 | 15,030,000 | 12,808,000 | 139.5 |
| School Lunches/Elderly Nutrition | | 4,320,600 | 4,320,600 | 4,320,600 | 0 | 0.0 |
| Children at Risk | 23 | 3,500,000 | 3,500,000 | 3,500,000 | 0 | 0.0 |
| Early AODA Prevention and Intervention | 55 | 2,720,000 | 2,720,000 | 2,720,000 | 0 | 0.0 |
| County Hand. Children's Ed. Boards | | 2,316,300 | 2,316,300 | 2,316,300 | 0 | 0.0 |
| One-time for CHCEBs | 26 | 0 | 143,100 | 0 | 143,100 | N.A. |
| Youth AODA programs | 55 | 1,800,000 | 1,800,000 | 1,800,000 | 0 | 0.0 |
| AODA Grants and Training Programs | 55 | 1,296,200 | 1,900,300 | 1,248,500 | 556,400 | 21.5 |
| Full-Time Open Enrollment Transportation | 46 | 0 | 0 | 1,000,000 | 1,000,000 | N.A. |
| Wisconsin Morning Milk | 20 | 325,000 | 429,300 | 429,300 | 208,600 | 32.1 |
| Aid for CESAs | | 300,000 | 300,000 | 300,000 | 0 | 0.0 |
| Environmental Education Grants | 57,58 | 230,000 | 0 | 0 | - 460,000 | - 100.0 |
| School Breakfast Start-up Grants | | 150,000 | 150,000 | 150,000 | 0 | 0.0 |
| Alternative Schools for American Indians | | 136,900 | 136,900 | 136,900 | 0 | 0.0 |
| Postsecondary Options and Part-Time Open Enrollment Transportation | 46 | 20,000 | 20,000 | 20,000 | 0 | 0.0 |
| Subtotal | | $368,835,600 | $372,476,100 | $380,896,500 | $15,701,400 | 2.1% |
| **Technology for Educational Achievement Bd.** | | | | | | |
| Educational Technology Block Grants | | $0 | $10,000,000 | $30,000,000 | $40,000,000 | N.A. |
| Grants for Training | | 0 | 2,000,000 | 4,000,000 | 6,000,000 | N.A. |
| Pioneering Partners | | 0 | 5,000,000 | 0 | 5,000,000 | N.A. |
| One-Time Grants | | 0 | 2,000,000 | 0 | 2,000,000 | N.A. |
| Debt Service | | 0 | 250,000 | 5,000,000 | 5,250,000 | N.A. |
| Educational Technology Aid | | 0 | 15,000,000 | 5,000,000 | 20,000,000 | N.A. |
| Educational Telecommunications Access | | 0 | 4,375,000 | 5,500,000 | 9,875,000 | N.A. |
| Subtotal | | $0 | $38,625,000 | $49,500,000 | $88,125,000 | N.A. |
| **University of Wisconsin** | | | | | | |
| Environmental Education Grants | 57,58 | $0 | $430,000 | $430,000 | $860,000 | N.A. |
| **Department of Administration** | | | | | | |
| Pioneering Partners | | $15,000,000 | $0 | $0 | - $30,000,000 | - 100.0% |
| TOTAL | | $3,566,051,400 | $3,730,019,900 | $3,916,942,000 | $514,859,100 | 7.2% |

*Also includes payments under the special adjustment aids program and amounts allocated for the Milwaukee parental choice program, which are deducted from the equalization aid payment to the Milwaukee Public Schools.

## 3. GENERAL EQUALIZATION AID -- FUNDING LEVEL [LFB Paper 655]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly (Chg. to JFC) | Senate/Leg. (Chg. to Assem.) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|---|---|---|
| GPR | $458,131,400 | $52,637,000 | - $333,300 | $10,937,600 | - $6,200,000 | $515,172,700 |

**Governor:** Provide $191,945,400 in 1997-98 and $266,186,000 in 1998-99 for general equalization aids. Total funding would increase from $3,182,215,800 in 1996-97 to $3,374,161,200 (6.0%) in 1997-98 and $3,448,401,800 (2.2%) in 1998-99. The general equalization aid appropriation is primarily used to distribute funds to school districts according to the general equalization aid formula. However, three other programs are funded through this appropriation: (a) integration (Chapter 220) aids; (b) special adjustment aids; and (c) the Milwaukee parental choice program.

**Joint Finance:** Provide $19,438,800 in 1997-98 and $33,198,200 in 1998-99 for general equalization aids. These modifications result from the following JFC actions: (a) $23,100,000 in 1997-98 and $33,300,000 in 1998-99 to reestimate the state's cost of funding two-thirds of partial school revenues in each year of the biennium; (b) $230,000 in 1997-98 and $2,900,000 in 1998-99 for a three-year declining pupil enrollment hold harmless provision under school district revenue limits; (c) $1,000,000 annually to increase the per pupil low-revenue adjustment to school district revenue limits; and (d) -$4,891,200 in 1997-98 and -$4,001,800 in 1998-99 to reflect the reduction to equalization aids as a result of increasing categorical aids under the state's goal of funding two-thirds of partial school revenues and other minor adjustments.

**Assembly:** Delete $333,300 in 1998-99 to reflect the reduction of equalization aids as a result of providing $1.0 million for transportation assistance to low-income pupils under the newly created full-time open enrollment program. Provide that the funding amount for equalization aids in 1997-98 would be established in the appropriation language governing equalization aids.

**Senate/Legislature:** Provide $2,688,800 in 1997-98 and $8,248,800 in 1998-99 for general equalization aids. These modifications result from the following legislative actions: (a) $2,800,000 in 1997-98 and $6,300,000 in 1998-99 for an increase in the $206 per pupil increase under revenue limits to approximately $211 per pupil in 1997-98 and to $217 per pupil in 1998-99; (b) $3,960,000 in 1998-99 to allow school districts to count 20% of their FTE summer school enrollment under the revenue limits; and (c) -$111,200 in 1997-98 and -$2,011,200 in 1998-99 as a result of increasing SAGE and P-5 categorical aid funding.

**Veto by Governor [A-3]:** Delete $2,800,000 in 1997-98 and $3,400,000 in 1998-99 of general equalization aids to reflect the deletion of the inflation adjustment in 1997-98 to the current law flat dollar amount of $206 per pupil increase under revenue limits. This funding reduction was achieved

by: (a) deleting the annual appropriated amounts and writing in smaller amounts; and (b) deleting the 1997-98 appropriation language, which set the appropriated amount for that year, and writing in a smaller amount.

[Act 27 Sections: 253k and 2879m]

[Act 27 Vetoed Sections: 169 (as it relates to s. 20.255(2)(ac)), 253k and 2898m]

## 4. GENERAL EQUALIZATION AID -- PAYMENT DELAY

| | Jt. Finance (Chg. to Base) | Assembly (Chg. to JFC) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|---|
| GPR | - $50,000,000 | $5,000,000 | - $30,000,000 | - $75,000,000 |

**Joint Finance:** Delay the payment of $50 million of equalization aid in 1997-98 until the fourth Monday in July of the following fiscal year. Specify that school district aid entitlements in 1997-98 would be calculated including the $50 million, but that each of the quarterly aid payments to school districts would be reduced proportionately, with the remaining $50 million being paid in July. Provide that this would be a permanent change and specify that school districts would count this aid as a receipt for 1997-98.

**Assembly:** Provide $5 million in 1997-98 for equalization aids to delay payment of a total of $45 million. Specify that the amount of equalization aid funding certified by Joint Finance in June, 1997, would be increased by $5 million.

**Senate/Legislature**: Delay the payment of $30 million of equalization aid in 1997-98 until the fourth Monday in July of the following fiscal year. This would increase the $45 million payment delay to a total of $75 million.

Create a transfer and payment mechanism that could reduce the amount of these payment delays if additional revenues accrue to the state. This provision is summarized under "Shared Revenue and Property Tax Relief--Property Tax Credits."

[Act 27 Sections: 253k, 2873m and 2875m]

## 5. GENERAL EQUALIZATION AID -- TRANSFER FROM SCHOOL LEVY TAX CREDIT [LFB Paper 665]

**Joint Finance/Legislature:** Transfer $100 million from the proposed increase in the school levy tax credit under the Governor's recommendations to equalization aids. Specify that this aid would be paid on the fourth Monday in July of 1999 as under the Governor's bill, but specify that

school districts would count this aid as a receipt for 1998-99. Specify that school district aid entitlements in 1998-99 would be calculated including the $100 million, but that each of the quarterly aid payments to school districts would be reduced proportionately, with the remaining $100 million paid in July.

[Act 27 Sections: 2873m and 2875]

## 6. GENERAL EQUALIZATION AID -- PROCEDURE FOR SETTING FUNDING LEVEL [LFB Paper 656]

**Governor:** Modify the current equalization aid appropriation from a sum sufficient to an annual sum certain. Delete the current statutory procedure for establishing the funding level for equalization aid. Instead, provide that by February 15, 1999, and biennially thereafter, the Governor would submit an estimate to the Joint Committee on Finance (JFC) of the amount needed in the following biennium to ensure that the sum of state school aids, including all general and categorical aid programs, and the school levy tax credit equals two-thirds of partial school revenues, which is the sum of state school aids and gross property taxes levied for school districts.

Under current law, by each June 15, the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to JFC an estimate of the amount necessary in the equalization aid appropriation which, when combined with categorical school aid appropriations and the school levy tax credit, would achieve 66.7% of partial school revenues in the following school year. By June 30, JFC must approve the amount to appropriate as equalization aid.

**Joint Finance/Legislature:** Delete provision.

## 7. TWO-THIRDS RATHER THAN 66.7% STATE SUPPORT [LFB Paper 657]

**Governor/Legislature:** Replace the current statutory target of 66.7% of partial revenues with a target of "two-thirds" of partial revenues. This modification results in an annual reduction of 0.05%, or approximately $2.1 million in 1997-98 and $2.2 million in 1998-99, from the funding required for equalization aid under prior law.

[Act 27 Section: 2878m]

## 8. MILWAUKEE PARENTAL CHOICE PROGRAM

| | Chg. to Base |
|---|---|
| GPR | - $64,800,000 |
| GPR-Lapse | - $64,800,000 |

**Governor/Legislature:** Reestimate the cost of the Milwaukee parental choice program by -$32,400,000 annually from the base level of $39,000,000. The sum sufficient appropriation for payments to the

participating private schools would be $6,600,000 annually. This reduction reflects the deletion of estimated funding included in the base relating to the proposed expansion of the program in the 1995-97 budget to sectarian schools, which is the subject of ongoing litigation. As under current law, these payments would be fully offset by a reduction to MPS's state aids which would then lapse to the general fund.

## 9. SCHOOL DISTRICT REVENUE LIMITS -- LOW REVENUE ADJUSTMENT [LFB Paper 661]

**Governor:** Increase the "revenue ceiling" that applies to the low revenue adjustment to school district revenue limits from its current level of $5,600 per pupil in 1996-97 to $5,800 per pupil in 1997-98 and $6,000 per pupil in 1998-99 and each year thereafter.

Under current law, any school district with a "base revenue" per pupil for the prior school year that was less than a "revenue ceiling" of $5,300 in 1995-96 and $5,600 in 1996-97 and each year thereafter is allowed to increase their revenues up to the ceiling. "Base revenue" is determined by: (a) calculating the sum of the district's prior year general school aids and the property tax levy (excluding debt service levies exempted from the limit); (b) dividing the sum under (a) by the average of the district's September membership for the three prior school years; and (c) adding $200 to the result under (b) for 1995-96, and adding $206 to the result for 1996-97 and thereafter. If a school district has resident pupils who were solely enrolled in a county handicapped children's education board program, costs and pupils related to that program would be factored into the district's base revenue calculation.

**Joint Finance/Legislature:** Increase the revenue ceiling to $5,900 per pupil in 1997-98 and $6,100 per pupil in 1998-99 and each year thereafter. Provide $1.0 million annually for equalization aids to attain two-thirds funding of partial school revenues, which is shown under Item #3.

[Act 27 Section: 2896]

## 10. SCHOOL DISTRICT REVENUE LIMITS -- THREE-YEAR DECLINING HOLD HARMLESS PROVISION [LFB Paper 658]

**Joint Finance/Legislature:** Provide $230,000 in 1997-98 and $2,900,000 in 1998-99 for equalization aids to implement the following changes in school district revenue limits, which is shown under Item #3. Specify that if a school district's three-year rolling average pupil enrollment declines by more than 2% compared to the prior year three-year rolling average, then its allowable maximum revenues would be calculated as if the decrease has been 2%, effective only for 1997-98. Provide that beginning in 1998-99 and thereafter a school district that loses enrollment would receive a three-year declining adjustment to revenue limits, in an amount equal to: (a) in year one, a dollar amount equal to the allowable revenues that 75% of the decline in membership would have generated; (b) in

year two, a dollar amount equal to the allowable revenues that 50% of the decline in membership would have generated; and (c) in year three, a dollar amount equal to the allowable revenues that 25% of the decline in membership would have generated. After year three, no further adjustment would be provided attributable to the initial decline in membership. Specify that these adjustments would be calculated separately from the maximum allowable revenues under the current three-year rolling, average process, and would be provided as non-recurring adjustments. This same process would apply to a membership decline in subsequent years.

**Veto by Governor [A-5]:** Delete the three-year declining hold harmless provision that would have been effective beginning in 1998-99 and thereafter. Instead, provide that, for 1998-99 only, a school district that loses enrollment would receive a one-year nonrecurring adjustment to revenue limits in a dollar amount equal to the allowable revenues that 75% of the decline in the three-year rolling average membership would have generated.

[Act 27 Sections: 2897m, 2902v and 2903g]

[Act 27 Vetoed Section: 2902v]

## 11. SCHOOL DISTRICT REVENUE LIMITS -- MAXIMUM ALLOWABLE REVENUE INCREASE [LFB Paper 659]

**Senate/Legislature:** Provide an annual inflation adjustment to the current law flat dollar amount of $206 that is provided as an annual increase in a school district's per pupil revenue derived from general school aids and property taxes. As a result, it is estimated that under this provision the $206 would increase to $211 per pupil in 1997-98 and to $217 per pupil in 1998-99. This provision would increase the estimated cost to provide two-thirds funding by $2,800,000 in 1997-98 and $6,300,000 in 1998-99 for equalization aids. Provide that the rate of inflation would be based on the change in CPI-U for the month of March in that calendar year compared to the prior March. The fiscal effect of this additional equalization aids funding is shown in Item #3.

**Veto by Governor [A-3]:** Delete the annual inflation adjustment in 1997-98 to the current law flat dollar amount of $206. As a result, it is estimated that the $206 per pupil in 1997-98 would increase to $211 per pupil in 1998-99. The fiscal effect of this veto is shown under Item #3.

[Act 27 Sections: 2365 and 2900m]

[Act 27 Vetoed Section: 2898m]

## 12. SCHOOL DISTRICT REVENUE LIMITS -- SUMMER SCHOOL ENROLLMENT

**Senate/Legislature:** Allow school districts to count 20% of their full-time equivalent (FTE) summer school enrollment in classes taught by licensed teachers as part of the three-year revenue limit average, beginning with the summer school enrollment count for the 1998-99 school year. Specify that the summer school FTE count would not be added to prior school year enrollment counts. Provide that this would phase in by including 20% of FTE summer school enrollment only in the fall, 1998, membership count in calculating revenue limits in 1998-99. Specify that in 1999-2000, 20% of FTE summer school enrollment would be included in the fall, 1998, and fall, 1999, membership count, and continue to add years in the future. This provision would increase the estimated cost to provide two-thirds funding by $3,960,000 in 1998-99 for equalization aids. Once the proposal would be fully phased in, the annualized costs would be an estimated $11.9 million. The fiscal effect of this additional equalization aids funding is shown in Item #3.

[Act 27 Sections: 2895m, 2895n and 2895q]

## 13. SCHOOL DISTRICT REVENUE LIMITS -- TRANSFER OF SERVICE [LFB Paper 662]

**Assembly/Legislature:** Delete the current law provision which required DPI to ensure that if responsibility for providing a service was transferred from one school district to another school district within the state, the decrease in the former district's revenue limit was required to be equal to or greater than the increase in the latter district's revenue limit.

Specify that a receiving district which assumes responsibility for a special education or limited English-speaking child would be required to reduce the increase to its revenue limit by the estimated amount of categorical aid that would be received in the following school year, as determined by the State Superintendent. School districts that transfer or receive responsibility for a special education or limited English-speaking child would have to notify the State Superintendent. For these type of transfers, require the transferring school district to submit an estimate of the reduction of cost attributable to the service transfer to the State Superintendent, even if the estimate is zero, and specify that the State Superintendent would have to notify the transferring school district when a receiving district notifies the State Superintendent that it has received responsibility for providing a service.

Specify that any increase to the revenue limits associated with transfers of service between school districts would not be included in the definition of partial school revenues for purposes of calculating state funding of two-thirds of partial school revenues.

Under current law, adjustments involving increases and decreases to school district revenue limits are allowed for transfers of service responsibilities between a school district and another governmental unit (including a school district). The determination and approval of these adjustments is made by DPI. Since 1995-96, DPI had been required to ensure that if responsibility for providing a service was transferred from one school district to another school district within the state, the

decrease in the former district's revenue limit was required to be equal to or greater than the increase in the latter district's revenue limit.

These provisions would first apply to the calculation of revenue limits and school aid for the 1998-99 school year.

[Act 27 Sections: 2876m, 2902p and 9340(6t)]

## 14. SCHOOL DISTRICT REVENUE LIMITS -- MILWAUKEE PUBLIC SCHOOLS

**Governor/Legislature:** Modify the adjustment where the number of pupils attending private schools in the Milwaukee parental choice program is subtracted from Milwaukee Public Schools (MPS) enrollment numbers for revenue limit purposes, to use prior year numbers of choice pupils rather than current year numbers. This provision would be effective with the 1997-98 school year. This modification would also apply to the adjustment for the charter school expansion proposed in the bill, beginning in the 1998-99 school year.

Under current law, a three-year rolling average of a school district's pupil enrollment is used to determine the allowable revenue increase under the limit. Specifically, the number of pupils is based on the average of a school district's membership count taken on the third Friday in September for the current and two preceding school years. For example, the average of the 1993, 1994 and 1995 September memberships was used to calculate the 1995-96 base year revenues per pupil (used in calculating 1996-97 revenue limits). Then, the average of the 1994, 1995 and 1996 September memberships is used to determine the allowable revenue increase in 1996-97. In each case, the number of pupils participating in the Milwaukee parental choice program in a given year is subtracted from that year's membership count for MPS.

Under Act 27, the prior year number of choice pupils would be subtracted, instead of the current year number. For example purposes only, this provision would have calculated 1995-96 base revenues by taking the average of the 1993, 1994 and 1995 MPS September memberships less the average of the number of Milwaukee parental choice program pupils in 1992, 1993 and 1994. Then, the allowable revenue increase in 1996-97 would have been calculated by taking the average of the 1994, 1995 and 1996 MPS September memberships less the average of the number of Milwaukee parental choice program pupils in 1993, 1994 and 1995. This modification allows MPS to use prior year data in calculating the impact of the choice program on its budget.

[Act 27 Sections: 2895m, 2897, 2898, 2899, 2900 and 2901]

## 15. SCHOOL DISTRICT REPORTING OF DEBT SERVICE COSTS [LFB Paper 663]

**Assembly/Legislature:** Require school districts, within ten days from the date of a referendum, to notify DPI of the approval or rejection of the referendum. Specify that if a school district adopts or modifies its debt service schedule, DPI would have to be notified within ten days of the modification. Require DPI, on a monthly basis, to provide this information to the Department of Administration and the Legislative Fiscal Bureau. Direct a school district, within thirty days after the effective date of the budget act, to report its debt service schedule to DPI. For Milwaukee Public Schools, the debt service reporting requirements would apply to the Common Council of the City of Milwaukee.

[Act 27 Sections: 2854y and 9140(7s)]

## 16. SCHEDULING REFERENDA RELATING TO SCHOOL BORROWING AND REVENUE LIMITS

**Governor:** Modify the schedule that applies to referenda on: (a) unified school district borrowing of state trust fund loans; (b) school district issuance of bonds; (c) exceeding the per pupil revenue limits that apply to school districts; (d) the issuance of bonds by the City of Milwaukee on behalf of Milwaukee Public Schools (MPS); and (e) exceeding the 0.6 mills limit that applies to school construction fund levies for MPS. These referenda would be scheduled as follows: (a) at the next regularly scheduled spring election or general election held at least 45 days after adoption of the borrowing resolution by the school board or receipt of the communication requesting the issuance of City of Milwaukee bonds or for a higher school construction levy for MPS; or (b) at a special election held on the Tuesday after the first Monday in November in an odd-numbered year if that date is at least 45 days after the adoption of the resolution or receipt of the communication. These provisions would first apply to referenda called on the effective date of the budget act.

Current law specifies that referenda for: (a) unified school district borrowing of state trust fund monies be held at a special election; (b) school district bonding can be held at a special election or at the next regularly scheduled primary or election; (c) exceeding the per pupil revenue limits that apply to school districts can be held at a special referendum or at the next spring primary or election or September primary or general election, if the election is held at least 35 days after adoption of the school board resolution to exceed the revenue limits; (d) the issuance of bonds by the City of Milwaukee on behalf of MPS are held at the next election in the City; and (e) exceeding the 0.6 mills limit that applies to school construction fund levies for MPS are held at the September election or a special election.

**Joint Finance:** Delete provision.

**Assembly:** Establish a schedule that would apply to referenda by local units of government, including school districts. Provide that these referenda could only be scheduled concurrently with the

spring primary, spring election, September primary or general election, as well as the first Tuesday after the first Monday in November in odd-numbered years, unless otherwise required by law.

Create a Referendum Appeal Board that could authorize a special referendum on a different date, upon petition by the local unit of government for a determination that an emergency exists with respect to a particular question. Specify that the Board would have to make a determination within 10 days after receipt of a petition. Provide that the Board would be comprised of the following members, or their designees: (a) the Speaker of the Assembly; (b) the minority leader in the Assembly; (c) the majority leader of the Senate; (d) the minority leader in the Senate; and (e) the Governor. If at least four members of the Board would find that an emergency exists which requires a special election on a different date, the Board could allow a referendum to be held on a date determined by the local unit of government.

Specify that unless otherwise required by law or authorized by the proposed Referendum Appeal Board, no referenda submitted by the same local unit of government relating to a substantially similar subject matter or relating to an authorization for the borrowing of money could be held more than once in any 12-month period.

Specify that a current law requirement that a county, school district, technical college district, sewerage district, a sanitary district or a public inland lake protection and rehabilitation district pay for a special election would only apply to special elections that are not concurrent with the spring primary, spring election, September primary or general election.

Provide that certain referenda would require at least 45 days notice, including referenda relating to: (a) consolidation of counties; (b) whether commissioners for town sanitary districts are elected or appointed; (c) dissolution of a village; (d) amount of village taxes; (e) the number of city alderpersons in city commission government; (f) franchises for water, light, heat and power; (g) establishment of county or municipal slaughterhouse; (h) technical college district promissory notes; (i) construction or acquisition of interstate toll bridges; (j) school district reorganization; (k) exceeding the 0.6 mills limit that applies to school construction fund levies for Milwaukee Public Schools (MPS); (l) the issuance of bonds by the City of Milwaukee on behalf of MPS; and (m) contracts with utilities by the City of Milwaukee.

These provisions would first apply to referenda called on the effective date of the budget act.

**Senate/Legislature**: Delete provision.

## 17. STATE TUITION PAYMENTS [LFB Paper 667]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $1,632,000 | $166,800 | $1,798,800 |

**Governor:** Provide $616,000 in 1997-98 and $1,016,000 in 1998-99 for state tuition payments. Total funding would increase from $6,620,700 in 1996-97 to $7,236,700 (9.3%) in 1997-98 and $7,636,700 (5.5%) in 1998-99. Under this current law program, the state reimburses eligible school districts and county handicapped children's education boards for the cost of educating children who live in properties for which there is no parental property tax base support, including: (a) children who live in children's homes; (b) children whose parents are employed at and live on the grounds of a state or federal institution; and (c) children who live in foster or group homes.

**Joint Finance/Legislature:** Provide $208,400 in 1997-98 and -$41,600 in 1998-99 for state tuition payments. In total, this represents increases of $824,400 in 1997-98 and $974,400 in 1998-99 to the base funding of $6,620,700 GPR in 1996-97. Under the budget, state tuition payments are estimated to be $7,445,100 in 1997-98 and $7,595,100 in 1998-99.

Delete $69,500 in 1997-98 and provide $13,900 in 1998-99 to general equalization aids to adjust overall state funding provided for two-thirds funding of partial school revenues. (The fiscal effect of these modifications is shown under Item #3.)

## 18. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION [LFB Paper 664]

| | Jt. Finance (Chg. to Base) | Senate/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| GPR | $7,108,000 | $5,700,000 | $12,808,000 |

**Joint Finance:** Provide $2,369,000 in 1997-98 and $4,739,000 in 1998-99 above the current base-level funding of $4,591,000 for the SAGE program. This would provide sufficient funding to add second grade pupils in 1997-98 and third grade pupils 1998-99 at an estimated $2,000 per low-income FTE pupil in the program, which requires the school district to reduce class size to 15 pupils in each SAGE classroom, as well as implement certain curricular and programmatic requirements.

Create a separate, sum certain appropriation for this SAGE funding increase and specify that this appropriation would not be included in the definition of partial school revenues for purposes of calculating state funding of two-thirds of partial school revenues. Delete equalization aids in an amount equal to any increase in SAGE funding, which is reflected in Item #3.

**Senate/Legislature:** Provide $5,700,000 in 1988-99 to the SAGE program in order to fund the addition of 39 eligible schools in 37 school districts to initiate the SAGE program for grades kindergarten through one. These districts would be required to add grade two in 1999-2000 and grade three in 2000-2001. This funding would be provided in the original SAGE appropriation, so that it would be included in the definition of partial school revenues. This would fully fund all of the 57 school districts that are currently eligible for SAGE. Total SAGE funding would be $6,960,000 in 1997-98 and $15,030,000 in 1998-99. Delete $1,900,000 in 1998-99 from general equalization aids to adjust overall state funding provided for two-thirds funding of partial school revenues. (The fiscal effect of this deletion is shown under Item #3.)

Specify that school districts could enter into a five-year achievement guarantee contract with DPI in the 1998-99 school year, and that DPI may not enter into these contracts after June 30, 1999. Provide that if all eligible school districts do not chose to participate in the SAGE program, DPI could waive the SAGE low-income percentage requirement that at least one school in the school district have an enrollment that is at least 50% low income, without completing the current law school district requirement waiver process, in order to allow more school districts to participate in SAGE. Specify that the sunset for the SAGE program would be June 30, 2003, rather than June 30, 2001, as under current law.

**Veto by Governor [A-4]:** Delete the authorization for DPI to waive the SAGE low-income percentage requirement, without completing the current law school district requirement waiver process.

[Act 27 Sections: 253s, 254t, 2842s, 2842t, 2842tm, 2842tn, 2842tr, 2842ts, 2842w, 2842x, 2842xm, 2842y and 2876m]

[Ac 27 Vetoed Section: 2842z]

## 19. PRESCHOOL TO GRADE FIVE (P-5) PROGRAM

| | Chg. to Base |
|---|---|
| GPR | $667,000 |

**Senate/Legislature**: Provide $333,500 annually for the P-5 program, which would represent a 5% increase over base funding of $6,670,000. Delete $111,200 annually from general equalization aids to adjust overall state funding provided for two-thirds funding of partial school revenues. (The fiscal effect of this deletion is shown under Item #3.)

## 20. WISCONSIN MORNING MILK

| | Chg. to Base |
|---|---|
| GPR | $208,600 |

**Joint Finance/Legislature:** Provide $104,300 annually to the Wisconsin Morning Milk school district grant program. The morning milk program provides state reimbursements to school districts that serve daily milk to low-income

children in preschool through grade five and do not participate in the federal special milk program. Delete $34,800 annually from general equalization aids to adjust overall state funding provided for two-thirds funding of partial school revenues. (The fiscal effect of this deletion is shown under Item #3.)

## 21. DRIVER EDUCATION

| | Chg. to Base |
|---|---|
| SEG | - $1,020,500 |

**Governor/Legislature:** Reduce funding for driver education aids by $507,900 in 1997-98 and $512,600 in 1998-99, from the base level of $5,006,300. Funding provides payments to school districts from the segregated transportation fund of $100 for each pupil who completes the classroom and behind-the-wheel portions of the driver education program.

## 22. CONVERSION OF TRANSPORTATION FUND APPROPRIATIONS TO GPR [LFB Paper 825]

| | Chg. to Base |
|---|---|
| GPR | $8,992,100 |
| SEG | - 8,992,100 |
| Total | $0 |

**Joint Finance/Legislature:** Provide $4,498,400 GPR in 1997-98 and $4,493,700 GPR in 1998-99 and delete $4,498,400 SEG in 1997-98 and $4,493,700 SEG in 1998-99 to reflect a decision to convert most transportation fund appropriations to agencies other than the Department of Transportation to general fund appropriations. For DPI, this would affect appropriations for driver education aid and aid for handicapped education transportation. Specify that an amount equal to the encumbrances or expenditures from these appropriations between July 1, 1997, and the effective date of the bill would be transferred from the general fund to the transportation fund. Provide that expenditures or encumbrances from continuing appropriation balances existing on June 30, 1997, would be disregarded in computing the amount of any transfer from the general fund to the transportation fund. Continuing appropriation balances on June 30, 1997, would be retained within the new, GPR appropriations.

[Act 27 Sections: 263g, 265m, 854m, 2767s, 2767x, 2881m and 9249(1m)]

## 23. CHILDREN-AT-RISK

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

**Governor:** Reduce funding for children-at-risk aid by $250,000 annually from the base level of $3,500,000. Under current law, certain school districts receive state aid to fund programs for pupils who are considered at-risk of not completing high school. Eligibility for aid is based on a district's prior year dropout statistics. Districts receive aid for each at-risk pupil who meets certain performance

standards. For each pupil meeting these criteria, the district receives an amount equal to 10% of its prior year's equalization aid per pupil.

**Joint Finance/Legislature**: Restore $250,000 annually for children-at-risk aid. Delete $83,300 annually from general equalization aids to adjust overall state funding provided for two-thirds funding of partial school revenues. (The fiscal effect of this deletion is shown under Item #3.)

## 24. SCHOOL LIBRARY AIDS -- DISTRIBUTION OF INCOME FROM THE COMMON SCHOOL FUND [LFB Paper 792]

**Governor:** Modify school library aids funding from income from the common school fund, as follows:

a. Modify the current, continuing segregated appropriation for school library aids to be an annual, sum certain appropriation and establish annual funding for this purpose at the 1996-97 base level of $14,300,000 SEG. Provide that school districts would be paid their school library aids, as apportioned by the State Superintendent within 40 days after December 1, in two installments with 50% paid on or before January 31 and the balance on or before June 30.

b. Create an annual appropriation for educational technology aid to be distributed to school districts as block grants by the proposed Technology for Educational Achievement in Wisconsin Board (TEACH Board). Provide $15,000,000 SEG in 1997-98 and $5,000,000 SEG in 1998-99 (shown under the TEACH Board). Specify that the TEACH Board would distribute these funds after school library aids have been paid and in proportion to the number of children between the ages of four and 20 who reside in each eligible school district. If, after school library aids have been paid, the remaining income of the common school fund is less than the amount appropriated for technology block grants, the Board would distribute the remaining income of the fund rather than the full amount appropriated.

Require that each common school district at its annual meeting and the school boards of the Milwaukee Public Schools and each unified school district adopt a resolution requesting these educational technology block grants in order to be eligible for a grant. If the annual meeting in a common school district, required to be held between May 15, 1997 and September 30, 1997, has been held before the effective date of the 1997-99 budget act, require the school board of the common school district to adopt a resolution requesting the grant for the 1997-98 school year.

Under current law, all income from the common school fund is distributed by DPI as school library aids annually, within 40 days after December 1, based on the amount of income in the fund prior to that December 1 as certified by the State Superintendent. These aids are distributed to school districts in proportion to the number of children in a district between the ages of four and 20, which is required in the state Constitution. Under current law, it is estimated that funding for school library aids would total approximately $18.6 million in 1997-98 and $19.4 million in 1998-99, based on

projected income from the common school fund, which includes income through December 1 each year. Under the bill, income through June 30, rather than December 1, would be used in each fiscal year; as a result, there would be a one-time increase of approximately $10.7 million recognized in 1997-98.

**Joint Finance:** Modify the Governor's recommendation to specify that the technology block grants funded through the common school fund would sunset on June 30, 1999. Provide that the full amount of income from the common school fund would be appropriated to school library aids through a continuing appropriation after June 30, 1999, and would be distributed in one payment on or before June 30 of each year.

Require that, in completing the annual school census, kindergarten through grade eight (K-8) districts would receive aid from the common school fund based on the number of four through 13-year olds in the school district and union high school (UHS) districts would receive aid from the common school fund based on the number of 14- to 20-year olds in the school district. Specify that the income of the common school fund, for both school library aids and technology block grants, would be distributed to K-8 and UHS districts in this manner.

**Assembly/Legislature:** Provide that in 1997-98, DPI would estimate the number of four- to 13-year-old residents in K-8 school districts and the number of 14- to 20-year-old residents in UHS districts for the purposes of distributing the common school fund income as school library aids under DPI and educational technology block grants under the TEACH Board. This would allow UHS districts to be included in these grant programs in 1997-98.

**Veto by Governor [A-12]:** Delete the June 30, 1999, sunset date for the use of income from the common school fund for educational technology block grants.

[Act 27 Sections: 264, 264c, 270, 826, 1347, 2849d, 2849r, 2863b, 2877, 9101(10mg), 9140(4) and 9440(6m)]

[Act 27 Vetoed Sections: 270 (as it relates to s. 20.275(1)(u)) and 1347 (as it relates to s. 44.72(2)(a))]

## 25. SCHOOL DISTRICT HOSPITAL AID

**Senate/Legislature:** Provide school districts 100% of the prior year costs of special education for children in hospitals and convalescent homes for orthopedically disabled children. Under current law, hospital aid payments are paid from a $275.5 million GPR annual appropriation for handicapped education aids. If appropriated funds are insufficient to pay the full cost, the statutes direct that the state aid payments be prorated among the eligible recipients. This appropriation has been historically insufficient to cover full costs, although costs not reimbursed through categorical aids (including hospital aid) are eligible for state sharing under the general equalization aid formula.

In 1996-97, DPI provided hospital aid payments of 63.9% of total eligible costs for the prior school year (1995-96) to the following school districts: (a) $117,968 to Madison; and (b) $138,486 to Wauwatosa. Based on the 1996-97 payments, Madison would have received $66,785 and Wauwatosa would have received $78,400 in additional payments if 100% of the costs would have been reimbursed. This provision would have the effect of redistributing a total of approximately $150,000 from other school districts eligible for handicapped aids, to Madison and Wauwatosa.

[Act 27 Sections: 2767x, 2769b and 9340(5m)]

## 26. ONE-TIME HOLD HARMLESS AID FOR CHCEBs

| | Chg. to Base |
|---|---|
| GPR | $143,100 |
| GPR-Lapse | $143,100 |

**Assembly/Legislature:** Provide $143,100 GPR in 1997-98 to fund a one-time hold harmless provision, which would pay each county handicapped children's education board (CHCEB) the amount by which its aid in 1996-97 was less than its aid in 1995-96. Specify that these payments could be prorated if necessary. Provide that an offsetting amount of equalization aids would lapse to the general fund and specify that this one-time CHCEB aid would not be considered in the definition of partial revenues for purposes of calculating state funding of two-thirds of partial school revenues.

[Act 27 Sections: 253k, 253p, 2876m and 9140(6m)]

## 27. SUPPLIES AND SERVICES AND UNSPECIFIED BUDGET REDUCTIONS [LFB Paper 652]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Senate/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| GPR | - $983,200 | $491,600 | $491,600 | $0 |

**Governor:** Reduce the agency's general program operations appropriation by $491,600 annually from the base level of $11,172,600. Of the total reduction, delete $102,000 annually from the agency's general program operations supplies and services base budget of $2,620,600. Require that DPI submit a report to the Governor and the Joint Committee on Finance by October 1, 1997, concerning the agency's preference for allocating the remaining $389,600 annual reduction among the agency's sum certain GPR appropriations.

**Joint Finance:** Delete the Governor's recommendation and instead reduce the agency's general program operations appropriation by $245,800 annually.

**Senate/Legislature:** Restore $245,800 annually to the general program operations appropriation. This would restore the full budget reduction proposed by the Governor.

## 28. REQUIRED GPR LAPSE

| | Chg. to Base |
|---|---|
| GPR-Lapse | $66,400 |

**Assembly/Legislature:** Require that the Secretary of DOA allocate annually reductions of $33,200 to DPI's sum certain GPR state operations appropriations to be achieved by requiring DPI to lapse the requisite amount from among its state operations GPR appropriations. Further, provide that in the event the Secretary of DOA determines in either fiscal year that any state agency subject to this requirement cannot reduce expenditures as required, the Secretary of DOA shall submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the required reductions. The plan must be approved by the Committee under a 14-day passive review procedure.

[Act 27 Section: 9156(6ng)]

## 29. DEBT SERVICE REESTIMATE

| | Chg. to Base |
|---|---|
| GPR | $254,900 |

**Governor/Legislature:** Reestimate debt service costs by $227,800 in 1997-98 and $27,100 in 1998-99 over the base level of $868,800.

## 30. FEDERAL REVENUE REESTIMATES

| | Chg. to Base |
|---|---|
| FED | $102,362,800 |

**Governor/Legislature:** Reestimate federal revenues by $49,586,300 in 1997-98 and $52,776,500 in 1998-99 for: (a) federal local assistance programs, primarily for school lunch programs, Chapter 1 funds for school districts with high percentages of low-income pupils, Goals 2000, Chapter 2, Title 6 funds for curricular and training programs and aid for disabled pupils ($53,634,200 in 1997-98 and $56,140,500 in 1998-99); (b) federal aids to individuals and organizations, including child nutrition programs, Byrd scholarships for outstanding high school seniors and national early intervention scholarships for low-income pupils (-$4,300,800 in 1997-98 and -$3,616,900 in 1998-99); and (c) aids to local libraries through the library services and construction act ($252,900 annually). Approximately half of this increase does not represent an increase in federal revenue in the 1997-99 biennium, but rather reflects reestimates of federal revenues actually received during the 1995-97 biennium which were not included in DPI's federal appropriations established for the 1995-97 budget.

## 31. PROGRAM REVENUE REESTIMATES

| | Chg. to Base |
|---|---|
| PR | $437,300 |

**Governor/Legislature:** Provide $524,000 in 1997-98 and -$86,700 in 1998-99 for:

a. Federal monies transferred from other state agencies for: (1) local assistance to school districts for vocational and applied technology education and job training programs (-$723,900 annually); and (2) for DARE, job training, school to work programs, and vocational and applied technology education (-$234,500 annually).

b. School lunch handling fees charged to school districts and other participating agencies by $719,900 annually above the 1996-97 adjusted base level of $2,284,500. Revenues are used to cover the costs for storage and transportation of commodities received from the USDA for the school lunch program.

c. Alcohol and other drug abuse (AODA) grants to school districts by $604,100 in 1997-98 and -$47,700 in 1998-99 from the 1996-97 base level of $1,296,200, and expenditures for AODA administration by $76,800 in 1997-98 and $112,900 in 1998-99 above the 1996-97 adjusted base level of $660,400. Revenues are derived from the AODA share of the penalty assessment fund.

d. The following other programs: (1) services for drivers (-$3,000 annually); (2) publications ($3,900 in 1997-98 and $8,900 in 1998-99); and (3) library products and services ($80,700 annually).

## 32. PERSONNEL LICENSURE FUNDING

| | Chg. to Base |
|---|---|
| PR | $80,000 |

**Governor/Legislature:** Provide $40,000 annually for supplies and services related to the licensure of teachers and other personnel for school districts.

## 33. RESIDENTIAL SCHOOLS -- MAINTENANCE FUNDING [LFB Paper 650]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $182,400 | - $182,400 | $0 |

**Governor:** Provide $91,200 annually for maintenance at the residential schools. Require the State Superintendent of Public Instruction to submit plans to the Secretary of DOA by October 1, 1997, and by October 1, 1998, specifying how the State Superintendent would allocate: (a) $74,000 annually to fund maintenance projects at the School for the Deaf; and (b) $17,200 annually for maintenance projects at the School for the Visually Handicapped. Direct that these amounts of funding would have to be allocated for maintenance projects, but that the funding could not be expended or encumbered until the required annual plan would be approved by the Secretary of DOA.

**Joint Finance:** Transfer $91,200 annually to the Joint Committee on Finance's appropriation. Require the State Superintendent of Public Instruction to submit plans to Joint Finance by October 1,

1997, and by October 1, 1998, specifying how the State Superintendent would allocate the maintenance funds provided in the bill. Joint Finance would release the funds upon approval of the plans and would not have to find that an emergency exists to release the monies.

**Assembly/Legislature**: Modify the Joint Finance provision by requiring the State Superintendent to submit the plan within 30 days after the effective date of the budget act, rather than by October 1, 1997.

[Act 27 Sections: 9132(2r) and 9140(1)]

## 34. RESIDENTIAL SCHOOLS -- UTILITIES REESTIMATE

| | Chg. to Base |
|---|---|
| GPR | $81,100 |

**Governor/Legislature:** Reestimate utility costs by $35,700 in 1997-98 and $45,400 in 1998-99 over a base level of $302,600 for energy costs at the residential schools.

## 35. RESIDENTIAL SCHOOLS -- TEACHER SALARY COSTS

| | Chg. to Base |
|---|---|
| GPR | $50,800 |

**Governor/Legislature:** Provide $25,400 annually for salary and fringe benefit costs under the collective bargaining contract for teachers at the residential schools. Of this amount, $15,300 would be for the School for the Deaf and $10,100 for the School for the Visually Handicapped.

## 36. RESIDENTIAL SCHOOLS -- PUPIL TRANSPORTATION

| | Chg. to Base |
|---|---|
| PR | $332,600 |

**Governor/Legislature:** Provide $126,300 in 1997-98 and $206,300 in 1998-99 over the 1996-97 level of $750,200. The schools provide weekend transportation to and from the family homes of those pupils who live on campus. The costs are assessed to the school districts where the families of the pupils reside.

## 37. RESIDENTIAL SCHOOLS -- NONRESIDENT FEES

| | Chg. to Base |
|---|---|
| PR | $116,000 |

**Governor/Legislature:** Create a continuing appropriation with $56,000 in 1997-98 and $60,000 in 1998-99 for the expenditure of the estimated amount of fees charged to nonresident pupils. Currently, one nonresident pupil is attending school at the Wisconsin School for the Deaf.

[Act 27 Section: 250]

## 38. RESIDENTIAL SCHOOLS -- EDUCATIONAL SERVICES CENTER

| | Chg. to Base |
|---|---|
| PR | $26,000 |

**Governor/Legislature:** Provide $13,000 annually over the 1996-97 base level of $117,000. The educational services center for the visually impaired maintains a collection of materials and adaptive equipment available for loan and produces books and other materials that are provided to school districts for educational services for students who do not reside at the Wisconsin School for the Visually Handicapped. School districts are charged for the costs of production and the use of the equipment and materials.

## 39. RESIDENTIAL SCHOOLS -- HOUSING MAINTENANCE [LFB Paper 651]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | - $8,000 | $11,600 | $3,600 |

**Governor:** Reduce funding by $4,000 annually from the 1996-97 base level of $5,300. This funding is used to maintain a house on the grounds of the School for the Visually Handicapped, which is currently unoccupied.

**Joint Finance/Legislature:** Provide $5,800 annually to reflect a lease agreement that went into effect on March 1, 1997. The house is currently occupied by the School's Superintendent. As a result, the School for the Visually Handicapped's maintenance budget for the house would be reestimated to $7,100 annually.

## 40. RESIDENTIAL SCHOOLS -- ADULT SUMMER SCHOOL

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $128,100 | 1.50 | - $31,700 | 0.00 | $96,400 | 1.50 |

**Joint Finance:** Provide $63,500 in 1997-98 and $64,600 in 1998-99 and 1.5 positions beginning in 1997-98 to restore the length of the adult summer school program from three to five weeks at the School for the Visually Handicapped.

**Assembly/Legislature:** Decrease $31,700 in 1997-98 to reflect the delayed implementation of increasing the adult summer school program from three to five weeks at the School for the Visually Handicapped due to the delay in passage of the budget.

## 41. FUNDING FOR CURRENT REQUIRED EXAMINATIONS

| | Chg. to Base |
|---|---|
| GPR | $445,000 |

**Governor/Legislature:** Provide $75,000 in 1997-98 and $80,000 in 1998-99 for increases in the cost of administering the Wisconsin reading comprehension test given to third grade pupils. Provide $140,000 in 1997-98 and $150,000 in 1998-99 for increases in the cost of administering the 4th, 8th and 10th grade knowledge and concepts examinations.

## 42. HIGH SCHOOL GRADUATION EXAMINATION [LFB Paper 654]

| | Chg. to Base |
|---|---|
| GPR | $1,350,000 |

**Governor:** Provide that if the Governor issues pupil academic standards by executive order, DPI would be required to develop a high school graduation examination designed to measure whether pupils meet the pupil academic standards. Provide $500,000 in 1997-98 and $850,000 in 1998-99 for the development of the proposed high school graduation exam. Direct each school district to adopt a high school graduation exam that is designed to measure whether pupils meet the standards adopted by the school board. If a school board adopts the standards issued by executive order, the school board could adopt the high school graduation exam developed by DPI. A school board would have to notify DPI if it adopts its own graduation exam.

Require each school board that operates a high school to administer the high school graduation test adopted by the board at least twice each school year beginning in the 1999-2000 school year. The school board would be required to determine in which high school grades the exam would be administered each school year. Beginning on September 1, 2001, a school board could not grant a high school diploma to any pupil unless the pupil has passed the high school graduation exam. School boards would have to provide pupils with at least four opportunities in the high school grades to take the exam.

**Joint Finance:** Modify the Governor's proposal as follows:

a. Require that the academic standards that would be issued by the Governor must be reviewed and approved by the Senate and Assembly Education Committees before DPI could develop the high school graduation exam based on these academic standards.

b. Clarify that school boards would have to excuse a pupil from the high school graduation exam upon the request of a parent or guardian. Specify that school boards must establish alternative criteria upon which to determine qualification for high school graduation if a pupil has been excused from the high school graduation exam.

c. Sunset the current 10th grade exam on June 30, 2001.

**Assembly/Legislature:** Modify the Joint Finance provision to require each school board that operates a high school to administer the high school graduation exam adopted by the school board at least twice each school year beginning in the 2000-01 school year, rather than the 1999-2000 school year. Beginning on September 1, 2002, rather than September 1, 2001, a school board could not grant a high school diploma to any pupil unless the pupil has passed the high school graduation exam. Delete the requirement in the Joint Finance version of the budget that if the Governor issues the standards by executive order, he or she would have to submit the standards to the Senate and Assembly Education Committees for approval before DPI could design a high school graduation exam based on the standards.

[Act 27 Sections: 249, 2805 thru 2807, 2808m, 2809, 2810, 2810m, 2811 and 2871]

## 43. PUPIL ACADEMIC STANDARDS

**Governor**: Create a statutory Standards Development Council under the Office of the Governor, as follows:

*Council Established.* Create the Council as a seven-member body with the following membership:

- The Lieutenant Governor, who would chair the Council;

- A representative of the Department of Public Instruction, appointed by the State Superintendent;

- The chairpersons of the Assembly and Senate committees having jurisdiction over elementary and secondary education matters, or members of those committees designated by the chairpersons;

- The ranking minority members of such Assembly and Senate committees, or members of those committees designated by the ranking minority members; and

- One member appointed by the Governor to serve at the pleasure of the Governor.

Under current law procedures, Council members would elect a vice chair and secretary from among their membership, would take and file an official oath, and would be entitled to receive reimbursement for their actual and necessary expenses incurred in the performance of their duties.

A nearly identical council was created by the Governor by executive order in January, 1997.

*Duties of the Governor and the Council.* By the general effective date of the 1997-99 biennial budget bill, require the Governor to submit pupil academic standards in mathematics, science, reading and writing, geography and history to the new Council. The Council would be directed to review

these proposed standards and would be authorized to modify them; however, the Council's final recommendations on the standards would have to be transmitted to the Governor by September 15, 1997, or within 30 days after the effective date of the 1997-99 state budget, whichever is later. Stipulate that the Governor would have to approve or disapprove the Council's recommended standards within 30 days after receiving them. If the Governor approves the recommended standards, specify that they could be issued as an executive order.

Require the Council to review the issued pupil academic standards periodically. Provide that if the Governor approves any subsequent modifications to the standards recommended by the Council, the changes could be issued as an executive order.

*Pupil Academic Standards.* Direct each school board in the state to adopt pupil academic standards in mathematics, science, reading and writing, geography and history by August 1, 1998, but stipulate that if the Governor has issued pupil academic standards by executive order, the school board could adopt those standards as its own.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Restore the Governor's recommendation.

[Act 27 Sections: 21m, 23d and 2807]

## 44. STANDARDS DEVELOPMENT COUNCIL FUNDING

**Assembly/Legislature**: Require DPI to provide up to $49,000 GPR over the 1997-99 biennium to the Standards Development Council in the Office of the Governor, at the request of the Council, from the DPI appropriation for pupil assessment. Specify that the Council would utilize the funding to review and modify the proposed pupil academic standards. The $49,000 GPR would be drawn from the funding provided to develop the high school graduation examination, which would be $500,000 GPR in 1997-98 and $850,000 GPR in 1998-99.

[Act 27 Sections: 249 and 9140(5r)]

## 45. REQUIRE SCHOOL DISTRICTS TO REPORT ON READING INSTRUCTION

**Assembly/Legislature**: Require school districts to report to DPI, for inclusion in the school performance report, the method of reading instruction and the text book series used to teach reading in the school district.

[Act 27 Section: 2745pm]

## 46. INTERDISTRICT SCHOOL CHOICE (OPEN ENROLLMENT) PROGRAMS

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $0 | 0.00 | $1,102,700 | 1.00 | $1,102,700 | 1.00 |

**Governor:** Create two public school choice programs, including an interdistrict school choice program and an interdistrict enrollment options program.

### Interdistrict School Choice Program

a. *General Provisions.* Provide that, beginning in the 1998-99 school year, a pupil may attend any public school located outside his or her school district of residence, if the pupil's parent complies with certain application dates and procedures. Specify that this statewide provision would also apply to attendance districts in Milwaukee Public Schools. However, a pupil could attend a prekindergarten, early childhood or school-operated day care program outside his or her district of residence only if the pupil's district of residence offers the same type of program that the pupil wishes to attend and the pupil is eligible to attend that program in his or her school district of residence. The school district of residence would be required to pay tuition for the pupil and would continue to count the pupil in its membership for state aid purposes. This program would replace the current statute which allows a pupil to attend an in-state public school outside his or her district of residence if the two school boards agree and if the State Superintendent approves.

b. *Application Procedures.* Require the pupil's parent to submit an application on a form provided by DPI to the school district that the pupil wishes to attend, with a copy sent to the school district of residence, by February 1 of the school year immediately preceding the school year in which he or she wishes to attend. This application could include a request to attend a specific school or program offered by the school district that the pupil wishes to attend, which for purposes of this summary is referred to as the "nonresident school district". The term parent would be defined to include parent or guardian and membership and attendance area would be defined as under current law for school finance purposes.

School boards could not act on applications until after February 1 and, in the case where the number of applications received for a particular grade or program exceeds the availability of space, the district would be required to select pupils on a random basis.

By April 1, the nonresident school board would have to notify the applicant in writing whether the application has been accepted. If the board rejects an application, it would have to include in the notice the reason for the rejection. A technical correction is needed to clarify the notification process.

By May 1, the pupil's parent would have to notify the nonresident school board of the pupil's intent to attend school in that school district in the following school year. Annually by May 15, each

school board accepting nonresident pupils must notify the resident school district of the names of the pupils from that district who would be attending the nonresident district in the following school year.

c. *Attendance Requirements.* If a pupil's parent notifies the school board of a nonresident school district that the pupil intends to attend school in that school district in the following year, the pupil would have to attend that school district in that year. Once enrolled in a nonresident school district under the choice program, a pupil could continue to attend school in that district without reapplying.

If, at any time, the pupil wishes to reattend school in the district of residence, the pupil's parent would have to notify both school districts by February 1 preceding the school year in which the pupil will begin reattending the district of residence.

If, at any time, the pupil wishes to attend a school in a school district other than the school district of attendance or residence, the pupil's parent would have to follow the application procedure set out above. However, a pupil attending school outside the district of residence could reattend school in the district of residence at any time if both school districts agree.

d. *Nonresident School District Acceptance Criteria.* By December 1, 1997, each school board would be required to adopt a resolution specifying criteria for accepting and rejecting applications. If the school board wishes to revise the criteria, it would have to do so by resolution. Any of the following criteria would be permitted:

1. The availability of space in the school, program, class or grade, including any class size limits, pupil-teacher ratios or enrollment projections established by the nonresident school board. The criteria could specify that the board would reject applications if accepting them would require the board to hire additional personnel, construct a new school or classroom or convert or reopen a building or portion of a building not currently used for instruction. The school board could give preference in attendance at a school, program, class or grade to residents of the school district who live outside of the school's attendance area.

2. Whether the pupil is involved in a disciplinary proceeding, as determined by the nonresident school district.

3. Whether the pupil has been suspended or expelled in the current or two preceding school years for any of the following:

a. knowingly conveying or causing to be conveyed a threat or false information concerning an attempt or alleged attempt to destroy school property with explosives;

b. engaging in conduct at school or while under the supervision of a school authority that endangered the property, health or safety of others;

c. engaging in conduct while not at school or under the supervision of a school authority that endangered the property, health or safety of others at school or under the supervision of a school authority or of any employe or school board member of the pupil's school district;

d. possessing a firearm while at school or while under the supervision of a school authority.

The criteria could not include: academic achievement; athletic or other special ability; English language proficiency; the presence of a physical, mental, emotional or learning disability; or anything else not listed as permissible criteria above. However, a school district would be required to give preference to nonresident pupils and their siblings, if the pupils would already be attending public school in that district.

e. *Transfers Prohibited by School District of Residence.* A school board could prohibit a resident pupil from attending school in another school district if the board determines that the pupil is involved in a disciplinary proceeding.

A school board would be required to prohibit a resident pupil from attending school in another school district if allowing such attendance would violate a voluntary or court-ordered plan to reduce racial imbalance in the resident district.

In the first year of the program (1998-99), a school board would be allowed to limit the number of resident pupils attending public school in another district to 3% of the resident district's membership. In each of the seven succeeding school years, the threshold would be increased by an additional 1% (for example, 4% in 1999-2000 and 5% in 2000-01) up to a maximum of 10% in the eighth year (2005-06). After that year, no limit could be imposed by the resident district.

If more resident pupils want to transfer than allowed under the 3% to 10% limit in any school year, the pupils who could transfer would be determined by the resident school board on a random basis. However, the board would have to give preference to resident pupils and their siblings who are already attending school in the district to which they are applying. The board would be required to notify the applicants of its determination by April 1.

f. *Relationship to the Chapter 220 Program.* If a school board participating under the integration aids (Chapter 220) program or with a merged attendance area would determine that the deadlines under the proposed interdistrict school choice or enrollment options programs conflict, the board could modify the deadlines for these new programs.

If a pupil would attend school outside of his or her district of residence under the interdistrict school choice program and would also be eligible to transfer under the Chapter 220 program, the school district of residence would not be required to pay tuition and, instead, the pupil would be considered an interdistrict transfer under the Chapter 220 program. If a school district would receive one or more minority group pupils as Chapter 220 interdistrict transfers, the board would be required to reject the application of nonminority group pupils under the interdistrict school choice program,

unless the board had accepted all of the minority group pupils under Chapter 220 for the grade for which the nonminority pupils had applied.

g. *Appeal of Rejection.* If an application is rejected by the nonresident school district or the pupil's attendance is prohibited by the resident district due to involvement in a disciplinary proceeding, the pupil's parent could appeal the decision to DPI within 30 days after the decision. The Department's decision would be subject to judicial review under Chapter 227 of the statutes.

h. *Children with Exceptional Educational Needs (EEN).* If a child with exceptional educational needs attends school in another district under the program, the responsibility for providing special education to that pupil would be as follows:

1. Each school district would be responsible for screening each child residing in the district to determine if there is reasonable cause to believe that the child has exceptional educational needs.

2. The resident district would be responsible for the multidisciplinary team (M-team) evaluation and the development of the individualized education program (IEP) of a child in the choice program. In addition, the resident district would be required to consult with the nonresident district.

3. The nonresident district would be responsible for providing an appropriate educational placement for the child.

4. Generally, the resident school district would be required to pay tuition to the nonresident district. However, if the nonresident school district would use one of four placement options available under current law, the nonresident school district would pay tuition, rather than the resident school district. These four appropriate educational placement options include: (a) the UW-Madison's model school EEN program; (b) any EEN program operated in this state by a public agency as near as possible to the pupil's residence; (c) a public EEN program located in another state (only with DPI approval); and (d) a private special education program (only with DPI approval).

A current law school district reporting requirement relating to EEN children would apply to children who attend a school in another district under the program.

i. *Transportation.* The pupil's parent would be responsible for transporting the pupil to and from the school. However, a school district would be allowed to provide transportation, including to and from summer classes, for any nonresident or resident pupil participating in the choice program. A district that provides such transportation would be eligible for state categorical aid in the same amounts as currently specified in the statutes for transporting other pupils.

j. *Tuition Payments and State Aid.* The resident school district would be required to pay tuition to the nonresident district. For pupils not enrolled in special education programs, the payment amount would be the lesser of the tuition amounts calculated for the two districts under current law that specifies the costs that are included in tuition, unless the two districts agree to a different amount.

A modification could be made to clarify the level of tuition that would be required to be paid. For pupils enrolled in special education programs, the payment would be based on the tuition amount calculated for the district of attendance for children enrolled in such programs, unless the two districts agree to a different amount. In either case, if the two districts cannot agree on a tuition amount, the Department would be required to determine the amount.

The tuition amount and the payment schedule would be specified in a written agreement. If the resident or nonresident school boards do not agree to a payment schedule, payment would be made in four installments. The first three installments would be based on estimated costs and paid on the last day of September, December and March during the school year. The final payment would be adjusted for actual costs and paid when such costs are known.

The resident school district would count the pupil in its membership and include the tuition costs for state aid purposes. In other words, the resident district would receive state aid as though the pupil were enrolled in that school district.

k. *Information.* Each school board would be required to provide information about its schools and programs in the format and manner prescribed by DPI. Include interdistrict school choice transfers under the current law requirement that a school district transfer records within five working days upon request.

l. *Academic Excellence Scholarships.* Provide that a senior attending a public school under the proposed interdistrict school choice program would not be eligible for an academic excellence scholarship unless the senior also attended that school district in his or her entire junior year.

m. *Parent Establishes Residency.* Under current law, a pupil's parent who is not a resident of a school district may apply for enrollment in that school district if the parent declares that the parent will establish residence in the district by a specified time. If facilities are adequate, the school board may permit the pupil to enroll and can require the prepayment of a tuition fee for nine school weeks. If the parent establishes residence within nine weeks, any prepaid tuition must be refunded. If the parent does not establish residence within nine weeks, the same process can be repeated for a second nine weeks, although tuition prepayment is required for the second nine weeks.

Effective July 1, 1998, modify this provision so that it apples to a parent who misses the application deadline for attendance in another school district under the proposed interdistrict school choice program.

n. *Report.* DPI would be required to annually submit a report to the Governor and the appropriate standing committees of the Legislature summarizing the number of pupils attending school outside of the pupil's resident school district under the interdistrict school choice program, by school, grade, ethnicity and gender.

**Interdistrict Enrollment Options Program**

a. *General Provisions.* Provide that, beginning in the 1998-99 school year, a pupil enrolled in a public school in grades 9 to 12 would be allowed to enroll in one or two courses offered in another school district under the following conditions:

1. The nonresident school district determines that there is space available in the course or courses.

2. The district of residence determines that these courses satisfy the high school graduation requirements in that school district.

3. The pupil meets all the prerequisites for the course or courses that apply to pupils who reside in the other school district.

b. *Application Procedures.* Same provisions as the interdistrict school choice program, except that if a pupil's application is accepted by the nonresident district, the acceptance would apply only for the following school year. In addition, the application would include the course or courses that the pupil wanted to attend.

c. *Attendance Requirements.* If a pupil's parent notifies the nonresident district that the pupil intends to attend courses in that district in the following school year, the pupil would have to attend those courses in that year. However, a pupil could cease attending such courses at any time during the school year if the school boards of both districts agree.

d. *Nonresident School District Acceptance Criteria.* Similar provisions as the interdistrict school choice program, except that school districts acceptance criteria would not include class size limits, pupil-teacher ratios or enrollment projections.

e. *Transfers Prohibited by School District of Residence.* Same provisions as the interdistrict choice program, except that there would be no limit on the number of resident pupils attending courses in another district.

f. *Appeal of Rejection.* Same provision as the interdistrict choice program, except that DPI's decision would be final and not subject to judicial review under Chapter 227 of the statutes.

g. *Transportation.* Same provision as the interdistrict choice program.

h. *Tuition Payments.* The resident school district would have to pay the other school district an amount equal to the cost of providing the course or courses to the pupil, calculated as determined by DPI. A modification could be made to clarify the level of tuition that would be required to be paid. The payment schedule provision would be the same as the interdistrict choice program.

**Other Provisions**

a. *Rights of Pupil.* Under both programs, a pupil attending school or courses in a school outside his or her district of residence would have all the rights and privileges of resident pupils and would be subject to the same rules and regulations as resident pupils.

b. *DPI Rules.* DPI would be required to create rules to implement and administer the two programs.

c. *Records Relating to Suspension or Expulsion.* Provide that a resident school district would be required to provide a school district to which a pupil has applied under either program, a copy of records relating to the pupil's suspension or expulsion, to the extent permitted under federal regulations.

d. *Out-of State Schools.* Under current law, a school district with DPI's approval may enter into an agreement with another public school district to allow a pupil to attend the other school district, including an out-of-state school. The school district of residence has to pay tuition to the school district of attendance, but continues to count the pupil for state aid purposes. Under the bill, effective July 1, 1998, this provision would be modified to, instead, provide that with DPI's approval, a school board could allow a pupil to attend an out-of-state public school. The school board would pay tuition, but would continue to count the pupil for state aid purposes.

e. *School Year Completion.* Under current law, a school board may permit a pupil to complete the school year at the school without payment of tuition if the pupil: (a) is enrolled in a school under its jurisdiction; (b) was a resident of the district at the beginning of the school year; and (c) is no longer a resident. The bill would make this provision mandatory, effective July 1, 1998.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Restore proposal to create two public school choice programs, including an interdistrict school choice program and an interdistrict enrollment options program. These provisions incorporate the recommendations of the Joint Legislative Council's Special Committee on Public School Open Enrollment and are summarized as follows:

**Interdistrict School Choice Program (Full-Time Open Enrollment)**

a. *General Provisions.* Provide that, beginning in the 1998-99 school year, a pupil may attend any public school located outside his or her school district of residence, if the pupil's parent complies with certain application dates and procedures. However, a pupil could attend a prekindergarten, early childhood or school-operated day care program outside his or her district of residence only if the pupil's district of residence offers the same type of program that the pupil wishes to attend and the pupil is eligible to attend that program in his or her school district of residence. The school district of residence would be required to pay tuition for the pupil and would

continue to count the pupil in its membership for state aid purposes. Pupils attending a nonresident school district would be considered to be residents of that school district for the purpose of participation in programs of a cooperative educational service agency or a county handicapped children's education board.

b. *Application Procedures.* Require the pupil's parent to submit an application on a form provided by DPI to the school district that the pupil wishes to attend between the first Monday in February and the third Friday in February of the school year immediately preceding the school year in which he or she wishes to attend. Require DPI to prepare and distribute application forms to school districts and make applications available to parents. Specify that the form must include provisions that permit parents to apply for low-income transportation reimbursement. The nonresident school board would be required to send a copy of the application to the resident school board and DPI on the fourth Monday in February. This application could include a request to attend a specific school or program offered by the school district that the pupil wishes to attend, which for purposes of this summary is referred to as the "nonresident school district". The term parent would be defined to include parent or guardian and membership and attendance area would be defined as under current law for school finance purposes.

School boards could not act on applications until after the third Friday in February and, in the case where the number of applications received for a particular grade or program exceeds the availability of space, the district would be required to select pupils on a random basis.

By the first Friday following the first Monday in April, the nonresident school board would have to notify the applicant in writing whether the application has been accepted. If the application is accepted, by the second Friday following the first Monday in May, the nonresident school board must notify the applicant, in writing, of the specific school or program that the pupil may attend in the following school year. If the board rejects an application, it would have to include in the notice the reason for the rejection.

By the first Friday following the first Monday in June, the pupil's parent would have to notify the nonresident school board of the pupil's intent to attend school in that school district in the following school year. Annually by June 30, each school board accepting nonresident pupils would have to notify the resident school district of the names of the pupils from that district who would be attending the nonresident district in the following school year.

c. *Attendance Requirements.* If a pupil's parent notifies the school board of a nonresident school district that the pupil intends to attend school in that school district in the following year, the pupil could attend that school district in that year without reapplying. However, the nonresident school board could require reapplication, no more than once, when the pupil enters middle school, junior high school or high school.

If, at any time, the pupil wishes to attend a school in a school district other than the school district of attendance or residence, the pupil's parent would have to follow the application procedure set out above.

d. *Nonresident School District Acceptance Criteria.* By December 1, 1997, each school board would be required to adopt a resolution specifying criteria for accepting and rejecting applications, reapplication requirements, required preferences, racial balance limitations, resident school district transfer limitations and transportation policies. If the school board wishes to revise the criteria, it would have to do so by resolution. Any of the following criteria would be permitted:

1. The availability of space in the school, program, class or grade, including any class size limits, pupil-teacher ratios, enrollment projections established by the nonresident school board, or consideration of pupils attending the nonresident school district when tuition is paid by other school districts. The school board could give preference in attendance at a school, program, class or grade to residents of the school district who live outside of the school's attendance area.

2. Whether the pupil has been expelled from any school district in the current or two preceding school years for any of the following or whether a disciplinary proceeding involving the pupil, which is based on any of the following, is pending:

(a) conveying or causing to be conveyed a threat or false information concerning an attempt or alleged attempt to destroy school property with explosives;

(b) engaging in conduct at school or while under the supervision of a school authority that endangered the health, safety or property of others;

(c) engaging in conduct while not at school or under the supervision of a school authority that endangered the health, safety or property of others at school or under the supervision of a school authority or of any employe or school board member of the pupil's school district;

(d) possessing a dangerous weapon while at school or while under the supervision of a school authority.

The nonresident school district's criteria may provide that, notwithstanding it acceptance of an application, at any time prior to the beginning of the school year in which the pupil will first attend the nonresident school district, the nonresident school district may notify the pupil that he or she may not attend the school district if any of these criteria are met.

3. Whether the special education program or related services described in the individualized education program (IEP) for a child with exceptional educational needs (EEN) are available in the nonresident school district or whether there is space available in the special education program identified in the child's IEP, including any class size limits, pupil-teacher ratios or enrollment projections established by the nonresident school board.

4. Whether the child has been screened by his or her resident school district to determine if there is reasonable cause to believe that the child is a child with EEN.

5. Whether the child has been referred for evaluation by a multidisciplinary team (M-team) to determine if the child has EEN, but has not yet been evaluated.

A school district would be required to give preference to nonresident pupils and their siblings, if the pupils would already be attending public school in that district.

e. *Transfers Prohibited by School District of Residence.* In the first year of the program (1998-99), a school board would be allowed to limit the number of resident pupils attending public school in another district to 3% of the resident district's membership. In each of the seven succeeding school years, the threshold would be increased by an additional 1% (for example, 4% in 1999-2000 and 5% in 2000-01) up to a maximum of 10% in the eighth year (2005-06). After that year, no limit could be imposed by the resident district.

If more resident pupils want to transfer than allowed under the 3% to 10% limit in any school year, the pupils who could transfer would be determined by the resident school board on a random basis. However, the board would have to give preference to resident pupils and their siblings who are already attending school in the district to which they are applying. The board would be required to notify the applicants of its determination by the first Monday in April.

A school board could prohibit a resident pupil from attending school in another school district if the pupil is a child with EEN and the costs of the special education program or services required in the child's IEP, as proposed to be implemented by the nonresident school district, would impose an undue financial burden on the resident school district (which must pay tuition for the child).

f. *Relationship to the Chapter 220 Program.* A school district that is eligible for interdistrict or intradistrict Chapter 220 (integration) aid may not accept an application for transfer into or out of the school district if the transfer would increase racial imbalance in the school district.

A nonresident school district that receives applications for transfer into the school district under both Chapter 220 and the open enrollment program must accept or reject all Chapter 220 applications before it accepts or rejects open enrollment applications.

g. *Appeal of Rejection.* If an application is rejected by the nonresident school district or the pupil's attendance is prohibited by the resident district due to involvement in a disciplinary proceeding, the pupil's parent could appeal the decision to DPI within 30 days after the decision. DPI would be required to affirm the school board's decision unless it finds that the decision was arbitrary or unreasonable. The Department's decision would be subject to judicial review under Chapter 227 of the statutes.

h. *Children with Exceptional Educational Needs (EEN).* If a child with exceptional educational needs attends school in another district under the program, the responsibility for providing special education to that pupil would be as follows:

1. Each school district would be responsible for screening each child residing in the district to determine if there is reasonable cause to believe that the child has exceptional educational needs. In addition, if a child who is participating in the open enrollment program is identified pursuant to the screening, the resident school board must provide the name of the child and related information to the nonresident school board.

2. Resident and nonresident school districts must notify each other of the names of, and related information about, pupils participating in the open enrollment program who are reported to them by specified persons who have reasonable cause to believe that the pupil is a child with EEN. The nonresident district would be responsible for the multidisciplinary team (M-team) evaluation. The nonresident school district would be required to develop the child's individualized education program (IEP) in collaboration with appropriate personnel designated by the resident school board. In addition, the nonresident district would be required to consult with the resident district concerning the M-team evaluation.

3. The nonresident district would be responsible for providing an appropriate educational placement for the child. However, if the IEP for a pupil who is a child with EEN is developed or revised after the pupil begins attending the nonresident school district, the pupil may be required to transfer back to his or her resident school district in two circumstances. The resident school district must then provide an educational placement for the pupil that meets the requirements of his or her IEP. The two circumstances are:

(a) The IEP requires a special education program or related service that is not available in the non-resident school district or there is no space available in the special education program identified in the IEP. (The nonresident school board may initiate the transfer under this provision.)

(b) The costs of the special education program required in the IEP, as implemented or proposed to be implemented by the nonresident school district, would impose upon the resident school district (which must pay tuition for the pupil) an undue financial burden. (The resident school board may initiate the transfer under this provision.) The parent of the pupil could appeal a required transfer to DPI within 30 days of notice. DPI would be required to affirm the resident school board's determination, unless DPI would find that the determination was arbitrary or unreasonable.

4. Generally, the resident school district would be required to pay tuition to the nonresident district. However, if the nonresident school district would use one of four placement options available under current law, the nonresident school district would pay tuition, rather than the resident school district. These four appropriate educational placement options include: (a) the UW-Madison's model school EEN program; (b) any EEN program operated in this state by a public agency as near as

possible to the pupil's residence; (c) a public EEN program located in another state (only with DPI approval); and (d) a private special education program (only with DPI approval).

A current law school district reporting requirement relating to EEN children would apply to children who attend a school in another district under the program.

i. *Transportation.* The pupil's parent would be responsible for transporting the pupil to and from the school, except that if an EEN child requires transportation under the IEP, the nonresident district must provide transportation for the child. However, a school district would be allowed to provide transportation, including to and from summer classes, for any nonresident or resident pupil participating in the choice program. The nonresident school district would not be allowed to provide transportation for a pupil to or from a location in the resident school district. The nonresident school district would be eligible for state categorical aid in the same amounts as currently specified in the statutes for transporting other pupils.

Parents of pupils who are eligible for a free or reduced-price lunch may apply to DPI for reimbursement of transportation costs. DPI shall determine the reimbursement amount, which may not exceed the parent's actual costs or three times the statewide average per pupil transportation costs, whichever is less. Provide $1,000,000 GPR in 1998-99 from an annual appropriation to fund these payments. Specify that if the appropriation is insufficient, payments would be prorated. By the second Friday following the first Monday in May, DPI would be required to provide each parent an estimate of the amount of reimbursement that the parent would receive. Delete $333,300 GPR in 1998-99 of equalization aids to maintain two-thirds funding of partial school revenues (the fiscal effect of this aids offset is shown under Item #3).

j. *Tuition Payments and State Aid.* DPI would be required to annually determine a per pupil transfer amount equal to the statewide average per pupil school district costs for regular instruction, co-curricular activities, instructional support services and pupil support services for the prior school year. The 1995-96 unaudited per pupil cost for these four categories is estimated to be $4,203. A school district's state aids would be increased or decreased by an amount equal to the per pupil transfer amount multiplied by the school district's net gain or loss of pupils under the open enrollment program. If a school district experiences a net loss of pupils under the program and does not receive state aid payments sufficient to cover the net transfer payments, the balance must be deducted from the state tuition payment appropriation. For pupils that attend for less than a full school term, DPI would prorate the state aid adjustments. For pupils enrolled in special education programs, the payment would be based on the tuition amount calculated for the district of attendance for children enrolled in such programs, unless the two districts agree to a different amount.

The resident school district would count the pupil in its membership and include the tuition costs for state aid purposes. In other words, the resident district would receive state aid as though the pupil were enrolled in that school district.

k. *Revenue Limits.* State aid adjustments, which would apply to pupils other than children with EEN, would not be considered in determining a school district's revenue limit. Thus, the increase in state aid payments to a school district that has a net gain in pupils is not included in that school district's revenues that are subject to its revenue limits. A school district that experiences a net decrease in state aids may not increase its property tax levy to compensate for the state aid loss.

l. *Information.* Require DPI to develop and implement an outreach program to educate parents about the full-time open enrollment program, including activities specifically designed to educate low-income parents and services to answer parents' questions about the program and assist them in using the program.

m. *Report.* DPI would be required to annually submit a report to the Governor and the appropriate standing committees of the Legislature summarizing the number of pupils applying and attending school outside of the pupil's resident school district under the interdistrict school choice program and the number of applications denied and the reasons for the denials.

Require the Legislative Audit Bureau, by July 1, 2002, to conduct a performance evaluation of the program. Specify that the audit must evaluate the effects of the program on the quality of elementary and secondary education in the state including:

(1) the extent to which the program has resulted in the creation of new or innovative programs by school districts;

(2) the satisfaction of participating and nonparticipating pupils and parents with the program;

(3) the fiscal effect of the program on school districts;

(4) the socioeconomic effect of the program on school districts; and

(5) other issues affecting the quality of education.

**Interdistrict Enrollment Options Program (Part-Time Open Enrollment)**

a. *General Provisions.* Provide that, beginning in the 1998-99 school year, a pupil enrolled in a public school in grades 9 to 12 would be allowed to enroll in one or two courses offered in another school district under the following conditions:

1. The nonresident school district determines that there is space available in the course or courses. If the number of applications received for a particular course would exceed the amount of space available, the district would be required to select pupils on a random basis.

2. The district of residence must, no later than one week prior to the commencement of the course, do the following: (a) notify the applicant in writing if it would determine that the course does not satisfy the high school graduation requirements; and (b) notify the applicant and the nonresident school board, in writing, if the application would be denied and the reason for the denial.

3. The pupil meets all the prerequisites for the course or courses that apply to pupils who reside in the other school district.

b. *Application Procedures.* The pupil's parent would be required to submit an application, on a form provided by DPI, no later than six weeks prior to the date the course is scheduled to commence. Require the nonresident school board to send a copy of the application to the pupil's resident school. Direct that the nonresident school board must, no later than one week prior to the date on which the course would be scheduled to commence, notify the applicant and the resident school board, in writing, whether the application has been accepted and the school at which the pupil could attend the course. The acceptance would apply for the following semester, school year or other session in which the course is offered. In addition, the application would include the course or courses that the pupil wanted to attend and could specify the school which the pupil wishes to attend the course. If accepted, the parent would be required to notify the resident and nonresident school boards, prior to the date on which the course would be scheduled to commence, of the pupil's intent to attend the course in the nonresident district.

c. *Nonresident School District Acceptance Criteria.* The criteria would be required to be the same as the criteria for entry into the course applicable to pupils who reside in the school district, except that a school board could give preference to residents of the district. Each school board would be required to adopt a resolution establishing these criteria by December 1, 1997. If the school board wishes to revise the criteria, it would have to do so by resolution.

d. *Transfers Prohibited by School District of Residence.* A resident school board could prohibit a pupil from attending a course in a nonresident school district if the cost of the course would impose upon the resident school district an undue financial burden. A resident school board would be required to prohibit a child with EEN from attending a course in a nonresident school district if the course conflicts with the child's IEP.

e. *Appeal of Rejection.* Same provision as the interdistrict choice program, except that DPI's decision would be final and not subject to judicial review under Chapter 227 of the statutes. DPI would be required to affirm the school board's decision unless it would find that the decision was arbitrary or unreasonable.

f. *Transportation.* Parents would be responsible for transporting pupils to and from courses. The parent of a pupil could apply to DPI for reimbursement of the costs of the pupil's transportation. Direct DPI to determine the amount of the reimbursement and pay the amount from the current postsecondary enrollment options transportation appropriation. Direct DPI to give preference in making reimbursements to pupils who would be eligible for a free or reduced-price lunch.

g. *Tuition Payments.* The resident school district would have to pay the nonresident school district an amount equal to the cost of providing the course or courses to the pupil, calculated in a manner determined by DPI.

h. *Revenue Limits.* Assuming that the funds used by the resident school district to pay tuition would be derived from general school aids or property taxes, those amounts would be subject to the resident school district's revenue limits. Tuition payments received by the nonresident school district would not be subject to the nonresident school district's revenue limits.

i. *Report.* School districts would be required to report to DPI on the number and percentage of resident pupils attending a course in a nonresident district, the number of nonresident pupils attending a course in the district and the courses taken by those pupils in their annual school performance report.

**Other Provisions**

a. *Rights of Pupil.* Under both programs, a pupil attending school or courses in a school outside his or her district of residence would have all the rights and privileges of resident pupils and would be subject to the same rules and regulations as resident pupils.

b. *Records Relating to Suspension or Expulsion.* Provide that a resident school district would be required to provide a school district to which a pupil has applied under either program, a copy of any expulsion findings and orders pertaining to the pupil, a copy of any pending disciplinary proceeding involving the pupil, a written record of the reasons for the expulsion or pending disciplinary proceeding and the length of the term of the expulsion or the possible outcomes of the pending disciplinary proceeding. (Although not explicitly stated in the statutory language, such disclosure would be subject to federal regulations relating to notifying the parent or pupil of such a disclosure.)

c. *School Year Completion.* Under current law, a school board may permit a pupil to complete the school year at the school without payment of tuition if the pupil: (a) is enrolled in a school under its jurisdiction; (b) was a resident of the district at the beginning of the school year; and (c) is no longer a resident. The bill would make this provision mandatory, effective July 1, 1998.

d. *Position for DPI.* Provide $38,100 GPR in 1997-98 and $64,600 GPR in 1998-99 and 1.0 GPR position beginning in 1997-98 for DPI to administer these programs.

**Veto by Governor [A-6]:** Delete December 1, 1997, as the date school boards are required to adopt guidelines and policies for the full-time and part-time open enrollment programs. Instead, provide that school boards have through December, 1997.

[Act 27 Sections: 18g, 253r, 255m, 256m, 2745p, 2758d thru 2760z, 2762g, 2762r, 2765m, 2766am, 2767b, 2767kg, 2767kr, 2767w, 2843g, 2843r, 2847, 2872gd, 2883m, 2885g, 2885r, 2888p, 2889s, 2891m, 2895m and 9440(7x)]

[Act 27 Vetoed Sections: 2843g and 2843r]

## 47. PRIVATE SCHOOL INTERDISTRICT ENROLLMENT OPTIONS PROGRAM

**Assembly/Legislature:** Create an interdistrict enrollment options program that would allow both a pupil enrolled in a private school in grades 9 to 12 and a similar pupil who is taught at home to enroll in one or two courses per semester offered in a public school district under the following conditions: (a) the pupil's parent must be a resident of the public school district; and (b) the district determines that there is space available in the course or courses. Allow the district to provide transportation services.

Require these pupils to be counted, on a full-time equivalency basis, as school district members for purposes of computing equalization aids. Specify that these students would not be counted for purposes of revenue limits.

These provisions would first apply to state aid paid in 1998-99.

[Act 27 Sections: 2787b, 2847, 2865m, 2865r, 2872gm, 2882g, 2895m and 9340(6h)]

## 48. POSTSECONDARY ENROLLMENT OPTIONS PROGRAM -- UW AND PRIVATE COLLEGES [LFB Papers 672 and 673]

**Governor:** Rename the postsecondary enrollment options (PSEO) program "youth options program" and establish separate criteria and requirements for pupils attending technical colleges under the program. Delete a current requirement that DPI promulgate rules to administer the PSEO program. Under the current PSEO program, any public school pupil enrolled in the 11th or 12th grades may enroll in a UW institution, technical college or private, nonprofit college located in the state for the purpose of taking one or more courses. The criteria and requirements of the program apply to all pupils regardless of the type of postsecondary institution they attend. Modifications to the PSEO program for pupils attending technical colleges are described under the following entry.

Modify the current program for pupils attending UW institutions and private, nonprofit colleges as follows:

*Application Process.* Require a pupil to notify the school board of his or her intention to enroll in a postsecondary institution at least 90 days before the start of the semester. (A corrective amendment would be needed to accomplish the intent of this provision.) Under current law, a pupil must notify the school district by March 1 if the pupil intends to enroll in the fall semester, and October 1 if the pupil intends to enroll in the spring semester.

*Determination of High School Credit.* Require the State Superintendent, in cooperation with institutions of higher education, to develop guidelines to assist school districts in determining whether a course taken at a postsecondary institution satisfies any of the state's high school graduation requirements and the number of high school credits to award the pupil for the course, if any. Under current law, the State Superintendent is not required to involve postsecondary institutions in the development of these guidelines.

Require a school district to notify a pupil of its determinations regarding high school graduation requirements and credits prior to the beginning of the semester in which the pupil will be enrolled. Under current law, the school board is required to notify the pupil of its determinations before the end of the semester in which it receives notification of the pupil's intent to participate in the program. As under current law practice, a pupil may take a course for high school and postsecondary credit or only postsecondary credit.

*Course Comparability.* Delete the current requirement that a school board determine whether a course a student intends to take is comparable to one offered in the school district.

*Payment of Tuition and Fees.* Provide that a pupil taking a course at an institution of higher education under this program would not be responsible for any portion of the tuition and fees for the course. Therefore, the school district would be required to pay a postsecondary institution for a course taken by a pupil regardless of whether or not the course is taken for high school credit. As under current law, the district would be required to pay the postsecondary institution one of the following amounts:

1. If the pupil attends a UW institution, the actual cost of tuition, fees, books and other necessary materials directly related to the course.

2. If the pupil attends a private college, the lesser of: (a) the actual cost of tuition, fees, books and other materials; or (b) an amount determined by multiplying the statewide cost per high school credit, as computed by DPI, by the number of high school credits taken at the private college.

Under current law, the pupil is responsible for payment of tuition and fees for a course taken solely for postsecondary credit or if the school board, or DPI on appeal, determines that the district offers a comparable course.

As under current law, pupils attending institutions of higher education under this program would be included in a school district's membership for state aid purposes.

*School District Requirements.* Require a school board to grant a high school diploma to a pupil who has satisfied all of the state's graduation requirements regardless of whether the pupil met all or a portion of the requirements while attending a postsecondary institution. Repeal the requirement that if a school board determines that the number of resident pupils enrolled in a course at a postsecondary institution is equal to or greater than the number normally required for the district to offer the course and the board expects the situation to continue in the next school year, the school district must offer the course in the district in the next school year.

*Transportation Reimbursement.* Allow the parent or guardian of a pupil taking a course for high school credit at a postsecondary institution to apply to DPI for reimbursement of the cost of transporting the pupil between the high school and the postsecondary institution if the pupil's parent is unable to pay the cost of such transportation. Under current law, transportation costs are not reimbursed if the course taken by the pupil is comparable to a course offered in the school district.

**Joint Finance/Legislature:** Modify provisions as follows:

a. *Timing of Application and Notification.* Delete the provision which would require a pupil to notify the school board of his or her intent to participate in the program at least 90 days before the start of the semester in which the pupil intends to enroll in an institution of higher education. As under current law, a pupil would be required to notify the school board by March 1, if he or she intends to enroll in the fall semester and by October 1, if he or she intends to enroll in the spring semester.

b. *Tribally Controlled Colleges.* Permit a pupil to attend a tribally-controlled college under the program if the college has notified DPI of its intent to participate in the program by September 1 of the previous school year.

c. *Course Comparability and Payment of Tuition and Fees.* Restore the current law requirement that a school board determine whether a course a pupil intends to take is comparable to one offered in the school district. In addition, restore the provision which specifies that a pupil is responsible for tuition and fees for a course if the school board, or the State Superintendent on appeal, has determined that the course is comparable to one offered in the school district.

d. *Effective Date of Statutory Changes.* Specify that the modifications to the postsecondary enrollment options program would first apply to pupils who intend to participate in the program in the fall semester of 1998.

[Act 27 Sections: 255m, 2812, 2816 thru 2820, 2822c, 2823m thru 2827m, 2856, 2872 and 9340(5x)]

## 49. POSTSECONDARY ENROLLMENT OPTIONS PROGRAM -- WTCS [LFB Papers 672 and 674]

**Governor:** Modify statutory language relating to high school pupils attending technical colleges as follows.

*a. Youth Options Program.* Establish separate criteria and requirements for high school pupils attending technical colleges, rather than UW institutions and private colleges, under the postsecondary enrollment options (PSEO) program, which would be renamed "youth options program." The bill would allow a public school pupil, upon the pupil's request and with the written approval of his or her parent or guardian, to apply to attend a technical college for the purpose of taking one or more courses. The pupil would be eligible to receive both high school and technical college credit for courses successfully completed. The youth options program for pupils attending a technical college would be structured as follows.

(1) Eligibility. Allow a pupil to attend a technical college provided that the pupil: (a) has completed the 10th grade; (b) is in good academic standing; (c) notifies the school board of his or her intent to attend a technical college at least 90 days before the start of the technical college semester; and (d) does not meet the statutory definition of a child-at-risk. Delete a current law provision that specifies that a person can attend a technical college under the PSEO program only if he or she is a state resident.

Under current law, pupils attending technical colleges under the PSEO program must be state residents in the 11th or 12th grades and not enrolled in a technical college as a child-at-risk under the compulsory school attendance law. Pupils must notify their school district no later than March 1, if they plan to enroll in courses in the fall semester, or by October 1, for spring semester courses. In notifying the school district, the pupil is currently required to specify the course title, number of credits and whether the course will be taken for high school or postsecondary credit.

(2) School District Requirements. Require the school board of the school district in which the pupil resides to notify the pupil, in writing and prior to the beginning of the semester in which the pupil will be enrolled, if a course in which the pupil will be enrolled does not meet the graduation requirements. Require a school board to grant a high school diploma to a pupil who has satisfied all of the state's graduation requirements regardless of whether the pupil met all or a portion of the requirements while attending a technical college.

(3) Appeals Process. Provide that if a pupil disagrees with the school board's decision regarding whether the course meets the high school graduation requirements, the pupil could, within 30 days after the decision, appeal to the State Superintendent whose decision would be final and not subject to review.

(4) Technical College Requirements. Require a technical college district board to admit a pupil who meets the admission requirements of the program for which he or she applied. However,

a district board would be allowed to reject an application from a pupil if the district board determines that the pupil has a record of disciplinary problems. Require the technical college to ensure that the pupil's educational program meets the state's high school graduation requirements. Under current law, a technical college may admit a pupil only if space is available and the pupil meets the college's admission standards and application deadlines developed for the PSEO program.

(5) Payment to Technical College District Board. For each pupil attending a technical college under this program, require the school board to pay to the technical college district board an amount equal to one of the following: (a) the cost of tuition, course fees and books, if the pupil is enrolled for less than seven credits at the technical college; or (b) the school district's average per-pupil cost for regular instruction and instructional support services in the previous school year, as determined by DPI, multiplied by the result of dividing the number of credits taken by the pupil by 15.

Require that DPI, annually by the third Monday in February, make available to school boards and technical college district boards estimates of these amounts. Require a school board to make the payment to the technical college district board in two installments payable upon initial enrollment of the pupil and at the end of the semester. Specify that the pupil would not be responsible for any portion of the tuition and fees for a course taken at a technical college under the youth options program.

Under current law, if a course is taken for high school credit, or for both high school and postsecondary credit, and a comparable course is not offered in the school district, the school district is required to pay to the WTCS district the actual cost of tuition, fees, books and other necessary materials directly related to the course. If the school board determines that a comparable course is offered in the school district, or if the course is taken solely for postsecondary credit, the pupil is responsible for payment of tuition and fees.

(6) State Aid. Provide that a pupil attending a technical college under this program would be included in the school district's membership for state aid purposes. Provide that the payments made by school districts to technical college districts under this program would not be included in the technical college district's aidable cost for the purposes of calculating state aid payments to the technical college district.

(7) Transportation. Specify that a school board would not responsible for transporting a pupil to or from the technical college the pupil is attending.

*b. Report on High School Pupils Attending Technical Colleges.* Require the State WTCS Board, annually by the third Monday in February, to submit a report to DOA, DPI, the Department of Workforce Development and the Legislature including all of the following information, by school district:

(1) The number of pupils who attended WTCS districts under the compulsory school attendance law and the youth options program in the previous school year.

(2) The type and number of credits earned by the pupils.

(3) The number of persons who applied for admission to a technical college in the previous school year who had previously earned technical college credit under the youth options program and who applied for admission within one year of graduating from high school.

(4) A list of the courses given in high schools for which pupils may receive postsecondary credit and the number of pupils enrolled in the courses for postsecondary credit in the previous school year.

(5) Any other information considered relevant by the Board.

*c. DPI Requirements.* Repeal the requirement that DPI, in consultation with the WTCS Board, promulgate rules establishing a uniform format for school boards to use in reporting the number of pupils attending technical colleges under the PSEO program, technical preparation programs, and the compulsory school attendance law, and the number of courses taken for technical college credit and for advanced standing in a WTCS associate degree program. Under the bill, the WTCS Board, in consultation with DPI, would still be required to establish a uniform format for WTCS district boards to use in reporting this information.

**Joint Finance**: Modify provisions as follows:

*a. Timing of Notification.* Delete the provision which would require a pupil to notify the school board of his or her intent to participate in the program at least 90 days before the start of the semester in which the pupil intends to enroll in an institution of higher education. As under current law, a pupil would be required to notify the school board by March 1, if he or she intends to enroll in the fall semester and by October 1, if he or she intends to enroll in the spring semester. In addition, require the school board to notify the pupil at least 30 days before the start of the technical college semester if a course in which the pupil is enrolled does not meet the high school graduation requirements.

*b. Eligibility and Admission.* Specify that a technical college would be required to admit a pupil if he or she meets the requirements and prerequisites of the course or courses for which he or she applied, rather than the "admission requirements of the program." Provide that a WTCS district could reject an application from a pupil if the district board determines that there is no space available for the pupil.

*c. Course Comparability.* Provide that if a pupil is enrolled in a technical college for 12 credits or more during a semester, the school board is responsible for no more than six of the credits for courses that are comparable to courses offered in the school district. Require a school board to

notify the pupil regarding whether the course a pupil intends to take is comparable to one offered in the school district. Provide that if the pupil disagrees with the school board's decision, the pupil may appeal the decision to the State Superintendent within 30 days after the decision. A school district would be responsible for payment for any course taken for high school credit if the pupil is enrolled at the technical college for less than 12 credits during a semester.

*d. Payment to Technical College District Board.* Specify that a school board would be required to pay only for courses taken for high school credit at a technical college under the program. Provide that for each semester in which a pupil is enrolled at a technical college under the program, the school board would be required to pay to the technical college an amount as follows: (a) if the pupil is enrolled for less than seven credits that are eligible for high school credit, the cost of tuition, course fees and books, at the technical college; or (b) if the pupil is enrolled for seven credits or more that are eligible for high school credit, an amount equal to one-half of the school district's average per-pupil cost for regular instruction and instructional support services in the previous school year, as determined by DPI, multiplied by the result of dividing the number of credits taken for high school credit by 15. Specify that if the pupil would have exceptional educational needs, the payment would be adjusted to reflect any special services. Provide that a school board could refuse to permit a pupil to attend technical college if the pupil has exceptional education needs and the school board determines that the cost to the school district would impose an undue financial burden.

*e. Initial Applicability.* Specify that the modifications to the postsecondary enrollment options program would first apply to pupils who intend to participate in the program in the fall semester of 1998.

*f. Reporting Requirements.* Specify that the WTCS Board report identify the courses given in high schools for which pupils may receive technical college credit, rather than postsecondary credit and the number of pupils enrolled in the courses for technical college credit in the previous school year.

**Assembly/Legislature:** Modify the Joint Finance Committee provisions relating to course comparability requirements for pupils enrolled in technical colleges under the program as follows:

a. Provide that if a pupil is enrolled for less than 10 credits during a semester, the school board would not be responsible for payment for any courses taken by the student that are comparable to courses offered in the school district.

b. Provide that if a pupil is enrolled for 10 or more credits during a semester, the school board would be responsible for payment for courses that are comparable to courses offered in the school district for one-half of the credits taken, but no more than six credits.

In addition, provide that if, by September 15, 1997, or within 30 days after the effective date of the bill, the WTCS Board, the Wisconsin Association of School Boards and the School Administrators Alliance agree on a different method for determining the amount that a school board

must pay a technical college for a pupil attending the technical college under the program, these entities would be required to submit the method to DPI by September 15, 1997. If the method is approved by DPI, the agency would be required to submit the method to the Joint Committee on Finance for its approval under a 14-day passive review process. Provide that if the method is approved by DPI and the Finance Committee, DPI would be required to promulgate emergency rules implementing the method beginning with pupils attending a technical college under the program in the spring semester of 1998. The method for determining the payment amount provided in the rules would supersede the current law method as well as any modifications to that method provided in the 1997-99 state budget act.

**Vetoes by Governor [A-22 and A-23]:** Delete the Joint Finance provision which would have allowed a technical college to reject an application from a pupil if no space is available. In addition, delete the Assembly provision which would have permitted the WTCS Board, the Wisconsin Association of School Boards and the School Administrators Alliance to propose an alternative method, other than that specified in the bill, for determining the amount that a school board is required to pay the technical college on behalf of a pupil.

[Act 27 Sections: 255m, 1179, 1180, 1185, 1190, 2709, 2788, 2812, 2816, 2818, 2820, 2821, 2823, 2825 thru 2827m, 2844, 2845, 2872 and 9340(5x)]

[Act 27 Vetoed Sections: 2844 and 9140(6sr)]

## 50. CHARTER SCHOOLS -- CREATION BY OTHER ENTITIES IN THE MPS DISTRICT

[LFB Paper 670]

**Governor:** Authorize the Common Council of the City of Milwaukee, the Chancellor of the University of Wisconsin-Milwaukee (UW-Milwaukee) and the Milwaukee Area Technical College (MATC) District Board to establish by charter and operate, or contract with a group or individual to operate, a charter school. Specify that a charter school established or contracted for would have to be located within the Milwaukee Public Schools (MPS) district and only pupils residing within MPS could attend the charter school.

Specify that whenever one of these entities intends to establish a charter school, it would be required to notify DPI of its intention by February 1 of the previous school year. Provide that the Chancellor of UW-Milwaukee could not contract for the establishment of a charter school without the approval of the UW Board of Regents, although the Chancellor would be able to directly establish and operate a charter school without Regent approval.

Require the chartering or contracting entities to: (1) ensure that all instructional staff of the charter school hold a license or permit to teach issued by DPI; and (2) administer the 4th, 8th and 10th grade knowledge and concepts examinations currently required by state law. The bill does not specify that the chartering or contracting entities would be required to administer the Wisconsin

reading comprehension test given to third grade pupils as required by all schools, including charter schools, under current law.

Provide that a charter for a charter school established by the City of Milwaukee, the UW-Milwaukee and MATC would have to include all of the items for a petition to establish a charter school under current law, except: (a) the name of the person who would operate the charter school; (b) the name of the person who would be in charge of the charter school and the manner in which administrative services would be provided; and (c) the effect of the establishment of the charter school on the liability of the school district. Provide that a contract to operate a charter school would have to include all of the items required for a petition to establish a charter school under current law, except a description of the effect of the establishment of the charter school on the liability of the school district.

Create a sum sufficient appropriation within DPI to pay the operator of a charter school under this provision an amount equal to the shared cost per member of MPS in the previous school year multiplied by the number of pupils attending the charter school. (A corrective amendment would be needed to accomplish the intent of the draft.) DPI would have to make payments equivalent to 25% of the total in September, December, February and June of each school year and would send the check to the operator of the charter school. The Department would annually reduce the general school aids paid to MPS by the total amount paid to these charter schools. Specify that general school aids paid to other school districts would not be increased or reduced as a result of these payments or the reduction in aid to MPS and that the amount of the aid reduction for MPS would lapse to the general fund.

Exclude pupils attending charter schools established by the City of Milwaukee, UW-Milwaukee or MATC from the calculation of MPS's revenue limits, in the same manner that students under the existing Milwaukee parental choice program are excluded.

These provisions relating to the establishment of charter schools by the City of Milwaukee, UW-Milwaukee or MATC would take effect on July 1, 1998.

**Joint Finance:** Modify the Governor's recommendation to provide that, as an additional eligibility requirement, in the school year prior to their initial enrollment, participants would have to have been enrolled in MPS, the choice program, the proposed charter schools, or grades kindergarten through three in private schools located within the City of Milwaukee, or not enrolled in school.

**Assembly/Legislature:** Modify the Joint Finance recommendation to provide that any charter school authorized by the City of Milwaukee that would be established and operated by a for-profit entity would be an instrumentality of MPS. All teachers and other staff members employed by the

charter school would be employes of MPS and would be eligible to participate in the Wisconsin Retirement System.

[Act 27 Sections: 258, 2695, 2808, 2830, 2835, 2837, 2839 thru 2842, 2868, 2869, 2877, 2900, 2901 and 9440(2)]

## 51. CHARTER SCHOOLS -- PETITION PROCESS MODIFICATIONS [LFB Paper 671]

**Governor:** Provide that a petition requesting a school board to establish a charter school, which under current law must be signed by at least 10% of the teachers employed by the school district or by at least 50% of the teachers employed at one school in the district, would only have to be signed by those percentages of teachers if the proposed charter school would replace a public school in whole or in part. Current law requires these signature totals whenever the petition process, as opposed to a school board initiative, is utilized to establish a charter school. This modification would first apply to petitions submitted on the effective date of the bill.

Require that all school boards would have to grant or deny a charter school petition within 30 days following the currently required public hearing on the petition. Provide that if a school board would deny a petition, the person seeking to establish a charter school could, within 30 days after the denial, appeal the denial to DPI. DPI would have to issue a decision within 30 days; its decision would be final and not subject to judicial review. Under current law, the requirement for action within 30 days and the appeals process provisions only apply to charter school petitions in the Milwaukee Public School district. This provision would first apply to petition hearings that take place on the effective date of the bill.

**Joint Finance:** Clarify that DPI would have to establish rules governing the appeals process.

**Senate/Legislature:** Delete provision.

## 52. CHARTER SCHOOLS -- CONTRACT TERM [LFB Paper 671]

**Governor:** Provide that charter school contracts could be for any term, which would apply both to the initial contract as well as to contract renewals. Under current law, charter school contracts can be for any term not exceeding five school years and can be renewed for one or more terms not exceeding five school years. This provision would first apply to contracts entered into, extended, modified or renewed on the effective date of the 1997-99 state budget. This provision would first apply to contracts entered into, extended, modified or renewed on the effective date of the bill.

**Assembly/Legislature:** Delete provision. This would maintain the current law charter school contract term of any term not exceeding five school years, which can be renewed for one or more terms not exceeding five school years. Provide that charter schools authorized or established by the

University of Wisconsin-Milwaukee, the Milwaukee Area Technical College and the City of Milwaukee could have contracts for any term not exceeding five years and could be renewed for one or more terms not exceeding five school years. This provision would first apply to contracts entered into, extended, modified or renewed on the effective date of the bill.

[Act 27 Sections: 2836, 2837 and 9340(2)]

## 53. CHARTER SCHOOLS -- INSTRUMENTALITY OF THE SCHOOL DISTRICT [LFB Paper 671]

**Governor:** Provide that the MPS school board would determine whether or not a charter school established by the district is an instrumentality of the district. Specify that if the MPS board would determine that the charter school is an instrumentality of the district, the board would have to employ all personnel for the charter school. If the board would determine that the charter school is not an instrumentality of the district, the board could not employ any of the personnel for the charter school. Provide that charter schools established by the City of Milwaukee, UW-Milwaukee or MATC would not be instrumentalities of the MPS district and MPS could not employ any personnel for those charter schools.

Under current law, except for a charter school established in MPS, a charter school is considered to be an instrumentality of the school district in which it is located and the school board of that district is required to employ all personnel for the charter school. Under the bill, this general provision would still apply to all school districts except MPS.

**Joint Finance:** Modify the Governor's recommendation to require that the instrumentality of charter schools created by the MPS School Board would be determined as follows: (a) private schools that would be converted to charter schools would not be instrumentalities of the MPS District and MPS would not employ any of the charter school employes; (b) charter schools that would be created through the teacher petition process would be instrumentalities of the MPS District and MPS would employ all employes of the charter school; (c) the MPS School Board would determine whether or not all other charter schools established through MPS School Board action would be instrumentalities of the MPS district and that all employes of charter schools that would be instrumentalities of the MPS Board would maintain all collective bargaining rights.

**Assembly/Legislature:** Modify the Joint Finance provision to provide that any charter school authorized by the City of Milwaukee that would be established and operated by a for-profit entity would be an instrumentality of MPS. All teachers and other staff members employed by the charter school would be employes of MPS and would be eligible to participate in the Wisconsin Retirement System.

[Act 27 Sections: 2832, 2841, 2842 and 2842b]

## 54. RESTORE STATUTORY REFERENCES TO DEPARTMENT OF PUBLIC INSTRUCTION [LFB Paper 653]

**Governor:** Restore the statutory references to Department of Public Instruction and the powers of the State Superintendent of Public Instruction. Delete references to the Department of Education (DOE), the Secretary of Education and a separate Office of the State Superintendent outside of DOE. On March 29, 1996, the Wisconsin Supreme Court unanimously ruled, in the action of Thompson v. Craney, that provisions of 1995 Wisconsin Act 27 (the 1995-97 state budget), related to the powers of the State Superintendent of Public Instruction and the restructuring of DPI are unconstitutional. The bill would revise the statutes, including those sections of the statutes that relate to the constitutional issues, but that were not specified by the Court, to make them consistent with the court's decision. (A technical correction would be needed to accomplish the intent of the bill.)

Delete an outdated reference to school and home coordinators, which relates to a grant program that was eliminated in the 1995-97 budget. Delete an outdated statutory requirement for a report to be filed by January 15, 1995, relating to an alternative teacher training program for mathematics and science teachers.

**Joint Finance/Legislature:** Modify the Governor's recommendation to correct additional statutory references required under the Supreme Court ruling that were not included in the original bill.

[Act 27 Sections: 14, 20, 24, 30 thru 34, 36 thru 39, 41, 42, 46, 61, 63, 66, 67, 69, 70, 71, 72, 74, 75m, 78, 81, 82, 85, 108m, 152, 153, 246, 257, 263g, 269, 597, 739, 755, 817, 825, 1151 thru 1154, 1155, 1163, 1166, 1167, 1174 thru 1176, 1179, 1181, 1183, 1191m, 1193 thru 1195, 1210, 1316, 1329 thru 1343, 1346, 1476, 1520, 1521, 1535m, 1547, 1603, 1662, 1734, 1814, 1846, 1884, 1890, 1906, 2108, 2110, 2126, 2127, 2133, 2138, 2141, 2159, 2173, 2179, 2182, 2183, 2185, 2189, 2195 thru 2198, 2213, 2218, 2220, 2230, 2357, 2359, 2365, 2494, 2580, 2649, 2665, 2694, 2695g, 2695r, 2696, 2697, 2697m, 2698, 2698m, 2699, 2699g, 2699r, 2700, 2701m, 2703 thru 2707, 2707m, 2708p, 2710 thru 2745n, 2745s thru 2753t, 2753v thru 2758, 2758m, 2761d thru 2761t, 2763m, 2764, 2764m, 2766, 2767b, 2767e, 2767g, 2767j, 2767L, 2767p, 2767s, 2767u, 2767w, 2768, 2768m, 2769, 2769c thru 2775s, 2776 thru 2782g, 2782r, 2785d, 2785h, 2785p, 2785t, 2787, 2787e, 2787m, 2788b, 2788d thru 2803m, 2805, 2809e, 2809m, 2809s, 2810r, 2811m, 2812, 2812m, 2815d, 2815g, 2815r, 2819, 2823m, 2824m, 2825, 2827m, 2828 thru 2830, 2842g, 2842r, 2846, 2847c, 2847g, 2847L, 2847p, 2847t, 2848m, 2849, 2849h, 2853m, 2854b thru 2854w, 2855, 2857g, 2857r, 2860m, 2862m, 2863, 2863b, 2863rm, 2863s, 2867, 2867m, 2869, 2869m, 2870d, 2871m, 2872m, 2873, 2873d, 2873h, 2873p, 2873t, 2874, 2874m, 2875, 2876, 2880m, 2881, 2881d, 2881h, 2881p, 2881t, 2882, 2882d, 2882h, 2882p, 2882t, 2884, 2884m, 2888, 2888m, 2889m, 2890c, 2894, 2894d 2894h, 2894p, 2894t, 2902e, 2902m, 2902s, 2903, 2903m, 3009, 3099, 3294, 3304, 3326, 3408, 3473, 3485, 3958, 4008, 4009, 4062, 4066, 4076 thru 4078, 4109 4314, 4316, 4320, 4322, 4323, 4326, 4327, 4329, 4331, 5213, 5277, 5285, 5422 and 5457 thru 5462]

## 55. TRANSFER OF CERTAIN AODA PROGRAMS TO DEPARTMENT OF HEALTH AND FAMILY SERVICES [LFB Paper 669]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | - $7,050,000 | 0.00 | $7,050,000 | 0.00 | $0 | 0.00 |
| PR | - 4,631,900 | - 5.00 | 4,631,900 | 5.00 | 0 | 0.00 |
| Total | - $11,681,900 | - 5.00 | $11,681,900 | 5.00 | $0 | 0.00 |

**Governor:** Delete $3,525,000 GPR annually, $2,623,800 PR and 5.0 PR positions in 1997-98 and $2,008,100 PR in 1998-99, and transfer certain alcohol and other drug abuse (AODA) prevention programs from DPI to the Department of Health and Family Services (DHFS):

*Administration.* Transfer $723,500 PR and 5.0 PR positions in 1997-98 and $759,600 PR in 1998-99 to DHFS for the administration of AODA prevention and intervention programs.

*Assistance to Schools for AODA Programs.* Delete $1,900,300 PR in 1997-98 and $1,248,500 PR in 1998-99 and provide $1,900,000 PR of annual funding to DHFS for aid to school districts for AODA programs. The administration indicates that the DHFS funding amounts under the bill should have been the same as the amounts deleted from DPI. Under current law, DPI receives an allocation from the monies collected by the state through the 23% penalty assessment surcharge imposed on certain fines and forfeitures. DPI's share of this revenue, set by current statute at 13.6% of the total amount collected, is used to (a) provide grants to local school districts to fund projects related to the prevention or intervention in pupil AODA problem; (b) provide grants for school staff development programs in AODA prevention, intervention and instruction; and (c) fund positions to administer the grants and provide in-service training, technical assistance and information to school districts. A local match of at least 20% of total project costs is required for all grants. Under the bill, all funding and responsibilities would be transferred from DPI to DHFS.

*Early AODA Prevention and Intervention Programs.* Transfer $1,725,000 GPR annually to DHFS for grants to school districts for prevention and intervention programs. Under current law, the early AODA prevention and intervention program consists of four separate grant programs: (1) Drug Abuse Resistance Education (DARE); (2) Families and Schools Together (FAST); (3) pupil AODA projects; and (4) after-school/summer school grants. Total funding for these programs is $2,720,000. DPI is statutorily required to allocate $995,000 for DARE, $1,000,000 for FAST, $300,000 for grants for pupil AODA projects and $425,000 for after-school and summer school programs. DPI is authorized to transfer funding among these programs if the amounts allocated will not be fully utilized in a given program. These transfers must be made by November 1 or within 120 days after the effective date of the biennial budget act, whichever is later. Annually, DPI must submit a report to the Joint Committee on Finance describing all transfers.

Through DARE, a school board may contract with a city or county to provide drug abuse resistance education to pupils in grades three to nine using law enforcement officers trained in DARE instruction. Under the bill, $995,000 GPR of funding for grants under the DARE program would remain in DPI.

The FAST program provides early intervention and prevention services to pupils ages six through eleven who have a high risk of dropping out of school, experiencing AODA problems or being adjudged delinquent. Program activities must involve school, family and community participation, including mental health and AODA specialists. DPI may award grants of up to $50,000 to school districts with small and medium memberships (less than 10,000) and up to $70,000 to school districts with large members (10,000 or more). The bill would transfer the FAST program from DPI to DHFS.

Currently, DPI awards pupil AODA grants of up to $1,000 to school districts for education, prevention or intervention projects designed by pupils enrolled in the school district. Grants must be equally distributed on a statewide basis to the extent possible and must be used to pay for the costs of the pupil projects. The bill would transfer the pupil AODA project grant program from DPI to DHFS.

Finally, DPI awards after-school/summer school grants of up to $30,000 to school districts with higher-than-average dropout rates to implement an after-school or summer school program for pupils in grades one to nine, in cooperation with community-based organizations. The program, which must be coordinated with the district's children-at-risk program and include tutoring services, is intended to develop pupils' interests and skills to prevent AODA problems. Grants may not exceed 80% of the cost of the program, and no more than 7% of the grant may be used for administration. The bill would transfer after-school/summer school grants from DPI to DHFS.

*Youth AODA Programs.* Transfer $1,800,000 GPR annually and responsibilities for youth AODA programs to DHFS. Under current law, grants are made to school districts for the development or expansion of K-12 AODA prevention and intervention curriculum or, if a district already has such a curriculum, the development or expansion of an AODA prevention and intervention program. Programs must meet standards established by DPI and are required to: (1) provide staff training in AODA prevention; (2) provide a pupil assistance program; (3) develop and implement a K-12 AODA curriculum; (4) provide instruction to pupils in ways to deal effectively with social pressures and gain positive self-esteem; and (5) give teachers release time to participate in training and pupil assistance programs. In awarding grants, DPI must give priority to school districts in which no pupil assistance program is available.

The following table shows the 1996-97 adjusted base funding level under DPI for these programs as well as the proposed funding for DPI and DHFS under the bill.

| School District AODA Programs | Adjusted Base 1996-97 | Under the Bill 1997-98 | Under the Bill 1998-99 |
|---|---|---|---|
| **DPI** | | | |
| AODA Administration (PR) | $660,400 | $0 | $0 |
| Assistance to Schools for AODA (PR) | 1,296,200 | 0 | 0 |
| Early AODA (GPR) | 2,720,000 | 995,000 | 995,000 |
| Youth AODA (GPR) | 1,800,000 | 0 | 0 |
| Subtotal | $6,476,600 | $995,000 | $995,000 |
| **DHFS** | | | |
| AODA Administration (PR) | 0 | 723,500 | 759,600 |
| Assistance to School for AODA (PR) | 0 | 1,900,000 | 1,900,000 |
| Prevention and Intervention Grants (GPR) | 0 | 3,525,000 | 3,525,000 |
| Subtotal | $0 | $6,148,500 | $6,184,600 |
| TOTAL | $6,476,600 | $7,143,500 | $7,179,600 |

*DHFS Funding Allocation.* The GPR funding transferred to DHFS would be placed in one appropriation. Specify that DHFS would be required to allocate $1,000,000 for FAST, $300,000 for grants to pupil AODA projects, $425,000 for after-school and summer school programs and $1,800,000 for youth AODA programs. Eliminate the current authorization for monies to be reallocated as well as the reporting requirement relating to any reallocations. In addition, delete a requirement that the Department collect and analyze information about the projects funded under these programs and submit an evaluation report to the Legislature and the Governor by July 1 each year.

*Joint AODA Prevention Plan.* Repeal the requirement that DPI and DHFS prepare a joint biennial report to the Legislature regarding a plan for the development, testing and implementation of cooperative and integrated school-community AODA prevention, intervention, treatment and rehabilitation services.

*Nonstatutory Provisions.* Transfer from DPI to DHFS all assets, liabilities, tangible personal property, records, contracts, rules and pending matters that are primarily related to the functions of DPI under these AODA programs, as determined by the Secretary of DOA. Provide that all contracts that were in effect would remain in effect until their specified expiration date or until they were rescinded or modified by DHFS. Specify that all rules promulgated and orders issued by DPI that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by DHFS. Provide that for pending matters, all materials submitted to DPI or actions taken by DPI concerning the pending matter would be considered as having been submitted to or been taken by DHFS.

Transfer to DHFS 5.0 positions and the incumbent employes holding positions in DPI that are primarily related to these programs, as determined by the Secretary of DOA. Provide that the persons transferred would retain all employment rights and status they held prior to the transfer and that no transferred employe who had attained permanent status in the classified service would be required to serve a new probationary period.

**Joint Finance/Legislature:** Delete the Governor's provision, which would leave assistance to schools for AODA programs, youth AODA programs, DARE, FAST, after-school/summer school and pupil AODA grants, as well as program revenue funding for administration and technical assistance, and 5.0 PR positions in DPI.

Specify that DPI must submit a biennial report to the Legislature that evaluates the effectiveness of each of these AODA programs, by July 1 of the even-numbered years. Additionally, restore the requirement that DPI and DHFS submit a joint AODA prevention plan.

[Act 27 Section: 1535m and 2709m]

## 56. TRANSFER CERTAIN SCHOOL-TO-WORK PROGRAMS TO DWD [LFB Paper 668]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | - $499,000 | - 3.45 | $768,200 | 1.75 | $269,200 | - 1.70 |
| PR | - 1,259,600 | - 9.55 | 864,100 | 6.65 | - 395,500 | - 2.90 |
| Total | - $1,758,600 | - 13.00 | $1,632,300 | 8.40 | - $126,300 | - 4.60 |

**Governor:** Reduce funding for school-to-work and vocational education programs in DPI by $249,500 GPR and $629,800 PR annually and transfer 3.45 GPR and 9.55 PR positions to the Department of Workforce Development (DWD) in 1997-98. The bill would delete the PR funding and positions from a DPI appropriation for data processing, rather than the appropriation for program operations supported by funds transferred from other state agencies, which actually funds DPI school-to-work program operations. This latter appropriation includes funds transferred from the Wisconsin Technical College System (WTCS) Board, which are federal funds allocated to Wisconsin under the Carl D. Perkins Vocational and Applied Technology Education Act of 1990, currently divided between DPI and WTCS.

Create a continuing, program revenue-service (PR-S) appropriation for Carl Perkins funds transferred from the WTCS Board for the purpose of local aids to school districts for school-to-work programs. Currently, DPI uses one PR-S appropriation for funds transferred from other state agencies to carry out the purpose for which the funds are received. Under the bill, this appropriation would inadvertently be included in the calculation of state funding that would count toward two-thirds of partial school revenues.

*School-to-Work.* Modify the current school-to-work requirement for school boards to specify that school boards would have to provide access to a school-to-work program approved by DWD, rather than to an education for employment program approved by DPI. Require that DPI must work in cooperation with DWD and WTCS in assisting school boards to comply with this requirement. Require the Governor's Council on Workforce Excellence to review, and recommend to DWD for approval, school-to-work programs provided by school boards. In addition, require the Council to recommend for approval by DWD statewide skill standards for school-to-work programs provided by school boards.

*Nonstatutory Provisions.* Transfer to DWD 13.0 positions and the incumbent employes holding these positions in DPI that are primarily related to school-to-work programs, as determined by the Secretary of DOA. Provide that the persons transferred would retain all employment rights and status they held prior to the transfer and that no transferred employe who had attained permanent status in the classified service would be required to serve a new probationary period.

**Joint Finance/Legislature:** Restore $150,600 GPR and $460,300 PR in 1997-98 and $117,600 GPR and $403,800 PR in 1998-99, as well as 1.75 GPR positions and 6.65 PR positions to DPI. As a result, the Governor's recommendation would be modified to transfer only $98,900 GPR and $169,500 PR in 1997-98 and $131,900 GPR and $226,000 PR in 1998-99 and 1.7 GPR and 2.9 PR positions beginning in 1997-98 from DPI to DWD. Delete the requirement that DPI employ one full-time educational consultant in apprenticeship education within the Office of School-to-Work Transition. Restore all proposed statutory language provisions to current law.

Provide DPI, rather than DWD, $250,000 GPR annually in order to award a grant to a nonprofit agency in Milwaukee County for a school-to-work program for children-at-risk. Specify that the State Superintendent would review recommendations of the Governor's Council on Workforce Excellence before awarding this grant.

[Act 27 Sections: 265n, 2668m, 2671d, 2708m, 2788c and 9140(3)]

## 57. ENVIRONMENTAL EDUCATION GRANTS

| | Chg. to Base |
|---|---|
| SEG | $400,000 |

**Joint Finance/Legislature:** Provide $200,000 annually from the forestry account of the conservation fund for the Wisconsin Environmental Education Board for grants for forestry-related environmental education programs. The Board awards grants to nonprofit corporations and public agencies for the development, dissemination and presentation of environmental education programs.

[Act 27 Section: 277m]

## 58. TRANSFER ENVIRONMENTAL EDUCATION BOARD AND GRANTS TO THE UW SYSTEM

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $459,400 | - 0.50 |
| SEG | - 460,000 | 0.00 |
| Total | - $919,400 | - 0.50 |

**Joint Finance/Legislature:** Delete $229,700 GPR and $230,000 SEG annually and 0.5 GPR position beginning in 1997-98, to reflect the transfer of the Environmental Education Board (EEB) and grant program to the UW System. Require the UW-Stevens Point Center for Environmental Education to assist EEB in administering environmental education grants. Provide that the six public members of EEB would be appointed by the President of the UW System, rather than by the State Superintendent. In addition, provide that funding for environmental education grants would continue to be counted towards the state's goal of funding two-thirds of partial K-12 school revenues. EEB would continue to be required to consult with the State Superintendent in identifying needs and establishing priorities for environmental education in public schools.

On the effective date of the bill, transfer to the UW System, all assets and liabilities, tangible personal property including records, pending matters and contracts primarily related to EEB, as determined by the Secretary of Administration. Provide that all rules promulgated by DPI and all orders issued by DPI in effect on the effective date of the transfer that are primarily related to EEB would remain in effect until their specified expiration date or until amended or repealed by the Board of Regents of the UW System.

[Act 27 Sections: shown under "UW System"]

## 59. PUBLIC LIBRARY SYSTEM AID AND LIBRARY SERVICE CONTRACTS

| | Chg. to Base |
|---|---|
| GPR | $2,758,000 |

**Senate/Legislature:** Provide $1,091,600 in 1997-98 and $1,477,600 in 1998-99 for aid to public library systems. In 1996-97, aids to public library systems totalled $11,772,200 annually. Provide $80,200 in 1997-98 and $108,600 in 1998-99 for library service contracts with the interlibrary loan service and the Regional Library for the Blind and Physically Handicapped at the Milwaukee Public Library (MPL), and the Cooperative Children's Book Center and the Wisconsin Interlibrary Loan Service (WILS) at UW-Madison. In 1996-97, the funding for these contracts totalled $865,100.

Specify that DPI would be required to provide $163,900 in 1997-98 and $168,800 in 1998-99 for the WILS contract; $59,100 in 1997-98 and $60,900 in 1998-99 for the Children's Book Center contract; $60,100 in 1997-98 and $61,900 in 1998-99 for the MPL interlibrary loan contract; and $662,200 in 1997-98 and $682,100 in 1998-99 for the Regional Library. This would distribute the total increase for library service contracts on the basis of 1996-97 funding for each of these contracts.

[Act 27 Section: 9140(7gf)]

## 60. YOUTH VILLAGE/PASSPORTS FOR YOUTH PROGRAM

**Joint Finance:** Provide $500,000 annually in federal block grant funding under the temporary assistance to needy families (TANF) program in each year for the youth village program. Provide that to be eligible for the youth village program, a family must meet the eligibility requirements for a W-2 employment position. Provide that children enrolled in the youth village program could not be absent from the home for more than 45 consecutive days. In addition, provide that the youth village program and families enrolled in the program meet any other federal requirements regarding the use of TANF funding. (The fiscal effect for this item is shown under "Workforce Development.")

**Assembly/Legislature:** Delete the provision that would provide $500,000 in federal block grant funds under the TANF program for the youth village program and, instead, provide these funds to the "passports for youth program" operated by the YMCA of Metropolitan Milwaukee. No statutory provisions would be created for the passports for youth program. The TANF funds would not be allocated to passports for youth if the program does not meet the requirements of the federal TANF program. The youth village program would retain its statutory provisions and GPR funding in DPI.

[Act 27 Section: 1857p]

## 61. MINORITY PRECOLLEGE SCHOLARSHIPS

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| GPR | $623,000 | - $623,000 | $0 |

**Joint Finance:** Provide $311,500 annually to increase funding for the minority precollege scholarship program. Total funding for the program would increase from the base level of $900,000 to $1,211,500 annually. The program provides grants to minority middle and high school pupils to support the costs of attending precollege programs which are intended to enhance the pupils' academic ability to pursue postsecondary education. Scholarships are approximately $300 each.

**Assembly/Legislature:** Delete provision.

## 62. WISCONSIN EDUCATIONAL OPPORTUNITY PROGRAM

| | Senate/Leg. (Chg. to Base) | | Veto (Chg. to Leg.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $206,700 | 3.00 | - $206,700 | - 3.00 | $0 | 0.00 |

**Senate/Legislature:** Provide $68,900 in 1997-98 and $137,800 in 1998-99 and 3.0 positions beginning in 1997-98 for the Wisconsin Educational Opportunity Program (WEOP). The funds would be used for an additional 0.25 program assistant position at each of the following WEOP district offices: Ashland, Eau Claire, Green Bay, Beloit, Racine and Wausau. An additional 0.5 program assistant and a 0.5 counselor at Milwaukee, and a 0.5 counselor at Ashland would also be provided.

**Veto by Governor [A-7]:** Delete provision.

[Act 27 Vetoed Section: 169 (as it relates to s. 20.255(1)(a))]

## 63. MILWAUKEE PUBLIC SCHOOLS -- STATE TRUST FUND LOANS

**Joint Finance/Legislature:** Specify that the Common Council of the City of Milwaukee must, on behalf of the Milwaukee Public Schools (MPS), levy taxes equal to the amount required to make principal and interest payments for the state trust fund loan, as specified by MPS in its budget notice to the City of Milwaukee. Direct MPS on an annual basis, by December 31, to transfer to Milwaukee sufficient funds, when accrued interest is considered, to cover the principal and interest payments due in the following year.

Under current law, MPS is not authorized to levy taxes. Currently, MPS must adopt a resolution stating its intention to include in its budget submitted to the Common Council of the City of Milwaukee a notice specifying the amount of necessary to pay the principal and interest of the state trust fund loan.

[Act 27 Section: 2851m]

## 64. CESA LEASE AUTHORITY

**Joint Finance/Legislature:** Allow CESAs to lease equipment for the purpose of assisting pupils with a visual handicap to read.

[Act 27 Section: 2775t]

## 65. NEWSLINE FOR BLIND AND PHYSICALLY HANDICAPPED

| | Chg. to Base |
|---|---|
| PR | $146,000 |

**Joint Finance/Legislature:** Provide $111,000 in 1997-98 and $35,000 in 1998-99 transferred from the universal service fund. Require DPI to use this funding in consultation with the Wisconsin Regional Library for the Blind and Physically Handicapped (WRL) in Milwaukee, to contract with the National Federation of the Blind to provide the *Newsline* service

from two local service centers: one located at the WRL in Milwaukee and the other at a location in Madison selected by DPI in consultation with the WRL.

[Act 27 Sections: 9140(5m) and 9241(1n)]

## 66. MILWAUKEE PUBLIC MUSEUM

| | Chg. to Base |
|---|---|
| GPR | $100,000 |

**Joint Finance/Legislature:** Provide $50,000 annually in an annual appropriation in DPI to provide a grant to the Milwaukee Public Museum to develop curriculum and exhibits relating to African American history. Require that the Milwaukee Public Museum provide equivalent matching funds.

[Act 27 Sections: 265r and 2709r]

## 67. ELKS/EASTER SEAL RESPITE PROGRAM

| | Chg. to Base |
|---|---|
| GPR | $100,000 |

**Assembly/Legislature:** Provide $50,000 annually for the Wisconsin Elks/Easter Seal Center for Respite and Recreation, which is a year-round program for children and adults with physical, cognitive and multiple disabilities and their families. Specify that the new, annual appropriation for this purpose would be located under DPI and that DPI would be responsible for distributing the funds to the organization annually.

[Act 27 Sections: 265mm and 2709t]

## 68. PUBLIC INSTRUCTION -- WISCONSIN GEOGRAPHY ALLIANCE

| | Chg. to Base |
|---|---|
| GPR | $100,000 |

**Assembly/Legislature**: Provide $50,000 annually to the Wisconsin Geography Alliance, funded through a current, unused appropriation under DPI. Delete the current law provision that prohibits funding for this purpose after June 30, 1996.

[Act 27 Sections: 265mp and 2708e]

## 69. ELIMINATION OF CERTAIN COUNCILS AND BOARDS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $127,200 | - 1.00 |

**Assembly/Legislature:**

*American Indian Language and Culture Education Board.* Repeal the American Indian Language and Culture Board and the associated statutory functions in DPI and the Higher Educational Aids Board (HEAB) on the general effective date of the budget act. The Board is comprised of 13 members appointed by the Governor for staggered four-year terms from recommendations made by various Indian tribes, bands and organizations in Wisconsin. The members include parents or guardians of American Indian children, American Indian teachers, school administrators, a school board member, persons involved in programs for American Indian children and persons experienced in the training of teachers for American Indian language and culture education programs. Members are appointed to represent all of the American Indian tribes, bands and organizations in Wisconsin. The Board advises the State Superintendent, the Board of Regents of the UW System, the HEAB and the Technical College System Board on all matters relating to the education of American Indians.

Additionally, the Board advises HEAB on the allocation of grants to students enrolled less than half time under the Indian student assistance grant program, and works in coordination with DPI in administering the American Indian language and culture education program. Delete $62,000 annually and 1.0 position from DPI program operations which supports: (a) the Board's program operations, supplies and services and member per diems; and (b) a staff position in DPI that administers the American Indian language and culture education program.

*Council on Business and Education Partnerships.* Repeal the Council on Business and Education Partnerships and associated statutory functions on the general effective date of the budget act. The Council is comprised of representatives, appointed by the Governor for three-year terms, of private business and industry, agriculture, organized labor, the Technical College System and the public school system, with a majority of the members being representatives of private business and industry. Repeal the requirement that DPI expend at least $5,000 GPR annually of the amounts appropriated for agency general program operations, for the support of the Council.

*Council on Instructional Telecommunication.* Repeal the Council on Instructional Telecommunications and associated statutory functions on the general effective date of the budget act. The Council is comprised of members appointed to four-year terms by the State Superintendent of Public Instruction to represent each cooperative educational service agency (CESA), from nominations made by the Boards of Control of each CESA, and two members to represent private primary and secondary educational institutions. Delete $1,600 annually from the DPI general program operations appropriation to reflect the elimination of the Council.

*Council on Suicide Prevention.* Repeal the Council on Suicide Prevention and associated statutory functions on the general effective date of the budget act. The Council is comprised of seven members appointed for three-year terms, including: (1) two persons appointed by the State

Superintendent of Public Instruction, at least one of whom is not an employe of DPI; (2) two persons appointed by the Secretary of the Department of Health and Family Services (DHFS), at least one of whom is not an employe of DHFS; (3) one person and one physician appointed jointly by the State Superintendent and the Secretary of DHFS; and (4) one person appointed by the Executive Staff Director of the Office of Justice Assistance in the Department of Administration.

[Act 27 Sections: 48m, 73m, 79m, 80m, 83ag, 247, 1254m, 2701p and 2753t thru 2753x]

# PUBLIC SERVICE COMMISSION

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Act 27 Change Over Base Year Doubled Percent |
|---|---|---|---|---|---|---|---|
| FED | $174,000 | $180,000 | $180,000 | $180,000 | $180,000 | $6,000 | 3.4% |
| PR | 25,929,800 | 26,185,500 | 26,350,700 | 26,327,500 | 26,266,300 | 336,500 | 1.3 |
| SEG | 0 | 0 | 16,000,000 | 16,000,000 | 16,000,000 | 16,000,000 | N.A. |
| TOTAL | $26,103,800 | $26,365,500 | $42,530,700 | $42,507,500 | $42,446,300 | $16,342,500 | 62.6% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| FED | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 |
| PR | 189.00 | 189.00 | 191.50 | 191.50 | 190.50 | 1.50 |
| TOTAL | 190.00 | 190.00 | 192.50 | 192.50 | 191.50 | 1.50 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base |
|---|---|
| FED | $6,000 |
| PR | - 320,400 |
| Total | - $314,400 |

**Governor/Legislature:** Provide $3,000 FED and -$160,200 PR annually for standard budget adjustments for: (a) turnover reduction (-$229,800 PR); (b) removal of noncontinuing elements from the base (-$40,000 PR); (c) full funding of salary and fringe benefits costs (-$4,200 FED and $900 PR); (d) full funding of financial services charges ($5,900 PR); (e) reclassifications ($7,200 FED and $7,000 PR); (f) full funding of financial services charges ($900 PR); (g) fifth week of vacation as cash ($57,800 PR); (h) full funding of lease costs ($4,200 PR); and (i) full funding of delayed pay adjustments ($32,900 PR).

## 2. INCREASED PUBLIC INTERVENOR FUNDING [LFB Paper 690]

| | Governor (Chg. to Base) | Assembly (Chg. to Gov.) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|---|
| PR | $500,000 | - $400,000 | $400,000 | $500,000 |

**Governor:** Provide $250,000 annually to support increased participation of public intervenor groups before the Commission. The recommended additional funding would be provided on a one-time basis and would not become part of the Commission's base budget. The current base level public intervenor funding level is $250,000 annually and would result in $500,000 annually being available under the appropriation.

**Assembly:** Modify Joint Finance provision by deleting $200,000 annually of the one-time public intervenor funding. As a result, $300,000 annually would be available under the appropriation.

**Senate/Legislature:** Restore $200,000 annually of the one-time public interventor funding. As a result, $500,000 annually would be available under the appropriation.

## 3. PUBLIC HEARINGS FACILITIES EXPANSION

| | Chg. to Base |
|---|---|
| PR | $56,100 |

**Governor/Legislature:** Provide $39,700 in 1997-98 and $16,400 in 1998-99 to provide the Commission with an additional conference room for public hearings. Funding would support one-time expenditures for a conference room administrator's work station, a conference table and chairs and moveable wall partitions ($23,300 in 1997-98) and ongoing space rental costs ($16,400 annually).

## 4. CONSUMER COMPLAINT AND INQUIRY SYSTEM IMPLEMENTATION [LFB Paper 691]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | $20,000 | - $20,000 | $0 |

**Governor:** Provide $20,000 in 1997-98 to support the design and development or the purchase of software for a consumer complaint and inquiry system. The proposed inquiry system would record, retrieve and analyze utility customer complaints received by the Commission. The funding would be placed in unallotted reserve and would be used only in the event that the appropriate software cannot be found at other state agencies or at public utility commissions in other states.

**Joint Finance/Legislature:** Delete provision.

## 5. MODIFICATIONS TO THE CURRENT STATUS AND PURPOSES OF THE UNIVERSAL SERVICE FUND [LFB Paper 795]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $0 | $16,000,000 | $16,000,000 |

**Governor:** Create the Universal Service Fund as a separate, state segregated fund and modify the statutory purposes of the Fund, as follows:

*Segregated Trust Fund Created.* Establish the Universal Service Fund (USF) as a separate, nonlapsible segregated trust fund and specify that the Investment Board would have exclusive control over the investment of assets in the USF. Repeal various existing statutory references relating to the initial establishment of a USF by the PSC in accordance with provisions of 1993 Wisconsin Act 496, which substantially deregulated the telecommunications industry in Wisconsin.

Under current law, the PSC has already acted to establish a USF by administrative rule and, as also required by statute, has contracted with an outside vendor for the Fund's actual administration. Since January 1, 1996, the PSC has required telecommunications providers to contribute a proportionate share of their gross operating revenues derived from intrastate activities to support the purposes of the USF. The PSC also sets an annual budget for program activities to be financed by the USF. Currently, USF receipts and disbursements are managed by the contract administrator as an off-budget account; however, the State Controller's Office has required that the current assets of the USF be reported in the state's general fund. Under the proposed changes, while the Investment Board would manage all USF investments, the statutory requirement that the PSC contract for actual administration of the fund would be continued.

As the bill is drafted, a technical correction is needed to transfer any residual balances in the current USF to the new segregated state fund on the general effective date of the bill.

*Educational Telecommunications Access Program Established as an Element of Universal Service.* Direct the PSC, in consultation with DOA and the proposed new Technology for Educational Achievement in Wisconsin Board (TEACH Board), to promulgate rules establishing an educational telecommunications access program under the USF. Include parallel language under both DOA and the TEACH Board requiring that they coordinate with one another in the establishment of the new program. [See "Technology for Educational Achievement in Wisconsin Board".]

Specify that the educational telecommunications access program would have to provide school districts in the state with access to data lines and video links. "Data lines" would be defined as data transfer lines capable of direct access to the Internet (at a minimum speed of at least 1,544,000 bits

per second). "Video links" would be defined as two-way full motion interactive video links (at a minimum speed of at least 44,763,000 bits per second).

Stipulate that the rules establishing the program would have to do all of the following:

• Allow a school district to request the TEACH Board for access to either one data link or one video link. Districts with more than one high school could request access to both a data line and a video link as well as access to more than one data line and a video link.

• Establish school district eligibility requirements for participation in the program.

• Establish specifications for data lines and video links provided to participating school districts.

• Require school districts to pay DOA a fee of not more than $250 per month for each data line or video link provided under the program. An existing appropriation for receipt and expenditure of information technology fees from nonstate entities under DOA would be modified to accept payment of these monthly fees from school districts. DOA would be authorized to contract with telecommunications providers to provide the data line and video link access to school districts.

Provide that these new rules be exempt them from the current requirements applicable to other USF rules that the PSC review and revise them, as appropriate, on a biennial basis. In addition, exempt the new program and its associated rules from being subject to the current requirement that the existing USF Council periodically advise the PSC on both the administration of USF and on the content of all USF rules.

*Allow Use of the USF for Payments under the Educational Telecommunications Access Program.* Modify the current authorized purposes of the USF to permit telecommunications provider contributions to it to be used to support the costs of contracts entered into between DOA and those telecommunications providers that make data line and video link access available to school districts. Such payments from the USF would be authorized only to the extent that total contract costs exceed the total amounts received by DOA from participating school districts (up to $250 per month per data line or video link from each participating school district) under the educational telecommunications access program.

Under current law, the PSC must ensure that contributions to the USF be used only to support the following four purposes: (a) to assist customers located in areas of the state that have relatively high costs of telecommunications services, low-income customers and disabled customers in obtaining affordable access to a basic set of essential telecommunications services; (b) to assist in the deployment of the advanced service capabilities of a modern telecommunications infrastructure throughout the state; (c) to promote affordable access throughout Wisconsin to high-quality education, library and health care information services; and (d) to administer the USF.

Currently, the PSC must promulgate rules to determine whether a telecommunications provider, its customers or another person should be assisted by the USF for any of the above four authorized uses. This provision would be modified to restrict such determinations only to these four existing purposes. The PSC would not be required to make such a determination, by rule, with respect to providing assistance under the educational telecommunications access program.

*Payments from the USF.* Create two separate appropriations to make payments from the USF, as follows:

• Establish one sum sufficient appropriation under the PSC for the promotion of universal telecommunications service, and specify that the expenditures from this new appropriation could only be used to support the four current law authorized funding purposes for the USF. This appropriation would not be available to fund any of the costs under the educational telecommunications access program. No expenditure estimate for this appropriation is included under the bill for either the 1997-98 or the 1998-99 fiscal year. The existing USF has budgeted a total of $8,000,000 in 1996-97 to support the current authorized activities of the Fund.

• Establish a second sum sufficient appropriation under DOA to fund the amounts payable to telecommunications providers as a result of contracts entered into between DOA and the providers to make data line and video link access available to school districts. The amounts payable from this sum sufficient appropriation would be limited to the total contract costs that are in excess of the required school district contributions for providing these access services. Estimate expenditures from this appropriation at $2,500,000 SEG in 1997-98 and $3,000,000 SEG in 1998-99. [These fiscal effects are shown under "Administration -- Transfers and Modifications of Functions".]

Require the PSC to ensure that telecommunications provider contributions to the USF are sufficient to enable the USF to fund all of its authorized purposes, including the funding of those costs of the educational telecommunications access program not covered by school district user fees. Thus, sufficient funding would have to be collected to support estimated expenditure from both the sum sufficient appropriation under the PSC as well as the sum sufficient appropriation under DOA.

The 1996-97 budget for the existing USF currently has budgeted $2,000,000 for providing data and video access services. However, these budgeted funds are also being used to promote access to libraries and hospitals in addition to public schools.

*Initial Creation of the Educational Telecommunications Access Program by Emergency Rule.* Direct the PSC to promulgate the initial rule required for the educational telecommunications access program as an emergency rule. This emergency rule would operate during the period prior to the promulgation of the permanent rule establishing the program. Specify that this emergency rule would have to be promulgated no later than the 60th day following the general effective date of the biennial budget act and could remain in effect for a period not exceeding the current statutory limit on emergency rules. (Emergency rules remain in effect only for a period of 150 days but may be extended upon petition to the Joint Committee for Review of Administrative Rules for a period of

60 days. Any number of additional extensions may be granted, but the total period for all extensions may not exceed 120 days.) Stipulate that the PSC would not have to provide evidence of the necessity of preservation of the public peace, health, safety or welfare in order to promulgate this emergency rule.

*Required Reports.* Require that the PSC submit an annual report to the TEACH Board on the status of providing data lines and video links to school districts. The report would also have to assess the impact on the USF of the required payments to telecommunications providers in excess of the required school district contributions for these access services.

Provide that if the Federal Communication Commission promulgates or modifies rules under those sections of the federal Telecommunications Act of 1996 relating to rate discounts for telecommunications services to school districts, the Governor would be required to submit a report to the Joint Committee on Finance containing recommended changes to existing statutes or rules with respect to funding the educational telecommunications access program.

**Joint Finance:** Modify provision, as follows:

*Segregated Trust Fund Created.* Include a technical provision to transfer any residual balances in the current USF to the new, segregated state fund on the general effective date of the budget act.

*Educational Telecommunications Access Program Established as an Element of Universal Service.* Specify that: (a) "data line" would be defined as a data circuit that provides direct access to the Internet; and (b) "video link" would be defined as a two-way interactive video circuit. Expand the scope of the educational telecommunications access program to include technical college districts, private colleges and public library boards.

Add a new statutory purpose of the USF by specifying that the Fund could also be used to provide BadgerNet access for UW-River Falls, UW-Stout, UW-Superior and UW-Whitewater in a manner equivalent to the access funded for the other nine four-year campuses.

*Payments from the USF.* Create the USF appropriation under the PSC as a biennial, SEG-funded sum certain appropriation rather than a sum sufficient appropriation and appropriate $8,000,000 annually to fund USF current law operations.

Delete the sum sufficient appropriation created under DOA to fund the educational telecommunications access program from the USF and instead create a biennial, SEG-funded sum certain appropriation under the TEACH Board. Transfer the amounts which would have been appropriated under DOA ($2,500,000 in 1997-98 and $3,000,000 in 1998-99) to this new TEACH Board appropriation.

In addition, provide a grant to school districts with an existing contract signed as of May 1, 1997, for the costs of access services during that initial contract period, where the school district can

provide the PSC with documentation of their contract. Provide $1,875,000 in 1997-98 and $2,500,000 in 1998-99 for the estimated costs of these payments and include these amounts in the same new appropriation created above under the TEACH Board for the school district access program. Specify that the grant would apply to one T-1 or one DS-3 line in an annualized amount equal to the monthly subsidy other school districts would receive under the proposed telecommunications access program. Specify that a school district could not receive both this grant amount for a line as well as subsidized access for a line under the proposed educational telecommunications access program. Provide that this annual grant for existing contracts would sunset at the end of the 2001-02 fiscal year. Specify that the TEACH Board would determine the amount of the grant and stipulate that payments would begin at the same time that the proposed access program would take effect for other school districts.

Authorize each of the 16 Wisconsin Technical College System (WTCS) districts to request access to either a T-1 or DS-3 line and pay no more than $250 per month for access for either type of line, subject to the availability of funds in the above new biennial sum certain appropriation created under the TEACH Board for the school district educational telecommunications access program. Specify that the TEACH Board, in cooperation with the PSC, would have to make a determination based on projected demand by April 1, 1998, whether there would be sufficient monies available to fund WTCS access for the rest of the 1997-99 biennium.

Create a second, biennial, SEG-funded sum certain appropriation under the TEACH Board. Provide this appropriation with $450,000 in 1997-98 and $716,400 in 1998-99 for telecommunications access to public libraries and $280,000 in 1997-98 and $375,000 in 1998-99 for telecommunications access to regionally accredited four-year nonprofit colleges and universities that are incorporated in this state or that have their regional headquarters and principal place of business in this state. Specify that this funding would be for access to either a T-1 or DS-3 line on the same terms as for K-12 schools.

Finally, create a new annual, SEG-funded sum certain appropriation under the UW System funded from the USF and provide $1,008,000 in 1997-98 and $864,000 in 1998-99 to provide BadgerNet access for UW-River Falls, UW-Stout, UW-Superior and UW-Whitewater. Specify that this funding would be placed in the Joint Committee on Finance supplemental appropriation for release at the time the UW and DOA submit a joint report on the costs and technology needs of the BadgerNet initiative and the Committee determines that plans for the UW and DOA components of BadgerNet will achieve a consistent and workable system.

As a result of these actions, the following activities would be funded from the USF during the 1997-99 biennium:

| USF Program Purpose | Appropriation | 1997-98 | 1998-99 |
|---|---|---|---|
| Original PSC Purposes | 20.155(1)(q) | $8,000,000 | $8,000,000 |
| School District and WTCS Access | 20.275(1)(s) | 2,500,000 | 3,000,000 |
| School District Existing Contracts | 20.275(1)(s) | 1,875,000 | 2,500,000 |
| Public Libraries | 20.275(1)(t) | 450,000 | 716,400 |
| Private Colleges | 20.275(1)(t) | 280,000 | 375,000 |
| UW BadgerNet | 20.285(1)(q) | 1,008,000[a] | 864,000[a] |
| Total | | $14,113,000 | $15,455,400 |

[a]Initially placed in the Joint Committee on Finance s. 20.865(4)(u) appropriation.

Clarify that the PSC would be required to assess telecommunications providers the amounts necessary to fund all the above appropriation amounts.

*Recovery of Certain USF Assessments from Ratepayers.* Authorize a telecommunications utility to fully recover its share of assessment costs for USF expenditures related to all of the above program purposes (other than the $8,000,000 annually assessed for the original PSC purposes) through adjustments applied only to subscribers' basic local exchange service rates. [As a result, a total of $6,113,000 in 1997-98 and $7,455,400 in 1998-99 would be subject to this cost recovery provision.] Provide that the recovery of such costs may be effected by the telecommunications utility notwithstanding any other rate adjustment provisions under Chapter 196 of the statutes affecting telecommunications utilities. Further, direct the PSC to report to the Joint Committee on Finance in each fiscal year of the 1997-99 biennium the amounts required to be assessed against each telecommunications utility subject to these cost recovery provisions for the purpose of funding the USF programs subject to this assessment "pass-through" provision. Finally, specify that these reports would have to be submitted no later than 90 days after establishing the USF assessments in each fiscal year.

This provision would apply to telecommunications utilities (such as Ameritech and GTE North, which generally provide local exchange service) and would not apply to telecommunications carriers (such as AT&T Communications of Wisconsin, MCI and Sprint, which generally furnish telecommunications services within the state to the public but do not provide basic local exchange service).

Currently, certain large telecommunications utilities that have elected to become price-regulated telecommunications are subject to a rate freeze for three years and thereafter are subject to statutory caps on the amounts by which they may adjust their rates. Other telecommunications utilities that do not elect to become price-regulated may adjust their rates pursuant to a formal or expedited rate review by the PSC.

Under current law, any assessments to support the additional costs of the educational telecommunications access program would have to be accommodated within the frozen or capped rate structure for price-regulated utilities or would have to be recovered through a rate adjustment for utilities that are not subject to price regulation. This provision would allow the automatic "pass-through" of all USF assessments not related to the original PSC program assessment costs, notwithstanding the current law rate freeze or rate increase caps for price-regulated telecommunications utilities or the rate increase procedures required for telecommunications utilities that are not price-regulated.

Current law prohibits telecommunications utilities from establishing a surcharge on customers' bills to collect from customers the assessments required for the USF. This prohibition would not be affected by the provision and would continue to apply to these "pass-through" rate adjustments. As a result, there would be no indication on a customer's bill of the assessment amounts.

*Directed Use of Certain USF Funds Appropriated to the PSC.* Include a session law provision directing the PSC to provide $111,000 SEG in 1997-98 and $35,000 SEG in 1998-99 from the USF to the Department of Public Instruction to support a pilot project to provide the electronic news service, *Newsline*, to the blind and disabled in Wisconsin.

Require DPI, in consultation with the Wisconsin Regional Library for the Blind and Physically Handicapped in Milwaukee, to contract with the National Federation of the Blind to provide the *Newsline* service from two local service centers: one located at the Wisconsin Regional library for the Blind and Physically Handicapped in Milwaukee and the other at a location in Madison selected by DPI in consultation with the Wisconsin Regional Library for the Blind and Physically Handicapped.

*Initial Creation of the Educational Telecommunications Access Program by Administrative Rule.* Modify the Governor's provision by specifying that the rules required for the educational telecommunications access shall address the personal privacy protection considerations specified under s. 196.209(4) of the statutes. Require the PSC to consult with the Telecommunications Privacy Council on the content of such rules. Further, require that the initial rule establishing the access program would be subject to the approval of the Joint Committee on Information Policy and the Joint Committee on Finance under a 14-day passive review process.

*Reports.* In addition to the reports required under the Governor's recommendations, require that the PSC submit to the Governor and the Legislature by January 1, 1999, recommendations on: (a) any modifications the Legislature should consider to reduce programmatic and funding differences between the assistance to institutions program and the educational telecommunications access program; and (b) whether time limitations should be imposed on how long school districts may receive grants under the educational telecommunications access program to recognize that data and video link access is supposed to be available on request by any customer, in a timely manner and at affordable prices, under existing PSC rules no later than January 1, 2003.

Further, require the PSC and the TEACH Board to submit a joint report to the Joint Committee on Finance no later than August 15, 1998, containing the following information: (a) an analysis of whether there are school districts with special needs related to their size or geography that should be provided with additional data lines and video links than would otherwise be authorized under the educational telecommunications access program; (b) the level of expenditures incurred under each USF appropriation during the 1997-98 fiscal year; (c) a summary of the principal programs, activities and recipient classes funded under each appropriation during the 1997-98 fiscal year; (d) an assessment of the projected funding demand by principal program, activity and recipient classes from each appropriation for the 1998-99 fiscal year; and (e) based on these projections, whether additional appropriation authority is required in either appropriation for the 1998-99 fiscal year.

**Assembly:** *Educational Telecommunications Access Program Established as an Element of Universal Service.* Modify provision that institutions participating in the educational telecommunications access program could request access to either a data line or video link and pay no more than $250 per month for each data line or video link, to specify instead that institutions would have to pay no more than $100 per month for a data line or video link that relies on a transport medium that operates at a speed of 1.544 megabits per second.

Modify the eligibility requirements for the telecommunications access grant program for school districts in existing telecommunications contracts to require that school districts would have to provide the PSC with documentation of a contract for telecommunications access in the initial period signed as of the effective date of the budget, instead of by May 1, 1997.

*Allow Use of the USF for Payments under the Educational Telecommunications Access Program.* Modify Joint Finance provision to allow private sectarian primary and secondary schools to request access to a T-1 or DS-3 line on the same terms as public school districts. Create a separate biennial appropriation under the TEACH Board and provide $265,000 in 1997-98 and $355,000 in 1998-99 from the universal service fund for this purpose. The appropriation language specifies that the these funds would be provided from the USF. However, this appropriation is not included in the enumeration of those appropriations which the PSC must use in establishing the total amount of the annual assessment of telecommunications providers for the purpose of funding the USF.

As a result of providing for the funding of private sectarian primary and secondary schools from the USF, the following activities would be funded from the USF during the 1997-99 biennium:

| USF Program Purpose | Appropriation | 1997-98 | 1998-99 |
|---|---|---|---|
| Original PSC Purposes | 20.155(1)(q) | $8,000,000 | $8,000,000 |
| School District and WTCS Access | 20.275(1)(s) | 2,500,000 | 3,000,000 |
| School District Existing Contracts | 20.275(1)(s) | 1,875,000 | 2,500,000 |
| Public Libraries | 20.275(1)(t) | 450,000 | 716,400 |
| Private Colleges | 20.275(1)(t) | 280,000 | 375,000 |
| Private Sectarian Colleges | 20.275(1)(tm) | 265,000 | 355,000 |
| UW BadgerNet | 20.285(1)(q) | 1,008,000[a] | 864,000[a] |
| Total | | $14,378,000 | $15,810,400 |

[a]Initially placed in the Joint Committee on Finance s. 20.865(4)(u) appropriation.

**Senate/Legislature:** *Allow Use of the USF for Payments under the Educational Telecommunications Access Program.* Provide that tribally-controlled colleges in this state would be defined as private colleges for the purposes of the educational telecommunications access program and could request access to a T-1 or DS-3 line from the TEACH Board on the same terms as other private colleges. No additional funding would be provided for this purpose.

**Veto by Governor [A-10]:** Delete requirement specifying that the rules required for the educational telecommunications access must address the personal privacy protection considerations specified under s. 196.209(4) of the statutes and requiring the PSC to consult with the Telecommunications Privacy Council on the content of such rules. Delete requirement that the initial rule establishing the educational telecommunications access program be subject to the approval of the Joint Committee on Information Policy and the Joint Committee on Finance under a 14-day passive review process.

[Act 27 Sections: 148, 221, 270, 277g, 667, 834, 916, 1347, 2877, 3144 thru 3155, 3158, 9140(5m), 9141(1)&(2m) and 9241(1m)&(1n)]

[Act 27 Vetoed Sections: 3150 and 9141(1)]

## 6. EXECUTIVE ASSISTANTS FOR ALL PUBLIC SERVICE COMMISSIONERS [LFB Paper 692]

**Governor:** Delete the statutory authority for only the chairperson of the PSC to appoint an unclassified executive assistant to perform such duties as the chairperson prescribes. Provide instead

that all three commissioners may each appoint an unclassified executive assistant to perform such duties as each commissioner prescribes.

Delete 2.0 classified positions in the agency (1.0 public utility auditor and 1.0 public utility engineer manager) and authorize 2.0 unclassified positions in order to provide position authorization for the two additional executive assistant positions.

The new executive assistants would be assigned to executive salary group 3 (ESG 3). The current salary range for an ESG 3 position is $51,456 to $80,288 annually. While the Governor's recommendation would provide no additional salary and fringe benefits funding to the Commission to support the costs of the new executive assistant positions, the currently budgeted salary and fringe benefits amounts for the classified positions identified by the agency for deletion ($129,500 annually) would not be eliminated and would be available to support a portion of the costs of the new positions. Any additional amounts required to fully fund the new executive assistant positions would have to be reallocated from the Commission's base level resources.

Subject to position authorization by the Legislature, current law authorizes only the chairperson of specifically enumerated state commission to have a single executive assistant. These agencies are as follows: Employment Relations Commission, Gaming Board (formerly the Gaming Commission) and the PSC. No other multi-member Commissions and no other nonchair commissioners have executive assistants under current law.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Restore Governor's recommendation.

[Act 27 Sections: 39m, 3301g, 3301m and 9141(2sb)&(2sbb)]

## 7. INCREASED ASSESSMENT OF WISCONSIN RAILROADS TO FUND RAILROAD CROSSING IMPROVEMENTS

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR-REV | $11,800 | - $11,800 | $0 |

**Governor:** Revise the manner and purpose of levying remainder assessments on Wisconsin railroads currently used to fund the operations of the Office of the Commissioner of Railroads (OCR), effective July 1, 1998, as follows:

*Required Maximum Annual Assessment.* Require that, annually, after collecting any direct assessments attributable to investigations of individual railroads or proceedings relating to a railroad's

security issuances, OCR collect an additional annual assessment from railroads equal to 1.75% of their prior year's gross operating revenues derived from intrastate operations.

Under current law, once OCR has annually collected any direct assessments from individual railroads, it must also levy an assessment on railroads sufficient to cover the net remaining unfunded costs of its operations, plus 10%. The additional 10% is applied to all remainder (and direct) assessments and is deposited to the general fund to support the costs of state government administrative services provided to OCR. The annual total of the remainder assessment and the 10% surcharge may not exceed 1.75% of railroads' prior year gross operating revenues derived from intrastate operations.

*Apportionment of the Increased Assessment Amounts.* Provide that, after deducting any amounts chargeable to railroads as direct assessments, the net remaining unfunded costs of OCR's annual operations would be deemed "the remainder" for the purpose of apportioning revenues collected from the increased assessment. Stipulate that the payments received from the 1.75% annual assessment would first be credited to OCR's general operations appropriations in an amount equal to 90% of "the remainder." Then, after deducting an amount equal to "the remainder" (the sum of the preceding 90% amount plus the 10% amount to be deposited to the general fund) from the total collected from the 1.75% assessment, direct that the remaining balance would be deposited to a new appropriation established under DOT to fund railroad crossing protection improvements. The effect of this new allocation mechanism would be to: (a) fund only 90% of OCR's remaining annual operating costs; (b) allocate the other 10% of "the remainder" amount to the general fund; and (c) credit the net unreserved balances to a new DOT appropriation described below. Thus, as drafted, it appears that OCR's operating costs would consistently be underfunded by 10% annually.

Under current law, the OCR remainder assessment is set at a level sufficient to fully fund the agency's operations plus an additional 10% to provide for the required deposit to the general fund. The proposed new apportionment mechanism would need to be modified to ensure that the required 10% deposit to the general fund would not result in the underfunding of OCR's operations.

*Railroad Crossing Improvement Appropriation.* Establish a new, PR continuing appropriation under DOT into which the net unallocated balances from the increased annual railroad assessment would be deposited. Specify that the amounts received in the new appropriation could be used for the purpose of funding railroad crossing protection improvements. Currently, railroad crossing protection improvements may also be funded from an existing SEG appropriation and an existing FED appropriation under DOT. These existing appropriations would continue to remain available for this purpose. Add the new appropriation to the enumeration of appropriations that would be exempt from a reduction of up to 25% if directed by the Joint Committee on Finance as an emergency measure in order to avoid the necessity for certain tax increases in the face of decreased state revenues.

Stipulate that if a railroad contests an assessment by OCR and a court subsequently determines that the railroad's payment was excessive, erroneous, unlawful or invalid, a refund would have to be

paid to the railroad and charged on a prorated basis to the existing OCR operations appropriation and to this new appropriation.

Under the bill, no funding would be estimated for the new DOT appropriation for the 1998-99 fiscal year. [Other provisions of the bill affecting railroad crossing appropriations are described under "Department of Transportation--Local Transportation Projects."]

*Effective Date.* Specify that all of the above changes would take effect on July 1, 1998, and would first apply to railroad assessments made on or after that date for OCR's 1997-98 operations.

*Estimated Revenues from the Increased Assessment.* Based on the latest available data on intrastate revenues from Wisconsin railroad operations ($32,719,220 for the 1995 calendar year), a total of $572,600 would be collected under the proposed 1.75% annual assessment. As the bill is currently drafted, a maximum of $374,000 would be assessable in 1998-99 both to fund 90% of OCR's 1997-98 operations and to provide for the 10% transfer to the general fund. An estimated remaining unreserved balance of $198,600 would then be credited in 1998-99 to the new railroad crossing improvement appropriation under DOT. [Assuming these revenues would be expended, an estimated expenditure of $198,600 in 1998-99 should be indicated in the appropriation under DOT.]

**Joint Finance/Legislature:** Delete provision, thereby retaining the current Wisconsin railroads remainder assessment mechanism and decrease estimated GPR-Earned collections by $1,300 in 1997-98 and $10,500 in 1998-99.

Establish a new, federal program revenue continuing appropriation under OCR to reflect the conversion of an existing railroad regulation federal segregated appropriation to this new status. This action reflects a decision to convert most transportation fund appropriations in agencies other than DOT to general fund appropriations. Currently, there are no federal funds appropriated to this appropriation.

[Act 27 Sections: 222m and 854m]

## 8. ADDITIONAL STAFF

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Veto (Chg. to Leg.) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-REV | $20,600 | | | | - $6,800 | | $13,800 | |
| PR | $185,200 | 2.50 | - $23,200 | 0.00 | - $61,200 | 0.00 | $100,800 | 2.50 |

**Joint Finance:** Provide $85,100 in 1997-98 and $100,100 in 1998-99 and 2.0 FTE regulation compliance investigator positions and 0.5 FTE program assistant position in the Office of the

Commissioner of Railroads. Estimate additional GPR-Earned collections, as a result increased assessments to support the additional staff, of $9,500 in 1997-98 and $11,100 in 1998-99.

**Assembly/Legislature:** Reduce funding by $23,200 in 1997-98 for 2.0 regulation compliance investigator positions and 0.5 program assistant position for the Office of the Commissioner of Railroads. This funding reduction reflects a delay in the starting date of these positions from October 1, 1997, to January 1, 1998.

**Veto by Governor [F-13]:** Modify s. 20.155(2)(g) in the appropriations schedule by deleting the figure "$435,900" and inserting "$415,500" in 1997-98 and by deleting the figure "$474,100" and inserting "$433,300" in 1998-99, resulting in a reduction in funding of $20,400 PR in 1997-98 and $40,800 PR for 1.0 FTE position (a regulation compliance investigator) of the 2.5 FTE new positions and funding provided under the bill for the Office of the Commissioner of Railroads. The Governor's veto message requests the Secretary of the Department of Administration not to authorize this 1.0 FTE regulation compliance investigator position and not to allot funds for the position. As a result of decreased assessments for funding the vetoed position, GPR-Earned collections are also reestimated by -$2,300 in 1997-98 and -$4,500 in 1998-99.

[Act 27 Sections: 169 (as it relates to s. 20.155(2)(g)]

## 9. FEES FOR COMMISSION INVESTIGATIONS AND PUBLIC HEARINGS TRANSCRIPTS

**Governor/Legislature:** Authorize the Commission to require any party to an investigation or public hearing to bear the expense of producing a transcript, audiotape or videotape of the proceeding. Although the Commission does not currently have this general authority to require a party to pay transcript production costs, such arrangements are usually agreed to under current Commission practice. Prior to the commencement of a proceeding, the Commission's hearing examiner typically secures a commitment from one or more of the parties to bear the expense of transcript preparation. These transcript production costs are then paid directly to the contract court reporters retained for the proceeding and are not treated as Commission revenues. The only exceptions to this informal practice are two current statutory provisions which explicitly authorize the Commission to charge small and medium telecommunications utilities for transcript production costs associated with rate increase filings that go to public hearing. These specific provisions relating to charging small and medium telecommunications utilities for certain transcript production costs would be repealed under the Governor's recommendation since they would be superseded by the more general authority contained in the proposed new language.

Repeal the current law requirement that the Commission furnish all copies of transcripts free, on demand, to a party to the proceeding making the request and stipulate instead that the Commission could charge for furnishing a copy of a transcript. Specify that any such charge would have to be reasonable. Under current law, the Commission may already charge a reasonable price for furnishing

copies of any audiotape or videotape of a proceeding. Stipulate that all of these modifications would first apply to transcripts, audiotapes and videotapes that are produced and to copies of transcripts that are requested on the general effective date of the biennial budget act.

Under these proposed modifications, any additional transcript production payments would continue to be paid directly to the retained contract court reporter service and would not result in any additional Commission revenues. Notwithstanding the proposed new authority for the Commission to charge for copies of transcripts, the agency has indicated that it would likely continue to make copies available to the parties to a proceeding at no cost.

[Act 27 Sections: 3142, 3143, 3156, 3157 and 9341(2)]

## 10. EXEMPTING CERTAIN COGENERATION FACILITIES FROM ADVANCE PLAN AND CERTIFICATES OF CONVENIENCE AND NECESSITY REQUIREMENTS

**Joint Finance:** Exempt a "manufacturing power plant facility" from: (a) being subject to the biennial advance planning proceeding required of electric utilities under s. 196.491 of the statutes; and (b) being required to obtain a certificate of convenience and necessity in order to construct such a facility. Define a "manufacturing power plant facility" as any electric generating equipment and associated facilities constructed, owned or operated by an entity that is not a public utility or cooperative association for which at the time construction commences, it is reasonably anticipated that on each day of operation not less than 70% of the aggregate kilowatt hours output from the facility will be consumed by the entity in its on-site, nonutility manufacturing business. Specify that the business would have to continue to consume not less than 70% of the aggregate kilowatt hours output, computed on a monthly basis for each month of the biennial period subject to the advance planning requirements, from such a facility.

This provision would apply to co-generation facilities (facilities that convert energy resources, such as steam from manufacturing processes, into electricity) and would affect such facilities as those owned by Consolidated Papers (Wisconsin Rapids) and Fort Howard Paper Company (Green Bay).

The facility operators would be completely exempt under this new language from all requirements relating to the need to: (a) obtain a certificate of public convenience and necessity; and (b) furnish preconstruction engineering plans to the DNR and to the PSC for review. The DNR would no longer be required to identify to the operators of the proposed cogeneration facility the DNR permits which would be required before the facility could be constructed. However, to the extent that compliance with any current law DNR permits was still required as a condition for the construction of the facility, the owners of the proposed facility would have to comply with them nonetheless.

**Assembly/Legislature:** Modify provision by clarifying that the operator of the proposed facility at the time of construction must show "to the satisfaction of the Commission" that the facility will consume no less than 70% of its kilowatt hours output on site.

[Act 27 Section: 3157m]

## 11. REVISED DEFINITION OF CELLULAR MOBILE RADIO TELECOMMUNICATIONS UTILITY

**Joint Finance/Legislature:** Modify the current definition of a cellular mobile radio telecommunications utility ["a person authorized by the Federal Communications Commission to provide domestic public cellular radio telecommunications service under 47 USC 154(i)"] to newly specify that such a utility would be a person authorized by the Federal Communications Commission to provide domestic public "commercial mobile" cellular radio telecommunications service under 47 USC 154(i). The effect of the revised definition is to include personal communications services as cellular mobile radio telecommunications utilities.

[Act 27 Section: 3143m]

## 12. RIGHTS-OF-WAY REVISIONS APPLICABLE TO RAILROADS AND CABLE TELEVISION OPERATORS

**Assembly/Legislature:** Specify that if a railroad and an operator of a cable television system cannot agree on the use of rights-of-way and the public convenience and necessity of the affording of reasonably adequate service requires it, the PSC would be authorized to order: (a) a railroad to allow an operator of a cable television system to extend its service lines on, over or under the railroad's right-of-way; or (b) a cable television operator to allow a railroad to extend its tracks on, over or under the right-of-way of the operator. Under its current law authority, the PSC would also be able to prescribe lawful conditions and equitable and reasonable compensation for the use of the right-of-way. Authorize the PSC to make direct assessments of cable operators to recover costs incurred by the Commission in connection with the insurance of such orders.

[Act 27 Sections: 3134mi, 3158g and 3158r]

# REGULATION AND LICENSING

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| PR | $16,504,200 | $17,588,400 | $17,662,600 | $17,947,700 | $17,947,700 | $1,443,500 | 8.7% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| PR | 125.50 | 126.00 | 126.00 | 128.50 | 128.50 | 3.00 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 700]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $5,800 | - 0.50 | $9,600 | 0.00 | $15,400 | - 0.50 |

**Governor:** Provide $2,900 annually and -0.5 project position for standard budget adjustments for: (a) turnover reduction (-$129,700); (b) removal of noncontinuing elements from the base (-$78,000 and -0.5 project position); (c) full funding of salary and fringe benefits costs ($187,000); (d) full funding of financial services charges ($8,500); (e) overtime ($4,800); (f) night and weekend salary differential costs ($400); and (g) fifth week of vacation as cash ($9,900). [NOTE: The executive budget book indicates that an additional standard budget adjustment of $4,800 annually would be provided for the full funding of delayed pay adjustments, however, this adjustment has not been included in the bill.]

**Joint Finance/Legislature:** Modify provision by adding $4,800 annually for full funding of delayed pay adjustments.

## 2. INFORMATION TECHNOLOGY INITIATIVES [LFB Paper 701]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | $378,700 | $16,600 | $395,300 |

**Governor:** Provide $250,100 in 1997-98 and $128,600 in 1998-99 for the following information technology (IT) initiatives: (a) an upgrade for the agency's previously requested interactive voice response system to permit the processing of an increased volume of incoming telephone messages due to the regulation of security guards beginning July 1, 1997 and the on-going regulation of other licensed professions ($45,200 annually); (b) the design, acquisition, development and testing of an applicant tracking system based on imaging technologies to expedite initial credentialing and renewal functions ($42,900 in 1997-98 and $3,200 in 1998-99); (c) contract programmers to design, program, test and implement a more decentralized client/server data management system capable of accommodating data imaging and interactive voice response functions ($140,400 in 1997-98 and $51,900 in 1998-99); (d) in-agency maintenance and technical support costs associated with increasing access to agency databases through DOA-provided internet connections ($1,400 annually); and (e) additional LTE funding to permit the hiring of minority student interns to assist with the development and implementation of agency IT projects ($20,200 in 1997-98 and $26,900 in 1998-99).

**Joint Finance/Legislature:** Modify provision by: (a) adding $68,500 in 1997-98 to replace base level funding which would have been applied to offset a portion of the costs of the applicant tracking system project and the data imaging and interactive voice response system installation project but which has now been committed as a result of a January, 1997, s. 16.515 approval action to current IT-related master lease payments by the agency; and (b) deleting $51,900 in 1998-99 for contract programmers for system redesign and maintenance activities associated with the data imaging and interactive voice response system installation project.

## 3. REVISED AGENCY CREDENTIAL FEES [LFB Paper 702]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|---|
| GPR-REV | $0 | $26,100 | $1,000 | $27,100 |
| PR-REV | $1,647,900 | $234,600 | $9,200 | $1,891,700 |

**Governor:** Adjust the initial and renewal license fee schedule for the various regulated occupations credentials, effective the later of September 1, 1997, or the first day of the second month after publication of the bill, as follows:

*Information Technology Fee.* Establish, as part of the biennial recalculation of initial and renewal license fees, a new "information technology fee" component to support the costs of all information technology (IT) initiatives in the agency's recommended budget. These IT costs would be apportioned uniformly to all credential holders who pay either an initial or a renewal fee and would result in an increase in the cost of each initial credential fee or basic renewal fee of $1. This proposed IT fee is included in the requested statutory revisions to the initial and renewal fee changes described below.

*Initial Credential Fee.* Increase from $39 to $40 the statutory amount of the initial credential fee which a first-time applicant must pay when submitting application materials for an initial license. This proposed $40 initial credential fee was supposed to include the new IT fee of $1, thereby making the total initial credential fee $41 during the next biennial fee cycle. The $40 initial credential fee contained in the bill would need to be modified to $41 to reflect the Governor's intent to incorporate the agency's IT costs into the initial credential fee. R&L estimates total initial credential fee revenues (figured at the correct $41 level) of $723,500 annually in 1997-99, which would represent increased revenues compared to current law of $368,200 in the 1997-99 biennium.

*Credential Renewal Fees.* Reduce the basic non-variable component of the biennial license fee from $41 to $40. The proposed $40 basic renewal fee would include the proposed new $1 IT fee. All license holders who renew their license each biennium pay this basic fee representing shared administrative costs. In addition to this basic renewal fee (including the new IT fee), some licensees are charged a variable fee based on each occupation's attributed share of selected enforcement costs. Increase the variable renewal fees of certain professions based on the amount of enforcement staff time associated with complaints processing for those professions during the 1995-97 biennium. As part of these adjustments, redesignate the "real estate corporation" license as the "real estate business entity" license

As a result of the proposed modification to the basic renewal fee and the recommended adjustments in some variable fees, R&L expects to receive a total of $8,201,200 in 1997-98 and $6,224,100 in 1998-99 from license renewal fees (including the new IT fee), which would represent increased revenues compared to current law of $1,279,700 in the 1997-99 biennium. The current and proposed license renewal fees by occupation are shown in the following table.

**Joint Finance/Legislature:** Modify the recommended credential fee adjustments as follows:

*Information Technology Fee.* Delete the results of the agency's administrative action calculating and incorporating a separate "information technology" fee component into the recommended initial and renewal license fee changes for the 1997-99 biennium. Instead, provide for the establishment of initial and renewal license fees in accordance with the current statutory fee-setting methodology. These actions have the effect of increasing the fixed cost component of credential renewal fees by an additional $1 each, as described below.

*Initial Credential Fee.* Establish the statutory total initial credential fee at $41 rather than $40 to reflect the Governor's original intent. When the agency set initial credential fee revenues to fund their share of the agency's budget, the $41 fee was assumed, so there is no fiscal effect associated with this modification.

*Credential Renewal Fees.* Adjust all renewal credential renewal fees by an additional $1 each to reflect the calculation of the fixed component of the biennial renewal fees in accordance with the statutory fee-setting methodology rather than establishing a separate IT fee component. As a result of this adjustment, increase revenues by an estimated $166,500 PR-REV in 1997-98 and $68,100 PR-REV in 1998-99 and GPR-Earned collections by $18,500 in 1997-98 and $7,600 in 1998-99.

Reduce the statutory renewal fee for public accountants and fund-raising counsels from $42 to $41 (as revised) to correctly reflect the allocation of fixed administrative costs to these professions under the Governor's recommendation. There is no fiscal effect associated with these two adjustments, as there are currently no licensees in these professions.

**Veto by Governor [E-20]:** Delete provision stipulating that the initial and renewal credential fee changes would first be effective the later of September 1, 1997, or the first day of the second month after publication of the biennial budget act. As a result of the partial veto, the changes become effective on the day following publication of the biennial budget act. The initial and renewal license fee revenue estimates contained in the biennial budget bill were originally based on a September 1, 1997, effective date for the fee changes. Based on the revised effective date under the Governor's partial vetoes, reestimate fee revenues by $9,200 PR-REV in 1997-98 and $1,000 GPR-Earned collections by 1997-98.

[Act 27 Sections: 4203 thru 4284 and 4317]

[Act 27 Vetoed Section: 9442(1)]

The following table compares current credential renewal fees with those recommended by the Governor and by Act 27.

# Current and Proposed License Renewal Fees

| Credential Type | Renewal Fee | | |
|---|---|---|---|
| | Current | Governor | Act 27 |
| Accountant, Certified Public | $47 | $46 | $47 |
| Accountant, Public | 41 | 42 | 41 |
| Accounting Corporation or Partnership | 41 | 40 | 41 |
| Acupuncturist | 95 | 72 | 73 |
| Advanced Practice Nurse Prescriber | 41 | 40 | 41 |
| Aesthetician | 70 | 76 | 77 |
| Aesthetics Establishment | 116 | 40 | 41 |
| Aesthetics Instructor | 117 | 141 | 142 |
| Aesthetics School | 74 | 114 | 115 |
| Aesthetics Specialty School | 41 | 40 | 41 |
| Appraiser, Real Estate, Certified General | 82 | 94 | 95 |
| Appraiser, Real Estate, Certified Residential | 82 | 100 | 101 |
| Appraiser, Real Estate, Licensed | 49 | 71 | 72 |
| Architect | 46 | 43 | 44 |
| Architectural or Engineering Corporation | 41 | 40 | 41 |
| Auction Company | 41 | 40 | 41 |
| Auctioneer | 41 | 99 | 100 |
| Audiologist | 41 | 43 | 44 |
| Barber or Cosmetologist | 48 | 51 | 52 |
| Barbering or Cosmetology Establishment | 41 | 40 | 41 |
| Barbering or Cosmetology Instructor | 83 | 138 | 139 |
| Barbering or Cosmetology Manager | 52 | 60 | 61 |
| Barbering or Cosmetology School | 78 | 137 | 138 |
| Cemetery Authority | 372 | 342 | 343 |
| Cemetery Preneed Seller | 59 | 60 | 61 |
| Cemetery Salesperson | 65 | 89 | 90 |
| Chiropractor | 151 | 161 | 162 |
| Dental Hygienist | 41 | 40 | 41 |
| Dentist | 96 | 97 | 98 |
| Designer of Engineering Systems | 41 | 46 | 47 |
| Dietitian | 41 | 40 | 41 |
| Drug Distributor | 41 | 40 | 41 |
| Drug Manufacturer | 41 | 40 | 41 |
| Electrologist | 56 | 76 | 77 |
| Electrology Establishment | 41 | 40 | 41 |
| Electrology Instructor | 73 | 85 | 86 |
| Electrology School | 63 | 70 | 71 |
| Electrology Specialty School | 41 | 40 | 41 |
| Engineer, Professional | 43 | 42 | 43 |
| Fund-Raising Counsel | 41 | 42 | 41 |
| Funeral Director | 94 | 143 | 144 |
| Funeral Establishment | 41 | 40 | 41 |
| Geologist, Professional | 41 | 41 | 42 |
| Hearing Instrument Specialist | 287 | 199 | 200 |
| Interior Designer | 41 | 40 | 41 |

| Credential Type | Renewal Fee | | |
|---|---|---|---|
| | Current | Governor | Act 27 |
| Land Surveyor | $73 | $68 | $69 |
| Landscape Architect | 41 | 40 | 41 |
| Manicuring Establishment | 41 | 40 | 41 |
| Manicuring Instructor | 138 | 111 | 112 |
| Manicuring School | 85 | 117 | 118 |
| Manicuring Specialty School | 41 | 40 | 41 |
| Manicurist | 52 | 77 | 78 |
| Marriage and Family Therapist | 63 | 65 | 66 |
| Nurse, Licensed Practical | 49 | 47 | 48 |
| Nurse, Registered | 46 | 45 | 46 |
| Nurse-Midwife | 41 | 40 | 41 |
| Nursing Home Administrator | 114 | 101 | 102 |
| Occupational Therapist | 42 | 41 | 42 |
| Occupational Therapy Assistant | 41 | 41 | 42 |
| Optometrist | 69 | 57 | 58 |
| Pharmacist | 76 | 74 | 75 |
| Pharmacy | 41 | 40 | 41 |
| Physical Therapist | 45 | 45 | 46 |
| Physician (MD & DO) | 102 | 109 | 110 |
| Physician Assistant | 48 | 50 | 51 |
| Podiatrist | 187 | 179 | 180 |
| Private Detective | 212 | 177 | 178 |
| Private Detective Agency | 41 | 40 | 41 |
| Private Practice School Psychologist | 65 | 66 | 67 |
| Professional Counselor | 53 | 54 | 55 |
| Professional Fund-Raiser | 54 | 60 | 61 |
| Psychologist | 124 | 106 | 107 |
| Real Estate Broker | 106 | 124 | 125 |
| Real Estate Business Entity | 72 | 70 | 71 |
| Real Estate Salesperson | 70 | 72 | 73 |
| Respiratory Care Practitioner | 42 | 41 | 42 |
| Security Guard | 41 | 40 | 41 |
| Social Worker | 43 | 43 | 44 |
| Social Worker, Advanced Practice | 47 | 45 | 46 |
| Social Worker, Independent | 41 | 48 | 49 |
| Social Worker, Independent Clinical | 50 | 56 | 57 |
| Speech-Language Pathologist | 46 | 43 | 44 |
| Time-Share Salesperson | 102 | 60 | 61 |
| Veterinarian | 80 | 81 | 82 |
| Veterinary Technician | 42 | 41 | 42 |

## 4. CRIMINAL RECORDS CHECKS

| | Chg. to Base |
|---|---|
| PR | $310,200 |

**Governor/Legislature:** Provide $130,100 in 1997-98 and $180,100 in 1998-99 to fund required criminal records checks for all private detective and security guard credential applicants and for those other applicants for any credential issued by the agency when information submitted in the application materials provides a reasonable basis to initiate further investigation. The increased funding would support the following activities: (a) $125,300 in 1997-98 and $175,300 in 1998-99 to reimburse DOJ for initial and renewal credential screening costs incurred for records checks by DOJ's Criminal Information Bureau and for FBI fingerprint checks; and (b) $4,800 annually to fund computer access charges for use of DOJ's criminal records system.

Authorize R&L to conduct an investigation to determine whether an applicant for any credential issued by the agency, an examining board or an affiliated credentialing board satisfies the eligibility requirements for the credential, including whether the applicant had an arrest or conviction record. In conducting such an investigation, authorize R&L to require the credential applicant to: (a) provide any information necessary for the investigation; or (b) complete forms provided by DOJ or the FBI in order for R&L to obtain the information required for its investigation. Require R&L to charge the applicant any fees, costs or other expenses associated with these background check investigations. Repeal provisions relating to charging fees, costs or other expenses to applicants for private detective and security guard credential applicants since these specific provisions would be superseded by the more general language described above.

Repeal and recreate a separate program revenue continuing appropriation to fund criminal background investigations by the agency, examining boards and affiliated credentialing boards and provide that all fees collected for such purposes would be deposited to this appropriation account. Exempt the recreated appropriation from the requirement applicable to the agency's general program operations appropriation that 10% of the amounts received be deposited to the general fund as GPR-Earned. Specify that any balances in the existing appropriation would not be deemed as lapsing to the general fund when the appropriation is repealed and recreated. Provide that all of the changes described above would first apply to credential applications received on and after the general effective date of the biennial budget act.

R&L intends to establish the criminal records check fee by administrative rule. The amount of the fee has not yet been determined but would have to be sufficient to cover the costs of the DOJ records check ($5 per credential), the FBI fingerprint check ($24 per credential) and an undetermined amount to cover the Department's processing costs. R&L currently projects approximately 4,300 records checks in 1997-98 and 14,000 records checks in 1998-99.

[Act 27 Sections: 223, 224, 4201, 4292 thru 4294, 4296, 4297, 9242(1) and 9342(1)]

## 5. SUPPLIES AND SERVICES COST INCREASES [LFB Paper 703]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | $223,800 | - $26,600 | $197,200 |

**Governor:** Provide $110,400 in 1997-98 and $113,400 in 1998-99 for the following supplies and services related costs: (a) required postage increases due to Postal Service reclassification of certain agency mailings, mail services cost adjustments and increased mail volume ($51,600 in 1997-98 and $54,500 in 1998-99); (b) printing cost increases associated with the regulation of new professions and the required notifications of nonrenewal sent to credential holders who have tax delinquencies ($17,300 in 1997-98 and $16,800 in 1998-99); (c) lease costs for additional space for meetings of regulatory boards, credential applicant examinations and staff training ($18,900 in 1997-98 and $19,500 in 1998-99); (d) vendor cost increases for the preparation of decorative wall certificates for credential holders ($2,600 annually); and (e) increased funding for general supplies and services ($20,000 annually).

**Joint Finance/Legislature:** Shift base level funding of $13,300 annually budgeted in unallotted reserve to the agency's supplies and services line and delete an equivalent $13,300 annually of the $20,000 recommended by the Governor for increased general supplies and services costs.

## 6. ACCOUNTING OF MISCELLANEOUS REVENUES [LFB Paper 700]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | $100,000 | $74,600 | $174,600 |

**Governor:** Provide increased expenditure authority of $50,000 annually to recognize the actual costs of certain agency disciplinary action proceedings. Current law permits the agency to assess reasonable expenses of hearing examiners and prosecuting attorneys and for the agency's disbursements for the service of process, certification of records, costs of supplies, expert witness fees and court reporting services. Currently, the agency treats any such revenues received as refunds of enforcement expenditures. State accounting procedures specify that such assessments should be recorded as revenues and the previously offset costs of agency disciplinary actions should be recognized as increased expenditures.

**Joint Finance/Legislature:** Modify provision by adding $37,300 annually (for total increased expenditure authority of $87,300 annually) for the actual costs of certain agency disciplinary proceedings.

## 7. HEALTH PROFESSIONS ENFORCEMENT POSITION

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $65,700 | 1.00 | - $7,600 | 0.00 | $58,100 | 1.00 |

**Governor:** Provide $31,900 in 1997-98 and $33,800 in 1998-99 and authorize 1.0 legal assistant position to support legal research activities, complaint monitoring and recordkeeping involving pending cases against health professionals licensed by the Department. The position would permanently replace an existing 0.5 FTE legal assistant project position expiring on June 30, 1997.

**Assembly/Legislature:** Reduce funding by $7,600 in 1997-98 for 1.0 legal assistant position for health professions enforcement activities. This funding reduction reflects a delay in the starting date of the position from October 1, 1997, to January 1, 1998.

## 8. AUTHORITY TO ENFORCE THE COLLECTION OF COST ASSESSMENTS

**Joint Finance/Legislature:** Specify that the costs assessed by R&L against a credential holder pursuant to a disciplinary proceeding shall accrue interest at the rate of 12% per year, commencing on the date that the payment of the costs is due as ordered by the agency, examining board, affiliated credentialing board or board. Further, specify that, in addition to withholding restoration, renewal or issuance of a credential, R&L may collect costs assessed and any accrued interest by referring the matter to DOJ for enforcement of collections.

[Act 27 Sections: 4291g, 4291r and 9342(3g)]

## 9. ADDITIONAL SOCIAL WORKER SECTION MEMBER ON THE BOARD OF SOCIAL WORKERS, MARRIAGE AND FAMILY THERAPISTS AND PROFESSIONAL COUNSELORS

**Joint Finance:** Increase the size of the current 13-member Board of Social Workers, Marriage and Family Therapists and Professional Counselors to a 14-member Board by adding a new member to the five-member social worker section of the Board. Provide that the new social worker member must possess a doctorate in either sociology, psychology, criminal justice or other human service field and hold a faculty appointment at a Wisconsin college or university.

**Assembly/Legislature:** Delete provision.

## 10. ELECTRONIC SUBMISSION AND TRANSMISSION OF INFORMATION TO THE DEPARTMENT

**Joint Finance/Legislature:** Establish the following new procedures relating to the submission and transmission of information to the agency: (a) authorize R&L to promulgate rules to allow persons to submit applications for an initial or renewal credential by electronic means and specify that the rules would have to establish procedures for paying any fee that is required and could waive any requirement that the application be executed, verified, sworn or made under oath; (b) clarify that R&L, rather than a board, shall establish the style, content and format of application forms for an initial credential; (c) authorize R&L to make available for public inspection by electronic means a current register of the names and addresses of credential holders; and (d) authorize R&L to develop alternative procedures for accepting notification of changes of a credential holder's name and address. Provide that these changes would first apply to submissions and transmissions to R&L on the later of September 1, 1997, or the first day of the second month following publication.

**Veto by Governor [E-20]:** Delete provision stipulating that these electronic submission and transmission procedure changes would first be effective the later of September 1, 1997, or the first day of the second month after publication of the biennial budget act. As a result of the partial veto, the changes become effective on the day following publication of the biennial budget act.

[Act 27 Sections: 4197m, 4198m, 4201m, 4286g, 4286r, 4286s, 4290m, 4303m, 4304m, 4307m, 4312m, 4320m and 4327m]

[Act 27 Vetoed Section: 9442(1j)]

## 11. ELECTRONIC TRANSMISSION OF PRESCRIPTION ORDERS

**Joint Finance:** Provide that, in addition to written and oral prescription orders as currently authorized, a prescription order may be transmitted electronically to a pharmacy by a practitioner licensed to prescribe or administer drugs. Specify that such electronically transmitted orders would be included under the requirement that prescription orders be preserved for at least five years and could be filed and preserved in an electronic format. Clarify that a prescription order filed in electronic format may also designate in electronic format that no substitutions of the drug product are permitted.

Revise the Uniform Controlled Substances Act to specify that, in addition to written and oral prescription orders as currently authorized, Schedule II controlled substances could be filled, in emergency situations, pursuant to a prescription order transmitted electronically. Authorize the use of electronic prescriptions, in addition to written and oral prescription orders as currently authorized, for Schedule III and Schedule IV controlled substances. Prohibit any practitioner from prescribing by electronic prescription order, in addition to written and oral prescription orders as currently authorized, any Schedule I, II, III or IV controlled substance for his or her personal use.

Under current law, any prescription for a drug or device for a particular patient must be ordered by a licensed practitioner in writing or orally. Prescriptions for Schedule II drugs (drugs for which there is a currently accepted medical use but for which there is a high potential for abuse) may be ordered orally by a practitioner only in emergency situations.

**Assembly/Legislature:** Modify provision by including language to: (a) prohibit any drug manufacturer, wholesale prescription drug distributor, pharmacy owner or operator or a pharmacist from giving any compensation or anything of value to any practitioner licensed to prescribe or administer drugs for the purpose of inducing the practitioner to obtain equipment, software or access to a service to transmit prescription orders electronically; and (b) specify that such electronically transmitted prescription orders could be sent only if the patient (or client in the case of prescriptions for animals) approved the transmission and only to a pharmacy designated by the patient or client.

[Act 27 Sections: 4315m, 4316d, 4316e, 4316m, 4316p, 4316s, 4319m, 4319r, 5348e, 5348m and 5348s]

## 12. EDUCATIONAL REQUIREMENTS FOR REAL ESTATE LICENSURE

**Assembly/Legislature:** Repeal the current law requirement that R&L establish, after consultation with the Real Estate Board, the Council on Real Estate Curriculum and Examinations, real estate brokers and real estate sales persons, the minimum number of hours of continuing education in real estate-related subjects for any real estate license renewal. Also, repeal the current law requirements that an applicant for licensure attend in person an educational program or course required for licensure or complete a specific number of classroom hours of education or continuing education, as follows: (a) 72 classroom hours of educational programs for a real estate salesperson's license; (b) 36 classroom hours of educational programs in business management for a real estate broker's license; and (c) not more than 12 classroom hours of continuing education for any real estate license renewal. By deleting the requirements that an applicant actually attend an educational course or program or complete a specific number of classroom hours, R&L would be able to approve distance education alternatives for applicants to meet the required levels of educational attainment.

[Act 27 Sections: 4316u, 4316v, 4316w, 4316x and 4318m]

## 13. ISSUANCE OF LICENSE TO PRACTICE DENTISTRY TO CERTAIN INDIVIDUALS

**Assembly/Legislature:** Include session law provision specifying that, notwithstanding current statutory provisions governing the granting of a license to practice dentistry in the state, the Dentistry Examining Board would be required to grant such a license to an individual who submits an application to R&L by July 1, 1998, pays the appropriate reciprocal credential fee and submits evidence satisfactory to the Board that all of the following requirements have been met: (a) the individual is licensed to practice dentistry in another jurisdiction of the United States; (b) the individual meets all licensure requirements established by administrative rule on the effective date of

the bill other than the requirement that the applicant has successfully completed a clinical licensing examination on a human subject that, in the judgment of the Board, is substantially equivalent to that administered by the Central Regional Dental Testing Service, or has completed an American Dental Association specialty certification within the past 10 years; and (c) the individual has completed a clinical licensure examination that was comparable to the examination that was required by the Board for licensure at the time the individual was initially granted a license to practice dentistry in the other jurisdiction. Specify that the license granted under this provision would have the same force and effect as a license granted by the Board under current statutory procedures and would be subject to renewal.

**Veto by Governor [E-21]:** Delete provision.

[Act 27 Vetoed Section: 9142(1mg)]

## 14. CRIMINAL AND OTHER BACKGROUND CHECKS AND REPORTING OF ABUSE AND NEGLECT FOR CERTAIN HEALTH CARE AND CHILDREN'S FACILITIES

| | Chg. to Base Funding | Positions |
|---|---|---|
| PR | $292,700 | 2.50 |

**Assembly/Legislature:** Provide $292,700 and 2.50 FTE positions (1.0 legal assistant, 1.0 regulation compliance investigator and 0.5 program assistant) in 1998-99 to: (a) enhance the Department's ability to investigate reported misconduct by professionals licensed by R&L at certain health care and children's facilities; and (b) develop computer linkages between R&L and the Departments of Health and Family Services (DHFS) and Justice (DOJ).

Establish a new program to require home health agencies, nursing homes, hospitals, community based residential facilities, adult day care centers, adult family homes, assisted living facilities, hospices, treatment facilities, personal care agencies and supportive care agencies to report any client abuse or neglect or misappropriation of the client's property by a nurse's assistant, home health aide or other person to DHFS for persons not licensed by R&L and to R&L for persons licensed by R&L. Require the respective agency to review and investigate the report. If the allegation is substantiated, the finding must be recorded on the DHFS nurse registry at DHFS for cases investigated by DHFS or recorded at R&L for cases investigated by R&L.

Require that computer linkages be developed between DHFS, R&L and DOJ so that employers would eventually have one point of contact at DHFS for the purpose of determining any prior instances of prohibited misconduct on the part of an employe at a facility subject to the new reporting regulations. Until computer linkages have been established between the three agencies, a provider would be required to contact each of the three agencies.

Specify that these provisions would take effect on the first day of the twelfth month beginning after the publication of the biennial budget act. However, provisions relating to background checks

for existing employes of health care and children facilities would take effect on the first day of the 24th month after the publication of the act.

This new program is described in greater detail under "Health and Family Services -- Children and Family Services and Supportive Living."

[Act 27 Sections: 1631d, 1640d, 1645d, 1645m, 1653g, 1655p, 1655r, 1661d, 1663d, 1664d, 1664f, 1976m, 2006u, 2059d, 2059f, 2157gv, 2860g, 2986u, 2986ub, 2986uc, 2986ud, 2986ue, 2986uf, 2986ug, 2986uh, 2986uj, 2986uk, 2986uL, 2986um, 2986un, 3101m, 4196u, 4198n, 5176g, 5250b, 9123(13pt), 9131(3pt),(3pu),(3pv)&(3px), 9132(3pt), 9423(9pt)&(9ptt), 9431(1pt), 9440(6pt) and 9442(1pt)]

# REVENUE

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Act 27 Change Over Base Year Doubled Percent |
|---|---|---|---|---|---|---|---|
| GPR | $111,122,800 | $108,161,500 | $112,156,400 | $112,019,600 | $112,019,600 | $896,800 | 0.8% |
| FED | 102,000 | 0 | 0 | 0 | 0 | - 102,000 | - 100.0 |
| PR | 31,764,600 | 34,796,200 | 32,753,700 | 32,753,700 | 32,753,700 | 989,100 | 3.1 |
| SEG | 133,840,800 | 128,060,000 | 129,739,200 | 126,049,400 | 126,049,400 | - 7,791,400 | - 5.8 |
| TOTAL | $276,830,200 | $271,017,700 | $274,649,300 | $270,822,700 | $270,822,700 | - $6,007,500 | - 2.2% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 913.75 | 893.25 | 907.75 | 907.75 | 907.75 | - 6.00 |
| PR | 235.80 | 257.45 | 248.95 | 248.95 | 248.95 | 13.15 |
| SEG | 154.50 | 116.50 | 135.50 | 135.50 | 135.50 | - 19.00 |
| TOTAL | 1,304.05 | 1,267.20 | 1,292.20 | 1,292.20 | 1,292.20 | - 11.85 |

## Budget Change Items

# Tax Administration

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Chg. to Base Positions |
|---|---|---|
| GPR | - $1,811,000 | 0.00 |
| FED | - 102,000 | 0.00 |
| PR | - 956,800 | 0.00 |
| SEG | - 1,413,500 | - 6.00 |
| Total | - $4,283,300 | - 6.00 |

**Governor/Legislature:** Provide adjustments of -$905,500 GPR, -$51,000 FED and -6.0 SEG positions annually, -$470,400 PR and -$675,800 SEG in 1997-98, and -$486,400 PR and -$737,700 SEG in 1998-99 for standard budget adjustments. Adjustments are for: (a) turnover reduction (-$935,300 GPR, -$152,300 PR and -$114,000 SEG annually); (b) removal of noncontinuing funding and positions (-$51,000 FED annually, -$178,500 PR, -$361,500 SEG and -6.0 SEG positions in 1997-98, and -$194,500 PR, -$423,400 SEG and -6.0 SEG positions in 1998-99); (c) full funding of continuing position salaries and fringe benefits (-$348,400 GPR, -$240,700 PR and -$313,000 SEG annually); (d) full funding of financial services costs ($7,000 GPR, $8,900 PR and $96,400 SEG annually); (e)

risk management costs ($54,700 GPR annually); (f) fifth week vacation as cash ($88,200 GPR, $15,100 PR and $8,300 SEG annually); (g) full funding of lease and directed moves costs ($6,500 GPR and $2,800 PR annually); and (h) full funding of delayed pay adjustments ($221,800 GPR, $74,300 PR and $8,000 SEG annually). In total, changes due to standard budget adjustments would reduce funding by $2,102,700 in 1997-98 and $2,180,600 in 1998-99.

## 2. REVENUE FIELD AUDITORS [LFB Paper 100]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-REV | $3,500,000 | | $8,900,000 | | $0 | | $12,400,000 | |
| GPR | $520,300 | 5.00 | $913,900 | 7.00 | - $136,800 | 0.00 | $1,297,400 | 12.00 |

**Governor:** Provide $245,900 in 1997-98 and $274,400 in 1998-99 and 5.0 revenue auditor positions beginning in 1997-98. The auditor positions would be used to conduct income and franchise tax and sales and use tax audits of multistate corporations. In addition to auditing returns, the positions would be used to provide tax-related information to corporations and to promote voluntary compliance with state tax laws. The bill estimates that the additional audit activity associated with the revenue auditor positions would increase general fund tax revenues by $3,500,000 in 1998-99.

**Joint Finance:** Modify the Governor's recommendation to provide $590,400 GPR in 1997-98 and $658,800 GPR in 1998-99 and 12.0 revenue auditors (instead of 5.0) beginning in 1997-98. Estimate additional general fund revenues of $8,400,000 (instead of $3,500,000) in 1998-99 due to the additional audit activities. In addition, DOR would be required to prepare a report for the Joint Committee on Finance on the activities of the new auditors, the amount of revenue that was generated by the additional staff and an analysis of the amount that could be generated by further increases to the audit staff. Specify that the report would be due on January 1, 2000. Provide $105,000 GPR in 1997-98 and $80,000 GPR in 1998-99 to purchase individual income tax audit software. Estimate additional general fund revenues of $2,000,000 annually due to audits selected through the software.

**Assembly/Legislature:** Decrease funding by $136,800 in 1997-98 to reflect a three-month delay in hiring 12.0 revenue auditors due to delayed passage of the budget bill.

[Act 27 Section: 9143(3t)]

## 3. POSTAL RECLASSIFICATION

| | Chg. to Base |
|---|---|
| GPR | $149,200 |
| PR | 29,200 |
| SEG | 3,000 |
| Total | $181,400 |

**Governor/Legislature:** Provide $74,600 GPR, $14,600 PR and $1,500 SEG annually to fund increased costs that would be incurred in meeting revised United States Postal Service (USPS) address quality and sortation standards. The Department must meet the revised USPS standards to get reduced automation postal rates. Under the revised standards, the Department will be required to develop capability for printing accurate bar-codes and validating addresses on its outgoing mail.

## 4. BRANCH OFFICE RELOCATIONS

| | Chg. to Base |
|---|---|
| GPR | $10,600 |
| PR | 11,600 |
| Total | $22,200 |

**Governor/Legislature:** Provide $4,200 GPR and $5,000 PR in 1997-98 and $6,400 GPR and $6,600 PR in 1998-99 to fund the costs of relocating four of the Department's branch offices to new locations within the same city. Branch offices in Beaver Dam, Kenosha, Monroe and Wisconsin Rapids would be moved to locations that would be handicapped accessible, have parking space available and have adequate space to serve individuals who require taxpayer assistance.

## 5. DELINQUENT TAX COLLECTION SYSTEM POSITION CONVERSIONS AND APPROPRIATION CHANGE [LFB Paper 714]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-REV | $371,000 | | - $371,000 | | $0 | |
| GPR | - $581,200 | - 6.40 | $0 | 0.00 | - $581,200 | - 6.40 |
| PR | 1,139,000 | 13.40 | 0 | 0.00 | 1,139,000 | 13.40 |
| Total | $557,800 | 7.00 | $0 | 0.00 | $557,800 | 7.40 |

**Governor:** Provide $569,500 PR and 13.4 PR positions annually and delete $290,600 GPR and 6.4 GPR positions to convert project positions to permanent positions for the delinquent tax collection system (DTC) and convert the funding source for GPR positions whose workload is related to the DTC. In addition, the DTC administrative appropriation would be modified. The bill includes the following provisions that are related to the DTC:

a. Provide $278,900 PR and 7.0 PR positions annually to convert 7.0 PR revenue agent project positions to permanent positions. These positions are scheduled to expire on June 25, 1997. The permanent positions would be used for collection of delinquent taxes and fees.

b. Provide $84,300 PR and 2.0 PR positions annually and delete $84,300 GPR and 2.0 GPR positions to convert the funding source for field compliance staff positions. DOR analysis of 1995-96 time reports indicated that the workload of these positions was related to the DTC.

c. Provide $206,300 PR and 4.4 PR positions annually and delete $206,300 GPR and 4.4 GPR positions to convert the funding source for central compliance staff positions. DOR indicates that these positions work exclusively on delinquent tax collection activities.

d. Convert the delinquent tax collection administration appropriation from a continuing to an annual appropriation. In addition, the appropriation language would be modified to provide that, at the end of each fiscal year, 10% of fiscal year expenditures and the amount encumbered during the fiscal year would be retained in the appropriation balance. Of the remaining year-end balance, 75% would be transferred to a newly-created PR appropriation that would be used to fund the Department's information technology (IT) expenses and 25% would be deposited into the general fund (see Item #17).

Under this provision it is estimated that the amount transferred to the new IT appropriation would be $841,700 in 1997-98 and $271,600 in 1998-99. The estimated deposit to the general fund would be $280,500 in 1997-98 and $90,500 in 1998-99.

Under current law, administration of the DTC is funded through a continuing PR appropriation. The source of revenue for the appropriation is the delinquent tax collection fee.

**Joint Finance/Legislature:** Delete provisions which would: (a) convert the delinquent tax collection appropriation to an annual appropriation; (b) retain 10% of fiscal year expenditures; (c) transfer 75% of the remaining balance to a new appropriation for funding IT; and (d) deposit 25% in the general fund. As a result, GPR revenues would be reduced by $280,500 in 1997-98 and $90,500 in 1998-99.

## 6. CONVERT COMPLIANCE SUPPORT TO PROGRAM REVENUE FUNDING

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $255,400 | - 3.70 |
| PR | 255,400 | 3.70 |
| Total | $0 | 0.00 |

**Governor/Legislature:** Provide $127,700 PR and 3.7 PR positions and delete $127,700 GPR and 3.7 GPR positions annually to convert the funding source for positions in the Compliance Bureau administrative support unit from GPR to the Department's program revenue-service appropriation (Internal Services). Currently, all 5.45 positions in the administrative support unit are funded by GPR, while 68% of the remaining Compliance Bureau staff are funded by program revenue. This provision would fund administrative support unit positions with program revenue in the same proportion as the rest of the Bureau's positions.

## 7. REGISTRATION UNIT STAFF FUNDING CONVERSION

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $202,200 | - 2.60 |
| PR | 202,200 | 2.60 |
| Total | $0 | 0.00 |

**Governor/Legislature:** Provide $101,100 PR and 2.6 PR positions and delete $101,100 GPR and 2.6 GPR positions annually to convert the funding source of GPR positions that perform registration activities to the program revenue business tax registration appropriation.

## 8. AUDITING REAL ESTATE TRANSFER FEE [LFB Paper 714]

| | Governor (Chg. to Base) Funding | Positions | Jt. Finance/Leg. (Chg. to Gov.) Funding | Positions | Net Change Funding | Positions |
|---|---|---|---|---|---|---|
| GPR-REV | $69,100 | | - $69,100 | | $0 | |
| GPR | - $139,200 | - 1.50 | $139,200 | 1.50 | $0 | 0.00 |
| PR | 223,600 | 2.50 | - 223,600 | - 2.50 | 0 | 0.00 |
| Total | $84,400 | 1.00 | - $84,400 | - 1.00 | $0 | 0.00 |

**Governor:** Provide $106,800 PR in 1997-98 and $116,800 PR in 1998-99 and 2.5 PR positions beginning in 1997-98 and delete $69,600 GPR and 1.5 GPR positions in each year to convert the funding source for auditing real estate transfer fee returns from GPR to PR. The 1.5 GPR positions would be transferred and an additional 1.0 position would be provided. A new PR appropriation would be created to fund the audit activities. The source of funding would be 80% of amounts collected that would be attributable to the Department's audit activities less $424,600 and 80% of refunded overpayments. In addition, amounts received from sales of information from real estate transfer returns would also provide funding for the appropriation. (Current law authorizes the Department to sell information from real estate transfer returns concerning street addresses, sales prices, dates of sales and types of conveyances.) At the end of each fiscal year, 10% of fiscal year expenditures and the amount encumbered during the fiscal year would be retained in the appropriation balance. Of the remaining year-end balance, 75% would be transferred to a newly-created PR appropriation that would be used to fund the Department's information technology (IT) expenses and 25% would be deposited in the general fund (see Item #17).

Under this provision, it is estimated that the amount that would be transferred to the new IT appropriation would be $67,100 in 1997-98 and $140,000 in 1998-99. The estimated deposit to the general fund would be $22,400 in 1997-98 and $46,700 in 1998-99.

**Joint Finance/Legislature:** Delete provision.

## 9. ELECTRONIC FUNDS TRANSFER [LFB Paper 713]

| | Governor (Chg. to Base) | Assembly/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR-REV | $1,650,000 | - $88,200 | $1,561,800 |
| GPR | - $122,000 | $0 | - $122,000 |

**Governor:** Authorize the Department to require electronic funds transfer for payments or deposits of individual income, corporate income and franchise, sales and use and cigarette taxes when the amounts to be paid or deposited reach certain thresholds. DOR could require electronic funds transfer in the following cases:

a. Corporate Income and Franchise Tax. When any quarterly estimated tax payment is $20,000 or more. Under current law, corporations are required to make estimated tax payments in four quarterly installments.

b. Income Tax Withholding. For any employer who is required to deposit withheld income taxes on a monthly or more frequent basis. Under current law, withholding deposits are generally required to be made on a quarterly basis. However, if the amount deducted and withheld in any quarter exceeds $300, the Department may require that amounts be withheld and deposited on a monthly basis.

c. Sales and Use Tax. When the amount of sales taxes collected exceeds $3,600 in any calendar quarter. Under current law, sales taxes are payable on a quarterly basis with certain exceptions. If the quarterly amount exceeds $600, subsequent taxes must be paid on the last day of the month which succeeds the month in which they are imposed. If the quarterly amount of taxes exceeds $3,600, subsequent taxes are due and payable on the 20th day of the next succeeding month.

d. Cigarette Tax. When the amount of taxes paid is $20,000 or more. Under current law, cigarette taxes are paid by purchasing tax stamps which must be affixed to each pack.

In addition, DOR would be authorized to prescribe alternative methods for filing or furnishing and authenticating tax returns, reports and other related documents and for paying, depositing or remitting taxes. The Department would have authority to designate alternative tax or document processors. Certain specific provisions which require returns and related documents to be filed directly with, or amounts directly paid to, the Department or a designated office would be deleted. Similarly, specific requirements to use forms prescribed or provided by the Department would be eliminated. Requirements that certain information must be included in monthly aviation and alternative fuel tax returns would be deleted. The definition of timely as it relates to filing documents would be modified to make it compatible with alternative methods of processing taxes and related information. These provisions would apply to the individual income tax, corporate income and franchise tax (including insurance companies), sales and use tax, recycling surcharge, estate tax, motor

vehicle tax, alternative fuels tax, general aviation tax, beverage taxes, cigarette tax and tobacco products tax.

Under these provisions, prescribed documents could be filed or furnished by mailing or delivering them to the Department, or another method of submitting or another destination could be prescribed by DOR. Amounts could be paid, remitted or deposited by mailing or delivering funds to the Department, or the Department could prescribe another method for submitting or another destination. Documents could be authenticated by writing one's signature or DOR could prescribe another method of authenticating information or amounts that were submitted. Documents and payments that were mailed would be considered furnished, reported, filed or made on time, if mailed in a properly addressed envelope with postage prepaid and postmarked before midnight on the date such payments or documents were due. In addition, the document or payment would have to be received by the Department or at the destination the Department prescribed within five days of the due date. Documents and payments that were not mailed would be considered timely if they were received on or before the due date by the Department or at the destination the Department prescribed. The bill would authorize the Department of Administration, in addition to DOR, to prescribe alternative destinations for individual income tax and corporate income and franchise tax documents and payments.

These provisions would be effective on January 1, 1998.

Under current law, tax documents and payments are generally required to be signed and mailed to the Department. The documents or payments that are mailed must be sent in an envelope, with postage prepaid, and must be postmarked before midnight on the due date of the document or payment. The document or payment must be received within five days of the due date. In addition, the documents must generally be prescribed and, frequently, provided by DOR.

Electronic funds transfer would result in earlier tax collections in the cases where it was required. Consequently, interest earnings for the general fund would increase by an estimated $550,000 in 1997-98 and $1,100,000 in 1998-99. Electronic funds transfer would also reduce printing, postage and microfilming costs. As a result, the Department's budget would be decreased by $61,000 GPR annually to reflect these reduced costs.

**Joint Finance:** Include provision and require DOR to identify potential savings from using alternative methods of filing and paying taxes and submit a report listing these savings at the March, 1998, meeting of the Joint Committee on Finance under s. 13.10.

**Assembly:** Reduce estimated revenues from interest earnings on electronically filed taxes by $88,200 from $550,000 to $461,800 in 1997-98 due to delay in implementing the process for all affected taxpayers.

Make the following technical changes to provisions related to electronic funds transfer: (a) a definition of "pay" would be added; (b) statutory language would be changed from "mailed" to

"filed"; (c) statutory language regarding the intoxicating liquor floor tax late filing fee would be amended so it was the same as the cigarette floor tax late filing fee; and (d) a typographical error in the effective date for electronic tax filing would be corrected.

**Senate/Legislature:** Provide that DOR may require electronic funds transfer only by promulgating rules.

**Veto by Governor [F-17]:** Delete the provision which would require DOR to identify potential savings from using alternative methods of filing and to submit a report listing the savings at the March, 1998, s. 13.10 meeting of the Joint Committee on Finance.

[Act 27 Sections: 2253, 2254, 2255, 2256, 2264, 2268, 2269, 2270 thru 2272, 2278, 2281 thru 2283, 2290, 2292 thru 2294, 2295 thru 2299, 2301, 2302, 2303 thru 2315, 2316, 2317 thru 2320, 2324 thru 2332, 2335 thru 2339, 2344 thru 2352, 2355g, 2381, 2386, 2391, 2394, 2397, 2399, 2400, 2402, 2403, 2411, 2411m, 2412, 2415, 2416, 2417, 2418, 2419, 2420r, 2421 thru 2427, 2429, 2429g, 2430, 2431, 2431m, 2432, 2433, 2433c, 2434b, 2435 thru 2437, 2439, 2441 thru 2444, 2445, 2935 thru 2939, 2939m, 2944 thru 2950, 2951 thru 2955, 2958, 2960, 2961, 2963 thru 2966, 2969, 2972 thru 2976, 2978, 2979 and 9443(7)]

[Act 27 Vetoed Section: 9143(2m)]

## 10. ELIMINATE ASSESSMENT PRACTICES TRAINER POSITION

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $105,600 | - 1.00 |

**Governor/Legislature:** Delete $52,800 and 1.0 assessment trainer position annually in the assessment practices section. The Department indicates that the workload would be absorbed by existing staff.

## 11. ELIMINATE MANUFACTURING ASSESSMENT POSITION

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $103,400 | - 0.80 |

**Governor/Legislature:** Delete $51,700 and 0.8 property assessment specialist-advanced position annually in the Manufacturing Assessment Bureau. The Department indicates that the workload would be absorbed by existing staff.

## 12. REORGANIZE THE LA CROSSE DISTRICT OFFICE

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $97,400 | - 1.00 |

**Governor/Legislature:** Delete $48,700 and 1.0 position annually to reflect reorganization of the LaCrosse district office. The Department's LaCrosse district office would be changed from a district office to a satellite office,

which would report to the Eau Claire district office supervisor. This would allow DOR to eliminate 1.0 position in the LaCrosse office.

## 13. RAILROAD AND AIR CARRIER TAX ADMINISTRATION

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $87,200 | - 1.00 |
| SEG | 97,600 | 1.00 |
| Total | $10,400 | 0.00 |

**Governor/Legislature:** Provide $97,600 SEG and 1.0 SEG position and delete $87,200 GPR and 1.0 GPR position in 1998-99 to convert the funding source for the position from GPR to SEG. The Department indicates that the position is currently performing tax collection activities related to segregated railroad and air carrier taxes. This provision would align the funding source for the position with the activities performed by the position.

## 14. SCANNING TAX RETURNS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $63,800 | - 6.00 |
| PR | 12,000 | - 6.55 |
| Total | - $51,800 | - 12.55 |

**Governor/Legislature:** Reallocate funding and positions to develop and implement scanning systems to capture data and retain electronic images of returns for state, county and stadium sales and use taxes, individual income tax short forms and real estate transfer fee returns. Delete 6.0 GPR and 6.55 PR positions beginning in 1997-98; delete $90,700 GPR and provide $6,000 PR in 1997-98; and provide $26,900 GPR and $6,000 PR in 1998-99 to reflect savings, internal reallocation of existing resources and provision of additional resources to implement the systems.

Scanning and imaging technology electronically captures and stores data from tax returns. The paper return is fed into a scanner where information from the return is stored in one step. The data is sorted, routed and accessed electronically. The Department indicates that implementation of scanning systems would reduce many manual processing activities and would allow the resources currently devoted to those activities to be deleted or internally reallocated to fund implementation costs. The scanning systems for the sales and use tax, individual income tax and real estate transfer fee would be implemented as follows:

a. Sales and Use Tax. Delete $2,500 GPR and 2.25 GPR positions and provide $6,000 PR and delete 6.55 PR positions annually. Savings generated by eliminating current sales tax data entry and microfilming positions would be used to offset additional implementation costs.

b. Individual Income Tax. Delete $38,700 GPR and provide 1.0 GPR position in 1997-98 and provide $47,600 GPR and 1.0 GPR position in 1998-99. The position would be used to support computer hardware and software applications associated with the scanning system. The additional costs of implementing the scanning system would be offset by reallocating LTE funding currently used for manual processing activities.

c. Real Estate Transfer Fee. Delete $49,500 GPR in 1997-98, $18,200 GPR in 1998-99 and 4.75 GPR positions annually. Savings would be generated by eliminating positions that currently engage in manual processing activities. Funding and positions would be internally reallocated to cover the costs of implementing the scanning system.

## 15. ELIMINATE LAKE MICHIGAN DISTRICT OFFICE POSITION

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $38,600 | - 1.00 |

**Governor/Legislature:** Delete $38,600 and 1.0 equalization property specialist-entry position in 1998-99 in the Department's Lake Michigan district office (Green Bay). The Department indicates that the workload would be reassigned to existing staff.

## 16. ELIMINATE LOCAL FINANCIAL ASSISTANCE BUREAU POSITION

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $34,400 | - 0.50 |

**Governor/Legislature:** Delete $17,200 and 0.5 management information technician position annually in the Local Financial Assistance Bureau.

## 17. INFORMATION TECHNOLOGY FUNDING [LFB Paper 714]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $0 | $2,354,400 | $2,354,400 |
| PR | 1,398,000 | - 1,231,500 | 166,500 |
| Total | $1,398,000 | - $1,22,9000 | $2,520,900 |

**Governor:** Provide expenditure authority of $714,100 in 1997-98 and $683,900 in 1998-99 to fund information technology (IT) expenditures. A separate, PR appropriation would be created to fund expenditures on technology for tax collection, tax administration, state and local finance responsibilities, and expenditures for which general purpose revenues would otherwise be necessary. The source of revenue for the new information technology PR appropriation would be 75% of the year-end balance in the delinquent tax system administration appropriation (see Item #5) and 75% of the year-end balance in the newly-created real estate transfer fee audit appropriation (see Item #8). The new IT appropriation would be the primary source of funding for the Department's additional IT expenditures for 1997-99. The total amount transferred to the new IT appropriation would be an estimated $908,800 in 1997-98 and $411,600 in 1998-99. Expenditure authority of $611,700 in 1997-98 and $619,800 in 1998-99 would be provided from the new appropriation, while the remaining funding ($102,400 in 1997-98 and $64,100 in 1998-99) would be provided from existing PR appropriations. The additional expenditure authority would be for the following purposes:

a. A total of $387,400 in 1997-98 and $364,100 in 1998-99 would be provided to implement part of the Department's IT migration plan. The migration plan establishes a time frame for the Department to conform with state IT standards. Of the total expenditure authority for this item, $300,000 annually would be from the new IT appropriation. The remaining $87,400 in 1997-98 and $64,100 in 1998-99 would be from other current PR appropriations.

b. Funding of $163,400 in 1997-98 and $184,900 in 1998-99 would be provided from the new IT appropriation to convert the Department's current Wang VS 5000 word processing system to a personal computer based local area network (LAN).

c. Funding of $104,800 would be provided annually to fund master lease payments begun in 1996-97 to purchase computer hardware and software, including personal computers, printers and network servers, to develop local area computer networks in two of the Department's divisions that currently do not have LANs. In addition, the master lease funding would be used to purchase computer equipment to conform with the Department's replacement schedule for such equipment. The funding for the master lease payments would come from the new IT appropriation.

d. Funding of $40,000 would be provided in 1997-98 to purchase software which would allow DOR applications development staff to perform applications development testing on personal computers to avoid mainframe computer charges. Of the total funding provided, $25,000 would be from the new IT appropriation and the remaining $15,000 would be from another existing PR appropriation.

e. A total of $3,500 in 1997-98 and $27,800 in 1998-99 would be provided from the new IT appropriation to purchase equipment, furniture and tools for the Department's computer training facility.

f. Funding of $15,000 in 1997-98 and $2,300 in 1998-99 would be provided from the new IT appropriation to purchase an electronic forms development software package to be used in developing computer-generated forms that comply with state printing and presentation standards.

**Joint Finance/Legislature:** Delete the Governor's recommendation, but provide expenditure authority for existing program revenue appropriations. Also, provide GPR funding for all of the following projects.

| | 1997-98 | 1998-99 |
|---|---|---|
| **Current Masterlease** | | |
| Milwaukee Refund Inquiry | $16,000 | $16,000 |
| PC Hardware and Software | 88,800 | 88,800 |
| Total Masterlease | $104,800 | $104,800 |
| | | |
| **IT Projects** | | |
| IT Training Center | $3,500 | $27,800 |
| Wang to Word | 163,400 | 184,900 |
| Applications Development | 25,000 | 0 |
| IT Migration | 326,200 | 1,396,700 |
| Forms Production | 15,000 | 2,300 |
| Total IT Projects | $533,100 | $1,611,700 |
| | | |
| Total | $637,900 | $1,716,500 |

## 18. TELEPHONE TAX ADMINISTRATION [LFB Paper 711]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-REV | - $587,400 | | $587,400 | | $0 | |
| GPR | $0 | 0.00 | $587,400 | 6.00 | $587,400 | 6.00 |
| PR | 587,400 | 6.00 | - 587,400 | - 6.00 | 0 | 0.00 |
| Total | $587,400 | 6.00 | $0 | 0.00 | $587,400 | 6.00 |

**Governor:** Provide expenditure authority of $305,700 in 1997-98 and $281,700 in 1998-99 and 6.0 positions annually to administer the ad valorem utility tax on telephone companies. General fund revenues would be reduced by equal amounts in each respective fiscal year because the source of program revenue is telephone company utility taxes, which would otherwise accrue to the general fund. A statutory provision which specifies the amounts that should be provided for administering the tax would be deleted.

Under the provisions of 1995 Wisconsin Act 351, the state utility tax on telephone companies will be converted from a gross revenues tax to an ad valorem tax, beginning with taxes due for 1998. The Act also created a separate program revenue appropriation to provide funds to the Department to administer the tax; the source of revenue for the program revenue appropriation is the ad valorem utility tax on telephone companies. No expenditure authority was provided for 1995-96 and 1996-97. However, the Act specified that DOR should be provided $307,300 in 1997-98 and $283,300 in 1998-99 and 6.0 positions, beginning on July 1, 1997. Under this provision, the amounts specified in the Act would be deleted and, instead, the recommended expenditure authority would be provided for the administrative appropriation.

**Joint Finance/Legislature:** Delete $305,700 PR in 1997-98 and $281,700 PR in 1998-99 and 6.0 PR positions and the program revenue telephone tax administration appropriation and, instead, provide $305,700 GPR in 1997-98 and $281,700 GPR in 1998-99 and 6.0 GPR positions annually to administer the ad valorem utility tax on telephone companies.

[Act 27 Sections: 702m and 2377m]

## 19. PROPERTY ASSESSMENT MANUAL UPDATE [LFB Paper 712]

| | Chg. to Base |
|---|---|
| PR | $130,000 |

**Governor:** Provide $130,000 in 1998-99 to contract with a private vendor to update Volume II of the Wisconsin Property Assessment Manual. Volume II contains information, including cost tables, depreciation and residual schedules and area modifiers, which is used to value residential, apartment and agricultural buildings.

DOR is authorized to prepare, publish, update and distribute the four volume Wisconsin Property Assessment Manual to local governments and the private sector. The manuals are sold on a subscription basis and revenues are placed in the Wisconsin property assessment manual PR appropriation.

**Joint Finance/Legislature:** Modify provisions to eliminate the requirement that Volume I of the Wisconsin property assessment manual must be distributed to each town, village and city in the state and to eliminate the requirement that each municipality be charged for a proportionate share of the cost of the cost component (Volume II) of the Wisconsin property assessment manual. Instead, require that the Wisconsin property assessment manual be distributed to each assessor and the assessor would be billed for the cost.

The Department of Revenue would also be required to produce the Wisconsin property assessment manual on CD-ROM, in addition to the current methods used to produce the manual, if the Department determines that demand for the CD-ROM format is sufficient.

**Veto by Governor [F-18]:** Delete the provision which would require DOR to produce the assessment manual on CD-ROM.

[Act 27 Section: 2355m]

[Act 27 Vetoed Section: 2355m]

## 20. MOTOR FUEL TAX COMPUTER SYSTEM SUPPORT

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | $96,200 | 0.50 | - $5,700 | 0.00 | $90,500 | 0.50 |

**Governor/Joint Finance:** Provide $51,700 in 1997-98 and $44,500 in 1998-99 and 0.5 position to provide ongoing support to the motor fuel tax computer system used to administer collection of motor fuel, aviation fuel and alternative fuel taxes. The 0.5 position would be combined with a 0.5 reallocated existing position to establish a permanent management information specialist position to support the computer system.

**Assembly/Legislature:** Decrease funding by $5,700 SEG to reflect a three-month delay in hiring a 0.5 position to provide ongoing support to the motor fuel tax computer system due to delayed passage of the budget bill.

## 21. LOTTERY CREDIT ADMINISTRATION

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| SEG | - $145,600 | - 2.00 |

**Governor/Legislature:** Delete $72,800 and 2.0 revenue auditor positions annually to reflect lower costs that would be incurred in administering the proposed lottery credit. The remaining 1.0 position used to administer the credit would be converted from a permanent position to a project position which would terminate on September 30, 1999. The expenditure authority not used to fund the project position ($78,900 SEG annually) would be placed in unallotted reserve to be released by the approval of the Department of Administration based on the estimated costs of administering the new lottery credit.

The current lottery tax credit on principal dwellings was found unconstitutional in an October, 1996, circuit court decision. The Governor has proposed replacing the current credit with a new lottery credit which would be extended to all taxpayers, beginning with credits paid in 1998. Because the proposed credit would apply to all property taxpayers, rather than solely to principal residences, the cost of administering the credit, particularly in terms of audit activities, is expected to be reduced. [The proposed lottery credit is described under "Shared Revenue and Tax Relief--Property Tax Credits."]

## 22. TRANSPORTATION FUND -- REDUCED SUPPLIES AND SERVICES FUNDING

| | Chg. to Base |
|---|---|
| SEG | - $7,200 |

**Governor/Joint Finance:** Reduce annual supplies and services funding from the segregated Transportation Fund by: (a) $900 for maintenance and repair of equipment; and (b) $2,700 from the railroad and airline taxes appropriation.

## 23. COUNTY SALES TAX ADMINISTRATION APPROPRIATION LAPSE [LFB Paper 710]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR-REV | $953,300 | $177,300 | $1,130,600 |

**Governor:** Require that the fiscal year-end unencumbered balance in the appropriation for administration of the county sales tax be annually lapsed to the general fund, beginning on June 30, 1998. This provision would result in an estimated lapse of $491,600 in 1997-98 and $461,700 in 1998-99.

Under current law, Wisconsin counties are authorized to adopt and impose a 0.5% sales tax on the same goods and services that are subject to the state sales tax. The county tax is "piggybacked" onto the state sales tax in that the county tax is administered, enforced and collected by the Department. The Department retains 1.5% of sales taxes it collects to cover administrative costs.

**Joint Finance/Legislature:** Include provision and reestimate the lapses to be $597,200 in 1997-98 and $533,400 in 1998-99. In addition, reduce, from 1.5% to 1.3%, the amount of county sales taxes retained by DOR to administer the tax. The modification to reduce DOR's administrative percentage would be effective July 1, 1999.

**Veto by Governor [F-15]:** Delete the provision which would reduce the amount of county sales taxes retained by DOR for administration of the tax.

[Act 27 Sections: 700 and 9443(6)]

[Act 27 Vetoed Sections: 717m, 2399f, 2399fm and 9443(16n)]

## 24. DEBT COLLECTION ADMINISTRATION APPROPRIATION LAPSE

| | Chg. to Base |
|---|---|
| GPR-REV | $250,000 |

**Governor/Legislature:** Lapse $250,000 from the balance in the Department's debt collection administration appropriation to the general fund on the effective date of the bill.

Under current law, the Department of Revenue is authorized to set off against state tax refunds and credits amounts owed for state taxes, debts to state agencies, delinquent child and spousal support and maintenance payments, and municipal fines, fees and forfeitures. The Department receives a

share of amounts collected through the setoff program to fund administrative costs. These amounts are placed in a PR appropriation used to fund the Department's related administrative activities. This provision would deposit $250,000 from the balance of the appropriation into the general fund.

[Act 27 Section: 9243(1)]

## 25. TRANSFERS BETWEEN APPROPRIATIONS

**Governor/Legislature:** Transfer funding for the Office of Appeals to the Department's administrative services appropriation to attach it to the Office of the Secretary. In addition, funding for computer applications positions would be transferred to the appropriations of the divisions which the staff serve.

## 26. REPEAL BADGER BOARD AND BADGER FUND

**Governor:** Repeal the Badger Fund and the Badger Board and related statutory provisions. As a result, the Badger Fund's recreational grant program and the use of monies for general equalization school aids would be eliminated. In addition, statutory provisions governing the transfer of mining tax revenues from the Investment and Local Impact Fund (ILIF) would be repealed. All future mining tax revenues would be placed in the ILIF. The bill would also create a mining economic development grant and loan program that would be administered by the Department of Commerce. The program would provide grants and loans to businesses, municipalities and counties, community-based organizations and local development corporations to fund costs related to business start-ups, maintenance or expansions, developing economic diversification plans, conducting local economic development projects and establishing local revolving loan funds in areas affected by mining. The source of funding for the program would be mining tax revenues from the ILIF which would be transferred to a newly created, continuing segregated revenue appropriation. A total of $200,000 SEG would be transferred from the ILIF in 1997-98.

Under current law, Wisconsin imposes a net proceeds tax on metalliferous mining operations, in lieu of local property taxation. Revenues from the net proceeds tax are placed in the ILIF which is administered by the Investment and Local Impact Fund Board (ILIFB). The Board, which is attached to DOR, makes various required and discretionary payments from the fund to compensate counties, municipalities and Native American communities for the costs associated with mining.

Revenues that accrue above certain statutory amounts are deposited in the Badger Fund. When net proceeds tax revenues are sufficient, 40% of total collections are transferred to the Badger Fund. In addition, any balance in the ILIF in excess of $20 million is also transferred to the Badger Fund and placed in a separate account. The Badger Fund is administered by the Badger Board which is composed of the Governor or a designee and the Secretaries of Revenue, Development and Natural Resources and the Board of Commissioners of Public Lands.

Interest on the balance in the Badger Fund is required to be used for two purposes:

a. Fifty percent must be used to make grants to counties, cities, villages and towns to fund the capital costs of recreational facilities. The Badger Board may award grants to municipalities for the capital costs, but not the operating or maintenance costs, of recreational facilities including picnic and camping grounds, hiking trails, trail-side campsites and shelters, cross-country ski trails, bridle trails, nature trails, snowmobile trails and areas, beaches and bath houses, toilets, shelters, wells and pumps, fireplaces, tennis courts, softball diamonds, baseball diamonds, soccer fields, playgrounds and playground equipment and for purchases of land for those purposes.

b. The other fifty percent is required to be used for state general equalization aids for school districts.

Under the provisions of 1995 Wisconsin Act 27 (the 1995-97 biennial budget), the June 30, 1997, balance in the Badger Fund (an estimated $5.9 million) will be transferred to the general fund.

**Joint Finance/Legislature:** Include provision, but require that the amount transferred from the ILIF include the balance in the reserve. Also, direct the Investment and Local Impact Fund Board to make a grant of $480,000 to the City of Ladysmith from the July 1, 1997, balance in the Investment and Local Impact Fund.

**Veto by Governor [B-9]:** Delete the provision which would require the Investment and Local Impact Fund Board to make a $480,000 grant to the City of Ladysmith. (See "Commerce.")

[Act 27 Sections: 84, 198, 203, 265, 379, 704, 832, 843, 2237 thru 2251, 2685, 4352 and 9110(3g)]

[Act 27 Vetoed Section: 9143(2n)]

## 27. DRY CLEANER ENVIRONMENTAL RESPONSE PROGRAM

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | $107,100 | 1.00 | - $13,900 | 0.00 | $93,200 | 1.00 |

**Joint Finance:** Provide $51,600 SEG in 1997-98 and $55,500 SEG in 1998-99 and 1.0 SEG position from the dry cleaner environmental response fund to administer DOR's responsibilities related to the dry cleaner gross receipts based license fee and dry cleaner solvents fees. (See "Natural Resources -- Air, Waste and Contaminated Land.")

**Assembly/Legislature:** Decrease funding by $13,900 SEG to reflect a three-month delay in hiring a position to administer the Department's responsibilities related to the dry cleaner gross receipts based license fee and dry cleaner solvents fees due to delayed passage of the budget bill.

[Act 27 Sections: 66r, 344m, 346m, 401m, 452m, 701m, 832e, 873r, 906e, 2379m, 2410ts, 3721e, 3721m and 9137(10g)]

## 28. STUDY ON DEBT COLLECTION

**Joint Finance/Legislature:** Direct the Department of Revenue to submit, to the Joint Committee on Finance at its December, 1998, meeting under s. 13.10, a study for centralized debt collection for state government and to consider working with local governments in a coordinated fashion.

[Act 27 Section: 9143(6g)]

## 29. INTEGRATED TAX SYSTEM [LFB Paper 101]

**Joint Finance/Legislature:** Provide $1,257,100 GPR in 1997-98 and $203,500 in 1998-99 for DOR to contract with a private vendor to develop and implement an integrated tax processing system in the Department. Place the funding in the Joint Committee on Finance's supplemental appropriation. Require the Department to submit a plan for development of an integrated tax system to the Committee for its approval before the funding can be released from the Committee's appropriation. (Funding for this item is shown under "Program Supplements.")

[Act 27 Section: 9143(4z)]

## 30. AGENCY BUDGET REDUCTIONS

| | Chg. to Base |
|---|---|
| GPR-Lapse | $359,600 |

**Assembly/Legislature:** Require that the Secretary of DOA allocate annually reductions of $179,800 to DOR's sum certain GPR state operations appropriations to be achieved by requiring DOR to lapse the requisite amount from among its state operations GPR appropriations. Further, provide that in the event the Secretary of DOA determines in either fiscal year that any state agency subject to this requirement cannot reduce expenditures as required, the Secretary of DOA shall submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the required reductions. The plan must be approved by the Committee under a 14-day passive review procedure.

[Act 27 Section: 9156(6ng)]

## 31. BUSINESS TAX REGISTRATION

**Assembly/Legislature**: Modify provisions related to administration of the business tax registration system as follows:

a. Specify that DOR has the authority to revoke permits, licenses and certificates issued by the Department if they are not renewed in a timely manner and to reissue those permits, licenses and certificates if they are renewed.

b. Specify that a person who operates as a seller in the state and who holds a valid business tax registration certificate must file an application for a seller's permit for each place of operations on a form prescribed by DOR. The application must include the name under which the applicant intends to operate, the location of the applicant's place of operations and other information the Department requires. The application must be signed by the owner or another authorized person.

c. Clarify that retailers and other persons who sell tangible personal property or taxable services must register with DOR and obtain a registration certificate.

d. Specify an application process for motor fuel, alternate fuels and general aviation fuels licenses. Under these provisions, license applications must be made only by persons who hold a valid registration certificate on forms prescribed and furnished by DOR. The application would be subscribed by the applicant and would contain information reasonably required by the Department for administrative purposes. The Department would be authorized to investigate each applicant. No license could be issued if the Department deemed that the applicant did not hold a valid registration certificate, the application was not filed in good faith, the applicant was not the real party in interest and the license of the real party in interest has been revoked for cause, or other reasonable cause for nonissuance exists. Before refusing to issue a license, the Department would be required to grant the applicant a hearing with five days written notice. If the application and, if necessary, a bond, is approved, the Department would issue a license. No person could transport motor vehicle, general aviation fuel or alternate fuels across the state line by truck, trailer, semitrailer or other vehicle unless the person had a valid registration certificate.

e. Specify that tobacco products sellers and resellers must file an application and obtain a valid registration certificate.

f. Require that, in order to ship petroleum products into the state, a person must hold a valid business tax registration certificate.

g. Provide that business tax registration certificates that are scheduled to expire on January 1, 1998, would instead expire between January 1, 1998, and December 31, 1999, based on a schedule determined by DOR.

h. Make other technical statutory modifications to clarify procedures for administering business tax registration certificates.

[Act 27 Sections: 2360m, 2388m, 2388no, 2388p, 2391m, 2392m, 2392mm, 2392no, 2416m, 2416n, 2416p, 2416q, 2428p, 2428r, 2428t, 2428u, 2428v, 2432p, 2432q, 2432r, 2432s, 2432t, 2444m, 2950m, 2977c, 3121c, 5503h and 9443(18t)]

### 32. SETOFF OF UNPAID MUNICIPAL FINES, FEES AND FORFEITURES

**Assembly/Legislature:** Specify that municipalities and counties would be authorized to certify to the Department of Revenue parking citations of $20 or more that are unpaid for setoff against income tax refunds and credits for which there has been no court appearance by the required date or that are unpaid after 28 days if no court date was specified. Debtors would have the right to contest citations within 20 days after being notified that the debt was certified to DOR before the Department could setoff the debt.

[Act 27 Sections: 2342g, 2342m and 2342r]

## Lottery Administration

### 1. LOTTERY FUND CONDITION [LFB Paper 732]

**Governor:** Estimate 1997-99 lottery ticket sales at $440.4 million annually, based on the following annual game estimates:

**Lottery Sales Estimates**
(Millions)

| Game Type | 1997-98 | 1998-99 |
|---|---|---|
| Scratch | $267.6 | $269.7 |
| Pull-Tab | 8.8 | 8.8 |
| On-Line | 164.0 | 161.9 |
| Total | $440.4 | $440.4 |

Estimate appropriations for the lottery tax credit at $250.8 million in 1997-98 and $116.6 million in 1998-99. Estimate the farmland tax relief credit at $12.0 million in 1997-98 and $11.8 million in 1998-99.

**Joint Finance:** Reestimate lottery sales to $463.8 million in 1997-98 and $487.0 million in 1998-99, as shown in the following table:

**Lottery Sales Reestimates**
(Millions)

| Game Type | 1997-98 | 1998-99 |
|---|---|---|
| Scratch | $288.3 | $302.7 |
| Pull-Tab | 7.1 | 7.5 |
| On-Line | 168.4 | 176.8 |
| Total | $463.8 | $487.0 |

In addition, prizes and operating expenses are reestimated, resulting in estimated lottery property tax credits of $254.5 million in 1997-98 and $133.8 million in 1998-99.

**Assembly:** As shown on the following page, the lottery fund condition statement is affected by the Assembly action to delay starting dates for new lottery positions and reclassifications (see Item #5).

**Senate/Legislature:** As shown on the following page, the lottery fund condition statement is affected by the Senate action to provide 6.25% in retailer compensation for instant ticket sales (see Item # 7).

[**Note:** On October 24, 1997, subsequent to enactment of 1997 Act 27, the lottery fund condition was reestimated by the Department of Administration and the Joint Committee on Finance, pursuant to s. 79.10(11)(b) of the statutes. This reestimate provides the Department of Revenue with a certified amount of the total funds available for distribution under the lottery credit for property taxes levied in 1997 (paid in 1998). The reestimate is based on: (a) actual expenditure data for 1996-97; (b) the actual 1997-98 opening balance in the lottery fund; (c) a reestimate of 1997-98 lottery sales (to $446.9 million); and (d) a reestimate of expenditures related to total sales in 1997-98. These modifications result in a certified lottery tax credit of $253.5 million in 1997-98. The lottery sales estimate for 1998-99 ($487.0 million) will be reestimated in October, 1998. This sales projection would result in an estimated lottery tax credit of $135.8 million in 1998-99. The following table shows the reestimated 1997-98 lottery sales by game type.]

**1997-98 Lottery Sales Reestimate**
October, 1997
(Millions)

| Game Type | 1997-98 |
|---|---|
| Scratch | $274.0 |
| Pull-Tab | 7.9 |
| On-Line | 165.0 |
| Total | $446.9 |

## Lottery Fund Condition -- Act 27

| | 1997-98 | 1998-99 |
|---|---|---|
| Fiscal Year Opening Balance | $133,817,600 | $9,277,600 |
| **Operating Revenues** | | |
| Ticket Sales | $463,800,000 | $487,000,000 |
| Retailer Fees and Miscellaneous | 80,000 | 80,000 |
| Gross Revenues | $463,880,000 | $487,080,000 |
| **Expenditures** | | |
| Prizes | $265,202,600 | $278,471,700 |
| Basic Retailer Compensation | 27,473,200 | 30,091,200 |
| Vendor Payments | 11,829,800 | 12,075,500 |
| General Program Operations | 20,382,900 | 20,711,500 |
| Appropriation to DOJ | 225,800 | 229,600 |
| Appropriation to DOR | 119,800 | 119,800 |
| Total Expenditures | $325,234,100 | $341,699,300 |
| **Net Proceeds** | $138,645,900 | $145,380,700 |
| **Interest Earnings** | $7,655,300 | $2,986,200 |
| Total Available for Tax Relief* | $280,118,800 | $157,644,500 |
| **Appropriations for Tax Relief** | | |
| Lottery Property Tax Credit | $258,841,200 | $136,102,900 |
| Lottery Credit Local Administrative Costs | 0 | 0 |
| Farmland Tax Relief Credit | 12,000,000 | 11,800,000 |
| Total Appropriations for Tax Relief | $270,841,200 | $147,902,900 |
| Gross Closing Balance | $9,277,600 | $9,741,600 |
| Reserve (2% of Gross Revenues) | $9,277,600 | $9,741,600 |
| Net Closing Balance | $0 | $0 |

*Opening balance, net proceeds and interest earnings.

[Act 27 Section: 167]

## 2. LOTTERY CREDIT -- DISTRIBUTION FORMULA [LFB Paper 730]

**Governor:** Eliminate references and provisions related to the lottery credit on principal dwellings, which was found unconstitutional in an October, 1996, circuit court decision. Replace these provisions with a new lottery credit, which would be extended to all property taxpayers, beginning with credits paid in 1998. Specify that the credit amount for each municipality would be calculated by multiplying that municipality's percentage share of the average statewide gross property tax levy for all purposes during the preceding three years by the statewide lottery credit funding level. Continue the current procedure for estimating the lottery proceeds available for

distribution each year (DOA submits an estimate to the Joint Committee on Finance by October 16, which the Committee can review and change prior to November 1). Require DOR to annually notify each municipality by December 1 of its lottery credit amount for that property tax year. Lottery credits would continue to be distributed to municipalities on the fourth Monday in March.

Require municipalities to extend the lottery credit to taxpayers in proportion to their property's assessed value within the municipality and to use the credit to reduce the amount of taxes otherwise payable. Prohibit the lottery credit for an individual property, when combined with the school levy tax credit, from exceeding the total amount of taxes levied on that property. Extend the credit to mobile homes subject to monthly mobile home fees by deducting the credits to be paid to the municipality from the municipality's gross tax levy in calculating the rate for the fee. With the exceptions that the lottery credit would be allocated to municipalities on the basis of total levies rather than school levies and that lottery credit payments would be made in March rather than July, the lottery credit would be distributed to municipalities and extended to taxpayers under procedures identical to those used for the school levy tax credit.

Specify that the preceding provisions would first apply to credits against taxes that are due during 1998.

**Joint Finance/Legislature:** Delete the proposed lottery credit distribution formula and, instead, modify the current law distribution mechanism, which is based on the school tax rate multiplied by a value base, by extending lottery credits to all taxable properties and to mobile homes subject to monthly mobile home fees. Require municipalities to annually notify DOR of the number of parcels of real property and personal property accounts within the municipality that would be eligible for the credit. Based on estimated available proceeds of $258,841,200 in 1997-98 and $136,102,900 in 1998-99, statewide average credits are estimated at $85 in 1997-98 and $45 in 1998-99.

[Act 27 Sections: 2200m, 2449, 2452b, 2454c, 2455c, 2457m, 2458, 2459g, 2459r, 2459w, 2464 and 9343(6d)]

## 3. LOTTERY CREDIT -- FUNDING LEVEL [LFB Paper 732]

**Governor:** Increase the sum sufficient appropriation by $109,072,500 in 1997-98 and decrease the appropriation by $25,196,000 in 1998-99 to reflect reestimated lottery revenues and expenditures under the bill. With these adjustments, estimated total funding is increased from the adjusted base level of $141,772,300 to $250,844,800 in 1997-98 and decreased to $116,576,300 in 1998-99. The larger payment amount in 1997-98 is due to an opening balance in the lottery fund projected at $135,993,700. The balance is attributable to an October, 1996, circuit court decision that ruled the lottery credit on principal dwellings is unconstitutional. As a result, no lottery credits will be paid in 1997.

**Joint Finance:** Increase the sum sufficient appropriation by $3,606,100 in 1997-98 and $17,231,000 in 1998-99 based on reestimated lottery sales. This would provide total funding of $254,450,900 in 1997-98 and $133,807,300 in 1998-99 for the lottery credit.

**Assembly**: Increase the sum sufficient appropriation by $3,295,900 in 1997-98 to reflect an increase in the estimated opening balance for 1997-98 and a delay in filling newly authorized positions. This would provide total funding of $257,746,800 in 1997-98 and $133,807,300 in 1998-99 for the lottery credit.

**Senate/Legislature**: Increase the sum sufficient appropriation by $1,094,400 in 1997-98 and $2,295,600 in 1998-99 to reflect the provision decreasing retailer compensation for lottery ticket sales. This would provide total funding of $258,841,200 in 1997-98 and $136,102,900 in 1998-99 for the lottery credit.

**Note:** On October 24, 1997, subsequent to the passage of 1997 Act 27, the lottery fund condition was reestimated by the Department of Administration and the Joint Committee on Finance, pursuant to s. 79.10(11)(b) of the statutes. This reestimate results in a certified lottery tax credit of $253,531,100 in 1997-98. See the note preceding the lottery fund condition statement (Item #1 above) for a more detailed explanation.

## 4. LOTTERY CREDIT -- PRECERTIFICATION [LFB Paper 731]

**Governor/Legislature:** Repeal provisions related to precertification of the lottery credit, effective with credits paid in 1998. Reduce the sum sufficient appropriation for reimbursement of lottery credit precertification expenses by $610,000 annually to reflect the proposed repeal. The precertification provisions allow owners of property used as their principal dwelling to claim eligibility for the lottery credit and reimburse counties and cities for their administrative expenses related to the precertification procedure.

[Act 27 Sections: 717, 915, 2456, 2462 and 9343(6d)]

## 5. LOTTERY DIVISION REORGANIZATION [LFB Paper 721]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | - $3,662,800 | - 31.50 | $2,175,100 | 18.00 | - $280,200 | 0.00 | - $1,767,900 | - 13.50 |

**Governor:** Delete $1,831,400 and 31.5 positions annually to reflect a reorganization of Lottery Division staff and functions. Base funding and position authority for the general program

operations of the lottery is $24,817,200 and 130.0 positions. Under the bill, the Lottery Division would retain a division administrator position and be authorized a new deputy administrator position, converted from a vacant administrative officer position. The reorganized division would include three bureaus: operations, marketing and retailer relations and administration. The reduction of 31.5 positions (in conjunction with the deletion of 6.0 project positions under standard budget adjustments) would provide the lottery with 92.5 positions allocated as follows: (a) 26.5 positions for operations; (b) 32.0 positions for marketing and retailer relations; and (c) 34.0 positions for administration (including 9.0 positions assigned to the Department's Administrative Services Division and 1.0 position each assigned to the Research and Analysis Division, the Secretary's Office and Legal Services). The funding reduction includes -$440,100 annually to reflect the estimated cost of instant ticket data processing that had previously been performed in-house. This function is now contracted out and funding is provided under a separate item relating to vendor fees (see Item #10).

**Joint Finance:** Provide $1,053,100 with 18.0 positions in 1997-98 and $1,122,000 in 1998-99, as follows: (a) $988,200 in 1997-98 and $1,057,100 in 1998-99 for 18.0 positions to be utilized for retailer field support services or customer telemarketing services; and (b) $64,900 annually for the reclassification of 12.0 existing positions as customer services specialist positions.

**Assembly/Legislature:** Reduce funding by $280,200 in 1997-98 to reflect delayed starting dates for the new and reclassified positions. The following reductions would be made: (a) -$258,600 to reflect a starting date of January 1, 1998 for 18.0 positions to be utilized for retailer field support services and customer telemarketing services; and (b) -$21,600 to reflect a reclassification of 12 existing positions as customer services specialist positions, effective November 1, 1997.

## 6. LOTTERY TICKET PRINTING [LFB Paper 722]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | - $2,931,200 | $394,600 | - $2,536,600 |

**Governor:** Delete $1,465,600 annually to reflect decreased costs for instant lottery ticket printing under a new printing contract entered into in 1996-97. According to lottery officials, ticket printing costs have decreased as a result of increased competition and improved printing technology.

**Joint Finance/Legislature:** Restore $197,300 annually for ticket printing costs to reflect a correction in the calculation of costs under the new contract.

## 7. RETAILER COMPENSATION AND INCENTIVE BONUS [LFB Papers 723 and 732]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Senate/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG | - $2,091,600 | $4,833,800 | - $3,390,000 | - $647,800 |

**Governor:** Delete $1,932,300 in 1997-98 and $159,300 in 1998-99 for retailer compensation. Further, effective January 1, 1998, make the following modifications to the compensation paid to retailers: (a) increase the basic compensation rate for instant ticket sales (exclusive of nonprofit pull-tab sales) from 5.5% of sales to 6%; and (b) provide a 0.5% bonus for retailers meeting predetermined sales or marketing goals. Under the bill, on-line lottery sales compensation would remain at 5.5%, while the incentive would apply to retailers selling either instant ticket games or on-line games.

Provide that DOR may promulgate rules relating to the payment of an additional 0.5% rate of compensation if the retailer meets certain sales or marketing goals established by DOR. Under the bill, these goals may include all of the following: (a) an increase in the number of lottery tickets that are sold by the retailer in the current calendar quarter over the previous calendar quarter; (b) the largest increase in the state or county in which the retailer is located in the number of lottery tickets that are sold by the retailer in the current calendar quarter over the previous calendar quarter; (c) the sale by a retailer of a winning lottery ticket, whose prize is greater than $100,000; and (d) an increase in the number of different types of lottery tickets that are sold by the retailer in the current calendar year over the previous calendar year. Provide that at the time DOR submits any proposed rules for the bonus compensation to the Legislative Council, it would also submit the proposed rules to every standing committee in the Legislature that has subject matter jurisdiction over the state lottery, as determined by the Speaker of the Assembly and the President of the Senate.

Base level funding for retailer compensation is $29,106,100, based on estimated 1996-97 sales of $514.5 million and basic compensation at the current rate of 5.5%. While the increases in retailer compensation rates are estimated by DOA to cost $1.8 million in 1997-98 and $3.5 million in 1998-99, the appropriation is reduced because of estimated decreases in sales during 1997-99.

**Joint Finance:** Provide $1,393,800 in 1997-98 and $3,440,000 in 1998-99 for retailer compensation as follows: (a) $1,363,600 in 1997-98 and $2,742,000 in 1998-99 to increase, effective January 1, 1998, basic retailer compensation for instant ticket sales to 7%; (b) -$1,086,300 in 1997-98 and -$2,172,600 in 1998-99 to reflect the deletion of an incentive bonus program for retailers; and (c) $1,116,500 in 1997-98 and $2,870,600 in 1998-99 to reflect reestimated sales of $463.8 million in 1997-98 and $487.0 million in 1998-99.

**Senate/Legislature:** Delete $1,094,400 SEG in 1997-98 and $2,295,600 SEG in 1998-99 for retailer compensation to reflect the modification of the increase in basic retailer compensation for instant ticket sales from 7% to 6.25%.

**Governor [Invalid Veto]:** As passed by the Legislature, Assembly Bill 100 would provide a compensation rate of 6.25% to retailers for the sale of lottery tickets. In Act 27, the digit "2" was struck, which would result in a compensation rate of 6.5%. However, no objection relating to this strikethrough was stated in the Governor's veto message. Under the Constitution, a rejected part of an appropriation bill, together with the Governor's objections in writing, must be returned to the House in which the bill originated. Since no written objection was provided, the veto of the digit does not appear to have been properly made. The Secretary of Administration, in a letter to the President of the Senate and the Speaker of the Assembly, dated October 20, 1997, indicates that it was not the intent of the Governor to veto the retailer compensation provision and, because no objection to this provision was stated in the veto message, the strikethrough of the digit does not constitute a valid veto. In a letter to the Legislative Fiscal Bureau, dated October 28, 1997, an assistant attorney general concurs in this opinion.

[Act 27 Sections: 4748, 4759 and 9443(1)]

[Act 27 Vetoed Section: 4759]

## 8. LOTTERY TELEVISION BROADCASTS [LFB Paper 724]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $1,936,000 | - $1,236,000 | $700,000 |

**Governor:** Provide $998,000 in 1997-98 and $938,000 in 1998-99 for the production and broadcast costs relating to: (a) the lottery's TV game show; and (b) on-line lottery game drawings. Under the current contract, the TV game show costs total $312,000 annually and the drawings for five on-line games are produced and broadcast, at no cost to the lottery, by a statewide consortium of stations. The contract to produce the TV game show expires in August, 1997. The provision includes:

a. $588,000 annually to continue the production and broadcast of the lottery's TV game show and to enhance the show through the development of new formats. One-half of the recommended funding ($294,000 annually) would be placed in unallotted reserve until actual costs are documented. The increase would provide a total of $900,000 annually for the show.

b. $410,000 in 1997-98 and $350,000 in 1998-99 for the production and broadcast costs of on-line lottery game drawings. Lottery officials indicate that stations may not continue to

broadcast the drawings without charge in the future. The provision includes $350,000 annually for production and broadcast costs and $60,000 in one-time costs in 1997-98 to inform lottery retailers and players of changes in the on-line game drawing policy. The funding would be placed in unallotted reserve and released, according to DOA officials, following a documentation of actual costs and the completion of market research to evaluate the impact of the broadcasts.

**Joint Finance/Legislature:** Delete $588,000 annually to eliminate funds for the TV game show enhancement. Delete $60,000 in 1997-98 for one-time costs relating to the broadcast of on-line game drawings.

## 9. INSTANT TICKET VENDING MACHINES [LFB Paper 725]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $1,222,700 | - $1,222,700 | $0 |

**Governor:** Provide $333,300 in 1997-98 and $889,400 in 1998-99 to purchase 239 instant ticket vending machines (ITVMs) through a master lease arrangement with DOA. Of this amount, $124,800 in 1997-98 and $444,700 in 1998-99 would be placed in unallocated reserve which would be released by DOA after the lottery further documents the costs of the machines. Preliminary estimates by lottery officials indicate that: (a) each machine would cost approximately $6,100 and be financed over a three-year period (for permanent property costs of $106,200 in 1997-98 and $602,600 in 1998-99); (b) one-time installation costs in 1997-98 ($350 per machine) would total $83,700; and (c) maintenance costs, at an annual rate of $1,200 per machine, would require $143,400 in 1997-98 and $286,800 in 1998-99. Lottery officials indicate that vending machines were tested in the City of Milwaukee area and are expected to result in higher instant ticket sales ($2.0 to $4.0 million annually) and greater convenience for customers and retailers.

**Joint Finance/Legislature:** Delete provision.

## 10. LOTTERY VENDOR FEES [LFB Papers 726 and 732]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $891,800 | $357,500 | $1,249,300 |

**Governor:** Provide $348,000 in 1997-98 and $543,800 in 1998-99 for vendor fees relating to on-line and instant ticket data processing systems. Funding for on-line vendor fees is provided in a separate appropriation with base level funding of $11,328,000, based on the current contract

and estimated 1996-97 on-line sales of $206.1 million. In May, 1997, the current on-line vendor contract will terminate and a new contract will include both on-line and instant ticket data processing. Based on projected 1997-99 sales and the contract fee structure, the Governor's provision reduces the on-line vendor fee appropriation by $731,000 in 1997-98 and $533,100 in 1998-99 and increases funding for instant ticket data processing by $1,079,000 in 1997-98 and $1,076,900 in 1998-99. (The general program operations appropriation is decreased by $440,100 annually, as shown under Item #5, to reflect the estimated cost of instant ticket data processing that had previously been performed in-house.)

**Joint Finance/Legislature:** Provide $153,800 in 1997-98 and $203,700 in 1998-99 as follows: (a) $103,600 in 1997-98 and $107,800 in 1998-99 to correct a calculation error relating to instant ticket data processing; and (b) $50,200 in 1997-98 and $95,900 in 1998-99 to reestimate vendor fees based on reestimated sales of $463.8 million in 1997-98 and $487.0 million in 1998-99. Change the name of the lottery's vendor appropriation from "on-line vendor fees" to "vendor fees" and amend the appropriation language to authorize payments for both on-line and instant ticket services and supplies provided by a vendor. Provide the instant data processing funding to the vendor fees appropriation. The vendor fees appropriation would total $11,829,800 in 1997-98 and $12,075,500 in 1998-99.

[Act 27 Section: 704m]

## 11. ON-LINE LOTTERY INITIATIVES

| | Chg. to Base |
|---|---|
| SEG | $300,000 |

**Governor/Legislature:** Provide $150,000 annually for on-line game initiatives as follows: (a) $100,000 annually to establish new on-line games or enhance existing games, including market research, focus group and market testing and printing and mailing costs associated with the distribution of game information; and (b) $50,000 annually for participation in new multistate lottery initiatives. The funding would be placed in unallotted reserve, for release by DOA, pending the documentation of actual costs by the state lottery.

## 12. RENT SAVINGS

| | Chg. to Base |
|---|---|
| SEG | - $69,000 |

**Governor/Legislature:** Delete $55,200 in 1997-98 and $13,800 in 1998-99 to reflect rent savings associated with the partial subletting of lottery space to the Gaming Board.

## 13. EQUIPMENT INSPECTION FOR MULTI-JURISDICTIONAL LOTTERY DRAWINGS

| | Chg. to Base |
|---|---|
| SEG | - $7,200 |

**Governor/Legislature:** Delete $3,600 annually and provide that a DOR employe is not required to inspect the equipment used for a drawing in a multijurisdictional lottery. Under current law, any equipment used for a lottery drawing (in Wisconsin or in another state under a multistate lottery) must be inspected by a certified public accountant and a DOR employe before and after the drawing. The deleted funds are related to the travel expenses of a DOR employe attending drawings in other states.

[Act 27 Section: 4770]

## 14. MODIFY LOTTERY EXPENSE LIMITATION [LFB Paper 727]

**Governor:** Beginning July 1, 1997, reduce the 15% expense limitation for the operation and administration of the state lottery to 9% and provide that the retailer compensation would not be included in the calculation of the expense limitation. Under current law, no more than 15% of the gross revenues of the lottery may be expended in any year for the operation and administration of the state lottery, unless approved by the Joint Committee on Finance under s. 13.10 of the statutes. The calculation under current law of operating and administrative expenses must include general program operations, retailer compensation and vendor fees. However, capital expenditures may be amortized and lottery funds appropriated to the Department of Justice for gaming enforcement are not included in the calculation.

**Joint Finance/Legislature**: Increase the modification of the lottery expense limitation from 9% to 10%.

[Act 27 Sections: 913, 914 and 4784]

## 15. TRANSFER GAMING BOARD LOTTERY RESPONSIBILITIES TO REVENUE [LFB Paper 395]

**Governor/Legislature:** Transfer the Gaming Board's rulemaking, oversight and security responsibilities relating to the state lottery to the Department of Revenue. (Under Act 27, the Gaming Board is eliminated and the regulation and security of pari-mutuel racing, charitable gaming and crane games and the oversight and security of Indian gaming compacts is transferred to the Department of Administration.)

While, under current law, the Department of Revenue has the responsibility for operating the state lottery (and, under 1995 Act 27, was provided with the authority to promulgate rules relating to the lottery), the Gaming Board continues to have broad authority to promulgate rules relating to

implementing the lottery statutes. In certain areas, the Board is required to adopt rules governing specific aspects of the lottery's management and operations, including rules for: (a) establishing a plan of organizational structure for lottery division employes; (b) the selection of retailers; (c) establishing requirements for information to be submitted with a bid or proposal by a person proposing to contract with the state lottery; (d) determining the types of lottery games to be offered; (e) defining the terms "advertising" and "lottery shares;" (f) establishing the circumstances and procedures under which a retailer may not be reimbursed if he or she accepts and directly pays a prize on an altered or forged lottery ticket or lottery share; (g) providing for terms of lottery retailer contracts for periods that are shorter than three years; and (h) establishing goals to increase the total amount of expenditures for advertising, public relations and other procurements that are directed to minority businesses, the number of retailers that are minority businesses and the number of employes of the lottery division who are minority group members. Additional rules relating to the operation of the state lottery may be promulgated by the Board. The Governor's provisions would transfer all these Gaming Board rulemaking responsibilities to DOR.

Under current law, the Gaming Board is also authorized to perform certain oversight functions. Under the bill, these functions would be deleted or transferred, as follows: (a) transfer, from the Board to the Secretary of DOR, the authority to approve whether lottery functions are to be performed by DOR employes or provided under contract; (b) delete the requirement that a major procurement contract be approved by the Board, if the Department of Administration delegates responsibility for the procurement process to DOR; (c) transfer, from the Board to the Secretary of DOR, the authority to approve the features and procedures for each lottery game; (d) transfer, from the Board to DOR, the authority to conduct hearings and render final decisions relating to the suspension or termination of a lottery retailer contract; and (e) transfer to DOR statutory responsibilities of the Board relating to bonding of retailers and providing for a higher compensation rate for nonprofit organizations selling pull-tab tickets.

Under current law, the Gaming Board has certain security responsibilities for the state lottery. The bill would transfer these responsibilities from the Board to DOR, including the authority to: (a) provide all of the security services for the state lottery except any warehouse and building protection services that may be contracted to DOA; (b) monitor the regulatory compliance of lottery operations; (c) audit the gaming operations of the lottery; (d) investigate suspected violations of gaming law; (e) report suspected gaming-related criminal activity to the Division of Criminal Investigation (DCI) in the Department of Justice for investigation by that division; and (f) if DCI chooses not to investigate the report, coordinate an investigation of the suspected criminal activity with local law enforcement officials and district attorneys.

Since October, 1995, the Gaming Commission and its successor, the Gaming Board, have not performed any lottery functions.

[Act 27 Sections: 4741 thru 4744, 4745m, 4746, 4750 thru 4752, 4754 thru 4766, 4768, 4769m, 4771, 4772, 4776, 4778, 4780, 4781, 4782m, 4783, 4785, 5449 and 9120(2)]

## 16. MULTIJURISDICTIONAL LOTTERIES [LFB Paper 728]

**Governor/Legislature:** Provide that the state lottery may offer multijurisdictional lottery games, if those games are in conformity with the Wisconsin definition of a lottery. Provide that "multijurisdictional" would be defined as pertaining to another state of the United States of America, the District of Columbia, the Commonwealth of Puerto Rico or any territory or possession of the United States of America or the government of Canada or any Canadian province. Under current law, the state lottery may participate in multistate lottery games (for example, Powerball), but not in games involving other jurisdictions.

[Act 27 Sections: 16, 2257, 2258, 4737 thru 4739, 4747, 4767, 4768, 4770, 4776, 4777, 4779, 4783 and 5341]

## 17. ON-LINE COMMUNICATION COSTS [LFB Paper 722]

| | Chg. to Base |
|---|---|
| SEG | - $3,730,200 |

**Joint Finance/Legislature:** Delete $1,865,100 annually to reflect reduced on-line communication charges. The modification reflects the anticipated savings from a reduction in telecommunications charges relating to the state's new digital network.

## 18. COMPULSIVE GAMBLING AWARENESS CAMPAIGN

**Assembly/Legislature:** Transfer $36,000 SEG annually from the general program operations appropriation of the lottery to the Department of Health and Family Services (DHFS) to partially fund a public awareness campaign on compulsive gambling. Under the provision, DHFS would be provided $100,000 PR annually to fund the campaign. In addition to lottery funds, $64,000 PR annually would be provided from the Department of Administration ($50,000 from Indian gaming and $14,000 from racing).

**Veto by Governor [C-13]:** Delete $100,000 in 1997-98 from the appropriation made to the Department of Health and Family Services. The effect of the veto is that no transfer of funds from the general program operations appropriation of the lottery would take place in 1997-98.

[Act 27 Sections: 228, 229m, 605m, 704g and 1410g]

[Act 27 Vetoed Sections: 169 (as it relates to s. 20.435(7)(kg)) and 1410g]

# SECRETARY OF STATE

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| PR | $834,000 | $802,700 | $857,500 | $857,500 | $857,500 | $23,500 | 2.8% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| PR | 6.50 | 6.50 | 7.50 | 7.50 | 7.50 | 1.00 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base |
|---|---|
| PR | - $12,300 |

**Governor/Legislature:** Decrease funding by $6,700 in 1997-98 and $5,600 in 1998-99 for standard budget adjustments. Adjustments include: (a) full funding of continuing position salaries and fringe benefits (-$17,000 in 1997-98 and -$15,900 in 1998-99); (b) financial services chargebacks (-$400 annually); (c) reclassifications ($5,800 annually); (d) overtime ($4,300 annually); and (e) delayed full funding of salaries and fringe benefit adjustments ($600 annually).

### 2. AGENCY COLLECTIONS APPROPRIATION ADJUSTMENT

| | Chg. to Base |
|---|---|
| PR | - $32,000 |

**Governor/Legislature:** Reduce expenditure authority from $20,000 to $4,000 annually for the Office's agency collections appropriation to more closely match expenditure authority with the projected level of services provided. In addition, $2,000 of the remaining $4,000 in expenditure authority would be placed in unallotted reserve to be released by DOA based on demonstration of need. The agency collections appropriation is used to fund expenses for photocopying and microfilm copying of documents, generating copies of documents from optical

disk or electronic storage, publishing books and for other services provided by the Office. The sources of revenue for the appropriation are fees and charges for services provided.

## 3. INFORMATION TECHNOLOGY INFRASTRUCTURE SUPPORT

| | Chg. to Base |
|---|---|
| PR | $13,000 |

**Governor/Legislature:** Provide $6,500 annually for information technology (IT) support as part of the statewide Small Agency Support Initiative. The funding would be used to purchase IT services, such as a help desk, installation of computers, printers or systems or designing computer applications, through DOA.

## 4. TECHNICAL APPROPRIATION CHANGES

**Governor/Legislature:** Correct a cross reference in the Office's program fees appropriation and delete two appropriations that are no longer needed to fund the Office's operations. Under current law, $200,000 is annually transferred from the Department of Financial Institutions' (DFI) general program operations appropriation to the Office's program fees appropriation. This provision would provide the proper statutory cross reference to the DFI appropriation in the Office's program fees appropriation language. Also, 1995 Wisconsin Act 27 (the 1995-97 biennial budget) transferred responsibility for Uniform Commercial Code (UCC) and federal lien filings and the statewide UCC system to DFI. This provision would delete two appropriations that, prior to the transfer, were used to fund operation and maintenance of the statewide UCC system and searches for UCC documents.

[Act 27 Sections: 705 thru 707]

## 5. FEE AND POSITION INCREASES

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| GPR-REV | $142,700 | |
| PR | $54,800 | 1.00 |

**Joint Finance/Legislature:** Provide $25,900 PR in 1997-98 and $28,900 PR in 1998-99 and 1.0 PR position beginning in 1997-98 to the Office of the Secretary of State. Increase the fee for notaries from $15 to $20 for a four-year commission and from $15 to $50 for a permanent notary commission for attorneys. There would be an estimated increase in GPR-Earned of $72,500 in 1997-98 and $70,200 in 1998-99.

[Act 27 Sections: 2915g and 2915r]

# SHARED REVENUE AND PROPERTY TAX RELIEF

## Budget Summary by Funding Source

| | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| **Direct Aid Payments** | | | | | | | |
| Shared Revenue | $1,860,919,600 | $1,860,919,600 | $1,860,919,600 | $1,860,919,600 | $1,860,919,600 | $0 | 0.0% |
| Expenditure Restraint Program | 96,000,000 | 96,000,000 | 96,000,000 | 96,000,000 | 96,000,000 | 0 | 0.0 |
| County Mandate Relief | 40,318,000 | 40,318,000 | 40,318,000 | 40,318,000 | 40,318,000 | 0 | 0.0 |
| Small Municipalities Shared Revenue | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 0 | 0.0 |
| Payments for Municipal Services | 33,657,600 | 33,657,600 | 33,657,600 | 36,130,600 | 34,894,100 | 1,236,500 | 3.7 |
| **Property Tax Credits** | | | | | | | |
| School Levy Tax Credit | 638,610,000 | 938,610,000 | 938,610,000 | 938,610,000 | 938,610,000 | 300,000,000 | 47.0 |
| Homestead Tax Credit | 178,800,000 | 191,000,000 | 187,600,000 | 179,400,000 | 179,400,000 | 600,000 | 0.3 |
| Farmland Preservation Credit | 54,600,000 | 44,000,000 | 44,000,000 | 44,000,000 | 44,000,000 | - 10,600,000 | -19.4 |
| **Other Credits** | | | | | | | |
| Earned Income Tax Credit | 114,000,000 | 163,500,000 | 166,900,000 | 153,500,000 | 153,500,000 | 39,500,000 | 34.6 |
| Cigarette Tax Refunds | 14,600,000 | 22,850,000 | 27,250,000 | 26,350,000 | 26,350,000 | 11,750,000 | 80.5 |
| Development Zones Jobs Credits | 2,200,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | - 500,000 | -22.7 |
| Development Zones Sales Tax Credit | 450,000 | 475,000 | 475,000 | 475,000 | 475,000 | 25,000 | 5.6 |
| Development Zones Investment Credit | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 0 | 0.0 |
| Development Zones Location Credit | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 0 | 0.0 |
| GPR | $3,054,164,200 | $3,413,039,200 | $3,417,439,200 | $3,397,412,200 | $3,396,175,700 | $342,011,500 | 11.2% |
| **Property Tax Credits** | | | | | | | |
| Lottery Credit | $283,544,600 | $367,421,100 | $388,258,200 | $394,944,100 | $394,944,100 | $111,399,500 | 39.3% |
| Lottery Credit Precertification | 1,220,000 | 0 | 0 | 0 | 0 | - 1,220,000 | -100.0 |
| Farmland Tax Relief Credit | 28,400,000 | 23,800,000 | 23,800,000 | 23,800,000 | 23,800,000 | - 4,600,000 | -16.2 |
| SEG | $313,164,600 | $391,221,100 | $412,058,200 | $418,744,100 | $418,744,100 | $105,579,500 | 33.7% |
| TOTAL | $3,367,328,800 | $3,804,260,300 | $3,829,497,400 | $3,816,156,300 | $3,814,919,800 | $447,591,000 | 13.3% |

# Direct Aid Payments

## 1. PAYMENTS FOR MUNICIPAL SERVICES -- FUNDING LEVEL

| | Senate/Leg. (Chg. to Base) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|
| GPR | $2,473,000 | - $1,236,500 | $1,236,500 |

**Senate/Legislature:** Provide $1,236,500 annually to establish total funding at $18,065,300 annually.

**Veto by Governor [F-20]:** Delete the 1997-98 funding increase of $1,236,500, thereby retaining the current law funding level of $16,828,800 for 1997-98.

[Act 27 Section: 169 (as it relates to s. 20.835(5)(a))]

[Act 27 Vetoed Section: 169 (as it relates to s. 20.835(5)(a))]

## 2. PAYMENTS FOR MUNICIPAL SERVICES -- AGENCY CHARGEBACKS [LFB Paper 743]

| | Jt. Finance (Chg. to Base) | Senate/Leg. (Chg. to JFC) | Veto (Chg. to Leg) | Net Change |
|---|---|---|---|---|
| GPR-REV | $759,400 | $1,120,000 | - $560,000 | $1,319,400 |

**Joint Finance:** Reestimate GPR-Earned through agency chargebacks at $7,618,800 annually to reflect actual chargebacks in 1996-97. This represents annual increases of $379,700 to amounts in the bill.

**Senate/Legislature:** Estimate additional GPR-Earned through agency chargebacks at $560,000 annually to reflect increased funding for payments for municipal services.

**Veto by Governor [F-20]:** Decrease GPR-Earned by $560,000 in 1997-98 to reflect the Governor's partial veto of the increased funding for 1997-98 payments for municipal services.

### 3. PAYMENTS FOR MUNICIPAL SERVICES -- GARBAGE AND TRASH DISPOSAL AND COLLECTION [LFB Paper 742]

**Joint Finance/Legislature:** Remove garbage and trash disposal and collection from the municipal services eligible for reimbursement under the payments for municipal services aid program unless the municipality provides the same service to all commercial properties, effective with municipal costs incurred in 1998.

**Veto by Governor [F-19]:** Delete provision.

[Act 27 Vetoed Sections: 2234m, 9343(9m) and 9443(16p)]

### 4. SHARED REVENUE TASK FORCE

**Assembly/Legislature:** Create an eleven-member shared revenue task force, consisting of four members appointed by the Governor, two members each appointed by the Speaker of the Assembly and the majority leader of the Senate, one member each appointed by the minority leader in each house of the Legislature and the Secretary of Revenue (or his or her designee), who would chair the task force. Require the task force to study the distribution formulas for the shared revenue, expenditure restraint and small municipality shared revenue programs and recommend replacement formulas for those programs. Require the task force to submit its recommendations, in the form of proposed legislation that will have an effective date of July 1, 1999, to the Legislature by January 1, 1999.

[Act 27 Section: 9156(2n)]

## Property Tax Credits

### 1. SCHOOL LEVY TAX CREDIT [LFB Paper 665]

| | Chg. to Base |
|---|---|
| GPR | $300,000,000 |

**Governor:** Provide $150,000,000 annually to meet the current law funding requirement. Current law establishes the funding level for school levy tax credit payments at $469,305,000 for 1997-98 and thereafter, compared to the 1996-97 distribution of $319,305,000 (base funding level).

Increase the school levy tax credit distribution for the 1998(99) property tax year and thereafter by $100,000,000, from $469,305,000 to $569,305,000. Since the school levy tax credits appearing on December, 1998, property tax bills would not be paid until July, 1999, additional funding for this

increase in the credit would not be needed until 1999-2000. Therefore, although this increase would not affect appropriations in the 1997-99 biennium, an increase of $100,000,000 annually would need to be provided in the 1999-2001 biennium for this purpose.

**Joint Finance/Legislature:** Delete the provision that would increase the school levy tax credit distribution for the 1998(99) property tax year and thereafter by $100,000,000, thereby retaining the current distribution of $469,305,000.

## 2. PROPERTY TAX RELIEF FUND [LFB Paper 745]

| | Chg. to Base |
|---|---|
| GPR-REV | $257,755,900 |
| SEG-REV | - 257,755,900 |

**Governor:** Repeal the requirement that moneys in the property tax relief fund be used for property tax relief in 1997-99. This would have the effect of allowing the property tax relief fund to be used to accumulate and provide funding for property tax relief in future biennia.

Require the DOA Secretary to annually transfer from the property tax relief fund to the general fund either the amount in the fund or an amount equal to the combined increase in expenditures under the general equalization aids and school levy tax credit programs, whichever is less. Transfers would not be made if the Secretary estimates that aids and credit expenditures will not increase.

Require the amount of the transfer to be adjusted if the transfer in the previous year was either greater or less than the increase in aids and credit expenditures. If the transfer exceeded the increase, the adjustment would reduce the current year transfer by the amount of the excess. If the transfer was less than the increase, the adjustment would increase the current year transfer by the amount of the deficiency, but the adjusted transfer could not exceed the amount in the property tax relief fund.

Under these provisions, the Secretary would transfer the entire $257,755,900 in the property tax relief fund to the general fund in 1997-98 because the bill proposes to increase total 1997-98 expenditures under the general equalization aids and school levy tax credit programs by $341,945,400. Up to $158,430,100 in future balances in the property tax relief fund could be transferred to the general fund in 1998-99 to reflect the increase in aids and credit expenditures in 1998-99 under the bill ($74,240,600) and the amount by which the 1997-98 transfer would be deficient ($84,189,500). However, there are no future revenues specified for the property tax relief fund under either current law or the bill.

**Joint Finance:** Delete the provisions requiring the Secretary of the Department of Administration to automatically transfer monies from the fund. Provide for the transfer of $257,755,900 from the property tax relief fund to the general fund, effective upon enactment of the bill.

**Senate/Legislature:** Require the Legislative Fiscal Bureau to certify the estimated net balance of the general fund for 1997-98 and 1998-99 to the Joint Committee on Finance by January 31, 1998,

for the Committee's approval under a 14-day passive review, similar to s. 16.515. Specify that if the estimated 1997-98 net balance, as approved, exceeds the amount of the estimated net balance of the general fund as reported in the Chapter 20 schedule of the biennial budget bill, any amount in excess of the amount in the bill up to $20 million shall be deposited in the Joint Committee on Finance's supplemental GPR appropriation and reserved for release to the compensation reserve account. Specify that any amount in excess of the amount in the bill between $20 million and $95 million shall be transferred to the property tax relief fund on or before June 15, 1998.

Specify that if the estimated 1998-99 net balance, as approved, exceeds the amount of the estimated net balance of the general fund as reported in the Chapter 20 schedule of the biennial budget bill, any amount in excess of the amount in the bill up to $20 million, less any amount certified for deposit in the Joint Committee on Finance's supplemental appropriation for 1997-98, shall be deposited in the Joint Committee on Finance's supplemental GPR appropriation and reserved for release to the compensation reserve account. Specify that any amount in excess of the amount in the bill between $20 million, less any amounts certified for transfer to the Joint Committee on Finance's supplemental GPR appropriation under this provision, and $195 million, less the amount transferred to the property tax relief fund in the previous year under this provision, shall be transferred to the property tax relief fund on or before June 21, 1999.

Require that on or before the third Monday in June, 1998, all monies transferred to the property tax relief fund under this provision in 1997-98 be withdrawn and distributed to school districts under the general equalization aid formula based on the general equalization aid level specified in the bill for the 1997-98 school year. Require the amount of general equalization aid to be distributed on the fourth Monday in July, 1998, to be reduced by the amount of the distribution under this provision.

Require the Legislative Fiscal Bureau to certify the estimated 1998-99 net balance of the general fund to the Joint Committee on Finance by January 31, 1999, for the Committee's approval under a 14-day passive review, similar to s. 16.515. Specify that if the estimated 1998-99 net balance, as approved, exceeds the amount of the estimated net balance of the general fund as reported in the Chapter 20 schedule approved under section 20.004(2) of the statutes, any amount in excess of the amount in the schedule up to $20 million, less any amounts previously certified for transfer to the Joint Committee on Finance's supplemental GPR appropriation under this provision, shall be deposited in the Joint Committee on Finance's supplemental GPR appropriation and reserved for release to the compensation reserve account. Specify that any amount in excess of the amount in the schedule between $20 million, less any amounts certified for transfer to the Joint Committee on Finance's supplemental GPR appropriation under this provision, and $195 million, less any amounts certified in January, 1998, for transfer to the property tax relief fund in June, 1998, and June, 1999, shall be transferred to the property tax relief fund on or before June 21, 1999.

Require that on or before the third Monday in June, 1999, all monies transferred to the property tax relief fund under this provision in 1998-99 be withdrawn and distributed to school districts under the general equalization aid formula based on the general equalization aid level certified by the Joint Committee on Finance in June, 1998. Require the amount of general equalization aid to be

distributed on the fourth Monday in July, 1999, and each July thereafter, to be reduced by the amount of the distributions under this provision in June, 1998, and June, 1999.

Create a sum sufficient appropriation for the payment of general equalization aid from the property tax relief fund under these provisions.

These provisions would result in the allocation of the first $20 million in additional general fund balances in the 1997-99 biennium to funding unfunded employee compensation increases. The next $175 million in additional general fund balances in the 1997-99 biennium would be allocated to decreasing the size of the proposed school aid payment delays ($75 million in 1997-98 and $175 million in 1998-99). To the extent that additional balances are used for this purpose, the reduction in the payment delays would be permanent.

[Act 27 Sections: 5, 106m, 108m, 169, 260m, 907b, 2867q, 2873p, 2873v, 2873w, 2875m, 2894e, 2894f, 2894g and 9256(2z)&(3x)]

## 3. LOTTERY CREDIT -- FUNDING LEVEL [LFB Paper 732]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly (Chg. to JFC) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|---|---|
| SEG | $83,876,500 | $20,837,100 | $3,295,900 | $3,390,000 | $111,399,500 |

**Governor:** Increase the sum sufficient appropriation by $109,072,500 in 1997-98 and decrease the appropriation by $25,196,000 in 1998-99 to reflect reestimated lottery revenues and expenditures under the bill. With these adjustments, estimated total funding is increased from the adjusted base level of $141,772,300 to $250,844,800 in 1997-98 and decreased to $116,576,300 in 1998-99. The larger payment amount in 1997-98 is due to an opening balance in the lottery fund projected at $135,993,700. The balance is attributable to an October, 1996, circuit court decision that ruled the lottery credit on principal dwellings is unconstitutional. As a result, no lottery credits will be paid in 1997.

**Joint Finance:** Increase the sum sufficient appropriation by $3,606,100 in 1997-98 and $17,231,000 in 1998-99 based on reestimated lottery sales. This would provide total funding of $254,450,900 in 1997-98 and $133,807,300 in 1998-99 for the lottery credit.

**Assembly**: Increase the sum sufficient appropriation by $3,295,900 in 1997-98 to reflect an increase in the estimated opening balance for 1997-98 and a delay in filling newly authorized positions. This would provide total funding of $257,746,800 in 1997-98 and $133,807,300 in 1998-99 for the lottery credit.

**Senate/Legislature:** Increase the sum sufficient appropriation by $1,094,400 in 1997-98 and $2,295,600 in 1998-99 to reflect the provision lowering the increase in basic retailer compensation for lottery ticket sales from 7% to 6.25%. This would provide total funding of $258,841,200 in 1997-98 and $136,102,900 in 1998-99 for the lottery credit.

**Note:** On October 24, 1997, subsequent to the passage of 1997 Act 27, the lottery fund condition was reestimated by the Department of Administration and the Joint Committee on Finance, pursuant to s. 79.10(11)(b) of the statutes. This reestimate results in a certified lottery tax credit of $253,531,100 in 1997-98.

## 4. LOTTERY CREDIT -- DISTRIBUTION FORMULA [LFB Paper 730]

**Governor:** Eliminate references and provisions related to the lottery credit on principal dwellings, which was found unconstitutional in an October, 1996, circuit court decision. Replace these provisions with a new lottery credit, which would be extended to all property taxpayers, beginning with credits paid in 1998. Specify that the credit amount for each municipality would be calculated by multiplying that municipality's percentage share of the average statewide gross property tax levy for all purposes during the preceding three years by the statewide lottery credit funding level. Continue the current procedure for estimating the lottery proceeds available for distribution each year (DOA submits an estimate to the Joint Committee on Finance by October 16, which the Committee can review and change prior to November 1). Require DOR to annually notify each municipality by December 1 of its lottery credit amount for that property tax year. Lottery credits would continue to be distributed to municipalities on the fourth Monday in March.

Require municipalities to extend the lottery credit to taxpayers in proportion to their property's assessed value within the municipality and to use the credit to reduce the amount of taxes otherwise payable. Prohibit the lottery credit for an individual property, when combined with the school levy tax credit, from exceeding the total amount of taxes levied on that property. Extend the credit to mobile homes subject to monthly mobile home fees by deducting the credits to be paid to the municipality from the municipality's gross tax levy in calculating the rate for the fee. With the exceptions that the lottery credit would be allocated to municipalities on the basis of total levies rather than school levies and that lottery credit payments would be made in March rather than July, the lottery credit would be distributed to municipalities and extended to taxpayers under procedures identical to those used for the school levy tax credit.

Specify that the preceding provisions would first apply to credits against taxes that are due during 1998.

**Joint Finance/Legislature:** Delete the proposed lottery credit distribution formula and, instead, modify the current law distribution mechanism, which is based on the school tax rate multiplied by a value base, by extending lottery credits to all taxable properties and to mobile homes subject to monthly mobile home fees. Require municipalities to annually notify DOR of the number of parcels

of real property and personal property accounts within the municipality that would be eligible for the credit.

[Act 27 Sections: 2200m, 2449, 2452b, 2454c, 2455c, 2457m, 2458, 2459g, 2459r, 2459w, 2464 and 9343(6d)]

## 5. LOTTERY CREDIT -- PRECERTIFICATION [LFB Paper 731]

| | Chg. to Base |
|---|---|
| SEG | - $1,220,000 |

**Governor/Legislature:** Repeal provisions related to precertification of the lottery credit, effective with credits paid in 1998. Reduce the sum sufficient appropriation for reimbursement of lottery credit precertification expenses by $610,000 annually to reflect the proposed repeal. The precertification provisions allow owners of property used as their principal dwelling to claim eligibility for the lottery credit and reimburse counties and cities for their administrative expenses related to the precertification procedure.

[Act 27 Sections: 717, 915, 2456, 2462 and 9343(6d)]

## 6. HOMESTEAD TAX CREDIT -- REESTIMATE COST [LFB Paper 746]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| GPR | $12,200,000 | - $3,400,000 | - $8,200,000 | $600,000 |

**Governor:** Increase the sum sufficient appropriation by $6,100,000 annually to reflect anticipated costs under the current law credit, including: (a) an increase of $100,000 in 1997-98 and a reduction of $1,900,000 in 1998-99 to reflect reestimated program costs for current claimants; and (b) increases of $6,000,000 in 1997-98 and $8,000,000 in 1998-99 for credits to Wisconsin Works (W-2) participants who become new claimants. With these adjustments, estimated total funding would be increased from the adjusted base level of $89,400,000 to $95,500,000 in each year of the biennium.

**Joint Finance:** Decrease the sum sufficient appropriation by $1,400,000 in 1997-98 and $2,000,000 in 1998-99 to reestimate the cost of the current formula as follows: (a) a decrease of $2,000,000 in 1997-98 and $1,300,000 in 1998-99 based on reestimated income and property tax changes for current claimants; and (b) an increase of $600,000 in 1997-98 and a decrease of $700,000 in 1998-99 based on a reestimate of the AFDC/W-2 caseload in the 1997-99 biennium. Estimated total funding would be $94,100,000 in 1997-98 and $93,500,000 in 1998-99.

**Assembly/Legislature:** Decrease the sum sufficient appropriation by $5,300,000 in 1997-98 and $2,900,000 in 1998-99 to reestimate the cost of the credit to reflect lower than anticipated actual 1996-97 credits and the proposed reinstatement of the lottery tax credit. Estimated total funding would be $88,800,000 in 1997-98 and $90,600,000 in 1998-99.

## 7. HOMESTEAD TAX CREDIT -- DEFINITION OF HOUSEHOLD INCOME [LFB Paper 747]

**Governor:** Modify the definition of household income for purposes of determining the amount of the credit by deleting, as an addition to Wisconsin adjusted gross income, those amounts from a qualified scholarship or qualified tuition reduction that are includable in the calculation of federal adjusted gross income, as defined by the internal revenue code. Current state law defines income for the homestead credit as the sum of Wisconsin adjusted gross income and other amounts, including scholarship and fellowship gifts or income. Under federal law, federal adjusted gross income includes certain scholarship income. Since Wisconsin adjusted gross income is derived from federal adjusted gross income, some scholarship income is double-counted for certain homestead claimants.

This provision would become effective on the effective date of the bill. Specify that, if the provision becomes effective between January 1 and July 31, the provision would first apply to tax years beginning on January 1 of that year. If the provision becomes effective on or after August 1, it would first apply beginning on January 1 of the following tax year.

**Joint Finance/Legislature:** Delete the provision that modifies the definition of household income. Instead, specify that scholarship and fellowship income included in Wisconsin adjusted gross income, but added to household income for purposes of determining the homestead credit in a previous year, may be subtracted from income for the current year in determining the homestead tax credit. This change would accomplish the original intent of this provision.

[Act 27 Sections: 2289 and 9343(1)]

## 8. FARMLAND PRESERVATION CREDIT -- REESTIMATE COST

| | Chg. to Base |
|---|---|
| GPR | - $10,600,000 |

**Governor/Legislature:** Decrease the sum sufficient appropriation by $5,300,000 annually to reflect anticipated costs under the current law credit. The estimate is based primarily on assumptions regarding reduced property taxes in 1996-97 under the state's use-value assessment provisions and increased state funding for schools. With these adjustments, estimated total funding would be decreased from the adjusted base level of $27,300,000 to $22,000,000 in each year of the biennium.

## 9. FARMLAND TAX RELIEF CREDIT -- REESTIMATE COST

| | Chg. to Base |
|---|---|
| SEG | - $4,600,000 |

**Governor/Legislature:** Decrease the sum sufficient appropriation by $2,200,000 in 1997-98 and $2,400,000 in 1998-99 to reflect anticipated costs under the current law credit. This estimate is based primarily on assumptions regarding reduced property taxes in 1996-97 under the state's use-value assessment provisions. With these adjustments, estimated total funding would be decreased from the adjusted base level of $14,200,000 to $12,000,000 in 1997-98 and $11,800,000 in 1998-99.

# Property Taxation

## 1. ENVIRONMENTAL REMEDIATION TAX INCREMENTAL FINANCING [LFB Paper 755]

**Governor:** Create the following provisions related to environmental remediation tax incremental financing:

*a. Use of Environmental Remediation Tax Increments.* Allow a political subdivision (city, village, town or county) that develops, and whose governing body approves, a written proposal to remediate environmental pollution on property owned by the political subdivision to use an environmental remediation tax increment to pay the eligible costs of remediating environmental pollution on the property. The property to be remediated must be owned by the political subdivision at the time of the remediation and then transferred to another person after it is remediated. The property can not be part of a tax incremental district created under current law. Define taxable property to include all real and personal taxable property.

Define eligible costs to include capital, financing and administrative and professional service costs for: (a) the removal, containment or monitoring of environmental pollution; or (b) the restoration of soil or groundwater affected by environmental pollution. Provide that, for any parcel of land, these eligible costs must be reduced by: (a) any amounts received from persons responsible for the discharge of a hazardous substance, as defined under current law, on the property to pay for remediation; and (b) the amount of net gain from the sale of the property by the political subdivision. Define environmental pollution as provided under current law, but exclude any damage caused by runoff from land under agricultural use.

*b. Formulation of Joint Review Board.* Require any political subdivision that seeks to use an environmental remediation tax increment to convene a joint review board consisting of the following five members: (a) one representative each chosen by the school district, technical college

district and county that have power to levy taxes on the property that is remediated; (b) one representative chosen by the political subdivision; and (c) one public member. If the property is located in more than one school district, technical college district or county, the unit in which a greater value of the property is located must choose that board representative. Provide that the public member and the board's chairperson be selected by a majority of the other board members at the board's first meeting. All board members must be appointed, and the first board meeting held, within 14 days after the political subdivision's governing body approves the written proposal. Additional board meetings must be held upon the call of any member. The political subdivision seeking use of environmental remediation tax increments must provide administrative support for the board.

Allow a city or village that has an existing joint review board convened under current tax incremental financing law to require that board to exercise the functions of a board that could be convened for environmental remediation tax incremental financing.

*c. Joint Review Board Review of Proposal.* Require the joint review board to review the written proposal. Allow the board to hold additional hearings on the proposal as part of its deliberations. Provide that a political subdivision may not submit an application to the Department of Revenue (DOR) unless the joint review board approves the political subdivision's written proposal by a majority vote not less than 10 days nor more than 30 days after receiving the proposal. Require the board to submit its decision to the political subdivision not later than seven days after the board acts on and reviews the written proposal. The board must base its decision to approve or deny a proposal on the following criteria:

(1) Whether the development expected in the remediated property would occur without the use of environmental remediation tax incremental financing.

(2) Whether the economic benefits of the remediated property, as measured by increased employment, business and personal income and property value, are insufficient to compensate for the cost of the improvements.

(3) Whether the benefits of the proposal outweigh the anticipated environmental remediation tax increments to be paid by the owners of property in the overlying taxing districts.

Require the board to issue a written explanation describing why any proposal it rejects fails to meet one or more of these criteria. Allow the board, by majority vote, to disband following approval or rejection of the proposal.

*d. Certification by DOR.* Upon written application to DOR by the clerk of a political subdivision, require DOR to certify to the clerk the environmental remediation tax incremental base of a parcel of real property if the political subdivision submits all of the following: (a) a statement, reviewed by the joint review board, that it has incurred eligible costs with respect to the parcel of property, including information that details the purpose and amount of the expenditures, and that includes a dated certification issued by the Department of Natural Resources (DNR) that

environmental pollution on the property has been remediated in accordance with administrative rules promulgated by DNR; (b) a statement that all taxing jurisdictions with the authority to levy general property taxes on the property have been notified that the political subdivision intends to recover the costs of remediating environmental pollution on the property and have been provided a statement of the estimated costs to be recovered; and (c) a statement that the political subdivision has attempted to recover the cost of remediating environmental pollution on the property from responsible parties. The latter statement must be signed by the chief executive officer, which is defined as the mayor or city manager, the village president, the town board chairperson or the county executive or chairperson of the county board of supervisors if the county does not have a county executive.

During the period of certification, require DOR to annually give notice to the designated finance officer of all taxing jurisdictions having the power to levy general taxes on the certified property of the equalized value of that property and the environmental remediation tax incremental base of that property. Define environmental remediation tax incremental base as the aggregate equalized value of a parcel of real property that is certified by DOR as of the January 1 preceding the date on which DNR issues a certificate stating that environmental pollution on the property has been remediated in accordance with DNR administrative rules.

The annual notice must explain that the environmental remediation tax increment must be paid to the political subdivision, according to specific guidelines, from the taxes collected. Value increment and tax increment would be defined as under current tax incremental financing law where: (a) the value increment equals the value of the property in excess of its base value; and (b) the tax increment equals the taxes levied on the value increment by each taxing jurisdiction with authority to levy taxes on the property.

Require DOR to annually authorize the positive environmental remediation tax increment during the period of certification to the political subdivision that incurred the remediation costs on the property. DOR's authorization of the tax increment would not apply after DOR receives the required notification from the political subdivision that the period of certification has expired.

*e. Payment of Tax Increment to Separate Fund.* Require every officer charged by law to collect and settle general property taxes to make a payment to the treasurer of a political subdivision from all general property taxes collected by the officer on the settlement dates provided by law. The payment must equal the proportion of the environmental remediation tax increment due the political subdivision that the general property taxes collected bears to the total general property taxes levied, excluding levies for state trust fund loans, state taxes and state special charges.

Require environmental remediation tax increments received to be deposited in a separate fund by the treasurer of the political subdivision. Payments may be made from the fund only to pay eligible costs, to reimburse the political subdivision for such costs or to satisfy claims of holders of bonds or notes issued to pay eligible costs. Require that any tax increments remaining in the fund after the period of certification has expired be paid to each taxing jurisdiction in proportion to their relative share of the most recent levy of general property taxes on the parcel.

Provide that environmental remediation tax increments may be placed in this separate fund for up to 17 years after DOR certifies the tax incremental base or until all eligible costs have been paid, whichever comes first.

*f. Local Reporting Requirements.* Require a political subdivision that uses an environmental remediation tax increment to: (a) prepare updated annual reports describing the status of all projects to remediate environmental pollution funded by the tax increment, including revenues and expenditures; and (b) notify DOR within 10 days after the period of certification for a parcel of property has expired. The annual reports must be made available to the public and a copy of each report must be sent to all taxing jurisdictions with authority to levy general property taxes on the parcel by May 1.

Require the assessor and clerk of a taxation district to identify on the assessment roll and tax roll, respectively, those parcels of property that have been certified by DOR during the period of certification.

*g. Shared Revenue and School Finance Modifications.* In calculating the aidable revenues component of the shared revenue formula, modify the definition of: (a) "full valuation" to include environmental remediation value increments for municipalities and counties that create the environmental remediation tax incremental district, but not for the other units of local government within the district; and (b) "local general purpose taxes" to include the portion of environmental remediation tax increments collected for payment to a municipality or county that is attributable to that municipality's or county's own levy.

Require that the equalized valuation of a school district be reduced by the amount of an environmental remediation value increment on a parcel during the period certified by DOR.

*h. Summary.* The environmental remediation tax incremental financing provisions would create an option for cities, villages, towns and counties to recover costs of remediating contaminated land acquired through tax delinquency proceedings or other means. Under the bill, once the political subdivision receives certification from DNR that it has remediated the property and then sells the property, it can write a proposal to use tax incremental financing as a mechanism to pay for eligible remediation costs that have not been paid for by the persons responsible for the contamination or by proceeds received from the sale of the land. If the proposal is approved by the joint review board, the taxing jurisdictions with authority to levy taxes on the remediated property would be required to deposit the taxes levied on the increased value of the remediated property (referred to as the tax increment) into a special fund. This fund could be used only to pay for eligible remediation costs. Tax increments could be placed in this fund for up to 17 years or until all eligible costs have been paid, whichever come first. At this point, all taxing jurisdictions would receive the taxes levied on the basis of the current assessed value of the property.

**Joint Finance/Legislature:** Modify provision to include investigation costs and monitoring costs incurred within two years from the date DNR certifies that environmental pollution on the

property has been remediated in the definition of eligible costs. Provide that environmental remediation tax increments may be placed in the separate fund for up to 16 years, rather than for up to 17 years. In addition, include the following administrative provisions: (a) require the political subdivision to complete the required forms, as prescribed by DOR, for the determination of the environmental remediation tax incremental base and to submit the application for certification to DOR on or before April 1 of the year following the year in which certification was received by DNR; (b) allow DOR to authorize allocation of tax increments for any environmental remediation tax incremental district only if the political subdivision annually submits to DOR all required information on or before the second Monday in June; and (c) provide that if DOR receives a notice of termination during the period from January 1 to May 15, the effective date of the notice is the date the notice is received. If the notice is received during the period from May 16 to December 31, the effective date of the notice is the first January 1 after DOR receives the notice.

[Act 27 Sections: 2216, 2446, 2447 and 2864]

## 2. TAX INCREMENTAL FINANCING

**Joint Finance:** Modify current law tax incremental financing provisions as follows:

a. Extend to the City of Glendale a current law tax incremental financing (TIF) provision that allows a planning commission to amend the project plan of a TIF district, that has paid off the aggregate of all of its project costs, to allocate positive tax increments generated by that district to another TIF district created by that planning commission in which soil affected by environmental pollution exists to the extent that development has not been able to proceed according to the project plan because of the environmental pollution.

Define the City of Glendale as a city with a population of at least 10,000 that was incorporated in 1950 and that is in a county with a population of more than 500,000 which is adjacent to one of the Great Lakes.

b. With regard to current law provisions that apply only to the City of Kenosha, increase, from 10 years to 12 years, the project expenditure period for a tax incremental district (TID) that is created before October 1, 1995, and that receives allocations of positive tax increments from another TID to address a situation in which soil affected by environmental pollution exists in the receiving TID to the extent that development has not been able to proceed according to the project plan because of the environmental pollution. Extend, from 20 to 30, the number of years for which tax increments may be allocated to such an environmentally polluted TID. Specify that in no case may the total number of years during which expenditures are made plus the total number of years during which tax increments are allocated exceed 37 years, rather than 27 years under current law.

Extend the sunset date, from January 1, 2002, to August 1, 2016, on the provisions that allow a TID in the City of Kenosha to allocate positive tax increments to another TID with soil affected by environmental pollution.

c. Prohibit cities and villages from including, within the boundary of a TIF district, territory that has not been in the city or village for at least 10 years prior to the date the territory is included in the TIF district, unless the city or village receives written approval from the town board of the town in which the territory was located before it became part of the city or village.

**Assembly**: Delete the Joint Finance provision that would prohibit the inclusion of certain territory in a TIF district unless written approval is received from the town board.

Allow project costs for any TIF district to include the cost of constructing or expanding administrative buildings, police and fire buildings, libraries and community and recreational buildings that have been damaged or destroyed before January 1, 1997, by a natural disaster. Under current law, the cost of constructing or expanding these buildings and school buildings may not be included as project costs for any tax incremental financing district.

**Senate/Legislature:** Extend to the City of Oshkosh a current law TIF provision that allows a planning commission to amend the project plan of a TIF district, that has paid off the aggregate of all its project costs, to allocate positive tax increments generated by that district to another TIF district created by that planning commission in which soil affected by environmental pollution exists to the extent that development has not been able to proceed according to the project plan because of environmental pollution. Define the City of Oshkosh as a city with a population of at least 55,000 that was incorporated in 1853 and that is in a county that was incorporated in 1840.

[Act 27 Sections: 2214b thru 2214u]

## 3. CANCELLATION OF DELINQUENT PROPERTY TAXES ON CONTAMINATED PROPERTY

**Governor:** Authorize counties and the City of Milwaukee to cancel all or part of the unpaid property taxes, plus interest and penalties, on real property for which a tax certificate has been issued, but a tax deed has not yet been recorded, if all of the following apply: (a) the property is contaminated by a hazardous substance; (b) DNR has approved an environmental investigation that has been conducted on the property; (c) the property owner or another person agrees to clean up the property by restoring the environment to the extent practicable and minimizing the harmful effects from a discharge of a hazardous substance in accordance with DNR administrative rules; (d) the property owner or another person agrees to obtain a certificate of completion from DNR verifying the "clean-up;" and (e) the owner agrees to maintain and monitor the property as required under DNR

rules and under any contract entered into under those rules. Require the county treasurer or the City of Milwaukee treasurer to provide a statement identifying property where taxes have been canceled and enter on tax certificates the date of cancellation and the amount of taxes canceled.

**Assembly/Legislature**: Replace the provisions requiring: (a) an environmental investigation by the DNR; and (b) the owner of the property or another person to agree to obtain a certificate of completion from DNR verifying the "clean-up" with provisions requiring: (a) an environmental assessment that has concluded that the property is contaminated by the discharge of a hazardous substance; and (b) the owner of the property or another person to present to the county or city an agreement entered into with DNR to investigate and clean up the property.

[Act 27 Section: 2373]

## 4. PAYMENT OF PROPERTY TAXES BY CREDIT CARD

**Governor:** Authorize municipalities and counties to permit taxpayers to pay property taxes, special assessments, special charges and special taxes by credit card, effective with tax bills issued in December, 1997, which become payable in 1998. Authorize municipalities and counties to impose a surcharge on taxpayers paying by credit card to recover costs billed to the government by credit card companies. When credit card companies reimburse vendors for sales transactions, they typically retain a percentage share of the transaction amount to cover their expenses.

**Assembly/Legislature**: Delete provision.

## 5. PROPERTY TAX EXEMPTION FOR PROPERTY OWNED BY THE SALVATION ARMY

**Joint Finance/Legislature:** Modify the property tax exemption for property owned by the Boy Scouts of America, the Boys Clubs of America, the Girl Scouts or Camp Fire Girls to include property owned by the Salvation Army, effective with property assessed on January 1, 1998.

[Act 27 Sections: 2233t and 9443(15h)]

## 6. PROPERTY TAX EXEMPTION FOR BENEVOLENT RETIREMENT HOMES FOR THE AGED

**Joint Finance:** Replace the property tax exemption for benevolent retirement homes for the aged with an exemption for charitable retirement homes for the aged, effective with property assessed as of January 1, 1998. Define charitable retirement homes for the aged as retirement homes for the aged that meet the following conditions: (a) no part of the home's net earnings inure to the benefit

of any shareholder, member, director or officer; (b) a substantial number of the residents pay fees that do not fully cover the costs of providing housing and the services they receive; and (c) the home benefits a substantial number of persons who are legitimate objects of charity.

**Assembly/Legislature:** Delete the provision and instead create a ten-member benevolent retirement home for the aged task force, consisting of four members appointed by the Governor, two members each appointed by the Speaker of the Assembly and the majority leader of the Senate and one member each appointed by the minority leader in each house of the Legislature, to investigate the property tax exemption for benevolent retirement homes for the aged and all problems associated with that exemption. Require the task force to submit a report and proposed legislation to the Legislature by June 30, 1999.

[Act 27 Section: 9156(2m)]

## 7. ZONING OF ANNEXED LAND

**Joint Finance:** Prohibit cities and villages that annex territory from a town from changing the town zoning requirements on the annexed property for 10 years unless the city or village receives written approval from the town board of the town in which the territory was located at the time of annexation.

**Assembly/Legislature:** Delete provision.

## 8. PROPERTY TAX EXEMPTION FOR COMPUTERS AND RELATED EQUIPMENT

**Assembly:** Provide a property tax exemption for all mainframe computers, minicomputers or personal computers, including networked personal computers and central processing units, software and peripheral equipment, such as terminals, monitors, disk files, tape drives and printers, effective with property assessed on January 1, 2000. Specify that this exemption would not include fax machines, copiers, telephone systems and equipment with embedded computerized components. Specify that computers, related equipment and software owned by railroads, carline companies, airlines, pipeline companies, conservation and regulation companies, and telephone companies will be subject to state taxation under Chapter 76 of the statutes along with other property of those companies.

Establish an aid payment for municipalities, counties, school districts and technical college districts equal to the amount of property taxes paid in 1999(2000) on computers and related equipment, effective in 2001. Set the payment for each jurisdiction in 2001 and each year thereafter as the full value of the exempt property in the year before its exemption multiplied by the jurisdiction's tax rate for 1999(2000). Require the aid to be paid annually, on or before the first

Monday in May. Require municipalities to report the locally assessed value of taxable computers and related equipment for the 1999(2000) tax year to DOR and require DOR to administer the program.

Due to the effective date of the provision, it would have no state or local fiscal effect in the 1997-99 biennium. Based on the estimated 1996(97) taxes on computers and related equipment, state aid payments totalling $64 million are estimated for 2000-01. State aid payments will minimize the effects of the property taxes shifted due to the exemption, if local governments use the aid to reduce their levies. State forestation tax collections would be reduced by an estimated $480,000 annually.

**Senate/Legislature**: Delete provision and instead require DOR to conduct a study on the property tax treatment of computers and related equipment. Require the study to examine the level of taxation on computers and related equipment, the impact of exempting such property from the property tax, mechanisms for compensating local governments for any tax base lost due to such an exemption, including state aid payments, and the creation of a corporate income and franchise tax credit for property taxes paid on computers and related equipment, as an alternative to providing a property tax exemption. Require DOR to submit its recommendations, in the form of proposed legislation, to the Legislature by January 1, 1999.

[Act 27 Section: 9143(2e)]

## 9. PROPERTY TAX EXEMPTION FOR LEASED EDUCATIONAL PROPERTY

**Assembly/Legislature**: Create a property tax exemption for property owned or leased by a corporation, organization or association that is tax exempt as a nonprofit organization under the Internal Revenue Code if the property is leased or subleased free of charge or for a nominal consideration to a school district for use by an educational institution offering regular courses for six months of the year, effective with property assessed on January 1, 1998.

[Act 27 Sections: 2233d and 9443(18rmt)]

## 10. MEMBERSHIP ON TOWN PLAN COMMISSIONS

**Assembly/Legislature**: Authorize towns that have adopted village powers to establish five-member plan commissions, as opposed to seven-member commissions required under current law. State law authorizes town boards to exercise certain powers of village boards, if approved at a town meeting. Also, state law specifies that plan commissions comprised of seven members perform planning and zoning functions.

[Act 27 Sections: 2181c and 2181i]

### 11. RECOVERY OF DEMOLITION AND NUISANCE ABATEMENT COSTS

**Assembly/Legislature**: Authorize municipalities (towns, villages and cities) to bring civil actions to recover the costs of demolishing properties and abating nuisances. Currently, this authority is extended to counties and the City of Milwaukee.

[Act 27 Sections: 2371m, 2371p, 2371s and 2371t]

### 12. DRAINAGE DISTRICT ASSESSMENTS

**Senate/Legislature**: Allow a person up to four months to pay an assessment for costs made by a drainage district, effective with assessments ordered on the bill's effective date. Under current law, assessments are payable at once unless the drainage board directs that the assessments may be paid in installments.

[Act 27 Sections: 2488c and 9356(8c)]

## Local Revenue Options

### 1. WISCONSIN DELLS AREA PREMIER RESORT CENTER

**Governor:** Authorize a municipality to enter into a cooperative agreement or contract with another municipality for the purpose of establishing a commission to create a premier resort center if the municipality is a city, village, town or county in the Wisconsin Dells area. Define premier resort center as one or more related structures, including fixtures, equipment, offices and parking facilities, that are owned, operated or leased by a municipality and used primarily for conventions, expositions, trade shows, musical or dramatic events or other events involving educational, cultural or commercial activities. A premier resort center could also include facilities that are used to support these structures and activities. Specify that a premier resort center could not include structures or facilities that are used primarily for recreational or sporting activities.

Provide that participating municipalities that create a commission by contract, acting jointly or separately, may finance a premier resort center, or an agreed share of the cost of such a center, by issuing revenue obligation bonds. Provide that the interest and income generated by these bonds would be exempt from the state individual and corporate income taxes. Prohibit participating municipalities from issuing general obligation bonds to finance a premier resort center.

In addition to the authority granted under current law provisions related to intergovernmental cooperation, provide that a commission created to establish a premier resort center may do all of the following:

a. Acquire, construct, equip, maintain, improve, lease, operate and manage a premier resort center.

b. Impose a tax on food and beverage retail sales currently subject to the state sales tax. Require that the taxes be imposed separately by each municipality that is part of the commission.

c. Issue "Class B" licenses for the sale of alcoholic beverages for consumption on the premises. Require that the licenses be issued separately by each municipality that is part of the commission.

Allow the food and beverage tax to be imposed at a rate of 0.1%, 0.2%, 0.3%, 0.4% or 0.5%, as determined by a majority of the authorized members of the governing body of the unit of government imposing the tax. Provide that this tax could not be repealed if any bonds funded by this tax are outstanding.

Provide that the Department of Revenue (DOR) would administer any local food and beverage tax imposed by a municipality for a premier resort center. Require DOR to distribute 97% of such taxes collected for each unit of government to that unit of government, subject to the same provisions and appropriation authority under current law with regard to local exposition district food and beverage taxes. Provide that these taxes could be used only for the unit of government's debt service on its bond obligations. Prohibit retailers and DOR from collecting these taxes after the calendar quarter during which all bonds that are issued by the unit of government and funded by these taxes are retired. Allow DOR to collect from retailers taxes that accrued before that calendar quarter and interest and penalties that relate to those taxes.

Allow a municipality's governing body to issue a "Class B" license, in excess of the quota that applies under current law, for the sale of alcoholic beverages for consumption on the premises for any of the following establishments located in a premier resort center:

a. A restaurant that has a seating capacity of at least 300 persons.

b. A hotel that has at least 100 rooms of sleeping accommodations and that has either an attached restaurant with a seating capacity of at least 150 persons or a room in which meetings attended by at least 300 persons may be held.

c. A multipurpose facility that has a seating capacity of at least 400 persons and that is designed for activities of the public, which may include trade shows, conventions, seminars, concerts, banquets and fairs.

**Joint Finance:** Delete provision. Instead, create the following provisions related to establishing premier resort area taxes:

Premier Resort Area. Allow the governing body of a political subdivision (defined as a city, village, town or county), by a two-thirds vote of the members of the governing body who are present when the vote is taken, to enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40% of the equalized assessed value of the taxable property within the political subdivision is used by tourism-related retailers.

Define tourism-related retailers as retailers classified in the standard industrial classification manual (1987 edition), published by the U.S. Office of Management and Budget under the following industry numbers:

a. 5331 Variety stores;
b. 5399 Miscellaneous general merchandise stores;
c. 5441 Candy, nut and confectionary stores;
d. 5451 Dairy product stores;
e. 5461 Retail bakeries;
f. 5541 Gasoline service stations;
g. 5812 Eating places;
h. 5813 Drinking places;
i. 5912 Drug stores and proprietary stores;
j. 5921 Liquor stores;
k. 5941 Sporting goods stores and bicycle shops;
l. 5946 Camera and photographic supply stores;
m. 5947 Gift, novelty and souvenir shops;
n. 7011 Hotels and motels;
o. 7032 Sporting and recreational camps;
p. 7033 Recreational vehicle parks and campsites;
q. 7948 Racing, including track operation;
r. 7992 Public golf courses;
s. 7993 Coin-operated amusement devices;
t. 7996 Amusement parks; and
u. 7999 Amusement and recreational services, not elsewhere classified.

Provide that the jurisdiction of a premier resort area is coterminous with the boundaries of the political subdivision or two or more contiguous political subdivisions that enter into an intergovernmental cooperation contract to cooperate in paying for infrastructure expenses, in addition to any other authority they have under current law intergovernmental cooperation provisions.

Premier Resort Area Taxes. Allow a municipality or a county, all of which is included in a premier resort area, to enact an ordinance to impose a tax at a rate of up to 0.5% on the gross receipts from the sale, lease or rental in the municipality or county of goods or services that are taxable under

current state sales tax provisions made by businesses that are classified as listed under the definition of tourism-related retailers. The tax would also apply to the storage, use or other consumption of the taxable goods or services (a "use" tax). Provide that a receipt that the tax has been paid relieves the buyer of liability for this tax.

Provide that the proceeds from a premier resort area tax may be used only to pay for infrastructure expenses within the jurisdiction of a premier resort area. Define infrastructure expenses as the costs of purchasing, constructing or improving:

(a) Parking lots;
(b) Access ways;
(d) Transportation facilities, including roads and bridges;
(e) Sewer and water facilities;
(f) Parks, boat ramps, beaches and other recreational facilities;
(g) Fire fighting equipment;
(h) Police vehicles;
(i) Ambulances; and
(j) Other equipment or materials dedicated to public safety or public works.

Allow a municipality or county that imposes a premier resort area tax to, by ordinance, change the rate of the tax if a new rate is 0.5% or less.

Administration. Provide that an ordinance that imposes or changes a premier resort area tax would be effective on January 1, April 1, July 1 or October 1. Require the municipality or county to deliver a certified copy of the ordinance to the Secretary of the Department of Revenue (DOR) at least 120 days before its effective date.

Allow a municipality or county that imposes a premier resort area tax to repeal the ordinance that imposes that tax. Provide that the repeal would be effective December 31 and require the municipality or county to deliver a copy of the repeal ordinance to the Secretary of DOR at least 60 days before its effective date.

Extend current law administrative provisions relating to the county sales tax to the premier resort area tax, to the extent that they would apply. DOR would retain 1.5% of the premier resort area taxes collected to cover its administration, enforcement and collection costs. Create a new premier resort area tax continuing, program revenue appropriation and require DOR to distribute 98.5% of the taxes reported for each municipality or county that has imposed the tax, minus the retailers' discount, to the municipality or county.

**Assembly/Legislature:** Modify the Joint Finance provisions as follows: (a) require that the tax be imposed at a rate of 0.5%, rather than up to 0.5%; (b) allow DOR to promulgate administrative rules related to further defining the standard industrial classifications subject to the tax; (c) authorize DOR to determine whether businesses are subject to the tax; (d) require businesses obtaining a

business tax registration certificate from DOR to report the standard industrial classification for each place of business in the state; (e) delete the provision extending the tax to the storage, use or other consumption of taxable goods or services; (f) prohibit a county and a municipality within that county from each imposing a premier resort area tax on the same tourism-related retailer; (g) create a PR, annual appropriation in DOR for the administration of the tax; and (h) establish the reimbursement rate for counties and municipalities imposing the tax at 97% of collections for reporting periods beginning before January 1, 2000, and at 98.7% for subsequent reporting periods, as opposed to 98.5%. This final provision would authorize DOR to retain 3.0% of collections until 2000 and 1.3% of collections thereafter, as opposed to 1.5%, to cover the costs of administration, enforcement and collection of the tax.

**Veto by Governor [F-16]:** Delete the provisions that would increase the reimbursement rate for counties and municipalities to 98.7% and correspondingly reduce the percent of collections DOR is authorized to retain to 1.3% for reporting periods beginning after January 1, 2000. As a result of this veto, DOR is authorized to retain 3.0% of collections and required to reimburse counties and municipalities imposing the tax at a rate of 97% of collections for all reporting periods into the future.

[Act 27 Sections: 700mm, 719c, 2213m, 2392m and 2410m]

[Act 27 Vetoed Sections: 700mm, 719c and 2410m]

## 2. EXPOSITION DISTRICT LOCAL FOOD AND BEVERAGE TAX EXEMPTION

**Governor/Legislature:** Provide that any retailer whose liability for a food and beverage tax imposed under the authority of a local exposition district would be less than $5.00 for a year is exempt from that tax for that year. Specify that this provision would take effect on January 1, 1998. Current law allows for the imposition of a 0.25% (0.50% with a majority vote of the district board) local exposition district food and beverage tax on certain food and beverages, subject to the same filing requirements as those for state sales and use taxes.

[Act 27 Sections: 2407 and 9443(3)]

## 3. LOCAL OPTION FOOD AND BEVERAGE TAX

**Joint Finance:** Authorize cities to impose a tax on food and beverage retail sales that are currently subject to the state sales tax. Provide that a city may impose this tax at a rate of up to 0.25%. Require that the proceeds from this food and beverage tax may be used only to pay for facilities that are owned, operated or leased by the city and used primarily for conventions, expositions, trade shows, musical or dramatic events or other events involving educational or cultural activities.

Require the Department of Revenue (DOR) to administer any local food and beverage tax imposed by a city. Require DOR to distribute 97% of such taxes collected for each city to that city, subject to the same provisions and appropriation authority under current law with regard to local exposition district food and beverage taxes.

**Assembly/Legislature:** Delete provision.

### 4. COUNTY IMPACT FEES

**Joint Finance/Legislature:** Delete highways, other transportation facilities and traffic control devices from the list of public facilities for which public costs can be recovered via local impact fees imposed by counties and prohibit counties from recovering costs related to transportation projects through local impact fees.

[Act 27 Sections: 2217f, 2217h and 2217i]

### 5. DEDICATION OF WHEEL TAX REVENUES

**Joint Finance/Legislature:** Specify that the governing body of a municipality or county imposing an annual registration fee, or wheel tax, on motor vehicles must use the revenues from the fee for transportation-related purposes, effective with revenues received in 1998.

[Act 27 Sections: 4022m and 9349(3m)]

## Other Credits

### 1. EARNED INCOME TAX CREDIT [LFB Paper 108]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| GPR | $49,500,000 | $3,400,000 | - $13,400,000 | $39,500,000 |

**Governor:** Provide $18,500,000 in 1997-98 and $31,000,000 in 1998-99 for estimated costs of the earned income tax credit. Total funding would be $75,500,000 in 1997-98 and $88,000,000 in 1998-99. Increased funding for the credit is described further under "General Fund Taxes."

**Joint Finance:** Increase funding by $3,200,000 in 1997-98 and $200,000 in 1998-99 to reflect a reestimate of the cost of the credit. This would provide total funding of $78,700,000 in 1997-98 and $88,200,000 in 1998-99.

**Assembly/Legislature:** Decrease funding by $6,300,000 in 1997-98 and $7,100,000 in 1998-99 to reflect actual spending levels for the program in 1996-97. This would provide total funding of $72,400,000 in 1997-98 and $81,100,000 in 1998-99.

## 2. REESTIMATE CIGARETTE TAX REFUNDS [LFB Paper 115]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| GPR | $8,250,000 | $4,400,000 | - $900,000 | $11,750,000 |

**Governor:** Increase funding for cigarette tax refunds to Native American retailers by $3,700,000 in 1997-98 and $4,550,000 in 1998-99. Total funding would be $11,000,000 in 1997-98 and $11,850,000 in 1998-99. The proposed 5¢ per pack increase in the cigarette tax rate is reflected in the reestimate.

**Joint Finance:** Increase funding for cigarette tax refunds by $1,900,000 in 1997-98 and $2,500,000 in 1998-99 to reflect an additional 11¢ increase in the cigarette tax rate above the Governor's recommended 5¢ increase.

**Assembly/Legislature:** Reduce funding for refunds by $600,000 in 1997-98 and $200,000 in 1998-99 to reflect a 1¢ decrease in the 16¢ rate increase adopted by the Committee. In addition, decrease funding by $100,000 in 1997-98 to reflect a delay in the effective date of the resulting 15¢ rate increase from September 1 to November 1, 1997, or the first day of the second month beginning after publication of the budget act, whichever is earlier.

## 3. DEVELOPMENT ZONES JOBS TAX CREDIT [LFB Paper 252]

| | Chg. to Base |
|---|---|
| GPR | - $500,000 |

**Governor/Legislature:** Increase funding by $150,000 in 1997-98 and decrease funding by $650,000 in 1998-99 for the sum sufficient appropriation for the development zones jobs tax credit. Total funding would be $1,250,000 in 1997-98 and $450,000 in 1998-99. The increase for 1997-98 reflects estimated increased credit claims through the development zone, enterprise development zone and development opportunity zones programs. The decrease in 1998-99 reflects 1995 Wisconsin Act 209, which provides that the credit is no longer refundable for tax years beginning on January 1, 1997. Under the bill, this credit would be eliminated beginning with tax year 1998.

## 4. DEVELOPMENT ZONES SALES TAX CREDIT [LFB Paper 252]

| | Chg. to Base |
|---|---|
| GPR | $25,000 |

**Governor/Legislature:** Increase funding by $125,000 in 1997-98 and decrease funding by $100,000 in 1998-99 for the sum sufficient appropriation for the development zones sales tax credit. Total funding would be $350,000 in 1997-98 and $125,000 in 1998-99. The increase for 1997-98 reflects the projected increase in credit claims through the development zone, enterprise development zone and opportunity development zones programs. The decrease in 1998-99 reflects 1995 Wisconsin Act 209, which provides that the credit is no longer refundable for tax years beginning on January 1, 1997. Under the bill, this credit would be eliminated, beginning with tax year 1998.

# STATE FAIR PARK

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $0 | $1,381,800 | $1,381,800 | $1,381,800 | $1,381,800 | $1,381,800 | N.A. |
| PR | 27,570,600 | 28,119,500 | 28,119,500 | 28,105,200 | 28,105,200 | 534,600 | 1.9% |
| TOTAL | $27,570,600 | $29,501,300 | $29,501,300 | 29,487,000 | $29,487,000 | $1,916,400 | 7.0% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| PR | 45.70 | 47.70 | 47.70 | 47.70 | 47.70 | 2.00 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base |
|---|---|
| PR | - $439,400 |

**Governor/Legislature:** Provide annual adjustments to the base budget for: (a) removal of $225,000 in one-time maintenance funding; (b) full funding of salaries and fringe benefits (-$235,800); (c) full funding of financial services (-$19,100); (d) overtime ($248,200); (e) night and weekend pay differential ($5,300); and (f) delayed adjustments for full funding of salaries and fringe benefits ($6,700).

### 2. DEBT SERVICE REESTIMATE

| | Chg. to Base |
|---|---|
| GPR | $1,381,800 |
| PR | 520,400 |
| Total | $1,902,200 |

**Governor/Legislature:** Provide $497,800 GPR and $82,700 PR in 1997-98 and $884,000 GPR and $437,700 PR to reflect principal and interest payments on bonds. GPR debt service is associated with the construction of a youth housing facility on park grounds while PR debt service, paid for by park revenues, is associated with the construction, remodeling and maintenance of other park facilities including the Olympic Ice Center and the race track.

## 3. ENTERTAINMENT COST INCREASES

| | Chg. to Base |
|---|---|
| PR | $258,200 |

**Governor/Legislature:** Request $129,100 annually for increased payments to entertainers at the fair. Approximately $1.8 million was paid to fair entertainers in 1995-96.

## 4. STAFF INCREASES

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $95,100 | 2.00 | - $14,300 | 0.00 | $80,800 | 2.00 |

**Governor:** Request $43,100 in 1997-98 and $52,000 in 1998-99 associated with the creation of a two-year program assistant project position and the conversion of a limited-term police officer position to permanent. The project position would assist in the development of a cost accounting system to evaluate the profitability of specific events and to ensure promoters are charged for all appropriate costs.

**Assembly/Legislature:** Delete $14,300 in 1997-98 to reflect a three-month delay of funding for the program assistant project position.

## 5. ADVERTISING COST INCREASES

| | Chg. to Base |
|---|---|
| PR | $48,600 |

**Governor/Legislature:** Provide $16,000 in 1997-98 and $32,600 in 1998-99 for advertising associated with events at State Fair Park.

## 6. COMPUTER SERVICES

| | Chg. to Base |
|---|---|
| PR | $66,000 |

**Governor/Legislature:** Provide $33,000 annually to fund information technology services, including contracts for hardware and software installations, network design and on-site training for the State Fair Park Board. Funding would be provided from revenues associated with events at the park.

## 7. FEDERAL APPROPRIATION

**Governor/Legislature:** Create a federal appropriation for the State Fair Park Board. Park officials indicate that federal funds to aid the park's police activities may be available.

[Act 27 Section: 225]

## 8. STATE FAIR PARK PRIVATELY OWNED OR OPERATED FACILITIES [LFB Paper 195]

**Building Commission/Legislature:** Increase the threshold before Building Commission approval is required from $250,000 to $500,000 of State Fair Park projects that would involve a privately-owned or operated facility being constructed on state-owned land. Under current law, a privately-owned or operated facility costing up to $250,000 may be built by or for, the State Fair Park Board on state land without Commission approval, while all other state agencies must receive Commission approval for such projects. Under this provision, the Board could build any project costing up to $500,000 without Commission approval.

[Act 27 Section: 9m]

## 9. STATE FAIR PARK CAPITAL BUDGET [LFB Paper 207]

| | Bldg. Comm. (Chg. to Base) | Jt. Finance/Leg. (Chg. to BC) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|---|
| BR-GPR | - $755,500 | $755,500 | $0 | $0 |
| BR-PR | $4,292,500 | - $5,755,500 | $1,463,000 | $0 |

**Building Commission**: Delete $755,500 in general fund supported bonding by: (a) deleting $2.0 million GPR supported bonding associated with the construction of a youth dormitory facility at the Park; and (b) providing $1,244,500 GPR supported bonding to upgrade and replace main services (sewer, water, storm sewer and electrical services) to Park buildings. Further, create a sum sufficient GPR debt service appropriation under the State Fair Park Board for the payment of principal and interest costs incurred on GPR supported bonding provided to finance the acquisition, construction, development, enlargement or improvement of Board facilities and to make payments determined by the Building Commission to comply with federal arbitrage requirements.

In addition, provide $4,292,500 in self amortizing general obligation bonding as follows: (a) $1,244,500 PR supported bonding to upgrade and replace main services to Park buildings; and (b) $3,048,000 PR supported bonding for additional racetrack improvements at the Park.

**Joint Finance:** Provide an additional $755,500 in GPR supported bonding and delete an equal amount of PR supported bonding to maintain $2,489,000 BR in total ($2.0 million GPR supported and $489,000 PR supported) to upgrade and replace main services to Park buildings. In addition, delete the current law enumeration and $5.0 million in PR supported borrowing associated with the potential renovation and enclosure of the coliseum facility at State Fair Park.

**Assembly/Legislature:** Require that, prior to the release of $3,048,000 in program revenue supported bonding for additional racetrack improvements by the Building Commission, the Legislative Audit Bureau notify the Commission that it has completed a review of any contract between the Board and the racetrack operator to determine whether the racetrack operator has complied with all of the terms of the contract. Require the Audit Bureau to conduct the review no later than July 1, 1998.

**Vetoes by Governor [B-29 and E-10]:** Delete the Audit Bureau review of the racetrack contract. Further, reinstate the Board's self amortizing facilities bonding authority at the 1995-97 level of $27,850,000 (an increase of $1,463,000 over Enrolled AB 100). However the deletion of the 1995-97 enumeration of the coliseum facility would remain. As a result, proceeds from the increased bonding resulting from the veto could be used on general utility and other maintenance projects at the Park.

[Act 27 Sections: 224p, 726, 727, 9107(1)(g) and 9107(3)(d)]

[Act 27 Vetoed Sections: 740bs, 9107(14t) and 9132(2t)]

# STATE TREASURER

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| FED | $105,400 | $0 | $0 | $0 | $0 | - $105,400 | - 100.0% |
| PR | 4,846,000 | 2,763,800 | 2,691,600 | 2,679,800 | 2,679,800 | - 2,166,200 | - 44.7 |
| TOTAL | $4,951,400 | $2,763,800 | $2,691,600 | $2,679,800 | $2,679,800 | - $2,271,600 | - 45.9% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| PR | 23.50 | 14.50 | 15.50 | 15.50 | 15.50 | - 8.00 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base |
|---|---|
| PR | $22,400 |

**Governor/Legislature:** Provide $8,600 in 1997-98 and $13,800 in 1998-99 for standard budget adjustments for: (a) full funding of salary and fringe benefits costs ($64,300 in 1997-98 and $65,800 in 1998-99); (b) full funding of financial services charges (-$72,200 annually); (c) reclassifications ($10,700 in 1997-98 and $14,400 in 1998-99); (d) fifth week of vacation as cash ($2,100 annually); and (e) full funding of delayed pay adjustments ($3,700 annually).

### 2. UNCLAIMED PROPERTY PROGRAM -- PRINTING AND ADVERTISING COSTS

[LFB Paper 770]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | - $650,000 | - $150,000 | - $800,000 |

**Governor:** Delete $500,000 in 1997-98 and $150,000 in 1998-99 of base level funding for the unclaimed property program to reflect: (a) the elimination of $500,000 of base level funding in 1997-98 for printing and advertising costs related to providing notices to owners of unclaimed property since these costs are actually incurred only once every two years (in the second fiscal year of the biennium); and (b) a reduction of $150,000 of base level funding in 1998-99 as a result of revised bidding procedures for printing and advertising services.

**Joint Finance/Legislature:** Modify provision to delete an additional $150,000 in 1998-99 to more accurately reflect the likely printing and advertising costs during that fiscal year for the publication and distribution of biennial unclaimed property legal notices.

## 3. INFORMATION TECHNOLOGY INFRASTRUCTURE SUPPORT

| | Chg. to Base |
|---|---|
| PR | $65,000 |

**Governor/Legislature:** Provide $32,500 annually for agency information technology infrastructure (IT) support, as follows: (a) $23,000 for the costs of obtaining IT support services from DOA for such items as operating systems problem resolution, help desk services, user training, data base development and applications development and conversion; and (b) $9,500 for master-lease payments on IT infrastructure upgrades authorized in 1996-97.

## 4. NATIONAL ASSOCIATION OF STATE TREASURERS -- MIDWEST MEETING [LFB Paper 771]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR-REV | $0 | - $10,000 | - $10,000 |
| PR | $15,000 | $0 | $15,000 |

**Governor:** Provide $5,000 in 1997-98 and $10,000 in 1998-99 to fund programmatic and planning support for the 1998 Midwest Conference of the National Association of State Treasurers to be held in Madison during the summer of 1998.

**Joint Finance/Legislature:** Establish a separate gifts and grants appropriation under the State Treasurer from which activities such as the 1998 Midwest Conference of the National Association of State Treasurers could be funded. Provide expenditure authority of $5,000 in 1997-98 and $10,000 in 1998-99 under this new appropriation and delete comparable amounts of expenditure authority under the agency's general program operations appropriation. Delete GPR-Earned amounts of $7,000

in 1997-98 and $3,000 in 1998-99 derived from conference fees since the agency intends to use the registration fee revenues for expenses incurred by the Conference.

[Act 27 Section: 707m]

## 5. STAFFING MODIFICATIONS [LFB Paper 772]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $5,400 | 0.00 | $77,800 | 1.00 | - $11,800 | 0.00 | $71,400 | 1.00 |

**Governor:** Adjust the agency's budget by -$3,700 in 1997-98 and $9,100 in 1998-99 to reflect the following staffing modifications:

*Authorize Senior Accountant Position.* Provide $35,200 in 1997-98 and $48,000 in 1998-99 and authorize 1.0 unclassified position to serve as chief financial officer for the agency.

*Delete Stenographer Position.* Delete $38,900 annually and 1.0 unclassified confidential stenographer position for the State Treasurer. Although the funding and associated position authority for this position would be eliminated, existing statutory provisions assigning the position to the unclassified service and authorizing the State Treasurer to set the salary for the position would not be modified.

**Joint Finance:** Modify provision by: (a) authorizing the senior accountant as a classified rather than unclassified position; and (b) retaining the unclassified confidential stenographer position for the State Treasurer and associated base level funding of $38,900 annually.

**Assembly/Legislature:** Reduce funding by $11,800 in 1997-98 for 1.0 classified senior accountant position. This funding reduction reflects a delay in the starting date of the position from October 1, 1997, to January 1, 1998.

## 6. REALLOCATIONS OF POSITION FUNDING AND AUTHORIZATIONS BETWEEN APPROPRIATIONS [LFB Paper 771]

**Governor:** Adjust the salary and fringe benefits amounts and the associated FTE position authority allocations for the State Treasurer and the Deputy State Treasurer among the agency's cash management, unclaimed property, local government investment pool services and general program operations appropriations to more accurately reflect the allocation of costs for these positions. Make a similar adjustment to an unclassified confidential stenographer position to reflect the allocation of the costs of this position entirely to the unclaimed property program. [This latter position is deleted

under a separate recommendation by the Governor.] There is no net fiscal change associated with these realignments.

**Joint Finance/Legislature:** Revise the base level PR-funded salary and fringe benefits amounts and associated FTE position authority allocations for the State Treasurer and the Deputy State Treasurer in order to correct funding and position authority misalignments. There is no net fiscal change associated with these realignments.

## 7. GPR-EARNED REESTIMATES [LFB Paper 771]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR-REV | $164,000 | - $368,000 | - $204,000 |

**Governor:** Increase base level GPR-Earned collection by $54,500 in 1997-98 and $109,500 in 1998-99. Estimate total agency collections at $2,593,500 in 1997-98 and $2,644,500 in 1998-99. Of these amounts, GPR-Earned collections are estimated at: (a) $1,375,000 in 1997-98 and $1,400,000 in 1998-99 from probate fees; (b) $1,030,000 in 1997-98 and $1,060,000 in 1998-99 from marriage licenses; and (c) $181,500 annually from service charges, gifts and donations, penalty and interest charges and bad check fees.

**Joint Finance/Legislature:** Decrease base level GPR-Earned collections by $129,500 in 1997-98 and $74,500 in 1998-99. These changes would reflect estimated increased GPR-Earned collections from probate fees of $92,000 annually (to $1,467,000 in 1997-98 and $1,492,000 in 1998-99) and estimated decreased GPR-Earned collections from marriage licenses of $276,000 annually (to $754,000 in 1997-98 and $784,000 in 1998-99).

## 8. DIVISION OF TRUST LANDS AND INVESTMENTS -- INFORMATION TECHNOLOGY INITIATIVES

| | Chg. to Base |
|---|---|
| PR | $386,200 |

**Governor/Legislature:** Provide $349,700 in 1997-98 and $36,500 in 1998-99 to support information technology (IT) initiatives for the Division of Trust Lands and Investments. Funding would be provided to: (a) convert the Division's current data base management programs to the state standard (Windows NT) for IT operating systems (one-time funding of $200,000 in 1997-98 and $15,000 in 1998-99); (b) convert manually maintained land records and outdated computerized land inventory systems in the Division's district office in Minoqua to a new automated system which will conform to current state standards for geographical information systems (one-time funding of $44,100 in 1997-98 and ongoing maintenance costs of $3,000 in 1998-99); (c) convert original field survey notes which represent some of the state's earliest land records to an optical imaging database and link this data with standard geographical information systems currently maintained by the Division (one-time funding of $94,700 in 1997-98 and ongoing maintenance costs

of $7,500 in 1998-99); (d) support technical consultant services associated with these IT initiatives (ongoing funding of $10,000 annually); and (e) support increased ongoing computer hardware and software maintenance costs ($900 in 1997-98 and $1,000 in 1998-99).

## 9. DIVISION OF TRUST LANDS AND INVESTMENTS -- ADDITIONAL CLERICAL STAFF

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $0 | 0.50 | - $10,800 | - 0.50 | - $10,800 | 0.00 |

**Governor:** Authorize 0.5 unfunded program assistant position annually to supplement an existing 0.5 FTE program assistant position in the Division in order to address clerical workload increases. The Division would be required to reallocate existing base level resources in order to fund the additional position authority.

**Joint Finance/Legislature:** Delete a 0.5 FTE real estate specialist position in the Division and $5,400 annually of associated salary and fringe benefits funding. Reallocate the remaining $18,100 annually of base level funding associated with the deleted position to fund the 0.5 FTE program assistant position authorized but unfunded under the Governor's recommendation.

## 10. DIVISION OF TRUST LANDS AND INVESTMENTS -- LAND MANAGEMENT ACTIVITIES

| | Chg. to Base |
|---|---|
| PR | $19,900 |

**Governor/Legislature:** *Reforestation of Trust Lands.* Provide $7,600 annually for site preparation, seedling purchases and planting costs associated with reforesting approximately 80 acres of trust lands in Marinette County.

*Aerial Maps of Trust Lands Holdings.* Provide $4,700 in 1998-99 to purchase an estimated 850 aerial photographs of all trust lands holdings throughout the state.

*Land Management Expenses.* Clarify that the expenses incurred in caring for trust lands may include expenses for reforestation, erosion and insect control, submerged log monitoring, surveys, appraisals and other land management practices that serve to protect or enhance the interests of the beneficiaries of the Common School Fund, the Normal School Fund, the University Fund and the Agricultural College Fund. Under current law, all expenses incurred in caring for and selling trust lands are deducted from the gross receipts of the trust fund to which the proceeds of the land sale will be added; however, there is no definition of such expenses.

*Land Exchanges.* Clarify that if the Board of Commissioners of Public Lands engages in an exchange of part or all of any parcel of trust lands for any other land of approximately equal value, the exchange would be deemed of "approximately equal value" if the difference in value between the highest and lowest valued land did not exceed 10% of the value of the highest valued land. Under current law, the Board may make land exchanges of approximately equal value in order to consolidate the Board's holdings, enhance the conservation of lands or advance the public interest; however, there is no definition of the term "approximately equal value."

Modify the definitions of the various types of land under the Board's jurisdiction to include any parcels received in exchange for any of those types of land. Specify that all expenses incurred in making a land exchange would be deducted from the gross receipts of the trust fund to which the proceeds of the sale would be added.

[Act 27 Sections: 807 thru 814]

## 11. DIVISION OF TRUST LANDS AND INVESTMENTS -- TREATMENT OF UNENCUMBERED YEAR-END OPERATING BALANCES [LFB Paper 185]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR-REV | $0 | $264,700 | $264,700 |
| PR | $0 | $48,400 | $48,400 |

**Governor:** Clarify that, at the end of each fiscal year, after first lapsing to the general fund the amounts required by current law to reimburse the state for the indirect costs of administrative services provided to the Division, any unencumbered balances remaining in the Division's annual program revenue general program operations appropriation would be transferred to the balances in the Common School Fund, the Normal School Fund, the University Fund and the Agricultural College Fund in proportion to the gross receipts collected for each fund during the year. Division operations are currently funded from trust fund interest earnings.

Under current law, any remaining unencumbered program revenue balances should normally revert to the underlying program revenue account. However, in practice, the Division's unencumbered balances have actually be transferred to the various trust fund balances. The proposed modification would serve to conform the statutes to current practice.

**Joint Finance/Legislature:** Provide $48,400 in 1997-98 of additional expenditure authority to the Division's general program operations appropriation to enable it to reimburse the general fund for required lapses under current law provisions which were not made from 1993-94 through 1995-96. Include a nonstatutory provision requiring the transfer of this amount to the general fund no later than

30 days after the general effective date of the budget act and estimate additional GPR-Earned amounts of $48,400 in 1997-98.

Repeal the current law required general fund reimbursement mechanism contained in the Division's general program operations appropriation and provide instead that the amounts contained in the agency's appropriation schedule would constitute 90% of the funds deducted from the gross receipts of trust fund investments and the remaining 10% would be credited to the general fund. Estimate additional GPR-Earned collections under this revised reimbursement mechanism of $125,300 in 1997-98 and $91,000 in 1998-99.

[Act 27 Sections: 709 and 9201(4g)]

## 12. DIVISION OF TRUST LANDS AND INVESTMENTS -- APPORTIONMENT OF REVENUES FROM THE SALE OF SUNKEN LOGS

**Governor:** For new or renewal permits to remove sunken logs issued by the Board on and after the general effective date of the biennial budget act, reduce the amount of revenues receivable by the state from 30% of the appraised market value of the logs upon their sale to 20% of their appraised market value upon their sale. Currently, these revenues are normally deposited to the Common School Fund. Repeal the current authority of the Board to authorize up to 100% of the state's share of the sale proceeds to be offset by projects undertaken by the permit holder that would do at least two of the following: (a) increase tourism revenues in the state; (b) increase employment in the state; or (c) contribute to increased economic development and activity in the state.

The current statutory procedures relating to the sale of sunken logs from submerged lands owned by the state were established by 1991 Wisconsin Act 206. Since that time, the Board has received $6,300 as the state's 30% share of the proceeds from the sale of the logs, net of any authorized offsets. Board staff estimates that the proposed change would be revenue neutral, since the revenue gain from the repeal of the offset provisions would likely balance the revenue decrease from changing the state's share of sale proceeds from 30% to 20%.

**Joint Finance:** Modify provision by including the following additional changes to current law relating to the recovery of sunken logs from submerged lands owned by the state:

a. Revise the definition of "log" to include any portion of a trunk or a tree previously used in substantially its natural state as part of a dock or crib, but which is no longer a part of the dock or crib or any other discernible structure, or which is part of the debris field of a dock or crib.

b. Specify that sunken logs would not be deemed objects of archeological interest. Provide that the Director of the State Historical Society may require a field archeology permit for the removal of sunken logs only if it is necessary to protect an identified archeological site. In the absence of such a need, require the Director to waive the permit requirement, except authorize the Director to

recommend data gathering requirements for the permit holder. Prohibit permit holders who raise sunken logs in a permitted area from removing any archeological object disturbing any discernible or identified archeological site or disturbing any crib or dock.

c. Increase the cost of permits for raising sunken logs from submerged state lands from $50 to $500 and extend their period of validity from one to five years. Further, specify that the permits may be issued only for logs in Lake Michigan and Lake Superior.

d. Require all permit applicants to include with the permit application a performance bond of $10,000, unless the permit holder has previously received a permit from the Board. If an applicant has not previously conducted actual log-raising activities, require the applicant to submit a business plan to the Board certified to be viable by the Department of Commerce.

e. Provide that if a raised log shows evidence of a Native American tribal mark or brand, the state's share of the appraised market value of the log (as recommended by the Governor, the state's share of the log's appraised market value would be reduced from 30% to 20%) would be paid to the applicable tribe.

f. Provide that all sunken log permit fees and the state's share of sale revenues for all recovered logs, other than the sale revenues from those logs bearing tribal markings, would be credited either to the general fund or to a new, continuing program revenue appropriation under the State Historical Society rather than accruing to the Common School Fund. [See "Historical Society" for a description of how these funds would be used.]

g. Provide that the area covered by a permit must be contiguous and may not exceed 160 acres. Stipulate that a location may not be subject to more than one permit.

h. Provide for the automatic renewal of any permit for an additional period of five years, if the permit holder submits a request for renewal, along with the $500 permit fee, to the Board at least 30 days prior to the renewal date unless, after notice to the permit holder and an opportunity to be heard, the Board determines that a permit holder has knowingly or willingly violated the terms, conditions and requirements of a permit or applicable field archeology permit laws. Specify that upon such a finding, the Board could deny, restrict or limit the renewal. Grant the Board authority to apply conditions to an existing permit if previously unknown archeological or environmental facts are discovered affecting the location of the permit.

i. Require permit holders to allow a designee of the State Historical Society to observe log recovery activities under a permit and provide to the State Historical Society, upon written request from the Society, a representative sample of company logging marks by sawing off the ends of the logs bearing the marks and delivering them to the State Historical Society.

j. Impose the following forfeitures and remedies applicable to log removal activities:

• For persons raising logs for commercial gain without a permit, require a forfeiture of $500 or an amount equal to twice the gross value of the removed log, whichever is greater, plus reasonably incurred costs of investigation and prosecution;

• For any person who intentionally interferes with log recovery operations for which a permit had been issued, make the individual liable for any actual losses caused by the interference (including wages, damage to property and attorney costs) and authorize a forfeiture of not less than $100 nor more than $500.

• Specify that any logs removed in violation of applicable statutory provisions must be returned to the lake bed, as directed by the Board, or, as currently required, confiscated by the Board and forfeited to the state;

k. Specify that these modifications would first apply to permits issued or renewed on the effective date of the bill; but provide that a permit already existing on the effective date of the bill could become subject to these modifications if the permit holder consents, in writing, to the Board.

**Senate/Legislature:** Modify provisions changing current law procedures relating to the recovery of sunken logs from submerged lands owned by the state, as follows:

*Valuation of Recovered Logs.* Modify the provision which would reduce from 30% to 20% of a recovered log's appraised market value the amount of revenues receivable by the state (or American Indian tribe for logs bearing tribal markings) from the sale of such logs by specifying instead that the state (or American Indian tribe) would receive 20% of the stumpage value of the log, as annually determined by the Department of Natural Resources, rather than 20% of the appraised market value. Under current law, the DNR annually promulgates a rule, effective each November 1, establishing the reasonable stumpage value for severance and yield tax purposes for merchantable timber grown in municipalities in which state-managed forest lands are located. The stumpage value varies by species of tree and by area of the state; and

*Transferability of Permits.* Specify that new and renewal permits issued by the Board of Commissioners of Public Lands to remove sunken logs from submerged lands owned by the state would not be transferable.

*Issuance of Permits.* Modify the provision limiting the Board's authority to issue new or renewal permits only for log-raising operations in Lake Michigan and Lake Superior to also allow such permits to be issued for submerged lands owned by the state in the Fox River, Boom Lake in Oneida County, Star Lake in Vilas County and Rib Lake in Taylor County.

**Veto by Governor [F-1]:** Delete the reduction from 30% to 20% of the amount of revenues receivable by the state from the sale of sunken logs. The partial veto does not affect the change in the basis for determining the amount of the sale revenues (from fair market value to stumpage value). Consequently, under the partially vetoed language, the state will receive 30% of the stumpage value

of sunken logs raised from submerged lands owned by the state. The net fiscal impact of the veto is unknown. While the state will receive a higher percentage share of the net proceeds from the sale of the logs, the change in the basis from fair market value to stumpage value for determining such revenues will have the offsetting effect of reducing the amount of revenues receivable by the state.

Eliminate the grant program for maritime related projects and delete the allocation of all sunken log permit fees and the state's share of sale revenues as GPR-Earned or as program revenue that would have been used for the maritime grants program. Under current law, these revenues will be deposited to the Common School Fund.

[Act 27 Sections: 242m, 693m, 1346m, 1346s, 3121g thru 3129w, 4337m, 9156(5y), 9350(1) and 9356(8y)]

[Act 27 Vetoed Sections: 169 (as it relates to s. 20.245(4)(j)), 244e, 693m, 1346e, 3124, 3129c and 9356(8y)]

## 13. DIVISION OF TRUST LANDS AND INVESTMENTS -- ADMINISTRATIVE ATTACHMENT TO DOA

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| FED | - $105,400 | 0.00 | $0 | 0.00 | - $105,400 | 0.00 |
| PR | - 1,946,100 | - 9.50 | - 37,600 | 0.50 | - 1,983,700 | - 9.00 |
| Total | - $2,051,500 | - 9.50 | - $37,600 | 0.50 | - $2,089,100 | - 9.00 |

**Governor:** Delete $1,127,300 PR and $52,700 FED in 1997-98 and $818,800 PR and $52,700 FED in 1998-99 and 9.5 PR positions to reflect the transfer of the Division of Trust Lands and Investments from the Office of the State Treasurer to the Department of Administration on the later of July 1, 1997, or the general effective date of the bill. Under this proposed transfer, the Division would be attached administratively to DOA; however, the Board of Commissioners of Public Lands, which supervises the Division, would be provided with a separate department-level appropriations structure. [See "Board of Commissioners of Public Lands" for a further description of this transfer provision.

**Joint Finance/Legislature:** Adjust the Division's funding and position authority that would be transferred to DOA to reflect the effect of Joint Finance modifications to the Division's budget. As a result of Joint Finance actions, a total of $1,170,300 PR and $52,700 FED in 1997-98 and $813,400 PR and $52,700 FED in 1998-99 and 9.0 PR positions would be transferred to DOA.

[Act 27 Sections: 25, 26, 693, 708 thru 711 and 9150(1)]

## 14. DIVISION OF TRUST LANDS AND INVESTMENTS -- EXPANSION OF INVESTMENT AUTHORITY OF BOARD OF COMMISSIONERS OF PUBLIC LANDS

**Senate/Legislature:** Revise the authority of the Board of Commissioners of Public Lands to invest the assets of the Common School Fund, Normal School Fund, University Fund and Agricultural College Funds by authorizing the Board to invest the assets of these funds in a number of newly enumerated types of securities including "investment grade" instruments. Define an "investment grade" security as one with a rating of BBB or higher by Standard & Poor's Corporation and Baa 3 or higher by Moody's Investors Service, Inc., where both agencies rate the security or either of these grades alone, where only one agency rates the security.

Enumerate the following new types of securities in which the Board could invest these trust fund monies: (a) bonds and notes of an agency of the federal government guaranteed by the United States or a federal agency; (b) real estate located in the United States; (c) U. S. publicly traded, investment grade mortgage-backed securities or asset-backed securities; (d) privately placed investment grade U. S. mortgages or mortgage-backed securities; (e) debt obligations of U. S. corporations that are investment grade; (f) financial contracts or other instruments that derive their value from the value or performance of any type of authorized investment or from an index or group of authorized securities under (a) or (c) above (commonly referred to as "derivatives"); and (g) any other type of U. S. debt instrument that is determined by the BCPL to be consistent with a statutory prudent person standard.

Create for the Board a prudent person standard identical to that which currently applies to the State Investment Board under its "standard of responsibility" for managing investments. This standard would require the Board to make investments with the care, skill, prudence and diligence that a prudent person acting in a similar capacity, with the same resource and familiar with the same matters, would exercise in conducting an enterprise of a like character with like aims.

Currently, the Board is authorized to invest trust fund assets in a limited number of statutorily defined investment vehicles such as bonds and notes issued by the federal government and bonds issued by the state and local units of government as well as special districts. Under current practice, however, the investment of trust fund assets has been delegated by the Board to the State Investment Board where such investments are currently subject to the Investment Board's standard of responsibility.

**Veto by Governor [F-2]:** Delete provision.

[Act 27 Vetoed Sections: 816c thru 816v]

# SUPREME COURT

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $17,085,200 | $17,116,400 | $17,333,700 | $17,653,200 | $17,653,200 | $568,000 | 3.3% |
| PR | 13,947,200 | 16,169,400 | 16,197,100 | 16,246,100 | 16,246,100 | 2,298,900 | 16.5 |
| SEG | 1,285,600 | 1,287,800 | 1,287,800 | 1,287,800 | 1,287,800 | 2,200 | 0.2 |
| TOTAL | $32,318,000 | $34,573,600 | $34,818,600 | $35,187,100 | $35,187,100 | $2,869,100 | 8.9% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 108.50 | 108.50 | 112.00 | 112.00 | 111.00 | 2.50 |
| PR | 68.25 | 68.25 | 68.75 | 68.75 | 68.75 | 0.50 |
| SEG | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 |
| TOTAL | 181.75 | 181.75 | 185.75 | 185.75 | 184.75 | 3.00 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $355,000 | 0.00 |
| PR | - 1,679,400 | - 23.00 |
| SEG | 2,200 | 0.00 |
| Total | - $1,322,200 | - 23.00 |

**Governor/Legislature:** Provide the following annual adjustments: (a) nonrecurring costs (-$1,037,400 PR and -23.0 PR positions); (b) full funding of salaries and fringe benefits ($153,400 GPR and $200,200 PR); (c) full funding of financial services charges ($9,700 GPR, $6,600 PR and $1,100 SEG); (d) risk management costs ($300 GPR); (e) fifth week of vacation as cash for certain long-term employes ($14,100 GPR); and (e) minor transfers within an appropriation (-$9,100 PR annually). It should be noted that the funding reduction under the minor transfers budget adjustment (-$9,100 PR annually) reflects the deletion of one-time funding for the law library computer system, which the Courts requested be transferred from one-time funding to supplies and services in its budget request.

## 2. UNSPECIFIED BUDGET REDUCTIONS

| | Governor (Chg. to Base) | Assembly/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | - $341,800 | $341,800 | $0 |

**Governor:** Delete $170,900 annually from the Courts' budget. The reduction equals 2%, annually, of the Courts' $8,542,600 base appropriation level. The reductions would be allocated between the Supreme Court's sum sufficient, general operations appropriation (-$68,900 annually) and the sum certain, general operations appropriation for the Director of State Courts Office (-$102,000 annually).

**Assembly/Legislature:** Provide $170,900 annually to restore unspecified budget reductions. Instead, require the Supreme Court to endeavor to ensure that a total of at least $1,175,000 GPR annually be lapsed from a combination of lapses from the Supreme Court, Court of Appeals and Circuit Court.

[Act 27 Section: 9146(1)]

## 3. CIRCUIT COURT AUTOMATION PROJECT (CCAP)

[LFB Paper 780]

| | Chg. to Base Funding | Positions |
|---|---|---|
| PR-REV | $1,925,000 | |
| PR | $3,824,800 | 23.0 |

**Governor:** Provide $1,787,400 in 1997-98 and $2,037,400 in 1998-99 and 23.0 positions annually for the circuit court automation project (CCAP). Funding would be provided for the following: (a) $1,037,400 annually to convert 23.0 project positions to permanent; and (b) $750,000 in 1997-98 and $1.0 million in 1998-99 to provide funding for upgrading and replacing computer equipment for the CCAP system. CCAP currently has 16.0 permanent positions and 23.0 project positions which are scheduled to end June 30, 1997 (position authority and funding for project positions were deleted under the standard budget adjustments as nonrecurring costs). Under the bill, CCAP would have 39.0 permanent positions to provide ongoing programming, training and support for the CCAP system in 70 counties, which includes approximately 2,300 workstations. CCAP is currently funded from fees, ranging from $5 to $15, on forfeitures and various civil actions. Under the bill, CCAP would, in addition, receive revenues from a $2 increase in the justice information fee. The fee is currently $5, of which $1 goes to the general fund, and the remainder goes to DOA's Bureau of Justice Information Systems (BJIS). The increase would be effective October 1, 1997, or on the day after publication, whichever is later, and is estimated to generate $825,000 in 1997-98 and $1.1 million in 1998-99. It should be noted that, under the bill, while the fee increase would not be effective until October 1, 1997, or on the day after publication, whichever is later, two-sevenths of the justice information fee would be deposited to CCAP, effective on the date of enactment of the bill. Therefore, a technical correction is needed so that funds are not deposited to CCAP until the fee increase is in effect.

In addition, the bill would create a program revenue continuing appropriation that would allow CCAP to provide court automation services to other state agencies related to the circuit court automation system. Currently, BJIS contracts with CCAP to provide services for automating the district attorneys under a Supreme Court gifts and grants appropriation. However, the language of the current appropriation does not specifically allow for contracting for automation services. The new appropriation would allow contracting, but requires a technical modification to allow CCAP to provide services to justice-related agencies outside of the court system.

Further, the bill would modify the current, continuing program revenue appropriation, under which the Courts can receive funds from BJIS for court system information technology, to an annual appropriation. No funding would be provided under the bill.

**Joint Finance/Legislature:** Make technical corrections to: (a) delay the effective date of the deposit of two-sevenths of the justice information fee revenue to CCAP to October 1, 1997, or on the day after publication, whichever is later, to be consistent with the fee increase; and (b) modify the newly-created program revenue appropriation to allow CCAP to provide automation services to other justice-related state agencies. In addition, provide that a portion of the justice information fee revenue, deposited to CCAP, would be used to fund Supreme Court and Court of Appeals automation, as well as Circuit Court interpreters. The appropriation would be renamed "court information systems and interpreters."

[Act 27 Sections: 668, 715, 716, 5194 and 9409(1)]

## 4. INFORMATION TECHNOLOGY [LFB Paper 781]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $18,000 | - $18,000 | $0 |
| PR | 54,400 | 18,000 | 72,400 |
| Total | $72,400 | $0 | $72,400 |

**Governor:** Provide $18,000 GPR and $13,600 PR in 1997-98 and $40,800 PR in 1998-99 for various Supreme Court information technology initiatives. Funding would be provided for the following: (a) security of the Court's information system ($18,000 GPR in 1997-98); (b) internet access ($12,800 PR in 1998-99); (c) technology for electronic production and distribution of court-related manuals ($4,800 PR in 1997-98); (d) an asset inventory system to combine the three separate systems maintained by the Circuit, Appeals and Supreme Courts ($28,000 PR in 1998-99); (e) electronics forms software to design, generate, transmit and use forms electronically ($2,600 PR in 1997-98); (f) financial management software for the Courts to maintain its own financial system which could download information to the state accounting system (WISMART) ($5,000 PR in 1997-98); and (g) a standard data definition project to develop a dictionary of terms used by the judicial branch for uniform data collection ($1,200 PR in 1997-98). The funding, which would come from

central services charge backs, would be provided to improve the Court's central information technology system, which provides services for all court-related functions. This is separate from the Circuit Court Automation Project (CCAP), which serves the Circuit Courts only.

**Joint Finance/Legislature:** Delete $18,000 GPR in 1997-98 and provide $18,000 PR in 1997-98 and create a program revenue appropriation, funded from justice information fee revenues deposited to CCAP, to fund Supreme Court automation. In addition, reduce the funding for Supreme Court information technology that would come from the Supreme Court charge-back appropriation by $11,100 PR in 1997-98 and $29,600 PR in 1998-99 and provide additional funding of the same amount under the new appropriation for Supreme Court information technology.

[Act 27 Sections: 712j, 712m and 712r]

## 5. LAW LIBRARY BOOK INFLATION [LFB Paper 782]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $0 | $63,500 | $63,500 |
| PR | 28,400 | - 28,400 | 0 |
| Total | $28,400 | $35,100 | $63,500 |

**Governor:** Provide increased expenditure authority of $10,000 in 1997-98 and $18,400 in 1998-99 for inflationary increases in the prices of law library legal materials. Under the bill, funding for the inflationary increases would come from the law library's program revenue appropriation, which receives fees from photocopies, books, generation of documents, computer services and other services provided by the law library. It should be noted that current law limits the amount that the law library is allowed to charge for such services to its actual costs, so the law library's ability to generate revenue for the increased legal material expenditures may be limited.

**Joint Finance/Legislature:** Delete $10,000 PR in 1997-98 and $18,400 PR in 1998-99 and provide $27,400 GPR in 1997-98 and $36,100 GPR in 1998-99 for inflationary increases in the price of law library legal materials. The funding would cover estimated base expenditures, in addition to an inflationary increase in the price of legal materials for 1997-99.

## 6. ELIMINATE DATA PROCESSING APPROPRIATION

| | Chg. to Base |
|---|---|
| PR | - $6,000 |

**Governor/Legislature:** Delete $3,000 annually to reflect the elimination of the Supreme Court's data processing services appropriation. The appropriation is for data processing services provided to the Board of Attorneys Professional Responsibility, Board of Bar Examiners and Mediation Fund. However, the Court also has a central services, "charge-back" appropriation under which it currently provides these services.

The bill would also delete the related language requiring the Director of State Courts to establish and charge fees to these agencies (the Director has the authority to charge for administrative and support services under the central services appropriation).

[Act 27 Sections: 714 and 4952]

## 7. FEES FOR THE SALE OF COURT DOCUMENTS [LFB Paper 783]

**Governor:** Eliminate the current restrictions which limit the amount the Director of State Courts Office can charge for court forms, computer-generated special reports, photocopies and pamphlets, to the actual costs associated with the compilation and distribution of the documents. Under the bill, there would be no maximum amount that could be charged.

**Joint Finance/Legislature:** Delete provision.

## 8. PRISON IMPACT STATEMENTS

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Veto (Chg. to Leg.) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-Lapse | $0 | | $0 | | $69,400 | | $69,400 | |
| GPR | $80,200 | 1.00 | - $10,800 | 0.00 | $0 | - 1.00 | $69,400 | 0.00 |

**Joint Finance:** Provide $37,400 in 1997-98 and $42,800 in 1998-99 and 1.0 research analyst position annually and require the Director of State Courts to prepare a prison impact assessment for any bill that creates a felony or modifies the period of imprisonment for a felony. Unless otherwise provided by joint rules of the Legislature, the Director would prepare the statement within 21 calendar days after the date on which the Director receives a copy of a bill, or a request to prepare an assessment, whichever occurs first. The assessment would include the following: (a) projections of the impact on statewide probationer, prisoner and parolee populations; (b) an estimate of the fiscal population changes on state expenditures, including construction and operation of state prisons for the current fiscal year and succeeding five years; (c) analyses of any significant factors that would affect the cost of the bill and the impact on prosecutors, the State Public Defender and the Courts; and (d) a statement of methodologies and assumptions that the Director used in preparing the assessment. The Legislative Reference Bureau would be required to submit a copy of a bill that requires an assessment, to the Director of State Courts, and any bill that would require an assessment would need to have that assessment inside its jacket. In addition, the Legislature would be required to reproduce and distribute the assessments in the same manner that it reproduces and distributes amendments. No public hearing before a standing committee could be held and no committee vote could be taken on any such bill unless a statement had been prepared. Annually, by March 1, the Director of State Courts would be required to submit to the Legislature, a prison impact assessment

reflecting the cumulative effect of all relevant changes in the statutes taking effect during the preceding year. The Department of Corrections would be required to provide the Director of State Courts with information on current and past admissions and the length of time served, as needed, in order to prepare the assessments. In addition, the Circuit Court would be required to provide the Director of State Courts with information to assist in preparing the assessments. Further, the Department of Administration would be required to transfer all records of the Sentencing Commission to the Director of State Courts as soon as possible after September 1, 1997, or the effective date of the bill, whichever is later. The assessments would apply to bills introduced, or requests for assessments, made on, or after, July 1, 1998.

**Assembly/Legislature:** Delete $10,800 in 1997-98 to reflect a delayed starting date of January 1, 1998, for the position.

**Veto by Governor [D-7]:** Delete the provisions. It should be noted that while the Governor's veto message requests the Secretary of DOA to reduce estimated sum sufficient expenditures by $26,600 in 1997-98 and $42,800 in 1998-99 to reflect the veto of the provision, the Director of State Courts' appropriation is a sum certain appropriation, and cannot be changed by a reestimation. As a result, the funding reduction for the position will instead be reflected as a lapse to the general fund.

[Act 27 Vetoed Sections: 3m and 9101(4t)]

## 9. PERSONNEL SPECIALIST [LFB Paper 784]

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $38,000 | 0.50 | - $5,100 | 0.00 | $32,900 | 0.50 |
| PR | 38,100 | 0.50 | - 5,100 | 0.00 | 33,000 | 0.50 |
| Total | $76,100 | 1.00 | - $10,100 | 0.00 | $65,900 | 1.00 |

**Joint Finance:** Provide $17,800 GPR and $17,900 PR in 1997-98 and $20,200 GPR and $20,200 PR in 1998-99 and 0.5 GPR and 0.5 PR positions annually for 1.0 personnel specialist to provide additional personnel services to the State Court System. Program revenue funding would come from charges to non-GPR court functions.

**Assembly/Legislature:** Delete $5,100 GPR and $5,100 PR in 1997-98 to reflect a delayed starting date of January 1, 1998, for the position.

## 10. ADMINISTRATIVE STAFF FOR CHIEF JUSTICE

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $38,400 | 1.00 | - $6,400 | 0.00 | $32,000 | 1.00 |

**Joint Finance:** Provide $19,200 and 1.0 position annually to convert the special assistant to the Chief Justice position from LTE to permanent status.

**Assembly/Legislature:** Delete $6,400 in 1997-98 to reflect the delay to November 1, 1997, for the conversion from LTE to permanent status.

## 11. CLERK OF COURT STAFF [LFB Paper 340]

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $15,200 | 1.00 | - $2,500 | 0.00 | $12,700 | 1.00 |

**Joint Finance:** Provide $7,600 GPR and 1.0 GPR position annually to convert an LTE assistant deputy clerk position to permanent status.

**Assembly/Legislature:** Delete $2,500 in 1997-98 to reflect the delay to November 1, 1997, for the conversion from LTE to permanent status.

## 12. ADDITIONAL JUDGESHIP FOR OCONTO COUNTY

| | Chg. to Base |
|---|---|
| GPR | $2,500 |
| PR | 54,100 |
| Total | $56,600 |

**Assembly/Legislature**: Provide $2,500 GPR and $54,100 PR in 1998-99 for judicial education, legal publications and computer equipment associated with the additional judgeship created under the act.

# TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT IN WISCONSIN BOARD

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $0 | $59,557,400 | $60,082,400 | $60,845,200 | $59,945,200 | $59,945,200 | N.A. |
| PR | 0 | 5,250,000 | 5,775,000 | 5,775,000 | 5,775,000 | 5,775,000 | N.A. |
| SEG | 0 | 20,000,000 | 31,696,400 | 32,316,400 | 32,316,400 | 32,316,400 | N.A. |
| TOTAL | $0 | $84,807,400 | $97,553,800 | $98,936,600 | $98,036,600 | $98,036,600 | N.A. |
| Bonding Authorization | | $100,000,000 | $110,000,000 | $110,000,000 | $110,000,000 | $110,000,000 | N.A. |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 0.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |

## Budget Change Items

### 1. CREATION OF THE TEACH BOARD [LFB Papers 790 and 798]

| | Governor (Chg. to Base) | Assembly/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $1,307,400 | - $137,200 | $1,170,200 |

**Governor:** Create the Technology for Educational Achievement in Wisconsin Board (TEACH Board) which would be attached to the Department of Administration (DOA) for limited purposes of budgeting, program coordination and related management functions. The Board would consist of the State Superintendent of Public Instruction; the Secretary of Administration; and seven members appointed for four-year terms including a member of the Board of Regents of the University of Wisconsin (UW) System appointed by the President of the UW System; a member of the Wisconsin Technical College System (WTCS) Board appointed by the President of the WTCS Board; and five other members appointed by the Governor. Of the initial appointees, the UW, WTCS and one

gubernatorial appointee would serve an initial appointment expiring on May 1, 2001, two gubernatorial appointees would have initial terms expiring May 1, 1999 and two gubernatorial appointees would have initial terms expiring May 1, 2003. The Governor would appoint an Executive Director, to be assigned to executive salary group 5, and the Director would appoint all staff.

Create an annual appropriation for the general program operations of the Board with $596,500 GPR in 1997-98 and $710,900 GPR in 1998-99 and 6.0 GPR positions beginning in 1997-98. Create a continuing PR appropriation to allow the expenditure of all monies received from gifts, grants and bequests to carry out the purposes for which the funds were donated or received; no funding estimate is provided for 1997-99. Create a continuing FED appropriation to allow the expenditure of all federal monies received, to be administered and expended in accordance with the provisions of the federal grant or program under which the monies were received; no funding estimate is provided for 1997-99.

**Joint Finance:** Modify the composition of the Board to replace one gubernatorial appointee with a member of the Educational Communications Board (ECB), appointed by the Chair of the ECB Board. Specify that one, rather than two, of the gubernatorial appointees to the Board would serve a term expiring on May 1, 2003. Require the President of the Board of Regents, rather than the President of the UW System, to appoint a member of the UW Board of Regents.

**Assembly/Legislature:** Delete $137,200 in 1997-98 to reflect a three-month delay in funding 5.0 positions and a five-month delay in funding 1.0 position for TEACH Board administration.

**Veto by Governor [A-9]:** Delete the requirement that the Chair of ECB appoint a member of ECB to the TEACH Board. This partial veto establishes the Governor as the appointing authority for the member of ECB on the TEACH board.

[Act 27 Sections: 52, 270, 752, 753, 1344, 1347 and 9101(9)]

[Act 27 Vetoed Section: 52]

## 2. DUTIES OF THE TEACH BOARD [LFB Paper 798]

**Governor:** Provide that the TEACH Board would have the following duties:

a. Promote the efficient, cost-effective procurement, installation and maintenance of educational technology by school districts, cooperative educational service agencies (CESAs), technical colleges and the UW System, in cooperation with these entities and DOA.

b. Identify the best methods for providing preservice and in-service educational technology training for teachers.

c. Enter into cooperative purchasing agreements, with the consent of DOA, under which participating school districts and CESAs could contract for educational technology training for their professional employes.

d. Support the development of courses in the effective use of educational technology for the instruction of professional employes who are licensed by the Department of Public Instruction (DPI), in cooperation with the UW System, WTCS, DPI and other entities.

e. Provide telecommunications access to school districts, in cooperation with DOA and the Public Service Commission (PSC), under the educational telecommunications access program that would be established in PSC. The Board would be required to coordinate with the Division of Information Technology Services in DOA regarding this program.

f. Submit a biennial report concerning the Board's activities, no later than October 1 of each even-numbered year, to the Governor and the appropriate standing committees of the Legislature.

g. Coordinate the purchasing of educational technology materials, supplies, equipment and contractual services for school districts, CESAs, WTCS districts and the UW System through the Division of Information Technology Services in DOA. Establish standards and specifications, in cooperation with DOA, for educational technology hardware and software purchases by school districts, CESAs, WTCS districts and the UW System.

h. Purchase and lease, with the option to purchase, educational technology equipment for use by school districts, CESAs and public educational institutions in the state.

Educational technology would be defined as technology used in the education or training of any person or in the administration of an elementary or secondary school and related telecommunications services.

**Joint Finance:** Clarify the Governor's recommendation to provide that, upon the request of the TEACH Board, DOA would delegate the authority to the TEACH Board to purchase educational technology equipment for use by school districts, CESAs and public institutions in this state. Specify that these entities would not be required to purchase or lease educational technology equipment from the TEACH Board.

Require the TEACH Board, in cooperation with DOA and the PSC, to provide telecommunications access to public libraries, technical college districts and private colleges, in addition to school districts.

**Assembly/Legislature:** Require that the TEACH Board promulgate emergency rules to set standards and specifications for purchasing educational technology hardware and software for school districts, CESAs, technical college districts and the UW System. Specify that the TEACH Board

would not be required to provide evidence of the necessity of preserving the public peace, health, safety or welfare in promulgating these rules, and that no statement of emergency finding would be required. Specify that these rules would be subject to approval of JFC under a 14-day passive review process.

Require the TEACH Board, in cooperation with DOA and the PSC, to provide telecommunications access to private K-12 schools.

**Veto by Governor [A-10]:** Delete the requirement that the TEACH Board promulgate emergency rules, subject to approval by Joint Finance, to set standards and specifications for purchasing educational technology hardware and software.

[Act 27 Sections: 117m, 117n, 120, 125, 148, 667, 1347, 3150 and 9101(10)]

[Act 27 Vetoed Section: 9101(13p)]

## 3. TECHNOLOGY BLOCK GRANTS -- GENERAL FUND [LFB Paper 791]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $45,000,000 | $2,000,000 | $47,000,000 |

**Governor:** Provide $10,000,000 in 1997-98 and $35,000,000 in 1998-99 in an annual appropriation for educational technology block grants to school districts. Distribute block grants based on a formula that uses equalized value per member, with an adjustment for K-8 and union high school (UHS) districts. Grant distribution for K-12 districts would be based, in part, on equalized value per member, using the current statutory definition of equalized valuation, which is the full value of the taxable property in the district as certified for the prior year, excluding value adjustments resulting from appeals. For UHS districts, equalized valuation would be divided by three times membership. For K-8 districts, equalized valuation would be divided by 1.5 times membership. Funding would be distributed as follows:

a. Provide $5,000 annually to each eligible school district. If all 426 school districts request the grant, a total of $2,130,000 would be distributed annually under this provision.

b. Provide the balance of the funds to eligible school districts in proportion to the weighted membership of each school district. If a district's equalized valuation per member is more than 150% of the state average, each member is weighted as 1.0; if a district's equalized valuation per member is at least 100% but not more than 150% of the state average, each member is weighted as 2.0; if a district's equalized valuation per member is less than 100% of the state average, each member is weighted as 3.0.

Require school districts to adopt a resolution requesting the grant through an annual meeting for common school districts, or a school board action for unified school districts or the Milwaukee Public Schools (MPS). If the annual meeting in a common school district, required to be held between May 15, 1997 and September 30, 1997, has been held before the effective date of the 1997-99 budget act, require the school board of the common school district to adopt a resolution requesting the grant for the 1997-98 school year.

Require school districts to deposit funds received through block grants in a separate fund. Provide that school districts may use the funds for any purpose related to educational technology, except for funding the salaries and benefits of any school district employe. Specify that a grant could not be used to replace funding available from other sources.

**Joint Finance/Legislature:** Delete the Governor's three-level weighting formula and, instead, specify that the weighting factor for members in each district would be calculated by dividing the statewide average equalized value per member by the value per member in the district. For purposes of this calculation, if a district would have an equalized value of less than $75,000, it would be treated as having a value per member of $75,000.

Require the TEACH Board to distribute the general fund technology block grants to school districts on the first Monday in February of each year.

Provide $5,000,000 in 1997-98 for transition funding for the pioneering partners competitive grant program. Require that the TEACH Board distribute these competitive grants among the applicants to the February, 1997 funding cycle of the Educational Technology Board (ETB), based on the applications recommended for grants by ETB. Reduce funding for the general fund educational technology block grants distributed by the TEACH Board by $5,000,000 in 1998-99. Provide that the base level funding for these general fund block grants would be considered to be $35,000,000 in 1998-99 for purposes of the 1999-01 budget process.

Provide $2,000,000 in 1997-98 in a separate appropriation for a one-time supplemental block grant program. Provide that school districts with an equalized value per member below the statewide average would be eligible for this funding, using prior year values. Provide that for each eligible school district, the TEACH Board would determine a potential grant amount, which would calculated by:

(a) dividing the school district's value per member by the statewide average value per member;

(b) subtracting this amount from 1.0; and

(c) taking the result and multiplying it times a dollar amount that would be determined by the TEACH Board, and could float to the level necessary to fully distribute $2,000,000 of funding among the eligible school districts based on the actual grant calculation for these districts.

Provide that the actual grant amount received by a school district would be the lesser of: (1) the potential grant amount; or (2) $25,000 less the grant amount received under the proposed $10 million GPR block grant program.

[Act 27 Sections: 270, 1347, 2877, 9101(10) and 9140(4)]

## 4. TECHNOLOGY BLOCK GRANTS -- COMMON SCHOOL FUND [LFB Paper 792]

| | Chg. to Base |
|---|---|
| SEG | $20,000,000 |

**Governor:** Provide $15,000,000 in 1997-98 and $5,000,000 in 1998-99 in an annual appropriation from income of the common school fund for educational technology block grants to school districts. Distribute block grants to each eligible school district in proportion to the number of persons between the ages of four and 20 who reside in each district. The Board could distribute these funds only after $14,300,000 of annual income from the common school fund is apportioned by DPI to school districts for school libraries. If after these library funds are distributed, the remaining income of the common school fund is less than the amount appropriated for these educational technology block grants, the TEACH Board would distribute the remaining income of the fund, rather than the amount appropriated.

Require school districts to adopt a resolution requesting the grant through an annual meeting for common school districts, or a school board action for unified school districts or the Milwaukee Public Schools (MPS). If the annual meeting in a common school district, required to be held between May 15, 1997 and September 30, 1997, has been held before the effective date of the 1997-99 budget act, require the school board of the common school district to adopt a resolution requesting the grant for the 1997-98 school year.

Require school districts to deposit funds received through block grants in a separate fund. Provide that school districts may use the funds for any purpose related to educational technology, except for funding the salaries and benefits of any school district employe. Specify that a grant could not be used to replace funding available from other sources.

Under current law, income from the common school fund is used for school library aids. As noted, the bill would cap funding for school library aids at its base level of $14,300,000 and use the excess for these grants. Approximately $10.7 million of the first year funding amount is attributable to a modification that would include income through June 30, rather than December 1, each year which provides a one-time increase in monies available in 1997-98. (See "Public Instruction" for more information on school library aids and common school fund income.)

**Joint Finance:** Modify the Governor's recommendation to specify that the technology block grants funded through the common school fund would sunset on June 30, 1999. Provide that the full amount of income from the common school fund would be appropriated to school library aids through

a continuing appropriation after June 30, 1999, and would be distributed in one payment on or before June 30 of each year.

Require that in completing the annual school census, kindergarten through grade eight (K-8) districts would receive aid from the common school fund based on the number of four through 13-year olds in the school district and union high school (UHS) districts would receive aid from the common school fund based on the number of 14- to 20-year olds in the school district. Specify that the income of the common school fund, for both school library aids and technology block grants, would be distributed to K-8 and UHS districts in this manner.

**Assembly/Legislature:** Provide that, in 1997-98, DPI would estimate the number of four- to 13-year-old residents in K-8 school districts and the number of 14- to 20-year-old residents in UHS districts for the purposes of distributing the common school fund income as school library aids under DPI and educational technology block grants under the TEACH Board. This would allow UHS districts to be included in these grant programs in 1997-98.

**Veto by Governor [A-12]:** Delete the June 30, 1999, sunset date for the use of income from the common school fund for educational technology block grants.

[Act 27 Sections: 264, 264c, 270, 826, 1347, 2849d, 2849r, 2863b, 2877, 9101(10mg), 9140(4) and 9440(6m)]

[Act 27 Vetoed Sections: 270 (as it relates to s. 20.275(1)(u)) and 1347 (as it relates to s. 44.72(2)(a))]

## 5. EDUCATIONAL TECHNOLOGY INFRASTRUCTURE LOANS [LFB Paper 794]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $5,250,000 | $525,000 | $5,775,000 |
| PR | 5,250,000 | 525,000 | 5,775,000 |
| Total | $10,500,000 | $1,050,000 | $11,550,000 |
| BR | $100,000,000 | $10,000,000 | $110,000,000 |

**Governor:** Provide $50,000,000 of general obligation bonding in 1997-98 and an additional $50,000,000 in 1998-99. This bonding would be issued by the Building Commission, at the request of the TEACH Board and with the approval of the Governor, for the purposes of educational technology infrastructure loans to school districts. The term of the bonds could not exceed ten years.

Authorize the TEACH Board to make subsidized loans to school districts from the proceeds of these bonds. Require school districts to use the loans only for upgrading the electrical wiring of school buildings in existence on the effective date of the 1997-99 budget and installing and upgrading

computer network wiring in accordance with standards and procedures to be established by the Board and DOA.

Require the Board to establish application procedures for, and the terms and conditions of, the subsidized loans, which would have to include the provision of professional building construction services from DOA. The Board would determine the interest rates on the loans, which would have to be as low as possible but sufficient to fully pay all interest expenses incurred by the state and to provide reserves that would ensure against losses from payment delinquency or default. Require school districts to repay 50% of the total debt service on the loans, as determined by the Board, and specify that a school district would not be obligated to repay the remaining 50%.

Create a sum sufficient GPR appropriation for the payment of debt service costs incurred in financing subsidized educational technology infrastructure loans to school districts. This appropriation would fund debt service not paid by school districts that receive loans. The appropriation reflects estimated debt service of $250,000 GPR in 1997-98 and $5,000,000 GPR in 1998-99. Create a sum sufficient PR appropriation to pay out monies received from school districts for their share of the debt service incurred in financing subsidized educational technology infrastructure loans to school districts. Debt service is estimated to be $250,000 PR in 1997-98 and $5,000,000 PR in 1998-99.

**Joint Finance/Legislature:** Provide $5,000,000 annually in additional general obligation bonding for public library infrastructure loans. Create a separate sum sufficient GPR appropriation and provide $25,000 GPR in 1997-98 and $500,000 GPR in 1998-99 for the payment of estimated debt service costs incurred in financing subsidized educational technology infrastructure loans to public libraries. Specify that this GPR funding would not count toward state's funding of 66.7% of K-12 partial revenues. Create a PR debt service appropriation to receive debt service payments from public libraries and provide $25,000 PR in 1997-98 and $500,000 PR in 1998-99 for the public library payments of the estimated debt service costs.

Require that the TEACH Board promulgate rules, using an emergency rulemaking process, to specify the wiring and equipment that may be purchased by school districts with educational technology infrastructure loan proceeds. Provide that the TEACH Board could promulgate the initial rule for this purpose as an emergency rule, without having to provide evidence of the necessity of preservation of the public peace, health, safety or welfare. Specify that the emergency rule would be subject to approval or disapproval by the Joint Committee on Information Policy (JCIP) under a 14-day passive review process.

Specify that the provision of professional building construction services by DOA would be optional for school districts, rather than required.

**Veto by Governor [A-10]:** Delete the requirement that the TEACH Board promulgate rules, using an emergency rulemaking process and subject to JCIP approval, to specify the wiring and equipment that may be purchased.

[Act 27 Sections: 270, 726, 736, 737, 737b, 737c, 1347 and 9401(2)]

[Act 27 Vetoed Sections: 1347 (as it relates to s. 44.72(4)(a)) and 9101(9s)]

## 6. TRAINING AND TECHNICAL ASSISTANCE GRANT PROGRAM [LFB Paper 793]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $8,000,000 | - $2,000,000 | $6,000,000 |

**Governor:** Provide $4,000,000 annually in an annual appropriation for two types of grants to CESAs for educational technology training and assistance programs.

a. Award grants to CESAs to coordinate and provide educational technology planning and training to school districts served by each agency, which could not exceed $120,000 annually per CESA. A CESA would be eligible for a grant if it agrees to do all of the following:

(1) Assist school districts served by the CESA in developing and implementing educational technology plans.

(2) Provide staff development programs that address educational technology needs identified in the plans.

(3) Coordinate its activities under (a) and (b) with institutions of higher education.

(4) Employ a full-time position that would be solely dedicated to providing technical assistance related to educational technology to school districts served by the CESA.

(5) Employ a full-time position that would be solely dedicated to coordinating and providing educational technology training for school districts served by the CESA.

b. Award grants to CESAs to train agency and school district staff in the use and integration of educational technology, to rent space for training and for other costs associated with training. In order to qualify for these grants, a CESA would be required to develop a technology training plan to be approved by the TEACH Board. These grants would be awarded to CESAs with the funding remaining after all eligible CESAs were granted funds for the purposes of the first grant category.

**Joint Finance/Legislature:** Delete the Governor's recommendation and, instead, provide $2,000,000 in 1997-98 and $4,000,000 in 1998-99 in a biennial appropriation under the TEACH Board to provide grants to CESAs and consortia consisting of two or more school districts or CESAs, which may include public libraries as members of the consortia, for the provision of educational technology training and technical assistance programs. Provide that the TEACH Board would have to give priority to consortia that include a public library component.

Require applicants to submit a plan to the TEACH Board which outlines the school districts and libraries that would participate in the training programs and the details of how the consortia would allocate the funding. Require the Board to administer the program as a competitive grant program with one funding cycle in each fiscal year and, to the extent possible, ensure that grants would be equally distributed on a statewide basis.

Require that the TEACH Board promulgate rules, using an emergency rulemaking process, to specify the administrative procedures, eligibility and application requirements, and funding criteria for this grant program. Provide that the TEACH Board could promulgate the initial rule for this purpose as an emergency rule, without having to provide evidence of the necessity of preservation of the public peace, health, safety or welfare. Specify that the emergency rule would be subject to approval or disapproval by the Joint Committee on Information Policy (JCIP) under a 14-day passive review process.

Require each school district to include in its current law annual report to DPI, a description of the technology used in the education or training of any person or in the administration of the school district and related telecommunications services. This description would have to include the uses made of the technology, and the costs and number of persons using or served by the technology.

**Veto by Governor [A-10]:** Delete the requirement that the TEACH Board promulgate rules, using an emergency rulemaking process and subject to JCIP approval, to specify the administrative procedures, eligibility and application requirements, and funding criteria for this grant program.

[Act 27 Sections: 270, 1347, 2849m, 2863g and 2863r]

[Act 27 Vetoed Sections: 1347 (as it relates to s. 44.72(1)(d)) and 9101(9m)]

## 7. PUBLIC LIBRARY COMPETITIVE GRANTS

| | Senate/Leg. (Chg. to Base) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|
| GPR | $900,000 | - $900,000 | $0 |

**Senate/Legislature:** Provide $450,000 annually for grants to public library boards. Specify that the TEACH Board would award these grants through a competitive, request-for-proposals process.

**Veto by Governor [A-11]:** Delete this grant program and the associated funding.

[Act 27 Vetoed Sections: 270 (as it relates to s. 20.275(1)(fL) and 1347 (as it relates to s. 44.72(3)]

## 8. EDUCATIONAL TELECOMMUNICATIONS ACCESS PROGRAM [LFB Paper 796]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG | $11,696,400 | $620,000 | $12,316,400 |

**Governor:** Direct the PSC, in consultation with DOA and the TEACH Board, to promulgate rules establishing an educational telecommunications access program under the universal service fund (USF). The USF was initially established by the PSC in accordance with 1993 Act 496, which substantially deregulated the telecommunications industry in Wisconsin; the bill would establish the USF as a separate state segregated fund. For more information on the USF, see the "Public Service Commission."

Specify that the proposed educational telecommunications access program would have to provide school districts in the state with access to data lines and video links. Data lines would be defined as data transfer lines capable of direct access to the Internet at a minimum speed of at least 1,544,000 bits per second. Video links would be defined as two-way full motion interactive video links at a minimum speed of at least 44,763,000 bits per second.

Stipulate that the rules establishing the program would have to do all of the following:

a. Allow a school district to make a request to the TEACH Board for access to either one data line or one video link. Districts with more than one high school could request access to both a data line and a video link as well as to more than one data line and a video link.

b. Establish school district eligibility requirements for participation in the program.

c. Establish specifications for data lines and video links provided to participating school districts.

d. Require school districts to pay DOA not more than $250 per month for each data line or video link provided under the program. An existing appropriation under DOA for information technology receipts from nonstate entities would be modified to accept payment of these monthly fees. DOA would be authorized to contract with telecommunications providers to provide the data line and video link access to school districts. Establish a sum sufficient appropriation for SEG monies from the USF in PSC to pay any amounts due to telecommunication providers under contract with DOA to the extent that these amounts are not paid by school districts. Funds are estimated at $2,500,000 SEG in 1997-98 and $3,000,000 SEG in 1998-99, and are shown under DOA. Under the Governor's proposal, funds in the USF would be utilized to provide subsidized access to telecommunications services for school districts.

Exempt these new rules from the current requirements applicable to other USF rules that the PSC review and revise them, as appropriate, on a biennial basis. In addition exempt the new program and its associated rules from being subject to the current requirement that the existing USF Council periodically advise the PSC on USF administration and rules.

*Initial Creation of the Educational Telecommunications Access Program.* Direct the PSC to promulgate the initial rule required for the educational telecommunications access program as an emergency rule, prior to the promulgation of the permanent rule establishing the program. Specify that this emergency rule would have to be promulgated no later than the 60th day following the general effective date of the budget and could remain in effect for a period not exceeding the current statutory limit on emergency rules, which is 150 days, with extensions possible for another 120 days. Stipulate that the PSC would not have to provide evidence of the necessity of preservation of the public peace, health, safety or welfare in order to promulgate this emergency rule.

*Required Reports.* Direct the PSC to submit an annual report to the TEACH Board on the status of providing data lines and video links to school districts. The report would also have to assess the impact on the USF of the required payments to telecommunications providers in excess of the required school district contributions for these access services.

Require the Governor to submit a report to the Joint Committee on Finance containing recommended changes to existing statutes or rules with respect to funding the educational telecommunications access program, if the Federal Communication Commission promulgates or modifies rules under those sections of the federal Telecommunications Act of 1996 relating to rate discounts for telecommunications services to school districts.

**Joint Finance:** Modify the Governor's recommendation by: (a) deleting the sum sufficient appropriation created under DOA to fund the educational telecommunications access program from the USF and instead creating a biennial sum certain appropriation under the TEACH Board; and (b) transferring the amounts which would have been appropriated under DOA ($2,500,000 SEG in 1997-98 and $3,000,000 SEG in 1998-99) to the TEACH appropriation.

Provide a grant to school districts in an existing contract signed as of May 1, 1997, for telecommunications access during the initial contract period, that can provide the PSC with documentation of their contract. Provide that the grant would apply to one T-1 or one DS-3 line in an annualized amount equal to the monthly subsidy other school districts would receive under the proposed telecommunications access program. Specify that a school district could not receive both this grant amount for a line as well as subsidized access for a line under the proposed access program. Provide that this annual grant for existing contracts would sunset at the end of 2001-02. Specify that the TEACH Board would determine the amount of the grant and that payments would begin at the same time that the proposed access program would take effect for other school districts. Provide $1,875,000 in 1997-98 and $2,500,000 in 1998-99 in the same appropriation created under the TEACH Board for the school district access program for the estimated costs of these payments.

Authorize each of the 16 Wisconsin Technical College System (WTCS) districts to request access to either a T-1 or DS-3 line and pay no more than $250 per month for access for either type of line, subject to the availability of funds in the sum certain appropriation that would be created for the K-12 school district access program. Specify that the TEACH Board, in cooperation with the PSC, would have to make a determination based on projected demand by April 1, 1998, whether there would be sufficient funding available to also fund WTCS access for the rest of the 1997-99 biennium. Provide that monies provided to WTCS districts would not count toward the state's funding of two-thirds of partial school revenues.

Create a biennial appropriation under the TEACH Board and provide $450,000 in 1997-98 and $716,400 in 1998-99 for the estimated cost of telecommunications access to public libraries and $280,000 in 1997-98 and $375,000 in 1998-99 for the estimated cost of telecommunications access to regionally accredited four-year nonprofit colleges and universities that are incorporated in this state or that have their regional headquarters and principal place of business in this state. Specify that this funding would be for access to either a T-1 or DS-3 line on the same terms as for K-12 schools. Provide that these monies would not count toward the state's two-thirds funding of partial school revenues.

Specify that: (a) "data line" would be defined as a data circuit that provides direct access to the Internet; and (b) "video link" would be defined as a two-way interactive video circuit. Require that the initial rule establishing the access program on an emergency rule basis would be subject to the approval of the Joint Committee on Information Policy and the Joint Committee on Finance under a 14-day passive review process. Require that the PSC consult with the Telecommunications Privacy Council before promulgating these rules.

**Assembly:** Modify Joint Finance provisions to allow private sectarian and nonsectarian primary and secondary schools to request access to a T-1 or DS-3 line on the same terms as public school districts. Create a separate biennial appropriation and provide $265,000 in 1997-98 and $355,000 in 1998-99 from the USF for this purpose.

Modify the provision that provides that institutions that participate in the TEACH telecommunications access program could request access to either a data line or video link and pay no more than $250 per month for each data line or video link, to specify that institutions would have to pay no more than $100 per month for a data line or video link that relies on a transport medium that operates at a speed of 1.544 megabits per second.

Modify the eligibility requirements for the telecommunications access grant program for school districts in existing telecommunications contracts to require that school districts would have to provide the PSC with documentation of a contract for telecommunications access in the initial period, signed as of the effective date of the budget, instead of by May 1, 1997.

**Senate/Legislature:** Modify the Joint Finance provisions to provide that tribally-controlled colleges would be defined as private colleges for the purposes of the TEACH telecommunications access program and could request access to a T-1 or DS-3 line from the TEACH Board on the same terms as other private colleges. No additional funding would be provided for this purpose.

**Veto by Governor [A-10]:** Delete the requirement that the PSC consult with the Telecommunications Policy Council before promulgating rules. Delete the requirement that the initial emergency rules be approved by the Joint Committees on Information Policy and Finance under a 14-day passive review process.

[Act 27 Sections: 148, 221, 270, 834, 916, 1347, 3145 thru 3147, 3149 thru 3152, 3154, 3155 and 9141(1)]

[Act 27 Vetoed Sections: 3150 and 9141(1)]

## 9. MODIFY DOA EDUCATIONAL TECHNOLOGY RESPONSIBILITIES [LFB Paper 797]

**Governor:** Modify DOA's responsibilities relating to the provision of educational technology services. Educational technology would have the same definition as under the TEACH Board.

a. Authorize the Division of Information Technology Services (DITS) in DOA to purchase educational technology materials, supplies, equipment or contractual services from orders placed with DOA by the TEACH Board on behalf of school districts, CESAs, WTCS districts and the UW System. Create a continuing PR appropriation within the TEACH Board to allow the expenditure of all monies received from school districts, CESAs and public educational institutions for the purchase or lease of educational technology equipment. Funds received would have to be used to purchase such equipment. No funding estimate is provided for 1997-99.

Under current law, DOA can negotiate with private vendors to facilitate the purchase of computers and other educational technology, by public and private K-12 teachers for their private use.

DOA must attempt to make available types of computers and other educational technology that will encourage and assist teachers in becoming knowledgeable about the technology and its uses and potential uses in education. Under this program, educational technology includes the use of technology in the administration of public libraries. Under the Governor's proposal, DOA would maintain these duties to negotiate computer purchases for teachers.

b. Authorize DOA to provide or contract for the provision of professional engineering, architectural, project management and other building construction services on behalf of school districts for the installation or maintenance of electrical and computer network wiring. DOA would assess fees for services provided and credit all revenues to its appropriation for services for nonstate governmental units.

c. Authorize DITS to coordinate with the TEACH Board to provide school districts with telecommunications access under the educational telecommunications access program that would be created within the PSC, and contract with telecommunications providers to provide such access. Establish a sum sufficient segregated appropriation under DOA for monies from the USF in PSC to pay any amounts due to telecommunications providers under contract with DOA to the extent that these amounts are not paid by school districts.

d. Provide $309,500 PR in 1997-98 and $373,700 PR in 1998-99 and 5.0 PR positions to provide administrative services to the TEACH Board and consulting services related to the wiring of schools districts. Funding and positions would be divided between DOA's Division of Facilities Development ($142,500 in 1997-98 and $172,000 in 1998-99 and 2.0 positions) and DITS ($167,000 in 1997-98 and $201,700 in 1998-99 and 3.0 positions). Positions in the Division of Facilities Development would be funded through charges assessed to school districts for the provision of professional engineering, architectural, project management and other building construction services for the installation or maintenance of electrical and computer network wiring. Funding for the positions in DITS would be provided from charges assessed to school districts, CESAs, the UW System and WTCS districts for educational technology materials, supplies, equipment or contractual services. (The fiscal effect of this item is shown under the "Department of Administration.")

**Joint Finance:** Modify the Governor's recommendation to, instead, provide $253,800 PR in 1997-98 and $306,500 PR in 1998-99 and 4.0 PR positions beginning in 1997-98. These four positions would include 1.0 PR permanent position and 1.0 PR four-year project position for each of DITS and DFD in DOA.

Clarify the Governor's recommendation to provide that, upon the request of the TEACH Board, DOA would delegate the authority to the TEACH Board to purchase educational technology equipment for use by school districts, CESAs and public institutions in this state. Specify that these entities would not be required to purchase or lease educational technology equipment from the TEACH Board.

**Assembly/Legislature:** Delete $84,600 in 1997-98 to reflect a three-month delay in funding these positions which would provide administrative and technical assistance to the TEACH Board.

[Act 27 Sections: 116, 117m, 117n, 120, 124, 125, 148, 150, 667, 1347 and 3150]

## 10. INCLUDE TEACH PROGRAMS IN TWO-THIRDS K-12 FUNDING

**Governor/Legislature:** Include all funds granted to school districts and CESAs by the TEACH Board, including school district block grants, grants to CESAs and the 50% of debt service paid out of GPR on loans to school districts as part of the state's share of two-thirds funding of K-12 partial revenues. In addition, the funding from the USF for the educational telecommunications access program for school districts would be included as part of the two-thirds funding calculation.

[Act 27 Sections: 270 and 2877]

## 11. ELIMINATE THE EDUCATIONAL TECHNOLOGY BOARD [LFB Paper 790]

**Governor/Legislature:** Eliminate the Educational Technology Board (ETB) which is attached to DOA. Under current law, the Board is responsible for awarding grants and loans to school districts under the pioneering partners program which is described below. The Board consists of: (1) an employe of DOA appointed by the Secretary; (2) an employe of the Division of Libraries and Community Learning in DPI; (3) a representative of public libraries appointed by the Governor; (4) a member of the Wisconsin Advanced Telecommunications Foundation appointed by the Governor; (5) a technical college district board member or employe; (6) an employe of a UW System institution or center; (7) an employe of the Public Service Commission; (8) a representative of a local or regional distance education network appointed by the Governor; and (9) a school board member or employe, appointed by the Governor. The fiscal effect of this provision is shown under DOA.

Transfer from ETB to the TEACH Board all contracts, rules and pending matters. Provide that all contracts that were in effect would remain in effect until their specified expiration date or until they were rescinded or modified by the TEACH Board. Specify that all rules promulgated and orders issued by ETB that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by the TEACH Board. Provide that for pending matters and all materials submitted to ETB or actions taken by ETB concerning the pending matter would be considered as having been submitted to or been taken by the TEACH Board.

[Act 27 Sections: 45, 53, 680, 819, 820, 824 and 9101(10)]

## 12. ELIMINATE THE PIONEERING PARTNERS EDUCATIONAL TECHNOLOGY GRANT AND LOAN PROGRAM [LFB Paper 791]

**Governor**: Eliminate the pioneering partners grant and loan program which, under the direction of ETB, provides competitive grants and loans to school districts and public libraries for the purposes of educational technology and distance education improvements including building infrastructure upgrades, staff and teacher professional development programs, telecommunications fee payments, curricular or administrative projects, and hardware and software purchases. Base funding for pioneering partners grants is $10,000,000 GPR annually, which would be deleted. The fiscal effect of this change is shown under "Administration."

The Board of Commissioners of Public Lands is currently required to reserve $15,000,000 annually from 1996-97 through 1999-2000 for low-interest state trust fund loans to school districts, counties, municipalities and consortia under this program. These loans would continue to be available and the availability would be extended under the bill by three fiscal years until 2002-03; however, applications for loans would be made directly to the Board of Commissioners of Public Lands, rather than through ETB or the TEACH Board.

**Joint Finance/Legislature:** Provide $5,000,000 GPR in 1997-98 for transition funding for the pioneering partners competitive grant program. Specify that no monies could be encumbered from this appropriation after June 30, 1998. Require that the TEACH Board distribute these competitive grants among the applicants to the February, 1997, funding cycle of the Educational Technology Board (ETB), based on the applications recommended for grants by ETB. Reduce funding for the general fund educational technology block grants distributed by the TEACH Board by $5,000,000 GPR in 1998-99. Provide that the base level funding for these general fund block grants would be considered to be $35,000,000 GPR in 1998-99 for purposes of the 1999-01 budget process. The fiscal effect of this modification is shown under TEACH, Item #3.

[Act 27 Sections: 151, 270, 681, 815, 816, 818 thru 820, 824 and 9101(10)]

## 13. PERFORMANCE-BASED BUDGETING FOR TEACH BOARD

**Assembly/Legislature:** Modify the provision of the budget relating to performance-based budgeting for the Departments of Transportation, Workforce Development, Natural Resources, Health and Family Services and Corrections, to also apply to the TEACH Board. Under this provision, the TEACH Board would be required, under the direction of DOA, to prepare proposed measures of program outcomes for each TEACH program. The proposed measures of program outcomes would have to be designed to allow the Governor and the Legislature to assess the performance of an agency's programs in terms of their success in achieving the identified program outcomes. No later than July 1, 1998, the TEACH Board would have to submit its proposed program outcome measures to DOA for approval.

**Veto by Governor [E-6]:** Remove the Departments of Workforce Development, Natural Resources, Health and Family Services and Corrections from the performance-based program budgeting provision.

[Act 27 Section: 9156(5m)]

[Act 27 Vetoed Section: 9156(5m)]

# TOURISM

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $23,340,400 | $23,323,200 | $23,150,900 | $23,225,900 | $23,150,900 | - $189,500 | - 0.8% |
| PR | 660,600 | 663,500 | 288,700 | 277,500 | 277,500 | - 383,100 | - 58.0 |
| SEG | 491,200 | 472,100 | 446,60 | 466,600 | 466,600 | - 24,600 | - 5.0 |
| TOTAL | $24,492,200 | $24,458,800 | $23,886,200 | $23,970,000 | $23,895,000 | - $597,200 | - 2.4% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 58.00 | 58.25 | 58.25 | 58.25 | 58.25 | 0.25 |
| PR | 5.00 | 3.00 | 1.00 | 1.00 | 1.00 | - 4.00 |
| SEG | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 |
| TOTAL | 66.00 | 64.25 | 62.25 | 62.25 | 62.25 | - 3.75 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $366,700 | - 2.00 |
| PR | 8,000 | 0.00 |
| SEG | - 44,600 | 0.00 |
| Total | - $403,300 | - 2.00 |

**Governor/Legislature:** Provide adjustments to the base budget for: (a) turnover (-$45,100 GPR annually); (b) removal of noncontinuing items (-$60,300 GPR and 2.0 positions in 1998-99); (c) full funding of salaries and fringe benefits (-$125,600 GPR, $2,800 PR and -$22,700 SEG annually); (d) full funding of financial services ($3,600 GPR, $1,200 PR and $100 SEG annually); (e) risk management costs ($3,900 GPR and $300 SEG annually); (f) full funding of lease costs and directed moves ($5,300 GPR annually); and (g) delayed full funding of salaries and fringe benefits ($4,700 GPR annually).

## 2. SPONSORSHIP OF TOURISM PUBLICATIONS [LFB Paper 800]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | $400,000 | - $200,000 | $200,000 |

**Governor:** Provide $200,000 for tourism promotions. Anticipated revenues would be provided from sponsors of Department publications and deposited to the Department's tourism promotion program revenue appropriation.

**Joint Finance/Legislature:** Delete $100,000 annually to reflect a reestimate of the revenues that could be generated in the biennium from the sponsorship of state tourism publications. Further, require the Department of Administration to promulgate administrative rules related to the standards to be used by state agencies that are authorized to seek the sponsorship of state publications.

**Veto by Governor [E-3]:** Delete the requirement that DOA promulgate administrative rules related to the standards to be used by state agencies that are authorized to seek sponsorship of state publications.

[Act 27 Vetoed Sections: 123n and 123r]

## 3. RENT INCREASE [LFB Paper 801]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $305,600 | - $197,800 | $107,800 |

$131,100 $75,700

**Governor:** Provide $131,000 in 1997-98 and 174,600 in 1998-99 to fund an increase in rent costs associated with the Department's relocation in 1997-98 into the newly-constructed WHEDA building expected to be completed by July 1, 1997. The Department currently pays annual rents of $119,800 for 8,260 square feet ($14.50/sq. ft.). Annual rent costs in the new building are estimated at $279,000 for approximately 13,000 square feet ($21.46/sq. ft.).

**Joint Finance/Legislature:** Delete $98,900 annually to fund a portion of the increased rent from the agency's base budget for travel and training.

## 4. HERITAGE TOURISM GRANTS [LFB Paper 802]

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $43,900 | 1.00 |

**Governor:** Provide $43,900 and 1.0 position in 1998-99 for the conversion of the heritage tourism grant program

administrator position from project to permanent. Further, repeal the separate heritage tourism grant program appropriation and allow the grants to be made from the Department's general operations appropriation. Base level funding of $134,200 annually designated for the grant program would instead be transferred to the general operations appropriation under the bill.

**Joint Finance/Legislature:** Maintain a separate heritage tourism grant appropriation. Further, delete the statutory references to the heritage tourism program as a "pilot" program (the program was created in 1989).

[Act 27 Sections: 458h, 1326b, 1326d, 1326f, 1326h, 1326j, 1326L and 1326n]

## 5. TRAVEL INFORMATION CENTERS [LFB Paper 803]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $0 | 1.25 | $25,500 | 0.00 | $25,500 | 1.25 |
| SEG | 25,500 | 0.00 | - 25,500 | 0.00 | 0 | 0.00 |
| Total | $25,500 | 1.25 | $0 | 0.00 | $25,500 | 1.25 |

**Governor:** Provide 1.25 GPR positions annually to staff the Marinette travel information center to be funded from the transfer of $31,400 annually from existing supplies and services funding. Further, provide $25,500 SEG in 1998-99 from the forestry account of the conservation fund for LTE wage increases for travel information center support staff.

**Joint Finance/Legislature:** Provide $25,500 GPR rather than $25,500 forestry SEG to fund LTE wage increases.

## 6. LICENSING STATE SYMBOLS, SURPLUS PROPERTY AND COUNTY ASSOCIATIONS GRANTS [LFB Paper 804]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $252,700 | 3.00 | - $174,800 | - 2.00 | - $11,200 | 0.00 | $66,700 | 1.00 |

**Governor:** Provide $120,200 in 1997-98 and $132,500 in 1998-99 and 3.0 positions to administer a state symbols and surplus property program and provide grants for international trade, business and economic development to the Wisconsin Counties Association as follows:

*Licensing State Symbols.* Provide the Department with exclusive rights and authority to license the commercial use of any state symbol or representation designed by the state or that is affixed to

state property for the purpose of manufacturing or marketing such merchandise. No person could use any state symbol or representation for commercial purposes for which the Department has exclusive rights or authority without being licensed by the Department. The Department would not have exclusive rights or authority over the commercial use of the following symbols or representations:

(a) those for which the state does not possess rights or authority;
(b) those relating to the University of Wisconsin System;
(c) the state coat of arms, state flag, state song, state dance and other statutorily designated state symbols;
(d) those relating to the State Historical Society;
(e) uniform labels or trademarks adopted by the Department of Agriculture, Trade and Consumer Protection for brands of Wisconsin for brands of Wisconsin products;
(f) those relating to the state lottery; and
(g) prison products containing the words "convict-made".

The Department would have the authority to do the following relating to state symbols or representations for which it has exclusive rights: (a) market or sell any article of merchandise on which the symbol or representation is affixed; (b) license persons to use the symbol or representations for commercial purposes; and (c) contract for the manufacturing or marketing of merchandise on which the symbol or representation is affixed.

The Department would be required to enter into a contract with one or more statewide counties organizations to market or sell merchandise on which is affixed a symbol or representation for which the Department has exclusive rights. The Department would promulgate rules to administer its authority, including the establishing of license fees. The rules would be required to be submitted to the Legislative Council staff no later than first day of the sixth month beginning after the effective date of the bill.

*Sale of Surplus State Equipment.* Provide the Department of Tourism authority to request excess or surplus state personal property (supplies, materials, and equipment) from the Department of Transportation and any state agency through the Department of Administration at no cost and sell the property at a price determined by the Department of Tourism. Under current law, agencies receiving surplus or excess equipment from another agency or from federal resources are required to pay some amount for that property. The Department of Tourism would be required to enter into a contract with a statewide counties organization to sell property acquired as surplus.

*Grant Program.* Provide grants to statewide organizations representing counties to promote international trade, business and economic development in the state. Organizations receiving grants would be limited to those that: (a) are a statewide organization created for the purpose of protecting county interests and promoting better county government; (b) have promoted international trade, business and economic development prior to the effective date of the bill; (c) enter into a written agreement with Tourism that specifies the conditions for use of the grants, including reporting and auditing; and (d) agree to submit a written report to the Department detailing how the grant proceed

were used within six month of spending the full amount of the grant. (Although not specifically identified in the bill, it appears that these provisions would be applicable only to the Wisconsin Counties Association.)

Tourism administration and grants to the counties association would be funded from the following revenues: (a) one-fourth of the revenues received from the sale, marketing, or the licensing of those who sell or market, merchandise on which is affixed a state symbols or representations or the sale of surplus state personal property; or (b) one-half of the revenues received from statewide county organizations that contract with the Department to sell or market merchandise with state symbols or surplus state equipment.

**Joint Finance:** Delete the Governor's recommendation. Rather, provide $33,700 in 1997-98 and $44,200 in 1998-99 with 1.0 position. Authorize Tourism to request excess or surplus state property from the Department of Transportation and any state agency through DOA at no cost if agreed to by the agency from which the property originated. ~~Further, require that 50% of the revenues generated from the sale of surplus or excess property be used to fund tourism promotion and 50% of revenues be deposited to the general fund as GPR-earned.~~ Revenues from the sale of surplus or excess property by Tourism are uncertain.

**Assembly/Legislature:** Delete $11,200 in 1997-98 to reflect a three month delay of funding for the position authorized under the bill to administer the Department's surplus property program.

**Veto By Governor [B-31]:** Delete the provision that requires that 50% of revenues be deposited to the general fund as GPR-earned. As a result, all revenues would be deposited to Tourism's program revenue appropriation.

[Act 27 Sections: 118, 149, 459, 1327 and 2472]

[Act 27 Vetoed Sections: 459 and 1327]

## 7. MILWAUKEE SYMPHONY RADIO SHOW [LFB Paper 805]

**Governor:** Require that the Department allocate $25,000 annually from its GPR tourism marketing appropriation for the media sponsorship of musical events. The Governor indicates that the funding would be used to support the Milwaukee Symphony radio show. Base funding for tourism marketing is $7,741,000 GPR, of which $125,000 is required to be used to conduct or contract for marketing activities related to sporting activities or events.

**Joint Finance\Legislature:** Specify that the allocation of funds would be for state sponsorship of, and advertising during, media broadcasts of the Milwaukee Symphony radio show.

[Act 27 Section: 457]

## 8. MARKETING CLEARINGHOUSE ACTIVITIES

| | Chg. to Base Funding | Positions |
|---|---|---|
| PR | - $657,800 | - 5.00 |

**Governor/Legislature:** Delete $328,900 and 5.0 positions annually associated with the Department's marketing clearinghouse program activities. The marketing clearinghouse program functions were created in the 1995-97 biennial budget. No program revenues associated with the program activities have been generated, nor have any of the five staff positions been filled. The Department's statutory authority to conduct the program and the associated program revenue appropriation are not repealed.

## 9. CONSOLIDATE ADMINISTRATIVE SERVICES APPROPRIATIONS

**Governor/Legislature:** Delete Tourism's administrative and general program appropriations and consolidate appropriations under its tourism development promotion program as follows: (a) repeal the administrative services general operations appropriation and transfer the $804,700 GPR and 12.5 GPR positions in that appropriation to the Department's tourism promotion general operations appropriation; (b) renumber the segregated (conservation fund) administrative services appropriation; (c) renumber the administrative services public and private sources program revenue appropriation and require any funding to be used for tourism promotion; and (d) delete a federal and a program revenue administrative services appropriation (no funding is available).

[Act 27 Sections: 461 thru 467]

## 10. FILM PROMOTION OF MONONA TERRACE PROJECT

**Joint Finance:** Require the Department to expend $13,500 GPR from its general marketing appropriation for the production of a film to document the construction of the Frank Lloyd Wright Monona Terrace Convention Center. The one-time grant would allow the Monona Terrace Film Group to produce the film (estimated at $7,500) and develop Japanese and German translations ($6,000).

**Assembly:** Delete provision.

**Senate/Legislature:** Restore provision.

[Act 27 Sections: 457 and 9148(2f)]

## 11. PLAN TO PROMOTE WISCONSIN TOURISM TO CANADA

**Joint Finance\Legislature:** Require the Department of Tourism to develop a plan to market Wisconsin tourism opportunities to residents of Canada. Further, require the Department to submit the plan to the Governor and appropriate standing committees of the Legislature by January 1, 1998.

[Act 27 Section: 9148(2g)]

## 12. COUNTY TOURISM AID

| | Senate/Leg. (Chg. to Base) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|
| GPR | $75,000 | - $75,000 | $0 |

**Senate/Legislature:** Provide $30,000 GPR in 1997-98 and $45,000 GPR in 1998-99 only for grants to the Florence County forestry and parks department, Pierce County Partners in Tourism and Polk County Tourism Council. Each grantee would receive a $10,000 grant in 1997-98 and a $15,000 grant in 1998-99 as compensation for the distribution of state tourism materials.

**Veto by Governor [B-30]:** Delete provision.

[Act 27 Vetoed Sections: 169 (as it relates to 20.380(1)(c)), 458m, 458p, 9148(3m) and 9448]

## 13. KICKAPOO RESERVE MANAGEMENT BOARD

| | Chg. to Base |
|---|---|
| SEG | $20,000 |

**Assembly/Legislature:** Provide an additional $20,000 SEG in 1997-98 from the forestry account of the conservation fund for the general operations of the Kickapoo Reserve Management Board. Base funding is $180,800 annually.

## 14. TEN CHIMNEYS MARKETING AND RESTORATION

**Assembly/Legislature:** Require that the Department provide $50,000 in 1997-98 from its GPR tourism marketing appropriation to the Ten Chimney Foundation for the development of a plan to market, and raise funds for the restoration of, the ten chimneys estate in Waukesha County. The foundation would be required to match the $50,000. The Department's annual tourism marketing funding is $7,741,000.

[Act 27 Sections: 457 and 9148(2x)]

## 15. AGENCY BUDGET REDUCTIONS

| | Chg. to Base |
|---|---|
| GPR-Lapse | $134,600 |

**Assembly/Legislature:** Require that the Secretary of DOA allocate annually reductions of $67,300 to Tourism's sum certain state operations appropriations to be achieved by requiring Tourism to lapse the requisite amount from among its state operations GPR appropriations. Further, provide that in the event the Secretary of DOA determines in either fiscal year that any state agency subject to this requirement cannot reduce expenditures as required, the Secretary of DOA shall submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the required reductions. The plan must be approved by the Committee under a 14-day passive review procedure.

[Act 27 Section: 9156(6ng)]

# TRANSPORTATION

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| FED | $709,426,800 | $783,736,800 | $810,236,800 | $818,536,800 | $818,536,800 | $109,110,000 | 15.4% |
| PR | 521,600 | 1,734,500 | 4,353,700 | 4,290,500 | 4,290,500 | 3,768,900 | 722.6 |
| SEG | 1,950,546,000 | 1,993,288,500 | 2,157,158,300 | 2,162,260,100 | 2,162,260,100 | 211,714,100 | 10.9 |
| SEG-L | 98,906,600 | 101,422,700 | 126,686,900 | 126,811,900 | 126,811,900 | 27,905,300 | 28.2 |
| SEG-S | 281,969,800 | 247,335,500 | 264,615,500 | 282,244,500 | 282,244,500 | 274,700 | 0.1 |
| TOTAL | $3,041,370,800 | $3,127,518,000 | $3,363,051,200 | $3,394,143,800 | $3,394,143,800 | $352,773,000 | 11.6% |
| BR | | $147,286,800 | $211,720,100 | $231,920,900 | $231,920,900 | | |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| FED | 959.17 | 949.92 | 939.32 | 946.62 | 946.62 | - 12.55 |
| PR | 3.00 | 5.00 | 18.00 | 17.00 | 17.00 | 14.00 |
| SEG | 2,954.10 | 2,920.78 | 2,896.13 | 2,917.33 | 2,917.33 | - 36.77 |
| SEG-S | 20.00 | 18.00 | 18.00 | 17.00 | 17.00 | - 3.00 |
| TOTAL | 3,936.27 | 3,893.70 | 3,871.45 | 3,897.95 | 3,897.95 | - 38.32 |

### Budget Change Items

## Transportation Finance

### 1. TRANSPORTATION FUND CONDITION STATEMENT

The following condition statement is based on transportation fund revenues and appropriations as provided in Act 27.

| | 1997-98 | 1998-99 |
|---|---|---|
| Unappropriated Balance, July 1 | -$7,095,800 | $3,591,100 |
| **Revenues** | | |
| Motor Fuel Tax | $741,979,700 | $785,584,900 |
| Vehicle Registration Fees | 308,825,600 | 326,257,400 |
| Less Revenue Bond Debt Service | -74,665,300 | -82,844,700 |
| Net Registration Fees | 234,160,300 | 243,412,700 |
| Driver's License Fees | 25,774,700 | 30,806,400 |
| Miscellaneous Motor Vehicle Fees | 26,318,200 | 35,291,300 |
| Aeronautical Fees and Taxes | 7,897,600 | 7,720,600 |
| Railroad Revenue | 11,479,200 | 10,332,900 |
| Motor Carrier Fees | 3,075,000 | 3,050,000 |
| Investment Earnings | 7,194,300 | 9,514,000 |
| Miscellaneous Revenue | 10,450,100 | 10,650,100 |
| Total Annual Revenues | $1,068,329,100 | $1,136,362,900 |
| Total Available | $1,061,233,300 | $1,139,954,000 |
| **Appropriations and Reserves** | | |
| DOT Appropriations | $1,042,463,000 | $1,119,261,900 |
| Other Agency Appropriations | 14,690,600 | 15,890,500 |
| Less Estimated Lapses | -3,490,000 | -3,500,000 |
| Compensation and Other Reserves | 3,978,600 | 8,192,400 |
| Net Appropriations and Reserves | $1,057,642,200 | $1,139,844,800 |
| Unappropriated Balance, June 30 | $3,591,100 | $109,200 |

## 2. MOTOR VEHICLE FUEL TAX RATE [LFB Paper 816]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $55,400,000 | - $5,200,000 | $50,200,000 |

**Joint Finance:** Increase the motor vehicle fuel tax rate by one cent per gallon (from 23.8¢ per gallon to 24.8¢ per gallon), effective September 1, 1997. Estimate increased transportation fund revenue at $24,800,000 in 1997-98 and $30,600,000 in 1998-99.

**Assembly/Legislature:** Delay the increase in the motor vehicle fuel tax rate from September 1, 1997, to November 1, 1997. Decrease estimated transportation fund revenue by $5,200,000 in 1997-98.

[Act 27 Sections: 2412m, 2414s, 2418g, 2418r, 2428 and 2428m]

## 3. MOTOR VEHICLE FUEL TAX INDEXING FORMULA [LFB Paper 817]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $23,010,000 | - $3,830,000 | $19,180,000 |

**Joint Finance:** Modify the current motor fuel tax indexing formula by adding a third adjustment factor for changes in vehicle miles traveled in Wisconsin, as calculated by the Department of Transportation, between the two prior years, effective with the April 1, 1998, indexing calculation. Require DOT to promulgate administrative rules to establish the procedure for estimating vehicle miles traveled for this purpose. Estimate increased transportation fund revenue at $3,820,000 in 1997-98 and $19,190,000 in 1998-99 to reflect estimated tax rates of 25.5 cents per gallon on April 1, 1998, and 26.2 cents per gallon on April 1, 1999, under the combination of this change and the proposed one cent statutory increase in the rate.

**Assembly/Legislature:** Delete both the proposed adjustment factor for changes in vehicle miles traveled and the current law adjustment factor for changes in motor fuel consumption. Therefore, effective with the April 1, 1998, indexing calculation, the motor fuel tax rate would be adjusted to reflect only changes in the consumer price index. Decrease estimated transportation fund revenue by $760,000 in 1997-98 and $3,070,000 in 1998-99 to reflect estimated tax rates of 25.4¢ per gallon on April 1, 1998, and 26.1¢ per gallon on April 1, 1999, under single-factor indexing and the one cent statutory increase in the rate.

[Act 27 Sections: 2414rm, 2414rn and 9343(10q)]

## 4. FUEL TAX EXEMPTION FOR OFF-HIGHWAY USES [LFB Paper 823]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $5,272,000 | - $477,200 | $4,794,800 |

**Joint Finance:** Limit vendor sales of exempt motor fuel for off-highway uses to dyed diesel fuel, effective September 1, 1997. Estimate increased transportation fund revenue at $2,386,000 in 1997-98 and $2,886,000 in 1998-99 to reflect this change.

**Assembly/Legislature:** Delay the effective date for this provision from September 1, 1997, to November 1, 1997. Estimate decreased transportation fund revenue at $477,200 in 1997-98 to reflect this delay.

[Act 27 Sections: 2413m, 2414n, 2438m and 9443(15j)]

## 5. ALTERNATE FUEL TAX RATE

| | Chg. to Base |
|---|---|
| SEG-REV | - $628,000 |

**Assembly/Legislature:** Modify the motor fuel tax rate for alternate fuels by taxing those fuels at separate rates, effective November 1, 1997. Define the rate for each type of alternate fuel as the result of dividing the average energy content level of a gallon of the alternate fuel, expressed in BTUs, by the average energy content level of a gallon of gasoline, expressed in BTUs, and multiplying that result by the motor vehicle fuel tax rate. Decrease estimated transportation fund revenue by $248,000 in 1997-98 and $380,000 in 1998-99.

[Act 27 Sections: 2428g and 9143(2r)]

## 6. REGISTRATION FEE INCREASE -- AUTOMOBILES [LFB Paper 818]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $26,450,000 | - $3,606,000 | $22,844,000 |

**Joint Finance:** Increase the automobile registration fee by $5 (from $40 to $45), effective September 1, 1997. Estimate increased transportation fund revenue at $12,020,000 in 1997-98 and $14,430,000 in 1998-99 to reflect this change.

**Assembly/Legislature:** Delay the effective date for the increase from September 1, 1997, to December 1, 1997. Decrease estimated transportation fund revenue by $3,606,000 in 1997-98.

[Act 27 Sections: 4000r and 9449(8m)]

## 7. REGISTRATION FEE INCREASE -- TRUCKS [LFB Paper 820]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $20,950,000 | - $2,817,000 | $18,133,000 |

**Joint Finance:** Increase registration fees for vehicles registered based on their gross vehicle weight (buses, trucks, truck tractors, trailers, motor homes, trucks hauling dairy and forest products and farm trucks) by 7.5%, effective September 1, 1997. Estimate increased transportation fund revenue at $9,390,000 in 1997-98 and $11,560,000 in 1998-99 to reflect this change.

**Assembly/Legislature:** Delay the effective date for the increase from September 1, 1997, to December 1, 1997. Decrease estimated transportation fund revenue by $2,817,000 in 1997-98.

[Act 27 Sections: 4003g, 4003m, 4006m, 4007m and 9449(8m)]

## 8. VEHICLE RENTAL FEE

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $8,670,000 | $2,180,000 | $10,850,000 |

**Joint Finance:** Impose a fee to be paid by establishments primarily engaged in vehicle rental or leasing at a rate of 2% on the gross receipts from the rental or leasing for periods of 30 days or less of automobiles, station wagons, motor trucks, road tractors, truck tractors, semitrailers, trailers, motor buses, mobile homes, motor homes or camping trailers, as each is defined in Chapter 340 of the state statutes, if those vehicles are rented without drivers, effective with rentals as of January 1, 1998. Exclude transactions where vehicles are rented as service or repair replacement vehicles. Extend the following sales tax exemptions to the vehicle rental fee:

- rentals where a tax is prohibited by the constitution or laws of the United States or by the Wisconsin Constitution;
- rentals meeting the definition of occasional sale;
- rentals by the state, its agencies, the University of Wisconsin Hospitals and Clinics, Wisconsin local governments, and organizations operated for religious, charitable, scientific or educational purposes.

Require the Department of Revenue to administer the fee and extend applicable provisions related to the state sales tax to the administration of the car rental fee, including the requirement for

establishments subject to the fee to register with DOR. Require proceeds of the car rental fee to be deposited in the transportation fund and estimate increased transportation fund revenue at $2,870,000 in 1997-98 and $5,800,000 in 1998-99.

**Assembly/Legislature:** Modify the provision as follows: (a) delay the effective date from January 1, 1998, to April 1,1998; and (b) increase the fee by an additional 1.0%, so that a fee of 3%, as opposed to 2%, would result. Decrease estimated transportation fund revenue by $720,000 in 1997-98 and increase estimated transportation fund revenue by $2,900,000 in 1998-99 to reflect the delayed effective date (-$1,435,000 in 1997-98) and the increased fee ($715,000 in 1997-98 and $2,900,000 in 1998-99).

[Act 27 Sections: 852h, 2379m, 2410t and 9443(15k)]

## 9. LIMOUSINE SERVICE FEE

| | Chg. to Base |
|---|---|
| SEG-REV | $375,000 |

**Assembly/Legislature:** Impose a fee to be paid by establishments engaged in vehicle rental or leasing at a rate of 5% on the gross receipts from furnishing local and suburban passenger transportation by limousine with a driver, effective with rentals as of April 1, 1998. Define limousine as a passenger automobile with a capacity of ten persons or less, exclusive of the driver, that has a minimum of five seats located behind the operator and is operated for hire on an hourly basis under a prearranged contract for the transportation of passengers on public roads and highways along a route under the control of the person hiring the vehicle and not over a defined regular route. Specify that this definition excludes taxicabs, hotel or airport shuttles or buses, buses employed solely in transporting school children or teachers, vehicles owned and operated without charge or remuneration by a business entity for its own purposes, vehicles used in car pools or van pools, public agency vehicles not operated as a commercial venture, ambulances, any vehicle used exclusively in the business of funeral directing and vehicles used to provide transportation services under the employment transit assistance (Job Ride) program.

Extend the following sales tax exemptions to the limousine service fee:

- Rentals where a tax is prohibited by the constitution or laws of the United States or by the Wisconsin Constitution;
- Rentals meeting the definition of occasional sale;
- Rentals by the state, its agencies, the University of Wisconsin Hospitals and Clinics, Wisconsin local governments, and organizations operated for religious, charitable, scientific or educational purposes.

Require the Department of Revenue to administer the fee and extend applicable provisions related to the state sales tax to the administration of the limousine service fee, including the requirement that establishments subject to the fee register with DOR. Require proceeds of the fee

to be deposited in the transportation fund and estimate increased transportation fund revenue at $75,000 in 1997-98 and $300,000 in 1998-99.

[Act 27 Sections: 852h, 2379m, 2410t and 9443(15k)]

## 10. TITLE FEE INCREASE [LFB Paper 821]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $6,279,000 | $1,312,900 | $7,591,900 |

**Joint Finance:** Increase the title fee by $2.50 (from $12.50 to $15.00), effective September 1, 1997, and specify that the increase be deposited in the transportation fund. Estimate increased transportation fund revenue at $2,854,000 in 1997-98 and $3,425,000 in 1998-99 to reflect this change.

**Assembly/Legislature:** Modify the provision as follows: (a) delay the effective date from September 1, 1997, to December 1, 1997; and (b) increase the fee by an additional $1, so that a fee of $16, as opposed to $15, would result. Decrease estimated transportation fund revenue by $57,100 in 1997-98 and increase estimated transportation fund revenue by $1,370,000 in 1998-99 to reflect the delayed effective date (-$856,200 in 1997-98) and the increased fee ($799,100 in 1997-98 and $1,370,000 in 1998-99).

[Act 27 Sections: 4043m, 4044m and 9349(4)(af)]

## 11. AVIATION FUEL TAX RATE INCREASE

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $162,000 | - $162,000 | $0 |

**Joint Finance:** Impose a 0.5 cent per gallon increase in the aviation fuel tax (from 6.0¢ per gallon to 6.5¢ per gallon), effective September 1, 1997. Estimate increased transportation fund revenue at $72,500 in 1997-98 and $89,500 in 1998-99 to reflect this change.

**Assembly/Legislature:** Delete provision.

## 12. TRANSFER NONPOINT TITLE FEE TO TRANSPORTATION FUND

| | Chg. to Base |
|---|---|
| SEG-REV | $20,550,000 |

**Assembly/Legislature:** Specify that revenues generated by the $7.50 title fee that are currently deposited in the environmental fund would be deposited in the transportation fund, effective July 1, 1997. Increase estimated transportation fund revenue by $10,275,000 annually and reduce estimated revenue for the environmental fund by an identical amount. Create a GPR, sum sufficient appropriation to transfer an amount from the general fund to the environmental fund equal to the amount attributable to the $7.50 title fee in the prior fiscal year. Require DOT to certify this amount to DOA for 1996-97 by October 1, 1997, or the fifteenth day after the effective date of the bill, whichever is later. In subsequent years, require DOT to certify the transfer amount for the previous fiscal year by October 1. Require DOA to transfer the amount to the environmental fund by October 15, 1997, or the fifteenth day after DOT certifies the amount to be transferred in 1997 and on October 1 annually, thereafter. Estimate the transfer at $10,275,000 GPR annually to reflect the estimated collections from the $7.50 title fee. The fiscal effect of the new appropriation is shown under "Miscellaneous Appropriations."

[Act 27 Sections: 167, 719r, 849m, 873m, 899m, 2476g, 4044r, 9101(1c), 9149(1c) and 9449(3b)]

## 13. USE GPR FOR SELECTED OTHER AGENCY APPROPRIATIONS [LFB Paper 825]

**Joint Finance/Legislature:** Convert all of the appropriations from the transportation fund to other agencies to the general fund, with the exception of the transfers related to motorboats, snowmobiles and all-terrain vehicles, the terminal tax distribution and the two DOR appropriations for administering transportation fund taxes. Provide $14,574,300 GPR in 1997-98 and $14,544,300 GPR in 1998-99 to fund these appropriations and delete SEG funding by corresponding amounts.

Specify that an amount equal to the encumbrances or expenditures from these appropriations between July 1, 1997, and the effective date of the bill would be transferred from the general fund to the transportation fund. Provide that expenditures or encumbrances from continuing appropriation balances existing on June 30, 1997, would be disregarded in computing the amount of any transfer from the general fund to the transportation fund. Continuing appropriation balances on June 30, 1997, would be retained within the new, GPR appropriations. The fiscal effects for this conversion are shown under the affected agencies.

The following table lists the affected appropriations and the corresponding funding amounts affected by this conversion.

| | Transfer from SEG to GPR | |
|---|---|---|
| | 1997-98 | 1998-99 |
| Regional Emergency Response Teams | $1,400,000 | $1,346,700 |
| Emergency Response Administration | 79,600 | 79,600 |
| Emergency Response Equipment | 568,000 | 568,000 |
| Emergency Response Training | 75,500 | 75,500 |
| Civil Air Patrol Aids | 19,000 | 19,000 |
| Emissions Inspection & Maintenance Program | 60,100 | 60,100 |
| State Park and Forest Roads | 1,900,000 | 1,900,000 |
| Automobile Repair Regulation | 360,100 | 361,900 |
| Driver's Education Training Courses | 61,000 | 61,000 |
| Driver's Education -- School Districts | 4,498,400 | 4,493,700 |
| Driver's Education -- Technical Colleges | 322,000 | 322,000 |
| Chauffeur Training Grants | 200,000 | 200,000 |
| Division of Hearings and Appeals | 143,200 | 143,200 |
| Employment Transit Assistance | 579,100 | 579,100 |
| Car-Killed Deer Program | 233,500 | 260,000 |
| EMT Basic Training | 179,900 | 179,900 |
| EMS General Program Operations | 362,900 | 362,600 |
| EMS Direct Aids | 2,200,000 | 2,200,000 |
| Computers for TIME System | 1,048,500 | 1,048,500 |
| WCC General Enrollee Operations | 281,100 | 281,100 |
| Historical Markers | 2,400 | 2,400 |
| TOTAL | $14,574,300 | $14,544,300 |

[Act 27 Sections: 170m, 222m, 243m, 263g, 265m, 277r, 284g, 284m, 284r, 326m, 341m, 358m, 567m, 568g, 617g, 617m, 617r, 642m, 645m, 652b, 652c, 652cm, 652d, 652g, 652x, 654g, 654m, 685g, 698m, 852f, 854k, 854L, 854m, 1190m, 1191n, 1348g, 1348m, 2474m, 2767s, 2767x, 2881m, 3004, 3005, 3007, 3116m, 3117p, 3117t, 3279m, 3988m, 5508td, 5508tg, 5510em and 9249(1m)]

## 14. MONTHLY TRANSPORTATION AID PAYMENTS [LFB Paper 824]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG-REV | $2,099,000 | - $2,099,000 | $0 |

**Joint Finance:** Establish a monthly payment schedule for general transportation and connecting highway aid payments, effective with 1998 payments, and increase estimated transportation fund interest earnings by $711,000 in 1997-98 and $1,388,000 in 1998-99. These aid payments are now made on a quarterly basis.

**Assembly/Legislature:** Delete provision.

## 15. TRANSPORTATION INFRASTRUCTURE LOAN PROGRAM [LFB Paper 811]

| | Chg. to Base |
|---|---|
| BR | $100 |

**Governor:** Create a transportation infrastructure loan program and transportation infrastructure loan fund. Require DOT to administer the program, in cooperation with DOA.

The National Highway System Designation Act of 1995 established the State Infrastructure Bank Pilot Program. Under the Act, the U.S. Department of Transportation may enter agreements with up to ten states to establish state infrastructure banks or multistate infrastructure banks. Subsequent federal legislation removed the ten state limitation on the number of participating states and provided $150 million for distribution. The program permits federal funds to be combined with state funds, equal to 25% of the federal amount, and used to leverage other resources and encourage new investment in transportation infrastructure. Federal funds and the state matching funds (which could consist of state or local revenue) may be combined to make loans, provide credit enhancements, serve as a capital reserve for bond and debt refinancing, subsidize interest rates, issue letters of credit, finance purchase and lease agreements, provide debt financing security or provide other forms of financial assistance for local government projects. Projects include construction projects eligible for federal highway aid and transit capital projects. As local governments repay the funds, the state infrastructure bank would make new financial assistance available for other projects, thereby continually recycling and leveraging the initial funds. Wisconsin has applied to the U.S. DOT to participate in the program.

The bill contains provisions establishing the program's financial structure, requiring DOT to administer the program, authorizing the issuance of revenue bonds for the program, establishing investment management procedures related to the program and requiring the promulgation of administrative rules for the program.

*Financial Structure.* Establish separate accounts within the transportation infrastructure loan fund related to transit and to highways. Authorize DOA, in consultation with DOT, to establish other accounts within the fund and subsequently make changes to those accounts. Specify that the fund would consist of: (a) monies received from the federal transportation infrastructure bank pilot program for transit or highway projects; (b) state funds appropriated to the program or transferred from other appropriations to meet federal matching requirements; (c) principal and interest payments on loans from the fund; (d) proceeds from revenue obligations issued for the program; and (e) gifts, grants and bequests to the fund.

Create the following continuing appropriations from the fund to segregate program expenditures by the various funding sources: (a) a SEG-S appropriation of all revenues transferred from DOT's freight rail infrastructure improvements, major highway development and state highway rehabilitation appropriations to make loans and provide assistance; (b) a SEG appropriation from otherwise unappropriated fund revenues (this would include proceeds from the sale of revenue obligations,

investment earnings of the fund and any other undesignated revenues) to make loans, provide assistance, reimburse the cost of issuing and managing revenue obligations, and provide reserve funds; (c) a FED appropriation of all federal funds received for the program to make loans and provide assistance; (d) a SEG-L appropriation of all repayments of principal and interest from local governments to make loans, provide assistance, retire revenue obligations, provide reserve funds and administer the program; and (e) a SEG appropriation of all revenues from gifts, grants and bequests to be used for the purposes for which made.

*DOT Program Responsibilities.* Authorize DOT to make loans and provide other assistance to local governments for highway and transit capital projects and to enter into agreements with the U.S. Department of Transportation to receive capitalization grants under the transportation infrastructure bank pilot program (PL 104-59, Section 350), which allows states to provide assistance in the form of loans, credit enhancements, interest rate subsidies or other financial assistance to local governments for highway and transit capital projects. Require loans and assistance under the state program to comply with federal laws, regulations, guidelines or policies. Authorize DOT to transfer monies from the existing appropriations for freight rail infrastructure improvements, major highway development and state highway rehabilitation to meet state matching requirements under federal law. Prohibit DOT from making any loans or providing any assistance unless the Secretary of DOA approves the loan or assistance and determines that amounts in the fund plus anticipated revenues are sufficient to fully repay principal and interest on the program's outstanding revenue obligations.

*Revenue Obligations.* Authorize the Building Commission to contract for revenue obligations for the program when it reasonably appears that the obligations can be fully paid on a timely basis from monies received or anticipated to be received by the fund. Limit the amount of obligations under the program to $100, excluding obligations issued to refund outstanding revenue obligations. (Once the program's revenue needs are known, the administration intends to request a higher bonding level.) Authorize DOA to allow fund revenues to be deposited in a separate state fund or an account maintained by a trustee outside the state treasury, in order to guarantee the repayment of revenue obligations. Specify that revenues deposited with a trustee are the trustee's revenues. Authorize the Building Commission to pledge any portion of the revenues in the separate state fund or in the transportation infrastructure loan fund to be used to secure the program's revenue obligations. Authorize DOA to enter other agreements related to providing additional security for the program's revenue obligations.

*Investment Management.* Authorize DOA to direct the State of Wisconsin Investment Board in the investment of fund revenues and the collection of principal and interest on monies loaned or invested from the fund. Specify that in making such an investment, the Board must accept any reasonable terms and conditions specified by DOA and that the Board is relieved of any obligations relevant to prudent investment of the fund. Allow DOA to purchase, acquire, sell, dispose of or create a security interest in loans under the program. Provide that the disposition may be at the price and terms believed to be reasonable by DOA and may be made at public or private sale. Provide that all of the following conditions must occur before DOA may take any of these actions: (a) the action

provides a financial benefit to the fund; (b) the action does not contradict or weaken the purposes of the fund; and (c) the Building Commission approves the action before DOA acts.

*Administrative Rules.* Require DOA and DOT to promulgate rules necessary to administer the program, including the terms and conditions of loans and assistance and the criteria for determining eligible applicants and projects. Require the eligibility criteria to include: (a) the impact of a project on accelerating the completion of a major highway development project; (b) the statewide and local economic impact of a project; (c) the level of commitment by the applicant; and (d) the type and quality of intermodal transportation facilities affected by the project. Allow DOA and DOT to charge and collect fees, established by rule, from applicants to recover administrative costs related to the program.

**Joint Finance/Legislature:** Modify the proposed transportation infrastructure loan program and transportation infrastructure loan fund as follows:

a. Remove the provisions allowing DOT to transfer amounts from the freight rail infrastructure improvement, major highway development and state highway rehabilitation appropriations and, instead, require DOT to submit a request to the Joint Committee on Finance specifying the amounts the Department proposes to be transferred to the loan fund and corresponding reductions in transportation fund appropriations.

b. Specify that DOT can not encumber any funds for projects under the transportation infrastructure loan program, other than funds specifically transferred to the program, revenue bond proceeds and federal funds received specifically for the purpose of creating a transportation infrastructure loan program.

c. Include the following entities in the list of applicants eligible for assistance under the program: (1) Amtrak; (2) railroads; (3) private, nonprofit organizations eligible for assistance under the elderly and disabled capital assistance program; and (4) transit commissions, including rail transit commissions.

[Act 27 Sections: 485 thru 489, 836, 852, 855 and 2485]

## 16. FEDERAL HIGHWAY AID [LFB Paper 812]

**Governor:** Estimate federal highway aid at $336 million in both 1997-98 and 1998-99. Estimate the use of federal highway aid at $371 million in 1997-98 and $336 million in 1998-99. The figure for 1997-98 includes $35 million in aid from federal fiscal year 1997 that would be "carried-over" from state fiscal year 1996-97 plus $336 million in new federal highway aid. That compares to federal aid of $331 million in 1995-96 and $371 million in 1996-97 (including the $35 million to be "carried-over").

The following table shows how the bill would allocate federal highway aid by appropriation during 1997-99. The first column shows the base level for each appropriation (doubled to provide a biennial comparison) with the following modifications: (a) standard budget adjustments; (b) changes to DOT appropriations to reflect the Department's reorganization of divisions and program administration, which was implemented beginning in February, 1996; and (c) an increase of $14.4 million in the state highway rehabilitation program to reflect the actual federal aid received for that program in 1996-97. The second and third columns show the proposed funding and change to the modified base.

The changes shown in the third column reflect the following proposals (described in more detail in separate items): (a) the proposed use of congestion mitigation and air quality improvement funds for rail passenger service and motor vehicle emission inspection and maintenance; (b) the transfer of base transportation enhancement funds from the local transportation facility improvement program to a separate appropriation for transportation enhancement grants; (c) the use of $35 million in federal funds "carried-over" from 1996-97 to reduce the use of bonding in the major highway development program in 1997-98; (d) the provision of funds in the state highway maintenance appropriation to fund the Milwaukee freeway system's traffic operations center; and (e) the reduction of funding for the state highway rehabilitation program to reflect the total amount of federal funding available.

The fiscal effect of these changes is shown under each of the individual programs.

| Appropriation | Base and Other Adjustments | Governor 1997-99 | Governor Change to Modified Base |
|---|---|---|---|
| Rail Passenger Service | $0 | $4,600,000 | $4,600,000 |
| Local Bridge Improvement Assistance | 49,076,400 | 49,076,400 | 0 |
| Local Transportation Facility Improvement | 107,076,000 | 101,076,000 | -6,000,000 |
| Transportation Enhancement Grants | 0 | 6,000,000 | 6,000,000 |
| Railroad Crossing Improvement | 3,698,600 | 3,698,600 | 0 |
| Surface Transportation Grants | 5,440,000 | 5,440,000 | 0 |
| Congestion Mitigation and Air Quality Improvement | 12,019,000 | 12,019,000 | 0 |
| Major Highway Development | 81,870,200 | 116,870,200 | 35,000,000 |
| STH Rehabilitation | 394,279,600 | 383,829,400 | -10,450,200 |
| STH Maintenance | 0 | 1,680,000 | 1,680,000 |
| STH Administration and Planning | 5,806,600 | 5,806,600 | 0 |
| Departmental Management | 13,151,200 | 13,151,200 | 0 |
| Motor Vehicle Emission Inspection and Maintenance | 0 | 3,752,600 | 3,752,600 |
| TOTAL | $672,417,600 | $707,000,000 | $34,582,400 |

**Joint Finance:** Increase estimated federal highway aid by $9 million annually. Require DOT to annually submit a plan to the Joint Committee on Finance on how the Department proposes to allocate federal highway aid amounts after federal highway aid amounts become known. Require DOT to submit the plan within 30 days of the passage of the applicable federal legislation or by December 1 of each year, whichever is later. Prohibit DOT from making any adjustments to federal highway aid appropriations until approved by the Joint Committee on Finance.

Require DOA and DOT to submit, under s. 13.10 of the statutes, to the Joint Committee on Finance for review at the September, 1997, meeting, a report on their efforts to reverse Wisconsin's position under the federal highway aid program as a donor state, whereby the state's proportional contributions to the highway trust fund exceed the percentage of federal highway aid received from that fund. Require DOA and DOT to contact the state's Congressional delegation and inquire as to their efforts to reverse the state's donor position. Require DOA and DOT to include the responses of the state's Congressional delegation in the report.

Reallocate federal highway aid of $1,050,000 from the congestion mitigation and air quality improvement appropriation to the rail passenger service appropriation. Decrease the major highway development appropriation by $17,280,000 and combine those funds with the $18,000,000 in additional federal funds under the Committee's reestimate of available federal aid and $8,500,000 in federal funds for East-West Corridor preliminary engineering to produce a total increase in the STH rehabilitation appropriation of $43,780,000. The fiscal effect of these changes is shown under each of the individual programs.

The following table shows the federal highway aid allocation after these changes and compares this allocation to the modified base level and the recommendation of the Governor.

| Appropriation | Joint Finance 1997-99 | Joint Finance Change to Modified Base | Joint Finance Change to Governor |
|---|---|---|---|
| Rail Passenger Service | $5,650,000 | $5,650,000 | $1,050,000 |
| Local Bridge Improvement Assistance | 49,076,400 | 0 | 0 |
| Local Transportation Facility Improvement | 101,076,000 | -6,000,000 | 0 |
| Transportation Enhancements Grants | 6,000,000 | 6,000,000 | 0 |
| Railroad Crossing Improvement | 3,698,600 | 0 | 0 |
| Surface Transportation Grants | 5,440,000 | 0 | 0 |
| Congestion Mitigation & Air Quality Improvement | 10,969,000 | -1,050,000 | -1,050,000 |
| Major Highway Development | 99,590,200 | 17,720,000 | -17,280,000 |
| STH Rehabilitation | 427,609,400 | 33,329,800 | 43,780,000 |
| STH Maintenance | 1,680,000 | 1,680,000 | 0 |
| STH Administration & Planning | 5,806,600 | 0 | 0 |
| Departmental Management | 13,151,200 | 0 | 0 |
| Motor Vehicle Emission Inspection and Maintenance | 3,752,600 | 3,752,600 | 0 |
| TOTAL | $733,500,000 | $61,082,400 | $26,500,000 |

**Assembly/Legislature:** Reestimate 1997 federal highway aid at $381 million and increase the amount of federal highway aid to be "carried-over" to 1997-98 by $10 million. Reallocate $250,000 annually from the local bridge improvement assistance program and $500,000 annually from the local transportation facility improvement program to the transportation enhancements program.

Delete the Joint Finance provision that would require DOA and DOT to submit a report to the Joint Committee on Finance on their efforts and the Congressional delegation's efforts to reverse Wisconsin's position under the federal highway aid program as a donor state.

The following table shows the federal highway aid allocation after these changes and compares this allocation to the modified base level and to the recommendation of the Joint Committee on Finance.

| Appropriation | Assembly/ Legislature 1997-99 | Assembly/Legislature Change to Modified Base | Assembly/Legislature Change to Jt. Finance |
|---|---|---|---|
| Rail Passenger Service | $5,650,000 | $5,650,000 | $0 |
| Local Bridge Improvement Assistance | 48,576,400 | -500,000 | -500,000 |
| Local Transportation Facility Improvement | 100,076,000 | -7,000,000 | -1,000,000 |
| Transportation Enhancements Grants | 7,500,000 | 7,500,000 | 1,500,000 |
| Railroad Crossing Improvement | 3,698,600 | 0 | 0 |
| Surface Transportation Grants | 5,440,000 | 0 | 0 |
| Congestion Mitigation & Air Quality Improvement | 10,969,000 | -1,050,000 | 0 |
| Major Highway Development | 99,590,200 | 17,720,000 | 0 |
| STH Rehabilitation | 437,609,400 | 43,329,800 | 10,000,000 |
| STH Maintenance | 1,680,000 | 1,680,000 | 0 |
| STH Administration & Planning | 5,806,600 | 0 | 0 |
| Departmental Management | 13,151,200 | 0 | 0 |
| Motor Vehicle Emission Inspection and Maintenance | 3,752,600 | 3,752,600 | 0 |
| TOTAL | $743,500,000 | $71,082,400 | $10,000,000 |

**Veto by Governor [B-35]:** Eliminate: (a) the requirement for DOT to annually submit a plan to the Joint Committee on Finance on how the Department proposes to allocate federal highway aid amounts after federal highway aid amounts become known; and (b) the provision prohibiting DOT from making any adjustments to federal highway aid appropriations until approved by the Joint Committee on Finance.

[Act 27 Vetoed Section: 2471d]

## 17. REVENUE BONDING FOR MAJOR HIGHWAY CONSTRUCTION AND ADMINISTRATIVE FACILITIES [LFB Papers 813 and 814]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| BR | $139,786,700 | $64,433,300 | $20,200,800 | $224,420,800 |

**Governor:** Increase revenue bonding authority by $139,786,700. Specify that a total of $179,158,900 be made available to fund construction projects. The $179,158,900 is based on the amounts that DOT projects will be needed in the next two biennia for the proposed major highway development program. Also, $627,800 would be available to fund the cost of the bonds' issuance. The additional funding for construction projects exceeds the increase in revenue bonding authority because the Governor's $40 million "write-down" veto of the amount of revenue bonding authority in 1995 Act 113 was ruled unconstitutional, thereby restoring the higher level of bonding authority included in Enrolled AB 557. However, the Governor's $40 million "write-down" veto in Act 113 lowering the limit on construction projects was not challenged. The fiscal effect of the proposed use of bonding authority in the 1997-99 biennium is shown under the major highway program.

**Joint Finance:** Increase the proposed level of revenue bonding authority by $64,433,300 and the amount available to fund construction projects by $17,280,000 to meet the reserve requirements under the commercial paper program and to reflect the use of an additional $17,280,000 in bonding proceeds to fund major highway development projects in 1997-98.

Require DOT and DOA to submit a biennial finance plan by October 1 of each even-numbered year to the State Building Commission, the Joint Committee on Finance and the standing committees of the Legislature having jurisdiction over transportation matters. Require the report to contain estimates over the next five biennia of projected transportation fund revenues, proceeds from the sale of revenue bonds, funding for the major highway development program by funding source, vehicle registration fees pledged against the repayment of revenue bonds, debt service payments on transportation revenue bonds and general obligation bonds paid from transportation fund revenues and total transportation fund revenues, along with the assumptions used to arrive at those estimates. In addition, require the plan to include information on the impact of the level of bonding authorization included in the plan relative to the following guidelines:

a. total transportation debt service expenditures should not exceed 10% of total transportation fund revenues; and

b. transportation revenue bond proceeds should be used to fund no more than 55% of the major highway development program.

**Assembly/Legislature:** Increase the proposed level of revenue bonding authority by an additional $20,200,800 and the amount available to fund construction projects by $17,720,000 to reflect the use of an additional $17,720,000 in bonding proceeds to fund major highway development projects in 1997-98.

**Veto by Governor [B-32]:** Eliminate the provision requiring DOT and DOA to submit a biennial finance plan by October 1 of each even-numbered year.

[Act 27 Section: 2475]

[Act 27 Vetoed Section: 2485m]

## 18. DEBT SERVICE REESTIMATE [LFB Paper 815]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG-REV | - $15,485,700 | $244,300 | - $1,439,000 | - $16,680,400 |
| SEG | - $2,343,600 | $0 | $0 | - $2,343,600 |

**Governor:** Increase the estimated revenue reduction for revenue bond debt service by $4,747,900 in 1997-98 and $10,737,800 in 1998-99. Estimate that gross vehicle registration revenues will be reduced by $75,162,700 in 1997-98 and $81,152,600 in 1998-99 in order to repay principal and interest on revenue bonds. The statutes require that debt service payments on transportation-related revenue bonds be deducted from vehicle registration revenues prior to their deposit in the transportation fund. Consequently, revenue bond debt service is shown as a reduction in revenues, not as an appropriation.

Decrease funding by $972,100 in 1997-98 and $1,371,500 in 1998-99 to reestimate the level of funding needed for payment of principal and interest on currently authorized transportation-related general obligation bonds at $6,914,500 in 1997-98 and $6,515,100 in 1998-99.

**Joint Finance:** Decrease the estimated revenue reduction for revenue bond debt service by $793,400 in 1997-98 and increase the reduction by $549,100 in 1998-99. Estimate that gross vehicle registration revenues will be reduced by $74,369,300 in 1997-98 and $81,701,700 in 1998-99. These changes reflect a reestimate of principal and interest payments both under the bonding levels initially proposed in SB 77 (-$1,083,400 in 1997-98 and -$565,900 in 1998-99) and under the Committee's decision to fund an additional $17,280,000 in major highway development projects in 1997-98 with revenue bonds ($290,000 in 1997-98 and $1,115,000 in 1998-99).

**Assembly/Legislature:** Increase the estimated revenue reduction for revenue bond debt service by $296,000 in 1997-98 and $1,143,000 in 1998-99. Estimate that gross vehicle registration revenues

will be reduced by $74,665,300 in 1997-98 and $82,844,700 in 1998-99. These changes reflect the decision to fund an additional $17,720,000 in major highway development projects in 1997-98 with revenue bonds.

## 19. TRANSFER OF SURPLUS PERSONAL PROPERTY [LFB Paper 804]

**Governor:** Require DOT to transfer state-owned personal property under its jurisdiction at no cost to the Department of Tourism if that Department requests the transfer and if DOT determines that the property is no longer necessary for highway purposes. Exclude such transfers from a provision that requires the Governor to approve the sale of surplus DOT property. Under current law, surplus DOT property may be sold with the approval of the Governor at public or private sale and the proceeds from the sale are deposited in the transportation fund.

**Joint Finance/Legislature:** Modify the provision to permit, rather than require, DOT to transfer state-owned property to the Department of Tourism.

[Act 27 Sections: 2472 and 2473]

## 20. PUBLIC-PRIVATE PARTNERSHIPS

**Joint Finance/Legislature:** Authorize DOT to enter into build-operate-lease or transfer agreements with private entities for the construction of transportation projects and for the maintenance and operation of transportation projects. Permit projects to be completed on state-owned land. Prohibit DOT from entering into agreements unless the Department determines: (a) the agreement advances the public interest; (b) the entity has prior experience in design, construction, site development and environmental impact analysis; and (c) the entity has the capability to maintain and operate the facility, if the project is not expected to be purchased by the state upon its completion. Require agreements to contain the following provisions: (a) a provision specifying that the entity hold title to the project until the title is transferred to the Department via lease with option to purchase or via purchase at fair market value; (b) if the agreement contains a lease requiring the future payment of state funds, a provision containing a statement to the effect of future lease payments being contingent on the appropriation of funds to make the payments; (c) a provision specifying that the project shall be constructed in accordance with requirements and specifications approved by DOA, if the project is a transportation administrative facility, or by DOT; (d) a provision permitting inspection during construction by DOT or DOA until title is transferred to the state; (e) a provision specifying that any operation and maintenance under the agreement by the private entity shall be conducted in accordance with DOT requirements and specifications; and (f) a provision establishing a mechanism for the resolution of disputes. Require DOT to conduct a study of the feasibility and desirability of build-operate-lease or transfer agreements, including any cost savings that may be realized, and submit a report on the agreements to the Governor, Chief Clerk of each house of the Legislature and the appropriate standing committees of the Legislature by July 1, 1998.

**Veto by Governor [B-32]:** Delete the date for the submission of the study. In his veto message, the Governor indicates that he will ask the Department to complete the report by June 1, 1999.

[Act 27 Sections: 9j, 9r, 495r, 500r, 2465L, 2465m and 9149(3g)]

[Act 27 Vetoed Section: 9149(3g)]

## 21. VEHICLE REGISTRATION FEE STUDY

**Assembly/Legislature:** Require DOT to study the feasibility and desirability of basing vehicle registration fees on the vehicle's value or horsepower rating and to submit a report containing the Department's findings, conclusions and recommendations to the Legislature by August 1, 1998.

**Veto by Governor [B-32]:** Delete the date for the submission of the study. In his veto message, the Governor indicates that he will ask the Department to complete the report by June 1, 1999.

[Act 27 Section: 9149(3gh)]

[Act 27 Vetoed Section: 9149(3gh)]

## 22. COMPENSATION RESERVES

| | Assembly (Chg. to Base) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|
| SEG-Reserves | $2,200,000 | - $300,000 | $1,900,000 |

**Assembly:** Allocate an additional $600,000 in 1997-98 and $1,600,000 in 1998-99 for compensation reserves to reflect the additional costs of nonrepresented and represented collective bargaining agreements for 1997-99 as approved by the Joint Committee on Employment Relations and the Legislature.

**Senate/Legislature:** Decrease compensation reserves by $300,000 in 1998-99. This change would lower the additional reserves provided in 1998-99 to $1,300,000.

Allow DOT to submit a request to the Joint Committee on Finance at the March, 1999, section 13.10 meeting to increase the Department's appropriations by up to $300,000 to reflect increased

costs for employe compensation that DOT anticipates will not be covered by amounts appropriated or reserved in the 1997-99 budget.

[Act 27 Section: 9149(1zt)]

## Local Transportation Aid

### 1. GENERAL TRANSPORTATION AID [LFB Paper 830]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG | $8,531,000 | $52,721,900 | - $2,346,000 | $58,906,900 |

**Governor**: Increase transportation aid funding as follows:

a. *County Aid.* Increase funding by $1,028,800 annually to provide a total of $70,644,200 in each year of the biennium. This would fully fund the last half of 1997 calendar year payments and continue the 1997 payment level ($70,644,200) for calendar years 1998 and 1999.

b. *Municipal Aid.* Increase funding by $3,236,700 annually to provide a total of $222,255,300 in each year of the biennium. This would fully fund the last half of 1997 calendar year payments and continue the 1997 payment level ($222,255,300) for calendar years 1998 and 1999. The 1997 minimum aid rate of $1,432 per mile would be retained for 1998 and 1999.

**Joint Finance:** Increase funding by $17,574,000 in 1997-98 and $35,147,900 in 1998-99 to provide total funding of $310,473,500 in 1997-98 and $328,047,400 in 1998-99. Increase the minimum aid rate per mile to $1,604 in 1998 and thereafter. Set calendar year distributions at $328,047,400 ($248,925,900 for municipalities and $79,121,500 for counties) for 1998 and thereafter. This would provide a 12% increase in 1998 for both rate per mile and share of costs aid and would continue these levels in 1999.

**Assembly/Legislature:** Decrease funding by $782,000 in 1997-98 and $1,564,000 in 1998-99 to provide total funding of $309,691,500 in 1997-98 and $326,483,400 in 1998-99. Decrease the minimum aid rate per mile from $1,604 to $1,596 in 1998 and thereafter. Set calendar year distributions at $326,483,400 ($247,739,100 for municipalities and $78,744,300 for counties) for 1998 and thereafter. This would provide an 11.47% increase in 1998 for both rate per mile and share of costs aid and would continue these levels in 1999.

Provide that eligible costs exclude those for which local governments have received reimbursement from special assessments. This provision would first apply to average costs used to calculate aid payments for calendar year 2000. Specify that in submitting the Department's 1999-2001 biennial budget request, DOT must transfer the savings from this formula change to the major highway development program and reduce bonding for that program by a corresponding amount.

**Veto by Governor [B-42]:** Delete the provisions that would have: (a) modified the definition of eligible costs to exclude those for which local governments have received reimbursement from special assessments; and (b) required DOT to transfer the corresponding savings to the major highway development program and reduce bonding for that program.

[Act 27 Sections: 2486b thru 2486gm]

[Act 27 Vetoed Sections: 2486gy, 9149(4h) and 9349(3g)]

## 2. MASS TRANSIT OPERATING ASSISTANCE [LFB Paper 831]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $3,332,600 | $9,882,100 | $13,214,700 |

**Governor:** Increase funding by $1,666,300 annually as follows to fully fund the 1997 calendar year allocations for each tier and to continue the 1997 payment levels for calendar years 1998 and 1999: (a) $970,500 annually for Tier I (Milwaukee) to provide $44,425,700 annually; (b) $245,100 annually for Tier II (Madison) to provide $11,218,500 annually; (c) $49,200 annually for Tier III (Waukesha County, the City of Waukesha and Monona) to provide $2,251,000 annually; (d) $305,600 annually for Tier IV (all other urban bus, Chippewa Falls and Onalaska) to provide $13,989,900 annually; and (e) $95,900 annually for Tier V (all remaining systems) to provide $4,386,600 annually.

**Joint Finance:** Delete the current five-tier system and replace it with a three-tier system as follows, effective with 1998 payments: (a) Milwaukee County/User-Side Subsidy and Madison (Tiers I and II under current law) in Tier A; (b) Waukesha City and County, Monona, all other urban bus and Chippewa Falls and Onalaska shared-ride tax systems (current Tiers III and IV) in Tier B; and (c) all remaining systems (current Tier V) in Tier C.

Increase funding by $1,830,200 in 1997-98 and $8,051,900 in 1998-99 to provide the following estimated state share of operating costs: (a) 45.0% for Tier A ($647,500 in 1997-98 and $3,099,300 in 1998-99); (b) 47.5% for Tier B ($755,500 in 1997-98 and $3,190,600 in 1998-99); and (c) 50.0% for Tier C ($427,200 in 1997-98 and $1,762,000 in 1998-99). Replace the current distribution formula (based on combined state and federal aid) with a formula based on providing state aid at fixed percentages of operating expenses, using the percentages identified above for each tier. Funding increases for 1997-98 would be split between the old and new tier structures based on calendar year

distributions. Payments would be prorated if the budgeted funding levels are insufficient to fund the specified aid percentages. Total funding for mass transit operating assistance would increase by 9.6% from 1997 to 1998 (4.7% for Tier A, 18.6% for Tier B and 40.0% for Tier C) and by 3.5% from 1998 to 1999 (for all three tiers).

**Assembly/Legislature:** Retain the proposed three-tier system, effective with 1998 payments. Delete the Joint Finance provisions that would replace the current distribution formula with a formula based on providing state aid at fixed percentages (45% for Tier A, 47.5% for Tier B and 50% for Tier C) of operating expenses. With this change, the distribution formula would revert to the current law formula, which is based on providing a uniform percentage of state and federal aid for all systems within a tier. Establish calendar year distribution amounts as follows: (a) $60,984,900 in 1998 and $63,119,300 in 1999 and thereafter for Tier A; (b) $17,799,600 in 1998 and $18,422,500 in 1999 and thereafter for Tier B; and (c) $4,807,600 in 1998 and $4,975,900 in 1999 and thereafter for Tier C. These distribution levels represent a 9.6% increase from 1997 to 1998 and a 3.5% increase from 1998 to 1999 for all three tiers.

Modify the funding provided for each tier as follows to fund the calendar year distribution amounts: (a) increase funding for Tier A by $638,500 in 1997-98 and $2,725,800 in 1998-99; (b) decrease funding for Tier B by $316,600 in 1997-98 and $1,426,900 in 1998-99; and (c) decrease funding for Tier C by $321,900 in 1997-98 and $1,298,900 in 1998-99.

[Act 27 Sections: 469g thru 469m, 470p thru 470s, 2481pb thru 2481pw, 9349(4mg) and 9449(4mg)]

## 3. REESTIMATE OF FEDERAL TRANSIT FUNDING

| | Chg. to Base |
|---|---|
| FED | $10,900,000 |

**Governor/Legislature:** Provide $5,100,000 in 1997-98 and $5,800,000 in 1998-99 to reflect a reestimate of federal transit aids. These increases reflect past federal transit aid earmarks for Wisconsin and estimates of ongoing federal aid.

## 4. ELDERLY AND DISABLED TRANSPORTATION ASSISTANCE [LFB Paper 832]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $587,500 | $963,500 | $1,551,000 |
| SEG-L | 16,100 | 26,700 | 42,800 |
| Total | $603,600 | $990,200 | $1,593,800 |

**Governor**: Increase funding for elderly and disabled specialized transportation services as follows:

a. *County Assistance Program.* Increase funding by $172,500 SEG in 1997-98 and $350,200 SEG in 1998-99. Total funding would equal $5,922,100 SEG in 1997-98 and $6,099,800 SEG in 1998-99. This would provide a 3% annual increase.

b. *Capital Grant Program.* Increase funding by $26,700 ($21,400 SEG and $5,300 SEG-L) in 1997-98 and $54,200 ($43,400 SEG and $10,800 SEG-L) in 1998-99. Total funding would equal $2,292,100 ($733,700 SEG, $458,400 SEG-L and $1,100,000 FED) in 1997-98 and $2,319,600 ($755,700 SEG, $463,900 SEG-L and $1,100,000 FED) in 1998-99. This would provide a 3% annual increase in state funds.

**Joint Finance/Legislature:** Increase funding as follows:

a. *County Assistance Program.* Increase funding by $517,500 SEG in 1997-98 and $339,800 SEG in 1998-99 to provide total funding of $6,439,600 in each year of the biennium. This would provide a 12% increase in 1997-98 and would continue this level of funding in 1998-99.

b. *Capital Grant Program.* Increase funding by $80,200 ($64,100 SEG and $16,100 SEG-L) in 1997-98 and $52,700 ($42,100 SEG and $10,600 SEG-L) in 1998-99. Total funding would be $2,372,300 ($797,800 SEG, $474,500 SEG-L and $1,100,000 FED) in each year of the biennium. This would provide a 12% increase in 1997-98 and would continue this level of funding in 1998-99.

## 5. LIFT BRIDGE AID [LFB Paper 833]

| | Chg. to Base |
|---|---|
| SEG | - $390,000 |

**Governor:** Decrease funding by $290,000 in 1997-98 and $100,000 in 1998-99 to reflect estimated payments. Total funding would be $1,110,000 in 1997-98 and $1,300,000 in 1998-99. Five municipalities are reimbursed for 100% of the actual costs of operating and maintaining the 10 lift bridges located on connecting highways. A portion of the reduction is attributable to reduced operating and maintenance costs for the Main Street Bridge in Green Bay as it is currently under construction. Payments are prorated if costs exceed the appropriation.

**Joint Finance/Legislature:** Transfer $50,000 from 1997-98 to 1998-99 to more accurately reflect the amount estimated to be expended each year. Total funding would be $1,060,000 in 1997-98 and $1,350,000 in 1998-99.

## 6. CONNECTING HIGHWAY AID

| | Chg. to Base |
|---|---|
| SEG | $2,065,500 |

**Joint Finance/Legislature:** Increase funding by $688,500 in 1997-98 and $1,377,000 in 1998-99. Total funding would be $12,163,400 in 1997-98 and $12,851,900 in 1998-99. This would provide a 12% increase in the

calendar year distribution and the aid rates per lane mile in 1998 and would continue these levels in 1999. Increase aid rates per mile for 1998 and thereafter as follows:

| Population | Current | Legislature |
|---|---|---|
| Over 500,000 | $10,468 | $11,724 |
| 150,001 to 500,000 | 9,696 | 10,860 |
| 35,001 to 150,000 | 8,641 | 9,678 |
| 10,000 to 35,000 | 7,612 | 8,525 |
| Under 10,000 | 6,558 | 7,345 |

[Act 27 Sections: 2486k thru 2486Lm]

## 7. COUNTY FOREST ROAD AID

| | Chg. to Base |
|---|---|
| SEG | $65,000 |

**Joint Finance/Legislature:** Increase funding by $32,500 annually and increase the aid rate per mile from $300 to $336. Total funding would be $303,300 annually. This would provide a 12% increase in the funding level and aid rate per mile in 1997-98. These levels would continue in 1998-99. These payments reimburse counties for the improvement of public roads within county forests.

[Act 27 Section: 2486j]

## 8. EXPRESSWAY POLICING AID

| | Chg. to Base |
|---|---|
| SEG | $193,000 |

**Joint Finance/Legislature:** Increase expressway policing aids for Milwaukee County by $96,500 annually. Total funding would be $900,800 annually. This would provide a 12% increase in 1997-98. This level would continue in 1998-99.

## 9. DEMAND MANAGEMENT AND RIDE SHARING GRANTS

| | Chg. to Base |
|---|---|
| SEG | $72,000 |

**Joint Finance/Legislature:** Increase funding by $36,000 annually. Total funding would be $336,000 annually. This would provide a 12% increase in 1997-98. This level would continue in 1998-99.

## 10. SNOW REMOVAL ASSISTANCE PROGRAM

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| SEG | $200,000 | - $200,000 | $0 |

**Joint Finance:** Provide $100,000 annually for a newly-created, continuing appropriation for payments to counties and municipalities (cities, villages and towns) for reimbursement of eligible costs associated with snow removal emergencies resulting from an extraordinary or unusually heavy snow storm. Define eligible costs as excessive costs associated with a snow removal emergency for machinery and equipment, labor, materials and hauling, as determined by DOT.

Provide that counties and municipalities could apply for financial assistance for snow removal on any public highway, street, alley or bridge under their jurisdiction and not on the state trunk highway system. Require the county highway committee, or the governing body having jurisdiction over the road's maintenance, to adopt a petition for assistance and file a certified copy of the petition with DOT as a condition of eligibility for assistance. Require counties and municipalities to submit the required information, as determined by DOT, to the Department by May 15 for eligible costs incurred during the previous winter season.

Allow a county or municipality having jurisdiction over the public highway, street, alley or bridge to apply for both state and federal aid pending a determination of eligibility. If federal aid is granted, require that the federal aid would be in lieu of state aid otherwise available under the snow removal assistance program.

If the total amount of eligible costs exceeds the cash balance in the appropriation on June 30 of any fiscal year, require DOT to prorate payments to eligible applicants.

**Assembly/Legislature:** Delete provision.

# Local Transportation Projects

## 1. MILWAUKEE BREWERS STADIUM INFRASTRUCTURE
[LFB Paper 835]

| | Chg. to Base |
|---|---|
| SEG | $12,000,000 |

**Governor:** Provide $3,000,000 in 1997-98 and $9,000,000 in 1998-99 for the state's share of infrastructure costs related to the construction of a new baseball stadium for the Milwaukee Brewers. Provide these funds through a new, continuing appropriation

for transportation aid to the professional baseball park district. Specify that these funds could be used for costs for the development, construction, reconstruction or improvement of bridges, highways, parking lots, garages, transportation facilities or other functionally related or auxiliary facilities or structures associated with construction of the stadium. In the 1995-97 transportation budget, $15,000,000 was reserved for state highway rehabilitation associated with the new stadium. These funds, plus the $12,000,000 provided in the bill and $9,000,000 in federal highway aid, would fund the state's share of infrastructure costs, estimated to be $36,000,000.

**Joint Finance/Legislature:** Change the continuing appropriation to an annual appropriation and repeal this provision on July 1, 1999.

[Act 27 Sections: 470, 470m, 2486, 2486ag and 9449(5n)]

## 2. PASSENGER RAIL SERVICE [LFB Paper 836]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| FED | $4,600,000 | $1,050,000 | $5,650,000 |
| SEG | 0 | 267,500 | 267,500 |
| Total | $4,600,000 | $1,317,500 | $5,917,500 |

**Governor:** Provide $2,300,000 annually of federal congestion mitigation and air quality improvement funds to help pay Wisconsin's share of the cost to run the Hiawatha train service between Milwaukee and Chicago. The state shares the cost of running the line with Illinois and Amtrak. Base funding for this service is $572,500 SEG, although actual costs in 1996-97 will exceed $2.6 million. The balance of those costs will be covered by federal funds in the state trunk highway rehabilitation appropriation. This use was approved by the Federal Highway Administration on the grounds that the train service mitigated the effects of highway construction between Chicago and Milwaukee. Create FED and SEG-L (local funds) continuing appropriations for the purpose of passenger rail service and promotion and renumber the current SEG appropriation.

Create authority for DOT to do the following: (a) acquire equipment for the purpose of providing rail passenger service or support services for passenger rail; (b) enter into agreements with other states to assist or promote rail passenger service; and (c) conduct its own marketing studies and promotional activities, in addition to contracting for such services, as is allowed under current law. Eliminate the requirement that DOT must ensure, before contracting for marketing studies and promotional activities, that a local government spends at least an equal amount on similar or complementary activities. Delete the requirement that DOT must give priority to funding additional passenger service over marketing studies or promotional activities.

Expand DOT's current authority to contract with Amtrak or railroads to provide passenger rail service to permit the Department to do the following: (a) contract with other persons to provide

passenger rail service; and (b) contract with Amtrak, railroads or other persons to provide support services for passenger rail service. Permit DOT, as a condition of these contracts, to provide for the sale or lease of passenger rail equipment acquired by the Department. Allow DOT to enter into contracts for rail passenger service or support services without using competitive bidding or competitive sealed proposals.

**Joint Finance:** Increase funding by $620,000 FED in 1997-98 and $430,000 FED in 1998-99 to reflect a transfer from the congestion mitigation and air quality improvement appropriation to the passenger rail service appropriation and provide $157,500 SEG in 1997-98 and $110,000 SEG in 1998-99 to fully fund the 20% match for these funds. The additional funding would pay the state's share of costs for the service based on the actual contract. Convert the SEG appropriation for this program from a biennial appropriation to a continuing appropriation.

Expand DOT's authority to enter into contracts to include contracts for the provision of equipment or support facilities (including, but not limited to, station improvements, passenger platforms, parking areas and equipment maintenance shops). Specify that DOT may acquire facilities, in addition to equipment, for the purpose of providing rail passenger service or support services for rail passenger service.

Include the following as allowable uses of the $50 million of existing bonding authority that was authorized for capital costs related to the development of passenger rail service between Milwaukee and Madison and Milwaukee and Green Bay: (a) railroad track or railroad passenger station improvements related to the extension of Amtrak service from Milwaukee into Waukesha County; (b) railroad track or railroad passenger station improvements related to the establishment of commuter rail service between Milwaukee and Waukesha County; and (c) rail passenger station improvements related to an existing rail passenger service. Specify that DOT must receive the approval of the Joint Committee on Finance to use bond proceeds for these purposes and that not more than $10,000,000 of the bonding authorization may be used for these purposes.

Require DOT to negotiate with Amtrak regarding the extension of service to Madison and to report the results of these negotiations to the Joint Committee on Finance by January 1, 1998.

**Assembly/Legislature:** Delay the reporting date regarding the results of negotiations with Amtrak from January 1, 1998, to April 1, 1998.

**Veto by Governor [B-41]:** Delete the provision requiring DOT to negotiate with Amtrak regarding extension of service to Madison.

[Act 27 Sections: 472m, 476, 477, 732m and 2477 thru 2481h]

[Act 27 Vetoed Section: 9149(4g)]

## 3. FREIGHT RAIL PRESERVATION PROGRAM

| | Chg. to Base |
|---|---|
| BR | $4,500,000 |
| SEG | 277,100 |
| Total | $4,777,100 |

**Governor/Legislature:** Increase general obligation bonding authority by $4,500,000 for the freight railroad preservation program to provide total bonding authority of $19,000,000. The additional $4,500,000, when added to the projected balance of unused bonding authority at the end of 1996-97, which is $2,248,000, would provide $6,748,000 of available bonding authority. Provide $46,200 SEG in 1997-98 and $230,900 SEG in 1998-99 to reflect an increased level of funding needed for payment of principal and interest on railroad-related general obligation bonds. Bonding in this program may be used to acquire rail property and fund grants and loans for rehabilitation and construction on state-owned railroad property.

[Act 27 Section: 734]

## 4. FREIGHT RAIL INFRASTRUCTURE IMPROVEMENT PROGRAM [LFB Paper 837]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG-L | $2,500,000 | $0 | $2,500,000 |
| SEG | 0 | - 2,500,000 | - 2,500,000 |
| Total | $2,500,000 | - $2,500,000 | $0 |

**Governor:** Provide $1,000,000 SEG-L in 1997-98 and $1,500,000 SEG-L in 1998-99 to reflect estimated loan repayments into the freight rail infrastructure improvement program's revolving fund. This program provides loans at low or no interest to railroads, shippers or local governments to perform a variety of capital improvements related to freight rail service. The loan repayments accounting for this increase represent the first substantial repayments since the program began. The loan repayments would be added to base SEG funding of $5,579,800 to create a total of $6,579,800 in 1997-98 and $7,079,800 in 1998-99 available for disbursement as new loans.

**Joint Finance:** Decrease funding by $1,000,000 SEG in 1997-98 and $1,500,000 SEG in 1998-99, which would keep the total amount available for new loans equal to the 1996-97 level of $5,579,800.

Establish a minimum interest rate for freight rail infrastructure improvement loans, effective for loan applications received after December 31, 1997, equal to the rate earned on the state investment fund for the calendar quarter preceding the time the loan is made. Specify that loans for multi-year projects for which applications were received by April 1, 1997, would be treated under the interest rate policy in effect on that date.

**Assembly/Legislature:** Delete the minimum interest rate provision.

## 5. HARBOR ASSISTANCE PROGRAM

| | Chg. to Base |
|---|---|
| BR | $3,000,000 |
| SEG | 184,700 |
| Total | $3,184,700 |

**Governor:** Increase general obligation bonding authority by $3,000,000 for harbor improvements to provide total bonding authority of $15,000,000. Provide $30,800 SEG in 1997-98 and $153,900 SEG in 1998-99 to reflect an increased level of funding needed for payment of principal and interest on harbor-related general obligation bonds. Total funding available for harbor assistance in 1997-99 would be $4,000,000 ($3,000,000 in bonding authority and $1,000,000 SEG), which would maintain the program at its current level.

**Senate/Legislature**: Require DOT to provide a grant of $227,136 during the 1997-99 biennium from the harbor assistance program to Door County for the improvement of the Northport Harbor for commercial ferry purposes.

[Act 27 Sections: 733 and 9149(1xc)]

## 6. REDUCE REQUIRED VERTICAL CLEARANCE FOR STRUCTURES ABOVE RAILROADS

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | - $94,000 | $94,000 | $0 |

**Governor:** Reduce the vertical clearance required between newly constructed or reconstructed structures and the top rail of a railroad track from 23 feet to 22 feet. Reduce funding by $47,000 annually in the state highway rehabilitation appropriation to reflect savings associated with this change. Change the following requirements placed on railroad corporations to reflect the new standard vertical clearance: (a) the threshold vertical clearance at which a railroad must provide a telltale to identify a lower clearance, unless exempted by the Office of the Commissioner of Railroads (OCR); and (b) the threshold vertical distance at which a railroad corporation must report lower clearances to the OCR. This would return the required vertical clearance to the level in effect prior to January 1, 1994.

**Joint Finance/Legislature:** Delete provision.

## 7. RAILROAD CROSSING REPAIR ASSISTANCE [LFB Paper 838]

**Governor:** Transfer $180,000 SEG in 1997-98 and $250,000 SEG in 1998-99 from the state highway rehabilitation appropriation to the railroad crossing repair assistance appropriation. There is no base funding for this appropriation, which reimburses railroads for 85% of costs related to

repairing crossings on state trunk highways. During the 1995-97 biennium, costs were covered by a continuing appropriation balance, which DOT estimates will drop to $70,000 by the end of 1996-97. The funding transfer would establish the total funding available for this program at $250,000 annually.

**Joint Finance/Legislature:** Increase the amount transferred from the state highway rehabilitation appropriation by $30,000 SEG in 1997-98. The increase in the amount transferred would make $250,000 available annually and is based on a reestimate of the continuing appropriation balance at the end of 1996-97.

## 8. ASSESSMENT OF WISCONSIN RAILROADS TO FUND RAILROAD CROSSING IMPROVEMENTS

**Governor:** Require the Office of the Commissioner of Railroads (OCR) to collect an annual assessment from railroads equal to 1.75% of their prior year's gross operating revenues derived from intrastate operations. This assessment would be in addition to direct assessments attributable to investigations of individual railroads or proceedings relating to a railroad's security issuances. Currently, railroads are assessed at a rate sufficient to cover the costs of OCR that are not funded by the direct assessments, plus 10% to be deposited in the general fund as GPR-Earned. The maximum rate of the current "remainder" assessment is 1.75%.

Establish a new, PR continuing appropriation under DOT for the purpose of funding railroad crossing protection improvements. Specify that any amounts received from the 1.75% assessment in excess of the difference between OCR's total costs and the amount of the direct assessments collected by OCR would be deposited into this new appropriation (because assessments equal to this difference would be split 90%/10% between the OCR operations appropriation and the general fund, the bill as currently drafted would appear to underfund OCR's operating costs). Provide that any refunds of assessments to railroads would be charged on a prorated basis to the existing OCR operations appropriation and this new appropriation. Add the new appropriation to the list of appropriations that are not subject to reduction by the Joint Committee on Finance as an emergency measure taken to avoid the necessity for certain tax increases in the face of decreased state revenues.

Specify that these changes would take effect on July 1, 1998, and would first apply to railroad assessments made on or after that date for OCR's 1997-98 operations. Although the appropriations schedule in the bill does not estimate any funding for the new DOT appropriation, based on the latest available data on intrastate revenues from Wisconsin railroad operations it is estimated that $198,600 would be credited to this appropriation in 1998-99. [A description of the effect of this provision on OCR is provided under "Public Service Commission."]

**Joint Finance/Legislature:** Delete provision.

## 9. RAILROAD CROSSING IMPROVEMENT AND PROTECTION INSTALLATION

**Governor:** Establish the railroad crossing improvement and protection installation SEG appropriation as a continuing, rather than an annual, appropriation. This appropriation funds the cost of installing warning signals or other protection devices at railroad crossings. The appropriation would be funded at its base level of $450,000 annually.

**Joint Finance:** Transfer $500,000 SEG in 1997-98 from the railroad crossing improvement and protection maintenance appropriation to the installation appropriation to provide additional funding for a backlog of warning device installation projects that have been ordered by the Office of the Commissioner of Railroads. The maintenance appropriation reimburses railroads for up to 50% of the cost of maintaining existing warning devices. This action would reduce the maintenance appropriation from $2,250,000 to $1,750,000 in 1997-98, which would result in a proration of payments to railroads.

**Assembly/Legislature:** Delete the Joint Finance transfer, thereby returning to the base funding level for both programs ($450,000 for installation and $2,250,000 for maintenance).

[Act 27 Section: 479]

## 10. TRANSPORTATION ENHANCEMENTS PROGRAM

| | Chg. to Base |
|---|---|
| FED | $1,500,000 |
| SEG-L | 375,000 |
| Total | $1,875,000 |

**Governor:** Create separate FED and SEG-L continuing appropriations for the federal transportation enhancements program. Transfer $3,000,000 FED and $750,000 SEG-L annually from the local transportation facility assistance appropriations, which are the current sources of funding for enhancements, into the new appropriations. The SEG-L amounts reflect the estimated local match required for these projects. Specify that DOT may administer a transportation enhancements program to make grants to counties, municipalities and state agencies, consistent with federal regulations.

**Joint Finance:** Require DOT to approve funding for a project known as the Wausau River Edge Parkway, with an estimated total cost of $118,000, before approving any other new enhancements projects. Specify that the amount of the grant would be $94,400 or 80% of the total cost of the project, whichever is less.

**Assembly/Legislature:** Increase funding by $750,000 FED and $187,500 SEG-L annually to reflect the following: (a) the transfer of $500,000 FED and $125,000 SEG-L annually from the local transportation facility improvement assistance program; (b) the transfer of $250,000 FED annually from the local bridge assistance program; and (c) an increase of $62,500 SEG-L annually to reflect the local match on the funds transferred from the local bridge program.

Specify that grants for pedestrian and bicycle facilities be made out of the transportation enhancements appropriation instead of the local transportation facility improvement assistance appropriation. Of the $500,000 FED annually transferred to the enhancements appropriation from the local facility assistance appropriation, $250,000 annually is the amount of base funding for bicycle and pedestrian facility grants, and $250,000 annually is currently used for local highway projects. The effect of these changes is to increase funding for the transportation enhancements program by $750,000 FED annually, with a $500,000 FED net annual increase for nonhighway projects.

[Act 27 Sections: 483, 484, 2475r, 2476 and 9149(1rm)]

## 11. LOCAL ROADS IMPROVEMENT PROGRAM

| | Chg. to Base |
|---|---|
| SEG | $19,300,000 |
| SEG-L | 19,300,000 |
| Total | $38,600,000 |

**Joint Finance:** Increase funding by $9,650,000 SEG and $9,650,000 SEG-L annually for the local roads improvement program to provide total funding of $20,656,200 SEG and $20,656,200 SEG-L annually. This program provides funding to counties, towns and municipalities, requiring at least a 50% match (the SEG-L amounts), for making capital improvements on existing roads.

Require DOT to set aside $125,000 SEG from the program's appropriation to fund 50% of the costs for a bicycle/pedestrian overpass over USH 41 in the City of Neenah. Specify that these funds would be provided as a supplement to the City of Neenah's normal entitlement. Require DOT to accept this project for funding, notwithstanding current restrictions on the use of funds in this program.

**Assembly/Legislature:** Require DOT to allocate $5,000,000 annually from the local roads improvement program to fund a discretionary county highway improvement program, similar to the existing discretionary program for high-cost town roads. Specify that eligible projects must have a total estimated cost of over $250,000. Apply the current matching requirements under the local roads improvement program to this component. Require DOT to promulgate rules to administer the program.

[Act 27 Sections: 477m, 2486hc thru 2486hj and 9149(4z)]

## 12. HIGH-COST LOCAL BRIDGE PROGRAM

| | Chg. to Base |
|---|---|
| SEG | $17,280,000 |
| SEG-L | 5,760,000 |
| Total | $23,040,000 |

**Joint Finance:** Provide $17,280,000 SEG and $5,760,000 SEG-L (the 25% local share) in 1997-98 for the high-cost local bridge program. This funding would be sufficient to complete construction on the CTH HH Bridge in Portage County and the East Bridge in Chippewa Falls, and to proceed with preliminary engineering on the Sixth Street Bridge in Milwaukee.

**Assembly/Legislature:** Require DOT to coordinate preliminary engineering for the reconstruction of the Marquette Interchange in Milwaukee with the City's design for the Sixth Street Bridge in Milwaukee.

**Veto by Governor [B-36]:** Delete the requirement that DOT coordinate the design of the Marquette Interchange with the design for the Sixth Street Bridge.

[Act 27 Vetoed Section: 9149(1gs)]

## 13. LOCAL BRIDGE ASSISTANCE

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| FED | $0 | - $500,000 | - $500,000 |
| SEG | 1,765,400 | 500,000 | 2,265,400 |
| SEG-L | 440,000 | 0 | 440,000 |
| Total | $2,205,400 | $0 | $2,205,400 |

**Joint Finance:** Increase funding by $882,700 SEG and $220,000 SEG-L annually to provide a 12% increase for the program, beginning in 1997-98. The SEG-L increase reflects a 20% match for the portion of the SEG increase that is above the base.

**Assembly/Legislature:** Increase funding by $250,000 SEG annually and decrease funding by $250,000 FED annually to reflect the following: (a) the transfer of $250,000 FED annually to the transportation enhancements program; and (b) an increase of $250,000 SEG annually to replace the transferred federal funds.

## 14. CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT

| | Chg. to Base |
|---|---|
| FED | - $1,050,000 |
| SEG-L | - 262,500 |
| Total | - $1,312,500 |

**Joint Finance/Legislature:** Delete $620,000 FED and $155,000 SEG-L in 1997-98 and $430,000 FED and $107,500 SEG-L in 1998-99 to reflect the transfer of federal funding from this appropriation to the passenger rail service appropriation.

## 15. LOCAL TRANSPORTATION FACILITY IMPROVEMENT ASSISTANCE PROGRAM

| | Chg. to Base |
|---|---|
| FED | - $1,000,000 |
| SEG-L | - 250,000 |
| Total | - $1,250,000 |

**Assembly/Legislature:** Decrease funding by $500,000 FED and $125,000 SEG-L annually to reflect the following: (a) the transfer of

base funding ($250,000 FED and $62,500 SEG-L annually) for bicycle and pedestrian facility grants to the transportation enhancements program; and (b) the transfer of $250,000 FED and $62,500 SEG-L annually currently used for local highway projects to the transportation enhancements program.

### 16. VILLAGE OF HOWARD BRIDGE

**Assembly/Legislature:** Require DOT to complete the reconstruction of the Hillcrest Heights Bridge in the Village of Howard by December 31, 1998.

[Act 27 Section: 9149(1ypg)]

### 17. COUNCIL ON AERONAUTICS

**Assembly/Legislature:** Repeal the Council on Aeronautics in the Department of Transportation on the general effective date of the budget act. The Council is comprised of five members with knowledge of, experience in or interest in aeronautics. The Council has no statutory duties, but has provided advice to DOT on the development of aviation in the state.

[Act 27 Section: 84g]

## State Highway Program

### 1. STATE HIGHWAY REHABILITATION -- FUNDING LEVEL [LFB Paper 853]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| FED | $18,349,800 | $35,280,000 | $10,000,000 | $63,629,800 |
| SEG | 14,600,000 | 47,590,600 | - 10,000,000 | 52,190,600 |
| Total | $32,949,800 | $82,870,600 | $0 | $115,820,400 |

**Governor:** Provide $2,500,000 SEG and $9,391,200 FED in 1997-98 and $12,100,000 SEG and $8,958,600 FED in 1998-99 for state highway rehabilitation. The following table compares the funding provided for the state highway rehabilitation program in 1996-97 (base funding plus $14,400,000 FED added by the Joint Committee on Finance in December, 1996, due to actual federal aid being higher than anticipated) with the funding level proposed under the bill.

## Actual 1996-97 and Proposed 1997-99 Funding Levels

| Fund | Actual 1996-97 | 1997-98 | 1998-99 |
|---|---|---|---|
| SEG | $218,602,100 | $214,632,600 | $224,162,600 |
| FED | 197,488,600 | 192,131,000 | 191,698,400 |
| TOTAL | $416,090,700 | $406,763,600 | $415,861,000 |

The change in funding from 1996-97 to 1997-98 and 1998-99 reflects several items affecting the state highway rehabilitation appropriations, including standard budget adjustments and the transfer of funds among appropriations to more accurately reflect DOT's organizational structure. In order to provide a consistent basis for comparison of funding levels, the 1996-97 figures in the following table have been modified to reflect these more technical budgeting changes.

## Funding Comparison With 1996-97 Modified to Reflect Technical Changes

| Fund | Modified 1996-97 | 1997-98 | 1998-99 |
|---|---|---|---|
| SEG | $212,359,600 | $214,632,600 | $224,162,600 |
| FED | 197,139,800 | 192,131,000 | 191,698,400 |
| TOTAL | $409,499,400 | $406,763,600 | $415,861,000 |

Compared to the modified 1996-97 figure, SEG funding increases by $2,273,000 in 1997-98 and $11,803,000 in 1998-99. This reflects the net effect of this item ($2,500,000 in 1997-98 and $12,100,000 in 1998-99), a decrease to fund railroad crossing repairs (-$180,000 in 1997-98 and -$250,000 in 1998-99) and projected savings from a proposed change to the required vertical clearance for structures above railroad tracks (-$47,000 annually). Although FED funding decreases by $5,008,800 in 1997-98 and $5,441,400 in 1998-99 compared to the modified 1996-97 figure, this item shows increases of $9,391,200 in 1997-98 and $8,958,600 in 1998-99 because the additional $14,400,000 in federal aid received in 1996-97 was not included in the base funding level.

**Joint Finance:** Provide additional increases of $13,646,600 SEG and $26,280,000 FED in 1997-98 and $33,944,000 SEG and $9,000,000 FED in 1998-99. The following table compares the total funding provided for the program under the bill and the Joint Finance Committee's substitute amendment.

| Fund | Governor 1997-98 | Governor 1998-99 | Joint Finance 1997-98 | Joint Finance 1998-99 |
|---|---|---|---|---|
| SEG | $214,632,600 | $224,162,600 | $227,743,100 | $257,100,500 |
| FED | 192,131,000 | 191,698,400 | 224,078,000 | 203,531,400 |
| Total | $406,763,600 | $415,861,000 | $451,821,100 | $460,631,900 |

The difference between the Governor and Joint Finance, which is $13,110,500 SEG and $31,947,000 FED in 1997-98 and $32,937,900 SEG and $11,883,000 FED in 1998-99 reflects the net effect of the following: (a) this item ($13,646,600 SEG and $26,280,000 FED in 1997-98 and $33,944,000 SEG and $9,000,000 FED in 1998-99); (b) an increase of $1,000,000 SEG and $5,667,000 FED in 1997-98 and $500,000 SEG and $2,833,000 FED in 1998-99 to fund the cost of preliminary engineering on the East-West Corridor project; (c) a reduction of $974,100 SEG annually to reflect a 2% across-the-board reduction in DOT's operating budget; (d) a reduction of $268,500 SEG annually to reflect the deletion of vacant positions; (e) an increase of $47,000 SEG annually to reflect the elimination of changes to the required vertical clearance for structures above railroad tracks; (f) an additional transfer of $30,000 SEG in 1997-98 from the rehabilitation appropriation to the railroad crossing repair assistance appropriation; (g) a reduction of $131,500 SEG annually to reflect savings from using new clean-up procedures on contaminated property owned by DOT; (h) a reduction of $131,000 SEG annually to reflect savings from streamlining the construction materials review and acceptance process; and (i) a reduction of $48,000 SEG annually to reflect savings from the elimination of mailing letting reports.

**Assembly/Legislature:** Increase funding by $10,000,000 FED in 1997-98 and decrease funding by $10,000,000 SEG in 1997-98 to reflect a decision to use higher-than-expected federal highway aid in federal fiscal year 1996-97 to reduce total SEG funding. The following table compares the total funding for the program as provided by Joint Finance and by the Legislature.

| Fund | Joint Finance 1997-98 | Joint Finance 1998-99 | Legislature 1997-98 | Legislature 1998-99 |
|---|---|---|---|---|
| SEG | $227,743,100 | $257,100,500 | $217,675,400 | $257,132,800 |
| FED | 224,078,000 | 203,531,400 | 232,944,700 | 202,964,700 |
| Total | $451,821,100 | $460,631,900 | $450,620,100 | $460,097,500 |

The difference between Joint Finance and the Legislature is the net effect of the following: (a) this item (-$10,000,000 SEG and $10,000,000 FED in 1997-98); (b) a reduction in funding for preliminary engineering for light rail transit in Milwaukee County (-$200,000 SEG and -$1,133,300 FED in 1997-98 and -$100,000 SEG and -$566,700 FED in 1998-99); and (c) a restoration of funding based on a reduction in the number of vacant positions eliminated ($132,300 SEG annually).

## 2. MAJOR HIGHWAY DEVELOPMENT -- FUNDING LEVEL [LFB Paper 854]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| FED | $35,000,000 | - $17,280,000 | $0 | $17,720,000 |
| SEG-S | - 35,000,000 | 17,280,000 | 17,720,000 | 0 |
| SEG | 0 | 30,267,500 | 17,600,600 | 47,868,100 |
| Total | $0 | $30,267,500 | $35,320,600 | $65,588,100 |

**Governor:** Provide $35,000,000 FED and delete $35,000,000 SEG-S in 1997-98 to reflect the use of additional federal aid in federal fiscal year (FFY) 1997 to reduce the use of bond proceeds (SEG-S) by a corresponding amount. In total, federal aid for FFY 1997 is estimated at $371 million, which is $57 million higher than originally estimated. At its December, 1996, meeting under s. 13.10 of the statutes, the Joint Committee on Finance adopted a motion allocating $7.6 million of the increase to the major highway development program and specifying that any additional increase would be used for state highway rehabilitation. The $35,000,000 FED increase for major highway development in 1997-98 reflects a different proposed use for a portion of the FFY 1997 funds.

The following table compares the funding provided for the major highway development program in 1996-97 (including the $7,600,000 FED increase, which was added to the base) with the funding level proposed under the bill. The SEG and total funding decreases reflect standard budget adjustments.

**Major Highway Development Funding Level**

| Fund | 1996-97 | 1997-98 | 1998-99 |
|---|---|---|---|
| SEG | $10,708,600 | $10,523,100 | $10,523,100 |
| FED | 40,935,100 | 75,935,100 | 40,935,100 |
| SEG-S (Bonding) | 110,535,300 | 75,535,300 | 110,535,300 |
| TOTAL | $162,179,000 | $161,993,500 | $161,993,500 |

**Joint Finance:** Delete $17,280,000 FED and provide $17,280,000 SEG-S in 1997-98 to reduce the amount of FFY 1997 federal aid used to replace bonding and increase funding by $12,635,800 SEG in 1997-98 and $17,631,700 SEG in 1998-99. The SEG increase reflects inflationary adjustments of 2.8% and 3.0% annually, plus an additional increase of $8,100,000 annually. The following table compares total funding under the bill and the Joint Finance Committee's substitute amendment.

| | Governor | | Joint Finance | |
|---|---|---|---|---|
| Fund | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| SEG | $10,523,100 | $10,523,100 | $20,854,500 | $23,050,400 |
| FED | 75,935,100 | 40,935,100 | 58,655,100 | 40,935,100 |
| SEG-S (Bonding) | 75,535,300 | 110,535,300 | 92,815,300 | 110,535,300 |
| Total | $161,993,500 | $161,993,500 | $172,324,900 | $174,520,800 |

The difference in SEG funding between the Governor and Joint Finance, which is $10,331,400 in 1997-98 and $12,527,300 in 1998-99, reflects the net effect of this item ($12,635,800 in 1997-98 and $17,631,700 in 1998-99) and reductions in funding to reflect savings from a four-year moratorium on doing preparatory work for new potential major projects (-$2,200,000 in 1997-98 and -$5,000,000 in 1998-99) and from a 2% across-the-board reduction in DOT's operating budget (-$104,400 annually), which are discussed in separate summary items.

**Assembly/Legislature:** Increase funding by $17,262,300 (-$457,700 SEG and $17,720,000 SEG-S) in 1997-98 and $18,058,300 SEG in 1998-99 to reflect the following: (a) the replacement of $17,720,000 of SEG funding in 1997-98 with an equal amount of bonding revenue (SEG-S), which restores the base level of bonding; and (b) an increase in the program size of $17,262,300 SEG in 1997-98 and $18,058,300 SEG in 1998-99. The following table compares total funding for the program as provided by Joint Finance and by the Legislature.

| | Joint Finance | | Legislature | |
|---|---|---|---|---|
| Fund | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| SEG | $20,854,500 | $23,050,400 | $20,396,800 | $41,108,700 |
| FED | 58,655,100 | 40,935,100 | 58,655,100 | 40,935,100 |
| SEG-S (Bonding) | 92,815,300 | 110,535,300 | 110,535,300 | 110,535,300 |
| Total | $172,324,900 | $174,520,800 | $189,587,200 | $192,579,100 |

Specify that the funding that was used to accelerate the completion of STH 29 by December 31, 2000, would remain in the base of the major highway program once the project is finished.

[Act 27 Section: 9149(1p)]

## 3. MAJOR HIGHWAY DEVELOPMENT -- PROJECT ENUMERATION

**Governor:** Enumerate the following six major highway projects (listed in order of highway number), as recommended by the Transportation Projects Commission (TPC). Major highway projects must be enumerated in the statutes prior to construction.

| Highway | Project | County | Estimated Cost in 1996 Dollars (In Millions)* |
|---|---|---|---|
| STH 11 | Burlington Bypass | Walworth and Racine | $66.0 to $71.7** |
| USH 12 | I-90/94 to Ski Hi Road | Sauk | 50.0 |
| USH 53 | I-90 to USH 14/61 | La Crosse | 67.1 |
| STH 57 | CTH A to STH 42 | Kewaunee and Door | 42.9 |
| USH 141 | Lemere Road to 6th Road | Oconto and Marinette | 40.3 |
| USH 151 | Dickeyville to Belmont | Grant and Lafayette | 65.0 |
| | TOTAL | | $331.3 to $337.0 |

*Excludes design cost.

**Cost depends upon which route is chosen.

**Joint Finance:** Include provision. Require DOT to address the impacts of the proposed major highway project on STH 57 between CTH A in Kewaunee County and STH 42 in Door County on land-use patterns in the area of Door County north of Sturgeon Bay in preparing the final environmental impact statement for this project.

**Assembly:** Delete the requirement that DOT address land-use impacts of the STH 57 project on northern Door County.

**Senate/Legislature:** Require DOT to allocate $466,000 from the major highway development appropriations during the 1997-99 biennium for preliminary design costs associated with widening STH 57 in Ozaukee and Sheboygan Counties to four lanes. Require DOT to complete the design for the major highway development project on STH 57 in Door and Kewaunee Counties between CTH A near Dyckesville and STH 42 by December 31, 2003.

[Act 27 Sections: 2465t thru 2471, 2471c and 9149(2c)]

**4. TRANSPORTATION PROJECTS COMMISSION** [LFB Papers 845 and 846]

| | Chg. to Base |
|---|---|
| SEG | - $7,200,000 |

**Joint Finance:** Prohibit the Transportation Projects Commission (TPC) from making recommendations concerning the enumeration of additional major highway projects or the designation of a highway improvement project as a major highway project before November 15, 2002, and prohibit DOT from making recommendations regarding additional major highway projects to the TPC before August 15, 2002. Prohibit DOT from assisting the TPC with any study or cost estimate on potential projects before July 1, 1999, except that DOT may complete any study or cost estimate concerning a proposed major highway project if the study commenced prior to the effective date of the bill.

Delete $2,200,000 in 1997-98 and $5,000,000 in 1998-99 to reflect savings resulting from this change. The savings occur because, during the biennium, DOT will not need to prepare draft environmental impact statements (EIS) and do other preparatory work on potential new projects. Funding would be retained in 1997-98 to allow DOT to complete the work on environmental impact statements currently in progress.

Prohibit the TPC from recommending additional projects for enumeration unless the TPC determines all projects could be started within six years after the additional projects are enumerated, assuming a constant, real-dollar program size, or, if they can not all be started in six years, the recommendation is accompanied by a funding proposal that, if implemented, would provide sufficient funding to ensure that they all could be started within six years.

Require DOT to promulgate rules establishing a scoring system to evaluate potential major highway projects. Provide that the rules must specify a minimum score that a project must have before DOT can recommend it for enumeration. Require the submission of the initial rules under this provision to the rules clearinghouse by January 1, 1998.

**Assembly/Legislature:** Delay the required submission of initial rules for project scoring criteria from January 1, 1998, to April 1, 1998. Require the Legislative Council to study the Transportation Projects Commission and the highway project enumeration process and to report the Council's findings, conclusions and recommendations, including recommendations on how to improve this process, to the Legislature by May 1, 1999.

**Vetoes by Governor [B-33 and B-34]:** Delete the following: (a) the provision that would prohibit DOT and the TPC from recommending new major highway projects for enumeration until 2002 (the provision prohibiting recommendations for new enumerations unless all projects can be started within six years was not vetoed); (b) the provision that would prohibit DOT from assisting the TPC with any study or cost estimate on potential projects before July 1, 1999; (c) the provision that would require DOT to establish, by rule, a scoring system for major highway projects; and (d)

the provision that would require the Legislative Council to study the TPC and the process of enumerating major highway projects.

[Act 27 Sections: 10j thru 10p]

[Act 27 Vetoed Sections: 10g, 10q, 2476m, 9149(2m) and 9149(1h)]

## 5. STATE TRUNK HIGHWAY MAINTENANCE INFLATION [LFB Paper 855]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG | $10,631,400 | $1,689,100 | - $1,689,100 | $10,631,400 |

**Governor:** Increase funding by $3,508,700 in 1997-98 and $7,122,700 in 1998-99 to provide 3% annual inflationary increases in the highway maintenance and traffic operations program.

**Joint Finance:** Provide $832,100 in 1997-98 and $857,000 in 1998-99, which would restore the real size of the program to the 1994-95 level.

**Assembly/Legislature**: Reduce funding by $832,100 in 1997-98 and $857,000 in 1998-99, which would return to the level of funding recommended by the Governor.

## 6. MILWAUKEE FREEWAY TRAFFIC OPERATIONS CENTER

| | Chg. to Base |
|---|---|
| FED | $1,680,000 |

**Governor/Legislature:** Provide $800,000 FED in 1997-98 and $880,000 FED in 1998-99 to fund the operations of the traffic operations center. In the current biennium, the center's operations are funded by federal congestion mitigation and air quality improvement (CMAQ) funds ($1,100,800 in 1996-97). DOT can no longer use CMAQ funds for this purpose and would therefore have to use federal funds from other apportionment categories. Transfer $392,600 SEG annually from the highway rehabilitation appropriation to the maintenance and traffic operations appropriation to reflect the movement of funding for the center's personnel costs to the maintenance program. The traffic operations center operates the variable message signs and freeway ramp meters on the Milwaukee area freeway system and serves as an emergency vehicle dispatcher in the event of an accident.

## 7. STATE HIGHWAY MAPS [LFB Paper 847]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $500,000 | - $155,000 | $345,000 |

**Governor:** Provide $250,000 annually to increase the number of folded highway maps produced by DOT to two million annually. Prior to the current biennium, DOT printed approximately two million maps per year, but will produce fewer than one million annually in 1996 and 1997.

**Joint Finance/Legislature:** Reduce funding by $77,500 annually, which would provide sufficient funding to print about 1.5 million maps annually.

## 8. HIGHWAY LANDSCAPING BY DOC AND WCC WORK CREWS

**Governor:** Require DOT and DNR to jointly develop a plan for highway landscaping, with priority given to highways located in counties that are either along or south of a line from La Crosse to Manitowoc. Specify that the plan must be submitted by January 1, 1998, for approval by DOA.

Require DNR to contract with the Department of Corrections (DOC) and the Wisconsin Conservation Corps to provide work crews to do the landscaping. Provide $500,000 SEG annually to DNR from the forestry account of the conservation fund for the landscaping (the fiscal effect of this item is shown under "Natural Resources--Forestry and Parks"). Specify that DNR must use at least 50% of this funding for inmate work crews provided by DOC.

**Joint Finance/Legislature:** Delete provision.

## 9. EAST-WEST CORRIDOR PRELIMINARY ENGINEERING

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| FED | $8,500,000 | - $1,700,000 | $6,800,000 |
| SEG | 1,500,000 | - 300,000 | 1,200,000 |
| Total | $10,000,000 | - $2,000,000 | $8,000,000 |

**Joint Finance:** Provide $1,000,000 SEG and $5,667,000 FED in 1997-98 and $500,000 SEG and $2,833,000 FED in 1998-99 for preliminary engineering for the East-West Corridor project, which would fund the costs DOT projects are needed to advance to a final environmental impact statement.

**Assembly:** Reduce funding by $200,000 SEG and $1,133,300 FED in 1997-98 and $100,000 SEG and $566,700 FED in 1998-99 for East-West Corridor preliminary engineering to reflect the removal of funding for preliminary engineering for a light rail transit system. Prohibit DOT from expending any state or federal funds for any purpose related to a light rail transit system. Repeal current law provisions requiring the enumeration of a light rail transit project in the statutes prior to the expenditure of state transportation revenues on such a project. Prohibit DOT from expending any state or federal funds for any purpose related to special lanes for use by buses or other high-occupancy modes of travel. Repeal current law provisions requiring the enumeration of a high-occupancy vehicle lane project in the statutes prior to the expenditure of state transportation revenues on such a project.

**Senate/Legislature**: Delete the Assembly provision that would prohibit DOT from spending any state or federal funds on light rail or special lanes. Delete the Assembly provision that would repeal current law provisions requiring enumeration of light rail or high-occupancy vehicle lane projects before state transportation revenues can be spent on these projects. By deleting both of these provisions, DOT could spend state or federal funds for studying light rail transit or special lanes, but could not use state funds for constructing either unless they are enumerated in the statutes.

## 10. CONTAMINATED SITE REMEDIATION [LFB Paper 849]

| | Chg. to Base |
|---|---|
| SEG | - $263,000 |

**Joint Finance/Legislature:** Delete $131,500 annually to reflect savings from implementing new procedures for cleaning up certain types of contaminated sites. These procedures are now allowed due to DNR administrative rule changes permitting natural attenuation methods and DNR interpretation of existing rules regarding landspreading on DOT-owned sites.

## 11. STREAMLINE CONSTRUCTION MATERIALS ACCEPTANCE PROCEDURE [LFB Paper 850]

| | Chg. to Base |
|---|---|
| SEG | - $262,000 |

**Joint Finance/Legislature:** Delete $131,000 annually to reflect the implementation of a new procedure intended to streamline the process used by highway project managers to review and approve the purchase of construction materials by highway contractors.

## 12. ELIMINATE PRODUCTION AND INSTALLATION OF CERTAIN HIGHWAY SIGNS [LFB Paper 851]

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| SEG | - $193,800 | - 0.50 |

**Joint Finance/Legislature:** Delete $96,900 and 0.5 positions annually from the maintenance program to reflect the discontinuance of production and installation of the following highway signs: (a) seatbelt law notification signs; (b) litter fine signs; (c) supplemental information signs ("picnic table," "boat landing," "toilet," and "drinking water"); (d)

DMV/State Patrol/district office signs; (d) lake and river name signs; and (e) farm machinery warning signs. Specify that these reductions would be restored as part of the base for the 1999-2001 biennial budget.

Require DOT to promulgate administrative rules establishing a process by which an interested party can petition DOT for the replacement of any sign on the state trunk highway system that has been damaged or destroyed or is in need of replacement due to age. Provide that, if DOT accepts the petition, the interested party can either pay a private firm to produce and place the replacement sign or can pay DOT for the replacement cost. Create a new, SEG appropriation to receive payments from interested parties for replacement costs and allow DOT to expend all monies received for those costs.

**Veto by Governor [B-46]:** Delete the provision that would require DOT to establish a procedure for the replacement of signs by interested persons.

[Act 27 Section: 9149(2n)]

[Act 27 Vetoed Sections: 169 (as it relates to 20.395(3)(jq)), 494m, 1142m and 2486am]

## 13. DISCONTINUE MAILING LETTING REPORTS [LFB Paper 852]

| | Chg. to Base |
|---|---|
| SEG | - $96,000 |

**Joint Finance/Legislature:** Delete $48,000 annually to reflect savings in the highway program from discontinuing the mailing of monthly letting reports to construction contractors. DOT currently mails about 450 letting reports, which are summaries of bids received for DOT projects, per month. These reports would continue to be available at DOT offices and through an electronic bulletin board service.

## 14. EAST-WEST FREEWAY RESURFACING RESERVE [LFB Paper 856]

**Joint Finance/Legislature:** Eliminate the transportation fund reserve established by 1995 Act 113 for the purpose of funding construction activities relating to highway resurfacing or bridge repair on the East-West Freeway from downtown Milwaukee to Waukesha. Of the original $26,698,000 reserve for this purpose, only $1,000,000 remains in the reserve. The other $25,698,000 was released to fund the rehabilitation project. The elimination of the reserve allows the remaining $1,000,000 to be appropriated for other purposes.

[Act 27 Sections: 2475g and 2475m]

## 15. EXTEND DISADVANTAGED BUSINESS DEMONSTRATION AND TRAINING PROGRAM

**Joint Finance/Legislature:** Create an exception to the September 30, 1997, sunset provision for the disadvantaged business enterprise demonstration and training program. Specify that this exception would continue the program to the extent that federal law requires, as a condition of using federal funds, that a state establish goals for the participation of disadvantaged businesses, or the employment of disadvantaged individuals, in federally-funded projects. The statute authorizing the program was found to be unconstitutional except to the extent that it is a strategy to comply with federal requirements for disadvantaged business participation. This change would allow the program to continue contingent upon reauthorization of the federal program that the state program is based on, which expires on September 30, 1997. In the event that the requirement is reauthorized, the change would put the state into compliance with certain conditions for the use of federal highway aid.

[Act 27 Sections: 490 thru 491w, 2471g and 2471m]

## 16. WAIVE SIGN PERMIT FEE FOR CRIME STOPPERS

**Joint Finance/Legislature:** Require DOT to waive the sign permit fee for existing signs placed along state highways by Crime Stoppers organizations. Prohibit DOT from removing such signs from their present locations, unless they violate federal requirements, until the time they need to be replaced. Specify that when the signs are in need of replacement, the signs should conform with all applicable permit requirements, including the payment of fees.

[Act 27 Section: 2474p]

## 17. PASSING LANES ON ENUMERATED MAJOR HIGHWAYS PRIOR TO CONSTRUCTION

**Joint Finance:** Require DOT to report to the Joint Committee on Finance by January 1, 1998, on the costs and benefits of adding passing lanes on highways that are enumerated as major highway projects, but which are not yet under construction. Require DOT to make recommendations with this report on which highways should have passing lanes added in advance of the date when the entire project will be constructed. Specify that DOT should consider the costs based on designs that would least significantly impact the ultimate cost of each major highway project.

**Assembly/Legislature**: Delay the reporting date from January 1, 1998, to April 1, 1998.

**Veto by Governor [B-32]:** Delete provision.

[Act 27 Vetoed Section: 9149(5g)]

## 18. USH 2 RECONSTRUCTION PROJECT

**Joint Finance:** Require DOT to develop and implement an alternate traffic plan that does not involve detouring traffic off of USH 2 in Bayfield County during the reconstruction project on USH 2 between Ino and STH 13. The reconstruction of USH 2 is scheduled to occur between May and October, 1998.

**Assembly/Legislature:** Delete provision.

## 19. STATE HIGH-COST BRIDGE PROGRAM

**Joint Finance/Legislature:** Specify that DOT may submit a request to the Joint Committee on Finance to transfer funds, with the approval of the Committee, to the state highway rehabilitation program to supplement funds used for the state high-cost bridge program in order to rehabilitate a local bridge under state jurisdiction that has been posted with a weight limit.

[Act 27 Sections: 2465j, 2473e and 2473g]

## 20. ENFORCEMENT OF PREVAILING WAGE RATE AND HOURS OF LABOR LAWS

**Joint Finance:** Transfer responsibility for enforcing the state prevailing wage rate and hours of labor laws, as they apply to state highway construction projects, from DOT to DWD, effective January 1, 1998. Require the Secretaries of DOT and DWD to determine the positions and funding that would be necessary to administer the prevailing wage and hours of labor laws for highway projects and to submit a proposal regarding the transfer of these positions and funds from DOT to DWD to the Joint Committee on Finance for approval at the September, 1997, meeting under s. 13.10.

**Assembly/Legislature:** Delete provision.

## 21. MARQUETTE INTERCHANGE DESIGN

**Assembly/Legislature:** Allocate $4,000,000 in 1997-98 and $6,500,000 in 1998-99 out of the rehabilitation program for design of the reconstruction of the Marquette Interchange in Milwaukee. The interchange is scheduled for reconstruction between 2001 and 2004.

[Act 27 Section: 9149(1gs)]

## 22. INNOVATIVE SAFETY MEASURES PILOT PROGRAM

**Assembly/Legislature:** Create an innovative safety measures pilot program, administered by DOT, to implement measures to reduce accidents on targeted dangerous highways, including USH 10. Require DOT to spend $250,000 SEG annually from the state highway rehabilitation appropriation for this program. Specify that DOT could use these funds for any safety improvement, including the following: (a) safety lighting for underpasses and on/off ramps; (b) warning lights on dangerous curves; (c) speed detection signs; (d) additional speed limit signs; (e) rumble strips at intersections; (f) measures to alert approaching motorists to an intersection; and (g) increased highway policing. Require DOT to promulgate administrative rules to implement this program.

**Veto by Governor [B-39]:** Delete provision.

[Act 27 Vetoed Section: 2481hi]

## 23. LIABILITY EXEMPTION FOR CONTRACTORS HANDLING PETROLEUM-CONTAMINATED SOIL

**Assembly/Legislature:** Specify that individuals performing work under highway construction contracts, who comply with DOT contract directives and who handle petroleum-contaminated soil, are exempt from: (a) the requirement that the person reimburse DNR for any DNR costs of responding to the discharge of a hazardous substance; and (b) any penalties for violation of DNR orders to restore the environment and minimize the harmful effects of the hazardous substance. Provide that this exemption does not apply in the following cases: (a) the person brought petroleum contaminated soil onto the property or caused the soil to become contaminated; (b) the person is under a previous contract with a state agency other than DOT to remove a hazardous substance from the property or to treat a hazardous substance on the property; or (c) the person's actions or omissions constitute gross negligence or involve reckless, wanton or intentional misconduct.

**Veto by Governor [B-43]:** Delete provision.

[Act 27 Vetoed Section: 3660g]

## 24. STORMWATER RUNOFF

**Assembly/Legislature:** Require DOT to consult with county land conservation committees or their designees before commencing construction on a highway project to determine: (a) the presence and extent of local practices to conserve soil and water resources within the county including, but not limited to, surface and subsurface drainage systems; and (b) the downstream impacts of the increased rate and volume, if any, of stormwater runoff resulting from a proposed highway construction project. Require the determination to include an analysis of stormwater runoff before and after the project's

completion. Require the county land conservation committees or their designees to review the drainage plans prepared by DOT. Specify that the costs of these reviews would be paid by DOT from the SEG appropriation for state highway rehabilitation. Require decisions concerning the management of stormwater runoff for specific projects to be made jointly by DOT and the county land conservation committee or their designees.

**Veto by Governor [B-38]:** Delete the provisions requiring DOT to consult with land conservation committees regarding the downstream impacts of highway projects, requiring the committees to review drainage plans prepared by DOT and requiring DOT to reimburse committees for the cost of the review. As vetoed, this provision would still require DOT to consult with land conservation committees regarding the presence and extent of local conservation practices.

[Act 27 Sections: 2481mm and 2488im]

[Act 27 Vetoed Sections: 491 and 2481mm]

## 25. SPECIFIC INFORMATION SIGNS ON STH 172

**Assembly/Legislature:** Add STH 172 from STH 54 to I-43 to the list of highways on which DOT may authorize the erection of specific informational signs (the blue signs indicating the presence of businesses offering gas, food, lodging or camping). DOT cannot authorize the erection of these signs after May 8, 1990, unless the highway is included in a statutory listing.

[Act 27 Section: 2486ar]

## 26. STH 26 WAYSIDE CLOSURE

**Assembly/Legislature:** Require DOT to close the STH 26 wayside in the Town of Clyman (Dodge County), which is located between Juneau and Watertown, and sell the land where the wayside is located.

[Act 27 Section: 9149(1rmg)]

## 27. STUDY OF HIGHWAY BYPASSES

**Assembly/Legislature:** Require DOT to conduct a study on the effects of planning, constructing and operating highway bypasses on land development patterns and the economies of local communities that are bypassed. Specify that the study must consider alternative means of assisting businesses from the bypassed communities to acquire land adjacent to newly-constructed bypasses for the purpose of business relocation. Direct DOT to submit a report containing the

Department's findings, conclusions and recommendations, including recommendations related to business relocation, to the Legislature by June 1, 1999.

[Act 27 Section: 9149(2mh)]

## 28. LAKE ARTERIAL PROJECT NOISE BARRIERS

**Assembly/Legislature:** Require DOT to erect noise attenuation barriers along the highways affected by the Lake Arterial Project in Milwaukee County.

[Act 27 Section: 9149(3f)]

## 29. NOISE BARRIERS ON EXISTING HIGHWAYS

**Senate/Legislature:** Require DOT to allocate $1,000,000 from the state highway rehabilitation appropriations during 1998-99 for the retrofit installation of noise barriers along existing highways. The 1995-97 transportation budget removed all funding ($2,000,000 annually) for retrofitting existing highways with noise barriers. Currently, noise barriers are installed only in conjunction with a highway project.

[Act 27 Section: 9149(6f)]

## 30. STH 20 HIGHWAY PROJECT DEADLINES

**Senate/Legislature:** Require DOT to complete the following highway rehabilitation projects: (a) STH 20 between Roosevelt Avenue and West Boulevard in the City of Racine by December 31, 1998; (b) STH 20 between Oakes Road and Roosevelt Avenue in the Town of Mount Pleasant by December 31, 1999; and (c) STH 20 between West Boulevard and Marquette Street in the City of Racine by December 31, 2002.

[Act 27 Sections: 2465t and 2471b]

## 31. STATE HIGHWAY REHABILITATION -- FOND DU LAC AVENUE PROJECT

**Senate/Legislature:** Require DOT to allocate $1,000,000 in 1997-98 from the state highway rehabilitation program for preliminary engineering, construction and economic development for the Fond du Lac Avenue (STH 145) project in the City of Milwaukee. Specify that design work on this

project must be initiated by December 31, 1997, and that the $1,000,000 would lapse to the transportation fund on that date if the design work has not been commenced.

[Act 27 Section: 9149(1gss)]

## 32. LANDSCAPING FOR MAJOR HIGHWAY PROJECTS

**Senate/Legislature:** Specify that DOT must landscape major highway projects on which construction had commenced on or before December 21, 1995, according to plans developed prior to that time. The 1995-97 transportation budget deleted base level funding for landscaping major highway projects (-$730,300 SEG annually). This provision would require DOT to landscape projects that were started prior to passage of that budget according to the original plans, irrespective of the budget reduction.

[Act 27 Section: 9149(1d)]

## 33. CASSVILLE FERRY

**Senate/Legislature:** Require DOT to provide a grant of $25,000 in 1997-98 from the state highway maintenance program for infrastructure and operating needs associated with the continued operation of an interstate ferry across the Mississippi River at Cassville.

[Act 27 Sections: 491n and 9149(3d)]

## 34. INTERSTATE 94 WAYSIDE MORATORIUM

**Senate/Legislature:** Prohibit DOT from constructing any new waysides along Interstate 94. This would not prohibit DOT from reconstructing existing waysides on the same site.

**Veto by Governor [B-40]:** Delete provision.

[Act 27 Vetoed Section: 2471dm]

## 35. DESIGNATION OF STH 66 AS THE POLISH HERITAGE HIGHWAY

**Senate/Legislature:** Require DOT to designate STH 66 between Stevens Point and Rosholt as the "Polish Heritage Highway" in recognition of the outstanding contributions that Polish Americans have made to the vitality and quality of life in central Wisconsin. Require DOT, upon receipt of contributions totaling not less than $800 from interested parties (including any city, village,

town or county), to erect markers along STH 66 in the following locations: (a) one marker east of Stevens Point for east-bound traffic; and (b) one marker east of Rosholt for west-bound traffic. Specify that no state funds may be used for the erection of any such marker.

[Act 27 Section: 2473m]

### 36. DESIGNATION OF STH 160 AS THE POLISH VETERANS MEMORIAL HIGHWAY

**Senate/Legislature:** Require DOT to designate and sign STH 160 between STH 29 and STH 32 as the "Polish Veterans Memorial Highway" in order to commemorate and honor the military service and patriotism shown by the state's Polish veterans.

[Act 27 Section: 2473r]

## Motor Vehicles

### 1. EXTENDED LICENSE RENEWAL CYCLE [LFB Paper 860]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG-REV | $4,782,600 | | $2,634,700 | | - $760,600 | | $6,656,700 | |
| SEG | - $1,085,100 | - 19.70 | - $692,800 | - 11.60 | $49,400 | 0.80 | - $1,728,500 | - 30.50 |

**Governor:** Delete $307,500 and 9.85 positions in 1997-98 and $777,600 and 19.70 positions in 1998-99 to reflect a reduced workload due to the transition to a six-year renewal cycle for operator's licenses and identification cards. Estimate revenue increases of $1,594,300 in 1997-98 and $3,188,300 in 1998-99 to reflect temporary increases due to prorating fees, based on extended renewal cycles, for operator's licenses and identification cards. Extend the renewal cycle from four years to six years for the following licenses and cards issued by DOT: (a) renewal regular Class D operator's licenses (for noncommercial vehicles); (b) renewal regular Class A, B and C operator's licenses, including all endorsements (for commercial vehicles); (c) renewal Class M operator's licenses (for motorcycles); and (d) original and renewal identification cards. Specify that DOT would take a photograph of the applicant and administer the eyesight examination required for renewal licenses every six years instead of every four years.

Permit DOT to issue licenses and cards for renewal periods of less than six years, during the transition period from issuing four-year licenses and cards to six-year licenses and cards, for the purpose of gaining a uniform rate of renewals. Specify that during this period, applications for renewal may be processed by mail without taking a photograph or administering the required eyesight examination. Specify that any fees for renewal would be prorated according to the term of the license or card. Prohibit DOT from issuing licenses and cards under the transition period provisions after December 31, 2001.

Specify that these provisions would take effect on January 1, 1998.

**Joint Finance:** Increase the renewal cycle for Class D and M operator's licenses, commercial driver's licenses and identification cards to eight years and prorate the license fees accordingly. Delete an additional $230,200 and 5.85 positions in 1997-98 and $462,600 and 11.60 positions in 1998-99 to reflect additional workload savings. Estimate increases in transportation fund revenue of $877,300 in 1997-98 and $1,757,400 in 1998-99 (this change also results in additional revenue of $147,900 in 1997-98 and $296,800 in 1998-99 from proposed increases in operator's license and identification card fees). These increases include $875,500 in 1997-98 and $1,752,500 in 1998-99 related to extending the renewal cycle to eight years and $1,800 in 1997-98 and $4,900 in 1998-99 to reestimate the revenue from going from four years to six years.

**Assembly/Legislature:** Modify the provision as follows: (a) delay the effective date from January 1, 1998, to February 1, 1998; and (b) delete the provision that would extend the renewal cycle for identification cards to eight years, thereby restoring the current law four-year renewal cycle for identification cards. Restore $15,000 and 0.4 positions in 1997-98 and $34,400 and 0.8 positions in 1998-99 to reflect the retention of a four-year cycle for identification cards and reduce estimated transportation fund revenue by $513,900 in 1997-98 and $246,700 in 1998-99 to reflect the delayed effective date (-$411,900 in 1997-98) and the retention of a four-year cycle for identification cards (-$102,000 in 1997-98 and -$246,700 in 1998-99). [Retaining a four-year cycle would also reduce the revenue increase attributable to the identification card fee increase by $51,000 in 1997-98 and $123,300 in 1998-99, which is reflected in a separate entry.]

[Act 27 Sections: 4068, 4070, 4080, 4085, 4086, 4088 thru 4091 and 9449(8)]

## 2. OPERATOR'S LICENSE, IDENTIFICATION CARD AND MOTORCYCLE REGISTRATION FEE INCREASES [LFB Paper 861]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG-REV | $4,103,500 | $575,800 | - $101,100 | $4,578,200 |

**Governor:** Estimate revenue increases of $1,534,000 in 1997-98 and $2,569,500 in 1998-99 to reflect the following increases in motor vehicle fees:

| | Current Fee | | Proposed Fee | | Revenue[1] | |
|---|---|---|---|---|---|---|
| | Total | Per Year | Total | Per Year | 1997-98 | 1998-99 |
| **Operator's Licenses** | | | | | | |
| Class D | | | | | | |
| Original | $15 | $7.50 or $5[2] | $18 | $9 or $6[2] | $170,700 | $341,400 |
| Renewal | 10 | 2.50 | 18 | 3 | 793,900 | 1,814,700 |
| Class A, B & C/Endorsements | | | | | | |
| Original | $32 | $8 | $48 | $8 | $0 | $0 |
| Renewal | 32 | 8 | 48 | 8 | 0 | 0 |
| Class M/Endorsements | | | | | | |
| Original | $4 | $1 to $2[3] | $9 | $1.50 to $4.50[3] | $17,100 | $34,200 |
| Renewal | 4 | 1 | 6 | 1 | 0 | 0 |
| Instructional permit | 20 | N.A. | 22 | N.A. | 22,200 | 44,400 |
| **Identification Cards** | | | | | | |
| Original | $4 | $1 | $9 | $1.50 | $73,200 | $146,400 |
| Renewal | 4 | 1 | 9 | 1.50 | 29,100 | 58,100 |
| Duplicate | 3 | N.A. | 6 | N.A. | 35,100 | 70,200 |
| **Motorcycle Registration** | $20 | $10 | $23 | $11.50 | $392,700 | $60,100 |
| TOTAL | | | | | $1,534,000 | $2,569,500 |

[1] Revenue estimates represent only the increment that would result from increases in the fee per year, and are, therefore, net of revenue that would result from going to six-year cycles with prorated fees.

[2] The fees per year for original licenses depend upon the type of original license. Some original licenses are valid for three years after the date of the applicant's next birthday, while others are valid for two years after the applicant's next birthday. The bill would not change these periods.

[3] The fee per year is based on an initial issuance of an original motorcycle endorsement. Under certain circumstances, however, the number of years an original motorcycle endorsement is valid may vary.

Specify that operator's license and identification card fee increases would take effect on January 1, 1998. Specify that increases in motorcycle registration fees would take effect on May 1, 1998.

**Joint Finance:** Increase estimated transportation fund revenue by $266,100 in 1997-98 and $309,700 in 1998-99 to reflect revised assumptions of the number of licenses and identification cards issued ($118,200 in 1997-98 and $12,900 in 1998-99) and an eight-year renewal cycle instead of a six-year cycle ($147,900 in 1997-98 and $296,800 in 1998-99).

The following table shows the total license and identification card fees and motorcycle registration fees based on the Committee's action on fee increases and the extended renewal cycle. The current fees represent the fees for four-year cycles (except for original Class D, motorcycle

instructional permits and motorcycle registration), whereas the proposed fees are for eight-year cycles (with the same exceptions).

| License Type | Current Fee | Proposed Fee |
|---|---|---|
| **Operator's Licenses** | | |
| Class D | | |
| Original | $15 | $18 |
| Renewal | 10 | 24 |
| Class A, B & C | | |
| Original | $32 | $64 |
| Renewal | 32 | 64 |
| Class M | | |
| Original | $4 | $12 |
| Renewal | 4 | 8 |
| Instructional Permits | 20 | 22 |
| **Identification Cards** | | |
| Original | $4 | $12 |
| Renewal | 4 | 12 |
| Duplicate | 3 | 6 |
| **Motorcycle Registration** | $20 | $23 |

**Assembly/Legislature:** Modify the provision as follows: (a) delay the effective date for the license and identification card fee increases from January 1, 1998, to February 1, 1998; and (b) establish the fee for original and renewed identification cards at $9.00 ($2.25 per year), based on a four-year cycle. Reduce estimated transportation fund revenue by $195,500 in 1997-98 and increase transportation fund revenue by $94,400 in 1998-99 to reflect the delayed effective date (-$234,600 in 1997-98), the retention of a four-year cycle for identification cards (-$51,000 in 1997-98 and -$123,300 in 1998-99) and the increased fee per year for identification cards ($90,100 in 1997-98 and $217,700 in 1998-99).

[Act 27 Sections: 4001, 4087 thru 4090, 4092, 4093, 4103, 4104, 4106, 9449(8) and 9449(9)]

## 3. ABSOLUTE SOBRIETY LAW AGE CHANGE

**Governor:** Increase, from 19 to 21, the age threshold of persons affected by Wisconsin's absolute sobriety law. Under current law, persons under age 19 are prohibited from operating a motor

vehicle with a blood alcohol level above 0.0%. Federal law requires states, as a condition of receiving federal highway aid, to consider persons under age 21 with a blood alcohol level of 0.02% or above to be in violation of operating while intoxicated or under the influence of alcohol laws. States that do not comply with this requirement by October 1, 1998, will receive sanctions equal to 5% of their federal highway aid in the first year and 10% in the second year. Based on federal fiscal year (FFY) 1997 aid levels, DOT estimates that the potential sanctions would equal $13.1 million in FFY 1999 and $26.3 million in FFY 2000. Actual amounts would vary from these estimates depending upon the actual federal highway aid figures for those years. Federal law would allow funds withheld in federal fiscal years 1999 and 2000 to remain eligible for restoration if the state complies on or before September 30, 2000. Specify that this provision would first apply to offenses committed on the effective date of the bill, but would not preclude the counting of other violations as prior convictions, suspensions or revocations for purposes of administrative action by DOT, sentencing by a court or revocation or suspension of operating privileges.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Restore provision.

[Act 27 Sections: 4165md and 9349(5mdq)]

## 4. ENHANCED VEHICLE INSPECTION AND MAINTENANCE PROGRAM

| | Chg. to Base |
|---|---|
| FED | $3,752,600 |

**Governor:** Provide $1,700,000 in 1997-98 and $2,052,600 in 1998-99 to cover increased costs associated with the enhanced vehicle inspection and maintenance program. DOT contracts with a private vendor to perform emission tests on all cars and light trucks in a seven-county area in southeastern Wisconsin. This increase would support costs for contract provisions related to inflation and projected increases in the number of vehicles required to be tested. The state would use federal congestion mitigation and air quality improvement funds for this purpose.

Delete the June 30, 1996, sunset date on an exemption from emissions test requirements for farm trucks.

**Assembly/Legislature:** Modify current law provisions that exempt motor vehicles with a gross vehicle weight rating exceeding 14,000 pounds from emissions limitations and inspections by expanding eligibility for the exemption to include motor vehicles with a gross vehicle weight rating exceeding 10,000 pounds. Require DOT to promulgate administrative rules that prescribe a procedure for emissions testing for stationary fleet vehicles using equipment brought to the fleet vehicles for testing purposes. Require the Secretary of DOT to submit proposed rules to the Legislative Council no later than the first day of the tenth month beginning after the effective date of the bill. Define

fleet vehicles as common motor carriers, contract motor carriers or private motor carriers with at least three registered vehicles.

**Veto by Governor [B-37]:** Delete the provision requiring DOT to promulgate rules establishing a procedure for the emissions testing of private fleets at the site where the fleet vehicles are customarily kept.

[Act 27 Sections: 3606pm and 3607]

[Act 27 Vetoed Sections: 2691g, 2691m and 9149(2mm)]

## 5. COMPUTER DATABASE REDESIGN

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | $1,723,200 | 16.50 |

**Governor/Legislature:** Provide $257,000 in 1997-98 and $1,466,200 in 1998-99 and 16.5 positions annually for project development and long-term support of the continued redesign of the driver record and vehicle registration databases. DOT is currently under a seven-year financing agreement to fund the purchase of equipment and to contract for programming services. This increase would fund continued costs under the agreement and establish base funding for programming positions related to the redesign process.

## 6. DIGITIZED DRIVER'S LICENSE TECHNOLOGY [LFB Paper 862]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG-REV | - $85,200 | | $85,200 | | $0 | |
| SEG | $789,100 | - 1.48 | $43,400 | 1.48 | $832,500 | 0.00 |

**Governor:** Provide $370,100 and delete 0.56 positions in 1997-98 and provide $419,000 and delete 1.48 positions in 1998-99 related to implementing a digitized driver's license technology that would include the addition of a magnetic stripe and an ultra-violet ink mark to indicate authenticity and the ability to confirm identities using a stored database of photographs and signatures. Decrease estimated revenues by $23,200 in 1997-98 and $62,000 in 1998-99 to reflect anticipated reductions in the number of duplicate driver's licenses and identification cards issued.

Delete the requirement that operator's licenses and identification cards for persons under the legal drinking age at the time of issuance have a distinctive background color and, instead, require that they have a distinctive appearance, as specified by DOT. This change would be necessary to avoid a distorted image that results from background color with the digitized technology.

**Joint Finance/Legislature:** Delete $40,100 in 1997-98 and provide $83,500 in 1998-99 to reflect the actual terms of a signed contract with a vendor. In addition, increase revenues by $23,200 and restore 0.56 positions in 1997-98 and increase revenues by $62,000 and restore 1.48 positions in 1998-99. Based on information recently received from other states that have implemented a digitized technology, DOT no longer anticipates reduced workload and fee collections related to the number of duplicate driver's licenses and identification cards issued in the early stages of implementation.

[Act 27 Sections: 4083 and 4101]

## 7. INCREASED LICENSE PLATE COSTS [LFB Paper 863]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $1,071,600 | $298,500 | $1,370,100 |

**Governor:** Provide $484,500 in 1997-98 and $587,100 in 1998-99 to reflect a 3% increase over the biennium in the cost per plate for most plate types and a projected increase in the number of plates issued.

**Joint Finance/Legislature:** Increase funding by $151,900 in 1997-98 and $146,600 in 1998-99 to reflect a reestimate of the number of plates to be issued in the 1997-99 biennium. Based on data recently obtained for 1996, DOT projects additional auto plate issuances of 49,800 in 1997-98 and 47,300 in 1998-99 compared to the number projected under the Governor's recommendation.

## 8. ELECTRONIC PROCESSING OF REGISTRATIONS AND TITLES BY FINANCIAL INSTITUTIONS

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG-REV | - $482,000 | | $482,000 | | $0 | |
| SEG | - $444,700 | - 13.60 | $0 | 0.00 | - $444,700 | - 13.60 |

**Governor:** Delete $444,700 and 13.6 positions and reduce estimated revenues by $482,000 in 1998-99 associated with an initiative that would allow financial institutions to electronically process original vehicle registrations and titles for vehicles for which they hold liens. DOT is currently

initiating this type of electronic processing for motor vehicle dealers. The revenue reduction reflects decreased counter fees from registration and title applicants.

**Joint Finance/Legislature:** Establish a $5 transaction fee for each transaction relating to a certificate of title or a registration, or both, that is transmitted electronically to DOT by a financial institution. Specify that the fee would first apply to applications that are submitted to DOT on January 1, 1998. Estimate increased transportation fund revenue of $482,000 in 1998-99 to reflect this change.

[Act 27 Sections: 4003p, 4003r, 9349(10m) and 9449(6m)]

## 9. ELECTRONIC PROCESSING OF REGISTRATIONS AND TITLES BY FLEET OWNERS

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | - $103,600 | - 3.20 |

**Governor/Legislature:** Delete $103,600 and 3.2 positions in 1998-99 associated with an initiative that would allow government and private fleet owners to electronically process vehicle registrations and titles. DOT would audit a portion of the transactions to ensure that the proper fees were paid.

## 10. ELECTRONIC FILING OF PROOF OF INSURANCE

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG-REV | $208,900 | 0.00 |
| SEG | - $269,800 | - 7.50 |

**Governor/Legislature:** Delete $71,700 and 3.5 positions in 1997-98 and $198,100 and 7.5 positions in 1998-99 and increase estimated revenues by $115,000 in 1997-98 and $93,900 in 1998-99 to reflect proposed changes to the filing of proof of insurance. Require insurers to pay a $1.50 transaction fee to DOT for every certification and recertification of financial responsibility that is not electronically transmitted to DOT, if the insurer submits over 1,000 such certifications and recertifications in any year. Direct DOT to promulgate rules establishing procedures for the collection of this transaction fee. Specify that these provisions would become effective January 1, 1998, and that the fee requirement would first apply to certifications and recertifications submitted to DOT on that date.

[Act 27 Sections: 4129, 9349(11) and 9449(7)]

## 11. ISSUANCE OF CERTIFICATES OF TITLE

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | - $153,200 | - 2.30 |

**Governor:** Delete $153,200 and 2.3 positions in 1998-99 to reflect savings due to proposed changes in the issuance of certificates of title. Modify current law provisions that require DOT to issue and deliver certificates

of title to owners of vehicles to instead require the delivery of titles to lienholders when they hold the primary perfected security interest in the vehicle.

Permit DOT to substitute electronic forms for existing paper forms and redefine "deliver" to include electronic transmission for the following: (a) certificates of title; (b) applications for certificates of title; (c) mileage disclosure forms that are required when ownership is transferred; (d) forms that collect information DOT requires to indicate that ownership of a vehicle was transferred through an auction sale or by a motor vehicle salvage pool; (e) forms that allow an applicant for certificate of title to designate, or reverse such designation, that his or her name, street address, post-office box number and 9-digit extended zip code may not be disclosed, except for certain legally authorized purposes; and (f) applications to name a secured party on the certificate of title.

Modify current law provisions that make vehicle owners responsible for the following title transfer transactions to instead place responsibility for such transactions on the holder of the title if the owner does not have the certificate: (a) application for a duplicate certificate of title in the event the original is lost, stolen, mutilated or destroyed or becomes illegible; (b) delivery of the certificate of title for a vehicle, including a salvage vehicle, to a new owner if ownership is transferred; (c) transfer of the certificate of title to the vehicle manufacturer in the event that the vehicle is returned to the manufacturer, under warranty, because of a defect (owners or lessors could request that the certificate first be provided to them); and (d) delivery of the certificate of title to a secured party in the event that there is a change in the status of the security interest.

Modify a current law provision that makes an owner of a vehicle subject to a forfeiture of up to $500 for the failure to deliver the certificate of title for a vehicle to a new owner upon transfer of the vehicle, to instead hold the person in possession of the title, which may be the owner or the lienholder, liable for failure to deliver the title upon transfer of the vehicle.

Modify current law provisions that require a person to surrender, to the clerk of a circuit court, the certificates of title for every motor vehicle owned by the person due to certain violations of operating while intoxicated laws to instead specify that only those certificates of title that have been issued and delivered to the owner must be surrendered.

Delete current law provisions that require individuals who have National Guard, fire fighter, rescue squad or emergency medical technician license plates, including personalized plates for any of these, and who do not maintain membership in the applicable group during a year which is not a plate issuance year, to return the certificate of title to DOT for correction. Delete similar provisions that require individuals who have personalized plates, but who do not pay the necessary fee to maintain such plates in a year which is not a plate issuance year, to return the certificate of title to DOT for correction.

Establish a January 1, 1999, effective date for these provisions. Allow DOT to issue and deliver certificates of title under currently applicable provisions relating to vehicle titling until July

1, 1999. Specify that the treatment of provisions relating to the application for a title first apply to applications that are submitted on January 1, 1999. Specify that the treatment of operating while intoxicated provisions first applies to offenses committed on January 1, 1999, but does not preclude the counting of prior convictions, suspensions or revocations when determining if a vehicle should be seized, equipped with an ignition interlock device or immobilized.

**Joint Finance/Legislature:** Delete the requirement that vehicle titles be delivered to lienholders when they hold the primary perfected security interest. Delete provisions that make the holder of the title, rather than the owner of the vehicle, responsible for various title transactions to reflect the fact that the owner will continue to be the holder of the title. The provisions related to substituting electronic forms for paper forms and deleting the submission of titles to DOT for correction (related to certain special plate types) would be retained.

[Act 27 Sections: 3189, 3242, 3253, 3984, 3985, 3991m, 3992, 3993, 3999, 4000, 4029, 4030, 4033, 4036, 4037, 4042, 4048, 4052, 9349(4) and 9449(2)]

## 12. ENHANCED DRIVER EDUCATION [LFB Paper 865]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG-REV | - $192,500 | | $192,500 | | $0 | |
| SEG | - $213,600 | - 4.50 | $213,600 | 4.50 | $0 | 0.00 |

**Governor:** Delete $56,000 and 1.6 positions in 1997-98 and $157,600 and 4.5 positions in 1998-99 and reduce estimated revenues by $52,500 in 1997-98 and $140,000 in 1998-99 to reflect proposed changes to the licensing of certain persons under age 18. The funding and revenue reductions are associated with an anticipated decrease in the number of driving skills tests ($10 fee) administered by DOT.

Allow DOT to waive the driving skills test of a person under age 18 who is applying for an original license to operate "Class D" vehicles (all noncommercial vehicles except Type 1 motorcycles) if the person has satisfied other current law provisions relating to the issuance of licenses and has done all of the following: (a) successfully completed an enhanced driver education course approved by DOT; (b) received certification from the instructor indicating that the person has satisfied the driving skills requirements of the enhanced course; (c) completed a specified number of hours of operation of "Class D" vehicles in traffic situations while accompanied by a qualified instructor or a person, occupying the seat beside the applicant, who is 25 years of age or older with at least two years of driving experience and a valid license; and (d) received certification, on a form prescribed by DOT, from a parent, stepparent or other adult sponsor (as defined by DOT by administrative rule), that the person completed these hours of operation.

Direct DOT to evaluate the effectiveness of waiving the driving skills tests for these persons by July 1, 2000, and annually thereafter. Require DOT to promulgate administrative rules establishing procedures for randomly selecting individuals who were waived from the driving skills test and then requiring them to take the driving skills test. With regard to a person for whom the driving skills test was waived, if DOT has good cause to believe that the person's license was suspended or revoked while on probationary status and that the person is seeking reinstatement of the license, the person may be required to submit to the knowledge and driving skills tests otherwise required by DOT under current law. Specify that these provisions would take effect on January 1, 1998.

**Joint Finance/Legislature:** Delete provision.

## 13. THIRD-PARTY SKILLS TESTING FOR CLASS D OPERATOR'S LICENSES [LFB Paper 866]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG-REV | - $54,900 | | $54,900 | | $0 | |
| SEG | - $52,500 | - 1.50 | $52,500 | 1.50 | $0 | 0.00 |

**Governor:** Delete $52,500 and 1.5 positions in 1998-99 and allow DOT to contract with third-party examiners to administer the driving skills test required for the authorization to operate "Class D" vehicles (all noncommercial motor vehicles except Type 1 motorcycles). Extend the following provisions that currently apply to third-party testing for commercial motor vehicle operator licenses and school bus endorsements to third-party testing for "Class D" licenses: (a) private driver training schools or other private institutions may not conduct third-party tests; (b) DOT must conduct on-site inspections of third-party testers at least once per year to ensure compliance with contracts and with DOT standards; (c) third-party examiners must meet the same qualifications and training standards as DOT's license examiners; and (d) DOT must take prompt and appropriate remedial action against a third-party tester that fails to comply with the Department's standards. Decrease estimated revenues by $54,900 in 1998-99 to reflect these changes. The funding and revenue reductions are associated with an estimated decrease in the number of driving skills tests ($10 fee) administered by DOT.

**Joint Finance/Legislature:** Delete provision.

## 14. SPECIAL LICENSE PLATE ISSUANCE FEES [LFB Paper 867]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG-REV | $115,600 | - $115,600 | $0 |

**Governor:** Increase estimated revenues by $57,800 annually to reflect the following changes in the issuance/reissuance fees for certain special license plates:

| | Current Fee | Proposed Fee |
|---|---|---|
| Amateur Radio | $10 | $15 |
| Endangered Resources | 0 | 15 |
| Ex-POW* | 10 | 15 |
| Fire Fighter/Rescue Squad/EMT | 10 | 15 |
| Military Group** | 10 | 15 |
| National Guard** | 10 | 15 |
| Pearl Harbor Veteran** | 10 | 15 |
| Persian Gulf War Veteran** | 10 | 15 |
| Somalia War Veteran** | 0 | 15 |
| Vehicle Collector | 5 | 15 |

*The fee applies only to sets of plates for additional vehicles and reissuance of plates to surviving spouses. Current law provisions that provide for free issuance or reissuance of the first set of plates would remain.

**Includes reissuance to surviving spouses.

Under current law, the issuance/reissuance fee for UW System special plates and the issuance fee for the sesquicentennial special plate are $15. The bill would make the issuance/reissuance fee identical for all special plates.

**Joint Finance/Legislature:** Delete provision.

## 15. INCREASE FEES FOR COMMERCIAL DRIVING SCHOOLS AND INSTRUCTORS

| | Chg. to Base |
|---|---|
| SEG-REV | $26,800 |

**Governor/Legislature:** Increase annual fees as follows: (a) from $25 to $75, effective September 1, 1997, and from $75 to $95, effective September 1, 1998, for a commercial driving school license; and (b) from $5 to $25, effective September 1, 1997, for a

commercial driving school instructor's license. Increase estimated revenues by $12,400 in 1997-98 and $14,400 in 1998-99 to reflect these fee increases.

[Act 27 Sections: 4113, 4116 and 9449(4)]

## 16. EXEMPT CERTAIN MOBILE HOMES FROM REGISTRATION AND TITLING [LFB Paper 868]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG-REV | - $397,800 | | $397,800 | | $0 | |
| SEG | - $139,500 | - 1.57 | $139,500 | 1.57 | $0 | 0.00 |

**Governor:** Delete $69,800 in 1997-98 and $69,700 and 1.57 positions in 1998-99 and decrease estimated revenues by $198,900 annually to reflect proposed changes to the registration and titling of mobile homes. Exempt a mobile home over 45 feet in length from vehicle registration provisions and eliminate the requirement that it be titled, unless it has been titled prior to the effective date of the bill. Specify that a person who purchases a mobile home that is exempt from registration, and for which a certificate of title has been issued prior to the effective date of the bill, must apply for a certificate of title under current provisions related to the transfer of titles. The removal of the titling requirement for these mobile homes would require security interests on them to be perfected by filing a financing statement with the Department of Financial Institutions. The revenue reduction reflects the loss of current registration ($18) and titling ($5) fees for these mobile homes.

**Joint Finance/Legislature:** Delete provision.

## 17. CONSOLIDATE REGISTRATION CATEGORIES FOR CAMPING TRAILERS AND MOBILE HOMES [LFB Paper 868]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG-REV | $46,000 | - $11,200 | $34,800 |

**Governor:** Establish the annual registration fee for camping trailers over 3,000 pounds and mobile homes 45 feet or less in length at $15. Under current law, the annual registration fee for both types of vehicles is $12 for those 25 feet or less in length and $18 for vehicles more than 25 feet in length. A related bill provision deletes the registration requirement for mobile homes over 45 feet in length. Increase estimated revenues by $23,000 annually to reflect this change.

**Joint Finance/Legislature:** Modify the Governor's recommendation to establish the annual registration fee for camping trailers over 3,000 pounds and all mobile homes, regardless of length, at $15. This modification reflects the Joint Committee on Finance's action that eliminated a provision of the bill that deleted the registration requirement for mobile homes over 45 feet in length. Decrease estimated transportation fund revenues by $5,600 annually to reflect this change.

[Act 27 Sections: 4002 and 4003]

## 18. ELIMINATE PROOF OF FINANCIAL RESPONSIBILITY REQUIREMENT FOR NONRESIDENTS

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG-REV | - $7,000 | 0.00 |
| SEG | - $109,000 | - 1.50 |

**Governor/Legislature:** Delete $54,500 and 1.5 positions annually and decrease estimated revenues by $3,500 annually to reflect the proposed elimination of the requirement that nonresidents file proof of financial responsibility as a condition of the reinstatement of operating privileges in Wisconsin. Currently, both residents and nonresidents must file proof of financial responsibility during the three years following the period of revocation. The revenue reduction reflects the loss of current filing fees ($3) paid by insurance companies in cases where a previously canceled policy is being recertified.

[Act 27 Sections: 4099 and 4100]

## 19. MISCELLANEOUS BUDGET ADJUSTMENTS [LFB Paper 869]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $97,900 | - $97,900 | $0 |

**Governor:** Delete $48,000 from supplies and services in 1997-98 and provide $145,900 for LTE salaries in 1998-99.

**Joint Finance/Legislature:** Delete provision.

## 20. ELIMINATE PLACE OF BIRTH REQUIREMENT FOR OPERATOR'S LICENSES

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | - $20,200 | - 0.30 |

**Governor/Legislature:** Delete $10,100 and 0.3 positions annually to reflect the proposed deletion of the requirement that applicants for an original, reinstated

or duplicate operator's license or identification card provide proof of their place of birth as a condition of receiving such license or card. Applicants would continue to be required to provide proof of their date of birth.

[Act 27 Sections: 4065 and 4084]

## 21. ELIMINATE VEHICLE IDENTIFICATION NUMBER INSPECTIONS

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | - $19,000 | - 0.27 |

**Governor:** Delete $9,500 and 0.27 positions annually and eliminate the requirement that a vehicle last registered in another jurisdiction be inspected, upon application for title in Wisconsin, to certify that it matches the description provided on the title application. Delete the exemption from registration that currently exists for such a vehicle while enroute to and from these inspections. Specify that these provisions would take effect on January 1, 1998, and would first apply to applications for certificates of title submitted on that date. (A technical modification to the bill would be necessary to accomplish this.)

**Joint Finance/Legislature:** Make a technical modification to specify that these provisions would first apply to applications submitted on January 1, 1998.

[Act 27 Sections: 3964, 4035 and 9349(1)]

## 22. FARM SEMITRAILER REGISTRATION

| | Chg. to Base |
|---|---|
| SEG-REV | - $3,000 |

**Governor/Legislature:** Eliminate current law provisions that require annual registration of farm semitrailers at a fee of $5, and instead allow such semitrailers to be registered under current law provisions that require DOT to do the following: (a) register semitrailers that are used in connection with a truck tractor at a fee of $50, for a period as long as the registrant owns the semitrailer; and (b) issue a permanent semitrailer registration plate to evidence registration. Farm semitrailer plates would no longer be issued. Specify that farm trailers that are used with a farm truck tractor, and are currently registered on an annual basis at a fee of $5, would be allowed to renew registration under permanent semitrailer registration provisions for a one-time fee of $5. Decrease estimated revenues by $1,500 annually to reflect these changes.

[Act 27 Sections: 4007 and 9149(1)]

## 23. DRIVER EDUCATION LICENSE PLATES

**Governor/Legislature:** Eliminate the requirement that DOT issue plates of a distinctive design upon the registration of a driver education vehicle. Currently, DOT issues plates with the phrase "DRIVER ED" along the bottom and the letters "DE" as part of the number. Under the bill, these vehicles would be issued a regular automobile plate.

[Act 27 Section: 4010]

## 24. VEHICLE REGISTRATION FOR LESSEES

**Governor:** Specify that the lessee of a vehicle that is leased for a period of one year or more (a "long-term" lessee) would be defined as the owner for purposes of the vehicle registration and financial responsibility laws. Modify the vehicle registration process as follows to reflect this change: (a) allow registration to an applicant who lacks a certificate of title; (b) require the lessee's full name and residence or business address on the application; and (c) permit DOT to include an application question to determine the proper applicant. Allow DOT to renew a leased vehicle's registration in the lessor's name for the remainder of the lease if the vehicle was registered by the lessor prior to January 1, 1998.

Remove provisions allowing the registration of vehicles with disabled or disabled veteran plates (and the issuance of disabled parking identification cards with those plates), special group plates or personalized plates (including personalized special plates or personalized disabled or disabled veteran plates) by a lessor on behalf of a qualifying lessee to reflect the ability of the lessee to register the vehicle and obtain these plates. Prohibit DOT from issuing any disabled or disabled veteran plates on or after January 1, 1998, under current law provisions applying to vehicles leased by a qualifying person.

Specify that a long-term lessee is considered to be the vehicle owner for the purpose of holding the owner responsible for the following motor vehicle violations: (a) failure to display a required state park sticker; (b) fleeing a traffic officer; (c) failure to yield the right-of-way to an authorized emergency vehicle or a funeral procession; (d) failure to stop when an emergency vehicle is backing into a fire station; (e) failure to obey a school crossing guard; (f) failure to stop for a stopped school bus displaying flashing lights; (g) unauthorized parking in a space reserved for the physically disabled; and (h) violation of radio or sound amplification provisions. Define a long-term lessee as the vehicle owner for the purpose of current accident reporting requirements.

Include a long-term lessee in the definition of a vehicle owner for the following purposes: (a) determining the owner of unregistered vehicles; (b) determining the responsibility for violations of prohibitions against the removal or destruction of vehicle identification numbers; (c) determining the responsibility for a vehicle that is illegally abandoned; and (d) determining the responsibility for

violations of local ordinances or state laws relating to the stopping, standing or parking of vehicles. This would extend current penalty provisions applying to vehicle owners to long-term lessees.

Prohibit the Secretary of Transportation from ordering the impoundment of a vehicle for the failure to deposit security after an accident if the vehicle is leased and registered in the name of a lessee.

Modify the following current law provisions applying to the purchase of vehicles so that they also apply to vehicle lease agreements: (a) the operation of a motor vehicle without title or registration as long as the required applications have been filed; (b) the issuance of temporary operation plates for certain types of vehicles by auto dealers; (c) the temporary registration and issuance of plates to a nonresident who intends to keep the vehicle in another state; (d) the termination of the registration exemption for a vehicle when it is transferred from a nonresident to a resident; (e) the calculation of credits for partially used registrations and part-year or part-period fees; and (f) the 50% refund of fees paid for biennial registration when the registration is terminated before the beginning of the second year.

Remove references to lessees in the following provisions to reflect the proposed issuance of registrations to long-term lessees: (a) the 30-day registration renewal notice; (b) the notice of unpaid citations or judgements that may preclude the reregistration of a vehicle; (c) the potential refusal of registration if fees are not paid for another vehicle; (d) the ability of an employer that provides certain types of vehicles to an employee to register the vehicle with disabled plates if the employee qualifies; (e) the special registration category for vehicles used exclusively for rescue work by a voluntary nonprofit organization; and (f) the consecutive monthly registration for motor trucks or truck tractors used by a retail lumber yard to transport building construction materials from the lumber yard to a construction site.

Modify provisions relating to the use of immobilization devices in parking enforcement to create consistent references to the lessee or operator of a motor vehicle.

Establish a January 1, 1998, effective date for these provisions. Allow DOT to issue original registrations under currently applicable provisions relating to vehicle registration until January 1, 1999. Specify that the provisions relating to traffic offenses would first apply to offenses committed on January 1, 1998, but would not preclude the counting of other offenses as prior offenses for sentencing a person, suspending or revoking a person's operating privilege or determining eligibility for an occupational license or authorization to operate certain motor vehicles. Specify that the provisions relating to financial responsibility, accidents and accident reports would first apply to accidents occurring on January 1, 1998. Specify that the provisions relating to vehicle removal and disposal would first apply to vehicles removed, seized, impounded, towed, stored or immobilized, or vehicle parts seized, on January 1, 1998.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Restore provision.

[Act 27 Sections: 954mm thru 959m, 3960m, 3961m, 3962j, 3963m, 3968m thru 3971d, 3972df, 3973c, 3974m thru 3976L, 3977m, 3978m, 3989g, 3990mm, 3991m, 3994m thru 3998m, 4004m, 4011m, 4012m, 4013m thru 4022g, 4023m, 4028m, 4058m thru 4059t, 4060m, 4061m, 4108m, 4126m thru 4128m, 4153m thru 4165m, 4171m thru 4177g, 4181m thru 4187g, 5509m, 5510d, 9149(3bg), 9349(5mg), 9349(6mg), 9349(7g) and 9449(5g)]

## 25. SALE OF ACCIDENT AND CITATION RECORDS [LFB Paper 870]

**Governor:** Establish in statute a nonstatutory provision of 1995 Act 113 that authorized DOT to enter into a contract with a person to furnish any records containing information from files of motor vehicle accidents and uniform traffic citations. Repeal the June 30, 1997, sunset date on the authorization to contract and furnish records. Delete the requirement that DOT report to the Joint Committee on Finance on the terms of any contract and its effect on net revenues from the sale of records.

**Joint Finance/Legislature:** Establish in statute a nonstatutory provision of 1995 Act 113 that required DOT to submit a report to each member of the Joint Committee on Finance on the terms and conditions of any contract entered into for the sale of these records. Specify that if DOT determines that providing these records under such a contract has reduced total revenues received from the sale of those records and driver abstracts, require DOT to submit a report to each member of the Joint Committee on Finance summarizing the related expenditures and revenues.

**Veto by Governor [B-49]:** Delete the provisions requiring DOT to report to the Joint Committee on Finance regarding the terms and conditions of each contract and on any negative impact of such contracts on net transportation fund revenue.

[Act 27 Sections: 5504, 5505 and 9349(9gz)]

[Act 27 Vetoed Sections: 5505 thru 5506]

## 26. TEMPORARY LICENSE PLATES

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG-REV | $3,131,000 | | - $2,662,200 | | $468,800 | |
| SEG | $505,400 | 7.30 | - $115,500 | - 3.30 | $389,900 | 4.00 |

**Joint Finance:** Require the use of a temporary license plate until permanent plates are obtained for vehicles not more than 8,000 pounds, effective July 1, 1998. Increase the fee for a temporary plate from $3 to $10 and increase the period that temporary plates for vehicles not more than 8,000 pounds are valid, when such plates are used because permanent plates are not immediately available, from 60 days to 90 days. Require DOT to promulgate rules specifying the appearance of the plates and the system to be used to identify the date of issuance.

Specify that the fact that a vehicle that is 8,000 pounds or less is located on a public highway and is not displaying valid registration plates or a temporary plate is prima facie evidence that the vehicle is unregistered or improperly registered.

Require DOT to issue temporary plates to new car dealers at no charge and specify that the dealer must issue a temporary plate to an applicant if the applicant pays the fee for the plate and certifies that all requirements for regular vehicle registration have been met, regardless of whether or not the applicant purchased or otherwise obtained the vehicle at the dealership. Allow other car dealers to request any number of temporary plates, also at no charge. Require dealers to return $7.50 to DOT for each plate that they issue.

Provide $505,400 and 7.3 positions in 1998-99 for administrative and other costs related to these changes and estimate increased transportation fund revenue at $3,131,000 in 1998-99.

**Assembly/Legislature:** Modify the provision as follows: (a) delay the effective date from July 1, 1998, to September 1, 1998; (b) delete $115,500 and 3.3 positions in 1998-99; and (c) delete the provision that would increase the fee for a temporary plate from $3 to $10 and, instead, specify that the temporary plates issued for vehicles with a gross vehicle weight rating of 8,000 pounds or less for which permanent plates are not immediately available shall be issued at no charge. Retain a $3 fee for temporary plates issued in other circumstances, except where a different fee is prescribed under current law. Decrease estimated transportation fund revenue by $2,662,200 in 1998-99 to reflect the delayed effective date (-$521,800) and the elimination of a fee for these plates (-$2,140,400).

Change the class of vehicles for which temporary plates are required from automobiles, station wagons and any other vehicle with a gross vehicle weight rating of 8,000 pounds or less to automobiles, station wagons and motor trucks with a registered weight of 8,000 pounds or less.

Delete the provision that would require new car dealers to issue temporary plates to applicants for vehicle registration when permanent plates are not immediately available, regardless of whether or not the applicant purchased or otherwise obtained the vehicle at the dealership. Instead, require all vehicle dealers to issue a temporary plate without charge to any state resident who purchases a vehicle with a registered weight of 8,000 pounds or less for which permanent plates are not immediately available, if the person submits to the dealer a complete registration application,

including evidence of an emissions inspection when required, and only if the vehicle was purchased at the dealership.

Require police departments to issue a temporary plate without charge to a state resident for use on a vehicle with a registered weight of 8,000 pounds or less if the person submits to the police department a complete application for registration of the vehicle, including evidence of an emissions inspection when required, and for a new certificate of title for the vehicle, together with a check or money order made payable to DOT for all fees related to the title, registration, security interest and sales tax. Require the police department to transmit the check or money order to DOT.

Require DOT to issue a sufficient number of plates to dealers and police departments and to prescribe the manner in which the dealers and police departments shall keep records of the temporary plates that they issue. Specify that police departments and dealers may collect a special handling fee of not more than $5 if the dealer or police department provides special assistance to a person who is applying for a temporary plate, unless the person has purchased the vehicle from the dealer that provides the special assistance.

Specify that dealers may issue, at their option, a temporary plate for a fee of $3 to a state resident who purchases a vehicle with a registered weight of 8,000 pounds or less from a person other than the dealer if the person submits to the dealer a complete application for registration of the vehicle, including evidence of an emissions inspection when required, and for a new certificate of title for the vehicle, together with a check or money order made payable to DOT for all fees related to the title, registration, security interest and sales tax. Require the dealer to transmit the check or money order to DOT. Require DOT to issue temporary plates to dealers upon request to be issued in these circumstances, and require DOT to charge the dealer $3 per plate.

Require DOT to promulgate rules specifying the design, size, color, form and specifications of temporary plates issued to vehicles with a registered weight of 8,000 pounds or less when permanent plates are not immediately available, and specify that these plates shall contain a registration number composed of letters or numbers. Specify that the registration number of the temporary plate be included on the application for title.

**Veto by Governor [B-45]:** Delete the provisions that would require police departments to issue temporary license plates. Temporary plates would be available from DOT for individuals who do not purchase a vehicle from an automobile dealer.

[Act 27 Sections: 3961p, 3962m, 3971g thru 3971mm, 3972dg thru 3972j, 3973jm, 4036g, 5212g thru 5212k, 9349(9sm) and 9449(8nm)]

[Act 27 Vetoed Sections: 3961p, 3971g, 3971h, 3971hb, 3972jm, 4036g, 9349(9sm) and 9449(8nm)]

## 27. LATE FEES FOR VEHICLE REGISTRATION AND OPERATOR'S LICENSE RENEWALS

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG-REV | $3,941,800 | |
| SEG | $531,800 | 14.00 |

**Assembly/Legislature:** Establish a $10 fee for automobile, light truck, motorcycle and moped registrations that are not renewed before they expire, effective October 1, 1998, and a $5 fee for Class D, Class M and commercial driver's licenses that are not renewed before they expire, effective April 1, 1998. Provide $62,800 and 4.5 positions in 1997-98 and $469,000 and 14.0 positions in 1998-99 for administration of the late fees. Estimate additional transportation fund revenues at $135,800 in 1997-98 and $3,806,000 in 1998-99 to reflect this change.

[Act 27 Sections: 4003t, 4093mg and 9449(8e)]

## 28. CHILDREN FIRST SPECIAL LICENSE PLATE

| | Chg. to Base |
|---|---|
| SEG | $35,000 |

**Joint Finance/Legislature:** Require DOT to issue a "Children First" special license plate for persons interested in expressing support for the prevention of child abuse and neglect. Provide that these special plates would be available for automobiles, station wagons or motor homes, for motor trucks, dual purpose motor homes or dual purpose farm trucks registered at a gross weight of up to 8,000 pounds and for farm trucks with a gross weight of up to 12,000 pounds.

Require DOT to specify the design for the Children First special plate after consulting with the Child Abuse and Neglect Prevention Board on the design. Provide that DOT may not specify the word(s) or the symbol for the special license plate unless the word(s) or the symbol is approved in writing by the Board.

Require DOT to charge a $15 fee for the initial issuance or reissuance and an additional $20 fee on an annual basis for this special plate. Provide that funds received from the $20 fee in excess of DOT's initial data processing costs for the Children First plate or $35,000, whichever is less, be deposited in the children's trust fund. Provide that the $20 annual fee would be a tax deductible charitable contribution to the extent permitted under current law. Provide $35,000 in 1998-99 to reflect the initial data processing costs to establish this special plate.

Require DOT to issue a replacement of the special plate upon satisfactory proof of the loss or destruction of a Children First special plate and payment of a $6.00 fee for each replacement plate.

Specify that these provisions would take effect January 1, 1999.

[Act 27 Sections: 852d, 908g, 908m, 1733m, 1734m, 3987g, 3988g, 3989j thru 3989p, 4000e and 9449(1t)]

## 29. SPECIAL LICENSE PLATE FOR ANTIQUE MOTORCYCLES

**Joint Finance/Legislature:** Require DOT to issue a special license plate to any person who is a resident of this state and the owner or subsequent transferee of a motorcycle which has a model year of 1945 or earlier and which has not been altered or modified from the original manufacturer's specifications and who applies for registration of such motorcycle as an antique motorcycle.

Upon payment of a $5 fee by the applicant, require DOT to furnish registration plates of a distinctive design, in lieu of the usual registration plates, which must show in addition to the registration number that the motorcycle is an antique. Provide that the registration would be valid while the motorcycle is owned by the applicant without payment of any additional fee. Provide that the motorcycle can only be used for special occasions, such as display and parade purposes, or for necessary testing, maintenance and storage purposes.

Allow a person who registers an antique motorcycle to furnish and display on the motorcycle a historical plate from, or representing, the model year of the motorcycle if the registration and plate issued by DOT are simultaneously carried with the motorcycle and are available for inspection.

Specify that, unless inconsistent with antique motorcycle provisions, the provisions applicable to other motorcycles would also apply to antique motorcycles.

Provide that these provisions would become effective January 1, 1998.

[Act 27 Sections: 3980m, 4007p, 4007r and 9449(5m)]

## 30. GOLF CART OPERATION REGULATION AUTHORITY

**Joint Finance/Legislature:** Allow any city, village or town, by ordinance, to regulate the operation of a golf cart to and from a golf course for a distance not to exceed one mile upon a highway under its exclusive jurisdiction. Require the municipality to place a sign, of a type approved by DOT, to mark golf cart travel routes designated by an ordinance.

Extend the current law registration exemption and vehicle equipment applicability provisions for a golf cart that is crossing a highway, as authorized by a municipal ordinance, to golf carts being operated under an ordinance that regulates the operation of a golf cart to and from a golf course.

[Act 27 Sections: 3964m, 4177m and 4187m]

## 31. LONG TRUCK ROUTE DESIGNATION

**Joint Finance/Legislature:** Add STH 77 between Hayward and Hurley and STH 64 between Merrill and Medford to the list of highways designated as approved routes for vehicles or vehicle combinations that exceed the length normally allowed on highways within the state. Specify that this provision shall not apply after December 31, 1998. These segments are currently being considered for inclusion on the designated long-truck route through the administrative rule process, which is the normal procedure for such designation. This change would designate these highways for long trucks through a nonstatutory provision. This designation would not apply after December 31, 1998, if the rule change is not adopted by that time.

[Act 27 Sections: 9149(1y) and 9149(1z)]

## 32. IGNITION INTERLOCK DEVICES AND PENALTIES FOR OWI

| | Assembly (Chg. to Base) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|
| SEG | 1.50 | - 1.50 | 0.00 |

**Assembly:** Redefine an "ignition interlock device" as a device which measures a person's alcohol concentration and which is installed on a vehicle in such a manner that the vehicle will not start if the sample shows that the persons has an alcohol concentration of 0.04 or more, instead of a device that will not allow the vehicle to start if the person has a prohibited alcohol concentration, as under current law.

Define "restricted operator" as a person whose operating privilege is restricted to operating only motor vehicles equipped with an ignition interlock device and "service provider" as a person who has contracted with DOT to provide ignition interlock devices and support services for those devices. Require DOT to do the following: (a) develop and administer an ignition interlock device program that assists a person in complying with a court order restricting the person's operating privilege to operating only motor vehicles equipped with an ignition interlock device; (b) contract with a service provider who has at least two years of full-time field experience providing and servicing ignition interlock devices; (c) amend its vehicle registration records to reflect the installation or removal of an ignition interlock device upon receiving notice; and (d) promulgate rules to implement the program. Provide 1.5 SEG positions to administer the program.

Specify that the contract between DOT and the service provider should require the service provider to do the following: (a) use only ignition interlock devices approved by the Department and manufactured by a manufacturer that has 500 or more devices in service in the United States or Canada; (b) create and implement a service delivery plan under which any restricted operator in the

state may obtain routine service of an installed ignition interlock device within a 60-mile radius of his or her home, and have a device installed within a 150-mile radius of his or her home; (c) service at least once every two months each ignition interlock device installed by the service provider; (d) provide a 24-hour toll-free telephone number for information and services related to the contract; (e) return any phone call requesting service of an ignition interlock device installed by the service provider within 45 minutes after receiving the call and repair or replace any defective device within 48 hours after receiving a call requesting service of the device; (f) install devices within 15 days after receiving a request to install an ignition interlock device; (g) provide DOT, within two business days after installing or removing an ignition interlock device, with notice of the installation or removal; (h) provide DOT, within two business days after inspecting an installed ignition interlock device, with notice of evidence of any tampering with, circumventing, or bypassing an ignition interlock device or of resetting violations recorded by the device; (i) provide DOT with monthly reports summarizing electronic data from the ignition interlock devices in a format that is agreed upon by DOT and the service provider; (j) provide DOT with all the software that is reasonably required by the Department to access and interpret data collected by an ignition interlock device submitted to DOT and with any technical support necessary to use the software; (k) provide DOT, in a timely manner, with any other information reasonably requested by the Department; (l) cooperate with any study by DOT or the Legislature of the ignition interlock device program; (m) provide all required services and products at no cost to the state; (n) provide the owner of the vehicle with a program of instruction on the proper use of the ignition interlock device; and (o) refuse to install an ignition interlock device unless the owner of the vehicle has completed a program of instruction on the proper use of the device. Specify that a service provider may charge a restricted operator a periodic fee for services provided under the contract, but specify that the fee shall be uniform statewide and that a restricted operator may not increase the fee charged to any person while the person is a restricted operator. Specify that the contract entered into with the ignition interlock device service provider is not subject to current law restrictions on state contracts.

Prohibit the service provider from doing the following: (a) subcontracting for any services required under the contract; and (b) allowing any business to be conducted from its service centers other than business directly related to providing service required under the contract.

Require courts to order that persons convicted of operating while intoxicated offenses have their driving privileges restricted to operating a vehicle equipped with an ignition interlock device as follows: (a) for the first six months that the person is authorized to drive after a conviction if the conviction resulted from the person having a alcohol concentration of 0.18% or more or if the court determines that an ignition interlock device restriction is needed to ensure public safety; (b) for the first two years that the person is authorized to drive after the conviction if the person has two OWI convictions or license suspensions or revocations related to OWI within a five-year period or three convictions, license suspensions or revocations within a 10-year period; (c) for the first six months that the person is authorized to drive after a conviction for improperly refusing to submit a sample of breath, blood or urine for testing upon request of a law enforcement officer; (d) for the first two years that the person is authorized to drive after a conviction for refusing to provide a breath, blood

or urine sample if the person has two OWI convictions within a five-year period or three or more OWI convictions within a ten-year period.

Specify that the record of conviction and notice of suspension prepared by courts shall include the person's blood alcohol content, if known.

Specify that courts may consider a person's ability to pay the full cost of complying with an order to have an ignition interlock device installed and may reduce the amount of the fine imposed, as long as it is not reduced to below the minimum fine, if the court finds that the person is unable to pay the full cost.

Delete the requirement that courts order a law enforcement officer to seize, immobilize or equip with an ignition interlock device a motor vehicle owned by a person whose operating privilege is revoked for refusing to provide a breath, blood or urine sample for testing or who committed an OWI violation, if, in either case, the person has two prior suspensions, revocations or convictions related to OWI within a ten-year period. Instead, require the courts to order the owner of the vehicle who commits an offense under these circumstances to have an ignition interlock device installed on the vehicle or order a law enforcement officer to immobilize any vehicle owned by the person. Delete provisions related to the seizure of vehicles in such circumstances to reflect this change.

Require an arresting law enforcement officer to inform a person who is suspected of operating while intoxicated that his or her operating privileges may be restricted to operating a vehicle equipped with an ignition interlock device if he or she refuses to provide a sample of breath, blood or urine for testing or if the results of such a test show that the person was operating a motor vehicle with a prohibited alcohol concentration.

Require DOT, when issuing occupational licenses, to restrict the applicant's operation under the occupational license to vehicles that are equipped with an ignition interlock device if the person has had a conviction, suspension or revocation related to OWI within the previous ten-year period, except in cases where the applicant has had only one such conviction in the previous ten-year period, as long as the conviction resulted from the person having an alcohol concentration of less than 0.18%, and the person does not have any suspension or revocation within the previous ten-year period that resulted from the refusal to submit to chemical testing. Require DOT, when issuing an occupational license with an ignition interlock device restriction, to notify the applicant of the Department's ignition interlock device program and that he or she is liable for the reasonable costs of equipping any motor vehicle that he or she operates with a functioning ignition interlock device.

Increase the fees for persons who are restricted to operating a vehicle equipped with an ignition interlock device as follows: (a) for reinstatement of an operating license after a period of suspension or revocation, from $50 to $80; and (b) for an occupational license, from $40 to $70. Specify that 38% of the revenues collected from persons who pay the $80 fee for reinstatement and 43% of the revenues from persons who pay $70 for an occupational license be credited to a new appropriation

for educational and informational materials and technical equipment related to the ignition interlock device program. Specify that DOT may also make grants from this appropriation to any county or municipality to cover up to 50% of the costs of transporting persons who are possibly intoxicated from premises licensed to sell alcohol to their homes. Define "municipality" as a city, village or town and modify current law to use the term "municipality" in place of "city, village or town."

Modify occupational license requirements and conditions as follows: (a) establish an exception to a provision that disqualifies a person whose license is revoked or suspended from receiving an occupational license if his or her license had also been revoked or suspended for a separate offense within a one-year period, to allow the person to receive an occupational license if the offense for which the license is currently revoked or suspended is related to OWI; (b) specify that the occupational license restrictions on the hours of the day or week for which driving is allowed or the places to which the license holder may drive do not apply if the occupational license was issued with an ignition interlock device restriction; (c) specify that DOT may not issue an occupational license to a person with any convictions, suspensions or revocations related to OWI offenses within the previous 10-year period (instead of two or more prior convictions, under current law) who has not completed a court-ordered assessment or is not complying with the driver safety plan developed as part of the assessment; (d) reduce the period of time following a conviction after which a person may be eligible for an occupational license from 90 days to 60 days for a person who has two convictions, suspensions or revocations related to OWI in a five-year period, and from 120 days to 90 days for a person who has three or more convictions, suspensions or revocations related to OWI in a 10-year period; and (e) specify that persons who hold an occupational license with an ignition interlock device restriction are not subject to the immediate revocation of that license for a violation of occupational license restrictions.

Specify that DOT may not reinstate a person's license after a period of suspension or revocation or issue an occupational license to the person if the court has ordered that the person must be restricted to driving a vehicle equipped with a ignition interlock device unless the service provider provides evidence satisfactory to the Department that the vehicle that the applicant will be permitted to operate has been equipped with the device.

Specify that no person may help or allow a restricted operator to operate a motor vehicle without a functioning ignition interlock device. Prohibit any person from violating any requirement established by the Department regarding ignition interlock devices. Specify that the penalty, in addition to existing penalties, for improperly removing, disconnecting, tampering with or otherwise circumventing an ignition interlock device, or for requesting or permitting another person to blow into an ignition interlock device or otherwise starting the vehicle without first providing a breath sample into the ignition interlock device is that the period of the ignition interlock device restriction shall be increased by the amount of time from the issuance of the ignition interlock device restriction on the person's operating privilege to the date of the violation. Specify that DOT shall be responsible for determining if a restricted operator has tampered with an ignition interlock device and that DOT shall be responsible for increasing the period of the ignition interlock device restriction in the event of a

violation. Modify an existing provision, requiring DOT to design a label for ignition interlock devices warning of the penalties for tampering with the device, to cover the new circumstances under which a device would be required.

Make technical corrections to statutory cross references in provisions related to operating while intoxicated laws and occupational licenses.

Establish an effective date for provisions related to ignition interlock requirements, the penalties for operating after revocation or suspension, and the changes to occupational license requirements and conditions (except for the fee for an occupational license) of the first day of the ninth month beginning after publication of the act. Specify that these same provisions would first apply to offenses committed on the effective date, but would not preclude the counting of other offenses as prior offenses for purposes of administrative action by DOT, sentencing by a court or suspending or revoking a person's operating privilege. Provisions related to the establishment of the ignition interlock device program, the fee for reinstatement and occupational licenses, and the technical changes would be effective on the general effective date of the budget act.

**Senate/Legislature:** Delete provision.

## 33. MODIFICATION OF AUTOMOBILE REGISTRATION PERIOD

**Assembly/Legislature:** Delete the following current law automobile registration period provisions: (a) if the first operation of an automobile making it subject to registration occurs on or before the 15th day of a given month, the registration period commences on the first day of that month; and (b) if the first operation of an automobile making it subject to registration occurs on or after the sixteenth day of a given month, the registration period commences on the first day of the following month. Instead, require the registration period for an automobile to commence on the date the first operation making it subject to registration occurs, effective 15 months following the bill's general effective date.

[Act 27 Sections: 3976m, 3998q, 4000g, 4000j, 4010c thru 4010p, 4011q, 4012q, 4046m, 4060f and 9449(8mm)]

## 34. WEIGHT LIMITATIONS FOR RELOADING TRUCKS

| | Chg. to Base |
|---|---|
| SEG-REV | - $375,000 |

**Assembly/Legislature:** Increase, from 1,000 pounds to 2,000 pounds, the current law excess weight under which a truck is eligible to reload if a wheel, axle or axles are over specified weight limits. In addition, increase the overall amount of weight that may be reloaded from 1,000 pounds to 2,000 pounds. Specify that these changes first apply to the operation of vehicles on the bill's effective date. Estimate decreased

transportation fund revenues from citations for overweight operation at $125,000 in 1997-98 and $250,000 in 1998-99.

[Act 27 Sections: 4179m and 9349(3mg)]

## 35. OVERWEIGHT PERMIT EXEMPTION

**Assembly/Legislature:** Allow DOT to issue annual or consecutive month permits for the transportation of bulk potatoes from storage facilities to food processing facilities in vehicles or vehicle combinations that exceed maximum gross weight limitations by not more than 10,000 pounds. Specify that such a permit is not valid on the national system of interstate and defense highways, except on USH 51 from STH 64 to STH 29 and on I-39 from STH 29 to I-90/94. Under current law, such permits can be issued only for vehicles traveling on a 20-mile section of USH 51 (I-39) in Portage and Waushara Counties if the potatoes are being transported from a storage facility to a rail loading facility and if the distance does not exceed 15 miles.

**Veto by Governor [B-47]:** Delete the word "not" before the word "valid" and delete the phrase pertaining to the national system of interstate and defense highways. As vetoed, the provision states that these permits are valid on the section of highway (USH 51 and I-39) between STH 64 and I-90/94. In his veto message, the Governor states that the stricken language is unnecessary and that, in any case, these permits are not currently allowed under federal law.

[Act 27 Sections: 4180k thru 4180p]

[Act 27 Vetoed Section: 4180m]

## 36. MOTOR BUS LENGTH

**Assembly/Legislature:** Specify that motor buses that exceed general length restrictions for operation without a permit, but which do not exceed 45 feet in length, may be operated in the state without a permit.

[Act 27 Section: 4179jac]

## 37. SECURITY INTERESTS IN VEHICLES

**Senate/Legislature:** Increase the period before DOT may remove from its computerized records any information pertaining to a security interest in a vehicle from six years to ten years and in a mobile home from 16 years to 20 years, after first receiving notice of the security interest.

Under current law, the owner of any vehicle who creates a security interest in the vehicle must notify DOT of the interest, and DOT must issue the owner a new certificate of title containing the name and address of the new secured party. DOT may remove from its computerized records any information pertaining to a security interest in a vehicle, except a mobile home or truck tractor, after six years. Removal of the information does not affect the security agreement between the owner and the secured party.

[Act 27 Sections: 4058gm and 4058gq]

## State Patrol

### 1. MOBILE DATA COMPUTERS [LFB Paper 880]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $1,941,900 | - $372,200 | $1,569,700 |

**Governor:** Provide $701,200 in 1997-98 and $1,240,700 in 1998-99 to purchase and install mobile data computers for State Patrol vehicles. These computers allow officers to receive vehicle registration, driver's license and warrant information directly from DOT records. This funding would support payments on a three-year financing agreement totalling $3,237,000 for the purchase and installation of a total of 380 computers.

**Joint Finance/Legislature:** Decrease funding by $178,000 in 1997-98 and $194,200 in 1998-99 to reflect a reestimate of the number of machines needed and the cost per machine. Based on this reestimate, the total amount of the three-year financing agreement would be $3,139,500.

### 2. BREATH TESTING INSTRUMENT REPLACEMENT [LFB Paper 881]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR-REV | $744,700 | - $744,700 | $0 |
| PR | $703,700 | $1,286,700 | $1,990,400 |

**Governor:** Increase funding by $234,600 in 1997-98 and $469,100 in 1998-99 to replace 325 breath testing instruments (intoxilyzers) used by local law enforcement agencies and the State Patrol. These amounts reflect payments in the biennium on a five-year financing agreement totalling $2,345,500.

Increase the driver improvement (OWI) surcharge by $15, from $300 to $315. Modify the percentage allocation of the surcharge as follows to allow the state to retain the full $15 increase: (a) increase the amount received by the state from 29.2% to 32.6%; and (b) decrease the amount retained by counties from 70.8% to 67.4%. Create an annual program revenue appropriation for the purchase and maintenance of breath screening instruments. Specify that funds could be transferred to this appropriation by the Secretary of Administration from a program revenue appropriation in the Department of Health and Family Services (DHFS), where the state's share of the surcharge is currently collected. Specify that the unencumbered balance in the breath test instruments appropriation account on June 30 of each year be transferred back to the DHFS appropriation. These provisions would first apply to offenses committed on the effective date of the bill. Estimate revenues from the additional surcharge at $248,200 in 1997-98 and $496,500 in 1998-99.

**Joint Finance/Legislature:** Delete provisions relating to the increase in the OWI surcharge and the modification of the percentage distribution of surcharge revenue. Specify that the Secretary of Administration shall transfer amounts from the DHFS appropriation in 1997-98, as deemed necessary to fund the cost of the breath testing instruments, to the PR, continuing appropriation in DOT for the purchase and maintenance of these instruments. Increase the PR appropriation by $1,755,800 in 1997-98 and decrease it by $469,100 in 1998-99 to reflect a change from a five-year financing agreement to a cash purchase in 1997-98 at an estimated cost of $1,990,400. Funding for this purchase would be provided from the unencumbered balance in the DHFS appropriation.

[Act 27 Sections: 498d, 597, 9201(3h) and 9349(3)]

## 3. CHEMICAL TEST SECTION [LFB Paper 882]

| | Chg. to Base Funding | Positions |
|---|---|---|
| PR-REV | $1,400,000 | |
| PR | $1,332,500 | 13.00 |
| SEG | - 1,332,500 | - 13.00 |
| Total | $0 | 0.00 |

**Joint Finance/Legislature:** Decrease funding by $444,200 SEG in 1997-98 and $888,300 SEG in 1998-99 and establish expenditure authority of $444,200 PR in 1997-98 and $888,300 PR in 1998-99 in a new appropriation in DOT for chemical testing training and services provided by the State Patrol, to reflect a decision to fund the operations of the chemical test section with driver improvement (OWI) surcharge revenue instead of the transportation fund. Convert 13.0 SEG positions to PR positions to reflect this change.

Increase the driver improvement surcharge by $40, from $300 to $340. Increase the percentage distributed to the state from 29.2% to 37.6% and decrease the percentage distributed to the county

in which the OWI conviction occurred from 70.8% to 62.4%, in order to transfer the full amount of the surcharge increase to the state. Require the Secretary of Administration to transfer 31.29% of the OWI surcharge revenue collected by the state to the new, DOT appropriation. Estimate increased revenue at $466,700 in 1997-98 and $933,300 in 1998-99. Specify that these provisions would first apply to offenses occurring on the effective date of the bill.

The chemical test section within the Division of State Patrol maintains and tests equipment used in the enforcement of the state's operating while intoxicated laws. In addition, the section provides training and certification for State Patrol personnel, as well as local law enforcement, in the operation of such equipment.

[Act 27 Sections: 500d, 597, 4169, 4170 and 9349(3)]

## 4. SUPPLIES AND SERVICES INCREASE

| | Chg. to Base |
|---|---|
| SEG | $445,700 |

**Governor/Legislature:** Provide $319,500 in 1997-98 and $126,200 in 1998-99 as follows for supplies and services related to maintaining officers in field operations: (a) $131,200 in 1997-98 and $34,000 in 1998-99 for the purchase of protective vests for any officer who requests one; (b) $46,500 in 1997-98 and $42,000 in 1998-99 to purchase new uniforms for cadets; (c) $91,600 in 1997-98 for the purchase of new winter jackets; and (d) $50,200 annually to provide training for new supervisors.

## 5. FLEET COST INCREASES

| | Chg. to Base |
|---|---|
| SEG | $301,300 |

**Governor/Legislature:** Provide $63,500 in 1997-98 and $237,800 in 1998-99 to meet fleet inflation costs associated with projected rate increases of 5% annually from the DOT fleet service center.

## 6. PUBLIC SAFETY RADIO SYSTEM [LFB Paper 883]

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| PR | $146,400 | 3.00 |
| SEG | 267,900 | 0.00 |
| Total | $414,300 | 3.00 |

**Governor/Legislature:** Provide $61,100 PR in 1997-98 and $85,300 PR in 1998-99 and 3.0 PR positions annually to perform programming, engineering and database support for the state public safety radio system. The three positions would perform functions currently being done through contracts and 1.0 PR project position, which expires on October 1, 1997. Base funding for the 1.0 PR project position ($62,300 PR annually) was removed under the standard budget adjustments.

Provide $89,300 SEG in 1997-98 and $178,600 SEG in 1998-99 for a pilot project that would use VHF (very high frequency) trunking technology to improve the efficiency of the state's public safety radio system. This would fund DOT's share (50%) of the first three semi-annual payments on a seven-year financing agreement totaling $2.5 million. The Department of Natural Resources would also pay 50% of the costs, which it would fund from its base budget for fleet operations. VHF trunking uses computerized dispatching to automatically use open channels for communication in order to maximize the use of a finite number of channels, which would facilitate multi-agency use.

## 7. STATE PATROL ACADEMY TUITION

| | Chg. to Base |
|---|---|
| PR | $341,400 |
| SEG | - 341,400 |
| Total | $0 |

**Governor/Legislature:** Delete the requirement that tuition payments received by the Academy for personnel other than DOT employes be deposited in the transportation fund. Instead, require these tuition payments to be deposited in a newly-created PR, continuing appropriation for sponsoring training at the Academy. Delete $170,700 SEG annually and provide $170,700 PR annually to reflect this change.

[Act 27 Sections: 500, 850 and 2691]

## 8. FEES FOR STATE PATROL SERVICES [LFB Paper 884]

| | Chg. to Base |
|---|---|
| PR | $158,400 |
| SEG | - 158,400 |
| Total | $0 |

**Governor:** Allow DOT to charge a fee for security and traffic enforcement services provided by the State Patrol at any public event organized by a private organization for which an admission fee is charged. Require amounts received for these services to be credited to a newly-created PR, continuing appropriation. Direct that amounts received by the State Patrol for escort services to motor carriers with permits for oversize or overweight vehicles or loads also be credited to the newly-created PR appropriation, rather than to the transportation fund as under current law. Specify that amounts credited to the PR appropriation would be used for the provision of security, traffic enforcement and escort services. Delete $79,200 SEG annually and provide $79,200 PR annually to reflect these changes. Specify that these provisions would first apply to services provided on the effective date of the bill.

**Joint Finance/Legislature:** Prohibit DOT from charging a fee for services provided at special events unless the method of calculating the fee for services and determining which event sponsors will be charged is established by administrative rule.

Prohibit DOT from charging any sponsor of Farm Progress Days for any costs incurred by the Department associated with Farm Progress Days, except for the costs associated with the installation and maintenance of any highway signs specifically identifying Farm Progress Days. Require DOT

to promulgate rules specifying eligibility as a sponsor of Farm Progress Days and determining conditions that must be satisfied to qualify as Farm Progress Days.

**Veto by Governor [B-48]:** Delete the prohibition against charging a fee for services provided for Farm Progress Days.

[Act 27 Sections: 499, 851, 2484, 4180 and 9349(9)]

[Act 27 Vetoed Sections: 499, 851, 2484 and 2484m]

## 9. COUNCIL ON TRAFFIC LAW ENFORCEMENT

**Assembly/Legislature:** Repeal the Council on Traffic Law Enforcement and associated statutory functions in the Department of Transportation on the general effective date of the budget act. The Council is comprised of 17 members as follows: (a) five members recognized as leaders in the fields of business, labor and industry; (b) eight members representing state and local traffic enforcement agencies; and (c) one majority and one minority member of the Senate and one majority and one minority member of the Assembly. Under current law, the Council is required to do the following: (a) make recommendations to the Governor for better utilization of traffic enforcement agencies, equipment and communications; (b) designate the reports to be filed with the Council by those agencies; and (c) report to the Governor any proposals for changes in the law which the Council believes will bring about a better overall enforcement effort.

[Act 27 Sections: 84e, 2465hm and 2691mm]

## 10. GRANTS FOR PRETRIAL INTERVENTION SERVICES

| | Chg. to Base |
|---|---|
| SEG | $300,000 |

**Senate/Legislature:** Require DOT to administer a program, which would award grants to eligible applicants (defined as a city, village, town, county or private nonprofit organization) to administer a local pretrial intoxicated driver intervention program. Specify that the grant recipients must administer the program to do the following prior to the sentencing of a defendant: (a) identify the defendant and notify him or her of the availability and cost of the program and that a court will consider the defendant's participation in the program when imposing a sentence; (b) monitor the defendant's use of intoxicants to reduce the incidence of abuse; (c) treat the defendant's abuse of intoxicants to reduce the incidence of abuse; (d) report the defendant's participation in the program to the court in which the defendant appears in the matter; and (e) require program participants to pay a reasonable fee to participate in the program. Create a new, annual appropriation for awarding grants for the program and provide $150,000 SEG annually in this appropriation.

Define the following for the purposes of these provisions: (a) "defendant" as a person accused of or charged with a second or subsequent violation of operating while intoxicated laws; (b) "intoxicant" as any alcoholic beverage, controlled substance, controlled substance analog or other drug, or any combination thereof; and (c) "operating while intoxicated" as a violation of operating while intoxicated, absolute sobriety for persons under the legal drinking age, commercial vehicle operating while intoxicated or operating while intoxicated (including commercial OWI) causing injury, great bodily harm or death.

Specify that the fee charged to participants may not exceed 20% of the actual per capita cost of the program and that the amount of the grant to the applicant may not exceed 80% of the amount expended by the applicant for services related to the program. In addition, specify that the total amount of grants may not exceed $500,000.

Require DOT to submit a report no later than December 31 of each even-numbered year to the Legislature that the states the following: (a) the number of individuals arrested for a second or subsequent offense of operating while intoxicated; (b) the number of individuals who completed a local pretrial intoxicated driver intervention program; (c) the percentage of successful completion of all individuals who commence such a program; (d) the number of individuals who, after completing such a program, are arrested for a third or subsequent offense of operating while intoxicated laws; and (e) the number of individuals eligible to participate in a program who did not complete a program and who, after becoming eligible to participate in the program, are arrested for a third or subsequent offense of operating while intoxicated laws. In addition, require grant recipients to report to the Legislature summarizing the results of the pretrial intoxicated driver intervention program and any additional information required by DOT.

Specify that consent to participate in a pretrial intervention program funded by this grant program is not an admission of guilt and that the consent may not be admitted in evidence in a trial for operating while intoxicated. In addition, specify that no statement relating to operating while intoxicated, made by the defendant in connection with any discussions concerning the program or to any person involved in the program, is admissible in a trial for operating while intoxicated.

Require courts to consider a defendant's participation in a program funded by a grant under this program when sentencing the defendant for a violation of operating while intoxicated laws.

[Act 27 Sections: 500mg, 2485g, 4165mg and 4165mm]

# Other Divisions

## 1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 891]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| FED | - $234,300 | - 12.65 | $0 | 0.00 | - $234,300 | - 12.65 |
| PR | - 137,000 | - 1.00 | 0 | 0.00 | - 137,000 | - 1.00 |
| SEG | - 8,996,000 | - 1.00 | - 7,000 | 0.00 | - 9,003,000 | - 1.00 |
| SEG-S | - 80,200 | 0.00 | 0 | 0.00 | - 80,200 | 0.00 |
| Total | - $9,447,500 | - 14.65 | - $7,000 | 0.00 | - $9,454,500 | - 14.65 |

**Governor:** Adjust the base budget for: (a) turnover reduction (-$3,474,800 SEG and -$5,300 FED annually); (b) removal of non-continuing funding and positions (-$290,300 SEG, -$460,900 FED and -$62,300 PR in 1997-98 and -$297,300 SEG, -$493,600 FED and -$62,300 PR in 1998-99 and -1.00 SEG position, -12.65 FED positions and -1.00 PR position annually); (c) full funding of continuing position salaries and fringe benefits (-$4,403,000 SEG, $314,800 FED, -$56,800 SEG-S and -$6,200 PR annually); (d) full funding of financial services charges ($42,400 SEG annually); (e) overtime ($2,967,700 SEG, $35,800 FED and $14,400 SEG-S annually); (f) night and weekend salary differentials ($246,500 SEG, $5,000 FED and $200 SEG-S annually); (g) fifth week vacation as cash ($265,000 SEG, $2,900 FED and $700 SEG-S annually); and (h) full funding of late pay adjustments ($152,000 SEG, $6,900 FED and $1,400 SEG-S annually).

**Joint Finance/Legislature:** Delete $7,000 SEG in 1997-98 to reflect elimination of base funding for 1.0 project position currently vacant in the Division of Transportation Investment Management that is due to expire August 18, 1997. The Governor's recommendation reduced funding related to this project position by $21,100 SEG in 1997-98 and $28,100 SEG in 1998-99 under the removal of non-continuing funding and positions portion of the standard budget adjustments.

## 2. MOTORCYCLE RIDER EDUCATION PROGRAM

| | Chg. to Base | |
|---|---|---|
| | Funding | Positions |
| FED | $45,800 | 1.00 |
| SEG | 573,200 | 0.00 |
| Total | $619,000 | 1.00 |

**Governor/Legislature:** Provide $279,600 SEG in 1997-98 and $293,600 SEG in 1998-99 for costs associated with the motorcycle rider education program, including: (a) $157,000 in 1997-98 and $165,000 in 1998-99 for basic rider course enrollment increases and reinstatement of the experienced rider course; (b) $56,000 in 1997-98 and $57,000 in 1998-99 for motorcycle purchases and maintenance; (c) $37,000 in 1997-98 and $39,000 in 1998-99 for classroom materials and supplies for the rider courses, instructor training and site

monitoring; (d) $26,600 in 1997-98 and $27,600 in 1998-99 for program management staff, materials and supplies; and (e) $3,000 in 1997-98 and $5,000 in 1998-99 for public information and education.

In addition, provide $16,900 FED in 1997-98 and $28,900 FED in 1998-99 to extend 0.65 FED project position to 1.0 FED position and convert it to a permanent position. (Base funding for the 0.65 FED project position was removed under the standard budget adjustments.)

## 3. SAFETY PROGRAMS -- FEDERAL POSITIONS

| | Chg. to Base Funding | Positions |
|---|---|---|
| FED | $216,100 | 3.00 |

**Governor/Legislature:** Provide $95,600 in 1997-98 and $120,500 in 1998-99 and convert 3.0 project positions annually to permanent positions associated with the administration of safety programs as follows:

*a. Division of Business Management.* Provide $49,200 ($35,300 for salary and fringe benefits and $13,900 for travel expenses) and convert 1.0 project position to a permanent position annually in the Division's Creative Communication Services unit. This project position is responsible for conducting presentations at high schools related to youth traffic safety and is due to expire May 2, 1997.

*b. Division of Transportation Investment Management.* Provide $46,400 in 1997-98 and $71,300 in 1998-99 and convert 2.0 project positions annually to permanent positions in the Division's Bureau of Transportation Safety. These project positions are responsible for performing data entry and analyses for the Bureau and managing the youth alcohol awareness program and are due to expire October 1, 1997, and November 29, 1997, respectively.

Base funding for the 3.0 project positions was removed under the standard budget adjustments.

## 4. DIVISION OF BUSINESS MANAGEMENT -- FLEET SERVICE CENTER

| | Chg. to Base |
|---|---|
| SEG-S | $608,900 |

**Governor/Legislature:** Provide $297,000 in 1997-98 and $311,900 in 1998-99 in the fleet service center for projected increases in vehicle and equipment acquisition costs primarily due to inflation. This would provide a 5% increase in 1997-98 and a 0.2% increase in 1998-99.

## 5. DIVISION OF BUSINESS MANAGEMENT -- AUTOMATION SERVICES

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | - $180,000 | 6.00 |

**Governor/Legislature:** Provide 6.0 positions annually in the Bureau of Automation Services to perform applications development, technical support and consulting activities currently conducted by contract programmers. In addition, 2.0 positions would be reallocated within the Division from the Bureau of Management Services to the Bureau of Automation Services for this purpose. Delete $60,000 in 1997-98 and $120,000 in 1998-99 to reflect reduced costs related to replacing eight contract programmer positions with permanent positions. The bill does not provide funding for the 6.0 positions. The administration indicates that this funding would be provided from a transfer of funds from supplies and services to permanent salaries and fringe benefits through the 1997-99 operating budget approval process.

## 6. DIVISION OF BUSINESS MANAGEMENT -- PRINTING SERVICE CENTER

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG-S | - $163,000 | - 2.00 |
| SEG | 0 | 2.00 |
| Total | - $163,000 | 0.00 |

**Governor/Legislature:** Delete $81,500 SEG-S and convert 2.0 SEG-S positions to SEG positions annually related to the provision of procurement services in the Division's printing service center. Transfer $81,500 SEG annually from supplies and services to permanent salaries and fringe benefits within the departmental management and operations appropriation for these positions. These changes would adjust DOT's appropriation and position authority to reflect current accounting for these printing services.

## 7. DEPARTMENT REORGANIZATION AND APPROPRIATION STRUCTURE MODIFICATIONS

| | Chg. to Base |
|---|---|
| FED | - 0.60 |
| SEG | 0.60 |
| Total | 0.00 |

**Governor/Legislature:** Modify the following DOT appropriations to reflect the Department's reorganization of divisions and program administration, which was implemented beginning in February, 1996:

a. *Transit Aids; Local and Federal Funds.* Include funds received for demand management and ride-sharing purposes that are not funded from other appropriations.

b. *Rail Service Assistance; State, Local and Federal Funds.* Authorize appropriations for administrative activities related to railroad crossings. Delete references to specific loans and grants within the freight railroad assistance program. Instead, authorize appropriations for any program within the freight railroad assistance program, except, with regard to the local funds appropriation, funds received as freight rail assistance loan repayments.

c. *Local Assistance Administration; State, Local and Federal Funds.* Repeal the three appropriations for local assistance administration.

d. *State Highway Administration and Planning; State, Local and Federal Funds.* Delete references to the former Division of Highways and Transportation Services.

e. *Departmental Management and Operations; State, Local and Federal Funds.* Delete references to the local assistance administration appropriations. Modify the demand management and ride-sharing program activities funded from these appropriations to reflect the changes to the transit aids appropriations.

Modify DOT's funding and position levels as follows to align DOT's appropriation structure with its current organizational structure.

| | | Funding | | Positions | |
|---|---|---|---|---|---|
| Appropriation | Fund | 1997-98 | 1998-99 | 1997-98 | 1998-99 |
| Rail Service Assistance | SEG | $50,100 | $50,100 | 0.00 | 0.00 |
| Aeronautics Assistance | SEG | 43,000 | 43,000 | 0.00 | 0.00 |
| Local Assistance Administration | SEG | -1,373,800 | -1,373,800 | 0.00 | 0.00 |
| State Highway Rehabilitation | SEG | -4,834,800 | -4,834,800 | 0.00 | 0.00 |
| State Highway Administration and Planning | SEG | 1,396,100 | 1,396,100 | -240.50 | -240.50 |
| Department Management and Operations | SEG | 4,719,400 | 4,719,400 | 54.00 | 54.00 |
| State Highway Clearing Account | SEG | 0 | 0 | 187.10 | 187.10 |
| Subtotal - SEG Funding | | $0 | $0 | 0.60 | 0.60 |
| Local Assistance Administration | FED | -$292,200 | -$292,200 | 0.00 | 0.00 |
| State Highway Rehabilitation | FED | -348,800 | -348,800 | 0.00 | 0.00 |
| State Highway Administration and Planning | FED | -237,900 | -237,900 | -6.00 | -6.00 |
| Department Management and Operations | FED | 878,900 | 878,900 | 10.00 | 10.00 |
| State Highway Clearing Account | FED | 0 | 0 | -4.60 | -4.60 |
| Subtotal - FED Funding | | $0 | $0 | -0.60 | -0.60 |
| All-Funds Total | | $0 | $0 | 0.00 | 0.00 |

[Act 27 Sections: 468, 469, 471, 474, 475, 480 thru 482, 492 thru 494, 495, 496 and 497]

## 8. RENT TRANSFERS

**Governor/Legislature:** Transfer $102,300 SEG annually to the Division of Business Management for rent costs as follows: (a) $2,000 from the Division of Infrastructure Development associated with an aircraft hanger in Madison; (b) $4,500 from the Division of Motor Vehicles

associated with a customer service center at Westgate Mall in Madison; and (c) $95,800 from the Division of Transportation Districts associated with the traffic operations center in Milwaukee. Facilities-related costs are centrally managed in DOT by the Division of Business Management.

## 9. DIVISION OF BUSINESS MANAGEMENT -- DATA PROCESSING REDUCTIONS [LFB Paper 890]

| | Chg. to Base |
|---|---|
| SEG | - $200,000 |

**Joint Finance/Legislature:** Delete $100,000 annually to reflect data processing reductions in the Division. DOT's November 8, 1996, 3.5% state operations base reduction budget submission to DOA included an item proposing these reductions related to fewer expenses for operation of the Division's financial systems.

## 10. ACROSS THE BOARD REDUCTIONS/SALE OR LEASE OF ASSETS

| | Chg. to Base |
|---|---|
| SEG | - $8,540,000 |

**Joint Finance:** Reduce DOT's base level operating budget by a total amount of $4,270,000 annually to provide reductions equal to 2% in each year of the biennium, with the exception of the State Patrol. Require DOT to submit a request for any reallocation of the budget reductions among the Department's appropriations for state operations to the Joint Committee on Finance by September 1, 1997, for the Committee's review under a process similar to that under s. 16.505/16.515. Create a SEG, continuing appropriation for operating budget supplements and specify that all proceeds from the sale or lease of DOT assets in excess of $2,750,000 annually would be credited to this appropriation. Authorize DOT to use this appropriation to supplement the Department's operating budget, subject to the provision that 50% of the proceeds credited to this appropriation shall be used to supplement the operating budget of the DOT district office that initiated the sale or lease. Require the Department to use a request for proposal process for the lease of assets expected to generate an annual payment in excess of $50,000.

**Assembly/Legislature:** Modify the date by which DOT must submit a request to the Joint Committee on Finance for any reallocation of the budget reductions from September 1, 1997, to 30 days after the effective date of the bill.

**Veto by Governor [B-44]:** Delete the provision requiring DOT to use a request for proposal process for the lease of assets expected to generate an annual payment in excess of $50,000.

[Act 27 Sections: 497m, 2481L, 2481m and 9149(1L)]

[Act 27 Vetoed Section: 2481L]

## 11. POSITION VACANCY REDUCTIONS

| | Jt. Finance (Chg. to Base) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| FED | $0 | - 10.60 | $0 | 7.30 | $0 | - 3.30 |
| PR | 0 | 0.00 | - 63,200 | - 1.00 | - 63,200 | - 1.00 |
| SEG | - 1,423,000 | - 15.90 | 770,600 | 9.70 | - 652,400 | - 6.20 |
| SEG-S | 0 | 0.00 | - 91,000 | - 1.00 | - 91,000 | - 1.00 |
| Total | - $1,423,000 | - 26.50 | - $63,200 | 15.00 | - $806,600 | - 11.50 |

**Joint Finance:** Delete $711,500 SEG and 15.9 SEG positions and 10.6 FED positions annually to delete vacant positions in DOT that have remained vacant for 12 months or more. Require DOT to submit a request for any reallocation of these reductions among the Department's appropriations for state operations to the Joint Committee on Finance by September 1, 1997, for the Committee's review under a process similar to that under s. 16.505/16.515.

**Assembly/Legislature:** Restore $385,300 SEG and 9.7 SEG positions and 7.3 FED positions annually and delete $45,500 SEG-S and 1.0 SEG-S position and $31,600 PR and 1.0 PR position annually to reestimate the number of positions in DOT that have been vacant for 12 months or more. With this change, $403,300 ($326,200 SEG, $45,500 SEG-S and $31,600 PR) and 11.5 positions (6.2 SEG, 3.3 FED, 1.0 SEG-S and 1.0 PR) annually would be deleted.

Modify the date by which DOT must submit a request to the Joint Committee on Finance for any reallocation of the position vacancy reductions from September 1, 1997, to 30 days after the effective date of the bill.

[Act 27 Section: 9149(1L)]

## 12. DIVISION OF BUSINESS MANAGEMENT -- VEHICLE FLEET REDUCTIONS

| | Chg. to Base |
|---|---|
| SEG-Lapse | $990,000 |

**Assembly/Legislature:** Require DOT to lapse $490,000 in 1997-98 and $500,000 in 1998-99 from its fleet operations appropriation to the transportation fund to reduce funding for the purchase of new vehicles.

[Act 27 Section: 9249(2p)]

## 13. PERFORMANCE-BASED PROGRAM BUDGETING

**Joint Finance:** Create session law language requiring the Departments of Transportation, Workforce Development, Natural Resources, Health and Family Services and Corrections to submit agency budget requests for the 1999-2001 biennium on a performance-based program budget basis. Require that each of these agencies, under the direction of the State Budget Office, develop program outcome measures and associated budget requests for the agency's programs. Specify that the outcome measures selected must be ones which will allow the Governor and the Legislature to assess the performance results of each agency's programs in terms of the program outcome measures identified in the agency's performance-based program budget request. Provide that these agencies must submit their program outcome measures to DOA for approval by July 1, 1998.

**Assembly/Legislature:** Include the Technology for Educational Achievement in Wisconsin (TEACH) Board in the performance-based budgeting provision.

**Veto by Governor [E-6]:** Remove the Departments of Workforce Development, Natural Resources, Health and Family Services and Corrections from the performance-based program budgeting provision.

[Act 27 Section: 9156(5m)]

[Act 27 Vetoed Section: 9156(5m)]

# UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS BOARD

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Act 27 Change Over Base Year Doubled Percent |
|---|---|---|---|---|---|---|---|
| PR | $106,817,000 | $109,653,800 | $109,653,800 | $109,653,800 | $109,653,800 | $2,836,800 | 2.7% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| PR | 1,556.71 | 1,556.71 | 1,556.71 | 1,556.71 | 1,556.71 | 0.00 |

## Budget Change Item

### 1. STAFF SALARY INCREASES

| | Chg. to Base |
|---|---|
| PR | $2,836,800 |

**Governor/Legislature:** Provide $939,300 in 1997-98 and $1,897,500 in 1998-99 for the following: (a) $753,900 in 1997-98 and $1,522,900 in 1998-99 for classified position salary increases; (b) $178,800 in 1997-98 and $361,200 in 1998-99 for fringe benefits; (c) $5,500 in 1997-98 and $11,200 in 1998-99 for project position salary increases; and (d) $1,100 in 1997-98 and $2,200 in 1998-99 for related supplies and services. This increase would represent a 2.0% increase annually for classified position and project position salaries.

# UNIVERSITY OF WISCONSIN SYSTEM

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $1,682,074,600 | $1,722,579,900 | $1,717,516,100 | $1,724,393,500 | $1,724,170,200 | $42,095,600 | 2.5% |
| FED | 1,117,224,800 | 1,117,224,800 | 1,117,224,800 | 1,117,224,800 | 1,117,224,800 | 0 | 0.0 |
| PR | 2,137,282,200 | 2,342,583,500 | 2,319,160,000 | 2,319,464,000 | 2,319,464,000 | 182,181,800 | 8.5 |
| SEG | 49,241,600 | 49,345,600 | 50,063,600 | 50,063,600 | 50,063,600 | 822,000 | 1.7 |
| TOTAL | $4,985,823,200 | $5,231,733,800 | $5,203,964,500 | $5,211,145,900 | $5,210,922,600 | $225,099,400 | 4.5% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 18,299.32 | 18,251.15 | 18,251.15 | 18,255.75 | 18,251.75 | - 47.57 |
| FED | 3,591.65 | 3,591.65 | 3,591.65 | 3,591.65 | 3,591.65 | 0.00 |
| PR | 5,812.44 | 5,858.61 | 5,873.61 | 5,874.01 | 5,874.01 | 61.57 |
| SEG | 89.19 | 85.19 | 85.69 | 85.69 | 85.69 | - 3.50 |
| TOTAL | 27,792.60 | 27,786.60 | 27,802.10 | 27,807.10 | 27,803.10 | 10.50 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base |
|---|---|
| GPR | $26,324,800 |
| PR | 10,586,800 |
| Total | $36,911,600 |

**Governor/Legislature:** Adjust the base budget annually for: (a) full funding of pay increases for classified staff ($189,600 GPR and $63,900 PR); (b) full funding of 1994-95 pay plan ($880,800 GPR and $296,600 PR); (c) classified salary adjustments resulting from Department of Employment Relations reviews of job classifications ($413,500 GPR and $139,200 PR); (d) full funding of fringe benefits ($11,566,800 GPR and $4,775,100 PR); (e) full funding of financial services charges ($55,300 GPR); and (f) delayed pay adjustments ($56,400 GPR and $18,600 PR).

## 2. EDUCATIONAL TECHNOLOGY [LFB Paper 903]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly (Chg. to JFC) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|---|---|
| GPR | $9,410,900 | - $6,504,900 | $7,308,000 | - $7,308,000 | $2,906,000 |
| PR | 6,219,100 | 432,400 | 0 | 0 | 6,651,500 |
| SEG | 0 | 0 | 1,872,000 | - 1,872,000 | 0 |
| Total | $15,630,000 | - $6,072,500 | $9,180,000 | - $9,180,000 | $9,557,500 |

**Governor:** Create an annual appropriation and provide $3,697,700 GPR in 1997-98 and $5,713,200 GPR in 1998-99 and increase program revenues from tuition and special fees by $2,502,300 PR in 1997-98 and $3,716,800 PR in 1998-99 for educational technology. Specify that the Board of Regents would have to use the GPR funding for the following purposes: (a) the student information system; (b) the development of system technology infrastructure; (c) the development of curricula to train students enrolled in the schools of education in the use of technology in primary and secondary (K-12) schools; (d) to provide professional development in the use of educational technology for K-12 teachers; (e) to provide faculty with educational technology and to train faculty in its use; and (f) to pay the Department of Administration (DOA) for telecommunications services provided under the Division for Information Technology.

The administration indicates that the $15,630,000 of total funding would be allocated as follows: (a) student information system--$2,630,000; (b) infrastructure--$4,000,000; (c) K-12 teacher professional development and schools of education curricula development--$2,000,000; (d) faculty educational technology and training--$3,000,000; and (e) DOA telecommunications services--$4,000,000.

Educational technology would be defined as technology used in the education or training of any person or in the administration of an elementary or secondary school and related telecommunications services.

**Joint Finance:** Modify the Governor's recommendation by placing $1,060,800 GPR in 1997-98 and $3,307,200 GPR in 1998-99 in the Committee's program supplements appropriation for release to the UW. Specify that $639,200 PR in 1997-98 and $1,992,800 PR in 1998-99 of related tuition funding would be placed in unallotted reserve for release at the time Joint Finance acts on the GPR funding. The UW System would need to assess its educational technology needs across the System, including its goals for educational technology procurement, utilization and curricular design, prior to release of these funds under s. 13.10.

Further, place $1,470,000 GPR annually in the Committee's appropriation for release under s. 13.10, after a joint report by the UW and DOA on the costs and technology needs of the BadgerNet initiative. Specify that $530,000 PR annually of related tuition funding would be placed in unallotted reserve for release at the time Joint Finance acts on the GPR funding.

Create a segregated appropriation in the UW System for funds from the universal service fund (USF) in the Public Service Commission (PSC) and provide $1,008,000 SEG in 1997-98 and $864,000 SEG in 1998-99. This funding would provide BadgerNet access for UW-River Falls, UW-Stout, UW-Superior and UW-Whitewater in a manner equivalent to the access funded for the other nine four-year campuses under (e) in the Governor's recommendations. Specify that the purposes of the USF would be modified to allow for the use of the fund for this purpose. Specify that this funding would be placed in the Committee's appropriation for release at the time the UW and DOA submit the joint report.

Include statutory language stipulating that a telecommunications utility could fully recover its share of assessment costs for USF expenditures that support BadgerNet access for the UW System through adjustments applied only to basic local exchange service rates. Provide that the recovery of such costs could be effected by the telecommunications utility notwithstanding any other rate adjustment provisions under Chapter 196 of the statutes affecting telecommunications utilities. Further, direct that the PSC would report to the Joint Committee on Finance in each fiscal year of the 1997-99 biennium on the amounts required to be assessed against each telecommunications utility subject to these cost recovery provisions for the purpose of funding BadgerNet access for these four campuses. Finally, specify that these reports would have to be submitted no later than 90 days after establishing the USF assessments in each fiscal year for the purpose of funding BadgerNet access for the UW System.

Provide an additional $158,300 GPR and $85,200 PR in 1997-98 and $644,800 GPR and $347,200 PR in 1998-99 for K-12 teacher professional development and schools of education curricula development.

**Assembly:** Delete the Joint Finance provision that would place $1,060,800 GPR in 1997-98 and $3,307,200 GPR in 1998-99 in the Committee's program supplements appropriation for release to the UW. Delete the provision that would specify that $639,200 PR in 1997-98 and $1,992,800 PR in 1998-99 of related tuition funding be placed in unallotted reserve for release at the time JFC acts on the GPR funding. Delete the requirement that the UW System assess its educational technology needs across the System, including its goals for educational technology procurement, utilization and curricular design, prior to release of these funds under s. 13.10.

Further, delete the Joint Finance provision that would place $1,470,000 GPR annually and $1,008,000 SEG in 1997-98 and $864,000 SEG in 1998-99 in the Committee's appropriation for release by JFC under s. 13.10, after approving a joint report by the UW and DOA on the costs and technology needs of the BadgerNet initiative. Delete the provision that would specify that $530,000 PR annually of related tuition funding would be placed in unallotted reserve for release at the time JFC acts on the GPR and SEG funding.

Instead, provide this funding directly to the UW and delete Joint Finance review of reports by the UW and DOA regarding UW educational technology and the statewide BadgerNet initiatives.

**Senate/Legislature**: Restore the Joint Finance provision.

[Act 27 Sections: 272, 277g, 1168, 3149, 3149r, 3152p and 9141(2m)]

## 3. ALLIED HEALTH PROGRAMS

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| GPR | $1,460,900 | - $76,600 | $1,384,300 |
| PR | 786,900 | - 41,300 | 745,600 |
| Total | $2,247,800 | - $117,900 | $2,129,900 |

**Joint Finance:** Provide $229,800 GPR and $123,900 PR in 1997-98 and $1,231,100 GPR and $663,000 PR in 1998-99 for occupational therapy and physical therapy programs at UW-Milwaukee and UW-La Crosse. The UW System indicates that, of the total funding provided, $1,078,500 would be allocated to La Crosse to expand an existing physical therapy program ($597,400) and to establish an occupational therapy program ($481,100). The remaining $1,169,300 would be allocated to Milwaukee to expand an existing program in occupational therapy ($383,100) and to establish a physical therapy program ($786,200). The funds would be used for salaries and fringe benefits for 27.0 FTE faculty and support staff. No additional positions would be provided because the two campuses plan to use position authority reallocated from existing vacancies. According to the UW System, the additional funding, combined with monies reallocated from each campus' base budget and private contributions, would allow the UW to increase the number of physical therapy graduates from 30 to 100 students annually and to increase the number of occupational therapy graduates from 50 to 113 students annually.

**Assembly/Legislature**: Decrease the amount of additional funding provided for allied health programs by $76,600 GPR and $41,300 PR in 1997-98 to reflect a three-month delay in funding the associated positions. Total funding would be $153,200 GPR and $82,600 PR in 1997-98 and $1,231,100 GPR and $663,000 PR in 1998-99.

## 4. DEBT SERVICE REESTIMATE

| | Chg. to Base |
|---|---|
| GPR | $9,320,500 |
| PR | 5,968,100 |
| Total | $15,288,600 |

**Governor/Legislature:** Reestimate debt service costs by $6,664,800 GPR and $71,200 PR in 1997-98 and $2,655,700 GPR and $5,896,900 PR in 1998-99.

## 5. UTILITIES REESTIMATE [LFB Paper 909]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $6,600 | $151,700 | $158,300 |
| PR | 254,400 | - 195,900 | 58,500 |
| Total | $261,000 | - $44,200 | $216,800 |

**Governor:** Reestimate the cost of utilities by -$369,100 GPR and $84,500 PR in 1997-98 and $375,700 GPR and $169,900 PR in 1998-99.

**Joint Finance/Legislature:** Reduce the appropriation for auxiliary enterprises by $84,500 PR in 1997-98 and $169,900 PR in 1998-99 and adjust the University's appropriation for tuition revenues by -$99,700 PR in 1997-98 and $158,200 PR in 1998-99. In addition, provide a net amount of $99,700 GPR in 1997-98 and $52,000 GPR in 1998-99. Utilities costs are funded through a combination of GPR and PR tuition and fee revenues. These adjustments represent technical corrections to: (a) reverse an adjustment of the PR costs for utilities which was inadvertently made to the University's appropriation for auxiliary enterprises, rather than the appropriation for tuition and fees; (b) provide the proper combination of funding for utilities from GPR and PR tuition revenues; and (c) reflect increased utilities costs due to new facilities which will be completed in 1997-98, which were inadvertently excluded for 1998-99.

## 6. AUTHORIZE ADDITIONAL SPENDING FROM TUITION AND FEES APPROPRIATION [LFB Paper 900]

**Governor:** Authorize the UW System to expend more than the amount appropriated by the Legislature from tuition and special fee revenues, provided that the additional revenues are available. The additional expenditure authority that would be provided under the bill would include:

a. For the first year of a biennium, an amount equal to 5% of the appropriated amount for the first year.

b. For the second year of a biennium, an amount equal to 5% of the appropriated amount for the second year plus 5% of the sum of: (a) the appropriated amount for the second year; and (b) the additional 5% amount calculated for the prior year.

Under current law, the appropriation amount from tuition and fees consists of the amount appropriated by the Legislature plus the amount by which estimated expenditures exceeded actual spending in the prior year. As with other state agencies, expenditures in excess of this amount require approval by the Legislature or the Joint Committee on Finance acting under s. 16.515 of the statutes. Based on the amounts in the appropriation schedule under the bill ($400,835,600 in 1997-98 and $410,550,100 in 1998-99) and assuming excess spending authority would not be carried over from

the prior year, this provision would allow the UW to expend up to $20.0 million in 1997-98 and $42.1 million in 1998-99 in excess of the amounts appropriated by the Legislature.

**Joint Finance:** Modify the Governor's recommendation by permitting expenditures from tuition and fee revenues to exceed the amount appropriated by 4% in the first year of a biennium and by 8% in the second year of a biennium, provided that the additional revenues are available. Require the Board of Regents to award 20% of the additional amount expended in any fiscal year under the provision, to UW students who are eligible to receive awards under the Wisconsin higher education grant (WHEG) program. Require the Board to distribute these monies using the same methodology that is used to distribute WHEG awards. Sunset these provisions on June 30, 1999.

Based on the amounts in the appropriation schedule under the bill as modified by Joint Finance, this provision would allow the UW to expend up to $15.7 million in 1997-98 and $31.7 million in 1998-99 in excess of the amounts appropriated. If all of this additional expenditure authority would be used, the University would be required to allocate $3.1 million in 1997-98 and $6.3 million in 1998-99 of the additional expenditures for financial aid payments to resident undergraduate students.

**Assembly**: Delete the Joint Finance provision which would require the Board of Regents to award to UW students in the form of financial aid, 20% of any additional amount expended from the University's appropriation for tuition and fees, which exceeds the amount appropriated.

**Senate/Legislature:** Modify the provision by permitting the Board of Regents to expend up to 107% of the amount appropriated for tuition and fee revenues, rather than 108% in 1998-99. Based on the amounts in the appropriation schedule, the UW would be permitted to expend up to $27.7 million in excess of the amount appropriated in 1998-99, which would represent a reduction of approximately $4.0 million from the amount under Joint Finance. Provide GPR funding, as shown in Item 7, to offset this reduction in tuition expenditure authority from 108% to 107%.

**Veto by Governor [A-13]:** Delete the sunset dates for the Board's authority to expend monies above the amount appropriated for tuition and fee revenues. As a result, the Board would be permitted to expend up to 104% of the amount appropriated in the first year of a biennium and up to 107% of the amount appropriated in the second year of a biennium.

[Act 27 Sections: 279 thru 281]

[Act 27 Vetoed Sections: 280 and 281]

## 7. GPR FUNDING INCREASE

| | Chg. to Base |
|---|---|
| GPR | $4,000,000 |

**Senate/Legislature:** Provide $4,000,000 GPR in 1998-99 to offset the reduction in additional tuition spending authority from 108% to 107%, which is shown in Item 6.

## 8. TUITION REVENUE EXPENDITURE AUTHORITY

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly (Chg. to JFC) | Senate/Leg. (Chg. to Assem.) | Net Change |
|---|---|---|---|---|---|
| PR | $24,000,000 | - $24,000,000 | $12,000,000 | - $12,000,000 | $0 |

**Governor:** Provide $8,000,000 in 1997-98 and $16,000,000 in 1998-99 in expenditure authority from tuition and special fee revenues. The request represents an approximate 2% annual increase over the base level of $384,539,900. The increase reflects additional revenues which are expected to be generated by increases in enrollments and differential tuition levels to be implemented at some campuses.

**Joint Finance:** Delete provision.

**Assembly:** Partially restore provision by providing additional expenditure authority of $4,000,000 in 1997-98 and $8,000,000 in 1998-99.

**Senate/Legislature:** Delete provision.

## 9. EXPENDITURE AUTHORITY FOR SPECIAL FEE REVENUES

| | Chg. to Base |
|---|---|
| PR | $1,500,000 |

**Governor/Legislature:** Provide $500,000 in 1997-98 and $1,000,000 in 1998-99 in expenditure authority from tuition and special fee revenues. This funding would allow the expenditure of additional revenues projected to accrue from the current technology fee, which is approximately 2.5% of total tuition revenues for students at UW-Madison and 2% of total tuition revenues for students at the other UW System campuses. The fee is used to provide students with additional resources in the area of instructional technology such as e-mail, internet access, updated software, additional staffing and longer hours at computer labs and help desks. The fee is projected to generate additional revenues due to anticipated increases in tuition and enrollments.

## 10. EXECUTIVE SALARIES [LFB Paper 901]

**Governor:** Modify statutory language governing executive salaries at the UW as follows:

A. *Salary for New Appointments.* Allow the Board of Regents to establish salaries for new appointments to certain executive positions which exceed the maximum amounts for those executive salary groups (ESG) as established in the biennial compensation plan, provided that the Board submits a report to the Secretary of DOA that identifies the competitive factors that necessitate such a salary. Prohibit the Board from establishing the salary for a new appointment to such a position, regardless

of whether the salary exceeds the specified maximum, without the approval of the Secretary of DOA. The following positions would be affected by this provision:

a. The President of the UW System;

b. Vice presidents of the UW System;

c. Chancellors of all UW System institutions including the Chancellor of the UW-Center System and UW-Extension;

d. The Vice Chancellor for health sciences at UW-Madison; and

e. The vice chancellor serving as a deputy at each UW campus and the UW-Center System and UW- Extension.

Under current law, the Board is authorized to set the salary of new appointees to the above positions subject to the salary range limitations established in the biennial compensation plan applicable to the ESG level to which the position is assigned by statute.

B. *Salary Increase for Current Incumbents.* Provide that an increase in the salary of an incumbent employe holding any of the above positions, which is authorized by the Board to correct a salary inequity or to recognize competitive factors, would be subject to the approval of the Secretary of DOA.

C. *Salary Increase Charged to Tuition.* Provide that if the cost of a salary increase to correct a salary inequity or to recognize competitive factors for these positions would otherwise be at least partially chargeable to one of the University's GPR appropriations, the cost of the increase could be charged to the University's appropriation for tuition revenues. Under current law, increases to correct a salary inequity or to recognize competitive factors must be paid from the appropriation or appropriations from which the position of the employe receiving the increase is funded.

**Joint Finance:** Delete provisions under A. and B., including the requirement for approval by the Secretary of DOA. Instead, authorize the Board of Regents to establish the salaries of executive positions, including incumbent employes and new appointments, within the following limits:

• UW System President, 130% of ESG 10 maximum.

• Chancellors of UW-Madison and UW-Milwaukee, 120% of ESG 10 maximum.

• UW System vice presidents, the chancellor of each UW institution, excluding UW-Madison and UW-Milwaukee, the vice chancellor of health sciences at Madison, the vice chancellors serving as deputies at Madison and Milwaukee, the Chancellor of UW-Extension and the Chancellor of the

UW-Center System, 110% of ESG 10. As under current law, the minimum salary for these positions would be the minimum salary for ESG 7.

• The vice chancellor serving as deputy at the UW-Center System, UW-Extension, and each UW institution, excluding Madison and Milwaukee, 100% of ESG 10. As under current law, the minimum salary for these positions would be the minimum salary for ESG 7.

In 1996-97, the maximum salary under ESG 10 is $133,640. Finally, retain the provision under C. authorizing a salary increase charged to tuition.

**Assembly/Legislature:** Delete the provision which would permit the cost of salary increases for these positions to be charged to the UW System's appropriation for tuition revenues if such an increase is authorized by the Board of Regents to correct a salary inequity or to recognize competitive factors, and the cost of the increase would otherwise be at least partially chargeable to one of the University's GPR appropriations. Instead, permit the Board of Regents to allocate sufficient tuition revenues for that portion of the 1997-99 pay plan increases for faculty and academic staff not funded through the compensation reserves.

**Veto by Governor [A-14]:** Delete the Joint Finance provision which would have established new salary maxima for executive positions, thereby retaining the prior law salary maxima for these positions.

[Act 27 Sections: 748 and 9153(4x)]

[Act 27 Vetoed Sections: 756c and 758]

## 11. FACULTY, ACADEMIC STAFF AND OTHER STAFF SALARIES

**Governor:** Provide that if the Board authorizes an increase in the salary of certain staff members to correct a salary inequity or to recognize competitive factors, and the cost of such an increase would otherwise be at least partially chargeable to one of the University's GPR appropriations, the cost of the increase may be charged to the University's appropriation for tuition revenues. This provision would apply to all faculty and academic staff, including deans, research assistants, librarians, other teachers and other UW system administrative positions such as associate and assistant vice presidents, associate and assistant chancellors and certain administrative directors and associate directors. Under current law, increases to correct a salary inequity or to recognize competitive factors must be paid from the appropriation or appropriations from which the position of the employe receiving the increase is funded.

Require that the Board, annually by October 1, report to the Joint Committee on Finance, DOA and DER concerning the amounts of any salary increases granted for executive level staff or faculty and academic staff to correct a salary inequity or to recognize competitive factors and the institutions

at which they were granted during the prior fiscal year. Under current law, the Board is required to report only on salary increases granted to recognize competitive factors.

**Assembly/Legislature:** Delete provision and instead, permit the Board of Regents to allocate sufficient tuition revenues for that portion of the 1997-99 pay plan increases for faculty and academic staff not funded through the compensation reserves.

[Act 27 Section: 9153(4x)]

## 12. TRANSFER ENVIRONMENTAL EDUCATION BOARD AND GRANTS FROM DPI

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $459,400 | 0.50 |
| SEG | 460,000 | 0.00 |
| Total | $919,400 | 0.50 |

**Joint Finance:** Transfer the Environmental Education Board (EEB), which is currently attached to the Department of Public Instruction (DPI), to the UW System. Require the UW-Stevens Point Center for Environmental Education to assist EEB in administering environmental education grants. Provide that the UW System President, rather than the State Superintendent, would appoint the six public members of EEB. Provide $229,700 GPR and $230,000 SEG annually and 0.5 GPR position beginning in 1997-98, for environmental education grants and administrative costs associated with EEB and the environmental education grant program. Of the total amount transferred, $200,000 GPR and $230,000 SEG annually would be provided for environmental education grants and $29,700 GPR annually would support administrative costs associated with the Board and the grant program. The segregated funds would be derived from the environmental fund ($30,000 annually) and the conservation fund ($200,000 annually). Provide that funding for the environmental education grants would count towards the state's goal of funding two-thirds of partial K-12 school revenues, as under current law.

On the effective date of the bill, transfer to the UW System, all assets and liabilities, tangible personal property, including records, pending matters and contracts primarily related to EEB, as determined by the Secretary of Administration. Provide that all rules promulgated by DPI and all orders issued by DPI in effect on the effective date of the transfer that are primarily related to EEB would remain in effect until their specified expiration date or until amended or repealed by the Board of Regents of the UW System.

**Assembly/Legislature:** Provide that the UW System position(s) assigned as staff of the EEB would be unclassified positions.

[Act 27 Sections: 75m, 257m, 263m, 277m, 757r, 1165m, 2745g, 2877, 3303p and 9140(5n)]

## 13. LAWTON UNDERGRADUATE MINORITY RETENTION GRANT

| | Chg. to Base |
|---|---|
| GPR | $600,000 |

**Senate/Legislature:** Provide $200,000 in 1997-98 and $400,000 in 1998-99 for the Lawton undergraduate minority retention grant program. Total funding for the grants would increase from $2,006,900 in 1996-97 to $2,206,900 in 1997-98 and $2,406,900 in 1998-99. The program provides need-based grants to minority upperclassmen who are enrolled at least half-time.

## 14. ADVANCED OPPORTUNITY PROGRAM

| | Chg. to Base |
|---|---|
| GPR | $400,000 |

**Senate/Legislature:** Provide $133,300 in 1997-98 and $266,700 in 1998-99 for the advanced opportunity program (AOP). Total funding for AOP would increase from $3,798,800 in 1996-97 to $3,932,100 in 1997-98 and $4,065,500 in 1998-99. Under the program, grants are provided to minority and economically disadvantaged graduate students.

## 15. PRECOLLEGE FOLLOW-THROUGH PROGRAM

| | Chg. to Base |
|---|---|
| GPR | $292,700 |
| PR | 157,300 |
| Total | $450,000 |

**Senate/Legislature:** Provide $119,400 GPR and $64,100 PR in 1997-98 and $173,300 GPR and $93,200 PR in 1998-99 to expand precollege programs for minority and disadvantaged students.

## 16. ADVISING INITIATIVE

| | Senate/Leg. (Chg. to Base) | | Veto (Chg. to Leg.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-Lapse | $0 | | $13,000 | | $13,000 | |
| PR-Lapse | $0 | | $84,000 | | $84,000 | |
| GPR | $260,000 | 6.00 | - $173,300 | - 4.00 | $86,700 | 2.00 |
| PR | 140,000 | 0.00 | 0 | 0.00 | 140,000 | 0.00 |
| Total | $400,000 | 6.00 | - $173,300 | - 4.00 | $226,700 | 2.00 |

**Senate/Legislature:** Provide $65,000 GPR and $35,000 PR and 2.5 GPR positions beginning in 1997-98 and $195,000 GPR and $105,000 PR and an additional 3.5 GPR positions beginning in 1998-99 for a pilot program at two campuses to improve academic and career advising efforts.

**Veto by Governor [A-18]:** Reduce the amount provided by $43,300 GPR in 1997-98 and $130,000 GPR in 1998-99. However, according to the Governor's veto message, the intent was to reduce the amount provided by $13,000 GPR and $7,000 PR in 1997-98 and $143,000 GPR and

$77,000 PR in 1998-99. The veto message requests the Secretary of DOA not to authorize 4.0 of the 6.0 positions and requests the Board of Regents to ensure that the initiative is first implemented at a comprehensive campus.

In a letter to the President of the Senate and Speaker of the Assembly, dated October 20, 1997, the DOA Secretary indicates that the appropriation amounts in the Act as written by the Governor, "will be followed except where those amounts are higher than the amounts described in the veto message." The Secretary states that in those cases, the excess amounts will not be expended and will be placed in unalloted reserve. The fiscal effect shown reflects the intent of DOA as expressed in the letter. The net effect of the veto and the DOA Secretary's interpretation of the veto would be to reduce the UW System's budget by $43,300 GPR in 1997-98 and $130,000 GPR in 1998-99, with an additional $13,000 GPR in 1998-99 placed in unalloted reserve. In addition, $7,000 PR in 1997-98 and $77,000 PR in 1998-99 from the University's appropriation for tuition and fee revenues would be held in unalloted reserve.

In a letter to the Legislative Fiscal Bureau, dated October 28, 1997, an assistant attorney general concurs that the revised dollar figures written into the chapter 20 schedule in Act 27 are the effective figures, and that DOA can place the funds in question in unallotted reserve.

[Act 27 Vetoed Section: 169 (as it relates to 20.285(1)(a))]

## 17. INSTITUTE FOR EXCELLENCE IN URBAN EDUCATION

| | Chg. to Base |
|---|---|
| GPR | $150,000 |

**Senate/Legislature:** Provide $75,000 annually for an Institute for Excellence in Urban Education at UW-Milwaukee which would be required to engage in research, public service and educational activities pertaining to issues in urban public education. Establish a Council, in the UW System, on the Institute for Excellence in Urban Education and require that the Council consist of the following members, appointed for two-year terms: (a) two senators, at least one of whom is a resident of Milwaukee County; (b) two members of the Assembly, at least one of whom is a resident of Milwaukee County; (c) one member of the faculty of the UW-Milwaukee School of Education, appointed by the Chancellor of UW-Milwaukee; and (d) one resident of Milwaukee County, appointed by the Chancellor of UW-Milwaukee. Provide that the legislative members would be appointed as are members of standing committees in their respective houses.

**Veto by Governor [A-17]:** Delete the provision which would establish the Council on the Institute for Excellence in Urban Education.

[Act 27 Section: 1168e]

[Act 27 Vetoed Section: 94mm]

## 18. GREAT LAKES STUDIES

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $0 | 0.60 |
| PR | 48,000 | 0.40 |
| Total | $48,000 | 1.00 |

**Senate/Legislature:** Provide $16,000 PR in 1997-98 and $32,000 PR in 1998-99 in a new, annual appropriation for a position at UW-Milwaukee for the purpose of performing studies of Great Lakes fish. In addition, provide 0.4 PR position and 0.6 GPR position beginning in 1997-98 for this purpose. PR funding would be transferred from the fish and wildlife account of the conservation fund in DNR which would contract for the position. GPR funding for the position would have to be reallocated from base resources within the University's budget.

[Act 27 Sections: 276g, 373 and 9153(3pjf)]

## 19. APPLICATION FEES

| | Chg. to Base |
|---|---|
| PR-REV | $1,260,000 |

**Governor/Legislature:** Increase the fees for applications for admission to UW System undergraduate and graduate and professional programs by $7. The fee increases would first apply to applications for enrollment in the 1998 fall semester. Under current law, the Board of Regents is required to charge a $28 fee to students applying as freshmen or as transfer students from outside of the UW System, which would increase to $35 under the bill. The Board is required to charge a $38 fee for applicants to a graduate school, law school or medical school, which would increase to $45 under the bill. The fee increase is expected to generate additional revenues of $630,000 annually.

[Act 27 Sections: 1160, 1161 and 9353(1)]

## 20. BUDGET REDUCTIONS

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| GPR-Lapse | $0 | $342,800 | $342,800 |
| GPR | - $338,100 | - $873,300 | - $1,211,400 |
| PR | - 182,100 | 0 | - 182,100 |
| Total | - $520,200 | - $873,300 | - $1,393,500 |

**Joint Finance:** Reduce the UW System's budget by $112,700 GPR and $60,700 PR in 1997-98 and $225,400 GPR and $121,400 PR in 1998-99. Provide that the University's general program operations appropriation and program revenue appropriation for auxiliary enterprises would be reduced by a portion of the operating costs of the UW System's fleet of vehicles.

**Assembly/Legislature:** Reduce the University's appropriation for general program operations by an additional $389,300 GPR in 1997-98 and $484,000 GPR in 1998-99.

In addition, require the Secretary of DOA to require the Board of Regents to lapse $171,400 GPR annually from the University's general program operations appropriation for UW System Administration. Provide that in the event the Secretary of DOA determines in either fiscal year that the UW System cannot reduce its expenditures as required, the Secretary of DOA shall submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the required reductions. The plan must be approved by the Committee under a 14-day passive review process. The required lapse amounts represent an annual reduction of 2% to the base funding in the general program operations appropriation for System Administration.

[Act 27 Section: 9156(6ng)]

## 21. DEPRECIATION OFFSET [LFB Paper 908]

| | Chg. to Base |
|---|---|
| GPR | - $354,400 |
| PR | 354,400 |
| Total | $0 |

**Joint Finance/Legislature:** Reduce the UW System's budget by $137,400 GPR in 1997-98 and $217,000 GPR in 1998-99 and provide $137,400 PR in 1997-98 and $217,000 PR in 1998-99 to reflect the application of tuition revenues to be received in 1997-99 from depreciation charges assessed to students for instructional buildings.

## 22. UW-EXTENSION FUNDING AND POSITION REDUCTIONS [LFB Paper 905]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Veto (Chg. to Leg.) | | Net Change | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | - $5,000,000 | - 2.00 | $50,000 | 0.00 | $1,851,800 | - 2.00 | - $50,000 | 0.00 | - $3,148,200 | - 4.00 |

**Governor:** Delete $2,500,000 annually from the base GPR budget of $49,097,300. The budget documents indicate that this reduction would be taken from salaries. According to the executive budget book, the funding reductions should be taken from the Divisions of Administration, Continuing Education and Communications. Delete 2.0 classified positions in 1997-98 from the base GPR position authority for 855.63 positions. According to the executive budget book, these positions reductions should be in the area of distance education.

**Joint Finance:** Modify the Governor's recommendation to specify that all UWEX Divisions, including Business and Manufacturing Extension, Cooperative Extension and Wisconsin Geological and Natural History Survey would be subject to the annual budget reduction. This would translate into an approximate 5% GPR reduction for each UWEX division. Provide that these reductions

would have to be allocated by the UW so as to minimize the effect on local and federal funds received by UWEX.

Require the UW to submit a plan to the Joint Committee on Finance by October 15, 1997 on the allocation of the UWEX budget reductions over the biennium, subject to approval by the Committee under a 14-day passive review process.

Restore $25,000 GPR annually to UW-Extension's Division of Continuing Education Extension.

Require the UW to submit a report to the Governor, Joint Committee on Audit and the Joint Committee on Finance by October 1, 1998. Specify that the report would have to include: (a) how the allocation of the annual UWEX budget reduction was made in order to meet the concerns of the Legislative Audit Bureau's April, 1997, audit report; (b) a description of practices implemented to improve accountability, reporting, coordination and administrative efficiency; (c) a description of methods adopted to establish a consistent fee policy and generate sufficient program revenue to reduce reliance on state GPR; and (d) a description of efforts to focus the mission of UWEX in order to avoid duplication of services, eliminate outdated services and extend UWEX programs to individuals not previously served.

**Assembly/Legislature**: Restore $500,000 in 1997-98 and $1,500,000 in 1998-99 to the UWEX base GPR budget. Authorize UWEX to administer the budget reductions among each of its divisions, but delete the requirement that the reductions would have to be proportionally equal across each division. Delete $74,100 annually and 2.0 positions beginning in 1997-98 from UWEX General Administrative Services. These positions, which are currently vacant, would be an Executive Assistant and a Program Assistant 2. Net budget reductions to UWEX would be $2,049,100 in 1997-98 and $1,049,100 in 1998-99. Delay the requirement that the UW submit a report to Joint Finance under a 14-day passive review process on the proposed allocation of the UW-Extension budget reduction from October 15, 1997 to 45 days after the effective date of the budget.

**Veto by Governor [A-19]:** Delete $25,000 annually from the UWEX Division of Continuing Education base GPR budget.

[Act 27 Section: 9153(2t)]

[Act 27 Vetoed Section: 169 (as it relates to s. 20.285(1)(a)]

## 23. UW-EXTENSION APPROPRIATION FOR CREDIT OUTREACH [LFB Paper 906]

| | Chg. to Base |
|---|---|
| GPR | - 46.17 |
| PR | 46.17 |
| Total | 0.00 |

**Governor:** Create a continuing, PR appropriation for academic student fees at UW-Extension (UWEX), generated through credit outreach instruction sponsored by UWEX. This appropriation would not include any UWEX student fees for

laboratories or business school master's programs, which would be deposited in separate appropriations as under current law. Authorize the Board of Regents to create or abolish full or partial FTE positions funded through revenues received in this appropriation, as is currently authorized for certain PR and FED positions at the UW.

Transfer $7,918,600 PR annually from the appropriation for degree credit instruction, which includes most student tuition and fees, to the proposed UWEX student fees appropriation. Delete 46.17 GPR positions, currently funded by the GPR appropriation for general UW program operations, and provide 46.17 PR positions in the UWEX student fees PR appropriation that would be created in the bill. Specify that the current academic student fees appropriation would no longer receive funds for credit outreach instruction sponsored by UWEX.

**Joint Finance:** Modify the Governor's recommendation to create an annual appropriation, rather than a continuing appropriation and delete the proposed authority to create or abolish positions funded through this new appropriation. Reduce the amount of funding transferred to the separate appropriation by $225,000 PR annually as a correction to the bill.

**Assembly/Legislature**: Restore the Governor's provision which would create a continuing, rather than an annual, appropriation for UWEX credit outreach instruction fees. Restore the Governor's provision which would authorize the Board of Regents to create or abolish full or partial FTE positions funded through revenues received in this appropriation.

[Act 27 Sections: 107, 275 and 276]

## 24. UW-EXTENSION REVENUES FROM NON-CREDIT COURSES

| | Chg. to Base |
|---|---|
| PR | $10,498,800 |

**Governor/Legislature:** Increase program revenue expenditure authority by $3,499,600 in 1997-98 and $6,999,200 in 1998-99 from a base level of $42,172,300 for revenues generated from non-credit programs offered through UWEX. This funding would be primarily generated and utilized in Continuing Education Extension courses in engineering, business, education and management and Cooperative Extension programs.

## 25. TRANSFER RECYCLING MARKET DEVELOPMENT BOARD TO COMMERCE [LFB Paper 591]

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | - $17,320,400 | - 4.00 |

**Governor/Joint Finance:** Delete $8,660,200 annually and 4.00 positions in 1997-98 to reflect the current law transfer of the Recycling Market Development Board to the Department of Commerce, as provided for under 1995 Act 27 (the 1995-97 budget). Act 27 stipulates that the Board will be transferred to Commerce on July 1, 1997, or on the day of the publication of the 1997-99 budget act, whichever is later. [See the entry for "Commerce".]

**Assembly/Legislature**: Modify the Joint Finance provision to specify that on the effective date of the budget, the four incumbent employes performing duties primarily related to the functions of the Board, as determined by the Secretary of Administration, would be transferred to Commerce to hold 4.0 project positions until June 30, 2001, to perform duties primarily related to the Board. Provide that these employes could transfer with them rights and benefits previously earned.

[Act 27 Section: 9153(3g)]

## 26. CONVERSION OF TRANSPORTATION FUND APPROPRIATION TO GPR [LFB Paper 825]

| | Chg. to Base |
|---|---|
| GPR | $122,000 |
| SEG | - 122,000 |
| Total | $0 |

**Joint Finance/Legislature:** Provide $61,000 GPR annually and delete $61,000 SEG annually to reflect a decision to convert most transportation fund appropriations to agencies other than DOT to general fund appropriations. For the UW System, this would affect the appropriation for driver education teachers. Specify that an amount equal to the encumbrances or expenditures from these appropriations between July 1, 1997, and the effective date of the bill would be transferred from the general fund to the transportation fund. Provide that expenditures or encumbrances from continuing appropriation balances existing on June 30, 1997, would be disregarded in computing the amount of any transfer from the general fund to the transportation fund. Continuing appropriation balances on June 30, 1997, would be retained within the new, GPR appropriations.

[Act 27 Sections: 277r and 9249(1m)]

## 27. SOLID WASTE STAFF CONVERSION [LFB Paper 594]

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $380,000 | - 0.50 |
| SEG | 380,000 | 0.50 |
| Total | $0 | 0.00 |

**Joint Finance/Legislature:** Convert $189,800 in 1997-98 and $190,200 in 1998-99 and 0.5 position annually from GPR to recycling fund SEG for research into alternative methods of solid waste management and for solid waste experiment centers.

[Act 27 Section: 277n]

## 28. STATE LABORATORY OF HYGIENE

| | Chg. to Base |
|---|---|
| GPR | $442,500 |
| PR | 3,867,200 |
| Total | $4,309,700 |

**Governor/Legislature:** Provide $442,500 GPR and $429,400 PR in 1998-99 for the operating cost of the new State Lab of Hygiene laboratory building at the World Dairy Expo, scheduled for bidding in

April, 1997 and completion in September, 1998. The GPR would be placed into unallotted reserve to be disbursed at the discretion of DOA.

Provide $1,193,000 PR in 1998-99 for one-time costs to cover moving, computer and furnishing expenses associated with the new laboratory facility.

Provide $900,000 PR annually to continue sales to the UW Hospitals. This is a technical adjustment necessary because the UW Hospital is now an independent authority and no longer part of UW-Madison. This enables the State Lab to record sales to the UW Hospital as program revenue.

Provide $199,900 PR annually for general operating costs of the State Lab.

Provide $19,500 PR in 1997-98 and $25,500 PR in 1998-99 for costs to continue the operating while intoxicated (OWI) program, accommodating pay plan, inflationary cost and workload increases. The State Lab analyzes the alcohol and other drug content of urine and blood samples for law enforcement agencies throughout the state.

## 29. STATE LABORATORY OF HYGIENE BOARD

**Senate/Legislature**: Modify the current 11-member board of the State Laboratory of Hygiene to delete: (a) the Chancellor of the UW-Madison; (b) an employe of DNR; and (c) an employe of DHFS. Add four board members, including a member representing occupational health laboratories and three other members appointed by the Governor. Specify that one of these three other members would be a medical examiner or coroner. Provide that the initial terms of these new members would be staggered, with expiration dates of May 1 in 1999, 2000 and 2001.

[Act 27 Sections: 94e, 94k and 9153(5m)]

## 30. REESTIMATE AUXILIARY OPERATIONS

| | Chg. to Base |
|---|---|
| PR | $92,041,900 |

**Governor/Legislature:** Reestimate the appropriations for auxiliary operations and building projects by $45,717,100 in 1997-98 and $46,324,800 in 1998-99 above the base level of $331,126,900. This increase is due to adjustments to reflect current expenditure levels as well as projected increases in enterprises which are self-supported through student segregated fees and the sale of goods and services. These enterprises include student housing, parking, bookstores, student health services and student unions.

## 31. REESTIMATE GIFTS AND TRUST FUNDS

| | Chg. to Base |
|---|---|
| PR | $31,705,000 |
| SEG | 17,424,400 |
| Total | $49,129,400 |

**Governor/Legislature:** Reestimate expenditures from gifts and donations by $14,695,100 PR in 1997-98 and $17,009,900 PR in 1998-99 over the base level of $207,856,100. Reestimate expenditures from trust funds by $13,188,100 SEG in 1997-98 and $4,236,300 SEG in 1998-99 over the base level of $15,592,700. These increases are due to adjustments to reflect current expenditure levels as well as anticipated growth in gifts and donations and trust fund income.

## 32. REESTIMATE GENERAL OPERATING RECEIPTS

| | Chg. to Base |
|---|---|
| PR | $12,471,800 |

**Governor/Legislature:** Reestimate general operating receipts by $6,081,300 in 1997-98 and $6,390,500 in 1998-99. The reestimate reflects adjustments to correspond with current expenditures and projected growth in operations that are self-supporting through the sale of goods and services. These include activities such as conferences, camps, workshops, clinics and outreach programs in business, education and engineering.

## 33. UW-MADISON INTERCOLLEGIATE ATHLETICS [LFB Paper 909]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| PR | $3,836,900 | - $1,952,400 | $1,884,500 |

**Governor:** Provide $1,598,800 in 1997-98 and $2,238,100 in 1998-99 for classified and unclassified salaries ($157,600 in 1997-98 and $318,300 in 1998-99); fringe benefits ($37,100 in 1997-98 and $75,000 in 1998-99); and supplies and services ($1,404,100 in 1997-98 and $1,844,800 in 1998-99), which would largely be attributable to Kohl Center activities. This program revenue is generated primarily from athletic event ticket sales, radio and television contracts, NCAA revenue sharing, marketing, promotions, licensing and concessions. Salary funding is based on an approximate 2.43% annual increase.

**Joint Finance/Legislature:** Delete $976,200 annually from athletics auxiliary enterprises. The funding in the Governor's recommendation would represent a duplication of funding already received by UW Athletics in February, 1997, under s. 16.515. This funding was included in the Governor's budget, because at the time of submission, the 16.515 request had not yet been approved.

## 34. KOHL CENTER POSITIONS [LFB Paper 907]

| | Chg. to Base Funding | Positions |
|---|---|---|
| PR | $1,333,200 | 15.00 |

**Joint Finance/Legislature:** Provide $568,200 in 1997-98 and $765,000 in 1998-99 and 15.0 positions beginning in 1997-98

for the management and facilities maintenance operations of the UW-Madison Kohl Center Athletic Arena.

## 35. SERVICES TO THE UW HOSPITALS AND CLINICS AUTHORITY

| | Chg. to Base |
|---|---|
| PR | $2,351,300 |

**Governor/Legislature:** Provide $776,000 in 1997-98 and $1,575,300 in 1998-99 above the base level of $25,817,000 for payments made by the University of Wisconsin Hospitals and Clinics Authority (UWHCA) to the UW-Madison pursuant to the lease and affiliation agreements, as well as for positions previously funded by the UWHC that are now funded by the UW-Madison Medical School. The lease agreement requires that the Authority enter into a contract with the Board of Regents for the lease of the facilities utilized by the Authority, and the affiliation agreement requires that the Board of Regents make reasonable charges for any services provided by the Board of Regents to the UWHCA.

## 36. FUNDING TRANSFER RELATED TO UW HOSPITAL AND CLINICS AUTHORITY [LFB Paper 909]

**Joint Finance/Legislature:** Transfer $9,400 GPR annually from the UW appropriation for general program operations to the UW appropriation for services received from the UW Hospital and Clinics Authority (UWHCA). This modification would transfer funding that was inadvertently left in general program operations supplies and services at the time of the creation of the UWHCA on June 30, 1996.

## 37. UW-MADISON MEDICAL SCHOOL FAMILY MEDICINE RESIDENCY PROGRAM

| | Senate/Leg. (Chg. to Base) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|
| GPR | $272,800 | $0 | $272,800 |
| GPR-Lapse | $0 | $272,800 | $272,800 |

**Senate/Legislature:** Provide $90,900 in 1997-98 and $181,900 in 1998-99 to the UW-Madison Medical School Department of Family Medicine and Practice. Require the UW to expend this funding only to expand family practice residency programs that provide services in medically underserved areas within the central portion of the City of Milwaukee.

**Veto by Governor [A-20]:** Delete the requirement that the UW expend this funding to expand family practice residency programs in Milwaukee and request the DOA Secretary not to allot these funds to the UW. The Governor's veto does not delete the funding from the UW appropriation.

[Act 27 Vetoed Section: 9153(2zgg)]

## 38. AREA HEALTH EDUCATION CENTERS

| | Chg. to Base |
|---|---|
| GPR | $269,600 |

**Joint Finance/Legislature:** Increase funding for Area Health Education Centers (AHECs) under the Medical College of Wisconsin (MCW) by $125,000 in 1997-98 and $150,000 in 1998-99 and under the UW System by $122,300 in 1997-98 and $147,300 in 1998-99. (The fiscal effect of the MCW AHEC funding is shown under "Medical College of Wisconsin.")

In 1996-97, a total of $500,000 GPR is appropriated for AHECs, with $250,000 GPR under both MCW and the UW System. AHECs are regional centers designed to improve access to primary care health services in underserved rural and inner-city areas. The AHECs provide both access to health care for low-income citizens and community-based primary care training programs for medical, nursing, dentistry, allied health and pharmacy students. The four regional AHECs each serve a specific geographic region of the state, including northern, southwestern, eastern and the Milwaukee area. At the state level, the AHEC system is jointly administered by MCW and the UW Medical School.

## 39. TUITION AND FEE REMISSIONS FOR CERTAIN GRADUATE STUDENTS

**Joint Finance/Legislature:** Require the Board of Regents to remit nonresident tuition and academic fees (resident tuition), in whole or in part, to resident and nonresident graduate students who are fellows or who are employed within the UW System as faculty, instructional academic staff or assistants with an appointment equal to at least 33% of a full-time equivalent position. Specify that the current law limitation on the amount of nonresident tuition and fee remissions by the UW would not apply to fee remissions under this provision.

[Act 27 Sections: 278g and 1168m]

## 40. AUTHORITY TO TRANSFER REVENUES FROM AUXILIARY ENTERPRISES [LFB Paper 904]

**Governor:** Allow the Board of Regents, upon the request of the UW Extension or any UW System institution or center, to transfer surplus revenues from an existing PR appropriation for auxiliary enterprises such as student housing, dining halls, parking and bookstores, to a new, continuing appropriation for the one-time, fixed-duration costs of any student-related activity. Provide that monies transferred to the new appropriation would not have to be repaid to the auxiliary enterprises appropriation. Under current law, the Board may temporarily transfer program revenues for operations to other program revenue appropriations provided that the funds are repaid to the appropriation from which they were transferred prior to the end of the fiscal year in which the transfer was made.

Delete a current law provision which prohibits the Board of Regents from accumulating any auxiliary reserve funds from student fees unless the fees and the reserve funds are approved by the Secretary of DOA and the Joint Committee on Finance.

**Joint Finance/Legislature:** Modify the provision regarding the transfer of revenues from auxiliary enterprises as follows:

a. Prohibit the Board of Regents from transferring surplus auxiliary revenues for the purpose of funding a non-auxiliary activity under the provision unless the transfer is approved by the Joint Committee on Finance under a 14-day passive review process.

b. Require the Board to promulgate administrative rules which define "one-time, fixed duration costs" and "student-related activity" and establish criteria for the Board to use in determining whether to approve a campus' request to transfer auxiliary funds under the provision.

c. Require the Board to submit a report to the Joint Committee on Finance by September 1, 1998, and annually thereafter, on the requests to transfer surplus auxiliary revenues under the provision that were received by the Board in the previous fiscal year. Require that, for each request, the report include the campus that submitted the request, the amount and source of the funds, the purpose for which the monies were to be used and whether the Board approved the request.

Delete the Governor's recommendation to repeal the current law provision relating to the accumulation of auxiliary reserve funds. Modify current law by specifying that the Board may not accumulate any amount of auxiliary reserve funds from student fees for any institution, or for the UW Centers in aggregate, which exceeds 15% of the prior fiscal year's total revenues from student segregated fees and auxiliary operations funded from student fees for that institution, or for the Centers in aggregate, unless the reserve funds are approved by the Department of Administration and

the Joint Committee on Finance under a 14-day passive review process. Require that such a request for approval be submitted no later than September 15 of that fiscal year.

**Veto by Governor [A-15]:** Delete the Joint Finance provisions relating to the Committee's approval of the transfers under a 14-day passive review process summarized under a., and the requirement that the Board promulgate rules, summarized under b.

[Act 27 Sections: 273, 277, 278, 1173e, 1173m and 1173s]

[Act 27 Vetoed Sections: 273, 277 and 1173s]

## 41. TUITION AWARD PROGRAM

**Governor/Legislature:** Extend the sunset date for the tuition award program (TAP) from the end of the 1996-97 academic year to the end of the 1998-99 academic year. Under this program, a limited number of nonresident students at UW-Parkside and UW-Superior may be exempted from nonresident tuition provided they are enrolled in programs identified as having excess capacity.

Delete the requirement that students participating in TAP be charged the higher of the following tuition rates: (a) resident tuition charged at the institution in which the student is enrolled; or (b) resident tuition charged by the public university system in the student's home state at the institution that grants a bachelor's or higher degree and that is closest to the student's permanent residence. Eliminate the related requirement that the Regents deposit all tuition revenues paid under (b) that exceed the amount under (a) into the general fund. While the budget documents do not indicate a reduction in GPR-Earned, approximately $40,000 was deposited as GPR-Earned under this provision in 1995-96.

Finally, delete the requirement that the Board of Regents annually submit a report to the Secretary of DOA for his or her approval, the proposed tuition level for each student participating in TAP.

[Act 27 Sections: 1169 thru 1172]

## 42. UW-OSHKOSH PROJECT SUCCESS

**Joint Finance/Legislature:** Require the Board of Regents to allocate $125,000 GPR and 2.0 GPR positions in each year of the 1997-99 biennium from base resources within the University's general program operations appropriation to UW-Oshkosh to expand the number of students served by the campus' project success program from 55 to 77 students.

[Act 27 Section: 9153(1g)]

## 43. UW-MILWAUKEE EVALUATION OF PILOT MATHEMATICS PROGRAM

**Joint Finance/Legislature:** Require the Board of Regents to allocate $25,000 GPR annually from base resources within the University's general program operations appropriation to UW-Milwaukee to evaluate a pilot mathematics program conducted by the Milwaukee Public Schools. Sunset the requirement on June 30, 2003.

[Act 27 Section: 1162r]

## 44. POSITIONS FUNDED FROM THE TRUST FUND INCOME APPROPRIATION

**Joint Finance/Legislature:** Permit the UW System to create or abolish positions funded with segregated monies from the University's appropriation for trust fund income without prior approval. Require the Board of Regents to include the number of full-time equivalent positions funded from this appropriation which were created or abolished during the preceding calendar quarter, in the quarterly report required under current law to the Department of Administration and the Joint Committee on Finance.

[Act 27 Section: 107]

## 45. TUITION SUBSIDY STATEMENT

**Joint Finance/Legislature:** Require the Board of Regents to ensure that every UW student's bill for academic fees or nonresident tuition includes the following statement: "The Legislature and Governor have authorized $____ in state funds for the University of Wisconsin System during the ____ academic year. This amount represents an average subsidy of $____ from the taxpayers of Wisconsin for each student enrolled in the University of Wisconsin System." Define "state funds" for the purposes of the statement to be the total amount of GPR appropriated for the UW System in any fiscal year. Require that the average subsidy amount shown in the statement would be calculated by dividing the amount of state funds in the appropriate fiscal year by the number of full-time equivalent students enrolled in the System in the most recent fall semester.

[Act 27 Section: 1172m]

## 46. TRANSIT NEEDS STUDY

**Joint Finance:** Require the Board of Regents to study the transportation needs of the UW System and methods of increasing the use of transportation services provided by mass transit systems by students, faculty and staff. Require that the study: (a) compare the cost of constructing new

parking facilities to the cost of expanding the use of mass transit systems; and (b) explore what strategies or incentives will increase the use of mass transit systems and are cost-effective compared to constructing new parking facilities. Require the Board, to the extent possible, to conduct the study in coordination with the mass transit systems serving the campuses at Eau Claire, Green Bay, La Crosse, Madison, Milwaukee, Oshkosh, Parkside and Stevens Point. Require the Board to develop systemwide as well as campus-specific recommendations and to submit the results of the study to the Joint Committee on Finance by December 31, 1998.

**Assembly/Legislature:** Delete the provision. Instead, require the Legislative Audit Bureau (LAB) to conduct a financial audit of mass transit services provided to the campuses of the UW System and to submit the audit to the Joint Committee on Finance by December 31, 1998. Require LAB, as part of the audit, to examine the subsidies provided to mass transit systems by the UW System and compare the revenue derived from fares to the operating expenses of mass transit systems.

[Act 27 Section: 9132(3x)]

## 47. REPORT ON MANAGEMENT TO STAFF RATIO

**Joint Finance/Legislature:** Require the Board of Regents to develop definitions of the terms "management" and "staff" and to categorize each position in the UW System as either a management position or a staff position based on these definitions. Require the Board to submit a report, by January 1, 1998, and annually thereafter, to the Joint Committee on Finance, which includes: (a) the definitions of "management" and "staff" used by the Board; (b) a list of the position titles in each category; (c) the criteria used by the Board to categorize the positions; and (d) the current number of authorized positions in each category at each campus.

[Act 27 Section: 1162m]

## 48. LA FOLLETTE INSTITUTE STUDY OF UW FACULTY SALARY RANKINGS

**Assembly/Legislature:** Require the Robert M. La Follette Institute of Public Affairs at UW-Madison to study the method that the UW System uses to compare UW faculty salaries to faculty salaries at other institutions in the country. Require the Institute to review the institutions selected as peer institutions for the purpose of such comparisons. In conducting the study, require the Institute to take into account differences in fringe benefits provided by different institutions and the cost of living applicable to faculty at different institutions. Require the Institute to submit a report of its study to the Joint Committee on Finance by December 1, 1998.

**Veto by Governor [A-16]:** Delete provision.

[Act 27 Vetoed Section: 9153(4g)]

## 49. VALUE-BASED REAL ESTATE MANAGEMENT STUDY

**Assembly/Legislature:** Require the Department of Administration (DOA) to contract with a private consulting firm to study the introduction of a value-based approach to the management of real estate under the jurisdiction of the Board of Regents and the planning, design, authorization and approval processes for construction projects on such real estate. As part of the study, require that the contractor: (a) assess a sample portion of existing real estate which includes between 1 million and 2 million square feet of interior space in UW buildings, at a campus other than Madison, which are used for various purposes including administrative, instructional and recreational purposes; (b) assess the existing processes for management of the real estate for planning, design, authorization and approval of construction projects on the real estate and an alternative approach for these processes using a value-based analysis; (c) compare the two approaches, determine possible changes in the current approach from which the state could realize savings and project the estimated amount of savings that would be realized; and (d) analyze whether the Board of Regents is scheduling classes in such a manner as to permit the state to obtain the greatest possible value for its investment in instructional facilities under the management of the Board.

[Act 27 Section: 9101(13g)]

## 50. DISTINGUISHED CHAIR OF MILITARY HISTORY

**Assembly/Legislature:** Require the Board of Regents to establish a distinguished chair of military history at UW-Madison beginning in the 1998-99 academic year. In addition, permit the UW System to expend up to $250,000 GPR from its general program operations appropriation in 1998-99 to establish a distinguished chair of military history, if the Board of Regents receives at least up to $750,000 in private contributions for this purpose.

[Act 27 Sections: 1168k, 9153(4h) and 9453(2g)]

## 51. PHARMACY INTERNSHIP BOARD

**Assembly/Legislature:** Repeal the Pharmacy Internship Board and associated statutory functions in the University of Wisconsin System, effective July 1, 2001. The Board is comprised of: (a) two members of the Pharmacy Examining Board under the Department of Regulation and Licensing; (b) two members of the faculty of the UW School of Pharmacy; (c) two members appointed by the Wisconsin Pharmaceutical Association; and (d) one public member. Under current law, the Board is required to supervise the pharmacy internship program, appoint a Director of Pharmacy Internship and determine the amount of the fee to be charged to interns under the program. In addition, repeal the pharmacy internship program and the requirement that an applicant for licensure as a pharmacist complete the program or have practical experience acquired in another state which is comparable to that included in the internship and which is approved and verified by the

Pharmacy Internship Board or by an equivalent agency in the state in which the experience was acquired.

[Act 27 Sections: 94m, 158m, 1164g, 4315p thru 4315s and 9453(2m)]

## 52. STUDY OF WISCONSIN PUBLIC BROADCASTING

**Assembly/Legislature**: Create a special committee called the Commission on Public Broadcasting consisting of: (a) representatives of Wisconsin Public Television and Wisconsin Public Radio appointed by the ECB, a representative of the UW System appointed by the Board of Regents and a representative of WMVS-TV and WMVT-TV in Milwaukee appointed by the MATC District Board, all of whom would have to be appointed within 30 days of the effective date of the budget; (b) the Secretary of Administration, the State Superintendent of Public Instruction, the State Director of the Technical College System or their designees; and (c) three members jointly appointed by the members appointed by ECB, the Regents and the MATC District Board, within 45 days of the effective date of the budget, to represent the public broadcasting audiences, the commercial broadcasting industry and the public school system, respectively. Specify that ECB and MATC would jointly provide staffing and other support required by the Commission.

Provide that the Commission would have to examine the future of public broadcasting in Wisconsin for the purpose of making recommendations which, if implemented, would be likely to ensure that public broadcasting would continue its tradition of distinguished service to the state, utilize new technologies and functions in the most efficient and cost-effective manner.

Require that the study include an examination of the following: (a) future funding issues; (b) technological advances and their implication for public broadcasting; (c) the relationship between public broadcasting and distance education; (d) the development of new partnerships with the private sector and with other public sector interests; and (e) alternative organizational or governance structures, including a single public or private organization that is not a current licensee of a radio or television broadcasting station.

Require the Commission to report its findings and recommendations to the Governor, and Legislature for distribution to the appropriate standing committees, by June 30, 1998. Specify that the Commission would cease to exist upon the submission of its report.

[Act 27 Section: 9156(4m)]

# VETERANS AFFAIRS

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $3,560,000 | $4,207,900 | $4,207,900 | $4,199,200 | $4,199,200 | $639,200 | 18.0% |
| FED | 555,200 | 575,200 | 575,200 | 575,200 | 575,200 | 20,000 | 3.6 |
| PR | 69,181,000 | 70,191,600 | 69,848,700 | 69,740,500 | 69,740,500 | 559,500 | 0.8 |
| SEG | 158,358,000 | 168,032,000 | 165,961,700 | 183,285,900 | 183,285,900 | 24,927,900 | 15.7 |
| TOTAL | $231,654,200 | $243,006,700 | $240,593,500 | $257,800,800 | $257,800,800 | $26,146,600 | 11.3% |
| BR | | $40,000,000 | $186,500,000 | $186,500,000 | $186,500,000 | | |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 5.65 | 6.65 | 6.65 | 6.65 | 6.65 | 1.00 |
| FED | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 |
| PR | 673.33 | 694.74 | 689.74 | 689.74 | 689.74 | 16.41 |
| SEG | 116.32 | 115.91 | 115.91 | 115.91 | 115.91 | - 0.41 |
| TOTAL | 799.30 | 821.30 | 816.30 | 816.30 | 816.30 | 17.00 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $277,400 | 0.00 |
| PR | - 1,636,200 | 0.00 |
| SEG | - 200,100 | - 1.00 |
| Total | - $1,558,900 | - 1.00 |

**Governor/Legislature:** Provide base budget adjustments of $138,700 GPR, -$818,100 PR and -$93,000 SEG in 1997-98 and $138,700 GPR, -$818,100 PR and -$107,100 SEG in 1998-99 and -1.0 SEG position. Adjust the agency's base budget to reflect: (a) turnover reductions (-$372,500 PR and -$113,900 SEG annually); (b) removal of non-continuing items (-$162,700 SEG in 1997-98 and -$176,800 SEG in 1998-99 and -1.0 SEG position); (c) full funding of continuing salaries and fringe benefits ($128,700 GPR, -$1,338,200 PR and $167,400 SEG annually; (d) full funding of financial services charges ($800 GPR, $24,200 PR and -$3,000 SEG annually); (e) reclassifications ($8,700 GPR and $1,600 SEG annually); (f) overtime ($523,100 PR annually); (g) night and weekend salary differentials ($334,900 PR annually); (h) fifth week of vacation as cash ($3,600 PR and $7,600 SEG annually); and delayed pay adjustments ($500 GPR, $6,800 PR and $10,000 SEG annually).

## 2. DEBT SERVICE REESTIMATE

| | Chg. to Base |
|---|---|
| GPR | $132,900 |
| PR | 112,200 |
| SEG | 14,349,000 |
| Total | $14,594,100 |

**Governor/Legislature:** Increase debt service funding by $10,200 GPR, $17,400 PR and $1,164,500 SEG in 1997-98 and $122,700 GPR, $94,800 PR and $13,184,500 SEG in 1998-99 to reflect the estimated level of principal and interest payments that will be due on current general obligation bonds and notes for the Wisconsin Veterans Home and the primary mortgage loan program.

## 3. BENEFITS ELIGIBILITY FOR PEACETIME VETERANS [LFB Paper 916]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $1,332,700 | - $288,000 | $1,044,700 |

**Governor:** Provide $724,400 in 1997-98 and $608,300 in 1998-99 for estimated costs of extending state veterans program benefits to "peacetime" veterans. Provide that the current general definition of veteran be expanded to include veterans who have served in the U.S. armed forces for at least two consecutive years of active duty service for other than training purposes or have served the full period of their initial service obligation, whichever is less. Specify that an individual who, during the person's initial service obligation period, was discharged for reason of hardship or a service-connected disability or released due to a reduction in the U.S. armed forces, would be eligible for veterans benefits. All currently eligible veterans would remain eligible for benefits under the existing eligibility law. Current law service eligibility requirements are provided below under each affected program's section. [Note: The bill as drafted provides that veterans who served under other than dishonorable conditions could qualify as peacetime veterans if they meet the service time requirements. However, it is the Governor's intent that only veterans who were discharged under honorable conditions be included as eligible peacetime veterans.]

This statutory modification would affect the following veteran programs and services: (a) health care aid, subsistence, retraining, tuition fee and reimbursement and part-time study grants; (b) personal loan and housing loan programs; (c) admission to the Wisconsin Veterans Home at King; (d) burial provisions; (e) museum activities; and (f) employment provisions.

*a. Veteran Trust Fund Programs.* The additional costs associated with this change would be to the veterans trust fund for the following: (1) $97,000 annually for the health care aid grant program; (2) $39,200 annually for the subsistence aid grant program; (3) $175,700 in 1997-98 and $184,200 in 1998-99 for the part-time study grant program; (4) $75,000 annually for the retraining grant program; and (5) $337,500 in 1997-98 and $212,900 in 1998-99 for the tuition and fee reimbursement grant program.

Current service requirements for all these programs (except tuition and fee reimbursement) require that a veteran must have: (1) served on active duty for a minimum of 90 days during a wartime period, for other than training purposes, or received an Armed Forces, Navy or Marine Corps Expeditionary Medal, or served on active duty during certain statutorily designated conflict periods; and (2) been discharged under honorable conditions, or otherwise be qualified for U.S. Department of Veterans Affairs general benefits.

Current service requirements for the tuition and fee reimbursement program include a discharge under honorable conditions or eligibility for federal DVA benefits and active duty service for two or more continuous years or the full period of the individual's initial service obligation, whichever is less. An individual discharged for reasons of hardship, service connected disability or due to a reduction in the armed forces is eligible regardless of the time served. The bill's impact on eligibility for this program would be to include veterans who served on active duty for a minimum of 90 days during a wartime period, for other than training purposes, or received an Armed Forces, Navy or Marine Corps Expeditionary Medal, or served on active duty during certain statutorily designated conflict periods. Peacetime veterans, as defined in the bill, are already eligible for this program.

Further, provide that peacetime veterans would also be eligible for the new personal loan program that would be created under this bill.

*b. Wisconsin Veterans Home.* Provide that peacetime veterans would also be eligible for admission to the Home. Current service requirements for admission to the Home provide that the veteran must have served under honorable conditions (or be eligible for federal veteran's benefits) in the armed forces; and have either: (1) received an armed forces expeditionary medal; (2) served during a qualifying military conflict; or (3) served at least one day during a war period and been discharged under honorable conditions after 90 days or more of active service unless earlier discharged due to a service-connected disability. Under the bill, no additional funding is provided to correspond with the increase in the number of persons eligible for membership at the Home, since the Home is currently at full capacity.

*c. Veterans Home Loan Program.* Provide that peacetime veterans would also be eligible for the primary home loan program. Current service requirements for the primary home loan require that a veteran must (1) have either: (a) served on active duty for a minimum of 90 days during a wartime period, for other than training purposes; (b) served on active duty during a statutorily designated conflict period; (c) received an Armed Forces, Navy or Marine Corps Expeditionary Medal; or (d) served six months during the period of February 1, 1955, through August 4, 1964; and (2) have been discharged under honorable conditions, or qualify for U.S. Department of Veterans Affairs general benefits. Under the bill, veterans who served at least two consecutive years of active duty service, other than training, or served the full period of their initial service obligation, whichever is less, would also be eligible.

*d. Museum Services.* Specify that the Wisconsin Veterans Museum would also be dedicated to remembering Wisconsin peacetime veterans. Under current law, the museum is dedicated to remembering Wisconsin veterans who served in designated war or crisis periods.

*e. Burial Services.* Expand current statutory burial allowance provisions to include peacetime veterans. Under the bill, county veterans service officers would be required to provide burials (at an expense to the county of no more than $300) for those veterans and their spouses or surviving spouses who served during peacetime and die without sufficient means to pay for the necessary costs of a burial. Repeal the provision that requires veterans to have been living in the county at the time of death to be entitled to burial by the county. The bill would also provide that DVA may include in any compilation of a record of the place of burial of Wisconsin veterans, places where peacetime veterans are buried.

*f. Public Employment Provisions.* Expands current law to include peacetime veterans in the provision that veterans who suffered a physical disability as a result of military service shall not be prohibited from public employment, under the state, county, municipal civil service or otherwise, if a physician certifies that the applicant's disability will not materially affect the veteran's performance of the duties of the position.

**Joint Finance/Legislature:** Delete $205,200 in 1997-98 and $82,800 in 1998-99 as follows: (a) modify the Governor's level of funding to provide an additional $99,000 in 1997-98 and $94,200 in 1998-99 based on a reestimate of program demand for peacetime veterans ($31,200 in 1997-98 and $26,400 in 1998-99 for the part-time study grant program and $67,800 annually for the health care aid grant program); (b) delete the application of the peacetime definition to the tuition fee and reimbursement program and the associated funding (-$337,500 in 1997-98 and -$212,900 in 1998-99); and (c) provide $33,300 in 1997-98 and $35,900 in 1998-99 to provide 100% reimbursement not to exceed 100% of the cost of tuition and fees for a similar three-credit course at UW-Madison, whichever is less under the part-time study grant program for peacetime veterans who have a disability rating from the U.S. Department of Veterans Affairs of 30% or more. [It is estimated that $4.7 million in personal loans and $51.2 million in home loans would be made to peacetime veterans in each year. Total funding for this two programs is discussed under each program's entry.]

In addition, modify the Governor's recommendation as follows: (a) provide that only veterans who were discharged under honorable conditions or who qualify for federal general veteran benefits be included as eligible peacetime veterans; and (b) delete the provision that would allow veterans to receive up to $300 for burial services from a county they were not residing in at the time of death.

[Act 27 Sections: 1348, 1349, 1357, 1367, 1377, 1384, 1385, 1387 and 1389]

## 4. VETERANS TRUST FUND -- PERSONAL AND ECONOMIC ASSISTANCE LOAN PROGRAMS [LFB Paper 917]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG | $8,354,400 | - $1,773,800 | $16,773,800 | $23,354,400 |

**Governor:** Provide net increased funding of $3,552,800 in 1997-98 and $4,801,600 in 1998-99 for the following:

a. *Create Personal Loan Program.* Provide $7,500,000 annually in a new appropriation for loans under a new personal loan program for Wisconsin veterans funded from the veterans trust fund. Authorize DVA to borrow money for the program from the State of Wisconsin Investment Board (SWIB) and/or the primary home mortgage repayment fund. Further, provide $262,500 in 1997-98 and $1,511,300 in 1998-99 for debt service payments on additional annual revenue of $7.5 million for the program to be obtained as a loan from the State of Wisconsin Investment Board or from the primary home mortgage repayment fund. Also, provide an additional $150,000 annually for reserve costs associated with loan defaults in the personal loan program.

To provide additional revenues to the trust fund to pay for this new program, revenues would be provided from one or more of the following three sources: (1) interest and principal repayments on a $70 million loan portfolio that would be transferred from the disenfranchised mortgage loan and home improvement loan account (within the veterans mortgage loan repayment fund) to the veterans trust fund (estimated revenues from repayments of $7.5 million annually); (2) monies borrowed from the SWIB; and/or (3) monies borrowed from the primary home mortgage loan repayment fund.

In connection with anticipated borrowing of an additional $7.5 million annually in 1997-99 from either the primary home mortgage loan repayment fund or the SWIB, also provide funding in a new appropriation of $262,500 in 1997-98 and $1,511,300 in 1998-99 for debt service payments on the additional money that is to be borrowed. [It should be noted that additional spending authority of $7.5 million annually for issuance of personal loans associated with this borrowing is not included in the bill.]

Provide that all monies received by DVA from the repayment of personal loans, net proceeds from the sale of mortgage properties, gifts, grants, other appropriations and accrued interest earnings shall be deposited and credited to this new appropriation and used to repay any money borrowed from the veterans mortgage loan repayment fund or SWIB.

Establish the following requirements for the personal loan program: (1) the maximum loan would be $15,000 not to exceed ten years, with the exact terms of the loan to be set by DVA; (2) loans could be made to qualified applicants (veterans and unremarried spouses and dependent children of deceased veterans) for the purchase of a mobile home, business or business property, education

of a veteran or his or her spouse or children, the payment of medical or funeral expenses or the consolidation of debt; (3) loans could also be made to qualifying veterans' remarried spouses or parents of deceased veterans' children, for the education of the child [a veteran's child to be eligible would have to be: (a) under the age of 18; (b) under the age of 26 if a full-time student; or (c) any age if incapable of self-support due to mental or physical disability.]; (4) an applicant must be a resident of the state and living in the state on the date of the loan application; (5) no person could receive a loan under this section in an amount that when added to the balance outstanding on a person's existing economic assistance loan and consumer loan exceeds $15,000, or a lesser amount as established by the Department by rule.

Provide DVA with the same administrative powers under the personal loan program regarding debts, loan expenses and denial of loans to veterans who are reported delinquent on child support payments as applied under the consumer loan program. Require DVA to promulgate rules for the administration of the personal loan program including underwriting criteria and application procedures and allow DVA to issue such rules as emergency rules without meeting the necessity requirement that such rules are necessary for the preservation of public, peace, health, safety or welfare.

b. *Repeal Economic Assistance Loan Program.* Delete $4,359,700 annually to reflect repeal of this program. Under current law, the economic assistance loan program provides loans to qualifying veterans with an annual income of $36,600 or less, plus $500 additional income allowed for each dependent in excess of two and assets equal to or less than $2,500 plus six months' worth of living expenses. Qualified veterans may obtain economic assistance loans up to $5,000 with a statutory term limit not to exceed ten years. Uses for loans under this program include: (1) purchase of a business or business property; (2) home or business property improvement; (3) education for the veteran or his or her children; (4) essential economic assistance; (5) the purchase of a mobile home or land for a mobile home; (6) payment for farm related expenses; (7) debt consolidation; and (8) the purchase of furniture and appliances.

The bill would eliminate this program and establish a personal loan program which would provide loans for some of the items covered the economic assistance loan program and would have no income limit. Repayments of existing economic assistance loans would be deposited into the veterans trust fund.

c. *Repeal Consumer Loan Program.* Eliminate statutory provisions regarding the consumer loan program (formally referred to as the veterans trust fund stabilization loans program). This one-time program was designed to stabilize the veterans trust fund by providing a source of enhanced revenues to the fund. Under the program, veterans consumer loans were limited to a maximum of $15,000 for a term not to exceed ten years. There were no income limitations for the program. Loans were issued for a variety of uses, including the purchase of a mobile home or business property, the repair of, or addition to a home or business property, the construction of a garage, the education of a veteran or his or her spouse or children, the payment of medical or funeral expenses,

or the consolidation of debt. Principal and interest repayments on the loans that were made under this program are paid into the veterans trust fund.

Loans under this program have not been provided since December, 1994, because one-time funding for the program has been depleted. Under 1993 Act 16, $20 million in one-time funding was transferred from excess revenues in the veterans mortgage loan repayment fund to the veterans trust fund to fund the program. Subsequent legislation, 1993 Act 254, provided an additional $15.6 million from the proceeds remaining after the sale of revenue bond mortgages and retirement of the associated outstanding debt. The original $20 million was fully committed by October, 1993 and the latter funds were depleted on December 31, 1994.

The bill would repeal this no longer functioning program as a part of establishing the new personal loan program which would provide loans for some of the items covered under the consumer loan program. Repayments of existing consumer loans, including principal and interest, would continue to be deposited into the veterans trust fund.

**Joint Finance:** Modify the Governor's recommendation by deleting $262,500 SEG in 1997-98 and $1,511,300 SEG in 1998-99 associated with debt service costs of repayment of loans funds (totalling $7,500,000) that would be necessary to achieve a $15 million personal loan expenditure level (the additional loan expenditure authority of $7.5 million to reach the $15 million level was not included in the Governor's budget); and (b) provide that the appropriation funding the personal loan program would be an annual sum certain appropriation set at $7.8 million SEG. [Of that amount, $7.5 million would be for personal loans and $300,000 for reserve costs associated with possible loan defaults in the personal loan program.]

Clarify that the appropriation in the bill for the repayment of loans to the trust fund from SWIB or the veterans mortgage loan repayment fund is financed from the trust fund and that repayment of personal loans under the new program accrue to the trust fund to be used for any authorized purpose.

**Assembly/Legislature:** Increase funding for issuance of loans under the personal loan program from $7.5 million annually to $15.0 million annually. Also, change the appropriation from an annual appropriation to a biennial appropriation with total expenditure authority for the biennium of $30.0 million. Further, provide $262,500 in 1997-98 and $1,511,300 in 1998-99 for debt service costs for repayment of additional funds of $7.5 million annually to be borrowed from SWIB or the primary mortgage loan program.

[Act 27 Sections: 659, 660, 661m, 662m, 663, 848, 1358, 1360, 1361, 1363, 1364, 1366 thru 1373, 1400, 1401, 1402, 2000 and 9154(1)]

## 5. VETERANS TRUST FUND -- VETERANS ASSISTANCE PROGRAM (VAP)

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $400,000 | - $400,000 | $0 |

**Governor:** Provide $200,000 annually to establish a new veterans assistance center at the Southern Wisconsin Center in Union Grove, Wisconsin. Provide that this funding be placed in unallotted reserve until DVA submits a detailed plan for the new center to the Secretary of DOA for approval. Currently, there are three veterans assistance centers in Wisconsin in the following locations: King, Milwaukee and Fort McCoy. Also, modify current law to change the program name from "veterans rehabilitation program" to "veterans assistance program."

Further, allow DVA to charge program fees for transitional housing and for such other assistance provided under the veterans assistance program as DVA determines. Under the bill, it is not identified who would pay the fees, what services fees would be charged for or the amount of the fees. However, the bill does specify that the fee schedule and manner of implementation shall be set by administrative rule. Provide that any resulting revenue for these fees be credited to a new, continuing appropriation. Specify that expenditures of these fee revenues may be used for any general program operations of the Department.

**Joint Finance/Legislature:** Modify the Governor's recommendation as follows: (a) create a continuing appropriation for the receipt of federal funding for the VAP program; (b) require that, before any expenditure of the federal funding, that DVA submit a report under 14-day passive review process indicating how the federal per diem payments will be used; (c) delete $200,000 SEG annually from the Department's appropriation and place $200,000 SEG annually in the Joint Committee on Finance's SEG appropriation for release to DVA under 13.10 and require that DVA submit a detailed expenditure plan for the new center and for the use of the federal per diem payments in the VAP before funds may be released; and (d) modify the SEG appropriation for receipt of fees charged under the VAP program to be an annual appropriation with no expenditure authority for use only for the VAP program.

[Act 27 Sections: 653, 654, 658m, 1374, 1375, 1376 and 9154(2m)&(2n)]

## 6. VETERANS TRUST FUND -- GRANTS TO VETERANS [LFB Papers 919, 920, 921, 922 and 923]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG | - $94,200 | $537,900 | $550,400 | $994,100 |

**Governor:** Provide funding adjustments of -$229,600 in 1997-98 and $135,400 in 1998-99 to adjust spending levels for veterans trust fund programs which provide aids to veterans based on program modification and/or expected utilization changes. The specific funding changes for the individual grant programs as well as proposed statutory program modifications are summarized for each program below under Governor.

**Joint Finance:** Provide additional funding of $355,800 in 1997-98 and $182,100 in 1998-99 (excluding additional funding for extending trust fund benefits to peacetime veterans) to adjust spending levels for veterans trust fund programs. The specific funding and/or program modifications made by Joint Finance are summarized for each program below under Joint Finance.

**Assembly/Legislature:** Provide additional funding of $337,500 in 1997-98 and $212,900 in 1998-99 to adjust spending levels for veterans trust funds. The specific funding and/or program modifications made by the Assembly/Legislature are summarized below under Assembly/Legislature.

a. *Tuition Fee Reimbursement Grant Program*

**Governor:** Reduce base level funding by $291,200 in 1997-98 and $9,300 in 1998-99. Expand program eligibility to allow veterans who complete a course within ten years of their discharge to be eligible for the tuition fee reimbursement grant program rather than the current limit of completing a course no longer than six years after discharge. Expand the schools that a veteran may attend under the tuition and fee reimbursement program to include those institutions of higher education in Minnesota that waive nonresident tuition under the Minnesota-Wisconsin reciprocity agreement. Limit reimbursement to a maximum of 50% of the standard cost for a state resident of tuition and fees for an equivalent undergraduate course at the University of Wisconsin-Madison. Current law does not provide a maximum amount of tuitions and fees that may be subject to 50% reimbursement under this program. These changes would first apply to courses completed on or after the effective date of the bill.

**Joint Finance:** Delete a total of $8,300 in 1997-98 and $101,900 in 1998-99 funding for the tuition and fee reimbursement program as follows: (a) delete $100,200 in 1997-98 and $197,900 in 1998-99 based on a reestimate of program demand; and (b) provide $91,900 in 1997-98 and $96,000 in 1998-99 for funding 100% reimbursement under this program for veterans who have a disability rating from the U.S. Department of Veterans Affairs of 30% or more. In addition, delete the Governor's recommendation to expand program eligible to allow veterans who complete a course within ten years of their discharge date to be eligible for the program. Total program funding, of $1,483,800 in 1997-98 and $1,672,100 in 1998-99 for this program would be provided in a separate annual appropriation.

**Assembly/Legislature:** Provide $337,500 in 1997-98 and $212,900 in 1998-99 for expansion of the tuition and fee reimbursement program to allow veterans who complete a course within ten

years of their discharge to be eligible for the tuition fee reimbursement grant program (current eligibility is limited to within six years of the date of discharge).

b. *Part-time Study Grant*

**Governor:** Provide additional funding of $2,600 in 1997-98 and $35,700 in 1998-99. Modify current law regarding the part-time study grant program to limit reimbursement to those courses that are related to occupational, professional or employment objectives, as determined by DVA. Currently, courses eligible for reimbursement are those that are related to the veteran's occupational, professional or educational objectives. The bill would replace the educational objectives with employment objectives. Also, limit reimbursement under the part-time study grant program to a maximum of 50% of the standard cost for a state resident of tuition and fees for an equivalent undergraduate course at the University of Wisconsin-Madison and limit use to no more than four times during a consecutive 12-month period. Currently, maximum reimbursement is limited to $300 per course and $1,100 per fiscal year. Further, provide that the costs of textbooks would no longer be reimbursable under the part-time study grant program. These changes would first apply to courses completed on or after the effective date of the bill.

**Joint Finance/Legislature:** Provide additional funding of $38,200 in 1997-98 and $8,100 in 1998-99 for this program as follows: (1) delete $61,000 in 1997-98 and $48,500 in 1998-99 to reflect a reestimate of program demand; and (2) provide $56,500 in 1997-98 and $56,600 in 1998-99 to provide 100% reimbursement not to exceed 100% of the cost of tuition and fees for a similar three-credit course at UW-Madison, whichever is less, under this program for veterans who have a disability rating from the U.S. Department of Veterans Affairs of 30% or more. These changes would first apply to courses completed on or after the effective date of the bill.

In addition, provide $42,700 in 1997-98 for payment of 1996-97 approved grants to be paid in 1997-98. Provide that effective July 1, 1998: (1) reimbursement for the program be paid out of the appropriation funding this program only for the fiscal year in which the course was completed or in which the academic term during which the course was taken ended, whichever is earlier; and (2) that DVA may encumber moneys for the fiscal year up to 60 days after the end of that fiscal year if an estimate is first submitted to and approved by DOA showing the amounts that would be encumbered during that 60-day period.

Provide total funding for this program, including funding for eligible peacetime veterans, of $762,500 in 1997-98 and $771,800 in 1998-99 in a separate annual appropriation.

c. *Retraining Grant Program*

**Governor:** Delete $50,000 in 1997-98 in funding for the retraining grant program.

**Joint Finance:** Modify the Governor's recommendations to: (1) provide an additional $35,000 in 1997-98 and a reduction of $15,000 in 1998-99; (2) limit use of the retraining grant program to veterans who: (a) enroll in training courses offered by a technical college in the state or in a propriety school in the state approved by the educational approval board, or (b) is engaged in a structured on-the-job training program that meets program requirements promulgated by DVA by rule; (3) prohibit veterans who received a grant under the part-time study grant program or the tuition fee reimbursement grant program from also receiving, in that same semester, a retraining grant; (4) provide that, under the program, an applicant's annual income may not exceed $36,600 (plus an additional $500 allowed for each dependent in excess of two); and (5) establish an annual expenditure limit of $425,000 per year for the program for 1997-98 and 1998-99 (excluding the costs of adding peacetime eligibility). Provide total funding for the program, including funding for peacetime eligibility, of $500,000 per year in a separate annual appropriation.

**Assembly/Legislature**: Delete the Joint Finance provision specifying that to be eligible for the retraining grant program an applicant's annual income may not exceed $36,600 (plus an additional $500 allowed for each dependent in excess of two).

d. *Subsistence Aid Grants and Death Refund Grants*

**Governor:** Provide total additional funding of $69,000 annually for the subsistence aid grant program ($71,000 annually) and death refund grants (-$2,000 annually). This funding modification does not reflect additional funding provided for eligible peacetime veterans under the subsistence aid grant program which is discussed in Item #3 of this section.

**Joint Finance/Legislature:** Change the name of the appropriation funding the subsistence aid grant program and death refund grants from "Veterans aids and treatment" to "Subsistence Aid Grants" to reflect that this appropriation would now only fund these two veterans benefits.

e. *Combined Educational Grant Program Appropriation*

**Governor**: Provide that funding for the part-time study grant and retraining grant programs and the tuition fee reimbursement grant program be combined into a new, single appropriation. Repeal or modify the existing appropriations to reflect the creation of this new appropriation. There is no net fiscal effect as a result of this change.

**Joint Finance/Legislature:** Delete Governor's provision and instead, create a separate appropriation for each educational grant program.

f. *Health Care Aid Grant Program*

**Governor:** Provide $40,000 annually to allow continuation of the health care aid grant program for an additional two years. Under current law, this program is to be eliminated on June 30,

1997. Provide that the sunset date for the program be extended to June 30, 1999. Also, modify the current law governing this program to provide that the maximum amount of liquid assets that a veteran and the veteran's dependents who are living in the same household can retain and still be eligible for the program is $1,000. Currently, there is no maximum amount specified.

**Joint Finance/Legislature:** Modify the Governor's recommendations as follows: (a) provide an additional $290,900 annually for the program; (b) specify that the program would be permanently continued; (c) replace the current statutory cap of $5,000 per condition, per person, per year with a cap of $5,000 per person per 12-month period commencing with the first day of care for which a veteran seeks reimbursement under this program and repeal the current statutory provision limiting coverage to 30 days of treatment in a 12-month period for the same condition; (d) prohibit any prior authorizations approvals under this program but permit DVA to issue a certification of entitlement identifying that a veteran or dependent is eligible to receive a grant under this program from DVA provided the treatment is received by the veteran within a time period as specified by DVA by rule; and (e) create a separate annual appropriation for the program. Provide total funding for this program, including funding for eligible peacetime veterans, of $915,700 per year in a separate annual appropriation.

[Act 27 Sections: 655g, 655m, 655r, 656, 1350, 1350m, 1353, 1353g, 1353m, 1355, 1362, 1380, 1380m, 1381, 1382, 1383, 1383g, 1383m, 1383p, 1383t and 9354(2)]

## 7. PRIMARY HOME LOAN AND HOME IMPROVEMENT LOAN PROGRAMS [LFB Paper 924]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | - $15,703,800 | $0 | - $15,703,800 |
| BR | $0 | $146,500,000 | $146,500,000 |

**Governor:** Modify current law regarding veteran home loans programs as follows:

*a. Home improvement and disenfranchised veteran loan appropriation.* Repeal appropriation and eliminate base expenditure authority of $7,851,900 annually for the home improvement loan program and primary mortgage loan program for "disenfranchised veterans". DVA uses the term disenfranchised veteran to describe veterans discharged after January 1, 1977, or before 30 years prior to the application for a home loan. Federal law prohibits the use of tax-exempt bond proceeds for loans to such veterans and also prohibits the use of tax exempt bonds for home improvement loans. Funding for these programs has come from the unneeded balances in the veterans mortgage loan repayment fund and from interest and principal repayments on disenfranchised veterans mortgage loans and home improvement loans that DVA has issued.

*b. Transfer of assets.* Provide that assets in the veterans mortgage loan repayment fund, with the approval of the Building Commission, may be transferred to the veterans trust fund and used to fund the personal loan program. In addition, it is intended that a portfolio of existing loans made under the disenfranchised and home improvement loan programs that would be repealed, totalling approximately $70 million, would be transferred to the veterans trust fund. This would provide estimated revenues from loan repayments of $7.5 million annually to provide funding for the new personal loan program.

*c. Use of taxable bonds.* In connection with the elimination of the separate appropriation for funding the disenfranchised and home improvement loan program the Governor intends that monies to support the former primary home loan program for disenfranchised veterans and the home improvement loan program would be provided instead under the primary mortgage loan program using proceeds from the sale of taxable general obligation bonds, as allowed under current law. The bill would clarify that the chairperson of the Board of Veterans Affairs is to certify the Board does not expect to use the proceeds of revenue bonds issued for home loans to be used in such a manner as to violate federal arbitrage limits on interest earnings related to the issuance of tax-exempt bonds.

*d. Income limits.* Repeal the current income limit provisions regarding determining an applicant's eligibility for the primary home loan for disenfranchised veterans. Current law provides that for loans approved after June 30, 1994, the disenfranchised veteran and his or her spouse's annual income cannot exceed $47,500. Currently, for mortgage loans for other veterans, there is no income limit.

*e. Guarantor provisions.* Provide that a primary home mortgage loan of $3,000 or less used for home improvements could be secured by a guarantor or by a mortgage on the real estate. Under current law, all primary home mortgage loans are required to be secured by a mortgage on the real estate. This provision would apply to applications received by DVA on or after the effective date of the bill.

*f. Price of home limitation.* Prohibit DVA from providing a primary home loan to an otherwise qualified veteran if the price of the home the veteran is purchasing exceeds 2.5 times the median price of a home in Wisconsin, as determined and promulgated by rule before July 1 of each year, using the housing price index generated by the Wisconsin Realtors Association. This provision would apply to applications received by DVA on or after the effective date of the bill. In 1996, the reported median price of a home in Wisconsin was $98,000.

**Joint Finance/Legislature:** Modify the Governor's recommendation by providing an additional $146,500,000 in bonding authority for DVA's self-amortizing mortgage loans based on estimated annual loan issuance for the primary home mortgage loan program and home improvement loan program of $142.1 million in loans in the next biennium. DVA's total bonding authority level for self-amortizing loans would be increased by $146,500,000 to a total of $1,807,500,000.

[Act 27 Sections: 663, 739n, 1388, 1390 thru 1399, 1401, 1402, 1403 and 9354(3)]

## 8. VETERANS HOME -- NURSING CARE STAFF [LFB Paper 925]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov.) | | Assembly/Leg. (Chg. to JFC) | | Net Change | |
|---|---|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $1,159,000 | 20.00 | - $342,900 | - 5.00 | - $94,400 | 0.00 | $721,700 | 15.00 |

**Governor:** Provide $430,900 in 1997-98 and $728,100 in 1998-99 for the following direct care staff additions at the Home: (a) 15.0 positions (7 nurses, 1 program assistant and 7 nursing assistants) beginning in 1997-98; and (b) 5.0 additional positions (1 nurse and 4 nursing assistants) beginning in 1998-99 to meet the increased resident population and the higher level of nursing care needs of members at the Home.

**Joint Finance:** Delete $147,600 in 1997-98 and $195,300 in 1998-99 and 5.0 positions in each year. Provide for a total of 10.0 positions beginning in 1997-98 (5.0 nurse clinicians, 1.0 program assistant and 4.0 nurse assistants) and 5.0 additional positions beginning in 1998-99 (1.0 nurse clinician and 4.0 nurse assistants).

**Assembly/Legislature:** Include a session law provision allowing DVA to designate 2.0 of the nursing care staff positions provided under the Joint Finance provision as 1.0 nurse practitioner and 1.0 nurse supervisor positions. Under this provision, DVA would have the authority to reallocate two of the above positions to be 1.0 nurse practitioner and 1.0 nurse supervisor positions. No additional funding is provided.

In addition, reduce funding by $94,400 PR in 1997-98 to reflect a delay in the starting date of these positions from October 1, 1997, to January 1, 1998.

[Act 27 Section: 9154(3tg)]

## 9. VETERANS HOME -- SPECIAL STAFFING NEEDS

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $99,300 | 2.00 | - $13,800 | 0.00 | $85,500 | 2.00 |

**Governor:** Provide $42,600 in 1997-98 and $56,700 in 1998-99 and 2.0 positions for therapy and dental services of residents at the Home. The funding would provide for 1.0 therapy assistant to meet the increased requirements set by the State Bureau of Quality Compliance for one-on-one

activities with debilitated members ($21,500 in 1997-98 and $28,600 in 1998-99) and 1.0 dental assistant to provide increased dental services ($21,100 in 1997-98 and $28,100 in 1998-99).

**Assembly/Legislature:** Approve the provision except reduce funding by $13,800 PR in 1997-98 to reflect a delay in the starting date of these positions from October 1, 1997, to January 1, 1998.

## 10. VETERANS HOME -- INCREASED SUPPLIES AND SERVICES FUNDING

| | Chg. to Base |
|---|---|
| PR | $597,500 |

**Governor/Legislature:** Provide $173,600 in 1997-98 and $423,900 in 1998-99 to provide increases in the Home's supplies and services budget resulting from projected increases in prices and the number of residents being served. Supplies and services items for which inflation adjustments would be provided include food, medical supplies and services, and pharmaceuticals. Base level supplies and services funding for the Home is $5,271,400.

## 11. VETERANS HOME -- FUEL AND UTILITY COSTS REESTIMATE

| | Chg. to Base |
|---|---|
| PR | - $198,000 |

**Governor/Legislature:** Reduce the base level of fuel and utility costs by $116,000 in 1997-98 and $82,000 in 1998-99 to reflect a reestimated level of fuel and utility costs at the Home.

## 12. VETERANS HOME -- COMPUTERIZED MEDICAL RECORDS

| | Chg. to Base |
|---|---|
| PR | $41,300 |

**Governor/Legislature:** Provide $19,500 in 1997-98 and $21,800 in 1998-99 for DVA's share of the cost to participate in a multi-agency medical records computerization project. The goal of the project would be to implement electronic storage and retrieval of medical records at the state institution medical facilities. The Home would participate in this project along with DHFS and Corrections. DOA would be the project manager and use monies collected from the participating agencies to fund the project.

## 13. VETERANS HOME -- MAINTENANCE EQUIPMENT AND STRUCTURES

| | Chg. to Base |
|---|---|
| PR | $184,000 |

**Governor/Legislature:** Provide $92,000 annually for funding relating to upkeep of the Home's equipment and structures as follows: (a) $20,000 annually for minor building repair and maintenance projects (projects that cost less than $5,000); (b) $42,000 annually

for replacement of equipment and building fixtures; and (c) $30,000 annually for maintenance and repair of state-owned employe housing facilities.

## 14. VETERANS HOME -- MISCELLANEOUS EXPENDITURE INCREASES

| | Chg. to Base |
|---|---|
| PR | $273,800 |

**Governor/Legislature:** Increase expenditure authority by $159,400 in 1997-98 and $114,400 in 1998-99 to reflect increased revenues and cash balance levels for the Home as follows: (a) $58,400 in 1997-98 and $63,400 in 1998-99 for increased expenditures from the home exchange (gift shop) appropriation for purchase of additional items for resale to residents of the Home and additional LTE funding for the home exchange; and (b) $101,000 in 1997-98 and $51,000 in 1998-99 from the gifts and bequests appropriation for increased expenditures including the purchase of a transport vehicle for the Home in 1997-98.

## 15. VETERANS HOME -- MISCELLANEOUS BASE FUNDING ADJUSTMENTS

| | Chg. to Base |
|---|---|
| PR | $201,600 |

**Governor/Legislature:** Provide $93,200 in 1997-98 and $108,400 in 1998-99 for the following miscellaneous base funding adjustments: (a) increased funding for LTEs ($15,200 in 1997-98 and $30,400 in 1998-99); (b) increased funding for the work therapy program payroll to bring the program into compliance with the U.S. Department of Labor Fair Standard Act governing patient worker's wages for persons with disabilities ($50,000 annually); and (c) additional expenditure authority ($28,000 annually) to allow for expenditures of revenues received for employe rent and food purchases and other miscellaneous refunds (currently these have been treated as refunds of expenditures instead of program revenue, which reduced the reported levels of actual expenditures rather than being reflect as additional revenues to the Home).

## 16. VETERANS HOME -- CEMETERY

| | Chg. to Base |
|---|---|
| FED | $20,000 |

**Governor/Legislature:** Provide $10,000 annually to reflect additional costs associated with a projected increase in number of burials at the Veterans Home Cemetery in 1997-99.

## 17. VETERANS HOME -- ELIGIBILITY REQUIREMENTS

**Governor/Legislature:** Repeal the provision that requires a veteran to be over the age of 50 (except if disabled and unable to secure adequate care from the federal government), to be eligible for membership at the Home. Current law provides that a veteran, as defined by the statutes, must meet a number of specific requirements to be eligible for admission to the Home. Those requirements

include: (a) Wisconsin residency at the time of entering service and residency at the date of admission to the Home; (b) meeting a disability test; (c) not being convicted of certain crimes; (d) not being a chronic alcoholic or drug addict; and (d) being over the age of 50. Under the bill, no additional funding is provided to correspond with the increase in the number of persons eligible for membership at the Home, because the Home is currently at full capacity.

[Act 27 Sections: 1357, 1377, 1378 and 1379]

## 18. COUNTY VETERANS SERVICE OFFICER GRANTS [LFB Paper 927]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $940,600 | - $168,600 | $772,000 |

**Governor:** Provide $470,300 annually to provide for an increase in the level of grants for counties with full-time county veterans service officers (CVSO). Eliminate current uniform county grant levels and replace them with two kinds of grants: basic grants based on total county population size and production incentive grants. Annual basic grants for counties would be distributed as follows: (a) counties with populations under 20,000 would receive $8,500; (b) counties with populations from 20,000 to 45,499 would receive $10,000; (c) counties with populations of 45,500 to 74,499 would receive $11,500; and (d) counties with populations of 75,000 or more would receive $13,000. Currently, grants to counties are phased in and limited to grants of $1,000 for the first year the county applies for the grant, $3,000 the second year and $5,000 the third year and each year thereafter for counties with full-time officers. In addition, of the total funding provided, $64,800 annually, would be provided to institute a production incentive award in the program based on the number of veterans served by a CVSO. The procedures for determining the award amounts would be established by Department rule. Base level funding for county veterans service officer grants is $346,000 (40% from the veterans trust fund and 60% from the primary mortgage loan program). The increased funding would be split between the veterans trust fund ($376,200) and the primary mortgage loan program ($564,400).

**Joint Finance/Legislature:** Modify the provision by deleting $84,300 SEG annually to reflect the following: (a) a reestimate for funding need for base grants based on the number of full-time officers and 1995 population estimates (-$19,500 annually); and (b) the elimination of the production incentive awards for CVSOs (-$64,800 annually). In addition, require that DVA base annual grant amounts on the most recent Wisconsin official population estimates prepared by the Demographic Services Center.

Further, prohibit counties from allocating any portion of a grant from DVA for a county veterans service office for use by another county department or to reduce funding to a county veterans service office based upon receipt of a grant.

[Act 27 Sections: 1385m, 1386 and 9354(1)]

## 19. COMPUTERIZATION OF CVSO & VSO OFFICES [LFB Paper 928]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| SEG | $233,400 | $22,200 | $255,600 |

**Governor:** Provide $71,400 in 1997-98 and $162,000 in 1998-99 for one-time funding to provide county veterans service offices (CVSO) and the veterans service organizations (VSOs) working in the federal DVA regional office with basic office computer hardware and software. The funding would provide computers, modems, printers, and software to enable the offices to process and submit veterans applications more efficiently and transfer the information between these offices and DVA offices electronically. Funding for this project would be split between the veterans trust fund ($93,400) and the primary mortgage loan program ($140,000).

**Joint Finance/Legislature:** Modify the provision by allocating additional one-time funding of $22,200 in 1997-98 (to be funded 60% from the primary mortgage loan program and 40% from the veterans trust fund) for DVA to engage LTE support to assist in the implementation of the county veterans service offices and veterans services organizations computerization project.

## 20. STATE VETERANS SERVICE ORGANIZATION GRANTS [LFB Paper 927]

**Governor:** Provide that any amount remaining in the existing appropriation for payments to state veterans service organizations (VSOs) which provide full-time veterans claims service at the Federal VA regional office in Milwaukee, after current statutory base grant amounts have been paid, could be used by DVA to make an additional payment to each organization as a performance incentive award. The bill does not specify how the amount of the performance incentive award would be determined. Currently, annual grants range from a minimum of $2,500 to a maximum of $15,000 based on salaries and travel expenses paid by the state veterans organization to employes at the regional office. In 1995-96, $75,000 SEG was appropriated and a total of $53,350 was granted to the four organizations that participated in the program: Veterans of Foreign Wars, American Legion, Disabled American Veterans and AmVets.

**Joint Finance/Legislature:** Delete the performance incentive grant language and instead, increase the maximum permitted grant amount under the VSO program to $20,000 per organization.

[Act 27 Section: 1365]

## 21. VETERANS CEMETERY DEBT SERVICE

**Governor:** Create a sum sufficient GPR appropriation to pay principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of veterans cemeteries. Currently, the Department is operating two cemeteries: Southeastern Cemetery located in Union Grove and the Wisconsin Veterans Memorial Cemetery located in King. Plans for an additional cemetery in the northeastern part of the state are currently being considered by the Building Commission. Under the bill, an appropriation would be created to fund the current costs of debt service on the Southeastern Cemetery and any future debt service costs on existing or future cemeteries. In addition, a current appropriation would be modified to provide that the bond security and redemption fund would receive from DVA the monies appropriated for veterans cemetery debt service for payment of principal and interest on public debt. Currently, no estimate of the amount required for such debt service payments is available.

**Joint Finance/Legislature:** Modify the provision to make the sum sufficient appropriation a SEG appropriation with funding provided from the veterans trust fund.

[Act 27 Sections: 664 and 726]

## 22. SOUTHEASTERN VETERANS CEMETERY -- SUPPLIES AND SERVICES FUNDING SHIFT

| | Chg. to Base |
|---|---|
| GPR | - $125,000 |
| SEG | 125,000 |
| Total | $0 |

**Governor/Legislature:** Shift funding of $62,500 annually in the supplies and services budget for the operation and maintenance of the Southeastern Cemetery from GPR funding to SEG funding from the veterans trust fund.

## 23. BONDING FOR VETERANS HOMES AND CEMETERIES

**Building Commission/Legislature:** Permit general fund supported and self-amortizing bonding authorized for Veteran's Affairs Wisconsin's veterans home facilities to be used for more than one facility or home. Currently, the bonding can only be used for the Veteran's Home at King. Further, allow the DVA's general fund supported borrowing to be used for veterans cemetery and museum facilities.

[Act 27 Sections: 739m and 740be]

## 24. VETERANS MUSEUM FUNDING

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $362,600 | 1.00 | - $8,700 | 0.00 | $353,900 | 1.00 |
| SEG | - 415,200 | 0.00 | 0 | 0.00 | - 415,200 | 0.00 |
| Total | - $52,600 | 1.00 | - $8,700 | 0.00 | - $61,300 | 1.00 |

**Governor:** Provide $178,800 GPR and -$207,600 SEG in 1997-98 and $183,800 GPR and -$207,600 SEG in 1998-99 and 1.0 GPR position for the veterans museum as follows: (a) increased fuel and utility costs ($16,100 GPR in 1997-98 and $27,200 GPR in 1998-99); (b) additional expenditure authority to purchase additional items for resale at the museum store ($7,500 SEG annually); (c) funds for development, maintenance and rotation of museum exhibits ($15,000 GPR in 1997-98); (d) funds for the acquisition of additional leased space for the museum in the second floor of the building where the museum is currently housed for museum administrative offices and artifact storage ($31,000 GPR annually); (e) one additional curator position to provide marketing and visitor services for museum ($26,800 GPR in 1997-98 and $35,700 GPR in 1998-99 and 1.0 GPR position); and (f) funding adjustments to reflect the transfer of the funding of the veterans museum from the veterans trust fund account to GPR, for which under 1995 Act 27 only six months of GPR funding was provided in 1996-97 ($89,900 GPR and -$215,100 SEG annually).

**Assembly/Legislature:** Approve the provision except reduce funding by $8,700 GPR in 1997-98 to reflect a delay in the starting date of the 1.0 curator position from October 1, 1997, to January 1, 1998.

## 25. INFORMATION TECHNOLOGY INFRASTRUCTURE

| | Chg. to Base |
|---|---|
| PR | $123,800 |
| SEG | 265,300 |
| Total | $389,100 |

**Governor/Legislature:** Provide $67,300 PR and $96,600 SEG in 1997-98 and $56,500 PR and $168,700 SEG in 1998-99 to support information technology (IT) enhancements in the Department. The funding would be for implementation of DVA's information technology migration plan to bring the agency's IT infrastructure to the new state standards at: (a) the Veterans Home at King ($67,300 PR in 1997-98 and $56,500 PR in 1998-99); (b) the Wisconsin Veterans Museum ($14,300 SEG in 1997-98 and $24,200 SEG in 1998-99); (c) the central office ($63,200 SEG in 1997-98 and $129,700 SEG in 1998-99); and the Milwaukee claims office ($19,100 SEG in 1997-98 and $14,800 SEG in 1998-99). Funding for the Milwaukee claims office, museum and central office would be split between the veterans trust fund ($150,300) and the primary mortgage loan fund ($115,000).

## 26. OVERTIME FUNDING

| | Chg. to Base |
|---|---|
| SEG | $139,200 |

**Governor/Legislature:** Provide $68,900 in 1997-98 and $70,300 in 1998-99 from the veterans home loan program for payment of overtime to employes involved in loan processing during periods of high demand for primary mortgage and home improvement loans.

## 27. REALLOCATION OF POSITION FUNDING AMONG APPROPRIATIONS

| | Chg. to Base Funding | Positions |
|---|---|---|
| PR | $52,300 | - 0.59 |
| SEG | - 52,300 | 0.59 |
| Total | $0 | 0.00 |

**Governor/Legislature:** Adjust funding and position authority to: (a) reallocate funding for 1.41 FTE positions between the appropriation for the Veterans Home and the appropriation for which central office costs are funded due to changes in work assignments (-$58,500 SEG and $58,500 PR in 1997-98 and -$78,000 SEG and $78,000 PR in 1998-99 and -1.41 SEG position and 1.41 PR positions; (b) transfer 2.0 FTE positions from the southeastern cemetery operations appropriation (PR) to the cemetery administration and maintenance appropriation (SEG) due to 1995 Wisconsin Act 216 which shifted part of the funding for the cemetery from PR to SEG (-$36,100 PR and $36,100 SEG in 1997-98 and -$48,100 PR and $48,100 SEG in 1998-99 and -2.0 PR positions and 2.0 SEG positions); and (c) transfer 1.0 SEG veterans assistance program (VAP) director to the separate SEG appropriation for administering the VAP program.

## 28. INCREASE BONDING AUTHORITY FOR BOND REFUNDING

| | Chg. to Base |
|---|---|
| BR | $40,000,000 |

**Governor/Legislature:** Increase the amount of public debt that the Building Commission may contract for to refinance previously authorized bonds issued under self-amortizing primary mortgage loan program veterans' housing loans by $40,000,000. Currently, the Commission may contract up to $625,000,000 for this purpose. The bill would increase that amount to $665,000,000.

[Act 27 Section: 740]

## 29. CONVERSION OF TRANSPORTATION FUND APPROPRIATIONS TO GPR [LFB Paper 825]

**Joint Finance/Legislature:** Provide general purpose revenue (GPR) for future funding of the veterans memorial grants and payments related to the Highground appropriations to reflect a decision to convert most transportation fund appropriations to agencies other than DOT to general fund appropriations. Specify that an amount equal to the encumbrances or expenditure from these appropriations between July 1, 1997, and the effective date of the bill would be transferred from the

general fund to the transportation fund. Provide that expenditures or encumbrances from continuing appropriation balances existing on June 30, 1997, would be disregarded in computing the amount of any transfer from the general fund to the transportation fund. Continuing appropriation balances on June 30, 1997, would be retained within the new, GPR appropriations.

[Act 27 Sections: 654g, 654m, 854m, 1348g and 1348m]

## 30. VETERANS CEMETERY ELIGIBILITY CHANGES

**Joint Finance/Legislature:** Expand eligibility for burial in a state veterans cemetery to the following individuals: (a) an eligible veteran's remarried surviving spouse; (b) the spouse, whether or not subsequently remarried, of an eligible National Guard member of Reservist; and (c) an eligible National Guard Member of Reservist who was a resident of the state at the time of entry or reentry into service in the Wisconsin Guard or Reserves and his or her spouse, surviving spouse and dependent children.

[Act 27 Sections: 1376d, 1376f and 1376j]

## 31. VETERANS TRUST FUND -- PAYMENT OF DECEASED VETERANS' LOAN OBLIGATIONS

**Assembly/Legislature**: Provide that for any veteran who has obtained a personal loan, consumer loan or other loan under s. 45.356 before, on or after the effective date of the budget, and who dies after the effective date and before completing repayment of the loan, the veteran's obligation to complete repayment of the loan is limited to the extent of the amount of funds in the veteran's estate. Specify that DVA shall issue a satisfaction of any security instrument executed in connection with the loan and write off the balance of the principal, interest and costs due on the loan on the date that DVA receives notice that the veteran has died without leaving any estate or upon receipt of the total amount of money in the veteran's estate not exceeding the balance remaining on the loan. Further, require DVA, upon receipt of an application for a refund, to refund to the payer or heirs, executor or administrator, from the appropriation funding the personal loan program, any payments made on the loan after the date that DVA receives the notice that the veteran has died without leaving any estate or after the date that DVA receives the total amount of money, not exceeding the balance remaining on the loan, in the veteran's estate.

**Veto by Governor [E-1]:** Delete provision.

[Act 27 Vetoed Section: 1373m]

# WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

**Budget Change Items**

## 1. DEFINITION OF A HEALTH FACILITY

**Joint Finance/Legislature:** Specify that all facilities that receive WHEFA funds must be tax-exempt institutions, as defined under the federal internal revenue code. Under current law, for the purposes of WHEFA funding, child care providers are defined as tax-exempt institutions under the federal internal revenue code. Educational and health facilities are defined as "non profit," but not as tax-exempt institutions.

[Act 27 Sections: 3318j, 3318m, 3319g, 3319j and 3319k]

## 2. CONFLICT OF INTEREST

**Joint Finance:** Prohibit any member, officer, agent or employe of WHEFA from receiving direct or indirect compensation from a participating educational institution, health facility or child care provider, effective January 1, 1998.

**Assembly:** Modify provision by only prohibiting such individuals from receiving direct compensation; individuals could continue to receive indirect compensation from a participating entity.

**Senate/Legislature:** Delete provisions that would prohibit any member, officer, agent or employe of WHEFA from receiving direct compensation from a participating entity. Consequently, current law is retained.

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $4,000,000 | $0 | $0 | $0 | $0 | - $4,000,000 | - 100.0% |
| SEG | 0 | 4,000,000 | 100,000 | 4,000,000 | 4,000,000 | 4,000,000 | N.A. |
| TOTAL | $4,000,000 | $4,000,000 | $100,000 | $4,000,000 | $4,000,000 | $0 | 0.0% |

## FTE Position Summary

There are no authorized state positions for WHEDA.

## Budget Change Items

### 1. BROWNFIELDS REMEDIATION LOAN GUARANTEE PROGRAM [LFB Paper 940]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| SEG | $4,000,000 | - $3,900,000 | $3,900,000 | $4,000,000 |

**Governor:** Provide $4,000,000 SEG from the recycling fund to the Wisconsin development reserve fund (WDRF) to guarantee loans under a brownfields redevelopment loan guarantee program. Beginning July 1, 1998, WHEDA would be allowed to guarantee repayment of up to 80% of the principal of an eligible brownfields redevelopment loan. The outstanding principal amount of loans guaranteed would not be allowed to exceed $500,000 (although the $4 million appropriated would be sufficient to guarantee loans in excess of $22.5 million under provisions of the bill). DOA officials indicate that it was intended that $500,000 be the per loan limit ($400,000 in guaranteed principal) and that the total principal amount for all loans guaranteed be $22.5 million. The Authority would be allowed to establish the percentage of the unpaid principal of an eligible loan that will be guaranteed (not to exceed 80%) under agreement with the participating lender. WHEDA would have the authority to establish one guarantee percentage for all loans or establish different percentages for different loans.

A loan made by a participating lender, would be eligible for a guarantee if all of the following apply:

a. The borrower is a business in the state;

b. As determined by WHEDA, the borrower uses the loan proceeds for direct or related expenses, associated with the redevelopment of brownfields and environmental remediation ~~activities;~~ of brownfields

c. The loan proceeds are not applied to the outstanding balance of any other loan;

d. WHEDA approves the interest rate on the loan, including any origination fees or other charges;

e. The lender obtains a security interest in any equipment, machinery, physical plant or other assets to secure repayment of the loan.

f. The term of the loan does not extend beyond 15 years after the date on which the lender disburses the loan unless WHEDA agrees to an extension;

g. The lender considers the borrowers assets, cash flow, and managerial ability sufficient to preclude voluntary or involuntary liquidation for the term of the loan; and

h. The lender agrees to WHEDA's guarantee percentage established for the loan.

**Joint Finance:** Rather than appropriating $4,000,000 in 1997-98, provide $100,000 SEG in 1997-98 to WHEDA for the start-up costs associated with the creation of a brownfields redevelopment loan guarantee program and transfer additional funds up to $3.9 million from the recycling fund to the WDRF as needed to provide $1 in reserves for every $4.50 in loan guarantees under the program (the amount of funds to be transferred from the recycling fund would depend on the loan guarantee program demand). Further, limit the outstanding principal amount of loans guaranteed to not more than $22.5 million.

Limit the loan guarantee program to include only the costs associated with remediation of contamination at a brownfield site (rather than both remediation and redevelopment).

**Assembly\Legislature:** Appropriate $3.9 million SEG ($4.0 million total) from the recycling fund to WHEDA in 1997-98 to be deposited to the Wisconsin development reserve fund to guarantee loans under the brownfields remediation loan guarantee program created under the bill. This would restore the Governor's recommendation and delete the Joint Committee on Finance provision that would provide $100,000 SEG in 1997-98 to WHEDA for the start-up costs associated with the

creation of the program and that would transfer up to $3.9 million from the recycling fund to the WDRF as needed to provide $1 in reserves for every $4.50 in loan guarantees under the program.

[Act 27 Sections: 666, 3377, 3379 and 3382]

## 2. SAFE DRINKING WATER LOAN GUARANTEE PROGRAM [LFB Paper 940]

**Governor:** Create a safe drinking water loan guarantee program to guarantee up to 80% of the principal of loans for projects that improve the quality of drinking water in water systems not owned by the local units of government. Eligible loans would be guaranteed by funds deposited to the Wisconsin drinking water reserve fund created under the bill. The reserve fund would consist of deposits from the safe drinking water fund that would be created under the bill (summarized under "Clean Water Fund"), funds received for the program by any other source and the interest income from the fund. The Department of Natural Resources (DNR), with the approval of the Department of Administration (DOA), would be provided the authority to transfer funds from the safe drinking water fund appropriations. No estimate of the fund transfer is included in the bill. WHEDA would be required to regularly monitor the fund balance to ensure a balance of at least one dollar for every four dollars in total outstanding guaranteed principal authorized under the program.

WHEDA would be allowed to guarantee collection of a percentage, not exceeding 80%, of the principal of an eligible loan. The Authority could establish a single percentage for all loans guaranteed or establish different percentages for individual loans. The total outstanding principal amount for all guaranteed safe drinking water loans would not be allowed to exceed $3.0 million, unless the Joint Committee on Finance, under s. 13.10, permits the Authority to increase or decrease the total outstanding guaranteed principal amount. A request for additional authority would have to include a projection that compares the next June 30 balance, less the amount necessary to fund guarantees under the program and to pay outstanding claims, with the same balance if the request is approved.

Require WHEDA to enter into a guarantee agreement with lenders wishing to participate in the program. Consistent with the terms of the program, WHEDA would be allowed to determine the form of the agreement, any conditions upon which the authority may refuse to enter into a guarantee agreement and the procedures required to carry out the agreement, including default procedures and the guarantee percentage for each loan. Further, allow WHEDA to establish a review panel, consisting of experts in the finance and drinking water systems area to provide advice about lending requirements and issues related to the loan guarantee program.

WHEDA could only use the Wisconsin drinking water reserve fund to guarantee safe drinking water loans. WHEDA could guarantee a loan under the program if all the following apply:

a. The borrower is not a local unit of government;

b. The borrower is either: (a) an owner of a "community water system" (a public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year round residents); or (b) is the owner of a public not for profit water system that is not a community water system (for example, a private school).

c. The loan, as determined by DNR, would: (1) facilitate compliance with national primary drinking water regulations; or (2) otherwise significantly further the health protection objectives of the federal Safe Drinking Water Act.

d. The lender of the loan enters into a guarantee agreement with WHEDA.

Require WHEDA to submit an annual report on the number and total dollar amount of loans guaranteed under the program and the default rate on the loans.

Specify that all loans guaranteed under this program would be backed by the moral obligation of the Legislature to appropriate any funds necessary to meet the obligations created.

**Joint Finance/Legislature:** Provide DNR with $100,000 FED in 1997-98 to contract with WHEDA to establish a loan guarantee program and make a technical modification to correctly cross reference WHEDA's loan guarantee program activities. Further, increase the reserve ratio in the Wisconsin drinking water reserve fund to require that one dollar be held in reserve for every $4.50 in outstanding loan guarantees.

[Act 27 Sections: 453, 3375, 3387 and 3572]

## 3. BEGINNING FARMER LOAN PROGRAM

**Governor/Legislature:** Increase WHEDA's authority to issue bonds and notes for the beginning farmer loan program from $10.0 to $17.5 million. Under current law, WHEDA may issue up to $10.0 million in bonds or notes to assist beginning farmers in purchasing agricultural land and improvements. Through 1995-96, approximately $3.2 million in bonds had been issued to private lenders for loans to beginning farmers.

[Act 27 Section: 3351]

## 4. JOB TRAINING RESERVE FUND

| | Chg. to Base |
|---|---|
| GPR | - $4,000,000 |
| GPR-Lapse | $2,000,000 |

**Governor:** Delete $2,000,000 GPR annually to remove the one-time funding that was provided in 1996-97 for the job training reserve fund from the program's base budget. Under 1995 Act 116, the Department of Commerce made a $2.0 million one-time deposit to the job training reserve fund in

1996-97 to be used to guarantee loans. However, the $2.0 million appropriation was retained in the program's base funding in each year of the 1997-99 biennium. The bill would delete the $2.0 million in base funding each year. Further, the bill repeals the current requirement that WHEDA maintain $1 in reserve for every $4 dollars in total outstanding job training loan guarantees. Rather, the bill would require that WHEDA annually transfer to the general fund any balance remaining in the reserve fund on August 31, after deducting an amount sufficient to pay all outstanding claims related to loan guarantees made under the program. Since no loans have been guaranteed under the program, the lapse is estimated at $2.0 million in 1997-98.

**Assembly/Legislature:** Change the effective date of the required lapse from the WHEDA job training reserve fund for 1997-98 from August 31, 1997, to the effective date of the bill.

[Act 27 Sections: 3385 and 3386]

## 5. SMALL BUSINESS DEVELOPMENT LOAN GUARANTEE PROGRAM [LFB Paper 941]

**Governor:** Repeal several existing loan guarantee programs backed by the Wisconsin development reserve fund (WDRF) and consolidate much of the loan guarantee authority for those repealed programs under a single new loan guarantee program called the "small business development loan guarantee program" as follows:

*Repeal of Existing Loan Guarantee Programs.* The existing loan guarantee programs and their separate maximum guarantee authority amounts that would be repealed are:

| Guarantee Program | Maximum Guarantee Authority |
|---|---|
| Contract Loans | $2,000,000 |
| Tourism Loans | 8,000,000 |
| Agrichemical Cleanup Loans | 650,000 |
| Targeted Development Loans | 10,000,000 |
| Non-point Source Pollution Loans | 850,000 |
| Clean Air Loans | 900,000 |
| Stratospheric Ozone Protection Loans | 500,000 |
| Total | $22,900,000 |

WHEDA is typically authorized to guarantee up to 90% of total loans or approximately $25.4 million for these programs ($22.9 million of the $25.4 million in loans could be guaranteed), although several programs have not guaranteed any loans. Existing loans made under the repealed programs

would continue to be backed by the WDRF. Similarly, any loan guarantee agreements with lenders associated with those existing loans would continue to be in effect.

WHEDA would no longer be authorized to guarantee loans for the specific purposes currently delineated under each program. Interest subsidies of up to 3.5% of outstanding loan balances under the tourism program would also be deleted. While the bill does not specify that borrowers currently eligible for the guarantee programs repealed in the bill would continue to be eligible for guarantees under the small business loan guarantee program, such borrowers could be eligible if the loan met the new program's requirements.

*Guarantee Amounts*. WHEDA would be allowed to guarantee repayment of a portion of the principal of any loan eligible for guarantee not to exceed 80% or $200,000, whichever is less. WHEDA would be required to establish the portion of the principal of an eligible loan to be guaranteed in an agreement with the participating lender. The Authority would be allowed to establish a single guarantee rate for all guaranteed loans that do not exceed $250,000 and a separate guarantee rate for loans that exceed $250,000, or WHEDA could establish on an individual basis a different guarantee rate for eligible loans.

The total outstanding guaranteed principal amount of all loans guaranteed under the small business development loan guarantee program could not exceed $28,750,000. Thus, approximately $36 million in loans could be guaranteed at the 80% rate.

*Eligible Loans*. Loans under the small business loan guarantee program would be eligible to be guaranteed by the WDRF if all of the following apply:

a. The loan proceeds are used for direct or related expenses associated with the expansion or acquisition of a business or start-up of a day care, including the purchase or improvement of land, buildings, machinery, equipment or inventory;

b. Loan proceeds are not used for: (1) refinancing existing debt; (2) entertainment expenses; (3) expenses related to the production of an agricultural commodity; or (4) expenses related to a community based residential facility.

c. The loan term may not extend beyond 15 years after the date on which the lender disburses the loan unless WHEDA agrees to an extension of the loan term;

d. The total principal amount of guaranteed loans to any one borrower could not exceed $750,000;

e. The lender obtains a security interest in the physical plant, equipment, machinery or other assets;

f. The lender believes it is reasonably likely that the borrower will be able to repay the loan in full with interest;

g. The lender agrees to the guarantee percentage established for the loan by WHEDA; and

h. WHEDA believes the loan will have a positive impact in terms of job creation or retention.

*Eligible Borrowers.* To be eligible for a loan guarantee the borrower must be unable to obtain adequate financing on reasonable terms and be: (a) the elected governing body of a federally recognized American Indian tribe or band in this state; or (b) a business owner that is actively engaged in the business (primarily an in-state business or those committed to locating in the state), employs 50 or fewer employees and is not delinquent in the payment of child support.

*Statute Structure.* The bill would also divide the statutory chapter pertaining to WHEDA into three subchapters (general provisions, loan guarantee programs and community development finance company), renumber certain statutory sections and make numerous technical changes to existing statutes to reflect the reorganization and repeal of various existing loan guarantee programs.

**Joint Finance\Legislature:** Limit WHEDA's guarantee authority for the program to $9.9 million rather than $28,750,000 to reflect available reserves in the WDRF.

[Act 27 Sections: 1474, 1475, 2000, 2573, 2574, 2609 thru 2611, 3327, 3330, 3331 thru 3336, 3350, 3351r, 3353 thru 3370, 3372, 3373, 3374, 3376, 3381, 3389, 3390, 3609 thru 3611 4340, 4543p and 4794]

## 6. WISCONSIN DEVELOPMENT RESERVE FUND [LFB Paper 941]

**Governor/Legislature:** Reduce the required cash balance in the WDRF by increasing the reserve ratio to require one dollar in the cash balance for every $4.50 in total outstanding guarantees (rather than $4 currently) for all guarantee programs backed by the fund, except the loan to Taliesin, would remain at a $1 to $4 ratio. Change the date from June 30, to August 31, for WHEDA's required annual statement on all loan guarantee programs backed by the WDRF, to be submitted to the Secretary of the Department of Administration and the Joint Committee on Finance. Under current law, any balance in the WDRF on the last day of a fiscal year that exceeds the amount necessary to maintain the reserve ratio and pay outstanding claims is required to be transferred to the state's general fund. No funds were transferred to the general fund at the end of 1995-96.

Further, allow (rather than require, as under current law) WHEDA to enter into a loan guarantee agreement with any lenders wishing to participate in the Authority's loan guarantee

programs backed by the WDRF. Loan guarantee agreements specify the form, conditions and procedures of a WHEDA guarantee.

[Act 27 Sections: 3380 and 3382 thru 3384]

## 7. SPORTS AND ENTERTAINMENT STADIUMS

**Governor/Legislature:** Repeal WHEDA's authority to issue bonds and notes and make economic development loans for sports or entertainment stadium economic development projects (including a professional baseball facility). The bill repeals all statutory references related to such projects, including minority business contract requirements for such projects. Under current law, WHEDA may issue bonds or notes and make economic development loans for projects involving property to be used primarily as a sports and entertainment home stadium. Specifically, WHEDA can currently issue bond or notes for up to $50 million for the construction of a professional baseball park (Brewers' stadium). No bonds or notes have been issued for such a facility.

[Act 27 Sections: 3329, 3337, 3338 thru 3344 and 3346 thru 3349]

## 8. ECONOMIC DEVELOPMENT LOANS

**Governor/Legislature:** Specify that WHEDA may make a loan to finance an economic development project that includes land, plant or equipment for facilities for the sale of goods or services to consumers if the project is located in a targeted area, as determined by WHEDA, after considering the same criteria which the Development Finance Board must review before making a targeted area loan or grant award from the Wisconsin Development Fund. The factors which would have to be considered would be whether the area has: (1) high unemployment; (2) low median household income; (3) a high percentage of households receiving AFDC; (4) had a significant population decline; (5) had a decline in property values; (6) had a significant number of workers in the area permanently laid off or facing such an announced layoff; or (7) been designated as a development zone.

[Act 27 Sections: 3328 and 3371]

## 9. MULTI-FAMILY HOUSING BONDS

**Joint Finance/Legislature:** Decrease the limit of outstanding bonds WHEDA may have at any one time for corporate purposes from $500 million to $325 million. Further, repeal the restriction that bonds issued after July 1, 1982, are limited to $170 million. Current law maintains an overall $500 million limit. However, the amount of bonds and notes issued after July 1, 1982, is limited to $170 million. As a result, the effect of the action would be to allow WHEDA to issue an additional

$155 million in bonds. WHEDA has issued $159 million of bonds and notes since 1982 for its multifamily housing mortgage loan and other multifamily housing programs. The State has placed its moral obligation on the Capital Reserve Fund that secures repayment of such bonds and notes.

[Act 27 Sections: 3330p, 3330q and 3355c]

# WISCONSIN TECHNICAL COLLEGE SYSTEM

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Act 27 Change Over Base Year Doubled Percent |
|---|---|---|---|---|---|---|---|
| GPR | $252,067,000 | $257,063,400 | $260,134,000 | $260,534,000 | $260,534,000 | $8,467,000 | 3.4% |
| FED | 58,644,600 | 58,297,600 | 58,297,600 | 58,297,600 | 58,297,600 | - 347,000 | - 0.6 |
| PR | 11,714,200 | 11,575,600 | 11,705,800 | 11,705,800 | 11,705,800 | - 8,400 | - 0.1 |
| SEG | 1,413,600 | 1,403,800 | 0 | 0 | 0 | - 1,413,600 | - 100.0 |
| TOTAL | $323,839,400 | $328,340,400 | $330,137,400 | $330,537,400 | $330,537,400 | $6,698,000 | 2.1% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 38.85 | 38.85 | 38.65 | 38.65 | 38.65 | - 0.20 |
| FED | 35.15 | 28.65 | 29.65 | 29.65 | 29.65 | - 5.50 |
| PR | 16.50 | 12.00 | 13.00 | 13.00 | 13.00 | - 3.50 |
| SEG | 3.00 | 2.80 | 0.00 | 0.00 | 0.00 | - 3.00 |
| TOTAL | 93.50 | 82.30 | 81.30 | 81.30 | 81.30 | - 12.20 |

## Budget Change Items

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Chg. to Base Positions |
|---|---|---|
| GPR | $265,400 | 0.00 |
| FED | - 87,200 | - 2.00 |
| PR | - 54,800 | 0.00 |
| SEG | 3,200 | 0.00 |
| Total | $126,600 | - 2.00 |

**Governor/Legislature:** Adjust the agency's base budget for: (a) removal of noncontinuing items (-$95,100 GPR, -$27,500 FED and -1.0 FED position in 1997-98 and -$95,100 GPR, -$62,600 FED and -2.0 FED positions in 1998-99); (b) full funding of continuing salaries and fringe benefits ($204,700 GPR, -$18,300 FED, -$29,700 PR and -$1,200 SEG annually); (c) full funding of financial services charges ($2,200 GPR, $7,700 FED and $1,300 SEG annually); (d) fifth week vacation as cash ($16,200 GPR, $7,200 FED, $2,300 PR and $1,500 SEG in 1997-98 and $17,400 GPR, $8,700 FED, $2,300 PR and $1,500 SEG in 1998-99); and (e) delayed pay adjustments ($4,100 GPR and $4,100 FED annually).

## 2. GENERAL AIDS FOR TECHNICAL COLLEGE DISTRICTS [LFB Paper 945]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $3,317,000 | $1,666,800 | $4,983,800 |

**Governor:** Increase state general aids for technical college districts from $110,199,200 in 1996-97 to $111,301,200 in 1997-98 and $112,414,200 in 1998-99. The additional funding of $1,102,000 in 1997-98 and $2,215,000 in 1998-99 would represent annual increases of 1.0%.

**Joint Finance/Legislature:** Provide an additional $551,000 in 1997-98 and $1,115,800 in 1998-99 to increase general aids by a total of 1.5% annually. Total funding would increase from $110,199,200 in 1996-97 to $111,852,200 in 1997-98 and $113,530,000 in 1998-99.

## 3. FACULTY DEVELOPMENT GRANTS [LFB Paper 946]

| | Chg. to Base |
|---|---|
| GPR | $1,664,000 |

**Governor:** Provide $832,000 annually in a new, annual appropriation for grants to be awarded by the WTCS Board to district boards to establish faculty development programs. Require that such faculty development programs promote: (a) instructor awareness of and expertise in, a wide variety of newly emerging technologies; (b) the integration of learning technologies in curriculum and instruction; and (c) the use of instructional methods that involve emerging technologies. Require the WTCS Board to promulgate rules to implement and administer the grants, including rules establishing criteria for awarding the grants. Provide that expenditures of grant amounts under this provision would not be included in the technical college district's aidable costs for the purposes of calculating state aid payments to the technical college district.

**Joint Finance:** Specify that a WTCS district board receiving a grant would be required to provide a matching fund contribution equal to at least 50% of the grant amount. In addition, require the WTCS Board to submit a report by March 1, 1999, to the Legislature on the activities in each WTCS district which have been funded with the grants and the effectiveness of the activities in meeting the statutory purposes of the grants. Sunset the grant program and the appropriation on June 30, 1999.

**Assembly/Legislature:** Delete the June 30, 1999, sunset date for the program and appropriation.

[Act 27 Sections: 283, 1190, 1192 and 9147(2m)]

## 4. BASIC SKILLS GRANTS

| | Chg. to Base |
|---|---|
| GPR | - $200,000 |

**Governor/Legislature:** Delete $100,000 annually to eliminate funding for grants which are awarded to district boards for the provision of basic skills instruction in jails and prisons. While all funding for the grants would be eliminated, the bill would not delete the appropriation nor repeal related statutory language.

## 5. BUDGET REDUCTIONS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $50,000 | 0.00 |
| SEG | - 13,000 | - 0.20 |
| Total | - $63,000 | - 0.20 |

**Governor/Legislature:** Reduce the agency's general program operations appropriation by $25,000 GPR annually. In addition, reduce the state operations appropriation for technical assistance and administrative support for emergency medical technician basic training by $6,500 SEG and 0.2 SEG position annually. The segregated funds in this appropriation are derived from the transportation fund.

## 6. CONVERSION OF TRANSPORTATION FUND APPROPRIATIONS TO GPR [LFB Paper 825]

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $1,403,800 | 2.80 |
| SEG | - 1,403,800 | - 2.80 |
| Total | $0 | 0.00 |

**Joint Finance/Legislature:** Provide $701,900 GPR and 2.80 GPR positions annually and delete $701,900 SEG and 2.80 SEG positions annually to reflect a decision to convert most transportation fund appropriations to agencies other than DOT to general fund appropriations. For WTCS, this would affect appropriations for emergency medical technician basic training, driver education and chauffeur training grants. Specify that an amount equal to the encumbrances or expenditures from these appropriations between July 1, 1997, and the effective date of the bill would be transferred from the general fund to the transportation fund. Provide that expenditures or encumbrances from continuing appropriation balances existing on June 30, 1997, would be disregarded in computing the amount of any transfer from the general fund to the transportation fund. Continuing appropriation balances on June 30, 1997, would be retained within the new, GPR appropriations.

[Act 27 Sections: 284g thru 284r, 1190m and 1191n]

## 7. TRANSITIONAL SERVICES FOR HANDICAPPED STUDENTS

| | Chg. to Base |
|---|---|
| GPR | $400,000 |

**Senate/Legislature:** Provide $200,000 annually to increase funding for grants to technical college districts for transitional services for handicapped students and modify current law to require the WTCS Board to award one-sixteenth of the total amount

appropriated for the program to each WTCS district. In addition, require that each district contribute matching funds equal to 25% of the amount received. Total funding for the grant program would increase from $200,000 to $400,000 annually. The grants are awarded to WTCS districts to provide handicapped students with a coordinated set of services intended to ease the transition from high school, or the community, to postsecondary programs or other vocational training. Currently, eight of the 16 districts receive grants of $25,000 each and the amount awarded may range from 25% to 75% of the total project cost.

[Act 27 Section: 1195m]

## 8. TELECOMMUNICATIONS RETRAINING REESTIMATE

| | Chg. to Base |
|---|---|
| PR | $600,000 |

**Governor/Legislature:** Reestimate funding for retraining displaced telecommunications employes by $300,000 annually. This appropriation was established in 1993 Act 496 to provide grants of up to $2,500 to telecommunications industry employes who are laid off, terminated or declared surplus under a company downsizing or because of leaving a company under an early retirement or incentive separation plan. Funding for the grants is provided by telecommunications companies. The appropriation is scheduled to sunset on June 30, 1999.

## 9. REESTIMATE FEDERAL INDIRECT COST REIMBURSEMENTS

| | Chg. to Base |
|---|---|
| FED | $200,000 |

**Governor/Legislature:** Reestimate expenditures for federal indirect cost reimbursements by $100,000 annually. Indirect cost reimbursements are federal funds received as reimbursement for indirect costs of administration of a federal grant or contract.

## 10. CONTRACTS FOR YOUTH APPRENTICESHIP INSTRUCTION [LFB Paper 947]

**Governor:** Provide that if a WTCS district board contracts with a school board to provide youth apprenticeship instruction to pupils enrolled in the school district, the district board may not charge the school district an amount greater than the school district's average instructional cost per pupil, as determined by the State Superintendent, for each pupil receiving the instruction. This provision would first apply to contracts entered into, modified or renewed on the effective date of the bill.

**Joint Finance/Legislature:** Modify the provision by specifying that a WTCS district board may not charge a school district an amount greater than the WTCS district's direct instructional costs associated with providing the youth apprenticeship instruction.

[Act 27 Sections: 1184 and 9347(1)]

## 11. TUITION CHARGES

**Governor/Legislature:** Modify statutory language regarding tuition charged to WTCS students as follows:

a. Allow WTCS district boards to establish and charge an additional fee for a short-term, professional development, vocational-adult seminar or workshop offered to individuals employed in a related field. The additional fee could not exceed the total per-student cost of the seminar or workshop less the current tuition charge paid by students enrolled. Require that district boards annually report to the WTCS Board on the courses for which an additional fee was charged and the amount of the additional fee.

b. Allow WTCS district boards to establish and charge an additional fee for vocational-adult courses intended to improve an individual's skills beyond the entry level when such courses are required by state or federal law, rule or regulation, or by a professional organization, to maintain licensure or certification in the individual's field of employment. Prior to charging an additional fee for these courses, districts would have to receive approval from the Director of the WTCS Board. Districts would be able to set the fee at an amount equal to, or less than, the total per-student cost of the course less the current tuition charge paid by the students enrolled.

c. Allow WTCS districts, with the authorization of the Director of the WTCS Board, to set tuition for nonresident students who are enrolled in a course provided through the use of distance education, at an amount which is equal to or greater than the resident tuition charge, but less than the full per-student cost of the course. Under current law, district boards are required to charge all nonresidents students not enrolled under a reciprocity agreement an amount based on 100% of the statewide per-student operating cost, regardless of whether the course is delivered on the campus or electronically.

[Act 27 Sections: 1186 thru 1189]

## 12. CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT FUNDS [LFB Paper 668]

**Governor:** Create a continuing appropriation within WTCS for federal funds for applied technology and school-to-work programs. A total of $21,019,300 annually in federal monies provided

under the Carl D. Perkins Vocational and Applied Technology Education Act would be transferred from an existing appropriation within WTCS for federal aid, local assistance. In addition, create two continuing PR-service appropriations, one within DPI and one within the Department of Workforce Development (DWD), for Carl Perkins monies transferred from the WTCS appropriation. Under current law, an existing PR-service appropriation for monies received from other agencies is used by DPI for these Carl Perkins monies along with other funding, while DWD does not currently receive these monies. Under the bill, $8,931,200 annually of monies that would have been in the current DPI appropriation for funds from other state agencies would be provided in the new DPI appropriation and $494,400 annually of monies that would have been provided to DPI under current law would be provided in the new DWD appropriation.

Federal Carl Perkins funds are currently administered jointly by the State WTCS Board and DPI. The majority of these funds are provided in the form of a basic state grant, 75% of which is provided through a formula to eligible secondary schools and postsecondary and adult vocational educational institutions.

**Joint Finance/Legislature:** Delete provision and instead, create a continuing PR-service appropriation within DWD, for Carl Perkins monies transferred from the existing WTCS appropriation for federal aid, local assistance. A total of $104,000 in 1997-98 and $138,700 in 1998-99 of Carl Perkins funds that would be provided to DPI under current law would be transferred to the new DWD appropriation.

[Act 27 Section: 617]

## 13. SCHOOL-TO-WORK PROGRAMS [LFB Paper 668]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | - $130,200 | - 1.00 | $130,200 | 1.00 | $0 | 0.00 |

**Governor:** Delete $65,100 and 1.0 position annually to reflect the transfer of an education consultant position to DWD. Funding for this position is currently provided through DWD under the federal School-to-Work Opportunities Act. On the effective date of the bill, the position and the incumbent employe holding that position would be transferred to DWD. Provide that the employe transferred would retain all employment rights and status that he or she held prior to the transfer and that if the employe had attained permanent status in the classified service prior to the transfer, he or she would not be required to serve a new probationary period.

In addition, provide that one of the purposes of WTCS would be to assist secondary schools in the development and implementation of school-to-work programs, including all of the following:

a. Coordinating and aligning technical college courses and programs with high school courses and programs.

b. Advocating for curricular links that advance and promote the acquisition of technical college credit by high school juniors and seniors.

c. Assisting in the development of and in providing instruction for, youth apprenticeship programs.

Allow the State WTCS Board, in consultation with DWD, to contract with school boards to provide school districts with school-to-work services.

**Joint Finance/Legislature:** Delete provision.

## 14. INCENTIVE GRANTS PROGRAM CATEGORY

**Joint Finance/Legislature:** Create a new category under the incentive grants program for grants to technical college districts, or consortia of districts, to create or expand vocational and technical programming at secured juvenile correctional facilities. Beginning in 1997-98, specify that the WTCS Board may award not more than $150,000 annually under this category. Under the bill, $7,888,100 GPR would be appropriated annually for the incentive grants program which provides grants to WTCS districts, or consortia of districts, under four categories: (a) basic skills; (b) emerging occupations; (c) grants to districts with limited fiscal capacity; and (d) technology transfer.

[Act 27 Sections: 1189g and 1189k]

## 15. INCENTIVE GRANTS ANNUAL APPROPRIATION

| | Senate/Leg. (Chg. to Base) | Veto (Chg. to Leg.) | Net Change |
|---|---|---|---|
| GPR-Lapse | $600,000 | - $600,000 | $0 |

**Senate/Legislature:** Modify the continuing appropriation for incentive grants to be an annual appropriation and provide that the carryover balance from 1996-97 lapse to the general fund in 1997-98. It is estimated that this provision would result in $600,000 lapsing to the general fund.

**Veto by Governor [A-21]:** Delete provision.

[Act 27 Vetoed Sections: 169 (as it relates to s. 20.292(1)(dc)) and 282m]

## 16. POSITION AUTHORIZATION [LFB Paper 948]

| | Chg. to Base |
|---|---|
| GPR | - 3.00 |
| FED | 1.00 |
| Total | - 2.00 |

**Joint Finance/Legislature:** Beginning in 1997-98, delete 3.00 GPR positions and provide 1.0 FED position in order to reflect changes resulting from provisions in the 1995-97 budget act and to align the agency's position authorization with the state's position management information system (PMIS).

## 17. EDUCATIONAL APPROVAL BOARD POSITIONS

| | Chg. to Base Funding | Positions |
|---|---|---|
| FED | - $116,000 | - 1.00 |
| PR | 127,500 | 2.00 |
| Total | $11,500 | 1.00 |

**Governor/Legislature:** Provide $60,800 PR in 1997-98 and $66,700 PR in 1998-99 and 1.0 PR position annually. Of the total, $43,100 annually would be provided for LTE positions to address unanticipated increases in workload which occur periodically due to such situations as schools which are having difficulty in complying, or are in noncompliance, with Educational Approval Board (EAB) requirements, are in danger of closing or have closed. An additional $17,700 in 1997-98 and $23,600 in 1998-99 would fund 1.0 project position to provide increased clerical support to the agency's education specialists whose workload has expanded due to increased activity in the regulation of proprietary and out-of-state institutions.

In addition, delete $58,000 FED and 1.0 FED position annually and provide an additional 1.0 PR position annually.. This change is intended to transfer 1.0 FTE from FED to PR to correspond with the allocation of the positions for the Board in the state's personnel management information system (PMIS) and to address increased workload in the regulation of proprietary schools. The Board has indicated that no additional PR expenditure authority for this position would be required.

## 18. TRANSFER EDUCATIONAL APPROVAL BOARD TO HIGHER EDUCATIONAL AIDS BOARD

| | Chg. to Base Funding | Positions |
|---|---|---|
| FED | - $343,800 | - 3.50 |
| PR | - 681,100 | - 5.50 |
| Total | - $1,024,900 | - 9.00 |

**Governor/Legislature:** Delete $171,900 FED and $337,600 PR in 1997-98 and $171,900 FED and $343,500 PR in 1998-99 and 3.5 FED and 5.5 PR positions annually to reflect the transfer of EAB staff and functions to the Higher Educational Aids Board (HEAB). EAB would be attached to HEAB for administrative purposes. Prior to July 1, 1996, EAB was attached for administrative purposes to the WTCS Board. However, provisions in 1995 Act 27 eliminated EAB and transferred its functions and staff to the Department of Education (DOE) which was created in Act 27. While the Wisconsin Supreme Court ruled in March, 1996, that the creation of DOE was unconstitutional, the Court's decision did not restore the Board. EAB functions are currently being

carried out by EAB staff under an executive order of the Governor and a memorandum of understanding between EAB and the Department of Public Instruction.

[Act 27 Sections: Shown under "Higher Educational Aids Board"]

## 19. REPEAL COUNCIL ON FIRE SERVICE TRAINING PROGRAMS

**Assembly/Legislature:** Repeal the Council on Fire Service Training Programs and associated statutory functions on the general effective date of the budget act. The Council is comprised of a representative of each of the following: (a) the Division of Emergency Management in the Department of Military Affairs; (b) the Department of Commerce; and (c) the Commissioner of Insurance. In addition, four bona fide members of volunteer fire departments and two bona fide members of paid fire departments serve on the Council for staggered, six-year terms. Under current law, the Council is required to advise the WTCS Board on the establishment and maintenance of training programs for fire fighters.

[Act 27 Sections: 94n, 1178m and 4796m]

# WORKFORCE DEVELOPMENT

## Budget Summary

| Fund | 1996-97 Base Year Doubled | 1997-99 Governor | 1997-99 Jt. Finance | 1997-99 Legislature | 1997-99 Act 27 | Act 27 Change Over Base Year Doubled Amount | Percent |
|---|---|---|---|---|---|---|---|
| GPR | $464,098,200 | $476,029,300 | $457,964,700 | $457,958,100 | $457,958,100 | - $6,140,100 | - 1.3% |
| FED | 1,089,709,200 | 1,296,991,700 | 1,417,181,600 | 1,422,802,500 | 1,422,802,500 | 333,093,300 | 30.6 |
| PR | 281,654,600 | 287,763,800 | 250,933,400 | 240,526,600 | 240,526,000 | - 41,128,600 | - 14.6 |
| SEG | 8,630,600 | 15,541,100 | 13,820,700 | 13,820,700 | 13,820,700 | 5,190,100 | 60.1 |
| TOTAL | $1,844,092,600 | $2,076,325,900 | $2,139,900,400 | $2,135,107,300 | $2,135,107,300 | $291,014,700 | 15.8% |

## FTE Position Summary

| Fund | 1996-97 Base | 1998-99 Governor | 1998-99 Jt. Finance | 1998-99 Legislature | 1998-99 Act 27 | Act 27 Change Over 1996-97 Base |
|---|---|---|---|---|---|---|
| GPR | 314.32 | 294.99 | 291.74 | 291.74 | 291.74 | - 22.58 |
| FED | 1,497.04 | 1,464.37 | 1,461.37 | 1,461.37 | 1,461.37 | - 35.67 |
| PR | 733.13 | 667.89 | 661.74 | 661.74 | 661.74 | - 71.39 |
| SEG | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 0.00 |
| TOTAL | 2,551.99 | 2,434.75 | 2,422.35 | 2,422.35 | 2,422.35 | - 129.64 |

## Budget Change Items

# Departmentwide

### 1. STANDARD BUDGET ADJUSTMENTS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $385,000 | 0.00 |
| FED | - 11,070,700 | - 3.60 |
| PR | - 1,509,700 | - 14.00 |
| SEG | - 60,400 | - 1.00 |
| Total | - $12,255,800 | - 18.60 |

**Governor/Legislature:** Provide adjustments of $192,500 GPR annually and -$5,506,000 FED, -$612,900 PR, -$24,600 SEG, -2.6 FED positions, -1.0 SEG position and -14.0 PR positions in 1997-98 and -$5,564,700 FED, -$896,800 PR, -$35,800 SEG, -3.6 FED positions, -1.0 SEG position and -14.0 PR positions in 1998-99 for standard budget adjustments. Annual adjustments are for: (a) turnover reductions (-$327,700 GPR, -$1,418,000 FED and -$741,800 PR annually); (b) removal of noncontinuing funding and positions (-$83,600 FED, -$243,700 PR and -$22,500 SEG in 1997-98;

-$142,300 FED, -$527,600 PR and -$33,700 SEG in 1998-99; -2.6 FED, -14.0 PR and -1.0 SEG positions in 1997-98; and -3.6 FED, -14.0 PR and -1.0 SEG position in 1998-99); (c) full funding of salaries and fringe benefits ($340,100 GPR, -$4,126,300 FED, -$24,300 PR and -$2,700 SEG annually); (d) overtime ($216,700 PR annually); (e) night and weekend differential ($92,200 PR annually); (f) fifth week vacation as cash ($11,400 GPR, $51,500 FED and $23,500 PR annually); (g) full funding of lease costs and directed moves ($200 PR annually); (h) full funding of delayed pay adjustments ($18,700 GPR, $70,400 FED, $64,300 PR and $600 SEG annually); and (i) ongoing s. 13.10 supplements ($150,000 GPR annually). In total, changes due to standard budget adjustments would reduce funding by $5,951,000 in 1997-98 and $6,304,800 in 1998-99; positions would be decreased by 17.6 in 1997-98 and 18.6 in 1998-99.

## 2. BASE BUDGET MODIFICATIONS [LFB Paper 955]

| | Chg. to Base |
|---|---|
| GPR | - $1,208,600 |
| PR | 1,000,000 |
| Total | - $208,600 |

**Governor:** Delete $604,300 GPR and provide $500,000 PR annually to reflect actions that would reduce GPR base level expenditures. The specific actions would be:

a. Provide $500,000 PR annually to reflect estimated increases in third party contributions for vocational rehabilitation services, and reduce funding for vocational rehabilitation case aids by $500,000 GPR annually to reflect the increased contributions.

b. Delete $104,300 GPR annually to reduce supplies and services funding for the Division of Vocational Rehabilitation.

**Joint Finance/Legislature:** Include provision. Also, direct the Division of Vocational Rehabilitation (DVR) to amend the state Title I-B plan to authorize establishment, development and improvement grant authority and appropriate $1 million annually of federal funding received by DVR for services from Community Rehabilitation programs as authorized under Title 1, Section 103(b)(2) of the federal Rehabilitation Act of 1973, as amended through 1994. Financial participation of Community Rehabilitation programs would be in the form of cash equaling 25% of each grant. DVR would be authorized to use the balance of funds for other authorized activities, if the Division, in coordination with Community Rehabilitation programs, is unable to appropriate the entire $1.0 million in establishment, development and improvement grants. The Department of Workforce Development would be specifically authorized to request GPR funding from the Joint Committee on Finance under s. 13.10 if matching funding is not available to offset the reduction in GPR funding included in the bill.

**Veto by Governor [C-28]:** Delete provisions which relate to the requirement that DVR amend the state Title 1-B plan to authorize establishment, development and improvement grant authority and to appropriate federal funding for services from Community Rehabilitation programs.

[Act 27 Section: 9126(3m)]

[Act 27 Vetoed Section: 1548m]

## 3. ALLOCATING PAY PLAN COSTS

| | Chg. to Base |
|---|---|
| GPR | $146,700 |
| FED | 698,900 |
| PR | 172,400 |
| SEG | 3,500 |
| Total | $1,021,500 |

**Governor/Legislature:** Provide increased supplies and services expenditure authority of $48,900 GPR, $233,000 FED, $57,500 PR and $1,200 SEG in 1997-98 and $97,800 GPR, $465,900 FED, $114,900 PR and $2,300 SEG in 1998-99 in various appropriations to reflect the cost of pay plan increases that are included in the program revenue service fees charged by the Administrative Services Division. The fees are charged to the Department's programs for which the Division provides services. This provision would increase expenditure authority in the appropriations that are charged for the Division's increased pay plan costs.

## 4. ALLOCATING OVERTIME COSTS AND NIGHT DIFFERENTIAL COSTS

| | Chg. to Base |
|---|---|
| GPR | $88,400 |
| FED | 422,600 |
| PR | 103,800 |
| SEG | 2,000 |
| Total | $616,800 |

**Governor/Legislature:** Provide additional supplies and services expenditure authority of $44,200 GPR, $211,300 FED, $51,900 PR and $1,000 SEG annually in various appropriations to reflect the cost of overtime, night differential and standby pay that are included in the program revenue service fees charged by the Administrative Services Division. The fees are charged to the Department's programs for which the Division provides services. This provision would establish base level expenditure authority in the various appropriations that are charged for the Division's overtime, night differential and standby costs.

## 5. POSITION REDUCTION

| | Chg. to Base |
|---|---|
| GPR | - 14.02 |
| FED | - 25.98 |
| PR | - 60.00 |
| Total | - 100.00 |

**Governor/Legislature:** Delete 14.02 GPR, 25.98 FED and 60.0 PR positions in 1998-99 to reflect the merger of employment training programs in the Divisions of Workforce Excellence, Economic Support and Vocational Rehabilitation.

## 6. INTERNAL DEPARTMENT REORGANIZATION

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | $0 | - 7.11 |
| FED | 0 | - 11.83 |
| PR | 1,671,600 | 18.94 |
| Total | $1,671,600 | 0.00 |

**Governor/Legislature:** Provide expenditure authority of $835,800 PR and 19.0 PR positions and delete 11.83 FED, 7.11 GPR and 0.06 PR positions annually to convert the funding sources for 19.0 administrative positions from various appropriations to the program revenue administrative services appropriations.

## 7. TECHNICAL CORRECTIONS TO BASE POSITION LEVELS

| | Chg. to Base |
|---|---|
| FED | 3.29 |
| PR | 0.02 |
| Total | 3.31 |

**Governor/Legislature:** Provide 3.29 FED positions and 0.02 PR position annually to adjust position authority to reflect actual position levels transferred to DWD with the Division of Economic Support and the Division of Vocational Rehabilitation and to eliminate an unfunded project position. Funding for the additional positions is provided through the standard budget adjustment for full funding of salaries and fringe benefits.

## 8. NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS

**Joint Finance/Legislature:** Create statutory provisions relating to nondiscrimination against religious organizations as follows:

*Purpose.* Specify that the purpose of these provisions is to enable DWD to contract with, or distribute grants to, religious organizations on the same basis as any other nongovernmental provider without impairing the religious character of such organizations, and without diminishing the religious freedom of beneficiaries of services funded under such programs.

*Nondiscrimination Against Religious Organizations.* Specify that if DWD is authorized to distribute any grant to, or contract with, a nongovernmental entity, that nongovernmental entity can be a religious organization as long as the programs are implemented consistent with the Establishment Clause of the United States Constitution. Prohibit DWD from discriminating against an organization on the basis that the organization has a religious character.

*Religious Character and Freedom.* Specify that a religious organization that receives a grant from, or contracts with, DWD retains its independence from federal, state and local governments, including such organization's control over the definition, development, practice and expression of its religious beliefs.

Prohibit DWD from requiring a religious organization to: (a) alter its form of internal governance; or (b) remove religious art, icons, scripture, or other symbols as a condition of contracting with, or receiving a grant from, DWD.

*Rights of Beneficiaries of Services.* Specify that if an individual has an objection to the religious character of the organization or institution from which the individual receives, or would receive, assistance funded from a program supported with funding administered by DWD, the Department would have to provide the individual (if otherwise eligible for such assistance), within a reasonable period of time after the date of such objection, services from an alternative provider that is accessible to the individual and the value of which is not less than the value of the services which the individual would have received from such organization.

*Employment Practices.* Specify that a religious organization's exemption provided under federal law (42 U.S.C. 2000e-1a) regarding employment practices is not affected by its participation in programs administered by DWD.

*Nondiscrimination Against Beneficiaries.* Prohibit a religious organization from discriminating against an individual in regard to rendering services funded under any DWD program on the basis of religion, a religious belief, or refusal to actively participate in a religious practice.

*Fiscal Accountability.* Specify that any religious organization that receives grant funding from, or contracts with, DWD is subject to the same regulations as other contractors to account in accord with generally accepted auditing principles for the use of such funds provided under such programs. If such an organization segregates funding from DWD into separate accounts, only the financial assistance provided with such funds would be subject to an audit.

*Compliance.* Specify that any party that seeks to enforce its rights may assert a civil action for injunctive relief in an appropriate court against the entity or agency that allegedly commits such violation.

*Limitations on Use of Funds for Certain Purposes.* Prohibit any agency that receives funding from DWD to expend any of those funds for sectarian worship, instruction or proselytization.

*Preemption.* Specify that nothing in these provisions should be construed to preempt any other provision of state law, federal law or the Constitution that prohibits or restricts the expenditure of state funds in or by religious organizations.

[Act 27 Section: 1741m]

## 9. AGENCY BUDGET REDUCTIONS

| | Chg. to Base |
|---|---|
| GPR-Lapse | $1,530,600 |

**Assembly/Legislature:** Require that the Secretary of DOA allocate annually reductions of $765,300 to DWD's sum certain GPR state operations appropriations to be achieved by requiring DWD to lapse the requisite amount from among its state operations GPR appropriations. Further, provide that in the event the Secretary of DOA determines in either fiscal year that any state agency subject to this requirement cannot reduce expenditures as required, the Secretary of DOA shall submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the required reductions. The plan must be approved by the Committee under a 14-day passive review procedure.

[Act 27 Section: 9156(6ng)]

# Employment and Training Programs and Services

## 1. CONSOLIDATE SCHOOL-TO-WORK PROGRAM ADMINISTRATION [LFB Paper 668]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | $999,000 | 3.45 | - $768,200 | - 1.75 | $230,800 | 1.70 |
| FED | 0 | 2.75 | 0 | - 1.50 | 0 | 1.25 |
| PR | 988,800 | 7.80 | - $745,300 | - 6.15 | 243,500 | 1.65 |
| Total | $1,987,800 | 14.00 | - $1,513,500 | - 9.40 | $474,300 | 4.60 |

**Governor:** Provide $499,500 GPR and $494,400 PR and 3.45 GPR, 7.80 PR and 2.75 FED positions annually to consolidate administration of the school-to-work program in DWD. A total of 14.0 positions [13.0 from the Department of Public Instruction (DPI) and 1.0 from the Wisconsin Technical College System (WTCS)] and associated funding would be transferred to DWD. A new, continuing program revenue appropriation would be created for funding and positions for the school-to-work program that were transferred from the WTCS.

DWD would be required to establish a school-to-work program to assist students in making the transition from school to work by linking school-based learning and work-based learning, academic education and technical education and secondary education and postsecondary education. The DWD school-to-work program would have to include:

a. A series of programs and initiatives that would provide high school students with work-based learning opportunities.

b. The coordination of high school courses with courses offered by the WTCS and UW system for the purpose of providing high school students with postsecondary credits.

c. A system of career guidance activities for all public high school students in the state.

In administering the school-to-work program, DWD would be required to do the following:

a. Prepare an annual, consolidated plan for the operation of school-to-work programs provided by local school boards. The plan would identify priorities for the statewide school-to-work program and would specify the amount of funding available for school-to-work programs and the allowable uses for the funds.

b. Annually notify school boards, technical college district boards, DPI and other interested educational and employment agencies of the purposes for which school-to-work grants could be awarded.

c. Based on a review of the recommendations of the Governor's Council on Workforce Excellence, approve the school-to-work programs provided by school boards and award grants to school boards providing DWD-approved school-to-work programs. The grants would be paid from a program revenue appropriation that would be created for monies transferred from the WTCS.

d. Based on a review of the recommendations of the Council on Workforce Excellence, approve statewide skill standards for school-to-work programs provided by local school boards.

DWD would also be authorized, based on a review of the recommendations of the Council on Workforce Excellence, to approve an innovative school-to-work program that would be provided by a nonprofit organization for children at risk in a county with a population of 500,000 or more (Milwaukee County) to assist those at-risk children in acquiring employability skills and occupational-specific competencies before leaving high school. If the Department approves the program, it would be authorized to award a grant to the nonprofit organization which would provide the program. The grant would have to be used to fund the program for at-risk children. The bill would create a new GPR appropriation and provide $250,000 annually to fund the program for at-risk children. DWD would be required to establish provisions for operating the grant program, but would not be required to promulgate rules to establish the provisions.

The bill would require the Governor's Council on Workforce Excellence to assist DWD in administering the state school-to-work program. The Council would be required to review and provide recommendations regarding local school-to-work programs and the at-risk program in Milwaukee County. The Council would have to recommend statewide skill standards for school-to-work programs provided by local school boards. The Council would also be required to include an

accounting of the status of the state school-to-work program in its annual report to the Governor and Legislature. [More information on this item is provided under "Public Instruction" and "WTCS".]

Under current law, the school-to-work initiative is characterized by programs and curricular changes which are intended to better prepare secondary school pupils to enter the workforce, whether immediately following high school graduation or after some type of postsecondary education. Generally, school-to-work programs are aimed at: encouraging students to plan for a career more thoroughly and at an earlier age; acquainting students with alternatives to a baccalaureate degree, such as associate degree programs and apprenticeships; and forging partnerships between K-12 schools and technical colleges, universities and businesses in order to provide distinct pathways from school to the workforce.

Wisconsin's school-to-work initiative is comprised of five major components: (a) local partnerships; (b) youth apprenticeships; (c) career counseling centers; (d) technical preparation (tech-prep); and (e) postsecondary enrollment options. These programs are administered primarily by DPI, DWD and the WTCS. Federal, state and local funds support the various components. DPI's programs focus on career exploration and planning as well as work- and school-based learning. DWD coordinates development of youth apprenticeship programs and career counseling centers. WTCS and DPI coordinate technical preparation programs.

The development and implementation of an individual school district's school-to-work program is generally carried out by the school district in cooperation with the local WTCS district. However, the state provides oversight, technical assistance and coordination activities primarily through a cooperative effort among these three agencies. The administrators of each agency meet regularly to discuss school-to-work policy and management and make necessary decisions regarding agency coordination. They include other agency administrators in their discussions as necessary. Administrative oversight is provided by DWD's Division of Connecting Education and Work, DPI's Office of School-to-Work and WTCS Board staff. DWD also administers the Youth Apprenticeship Program, the Career Counseling Center program and the school-to-work grant program funded through the federal School-To-Work Opportunities Act. Funding provided by the Act is allocated for grants from the state to local partnerships to develop and implement school-to-work programs at the local level.

The Governor's Council of Workforce Excellence is directed to make recommendations to DWD regarding administration of the Department's workforce excellence initiatives, the youth apprenticeship program and school-to-work programs and other employment and education programs.

**Joint Finance/Legislature**: Delete provisions and instead transfer only the following funding and positions: $98,900 GPR and $104,400 PR in 1997-98 and $131,900 GPR and $139,100 PR in 1998-99 and 1.7 GPR, 1.25 FED and 1.65 PR positions beginning in 1997-98.

[Act 27 Sections: 65, 265n, 610, 1184, 2668m, 2671d, 2675, 2708m and 2788c]

## 2. YOUTH APPRENTICESHIP TRAINING GRANTS [LFB Paper 960]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $1,340,000 | - $260,000 | $1,080,000 |

**Governor:** Provide $420,000 in 1997-98 and $920,000 in 1998-99 to increase funding for the Youth Apprenticeship Employer Training grants program. The Department would also be authorized to award grants directly to employers for each youth apprentice that received at least 180 hours of paid on-the-job training from the employer during the school year. In addition, the maximum training grant would be limited to $500 per year and a grant could not be awarded for any specific youth apprentice for more than two school years.

The youth apprenticeship program provides high school juniors and seniors with the option of enrolling in a two-year program combining academic classroom coursework with on-the-job training in specific occupational areas. Occupational programs are based on industry skills standards. Pupils who complete the program receive an occupational proficiency or skills certificate in addition to their high school diploma.

DWD's Division of Connecting Education and Work administers the program with the assistance of DPI and the WTCS Board. Staff from the three agencies work with schools, WTCS districts, employers and labor to form local steering committees and set up local youth apprenticeship programs. Schools and WTCS districts provide the academic component of the program through a curriculum developed at the state level. Employers hire youth apprentices for the two school years, pay them at least minimum wage, provide on-the-job training in the occupational clusters set by the statewide curriculum and provide a skilled mentor for the youth apprentices.

DWD has been authorized to award grants to public agencies and nonprofit organizations that administer youth apprenticeship programs for the purpose of awarding grants to employers who provide on-the-job training and supervision for youth apprentices. A grant may not exceed 50% of the youth apprentice's hourly wage, or $4 per hour, whichever is less, for not more than 500 hours of work per youth apprentice in any school year.

Base level GPR funding for youth apprenticeship training grants is $380,000.

**Joint Finance/Legislature:** Modify the Governor's recommendation to provide $310,000 GPR in 1997-98 and $770,000 GPR in 1998-99 to increase funding for youth apprenticeship employer training grants. The Department would be specifically authorized to award grants directly to employers for each youth that received at least 180 hours of paid on-the-job training from the employer during the school year. In addition, the maximum training grant would be limited to $500 per year and a grant could not be awarded for a specific youth apprentice for more than two school

years. Authorize DWD to provide exceptions from the 180-hour rule in cases where it is beneficial to allow the student to rotate between different jobs.

[Act 27 Sections: 2676 and 2676d]

## 3. SUPPORT TO CAREER COUNSELING CENTERS [LFB Paper 961]

| | Jt. Finance (Chg. to Base) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|
| PR | $600,000 | $300,000 | $900,000 |

**Governor:** Modify the statutes to authorize the payment of career counseling center grants from the program revenue unemployment interest and penalty payments appropriation for fiscal years 1997-98 and 1998-99. The Department would be required to allocate $600,000 from the appropriation in each fiscal year to make grants to career counseling centers. Beginning in the 1999-2000 fiscal year, the PR funds could no longer be used for these grants. Despite the statutory change, the bill does not include additional funding to support these grants in the 1997-99 biennium.

The unemployment interest and penalty payments appropriation is used for interest and penalties collected under the state unemployment compensation program for certain fraudulent benefit claims, late or delinquent reports, notices and payments and assessments on employers for interest payments on advances from the federal unemployment account. The appropriation is used to fund certain benefit payments that would not be charged directly to employers, interest on erroneously paid benefits, payments of interest on advances from the federal unemployment fund, and for payments made to the unemployment reserve fund to obtain a lower or deferred interest rate on these advances.

The career counseling center program was created in 1993 Wisconsin Act 16 to provide grants to nonprofit corporations and public agencies to develop career counseling centers. The Division of Connecting Education and Work in DWD administers the program.

A career counseling center funded under the program is required to provide pupils with access to comprehensive career education and job training information, including information regarding technical college programs. The center may also assist pupils in locating apprenticeship and other work experience opportunities related to the pupil's education. The center is required to coordinate its services with the counseling and guidance activities and the school district's education for employment program.

Any nonprofit organization or public agency may apply for a career counseling center grant. The grant may range from 25% to 75% of the total cost of operating the center, but after three years of receiving grant funds, the grant may not exceed 50% of the total cost of operating the center. The grant recipient must provide the remaining share of the total project cost.

Federal funding of $200,000 will be provided for the program in 1997-98 from base funding under the federal School-to-Work Opportunities Act grant.

**Joint Finance**: Modify the bill to provide annual expenditure authority of $300,000 for career counseling centers from the UI interest and penalty appropriation.

**Assembly/Legislature:** Provide additional expenditure authority of $300,000 PR in 1997-98 from the unemployment insurance (UI) interest and penalty payments appropriation for career counseling center grants. Including the Joint Finance provisions, total expenditure authority for such grants from the UI interest and penalty appropriation would be $600,000 PR in 1997-98 and $300,000 PR in 1998-99. In addition, $200,000 FED would be provided under current law in 1997-98.

[Act 27 Sections: 612, 613, 2678, 2679, 2688, 2689 and 9426(12)]

## 4. LIRC HIGH CAPACITY COMMUNICATION LINE

| | Chg. to Base |
|---|---|
| GPR | $1,200 |
| FED | 18,800 |
| PR | 4,000 |
| Total | $24,000 |

**Governor/Legislature:** Provide $600 GPR, $9,400 FED and $2,000 PR annually to fund the cost of installing and maintaining a high capacity communications line for the Labor and Industry Review Commission (LIRC). The LIRC moved to a new location and would use the communication line to continue computer services provided by DWD and DOA.

## 5. WORKERS COMPENSATION IT PROGRAMMING SERVICES

| | Chg. to Base |
|---|---|
| PR | $709,200 |

**Governor/Legislature:** Provide $177,300 PR annually to purchase computer programming services for workers compensation technology applications. Since the services would be purchased from the Bureau of Information Technology Services in the Administrative Services Division, expenditure authority of $177,300 PR-S annually would also be provided to fund the computer programming services provided by the Division.

## 6. AUXILIARY SERVICE FEES

| | Chg. to Base |
|---|---|
| PR | $667,200 |

**Governor/Legislature:** Provide expenditure authority of $333,600 annually for activities supported by fees for publications, seminars and employment services. The Department is authorized to establish fees, not to exceed actual costs, for publications and seminars for which no fee is otherwise authorized. Services that would be supported by the additional expenditure authority include: (a) sponsoring labor law clinics, wage rate and workers compensation seminars, and statewide conferences related to labor-management, equal rights and apprenticeship; (b) selling fair employment laws posters, equal rights case law digests, workers

compensation guides and laws, youth apprenticeship and school-to-work publications; and (c) sponsoring youth apprenticeship workshops, the migrant services conference, a vision quest lab, a glass ceiling initiative and a statewide employment and training conference.

## 7. UNEMPLOYMENT INSURANCE ACCOUNTS RECEIVABLE

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | $257,000 | 2.00 | - $19,300 | 0.00 | $237,700 | 2.00 |

**Governor:** Provide $116,900 in 1997-98 and $140,100 in 1998-99 and 2.0 positions beginning in 1997-98 to improve the unemployment insurance delinquent tax and benefit overpayment collection activities and to reduce the accounts receivable balance. The additional funding and positions would be used to profile cases, target collection efforts for high payback cases, respond to employer and claimant inquiries and improve collections of delinquent taxes and benefit overpayments.

**Assembly/Legislature:** Decrease funding by $19,300 PR in 1997-98 to reflect the delay in hiring the 2.0 positions to improve collection activities and to reduce the accounts receivable balance.

## 8. WORKPLACE SAFETY PROGRAM

| | Chg. to Base |
|---|---|
| PR | $69,000 |

**Governor/Legislature:** Provide $38,000 in 1997-98 and $31,000 in 1998-99 to establish and administer a statewide workplace safety program focusing on small- and medium-sized employers that have high workplace injury incidence rates.

The workplace safety program would identify and target industry groups and employers that had a high rate of occupational safety- and illness-related problems. The Department would sponsor and participate in seminars and conferences and develop presentations, brochures, pamphlets and other educational materials to promote workplace safety and to inform employers of their legal requirement to carry worker's compensation insurance. Program activities would also include marketing workplace safety through various media and encouraging insurance carriers and business associations to assist employers who were experiencing higher than average injury rates. The Department would also work with public and private entities to develop an employer safety information base.

## 9. WRAP-UP INSURANCE PROGRAM

| | Chg. to Base |
|---|---|
| PR | $60,000 |

**Governor/Legislature:** Provide $30,000 annually for the Workers Compensation Division's wrap-up insurance program to contract with the Department of Commerce to inspect construction sites to determine if good safety practices are being followed.

The wrap-up insurance program permits the owner of a construction project, costing $25 million or more, to purchase worker's compensation insurance coverage for all contractors and subcontractors working on the project. The owner must apply to, and receive approval from, the Worker's Compensation Division in order to acquire wrap-up insurance. The owner must meet certain conditions and responsibilities to obtain approval.

## 10. AODA AND CEP FEDERAL POSITIONS

| | Governor (Chg. to Base) | | Assembly/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| FED | $322,800 | 3.95 | - $42,100 | 0.00 | $280,700 | 3.95 |

**Governor:** Provide $138,300 in 1997-98 and $184,500 in 1998-99 and 3.95 positions beginning in 1997-98 for Alcohol and Other Drug Abuse (AODA) projects and the Cooperative Education Program (CEP). Two of the positions would be used to provide AODA counseling services to clients. Also, three 0.65 CEP counselor positions would be created. The CEP provides college students from state universities with entry level professional experience and job training.

**Assembly/Legislature:** Decrease funding by $42,100 FED to reflect the delay in hiring 3.95 positions for AODA projects and CEP.

## 11. BUILDING REPAIRS AND RENOVATIONS

| | Chg. to Base |
|---|---|
| FED | $204,600 |

**Governor/Legislature:** Provide expenditure authority of $204,600 in 1997-98 to fund renovation and remodeling costs of the employment security buildings in Ashland and Fond du Lac. The additional expenditure authority would fund repairs and renovations related to roofing, lighting, heating, ventilating and air conditioning systems and elevators.

## 12. UNINSURED EMPLOYERS FUND PAYMENTS AUTHORIZATION

| | Chg. to Base |
|---|---|
| SEG | $2,250,000 |

**Governor/Legislature:** Provide expenditure authority of $1,050,000 in 1997-98 and $1,200,000 in 1998-99 for Uninsured Employers Fund (UEF) payments to injured employees of uninsured employers and to obtain reinsurance coverage.

## 13. WISCONSIN CONSERVATION CORPS -- FUNDING SOURCE CONVERSION

| | Chg. to Base |
|---|---|
| GPR | - $2,000,000 |
| SEG | 2,000,000 |
| Total | $0 |

**Governor/Legislature:** Delete $1,000,000 GPR and provide $1,000,000 SEG annually to convert a portion of the funding source for Wisconsin Conservation Corps (WCC) enrollee operations from GPR to the forestry account of the conservation fund.

## 14. WISCONSIN CONSERVATION CORPS -- FULL FUNDING OF CREW COSTS [LFB Paper 962]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $0 | - $962,000 | - $962,000 |
| SEG | 2,463,600 | 0 | 2,463,600 |
| Total | $2,463,600 | - $962,000 | $1,501,600 |

**Governor:** Provide $1,224,500 SEG in 1997-98 and $1,239,100 SEG in 1998-99 from the forestry account of the conservation fund for projected increased WCC crew costs including expenses related to the increase in the federal minimum wage. The additional funding would allow the WCC to maintain 55 crews. This provision reflects conversion of funding for WCC enrollee operations from current GPR and program revenue appropriations to the forestry account of the conservation fund.

**Joint Finance**: Modify the Governor's recommendation to delete additional base funding of $573,800 GPR in 1997-98 and $388,200 GPR in 1998-99. This would provide funding for an average of 50 crews for the biennium. Also, the appropriation language for WCC funding from the conservation fund would be modified to permit the use of forestry account monies for any projects authorized for the WCC under the statutes.

**Assembly/Legislature:** Make technical statutory language modifications to clarify that the forestry account monies could be used to fund WCC projects.

[Act 27 Sections: 642g and 2680m]

## 15. WISCONSIN CONSERVATION CORPS -- IT FUNDING

| | Chg. to Base |
|---|---|
| PR | $4,600 |
| SEG | 74,000 |
| Total | $78,600 |

**Governor/Legislature:** Provide $37,000 SEG and $2,300 PR annually to fund WCC information technology costs as follows:

a. $13,100 SEG annually to purchase analyst programmer hours to maintain and update the WCC enrollee Oracle database.

b. $6,600 SEG annually to improve communications links between the WCC and DWD.

c. $17,300 SEG and $2,300 PR annually to fund master lease payments for computer hardware as part of the statewide Small Agency Support Initiative.

## 16. WISCONSIN CONSERVATION CORPS -- DEVELOPMENT COORDINATOR

| | Chg. to Base Funding | Positions |
|---|---|---|
| SEG | $65,300 | 1.00 |

**Governor/Legislature:** Provide $26,700 in 1997-98 and $38,600 in 1998-99 and 1.0 position, beginning in 1997-98, to convert a corps member development coordinator from a project position to a permanent position. The coordinator administers a corps member development program that includes: basic carpentry skills, basic mathematics, life skills, natural resources and conservation. The project position will end October 31, 1997.

## 17. WISCONSIN CONSERVATION CORPS -- PROGRAM MODIFICATIONS

**Governor:** Modify provisions related to administration of the WCC as follows:

a. Increase the education voucher from $2,400 to $2,600. Under current law, corps enrollees who successfully complete six months to one year of service in the WCC are eligible to receive either a cash bonus of $500 or an education voucher that is worth $2,400. The education voucher may be used for the payment of tuition and required program activity fees at any institution of higher education, including vocational, technical or other training schools.

b. Eliminate the requirement that the WCC Board may extend the period of enrollment of a crew leader only if the crew leader possesses special experience, training or skills. Under this provision, the period of enrollment for a crew leader could be extended for two years regardless of the individual's experience or training.

c. Provide that WCC corps members and assistant crew leaders are not eligible for unemployment compensation benefits based on their employment with WCC. Under current WCC provisions, such individuals are not eligible for unemployment compensation benefits based on their employment with WCC. However, current federal provisions could make corps members and

assistant crew leaders eligible in certain cases. This provision clarifies that these individuals are not eligible.

d. Modify statutory provisions governing WCC program revenue service funds appropriations language to allow moneys received from subunits of DWD for WCC work projects to be deposited in the appropriations. Current law provides that moneys received from other state agencies be deposited in the appropriations.

**Joint Finance:** Delete provision which would authorize the Wisconsin Conservation Corps Board to extend the period of enrollment for a crew leader for two years regardless of the individual's experience or training (Item b).

**Assembly/Legislature:** Eliminate the current statutory provision which limits the wages of crew leaders to the greater of the hourly wage the crew leader was receiving on July 29, 1995, or twice the hourly wage of a corps member. Provide no additional funding. As a result, the WCC would absorb the cost of any increase in crew leader wages and there would be no fiscal effect in the 1997-99 biennium.

[Act 27 Sections: 615, 641, 642, 2681m, 2681r, 2682, 2683 and 2686]

## 18. HOMECRAFT PROGRAM -- DELETE REQUIREMENT TO PURCHASE EQUIPMENT

**Governor/Legislature:** Delete the requirement that the Department must distribute certain funding each year to purchase capital equipment for participants in the Homecraft Program. Under current law, the Department is required to distribute $218,600 each fiscal year for services related to the marketing and distribution of homecraft products and to purchase capital equipment for each client who participates in the homecraft program. Under the bill, DWD would still be required to distribute this amount of funding for services related to the marketing and distribution of homecraft products.

[Act 27 Section: 1549]

## 19. ENFORCEMENT OF PREVAILING WAGE RATE AND HOURS OF LABOR LAWS

**Joint Finance:** Transfer responsibility for enforcing the state prevailing wage rate and hours of labor laws from the Department of Transportation (DOT) to DWD for state highway construction projects.

These provisions would take effect on January 1, 1998. The Secretaries of DOT and DWD would be required to determine the positions and funding that would be necessary to administer the prevailing wage and hours of labor laws for highway projects and submit a proposal regarding the

transfer of these positions and funds from DOT to DWD to the Joint Committee on Finance for its approval at its September, 1997, meeting under s. 13.10.

**Assembly/Legislature:** Delete provisions.

## 20. JOB TRAINING AND PARTNERSHIP ACT DISLOCATED WORKER FUNDING

**Joint Finance/Legislature:** Transfer $80,600 in federal Job Training and Partnership Act funding from the Governor's Special Response Fund to the Northwest Wisconsin Concentrated Employment Program, Inc. In addition, authorize DWD to make a grant of not more than $50,000 from the Governor's Response Fund to the private industry council serving Juneau County to fund a labor training and employment services program to provide employes of Best Power Company, who are being laid off from the company's facilities in Necedah, with job training and related employment services, if all of the following apply:

a. The private industry council submits a plan to DWD detailing the proposed use of the grant and the Secretary of DWD approves the plan.

b. The private industry council enters into a written agreement with DWD that specifies the conditions for use of the grant proceeds, including training, reporting and auditing requirements.

c. The private industry council agrees in writing to submit to the DWD, within six months after the grant proceeds are spent, a report detailing how the grant proceeds were used.

No grant payments could be made by the Department after July 31, 1998.

[Act 27 Sections: 9126(3w)&(4s)]

## 21. CONVERSION OF TRANSPORTATION FUND APPROPRIATIONS TO GPR

| | Chg. to Base |
|---|---|
| GPR | $1,720,400 |
| SEG | - 1,720,400 |
| Total | $0 |

**Joint Finance/Legislature:** Provide $860,200 GPR annually and delete $860,200 SEG annually to reflect a decision to convert most transportation fund appropriations to agencies other than DOT to general fund appropriations. For Workforce Development, this would affect appropriations for the employment transit assistance program and WCC general enrollee operations. Specify that an amount equal to the encumbrances or expenditures from the appropriations for the employment transit assistance program and WCC general enrollee operations between July 1, 1997, and the effective date of the bill would be transferred from the general fund to the transportation fund. Continuing appropriation balances on June 30, 1997, would be retained within the new, GPR appropriations.

[Act 27 Sections: 617g, 617m, 617r and 642m]

## 22. ELIMINATION OF CERTAIN STATE GOVERNMENT BOARDS, COUNCILS AND COMMISSIONS

| | Chg. to Base |
|---|---|
| GPR | - $6,600 |

**Assembly/Legislature:** Include statutory language repealing the following councils which are attached to DWD.

*Labor Standards Council.* Repeal the Labor Standards Council and associated statutory functions in DWD on the general effective date of the budget act. The Council has been inactive since 1980. The Council's primary function was to advise the Department about laws and regulations related to administration of minimum wage, overtime and other labor standards issues.

*Construction Wage Rate Council.* Repeal the Construction Wage Rate Council and associated statutory functions in DWD on the general effective date of the budget act. This Council has been inactive since December, 1992. The Council formerly advised the Department on the prevailing wages for state and municipal construction projects.

*Council on Child Labor.* Repeal the Council on Child Labor and associated statutory functions in DWD on the general effective date of the budget act. Each biennium, the Council reviews the hours of employment for minors and the minimum ages for hazardous employment determined by the Department and makes recommendations to the Department it deems necessary to protect the life, health, safety and welfare of minors.

The Council on Child Labor consists of the following: (a) a labor and industry review commissioner, designated by the Commission, who serves as chairperson of the Council; (b) a representative of the Department, designated by the Commission; (c) one majority and one minority party senator and one majority and one minority party representative to the Assembly, appointed as are the members of standing committees in their respective houses; and (d) such number of public members, including representatives from labor and management, as the Commission chooses, designated by the Commission. Public members must be knowledgeable in the field of child labor and problems related to the employment of minors.

*Equal Rights Council.* Repeal the Equal Rights Council and associated statutory functions in DWD and delete $3,300 GPR annually of Council funding on the general effective date of the budget act. The Equal Rights Council consists of up to 35 members from the state that represent all races, creeds, groups, organizations and fields of endeavor. The Council disseminates information and educates people for a greater understanding, appreciation and practice of human rights and gives consideration to the practical operation and application of the state equal rights housing laws and reports to the proper legislative committee on any related bill.

[Act 27 Sections: 65d, 65g, 65k, 65m, 2639t, 2664k and 2664p]

## 23. COUNCIL ON WORKFORCE EXCELLENCE

**Assembly/Legislature:** Expand the membership of the Governor's Council on Workforce Excellence to include a minority party member from the Assembly and the Senate that would be appointed by the minority leader in each house and one elected county official appointed by the Governor.

The Governor's Council on Workforce Excellence is comprised of the following 17 members: (1) the Secretary of Workforce Development or the Secretary's designee; (2) the Secretary of Administration or the Secretary's designee; (3) the Secretary of Commerce or the Secretary's designee; (4) the State Superintendent of Public Instruction or the Superintendent's designee; (5) the Director of the Technical College System or the Director's designee; (6) one representative to the Assembly appointed by the Speaker of the Assembly; (7) one senator appointed by the Senate majority leader; (8) one member who is a representative of the public school system; (9) one member who is a representative of a four-year postsecondary educational institution; (10) one member who is a representative of a technical college district; (11) one member who is a representative of a nonprofit, community-based organization that provides employment training services; (12) three members who are representatives of business and industry, including at least one member who is a member of a private industry council; and (13) three members who are representatives of organized labor and who are selected from among individuals nominated by organized labor, except that if organized labor does not nominate a sufficient number of individuals, individual employes may be included on the Council as necessary to meet the number of members required under state law.

[Act 27 Sections: 66b, 66bm, 66c and 66e]

## 24. WISCONSIN LABOR AND MANAGEMENT COUNCIL

**Assembly/Legislature:** Increase the membership of the Wisconsin Labor and Management Council by two members with one representing labor and one representing management. This would increase total Council membership from 19 to 21.

Currently, the Council has 19 members, serving five-year terms, consisting of: (a) seven representatives of the labor community in the state; (b) seven representatives of the management community in this state; and (c) five nonvoting members who are public employes or officials. The Council advises the Department of Workforce Development about sponsoring labor and management conferences and meetings and promoting positive relations between labor and management.

[Act 27 Sections: 65q, 65r and 65s]

# Economic Support and Child Care

**1. WISCONSIN WORKS AND AFDC** [LFB Papers 412, 446, 971, 972, 973, 976, 977, 978, 980 and 993]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov.) | Assembly/Leg. (Chg. to JFC) | Net Change |
|---|---|---|---|---|
| FED | $191,520,900 | $98,624,000 | $0 | $290,144,900 |
| PR | 1,884,200 | - 36,685,100 | - 10,688,100 | - 45,489,000 |
| Total | $193,405,100 | $61,938,900 | - $10,688,100 | $244,655,900 |

**Governor:** Provide $96,514,100 in 1997-98 ($96,099,700 FED and $414,400 PR) and $96,891,000 in 1998-99 ($95,421,200 FED and $1,469,800 PR) for the aid to families with dependent children (AFDC) and Wisconsin Works (W-2) programs. The Governor's recommendation would provide funding for the current AFDC and job opportunity and basic skills (JOBS) programs during the first several months of 1997-98 and for the cost of implementing W-2 in the Fall of 1997. Under current law, the Department must implement W-2 statewide by October 1, 1997.

Under the 1996 federal welfare reform legislation, the AFDC and JOBS programs were replaced with a block grant program called temporary assistance to needy families (TANF). Under the TANF program, public assistance benefits and administrative costs are no longer funded with a federal/state matching arrangement. Instead, federal block grants are provided to eligible states, with a required contribution of state funds under maintenance of effort provisions. The federal legislation also consolidates the federal child care funding sources for AFDC recipients and at-risk families with the child care development block grant (CCDBG).

The federal amounts shown above represent the difference between the dollars the state received under the matching arrangement for AFDC and the amounts the state receives under the federal block grants. The program revenue amounts shown above represent estimated job access loan repayments for each fiscal year.

The following table shows the administration's estimates of revenues and expenditures for the W-2 program. A description of the amounts shown in the table follows. These amounts do not include health care for W-2 recipients, which is summarized under "Health and Family Services -- Medical Assistance."

## Public Assistance Revenues and Expenditures Under Governor's Budget Bill

| | 1997-98 | 1998-99 |
|---|---|---|
| **Revenues** | | |
| Current GPR Funds for AFDC | $148,049,900 | $150,812,200 |
| Current GPR Funds for Child Care | 18,357,200 | 18,357,200 |
| Federal TANF Block Grant | 318,188,400 | 318,188,400 |
| Federal Child Care Block Grant | 54,464,600 | 56,544,200 |
| Food Stamp Employment and Training (FSET) | 7,000,000 | 7,000,000 |
| Carryover of TANF and FSET from 1996-97 | 89,125,600 | 18,483,300 |
| Child Support Collections | 37,254,700 | 37,993,800 |
| Total Revenues | $672,440,400 | $607,379,100 |
| **Expenditures** | | |
| Current Programs | | |
| AFDC Benefits | $32,589,400 | $0 |
| JOBS Services | 27,079,800 | 0 |
| County Income Maintenance Administration | 6,665,600 | 0 |
| Ongoing Expenditures | | |
| State Administration | 26,776,400 | 26,992,300 |
| Emergency Assistance | 3,300,000 | 3,300,000 |
| Burials | 3,300,000 | 3,300,000 |
| Learnfare Case Management Services | 2,619,100 | 2,619,100 |
| Local Learnfare Projects | 2,250,000 | 0 |
| Children First | 1,316,400 | 1,316,400 |
| County Fraud and Front-End Verification | 588,000 | 588,000 |
| Cash Assistance Under W-2 | | |
| Subsidized Employment | 179,926,400 | 184,442,800 |
| Kinship Care Assistance | 15,720,400 | 22,116,400 |
| Children of SSI Parents (TANF Share) | 1,576,500 | 2,109,300 |
| Job Access Loans | 3,645,600 | 866,900 |
| Employment Skills Advancement Grants | 833,300 | 1,000,000 |
| Child Care | | |
| Direct Child Care Services | 158,500,000 | 180,200,000 |
| Indirect Child Care Services | 6,002,400 | 6,002,400 |
| W-2 Local Office Costs | 108,048,300 | 94,106,700 |
| Other Expenditures | | |
| Child Support Payments | 35,269,000 | 39,768,200 |
| Partnership for Full Employment | 3,898,400 | 3,513,300 |
| School-to-Work | 245,100 | 280,000 |
| Employment Transportation | 1,000,000 | 2,000,000 |
| Transfer to DHFS/Community Aids | 31,800,000 | 31,800,000 |
| Hospital Paternity Incentives | 144,000 | 144,000 |
| Milwaukee County Liaison | 104,000 | 108,100 |
| New Hope | 750,000 | 750,000 |
| Total Expenditures | $653,957,100 | $607,323,900 |
| **Net Ending Balance** | $18,483,300 | $55,200 |

**Revenues Available for Public Assistance Programs**

The administration estimates total revenues for public assistance programs at $672,440,400 in 1997-98 and $607,379,100 in 1998-99. Existing state funding would include $166,407,100 ($165,750,600 GPR and $656,500 PR) in 1997-98, and $169,169,400 ($168,466,400 GPR and $703,000 PR) in 1998-99. The administration indicates that the increase in state funds from 1997-98 to 1998-99 would result from a reallocation of funds from food stamps and MA to the W-2 program; overall GPR appropriations would not be increased.

Federal funding would include $379,653,000 in 1997-98 and $381,732,600 in 1998-99 which includes monies from the TANF block grant ($318,188,400 annually), the Child Care Development Block Grant ($54,464,600 in 1997-98 and $56,544,200 in 1998-99) and the food stamp employment and training (FSET) program ($7,000,000 annually). In addition, estimated available funding would include $89,125,600 in 1997-98 from TANF block grant funds and federal FSET funds that would be carried over from 1996-97. Finally, the administration estimates that the state would receive $37,254,700 in 1997-98 and $37,993,800 in 1998-99 from child support collections that are assigned to the state by public assistance recipients.

**Public Assistance Expenditures**

The administration indicates that funding for the AFDC and W-2 programs would be allocated as follows. However, it should be noted that, generally, there are no specific appropriations for these items. The amounts indicated include all funds.

*Current Program Expenditures:* The Governor's recommendation includes $66,334,800 in 1997-98 for AFDC benefits ($32,589,400), the JOBS program ($27,079,800) and county administration ($6,665,600). Under current law, the AFDC program will sunset six months after the statewide start-up date of the W-2 program as published in the Administrative Register. The Governor's recommendation is based on two months of funding for AFDC, and six months of funding for the JOBS program and county administration including fraud and front-end-verification.

*Ongoing Expenditures:* The Governor's recommendation includes $40,149,900 in 1997-98 and $38,115,800 in 1998-99 for expenditures that will continue under both the AFDC and W-2 programs. These expenditures include emergency assistance ($3,300,000 annually), burial assistance ($3,300,000 annually), Learnfare case management services ($2,619,100 annually), local Learnfare projects ($2,250,000 in 1997-98), the Children First program ($1,316,400 annually), county fraud and front-end verification ($588,000 annually) and state administration ($26,776,400 in 1997-98 and $26,992,300 in 1998-99). Expenditures for state administration would include some costs for the food stamp and MA programs.

*W-2 Subsidized Employment:* The Governor's recommendation includes $179,926,400 in 1997-98 and $184,442,800 in 1998-99 that would be provided to W-2 agencies for the wage subsidy and

cash grants for participants in W-2 trial jobs, community service jobs and transitional placements. By way of comparison, a total of $225 million is appropriated under current law for AFDC benefits in 1996-97.

The funding amounts included above are based on an estimated starting caseload of 59,300. The administration estimates that 10,500 of these cases currently involve non-legally responsible relatives (NLRR) or parents receiving supplemental security income (SSI) who will not be eligible for W-2 employment positions. Therefore, the administration estimates a starting caseload of eligible W-2 participants of 48,800. However, the AFDC caseload in December, 1996, was 45,148 including NLRR and SSI parent cases, a difference of approximately 14,000 cases compared to the administration's estimates.

Under the bill, monthly grants for community service jobs would be increased from $555 to $673 and monthly grants for transitional placements would be increased from $518 to $628 per month, as indicated in Item #3. The administration's estimate of expenditures for W-2 subsidized employment, however, is based on the current monthly grant amounts of $555 for community service jobs, and $518 for transitional placement participants, as well as the $300 wage subsidy for trial job participants. The administration estimates that the increased grant amounts included in the budget bill would be offset by the reduced caseload.

*W-2 Office Costs:* The Governor's recommendation includes $108,048,300 in 1997-98 and $94,106,700 in 1998-99 for W-2 agency office costs. The funding amount is based on 82 local W-2 offices, staffed by one or more help desk employes, resource specialists, financial planners and social services planners. The funding amount also includes monies for food stamp and MA eligibility determination as well as for ancillary services such as enrollment, motivation, job skills and job readiness. As with the estimates for subsidized employment above, the funding amounts are based on a starting caseload of eligible W-2 participants of 48,800.

The administration indicates that the funding provided for subsidized employment and W-2 office costs would be sufficient to include a contingency fund of $25 million in 1997-98 that would be carried forward in subsequent years to be available to all W-2 agencies in the event of an economic downturn. In addition, the administration indicates there would be sufficient funding to cover other miscellaneous county costs associated with W-2.

*W-2 Child Care:* Under the W-2 child care program, a total of $158,500,000 in 1997-98 and $180,200,000 in 1998-99 would be provided for direct child care services. These amounts are the same amounts that were anticipated in the Spring of 1996, when 1995 Wisconsin Act 289 was passed and established the W-2 program. Although the W-2 child care copayments implemented in January, 1997, are lower than the copayments anticipated under Act 289, DWD projects that the funding would be sufficient to meet the demand for and costs of W-2 child care since W-2 enrollments are lower than projected under Act 289.

The W-2 child care program will consolidate child care assistance that is currently being provided under the various AFDC-related child care programs (Learnfare, transitional and JOBS) and low-income and at-risk child care. Initially, a total of $52.8 million in 1996-97 was allocated for direct child care services under all of these child care programs ($31.3 million for AFDC-related child care and $21.5 million for low-income and at-risk child). However, as a result of additional federal funding available under the TANF and CCDBG block grants, a total of $89.6 million ($47.7 million for AFDC-related and $41.9 million for low-income and at-risk child care) is allocated for these child care programs in 1996-97.

The bill also includes $6,002,400 annually for indirect child care services. For detailed information about these expenditures, see Item #12.

*Job Access Loans.* The Governor's recommendation includes $3,645,600 in 1997-98 and $866,900 in 1998-99 for job access loans provided to W-2 participants for immediate and discrete job-related expenses. Under current law, W-2 agencies are allowed to provide these loans to W-2 participants, under rules promulgated by the Department. The administration estimates that job access loan repayments will equal $414,400 PR in 1997-98 and $1,469,800 PR in 1998-99. The amounts included in the Governor's recommendation are net of the amount of the repayments.

*Child Support Payments.* The Governor's recommendation includes $35,269,000 in 1997-98 and $39,768,200 in 1998-99 to cover the cost of providing child support to W-2 participants and to pay the federal government its share of child support collections that are assigned to the state by participants in W-2 employment positions. Federal law requires that recipients of TANF assistance and certain other public assistance benefits must assign child support to the state. Child support collected on behalf of public assistance recipients must be distributed as follows: (a) first, the federal government receives its share, based on the federal financial participation rate for the Medical Assistance program (approximately 60% in Wisconsin); and (b) the remainder may be retained by the state or distributed to the family.

Under current state law, participants in W-2 employment positions will not be required to assign child support to the state, and all support will be paid directly to the family. The budget bill would modify this provision to require W-2 participants to assign child support to the state. However, DWD would still be permitted to pay the full amount of support to the family, which is the administration's intent (see Item #4). The funding amounts noted above would be used to pay the full amount of support to W-2 participants and pay the 60% federal share of child support collected on behalf of W-2 participants.

*Kinship Care.* The Governor's recommendation includes $15,720,400 in 1997-98, and $22,116,400 in 1998-99 for kinship care. The funding amount is based on an estimated 5,000 cases containing 9,500 children. Under the W-2 program, children that have been placed with an NLRR may be placed in kinship care or foster care, because such families lack an eligible casehead for participation in a W-2 employment position. Current state law requires an assessment and

background investigation of each potential kinship care adult to determine if the relative will be eligible for kinship care payments. The Governor's recommendation includes an estimated cost of $275 for each assessment involving a new kinship care case. In addition, the Governor's recommendation includes a payment of $215 per month for each kinship care relative. Current state law requires that each eligible kinship care relative who is providing care and maintenance for a child receive this monthly payment. The funding amounts for kinship care would be transferred to DHFS to reflect that DHFS would be providing these assessments and payments. For more information about kinship care under the budget bill, see "Health and Family Services -- Children and Family Services and Supportive Living."

*Children of SSI Parents.* Under the bill, an SSI supplement of $77 per child would be provided to adult recipients of SSI who have a child who currently receives AFDC benefits. Under current law, individuals who receive SSI will not be eligible for a W-2 employment position. In total $8,239,000 in 1997-98, and $9,886,800 in 1998-99 would be provided for this supplemental SSI payment. The bill would provide $1,576,500 in 1997-98 and $2,109,300 in 1998-99 of this funding from the TANF block grant. DHFS would contribute the remaining funding amount. For more information about this SSI supplemental payment, see "Health and Family Services -- Children and Family Services and Supportive Living."

*Employment Skills Advancement.* The bill includes $833,300 in 1997-98 and $1,000,000 in 1998-99 for grants to low-income working parents. Under current law, a local agency under contract with DWD is authorized to make an employment skills advancement grant of up to $500 to an individual who has been employed in an unsubsidized job for at least nine consecutive months before applying for the grant, whose income does not exceed 165% of the poverty line, and who meets certain other criteria. The grant may be used for tuition, books, transportation or other direct costs of training in a vocational or other education program.

*Partnership for Full Employment.* The Governor's recommendation includes $3,898,400 in 1997-98 and $3,513,300 in 1998-99 to continue implementing the Partnership for Full Employment (PFE) program. PFE is a consolidated system of employment and training services for job seekers and employers through which W-2 and other employment and training services would be provided.

*School-To-Work.* The Governor's recommendation includes $245,100 in 1997-98 and $280,000 in 1998-99 to support 3.5 existing positions in 1997-98 and 4.0 existing positions in 1998-99 for the school-to-work program. The administration's funding amount is based on an estimated cost allocation associated with serving W-2 eligible youth.

*Employment Transportation.* The bill includes $1,000,000 in 1997-98 and $2,000,000 in 1998-99 to expand the Job Ride program in Milwaukee County and to provide transportation assistance to other parts of the state. Current funding for the Job Ride program is $579,100.

*Other TANF Expenditures.* Under the Governor's recommendation $31,800,000 of the TANF block grant funds would be transferred to DHFS for the community aids program (GPR funding for community aids is reduced by a corresponding amount). The 1996 federal welfare reform legislation allows 10% of a state's TANF block grant funds to be used to carry out programs under the Social Services Block Grant.

In addition, $750,000 annually in TANF block grant funds would be provided for the New Hope project, as shown in Item #25. The bill would also provide $144,000 annually in TANF funds for hospital-based acknowledgements of paternity, as shown under "Child Support".

**Joint Finance:** Increase funding by $68,066,100 FED in 1997-98 and $30,557,900 FED in 1998-99. Also reduce funding by $17,333,000 PR in 1997-98 and $19,352,100 PR in 1998-99 to account for a revised estimate of child support collections assigned to the state by public assistance recipients.

The increased federal funding primarily reflects differences in the treatment of the carryover funds from 1996-97 and the transfer of $31.8 million each year in TANF block grant funding to the community aids appropriation in DHFS. The Governor's recommendation did not include the carryover balance from 1996-97 in calculating increased expenditures from the base, while the amounts shown above include these carryover funds. In addition, although the transfer of $31.8 million in each year to DHFS for community aids was reflected in the DHFS appropriation, these funds were not accounted for in calculating increased expenditures from the base in DWD. Finally, expenditures approved by the Committee differed from the Governor's recommendation for several items. The following table shows the revenues and expenditures approved by the Committee.

## Public Assistance Revenues and Expenditures Under Joint Finance

| | 1997-98 | 1998-99 |
|---|---|---|
| **Revenues** | | |
| Current GPR Appropriations | $170,447,300 | $172,007,000 |
| Federal TANF Block Grant | 317,598,200 | 316,963,900 |
| Federal Child Care Block Grant | 54,464,600 | 56,544,200 |
| Other Federal Revenues | 12,242,100 | 13,995,100 |
| Carryover of TANF | 83,526,600 | 19,969,100 |
| Child Support Collections | 55,818,000 | 53,798,900 |
| Total Revenues | $694,096,800 | $633,278,200 |
| **Expenditures** | | |
| Current Program Expenditures | | |
| AFDC Benefits | $28,400,000 | $0 |
| JOBS Services | 15,079,800 | 0 |
| County Administration | 6,665,600 | 0 |
| Ongoing Expenditures | | |
| State Administration | 33,306,000 | 30,544,800 |
| Emergency Assistance | 3,300,000 | 3,300,000 |
| Burials | 3,300,000 | 3,300,000 |
| Learnfare Case Management | 2,619,100 | 2,619,100 |
| Local Learnfare Projects | 450,000 | 0 |
| Children First | 1,316,400 | 1,316,400 |
| Welfare Fraud and Error Reduction | 588,000 | 588,000 |
| W-2 Agency Contract Allocations | | |
| Subsidized Employment | 155,375,100 | 158,678,000 |
| W-2 Office Costs | 104,117,000 | 115,293,800 |
| Long-Term and Refugee Supplement | 8,200,000 | 9,800,000 |
| W-2 Agency Contingency Fund | 25,000,000 | 0 |
| Reserve for Benefit Payments in Milwaukee | 11,000,000 | 10,000,000 |
| Milwaukee Private Industry Council | 1,000,000 | 1,000,000 |
| Child Care | | |
| Direct Child Care Services | 155,547,200 | 177,427,200 |
| Indirect Child Care Services | 6,002,400 | 6,002,400 |
| Job Access Loans | 3,645,600 | 866,900 |
| Employment Skills Advancement Grants | 833,300 | 1,000,000 |
| Other Expenditures | | |
| Child Support Payments | 37,929,600 | 41,865,500 |
| Partnership for Full Employment | 3,898,400 | 3,513,300 |
| School-to-Work | 245,100 | 280,000 |
| Kinship Care Assistance | 15,720,400 | 22,116,400 |
| Children of SSI Parents | 1,570,700 | 458,800 |
| New Hope | 1,560,000 | 690,000 |
| Transportation* | 1,000,000 | 2,000,000 |
| Transfer to DHFS/Community Aids | 31,800,000 | 31,800,000 |
| Hospital Paternity Incentives | 54,000 | 144,000 |
| Milwaukee County Liaison | 104,000 | 108,100 |
| SSI/Customized Labor Training Reserve* | 14,000,000 | 0 |
| Youth Village | 500,000 | 500,000 |
| Total Expenditures | $674,127,700 | $625,212,700 |
| **Balance in Federal TANF Funds** | $19,969,100 | $8,065,500 |

*The amounts shown have been placed in the Joint Finance Committee's program supplements appropriation.

Total public assistance expenditures approved by the Committee are $674.1 million in 1997-98 and $625.2 million in 1998-99. The remaining balance is $8.1 million in the biennium. Compared to the Governor's recommendation, expenditures for public assistance programs would be increased by $20.2 million in 1997-98 and $17.9 million in 1998-99. However, estimated revenues have also increased by $27.3 million in 1997-98 and $24.4 million in 1998-99, not including the carryover funds from the prior year. The increase in revenues is largely due to a reestimate of child support collections, and the inclusion of GPR and FED for food stamps and medical assistance associated with W-2 recipients.

The primary categories of increased expenditures are the reserve fund for Milwaukee County ($11 million in 1997-98 and $10 million in 1998-99), modifications to reflect expenditures for food stamp and medical assistance related expenditures for W-2 recipients ($5.7 million in 1997-98 and $6.3 million in 1998-99), increased funding for state administration ($6.5 million in 1997-98 and $3.6 million in 1998-99), and the approval of TANF block grant funds to be placed in the Committee's program supplements appropriation for supplemental payments to children of SSI recipients or training for W-2 recipients ($14,000,000 in 1997-98). These increased expenditures have been partially offset by decreased expenditures for AFDC benefits and JOBS services ($16.2 million in 1997-98) and other less significant reductions.

The following sections provide additional detail regarding these revenue and expenditure changes.

**Revenues Available for Public Assistance Programs**

*Current GPR Appropriations.* The amounts shown reflect GPR for AFDC and W-2, child care, and food stamps and MA for W-2 recipients. The amounts of existing GPR funding allocated to AFDC are lower than those in the Governor's recommendation by $789,100 in 1997-98 and $3.7 million in 1998-99 due to revised estimates of costs that would be allocated to the food stamp and MA programs and state child support enforcement programs. Revenues are $412,800 lower in each year, to reflect the Committee's decision to maintain funding for tribal child care in DHFS. Revenues also include $10.4 million in 1997-98 and $14.0 million in 1998-99 in GPR and FED administrative funding for W-2 recipients who also receive food stamps and MA. These revenues were inadvertently omitted from the Governor's proposal.

*Federal TANF Block Grant.* Federal TANF block grant funding was reduced by $590,200 in 1997-98 and $1,224,500 in 1998-99 compared to the Governor's proposal to reflect the operation of separate tribal programs as permitted under federal law. Under federal law, tribal organizations in a state may elect to operate a separate tribal public assistance program. For a tribe that submits an acceptable plan, the federal government will provide to the tribe an amount equal to expenditures by the state for federal fiscal year 1994 for families residing in the tribe, and the state's TANF block

grant will be reduced by an equivalent amount. It is anticipated that four tribes in 1997-98 and five tribes in 1998-99 will operate separate programs in Wisconsin.

*Carryover of TANF and FSET.* The amount shown for 1997-98 has been reduced by $5.6 million compared to the Governor's recommendation. This modification reflects: (a) a decrease of $17.6 million to account for additional expenditures for 1996-97 that were approved at the Committee's s. 13.10 meeting in May, 1997; and (b) an increase of $12 million based on a reduced estimate of child care expenditures in 1996-97. The child care estimate reflects county data through April.

*Child Support Collections.* Child support collections are higher than the amounts in the Governor's recommendation by $18.6 million in 1997-98 and $15.8 million in 1998-99. This change is largely due to more recent data and a revised estimate regarding actual child support collections. This data indicates that child support collected per case is significantly higher than previously anticipated. Also, the appropriation schedule will be adjusted to reflect estimated child support collections. The administration did not include this adjustment in SB 77.

**Public Assistance Expenditures**

*AFDC Payments.* Funding for AFDC payments is reduced by $4.2 million in 1997-98. This difference is primarily due to a revised caseload estimate and the conversion of certain AFDC cases to kinship care. With this modification, total funding for AFDC benefits will be $28.4 million in 1997-98.

*JOBS Services.* Funding for JOBS services is decreased by $12.0 million in 1997-98 to reflect a reallocation of existing JOBS contracts from the fourth quarter of 1997 to the 1996-97 fiscal year. Total funding for JOBS services would be $15.1 million in 1997-98.

*State Administration.* Funding for state administration is increased by $6.5 million in 1997-98 and $3.6 million in 1998-99. This reflects the following modifications: (a) increase expenditures due to the inadvertent omission of costs related to the JOBS program that should have been included in base funding for state administration; (b) increase expenditures to reflect that a greater share of department-wide administrative costs would be allocated to the Division of Economic Support than previously anticipated; (c) increase expenditures due to a reallocation of costs related to the CARES computer system; and (d) decrease funding for evaluations by $1.0 million in each year, and maintain funding of $500,000 in each year for evaluations.

*Local Learnfare Projects.* Funding for local Learnfare projects is reduced by $1.8 million in 1997-98 to reflect that some of these projects will be terminated by June, 1997. Total funding for these projects would be $450,000 in 1997-98.

*Subsidized Employment and W-2 Agency Related Costs.* The Committee increased funding by $5.7 million in 1997-98 and $6.3 million in 1998-99 compared to the Governor's recommendation for subsidized employment, W-2 office costs, the Milwaukee private industry council (PIC), funding for long-term and refugee cases and for a contingency fund.

The Governor's recommendation included $288 million in 1997-98 and $278.5 million in 1998-99 for subsidized employment and W-2 office costs. These amounts also included: (a) a contingency fund of $25 million in 1997-98; (b) funding for long-term and refugee cases of $8.2 million in 1997-98 and $9.8 million in 1998-99; and (c) $1 million each year for a contract with the Milwaukee PIC for the administration of W-2 in Milwaukee County. However, the Governor's proposal did not separately identify these expenditures. Instead, only two expense categories (subsidized employment and office costs) were shown.

In August, 1996, the Department issued a request for proposals (RFP) for potential W-2 agencies. The RFP contained maximum amounts for W-2 office costs and benefits that would be provided to each agency by county. The amounts adopted by the Committee for subsidized employment for W-2 agencies reflect anticipated amounts statewide for contracts with W-2 agencies, except for the treatment of tribal benefits. As noted above, tribes have the option of operating a separate TANF program.

The funding amounts approved by the Joint Finance Committee for subsidized employment, W-2 office costs, the long-term and refugee supplement, the contingency fund and the Milwaukee PIC total $293.7 in 1997-98 and $284.8 million in 1998-99. These amounts are higher than the Governor's budget due to two offsetting factors. First, the Governor's recommendation inadvertently omitted administrative expenditures for medical assistance and food stamps by W-2 agencies. Second, as noted above, the amounts for subsidized employment have been reduced by estimated tribal benefits for tribes operating separate public assistance programs.

*Reserve for Benefit Payments in Milwaukee.* Funding of $11 million in 1997-98 and $10 million in 1998-99 is provided as a reserve for Milwaukee County to help offset potential costs of providing higher grants to community service job participants and transitional placements. For more information see Item #3.

*Direct Child Care Services.* Funding for direct child care services is reduced by $3.0 million in 1997-98 and $2.8 million in 1998-99 to reflect the following: (a) decreased expenditures of $412,800 in each year to reflect that tribal child care services will be funded by DHFS; (b) decreased expenditures of $3.2 million annually to reflect the Committee's decision that parents of disabled children that the W-2 agency determines must care for the child full-time would be exempt from work requirements under a W-2 transitional placement; and (c) increased expenditures of $660,000 in 1997-98 and $840,000 in 1998-99 for child care due to the Committee's decision to increase the time limit for pursuing other employment skills training, and add to the list of eligible activities a course of

study at a technical college if the W-2 agency determines that the course would facilitate the individual's efforts to obtain or maintain employment.

*Employment Skills Advancement Grants.* The Committee approved the funding amounts recommended by the Governor for the employment skills advancement program and specified that the program would begin on the statewide starting date for W-2. Under current state law, the program is scheduled to begin six months after the starting date for W-2 (March 1, 1997).

*Child Support Payments.* Funding for child support payments was increased by $2.7 million in 1997-98 and $2.1 million in 1998-99 to reflect a revised estimate of child support collections and distributions on behalf of W-2 recipients and the implementation of the child support demonstration waiver.

*Children of SSI Parents.* Funding was decreased by $5,800 in 1997-98 and $1,650,500 in 1998-99 to reflect reestimates of the TANF funding required to implement a $77 benefit for dependent children of SSI recipients. With this change, total funding from the TANF block grant for children of SSI parents would be $1,570,700 in 1997-98 and $458,800 in 1998-99.

*Employment Transportation.* The funding amounts recommended by the Governor for employment transportation were placed in the Committee's program supplements appropriation.

*SSI/Customized Labor Training Reserve.* Funding of $14.0 million FED in 1997-98 was placed in the Committee's program supplements appropriation for use either for: (a) supplemental payments to children of SSI recipients; or (b) Learning Labs and customized labor training programs. Priority use of the funds would be for supplemental payments to children of SSI recipients if the federal government does not authorize the use of GPR funds under the SSI program to make these payments. The Committee could release these funds under a 14-day passive review process following a joint request by DHFS and DWD.

*Youth Village.* Funding of $500,000 FED is provided in each year for the youth village program.

**Assembly:** Reduce funding by $6,279,400 PR in 1997-98 and $4,408,700 PR in 1998-99 to reflect a revised estimate of child support collections. In addition, modify estimated revenues and expenditures for public assistance programs, as outlined below.

**Revenues Available for Public Assistance Programs**

*Carryover of TANF.* Increase the estimated carryover in federal block grant funds under the TANF program from 1996-97 by $8.0 million (from $83.5 million to $91.5 million), due to more recent information regarding expenditures for child care.

*Child Support Collections.* Reduce estimated child support collections by $6.3 million in 1997-98 and $4.4 million in 1998-99 based on more recent data regarding actual collections for 1996-97.

**Public Assistance Expenditures**

*Subsidized Employment and Training.* Eliminate the higher cash grants for CSJs and transitional placements, and allocate $20 million in each year from the W-2 agency contracts for subsidized employment to W-2 agencies for training of W-2 participants. (For more information see Item #3.)

*Two-Parent Family Subsidy.* Adopt federal law provisions relating to the work requirement for two-parent families, and provide additional funding of $0.7 million in 1997-98 and $1.1 million in 1998-99 to fund subsidized employment benefits when the second parent is required to participate in uncompensated work activities and is not able to obtain unsubsidized employment. (For more information see Item #5.)

*Reserve for Milwaukee County.* Specify that the reserve for benefit payments for Milwaukee County provided by Joint Finance would, instead, be provided to Milwaukee County for specified training activities. (For more information see Item #3.)

*Employment Skills Advancement Program.* Specify that the employment skills advancement program would begin on the statewide starting date for the W-2 program, or on the first day of the first month after publication of the bill, whichever is later. Do not modify funding for the program.

*Child Support Payments.* Reduce child support payments by $7.1 million in 1997-98 and $6.8 million in 1998-99 based on revised caseload estimates.

*Child Support Incentives to Local Agencies.* Provide $3.2 million in 1997-98 and $3.8 million in 1998-99 to county child support agencies to offset reduced federal child support incentive payments that have resulted from declines in the AFDC caseload. These funds would be provided from excess child support payments assigned to the state by recipients of public assistance. (For more information see Item #7 under "Child Support.")

*TANF/SSI Reserve.* Provide that the $14.0 million in federal TANF funds in 1997-98 that was placed in the Committee's program supplements appropriation would be used for supplemental payments to children of SSI recipients, and that a corresponding amount of GPR in DHFS be reallocated to fund the restoration of SSI benefits to legal immigrants. (For more information see "Health and Family Services -- Children and Family Services and Supportive Living.")

*Passports for Youth.* Provide $500,000 in TANF funds to the passports for youth program operated by the YMCA of metropolitan Milwaukee instead of the youth village program. (For more information see Item #32.)

**Ending TANF Balance**

Compared to the Joint Finance provisions, the net result of these changes would be an increase in revenues available for public assistance programs of $1.7 million in 1997-98 and a decrease of $4.4 million in 1998-99. Expenditures would decrease by $3.2 million in 1997-98 and $1.9 million in 1998-99. Therefore, the net ending TANF balance in 1998-99 would increase by $2.4 million, from $8.1 million to $10.5 million.

**Senate/Legislature:** Modify public assistance expenditures under the Assembly as follows:

*Subsidized Employment and Training.* Delete the Assembly provision which would allocate $20 million annually for training activities and, instead, use the funds for increased cash grants for CSJ and transitional placements, as adopted by the Finance Committee.

*Reserve for Milwaukee County.* Delete the Assembly provision which would allocated $11 million in 1997-98 and $10 million in 1998-99 for training and, instead, provide these funds as a reserve for benefit payments for Milwaukee County as under Joint Finance.

The following table shows public assistance revenues and expenditures under Act 27.

## Public Assistance Revenues and Expenditures Under Act 27

| | 1997-98 | 1998-99 |
|---|---|---|
| **Revenues** | | |
| Current GPR Appropriations | $170,447,300 | $172,007,000 |
| Federal TANF Block Grant | 317,598,200 | 316,963,900 |
| Federal Child Care Block Grant | 54,464,600 | 56,544,200 |
| Other Federal Revenues | 12,242,100 | 13,995,100 |
| Carryover of TANF | 91,526,600 | 24,959,600 |
| Child Support Collections | 49,538,600 | 49,390,200 |
| Total Revenues | $695,817,400 | $633,860,000 |
| **Expenditures** | | |
| Current Program Expenditures | | |
| AFDC Benefits | $28,400,000 | $0 |
| JOBS Services | 15,079,800 | 0 |
| IM County Administration and Overmatch | 6,665,600 | 0 |
| Ongoing Expenditures | | |
| State Administration | 33,306,000 | 30,544,800 |
| Emergency Assistance | 3,300,000 | 3,300,000 |
| Burials | 3,300,000 | 3,300,000 |
| Learnfare Case Management | 2,619,100 | 2,619,100 |
| Local Learnfare Projects | 450,000 | 0 |
| Children First | 1,316,400 | 1,316,400 |
| County Fraud and Front-End Verification | 588,000 | 588,000 |
| W-2 Agency Contract Allocations | | |
| Subsidized Employment | 155,375,100 | 158,678,000 |
| W-2 Office Costs | 104,117,000 | 115,293,800 |
| Long-Term and Refugee Supplement | 8,200,000 | 9,800,000 |
| Two-Parent Family Subsidy[1] | 735,000 | 1,100,000 |
| W-2 Agency Contingency Fund | 25,000,000 | 0 |
| Reserve for Benefit Payments for Milwaukee | 11,000,000 | 10,000,000 |
| Milwaukee PIC | 1,000,000 | 1,000,000 |
| Child Care | | |
| Direct Child Care Services | 155,547,200 | 177,427,200 |
| Indirect Child Care Services | 6,002,400 | 6,002,400 |
| Job Access Loans | 3,645,600 | 866,900 |
| Employment Skills Advancement Grants | 833,300 | 1,000,000 |
| Other Expenditures | | |
| Child Support Payments | 30,791,500 | 35,068,800 |
| Child Support Incentives to Local Agencies | 3,178,000 | 3,850,000 |
| PFE | 3,898,400 | 3,513,300 |
| School-to-Work | 245,100 | 280,000 |
| Kinship Care Assistance | 15,720,400 | 22,116,400 |
| Children of SSI Parents | 1,570,700 | 458,800 |
| New Hope | 1,560,000 | 690,000 |
| Transportation[2] | 1,000,000 | 2,000,000 |
| Transfer to DHFS/Community Aids | 31,800,000 | 31,800,000 |
| Hospital Paternity Incentives | 54,000 | 144,000 |
| Milwaukee County Liaison | 59,200 | 108,100 |
| SSI Reserve[2] | 14,000,000 | 0 |
| Passports for Youth | 500,000 | 500,000 |
| Total Expenditures | $670,857,800 | $623,366,000 |
| **Balance in Federal TANF Funds** | $24,959,600 | $10,494,000 |

[1]The Governor's partial veto deleted the statutory language that would provide cash assistance for the two-parent family subsidy, and the statutory allocation of funds for those payments. However, the Governor's partial veto did not modify the appropriation schedule to delete these funds.
[2]The amounts shown have been placed in the Joint Finance Committee's program supplements appropriation.

## 2. APPROPRIATION CHANGES RELATED TO PUBLIC ASSISTANCE [LFB Paper 971]

**Governor:** Modify the appropriation schedule related to public assistance programs as follows:

*Public Assistance Benefits and Administration.* The bill would eliminate the following GPR appropriations: (a) income maintenance payments to individuals; (b) income maintenance county administration; (c) employment and training programs; and (d) services for learnfare pupils.

These appropriations would be combined into a single annual GPR appropriation that would include amounts for: (a) administration and benefits payments for the AFDC program and all components of the W-2 program; (b) the JOBS program; (c) the Learnfare program including Learnfare services; (d) Children First; (e) the food stamp employment and training program; (f) the parental and family responsibility pilot program; (g) payment distribution for county administration of public assistance benefits and MA eligibility determination; (h) payments to American Indian tribes for administration of public assistance programs; (i) funeral expenses for participants in W-2 employment positions and recipients of MA, supplemental SSI and SSI payments; (j) payments to counties for fraud investigation and error reduction; and (k) child care for recipients and former recipients of AFDC, child care under the JOBS program, and Learnfare child care. The bill would also specify that the Department reimburse counties and tribes for funeral and burial expenses for deceased recipients from this GPR appropriation. Current law requires the state to provide the reimbursement for these expenses, and does not specify which appropriation must be used for the reimbursement. Finally, the bill would provide that moneys in this appropriation could be used to match any federal funds.

The Department would be authorized to transfer funds between fiscal years under this appropriation. The bill would specify that all funds allocated by the Department but not encumbered by December 31 of each year lapse to the general fund on the next January 1 unless transferred to the next calendar year by the Joint Committee on Finance.

These GPR funds, along with federal block grants would fund most components of the W-2 program. In addition, child care funding would be provided from four separate GPR and federal appropriations. For more information about child care funding see Item #11.

*Separate State Appropriations.* The bill would create a separate PR appropriation for job access loan repayments. The Department would be authorized to distribute funds for job access loans to W-2 agencies for administration of these loans from this PR appropriation, from TANF block grant funds, and from a separate GPR appropriation for job access loans.

In addition, the bill would specify that payments for grants made under the employment skills advancement program be made from a separate GPR appropriation for those grants and from TANF block grant funds. As under current law, emergency assistance would be funded through a separate GPR appropriation along with federal revenues.

*Federal Appropriations.* Federal funding for public assistance programs would be provided primarily from two appropriations (one for aids and one for operations) for federal block grant funds, which include the federal TANF and child care block grants. In addition, the bill would specify that the current federal appropriations for employment programs administration and aids be used only to carry out the food stamp employment and training program. The bill would eliminate the provisions that federal moneys in these appropriations be used for the Learnfare program, the JOBS program, and the parental and family responsibility pilot program. Federal funding for these other employment programs would be provided from the TANF block grant appropriations.

*Kinship Care.* The bill would eliminate the separate GPR appropriation for kinship and foster care assessments, and, instead, modify the federal block grant aids appropriation to include all moneys transferred to and from the DHFS appropriations for kinship care and foster care. As indicated in Item #1, TANF block grant funds would be provided to DHFS for kinship care assessments and payments for kinship care.

*Income Augmentation Services.* The bill would create a new federal appropriation for income augmentation services receipts. The administration indicates that DHFS has contracted with a private consulting firm to examine programs such as AFDC to determine if additional federal funds might be available to the state. This appropriation would include federal moneys received as a result of this contract.

*Welfare Fraud Activities.* The bill would clarify that funding for fraud investigations be provided from TANF block grant funds, in addition to GPR, PR and other federal funds. The bill would allow these funds to be used for investigations of fraud on the part of participants in the W-2 program, and allow these funds to be provided to W-2 agencies for fraud investigations. Under current law, these funds may be used only for investigations of fraud on the part of recipients of MA, AFDC and food stamps. Further, these funds are only provided to county departments of health and social services.

**Joint Finance:** Modify the Governor's recommendation to specify in the statutes the maximum amounts that could be expended from the state and federal appropriations for specific components of the AFDC and W-2 programs, as outlined in the second table in Item #1, except that a single category of expenditures would be identified for amounts allocated to W-2 agencies for office costs, the long-term and refugee supplement and subsidized employment. Authorize the Department to transfer up to 10% of the amount specified for each component of W-2 to another component. If the Department wished to transfer additional funds, it would have to submit a request to the Committee, which would be subject to a 14-day passive review process similar to section 16.515 requests.

**Assembly/Legislature.** Delete the provision that would provide for a single category of expenditures for amounts allocated to W-2 agencies for office costs, the long-term and refugee supplement and subsidized employment benefits and, instead, provide for separate categories of

expenditures for these items. As under the Joint Finance version of the budget, the Department would be authorized to the transfer up to 10% of the amount specified in the statutes for each component of W-2 to another component. If the Department wished to transfer more than 10% of the amount specified, it would have to submit a request to the Joint Committee on Finance, which would be subject to a 14-day passive review process similar to section s. 16.515 requests.

[Act 27 Sections: 5, 622 thru 627, 628b, 628c, 630, 632 thru 637, 1753, 1813, 1857p, 1858, 1861, 1866, 1871, 1872, 1879, 1893 and 1901 thru 1903]

## 3. BENEFIT AMOUNTS FOR W-2 EMPLOYMENT POSITIONS [LFB Paper 972 and 981]

| | Chg. to Base |
|---|---|
| FED | $21,000,000 |

**Governor:** Increase the monthly grant and sanction amount of participants in W-2 community service jobs (CSJs) and transitional placements, and of custodial parents of infants as follows:

*Community Service Job Participants:* Increase the monthly grant to $673. Require that the grant amount be reduced by $5.15 for every hour that the participant misses work or education or training activities without good cause. Under current law, the monthly grant for a participant in a community service job is $555, and the grant amount must be reduced by $4.25 for every hour that the participant misses work or education or training activities without good cause.

*Transitional Placement Participants:* Increase the monthly grant to $628. Require that the grant amount be reduced by $5.15 for every hour that the participant misses work or education or training activities without good cause. Under current law, the monthly grant for a participant in a transitional placement is $518, and the grant amount must be reduced by $4.25 for every hour that the participant misses work or education or training activities without good cause.

*Custodial Parents of Infants:* Increase the monthly grant to $673. Specify that a custodial parent of a child who is 12 weeks old or less may not receive this grant if another adult member of the custodial parent's W-2 group is participating, or is eligible to participate, in a W-2 employment position, or is employed in unsubsidized employment. Under current law, a custodial parent of a child who is 12 weeks old or less and who meets the eligibility requirements for the W-2 program may receive a monthly grant of $555.

The administration estimates that this provision would cost $25 million annually. This amount is included in the funding for subsidized employment under Item #1.

**Joint Finance:** Adopt the Governor's recommendation and provide $11 million in 1997-98 and $10 million in 1998-99 to create a reserve fund in Milwaukee County to help offset the costs of the increased grants.

In addition, specify that the W-2 agency could pay a prorated grant to a community service job participant if the participant is assigned fewer than 30 hours per week because she or he has an unsubsidized job.

**Assembly:** Delete the provision that would increase the cash grants for CSJ participants and custodial parents of children age 12 weeks or less to $673 per month, and transitional placements to $628 per month. Under this provision, the current cash grants of $555 per month for CSJs and custodial parents of children age 12 weeks or less, and $518 per month for transitional placements would be maintained. The current sanction of $4.25 per hour for noncompliance with the requirements of W-2 employment positions would also be maintained.

In addition, require the W-2 agencies to provide the amount specified in the agency contract for any of the following education and training activities, as specified in the contract: (a) customized labor training that first would satisfy the 10 hours per week of required education and training under a CSJ, and then would satisfy the 30 hours per week of required work activity under a CSJ; (b) enhancement of the education and training components that are currently defined for the CSJ and transitional placement employment positions; (c) job coaches and interpreters; (d) alcohol and other drug abuse (AODA) treatment services and services supporting AODA treatment including child care, family counseling and in-home counseling; and (e) Learning Labs.

Specify that the amount that must be provided for the identified education and training activities is $20 million in each year across all W-2 agencies. The $20 million would not be additional funding but would be provided from the W-2 agency contract allocations. Further, require the Department to develop a method to determine the amount that each W-2 agency must allocate to education and training activities, and to specify the amount in each W-2 agency contract. Provide that if any W-2 agency does not spend the amount identified in their contract for education and training activities, those funds would lapse back to the Department and must be added to the W-2 agency contingency fund.

Eliminate the provision which would allocate $11 million in 1997-98 and $10 million in 1998-99 as a reserve for benefit payments in Milwaukee County and, instead, allocate these funds for the educational and support services listed above. These funds would be in addition to the $20 million annual amount for education and training described above.

Provide that a W-2 agency may subcontract with and work with community-based groups and other organizations as the agency deems necessary to provide AODA treatment services and other services supporting AODA including child care, family counseling and in-home counseling. Specify that AODA services provided to any W-2 participant may not exceed $7,000 annually.

**Senate/Legislature:** Delete the Assembly provisions and restore the Joint Finance provisions.

[Act 27 Sections: 1815, 1816 and 1817]

## 4. ASSIGNMENT OF CHILD SUPPORT UNDER W-2 [LFB Paper 979]

**Governor:** Specify that, in order to be eligible for a W-2 employment position, a job access loan, the W-2 health plan or the W-2 child care subsidy, an individual must assign to the state any spousal or dependent child support rights for payments that accrue during the time the individual receives a W-2 benefit. If the family includes children who are receiving W-2 benefits and children who are not receiving such assistance, the amount of support assigned to the state would be the proportionate share for the children receiving benefits, unless a court orders otherwise. No amount of support that begins to accrue after the individual is no longer participating in W-2 could be considered assigned to the state.

The bill would allow, but not require, the Department to pay to a W-2 applicant or participant any monies received by the Department under an assignment to the state. Only those support payments that are returned to the individual would be counted toward the income limitation when determining eligibility for W-2. Under the bill, if the state has not received the full amount of child support payments assigned to it for an individual, but has paid to the individual an amount that is more than the state has received, those child support payments would remain assigned to the state until the state has recovered an amount equal to that which the state paid in support payments to the individual.

Under the 1996 federal welfare reform legislation, states must require applicants and participants in TANF-funded assistance programs to assign to the state any rights to child support or spousal support, not to exceed the total amount of assistance provided. States may not require the assignment of support that accrues after the date the family leaves the program. Under the federal law, the state must first pay to the federal government the federal share of the support collected, and retain or distribute to the family the state share of the amount collected. The federal share is based on the federal financial participation rate for the MA program in effect during the fiscal year in which the collections were made (approximately 60% in Wisconsin). (Funding of $35.3 million in 1997-98 and $39.8 million in 1998-99 to pay child support to W-2 participants and the 60% federal share of support collected on behalf of W-2 participants is shown in Item #1.)

The bill would also require the state, or the Department as the state's representative, to bring an action for support of a minor child or for paternity determination whenever the child's right to support is assigned to the state as a participant in the W-2 program. Currently, the state or the Department must bring an action for support or paternity determination whenever the child's right to support is assigned to the state under the foster care program, the kinship care program or the AFDC program.

**Joint Finance:** Modify the provisions recommended by the Governor to require, rather than permit, DWD to pay to a W-2 applicant or participant all monies received by the Department under an assignment of child support to the state. Create an exception to the general provisions regarding

the distribution of child support to allow the Department to pay a lower amount of child support to families in the control group of the child support demonstration project, as required under the terms and conditions of the federal waiver for the project.

**Assembly/Legislature:** As under Joint Finance, require, rather than permit, DWD to pay to a W-2 applicant or participant all support monies received by the Department under an assignment to the state. Further, specify that the Department must pay the federal share of support assigned to the state as required under federal law or waiver. Finally, instead of specifying that "amounts assigned to the state under this provision remain assigned to the state until the amount of benefits paid that represents the amount due as support or maintenance has been recovered", provide that amounts of support assigned to the state would remain assigned to the state until the amount due to the federal government has been recovered.

[Act 27 Sections: 1810, 1812, 1812am, 1847, 1848 and 4963]

## 5. W-2 EMPLOYMENT POSITIONS: TWO-PARENT FAMILIES [LFB Paper 981]

| | Chg. to Base |
|---|---|
| FED | $1,835,000 |

**Governor:** Provide that if one parent in a two-parent family is participating in a W-2 employment position, the second parent would be required to participate in unsubsidized or subsidized employment, work experience, on-the-job training or a community service program for at least 20 hours per week. The second parent would not be subject to this work requirement if: (a) the family was not receiving federally funded child care assistance; (b) the second parent is disabled; or (c) the second parent is caring for a severely disabled child. The Department would define the types of work activities that would qualify under this provision and whether the parent is disabled or caring for a severely disabled child.

The work requirement for the second parent in a two-parent family under the bill would correspond to provisions in the 1996 federal welfare reform legislation. Under the federal law, at least 75% of two-parent families receiving TANF-funded assistance must be participating in work activities in FFY 1997 and 1998. The participation requirement increases to 90% in FFY 1999. Individuals in two-parent families are considered to be engaged in work for a month if one individual is participating in work activities for 35 hours per week. In addition, if the second parent is subject to the work requirement, he or she must participate in work activities for at least 20 hours per week. If a state does not meet the federal work participation requirements, the TANF block grant may be reduced.

Under current state law, cash assistance is generally available only if an adult in the family participates in a subsidized employment position. State law provides that only one person in a family may participate in a subsidized employment position at a time. There is no requirement for the second parent in two-parent families to be making progress in work activities.

Under the Governor's recommendation, only one W-2 grant or wage subsidy would be provided to a two-parent family. In addition, the W-2 agency would be allowed to reduce the monthly grant of a participant in a W-2 community service job or transitional placement by $5.15 for every hour that the second parent who is subject to the work requirement fails to meet the requirement without good cause. Good cause would be determined by the financial and employment planner under rules promulgated by the Department, and would have to include required court appearances for victims of domestic abuse.

In addition, the bill would specify that a W-2 participant would be ineligible to participate in a W-2 employment position if the second parent is subject to the work requirement and refuses three times to participate. The second parent would be considered to have demonstrated a refusal to participate if the second parent: (a) expresses verbally or in writing to a W-2 agency a refusal to participate; (b) fails without good cause to appear for an interview with a prospective employer; (c) voluntarily leaves employment or training without good cause; (d) loses employment as a result of being discharged for cause; or (e) demonstrates through other behavior or action, a refusal to participate in a W-2 employment position. These provisions relating to a refusal to participate currently apply to W-2 participants.

**Joint Finance:** Delete provision.

**Assembly/Legislature:** Allocate $735,000 FED in 1997-98 and $1,100,000 FED in 1998-99 to provide cash assistance to a second parent in a two-parent family who is required to participate in uncompensated work activities as specified below.

Provide that if one parent in a two-parent family is participating in a W-2 employment position, the second parent would be required to participate in unsubsidized or subsidized employment, work experience, on-the-job-training or community service programs. The second parent would not be subject to this work requirement if: (a) the family was not receiving federally funded child care assistance; (b) the second parent is disabled; or (c) the second parent is caring for a severely disabled child.

Specify that the combined number of hours of required participation in work activities for both parents is 55 hours per week. This provision would correspond to the federal law provision as modified by the 1997 federal budget bill.

Provide a prorated benefit amount to the second parent based on the number of hours the second parent is required to work in uncompensated work activities and is not able to obtain unsubsidized employment. In addition, provide a sanction of $4.25 for every hour that the parent is required to participate, but fails to participate without good cause.

**Veto by Governor [C-20]:** Delete the statutory language that would provide cash assistance to the second parent, and the statutory allocation of funds for those payments. The Governor's partial veto does not modify the appropriation schedule to delete these funds.

[Act 27 Sections: 1820c and 1820d thru 1820j]

[Act 27 Vetoed Sections: 1820c and 1857p]

## 6. TIME LIMIT FOR PARTICIPATION IN W-2 [LFB Paper 983]

**Governor:** Modify the 60-month time limit for participation in W-2 employment positions as follows:

a. Specify that the number of months an individual has participated in any program in Wisconsin or any other state in which the individual received benefits that were funded by TANF block grant monies would count toward the 60-month time limit for receipt of benefits under the W-2 program. Under current state law, in order to be eligible for a W-2 employment position, the total number of months in which the individual has actively participated in the JOBS program or has participated in a W-2 employment position or both may not exceed 60 months.

b. Provide that participation in the JOBS program would count toward the 60-month time limit beginning October 1, 1996, rather than July 1, 1996, as under current law.

c. Require the W-2 agency to exclude from the time limit any month during which any adult in the W-2 group participated in the JOBS program or a W-2 employment position, or received TANF-funded benefits while living on a federally recognized American Indian reservation or in an Alaskan Native Village if the population of the reservation or village was at least 1,000, and at least 50% of the adults living in the reservation or village were unemployed.

d. Require the W-2 agency to include in the time limit for a participant any month in which any adult member of the W-2 group participated in one of the programs specified above. Currently, the 60-month limit applies only to participation by the individual. Under the budget bill, the 60-month limit would apply to the entire family. In addition, the bill would specify that if an individual becomes a member of a new W-2 group in which another adult member has participated in JOBS or a W-2 employment position or has received TANF-funded benefits, the W-2 agency would be required to attribute to that individual either the number of months in which the individual participated, or the number of months in which the other adult member of the W-2 group participated before the individual became a member of the W-2 group, whichever is greater.

Under the 1996 federal welfare reform legislation, assistance may not be provided if a family includes an adult who has received assistance under any state TANF program for 60 months, whether

or not consecutive. States must disregard months during which the adult lived on an Indian reservation or Alaskan Native Village if the reservation or village had a least 1,000 residents and at least 50% of the adults were unemployed. States may expend state funds not originating with the federal government on benefits for children or families that have become ineligible for TANF assistance by reason of the 60-month time limit. If the federal Department of Health and Human Services determines that a state is not complying with the 60-month time limit during a fiscal year, the state's basic TANF grant for the following fiscal year may be reduced by 5%. The federal law allows, but does not require, states to exempt families from the 60-month time limit by reason of hardship or if the family includes a member who has been battered or subjected to extreme cruelty. The number of exemptions allowed under this provision in a fiscal year may not exceed 20% of the average monthly number of families receiving assistance in that year.

**Joint Finance/Legislature:** Modify the Governor's recommendation to clarify that for new W-2 groups, the 60-month time limit would be reached when the individual that has participated in W-2 for the greatest number of months reaches 60 months, but that each individual would have only that amount of time attributed to them during which the individual was an adult member of a W-2 group. In addition, provide that, in calculating the number of months of participation for any individual, the W-2 agency must disregard time during which the individual was living on an Indian reservation or Alaskan Native Village or time living in Indian country occupied by a tribe to the extent permitted by federal law.

[Act 27 Sections: 1803 thru 1807]

## 7. W-2 DISPUTE RESOLUTION [LFB Paper 984]

**Governor:** Modify the W-2 dispute resolution process as follows:

a. Authorize any individual whose application for any component of W-2 is not acted upon with reasonable promptness or denied, or who believes that the benefit was calculated incorrectly or that he or she was placed in an inappropriate W-2 employment position, to petition the W-2 agency for a review of such action. Under current law, only applicants for a W-2 employment position may petition for a review. Current law does not specify that an individual may petition for a review for reason of being placed in an inappropriate employment position.

b. Specify that a certified copy of the decision by the W-2 agency must be sent by first class mail to the last-known address of the applicant or participant. Current law requires that the decision be sent by mail to the applicant or participant. Current law does not specify that the decision must be sent by first class mail, nor does it specify that it must be sent to the last known address.

c. Authorize the applicant or participant to petition the Department for a review of the W-2 agency's decision within 14 days after the date on which the certified copy of the W-2 agency

decision is mailed. Under current law, the applicant or participant has 15 days from the time he or she receives the decision to petition the Department for a review.

d. Specify how the W-2 agency must correct actions that have resulted in a denial of a benefit to an eligible individual. Under the Governor's recommendation, the W-2 agency would be required to place the individual in the first available and appropriate W-2 employment position if the Department or W-2 agency determines that: (a) an individual's application for a W-2 employment position was denied based on eligibility, but the individual was in fact eligible; or (b) the individual was placed in an inappropriate W-2 employment position. The individual would be eligible to receive the benefit for the W-2 employment position beginning on the date the individual starts employment or education and training activities for that position. Further, specify that if the W-2 agency or the Department determines that a participant's benefit was incorrectly modified, canceled or calculated, the benefit must be restored to the appropriate level determined by the W-2 agency or the Department, retroactive to the date on which the error first occurred. Current law does not specify any corrective measures that must be taken by the Department or W-2 agency.

**Joint Finance:** Adopt the Governor's provisions with a technical modification to correct a cross reference relating to the Learnfare statutes.

**Assembly/Legislature:** Modify the dispute resolution process for W-2 participants as follows:

a. Require that a petition by a W-2 applicant or participant to the Department for a review of a W-2 agency decision be filed within 21 days, rather than 14 days, after the date on which the certified copy of the W-2 agency decision is mailed.

b. Specify in the statutes that the review process at DWD must give the applicant or participant reasonable notice and opportunity for a fair hearing, allow individuals to present evidence and testimony, be represented by legal counsel and have access to records pertaining to their case.

c. Require DWD to render its decision as soon as possible after the hearing and to send a certified copy of its decision to the applicant or participant and to the W-2 agency.

d. Require the Department to deny a petition or refuse to grant relief if the applicant or participant abandons the petition.

**Veto by Governor [C-22]:** Delete the requirements that: (a) the Department give the applicant or participant reasonable notice and opportunity for a fair hearing, permit the applicant or participant to present evidence and testimony, be represented by legal counsel and have access to records in preparation for the hearing; and (b) DWD give notice of the hearing to the applicant or participant

and the county clerk, and allow the W-2 agency to be present at the hearing. Delete the requirement that the Department deny a petition or refuse to grant relief if the applicant or participant abandons the petition.

[Act 27 Sections: 1828 thru 1832]

[Act 27 Vetoed Section: 1831g]

## 8. LEARNFARE UNDER W-2

**Governor:** Eliminate Learnfare child care assistance for teen mothers who are 18 or 19 years old in a family receiving benefits under AFDC or a W-2 employment position. In addition, specify that child care is only available to teen mothers who are subject to the Learnfare school attendance requirement. Under current law, the Department is required to provide a monthly child care subsidy to an individual who: (a) receives AFDC benefits, or whose custodial parents participate in a W-2 employment position; (b) is the parent of a dependent child; and (c) is subject to the Learnfare school attendance requirement or is under the age of 20 and wants to attend school.

In addition, limit the Learnfare attendance requirement and sanctions for failing to meet the requirement to individuals who are age six to 17. Under current law, prior to the Fall, 1997, school term, the Learnfare school attendance requirement generally applies to individuals who are age 13 to 19 years of age. Beginning on the first day of the Fall, 1997, school term, the attendance requirement will apply to individuals who are age six to 19.

The bill does not indicate any fiscal effect for this provision. However, since it reduces the availability of child care assistance, this change should reduce child care expenditures under the W-2 program. Teen mothers who are 18 or 19 years old, would not be eligible for child care assistance for attending high school or obtaining a high school equivalency degree under the general child care provisions of the W-2 child care program. (Overall funding for W-2 child care is included in Item #1.)

**Assembly/Legislature:** Modify the Learnfare program to replace daily attendance monitoring with a mandatory enrollment standard. Require the W-2 financial and employment planner to verify enrollment during case reviews. In addition, require dropouts, habitual truants and teen parents to participate in case management. Specify that failure to participate in case management would result in a sanction, as determined by the Department by rule.

[Act 27 Sections: 1884f thru 1889c and 9126(5qh)]

## 9. EXPAND ELIGIBILITY FOR CHILD CARE TO 200% OF FEDERAL POVERTY LEVEL [LFB Paper 974]

**Governor:** Modify the W-2 child care program to allow families that were receiving child care subsidies under the low-income child care, transitional child care or W-2 child care programs on or after May 10, 1996, to remain eligible for child care subsidies as long as the family's income remains at or below 200% of the federal poverty level. Specify that if the family's income increases above 200% of the poverty level, that family would not be eligible under this special provision even if income later falls below 200% of the poverty level. Once a family's income exceeds 200% of the federal poverty level, that family could not regain eligibility for child care subsidies until income falls below 165% of the poverty level, which is the income standard for new applicants under these programs. Under current law, a family cannot receive child care subsidies if income exceeds 165% of the federal poverty level, even if the family had been receiving a child care subsidy.

Although this statutory change would increase child care subsidies, there is no additional funding connected with this provision. The administration indicates that when the child care copayments were revised in January, 1997, the copayments were set at a level to maintain total W-2 child care expenditures under the amounts anticipated when the W-2 program was enacted in the Spring of 1996. In addition, the establishment of the copayments in January, 1997, assumed that child care eligibility would be expanded to 200% of the poverty level. For these reasons, no additional funds are budgeted with this statutory change. (Overall funding for W-2 child care is included in Item #1.)

**Assembly/Legislature:** Clarify that an individual would be eligible for W-2 child care assistance if the person was eligible for, and received, low-income child care on September 30, 1997, but lost aid solely because of the sunset of the low-income child care program and the family's gross income is at or below 200% of the federal poverty level. This provision would not apply if the family's gross income exceeds 200% of poverty at any time on or after September 30, 1997. Under the bill, the low-income child care program would sunset on October 1, 1997, or the first day of the first month beginning after publication of the bill, whichever is later.

[Act 27 Sections: 1777, 1848m and 1849 thru 1852]

## 10. EXPAND W-2 CHILD CARE FOR MINOR PARENTS, FOSTER PARENTS AND JOB SEARCH

**Governor:** Expand the type of activities and individuals that are eligible for W-2 child care to include:

a. Minor parents that are not subject to Learnfare school requirements (minor parents in low-income families without a participant in a W-2 employment position) if child care is needed to

obtain a high school diploma or participate in an approved course of study for obtaining a high school equivalency declaration. In addition to the general requirements for W-2 child care eligibility, the minor parent would have to reside with a custodial parent or with a kinship care relative, or be in a foster home, treatment foster home, a group home or an independent living arrangement supervised by an adult. Although "minor parent" is not defined in the statutory language, a minor parent would probably be someone less than 18 years old. Thus, parents who are age 18 or older would not be eligible for W-2 child care for obtaining a high school degree. Under current law for low-income child care, parents under 20 years of age are eligible for child care for obtaining a high school degree.

b. Foster parents, treatment foster parents, guardians, legal custodians or a person acting in the place of a parent that meet the other general requirements for W-2 child care.

c. Job search, orientation and training activities required of persons who have applied for W-2 employment positions or who are participating in a W-2 employment position.

Under current law, these individuals and types of activities are eligible for child care assistance under AFDC-related and low-income child care programs. In addition, low-income child care under current law provides child care assistance for job search activities in general, while the Governor's recommendation would limit child care for job search to only participants in, or applicants for, W-2 employment positions.

Although these statutory changes would increase child care subsidies, there is no additional funding connected with this provision. The administration indicates that when the child care copayments were revised in January, 1997, the copayments were set at a level to maintain total W-2 child care expenditures under the amounts anticipated when the W-2 program was enacted in the Spring of 1996. In addition, the establishment of the copayments in January, 1997, assumed that the above individuals and activities would be eligible under W-2 child care. For these reasons, no additional funds are budgeted with this statutory change. (Overall funding for W-2 child care is included in Item #1.)

**Joint Finance/Legislature:** Expand eligibility for W-2 child care to: (a) include 18- and 19-year-old parents when child care is needed to obtain a high school diploma or participate in an approved course of study for obtaining a high school equivalency declaration; and (b) provide child care for job search and work experience components of the food stamp employment and training (FSET) program, for individuals that meet the other eligibility requirements for W-2 child care.

[Act 27 Sections: 1838, 1839 and 1843 thru 1845m]

## 11. CHILD CARE APPROPRIATIONS; SUNSET DATE OF LOW-INCOME CHILD CARE; JOINT FINANCE COMMITTEE PASSIVE REVIEW

**Governor:** Beginning July 1, 1997, consolidate GPR funding for AFDC-related child care (Learnfare, transitional and JOBS child care) and at-risk and low-income child care into two annual appropriations: (a) the W-2 child care appropriation; and (b) the consolidated appropriation for W-2 administration and benefits. Specify that until October 1, 1997, child care assistance payments may be made from the W-2 child care appropriation for all of the AFDC-related and at-risk and low-income child care programs. Also, specify that the consolidated appropriation for W-2 administration and benefits could be used to fund child care assistance payments for all of the AFDC-related child care programs.

Modify the sunset date for at-risk and low-income child care programs to October 1, 1997, rather than six months after the date that DWD publishes in the Wisconsin Administrative Register as the statewide implementation date of W-2. The sunset dates for AFDC-related child care programs would remain the same, as under current law: (a) transitional child care would sunset six months after the published statewide implementation date of W-2; (b) JOBS child care would sunset on January 1, 1999, or six months after the published statewide implementation date of W-2, whichever date is sooner; and (c) Learnfare child care would not sunset. Once all of the various child care programs have sunsetted, child care assistance could still be funded from the two appropriations since child care assistance for Learnfare, which does not sunset, can be funded from the consolidated appropriation for W-2 administration and benefits as well as the W-2 child care appropriation.

Clarify the procedure required for the Joint Committee on Finance under its review authority of a plan submitted to the Committee to allocate unanticipated federal child care and development block grants. Specify that the Co-chairs of the Committee would only need to notify the Secretary of Administration within 14 working days after the date of submission of the plan to the Committee in order to invoke its authority to review and approve the plan. Specify that the meeting for review would not have to be scheduled within 14 working days of the plan's submission to the Committee, which is required under current law.

**Assembly/Legislature:** Modify the sunset date for the low-income child care program to be October 1, 1997, or the first day of the first month beginning after publication of the bill, whichever is later.

[Act 27 Sections: 619 thru 621, 627, 1765 thru 1767, 1770, 1772, 1775, 1778, 1780, 1782, 1784, 1786, 1788, 1841, 1842, 1864 and 9426(5)]

## 12. FUNDING FOR NON-DIRECT CHILD CARE SERVICES

**Governor:** Specify in statute that $4,315,000 of federal funds in each year would be allocated for certain non-direct child care services and $1,687,400 of federal funds in each year would be transferred to support child care licensing staff in DHFS. The third column in the following table shows how DWD intends to allocate these funds for specified purposes. The first column represents the amounts currently specified in statute for these different non-direct child care services, while the second column reflects this base amount plus the additional federal funding provided to these areas in 1996-97 from the federal TANF and child care block grants for federal fiscal year 1996-97.

| Use of Funding | Base 1996-97 | Base Plus New Fed. Funds 1996-97 | 1997-99 Biennium Annual Amount Governor |
|---|---|---|---|
| Office of Child Care | $197,700 | $305,500 | $350,700 |
| Start-Up & Expansion Grants | 226,400 | 2,556,400 | 366,400 |
| Resource & Referral | 960,000 | 1,785,000 | 1,360,000 |
| Grants for Quality Improvement | 1,542,900 | 1,712,900 | 1,707,900 |
| Local Child Care Automation | 0 | 750,000 | 0 |
| Training & Technical Assistance | 450,000 | 1,030,000 | 530,000 |
| Subtotal | $3,377,000 | $8,139,800 | $4,315,000 |
| DHFS Licensing Staff | $1,026,800 | $1,264,000 | $1,687,400 |
| TOTAL | $4,403,800 | $9,403,800 | $6,002,400 |

The result of the above provisions is that six separate allocations in the statutes for non-direct child care services would be consolidated into two separate allocations requiring that: (a) $4,315,000 annually be used for technical assistance and administration, start-up and expansion grants, resource and referral services, quality improvement grants and training and technical assistance; and (b) $1,687,400 annually for DHFS child care licensing staff. Under current law, a separate funding amount was specified for each of these areas, except for local child care automation. Finally, delete the statutory provision that allowed the carryover of unused funds for non-direct child care services to the succeeding year.

**Joint Finance/Legislature:** Establish a specific statutory authorization for the Department of Workforce Development to use the funding for training and technical assistance to contract for: (a) training of child care providers in the provision of care to children with special needs; and (b) the development of a network of child care providers who are qualified to provide care for children with special needs. Currently, the statutes specify seven specific activities for which training and technical

assistance can be provided, and include a general provision that DWD may contract for any other service to improve the availability and quality of child care in this state.

[Act 27 Sections: 1768, 1769, 1771, 1773, 1774, 1779, 1781, 1783, 1785, 1787 and 1788m]

## 13. DISTRIBUTION OF W-2 CHILD CARE FUNDS

**Governor/Legislature:** Establish statutory provisions to specify the methods that can be used to distribute child care assistance funds under the W-2 program, as follows:

a. Allow the Department to: (1) reimburse child care providers directly; (2) distribute child care funds to counties for W-2 child care services; or (3) distribute funds to private nonprofit agencies that provide child care for children of migrant workers.

b. Limit the amount of child care funds that can be used by a county or by a private nonprofit agency providing child care to children of migrant workers for the costs of administering the W-2 child care program to 5% of the funds distributed or $20,000, whichever is greater.

c. Allow counties to use distributed funds to: (1) provide child care services directly; (2) purchase child care services from a child care provider; (3) provide vouchers to an eligible parent for child care services; (4) reimburse an eligible parent for payments made by the parent for child care services; or (5) with the approval of the Department, provide child care through any other arrangement that the county considers appropriate.

d. Prohibit using child care funds to pay for child care services provided by a person that resides in the same household as the child, unless the county determines that the care is necessary because of a special health condition of the child.

In addition, allow the Department to directly reimburse child care providers under the at-risk and low-income child care programs.

The above four provisions for the W-2 child care program mirror the current law provisions for at-risk and low-income child care except that: (a) the Department is not authorized to directly pay child care providers; (b) statutory provisions for low-income child care do not include a prohibition against paying a member of the household for child care (at-risk child care statutory provisions do include such a prohibition); and (c) the administrative cost limit for at-risk and low-income child care does not include an absolute amount, and is based only on a 5% limit (thus, the administrative limit under W-2 could be less restrictive for counties or private agencies with relatively small child care allocations).

[Act 27 Sections: 1776 and 1853]

## 14. RESPONSIBILITY FOR CHILD CARE CERTIFICATION STANDARDS AND REIMBURSEMENT RATES

**Governor/Legislature:** Require the Department of Workforce Development, rather than the Department of Health and Family Services, to promulgate the rules related to certification of Level I and Level II certified family day care providers. Further, require DWD to promulgate rules to establish quality of care standards for child care providers that are higher than the standards required for state licensure or county certification. Specify that DWD could promulgate rules to establish a system of rates, which must be higher than the rates paid for licensed or certified care, or a program of grants that DWD would pay to child care providers that meet the higher quality of care standards. Under current law, DWD is required to promulgate rules for higher standards, as part of its responsibility for administering the low-income child program, but the low-income child care program will sunset in 1997-98. Current law also permits DWD to establish higher rates or program grants for providers of low-income child care based on the higher established standards.

Require counties, subject to the review and approval by DWD, to set the maximum reimbursement rate for licensed and certified child care providers under the W-2 child care program. Under current statutory provisions, DWD is required to establish the maximum reimbursement rates under the W-2 child care program. Under current law, for at-risk and low-income child care, the county is required to set the maximum reimbursement rate for both licensed and certified child care providers, subject to Department approval.

[Act 27 Sections: 1409, 1653, 1654, 1655, 1840 and 1854 thru 1857]

## 15. TRANSFER OF TRIBAL CHILD CARE

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $825,600 | - $825,600 | $0 |

**Governor:** Provide $412,800 in each year for the W-2 child care appropriation to transfer funds from the community aids appropriation under the Department of Health and Family Services and to consolidate administration of child care under DWD. The W-2 child care program is and will be administered by DWD; in addition, until the AFDC-related and low-income and at-risk child care programs sunset, DWD is administering each of those child care programs. Tribal child care is operated in a similar manner to low-income child care except that part of the tribal child care funds are used for crisis and respite child care as well as for the activities that are allowed under low-income child care. Under the statutory provisions governing W- 2 child care, the use of child care funds is more restrictive than is currently the case for tribal child care funds distributed through community aids. In addition, the W-2 child care statutory provisions only authorize distribution of

W-2 child care funds to providers, counties and nonprofit agencies providing child care to the children of migrant workers. It appears that these provisions do not authorize payments to Indian tribes unless the tribe was a licensed or certified child care provider.

**Joint Finance/Legislature:** Delete $412,800 GPR annually from the appropriation for W-2 child care to reflect restoring the funding to community aids for tribal child care. In addition, specify that the distribution of these restored tribal child care funds would be subject to the restriction that the funds would only be used for low-income child care or crisis and respite child care in accordance with the requirements of the federal child care and development block grant. These restrictions would allow the tribal child care funds to be counted as part of the state matching requirements for receipt of the federal child care block grant funds.

[Act 27 Section: 1484g]

## 16. CHILD CARE FOR EDUCATION AND TRAINING

**Joint Finance/Legislature:** Provide $660,000 in 1997-98 and $840,000 in 1998-99 to expand, beginning October 1, 1997, the types of activities for which a child care subsidy under W-2 can be obtained by: (a) increasing the time limit for pursuing specified educational and training activities to two years, rather than one year; and (b) including in the list of educational and training programs eligible for W-2 child care a course of study at a technical college if the Wisconsin Works agency determines that the course would facilitate the individual's efforts to obtain or maintain employment.

Under current law, the types of education activities that are eligible for W-2 child care include:

a. Meeting Learnfare school attendance requirements.

b. Training provided by an employer under an unsubsidized job during the regular hours of employment.

c. Allowable educational and training activities are part of a W-2 employment position.

d. Employment skills training, including a GED, other vocational training or educational courses that provide an employment skill, as defined by DWD by rule, if the individual: (a) has been employed in unsubsidized employment for nine consecutive months and continues to be so employed; or (b) is a participant in a Wisconsin Works employment position. Individuals would be limited to one year for child care for other employment skills training.

The funding for this provision is shown under Item #1.

[Act 27 Sections: 1846d and 9426(5t)]

## 17. LIMIT FOR UNRELATED CHILDREN CERTIFIED CHILD CARE PROVIDERS

**Joint Finance:** Direct the Department of Health and Family Services to modify administrative rules for the maximum number of children cared for by Level I certified day care providers to allow these providers to care for a total of six unrelated children under the age of seven. Specify that Level I certified child care providers would still be subject to the current maximum limit of six children in care, exclusive of the provider's natural, adopted or foster children seven years of age or older. In addition, modify the current statutory threshold for requiring a child care provider to be licensed by the state as a day care center to specify that state licensing would be required if the person was caring for four or more children under the age of seven, except that Level I certified child care providers would be allowed to care for up to six unrelated children under the age of seven without being licensed by the state.

Under current law and rules, a certified child care provider is prohibited from caring for more than three unrelated children under the age of seven. Current law and rules, however, allow a certified provider to care for six children under seven, if three or more children are related to the child care provider.

**Assembly:** Delete all provisions.

**Senate/Legislature:** Request that the Joint Legislative Council study the appropriate statutory limits concerning the number of children that can be cared for by the different types of child care providers and the appropriate education and training requirements for regulated child care providers. Request that the study include an examination of the appropriate limits for non-licensed and non-certified child care providers, as well as for regulated child care providers, and that the study consider the appropriate limits by age of the child and by relationship to the provider (related or unrelated child). Request the Joint Legislative Council to report its findings on or before January 1, 1999.

**Veto by Governor [C-24]:** Delete request for the Legislative Council study.

[Act 27 Vetoed Section: 9132(7h)]

## 18. THRESHOLD FOR CHILD CARE LICENSE

**Joint Finance:** Modify the statutory threshold for requiring a child care provider to be licensed by the state as a day care center to specify that state licensing would be required if the provider was caring for five or more children under the age of seven. Under current law, no person may for compensation provide care and supervision for four or more children under seven unless that person obtains a license to operate a day care center from the Department of Health and Family Services.

**Assembly:** Delete all provisions.

**Senate/Legislature:** Request the Joint Legislative Council to study the appropriate statutory limits concerning the number of children that can be cared for by the different types of child care providers and the appropriate education and training requirements for regulated child care providers. Request that the study include an examination of the appropriate limits for non-licensed and non-certified child care providers, as well as for regulated child care providers, and that the study consider the appropriate limits by age of the child and by relationship to the provider (related or unrelated child). Request the Joint Legislative Council to report its findings on or before January 1, 1999.

**Veto by Governor [C-24]:** Delete request for the Legislative Council study.

[Act 27 Vetoed Section: 9132(7h)]

## 19. AID TO 18-YEAR-OLD STUDENTS [LFB Paper 985]

**Governor:** Eliminate payment under the AFDC program for 18-year-old high school students who are ineligible for AFDC solely because of their age. Under current law, a person who is 18 years of age, and enrolled in and regularly attending a secondary education classroom program leading to a high school diploma may receive an AFDC payment provided the person had received AFDC benefits prior to their 18th birthday, but not as a foster child in a foster home. The monthly benefit is the amount that the person was entitled to under the AFDC program when the person was a 17-year-old. However, if the person's family became ineligible for aid on the person's 18th birthday, the person receives $249 per month, the AFDC benefit amount for a one-person family. The administration indicates that the expenditures for the AFDC program, shown in Item #1, have not been reduced to reflect the elimination of this provision.

**Joint Finance/Legislature:** Eliminate payment under the AFDC program for 18-year-old high school students who are ineligible for AFDC solely because of their age, effective on the first day of the sixth month beginning after the statewide starting date for the W-2 program.

**Veto by Governor [C-27]:** Delete the sunset date and, instead, terminate the program on the first day of the month after the statewide starting date for the W-2 program. With this change, the final AFDC payment to 18-year-old students would be for the month of October, 1997.

[Act 27 Sections: 1873c and 1873f]

[Act 27 Vetoed Section: 1873f]

## 20. DRUG-RELATED CONVICTIONS AND DRUG TESTING [LFB Paper 986]

**Governor:** Modify eligibility for the food stamp and W-2 programs to include provisions relating to convictions for drug-related offenses as follows.

*Food Stamps.* Specify that an individual is ineligible for food stamp benefits for at least 12 months from the date the person first applies for benefits if the person has been convicted after August 22, 1996, of a felony that included the possession, use or distribution of a controlled substance. Require food stamp applicants and recipients to state in writing if they or any member of their household has been convicted of a drug-related felony. Further, require the Department to disregard the needs of the convicted individual in determining a household's eligibility for the food stamp program, but require that the income and resources of the individual be considered available to the household. Provide that an individual could regain eligibility for food stamps only if the individual submits to a drug test at least 12 months after the date the individual was first determined to be ineligible based on a drug-related conviction, and the test results are negative.

*W-2 Program.* Require individuals applying for a W-2 employment position or job access loan to state in writing if they have been convicted of a felony that has as an element possession, use or distribution of a controlled substance.

Specify that a W-2 agency must require a participant in a community service job or transitional placement who was convicted after August 22, 1996, of a felony that included the possession use or distribution of a controlled substance, to submit to a drug test as a condition of continued eligibility. If the test results are positive, require the W-2 agency to decrease the participant's pre-sanction benefit amount by up to 15% for at least 12 months, or for the remainder of the participation period if less than 12 months. Allow the full benefit amount to be restored if, at the end of 12 months, the individual is still a participant in a community service job or transitional placement, the individual submits to another drug test and the test results are negative.

Authorize the W-2 agency to require an individual who tests positive for use of a controlled substance to participate in a drug abuse evaluation, assessment and treatment program as part of the required work hours and activities in a community service job or transitional placement.

Under the 1996 federal welfare reform legislation, individuals who have been convicted of drug-related felonies after August 22, 1996, are ineligible for assistance under the food stamp program and under any state program funded with the TANF block grant. Federal law allows states to limit the period of ineligibility under this provision. In addition, federal law provides states with the option to exempt any or all individuals in the state from this requirement. If a state does not exempt individuals from this provision, the state must require individuals applying for assistance or benefits to state, in writing, if they or any member of their household has been convicted of a drug-related felony. The federal law does not require the drug testing of individuals.

Although not specified in the Governor's recommendation, the administration indicates that costs related to drug testing of recipients or participants would be paid for out of the administrative funds for W-2 agencies (see Item #1). However, the administration did not identify a specific funding amount for costs related to drug testing.

**Joint Finance:** Adopt the Governor's recommendation regarding drug testing related to W-2 participants. Modify the Governor's recommendation regarding food stamps to require applicants to state in writing whether they or any member of their household have been convicted of a felony that has as an element possession, use or distribution of a controlled substance. Specify that DWD must require a recipient who was convicted of a drug-related felony to submit to a drug test as a condition of continued eligibility for food stamps. If the test results are positive, require DWD to disregard the needs of the convicted individual in determining a household's eligibility for the food stamp program, but require that the income and resources of the individual be considered available to the household. Provide that an individual who fails a drug test could regain eligibility for food stamps only if the individual submits to a subsequent drug test at least 12 months after the date the individual was first determined to be ineligible, and the test results are negative. In addition, modify the Governor's provision to specify that the ineligibility and drug testing provisions would apply if an individual has been convicted of a drug-related felony within five years prior to applying for food stamps or a W-2 employment position, but not before August 22, 1996.

This provision would provide similar treatment under the food stamp and W-2 programs for individuals convicted of drug-related offenses.

**Assembly:** Provide that an individual who is required to take a test for use of a controlled substance as a condition of continued eligibility for food stamps or for the W-2 program, who tests positive and who is subject to the provisions relating to sanctions may be required to submit to a drug test not more than every three months. Provide that, if, at the end of 12 months, the result of each test is negative, the Department must discontinue the penalty for testing positive.

**Senate/Legislature:** Delete the provisions of the Assembly and restore the Joint Finance provisions.

[Act 27 Sections: 1743, 1754, 1811 and 1820]

## 21. FUGITIVE FELONS AND MISREPRESENTATION OF IDENTITY OR PLACE OF RESIDENCE

**Governor/Legislature:** Specify that no person would be eligible for food stamps or for a W-2 employment position or job access loan if that person is a fugitive felon or is violating a condition of probation, parole or community supervision imposed by a state or federal court. Under current federal law, such persons are ineligible for the food stamp program. Further, states may not use any

portion of federal block grant funds received under the TANF program to provide assistance to such individuals.

Require the court to suspend from the food stamp program for a period of ten years, a person who fraudulently misstates or misrepresents his or her identity or place of residence in order to receive multiple food stamp benefits simultaneously. Under current state law, persons who violate certain food stamp provisions may receive a fine or imprisonment, or both, and the court may suspend any person for any food stamp violation from participation in the food stamp program for up to 18 months. The Governor's recommendation would correspond to current federal law.

Require that any person convicted in a federal or state court of misrepresenting the individual's identity or place of residence in order to receive simultaneously from Wisconsin and from another state assistance funded under the TANF program, food stamps, MA or SSI programs, be suspended from participation in any part of the W-2 program, except the W-2 health plan, for a period of ten years. However, if the person has been pardoned by the President of the United States with respect to the conduct for which the person had been suspended, the person's eligibility to participate in the W-2 program could be reinstated.

Under current federal law, states may not use any part of the TANF block grant funds to provide cash assistance to such individuals for a ten-year period, unless the person has been pardoned by the President.

[Act 27 Sections: 1755, 1764, 1799, 1800, 1808 and 1809]

## 22. PERIODIC EARNINGS CHECK

**Governor/Legislature:** Require the Department to periodically check the earnings of participants in the W-2 program by checking the amounts credited to the recipient's social security number, and investigate any discrepancy between the amounts reported as earnings and the amounts credited to the social security number. Currently, the Department is required to conduct this periodic earnings check for AFDC recipients.

Federal law requires the state to implement such an income verification system. If the state does not implement this system, the state TANF grant could be reduced by 2% per year.

[Act 27 Section: 1894]

## 23. EMERGENCY ASSISTANCE

**Governor/Legislature:** Authorize the Department to contract with a W-2 agency to administer the emergency assistance program for needy persons, and establish a dispute resolution process for applicants and recipients of emergency assistance to petition the administering agency for review of adverse actions. The dispute resolution process would be similar to the dispute resolution process in current law for applicants and recipients in the W-2 program. The Department would be required to promulgate a rule to define "needy person" using the emergency rule procedure. The Department would not be required to make a finding of an emergency.

In addition, the bill would specify that emergency assistance in cases of fire, flood, natural disaster or energy crisis could be provided to a needy person once in a 12-month period. As under current law, emergency assistance in cases of homelessness could only be provided once every 36 months; however, in cases of homelessness resulting from domestic abuse, emergency assistance could be provided one time every 12 months. Current law specifies that eligibility for emergency assistance may not exceed the limitations for federal participation defined by applicable federal laws and regulations. However, the federal provisions relating to emergency assistance were repealed under the 1996 federal welfare reform legislation. Under the bill, the provision to limit certain types of emergency assistance to 12 months would be consistent with federal and state laws prior to the repeal of the federal program.

[Act 27 Sections: 1789 thru 1793 and 9126(2)]

## 24. MA ELIGIBILITY UNIT [LFB Paper 434]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov.) | | Net Change | |
|---|---|---|---|---|---|---|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | - $121,200 | - 1.25 | - $145,600 | - 1.50 | - $266,800 | - 2.75 |
| FED | - 121,200 | - 1.25 | - 145,600 | - 1.50 | - 266,800 | - 2.75 |
| Total | - $242,400 | - 2.50 | - $291,200 | - 3.00 | - $533,600 | - 5.50 |

**Governor:** Decrease funding by $121,200 annually ($60,600 GPR and $60,600 FED) to reflect the transfer of 2.5 positions (1.25 GPR and 1.25 FED) to the Department of Health and Family Services. The Governor recommends transferring these positions and the associated funding from DWD to DHFS to form a new MA eligibility unit in the Bureau of Health Care Financing to reflect that DHFS is currently responsible for implementing all MA eligibility policies and procedures.

**Joint Finance/Legislature:** Modify the Governor's recommendation by authorizing the transfer of an additional $72,800 GPR and $72,800 FED annually and 3.0 FTE positions (1.5 GPR positions and 1.5 FED positions) from DWD to DHFS for MA eligibility determination.

## 25. NEW HOPE [LFB Paper 980]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| FED | $1,500,000 | $750,000 | $2,250,000 |

**Governor:** Provide $750,000 annually in federal TANF funds for the New Hope project, which assists low-income individuals in the City of Milwaukee to obtain employment and secure support services. Act 27 provided $250,000 GPR in 1995-96 and 1996-97 for New Hope.

Under current law, the Department may allocate funds to the New Hope project only if the project obtains an equal amount of funding from other public or private sources, and complies with certain statutory requirements. These statutory provisions for New Hope will be sunset on June 30, 1997. The Governor's recommendation would not restore the statutory provisions regarding New Hope. Therefore, the requirement that New Hope obtain funds from other public or private sources would no longer be in the statutes, nor would the requirement for New Hope to comply with any other program requirements. However, the administration indicates that it will establish a contract with New Hope prior to disbursing any funding to the project.

**Joint Finance/Legislature:** Provide $1,560,000 in 1997-98 and $690,000 in 1998-99 to the New Hope project. Compared to the Governor's recommendation, this option would increase funds for New Hope by $810,000 in the first year and decrease funds by $60,000 in the second year. In addition, modify current law to provide that the statutory provisions regarding the New Hope project would sunset on June 30, 1999, rather than June 30, 1997.

[Act 27 Sections: 625m and 1904k thru 1904m]

## 26. FOOD STAMP OFFENSES

**Governor/Legislature:** Establish the following penalties for suppliers and recipients of food stamp coupons and other individuals who violate the provisions of the food stamp program:

*Modifications to Existing Penalties.* Specify that for first and second offenses involving food coupons with a value greater than $100 but less than $5,000, an individual may be fined up to $10,000 or imprisoned for up to five years, or both. Create a penalty for any food stamp violation involving food coupons with a value greater than $5,000, of up to a $250,000 fine or imprisonment for not more than 20 years, or both. In addition to these penalties, require the court to suspend a person who violates the food stamp provisions from participation in the food stamp program. For the first offense, the suspension would be one year with an allowable extension of up to 18 months.

For the second offense, the suspension would be two years, with an extension allowed of up to 18 months. For a third offense, the person would be suspended permanently. If the suspension is not permanent, the person would be allowed to apply for reinstatement of the food stamp benefits following the period of suspension.

As under current law, the above penalties would apply to the following violations: (a) falsifying a food stamp application with regard to income, assets or household circumstances; (b) failing to report changes in income, assets or other facts as required under federal law; (c) knowingly issuing food stamps to a person who is not an eligible food stamp recipient, or issuing an amount in excess of the household's eligibility; (d) knowingly transferring food stamps except to buy food; (e) if a supplier, knowingly obtaining food coupons except as payment for food, or obtaining food stamps from someone who is not a member of an eligible household; (f) knowingly obtaining, possessing, transferring or using food stamps if not authorized; or (g) altering food stamps.

Under current state law, if a person commits any of the above violations, and the value of the food coupons is less than $100, the penalty is a fine of up to $1,000 or imprisonment for up to one year, or both. If the value of the food stamps exceeds $100, a person committing any of the violations may be fined up to $10,000 or imprisoned for up to five years, or both. These penalties apply to first and second offenses. In addition to these penalties, the court may suspend a person from participation in the food stamp program for up to 18 months.

*New Penalties.* Create a penalty that, in addition to any other penalty that might be imposed, would permanently suspend from the food stamp program a person who has been convicted of certain violations involving an item having a value of $500 or more. This would apply to convictions for: (a) unauthorized use, transfer, acquisition, alteration or possession of food coupons, authorization cards or access devices; or (b) presentation for payment or redemption of coupons that have been illegally received, transferred or used. In addition, the Governor's recommendation would specify that the penalty for these violations would first apply to a person convicted on August 22, 1996. The Governor's recommendation would correspond to provisions in federal law as enacted by the 1996 federal welfare reform legislation.

The bill would also create a penalty for a person that a court finds has traded a controlled substance for food coupons. For the first offense, the court would be required to suspend the person from participation in the food stamp program for two years. For the second offense, the court would be required to suspend the person permanently. In addition, the bill would require the court to permanently suspend from the food stamp program persons that the court finds have traded firearms, ammunition or explosives for food coupons. The Governor's recommendation would correspond to current federal law.

[Act 27 Sections: 1757 thru 1763 and 9326(3)]

## 27. RELEASE OF INFORMATION REGARDING PUBLIC ASSISTANCE RECIPIENTS [LFB Paper 988]

**Governor/Legislature:** Modify provisions relating to the release of information about W-2 participants and food stamp recipients as follows:

a. Eliminate the requirement that W-2 agencies report the addresses of all persons receiving benefits for participation in W-2 employment positions, and for individuals receiving a W-2 grant as a custodial parent of a child who is less than 12 weeks old. Under current law, W-2 agencies will be required to maintain a monthly report showing the names and addresses of such participants, together with the benefit amount paid during the preceding month. Under the Governor's recommendation, the W-2 agency would still be required to maintain a monthly report showing the names of the W-2 participants and amounts paid during the preceding month.

b. Require the county department or W-2 agency to notify an AFDC recipient or W-2 participant when that individual's record has been inspected to inform the individual that the record has been inspected and provide the individual with the name and address of the person making the inspection. Current law requires DWD to provide the notification.

c. Authorize W-2 agencies to withhold the right to inspect the name and benefit amount of recipients from private individuals who are not inspecting the information for public, educational, governmental or research purposes until the person whose record is to be inspected is notified by the county department or W-2 agency, but not more than five working days. In addition, clarify that county departments of human services may withhold this information. Current state law authorizes only county departments of social services to withhold this information.

d. Authorize county departments and W-2 agencies to release the current address of food stamp recipients to a law enforcement officer under certain conditions. This provision currently applies to AFDC recipients and participants in W-2, but not to food stamp recipients.

e. Eliminate the requirement that law enforcement officers provide the social security number of an AFDC or food stamp recipient or W-2 participant in order to obtain the address of the individual. Specify that the information could be released if an officer demonstrates in writing that the recipient or participant is violating a condition of probation, parole or community supervision imposed under federal or state law, or has information that is necessary for the officer to conduct the officer's official duties, and that the location or apprehension of the recipient or participant is within the official duties of the officer. These provisions would correspond with federal law for recipients of benefits under the TANF and food stamp programs. As under current law, the information could be released if the officer demonstrates that the individual is a fugitive felon.

[Act 27 Sections: 1895 thru 1900]

## 28. CONVERT CLASSIFIED POSITIONS TO PROJECT POSITIONS

| | Chg. to Base Funding | Positions |
|---|---|---|
| GPR | - $41,300 | - 0.40 |
| PR | - 722,900 | - 20.00 |
| Total | - $764,200 | - 20.40 |

**Governor/Legislature:** Delete $17,700 GPR and 0.4 GPR position and $131,900 PR and 14.0 PR positions in 1997-98 and delete $23,600 GPR and 0.4 GPR position and $591,000 PR and 20.0 PR positions in 1998-99 to convert permanent positions to project positions. The 20.0 PR positions would be used to meet contractual obligations in providing services to target groups during the transition from the current JOBS program to W-2. These project positions would expire on December 31, 1997. The 0.4 position would establish the GPR status of two project positions that were transferred to DWD from the Department of Health and Family Services. These positions expire on September 30, 1997.

## 29. FOOD STAMP PROGRAM CHANGES [LFB Paper 987]

**Governor:** Modify provisions relating to the food stamp program as follows:

a. Define "custodial parent", "noncustodial parent", "parent", and "Wisconsin works employment position" to have the same meanings as used under the W-2 program. Expand the definition of "parent" under the food stamp and W-2 programs to include a man who is the biological father of a child as determined by a judicial procedure, or a man who has acknowledged paternity in a signed statement filed with the state registrar. Currently, the definition of parent only includes a biological parent, a parent by adoption, or a person who has consented to the artificial insemination of his wife.

b. Specify that an individual is ineligible to participate in the food stamp program in any month during which the individual does not fully cooperate in efforts to obtain child support for, or establish paternity of, a child under the age of 18. Under the bill, this provision would apply to the following individuals: (1) a custodial parent of a child under the age of 18 who has an absent parent; (2) an individual who lives with and exercises parental control over a minor child who has an absent parent; (3) a man who is alleged to be the father of a minor child, or who has been ordered to submit to a genetic test; and (4) a noncustodial parent of a child under the age of 18. In addition, the bill would specify that individuals who are delinquent in making court-ordered child support payments would be ineligible for the food stamp program unless the delinquency is less than three months of the payments, a court or county child support agency is allowing the individual to delay payments, or the individual is complying with a payment plan approved by a county child support agency.

The Governor's recommendation would correspond to provisions in the 1996 federal welfare reform legislation. However, the federal law does not include an exemption if the delinquency is less than three months of payments.

c. Specify that an individual who is not a participant in a W-2 employment position but who is receiving food stamps may be required to work in the food stamp employment and training program for a maximum of 30 hours per week. This provision corresponds to current federal law. Under current state law, an individual may be required to work up to 40 hours per week.

d. Limit the sanction for non-compliance with the food stamp work requirement to $4.25 per hour of work missed. Under current law, the Department may multiply the total number of hours of work missed without good cause by the hourly federal minimum wage, and subtract that amount from the food stamp benefits that the individual's family would have received if the individual had participated for the total number of assigned hours. The hourly federal minimum wage is currently $4.75 and under federal law it will increase to $5.15 on September 1, 1997. The Department has obtained a waiver from the federal government to sanction food stamp participants for failure to comply with the work requirements on a pay-for-performance basis. In the waiver request, the Department indicated that benefits would be reduced by $4.25 for each hour of non-compliance without good cause, rounded to the nearest dollar.

In addition, the budget bill would specify that an individual who fails to comply with the work requirements of the food stamp employment and training (FSET) program without good cause is ineligible to participate in the food stamp program for one month for the first violation, three months for the second violation, and six months for the third and subsequent violations. This sanction would correspond to provisions in the 1996 federal welfare reform legislation.

As drafted, if an individual fails to comply with the work requirements, the Department would be allowed to both: (a) decrease a household's benefit amount under pay-for-performance criteria; and (b) remove the person from participation in the food stamp program. The administration has indicated that it does not intend to impose a double sanction on food stamp participants.

**Joint Finance/Legislature:** Eliminate the current law provision that authorizes the Department to sanction food stamp participants for failure to participate in the work requirements on a pay-for-performance basis. Provide that an individual who fails to comply with the food stamp employment and training work requirement without good cause would be ineligible to participate in the food stamp program for the later of: (a) one month or until the person complies with the requirements for the first violation; (b) three months or until the person complies with the work requirements for the second violation; and (c) six months or until the person complies with the work requirements for the third and subsequent violations.

[Act 27 Sections: 1742, 1744 thru 1749, 1751b, 1751c, 1752 and 1794 thru 1796]

## 30. DETERMINATION OF ELIGIBILITY FOR MA [LFB Paper 995]

**Governor:** Authorize DHFS to delegate responsibility for determining eligibility of persons for Medical Assistance benefits to a county department of human services or a W-2 agency. Under current law, DHFS is required to make eligibility determinations for MA benefits, but may delegate this responsibility to a county department of social services.

**Joint Finance/Legislature:** Specify that W-2 agencies may determine eligibility for MA only to the extent permitted by federal law or waiver.

[Act 27 Section: 1905]

## 31. WAGE-PAYING COMMUNITY SERVICE JOB [LFB Paper 972]

**Joint Finance:** Establish an option for two W-2 agencies in Milwaukee County to either place community service job participants in wage-paying jobs or provide them with a grant. A participant in a wage-paying CSJ would be paid minimum wage for every hour worked in required activities under the CSJ employment position. If an individual in a wage-paying CSJ failed to perform the required work activities, the individual would not be paid.

Permit W-2 agencies to place individuals into wage-paying CSJs for up to 15 hours per week. Provide that a W-2 agency may place an individual in a wage-paying CSJ only if the individual is working in an unsubsidized part-time job for more than 15 hours per week. Provide that if a W-2 agency places a participant into a wage-paying CSJ, the individual may participate in that particular placement for up to three months, with an opportunity for a one-month extension under circumstances approved by DWD. An individual could participate in more than one CSJ, but generally could not exceed a total of 24 months of participation in all CSJ placements. The 24-month limit would apply to the combined participation in both grant-paying and wage-paying CSJs.

Provide that the current work and education requirements would continue to apply to participants placed in a grant-paying CSJ. Individuals in wage-paying CSJs would not be required to participate in additional education and training activities, nor would education and training be included in allowable work activities unless prescribed by the employer as an integral part of the work performed in a CSJ. However, in addition to the child care assistance provided for work activities, child care assistance would be provided for the individual to engage in educational or job search activities.

Individuals would be placed with existing private or public employers who would set hours and supervise the W-2 participant. The participant would receive a paycheck from the employer. The participant would be considered an employe of the W-2 agency or of a person with whom the W-2

agency contracts to provide employment to the individual. Participants would not be eligible for overtime pay or paid vacations.

Require the W-2 agency to reimburse the employer for wages paid to the participant and for the employer's share of federal payroll taxes. Require the participant to pay his or her share of federal payroll taxes, along with federal and state income taxes. Specify that participants in wage-paying CSJs could claim the state earned income tax credit (EITC) but not the homestead credit.

Provide that, if a W-2 agency chooses to place a participant into a wage-paying CSJ, DWD must transfer from the W-2 agency's allocation for W-2 benefits an amount determined by the Department of Revenue to be adequate to cover the cost of providing the state EITC to the participant. Create a program revenue appropriation for receipt of amounts transferred from DWD. Provide that these revenues would be used to fund the state EITC along with existing GPR funds.

Prohibit a W-2 agency from utilizing any organization as an employer for the purposes of providing a wage-paying CSJ except for a nonprofit organization, other than a government entity.

Specify that the effective date for the optional wage-paying CSJ provisions would be October 1, 1998, for two W-2 agencies in Milwaukee County that would be selected by DWD based upon requests previously submitted by such agencies. Specify that the wage-paying CSJ option would sunset on September 30, 2001.

**Assembly/Legislature:** Modify the starting date for these provisions from October 1, 1998, to February 1, 1999.

[Act 27 Sections: 627b, 716t, 716v, 1751g, 1812b thru 1812d, 1812f, 1815c, 1815d, 1817b, 1817c, 1845b, 1857m, 1857n, 1857pm thru 1857r, 2004m and 9426(12w)]

## 32. YOUTH VILLAGE/PASSPORTS FOR YOUTH

**Joint Finance:** Provide $500,000 in federal TANF funding in each year for the youth village program. Provide that to be eligible for the youth village program, a family must meet the eligibility requirements for a W-2 employment position. Provide that children enrolled in the youth village program could not be absent from the home for more than 45 consecutive days. In addition, provide that the youth village program and families enrolled in the program meet any other federal requirements regarding the use of TANF funding.

**Assembly/Legislature:** Delete the Joint Finance provision and, instead, provide these funds to the passports for youth program operated by the YMCA of Metropolitan Milwaukee. No statutory provisions would be created for the passports for youth program. The TANF funds would not be allocated to passports for youth if the program does not meet the requirements of the federal TANF

program. The youth village program would retain its statutory provisions and GPR funding in the Department of Public Instruction. Funding for this provision is shown under Item #1.

[Act 27 Section: 1857p]

## 33. STATE FUNDING FOR TRIBAL TANF PROGRAMS

**Joint Finance/Legislature:** Direct the Department to develop a plan for the granting of a share of state funds to any Wisconsin Indian tribe that operates a federal TANF program. Specify that the Department would be required to develop a plan, that includes standards similar to W-2, in consultation with Wisconsin Indian tribes and submit the plan to the Joint Committee on Finance by January 1, 1998. Provide that the Department could not implement the plan without approval by the Committee.

**Veto by Governor [C-23]:** Delete provision.

[Act 27 Vetoed Sections: 627, 627b and 1857o]

## 34. NO WORK REQUIREMENT FOR PARENTS OF DISABLED CHILDREN

**Joint Finance/Legislature:** Specify that a W-2 agency must suspend the work and education requirements for W-2 transitional placements who are single parents of disabled children if the agency determines that the parent is needed in the home to provide full-time home care for the child.

**Veto by Governor [C-21]:** Delete provision. It was estimated that this provision would save $3.2 million annually in child care expenses. The Governor's partial veto does not modify the appropriation schedule or the statutory allocation for W-2 child care.

[Act 27 Vetoed Sections: 1812e and 1812j thru 1812u]

## 35. TECHNICAL CHANGE RELATED TO FOOD STAMP ADMINISTRATION [LFB Paper 995]

**Joint Finance/Legislature:** Specify that W-2 agencies may certify eligibility for, and issue food coupons to, W-2 participants only to the extent permitted by federal law or waiver.

[Act 27 Section: 1801m]

## 36. 18- AND 19-YEAR-OLD PARENTS UNDER W-2

**Joint Finance/Legislature:** Permit 18- and 19-year-old parents to attend high school or participate in a program for obtaining a high school equivalency declaration as part of the required work activities for a community service job.

[Act 27 Sections: 1812g and 1812h]

## 37. W-2 AGENCY ACCESS TO VITAL RECORDS

**Assembly/Legislature:** Provide that W-2 agencies may copy a certified copy of a vital record for use by the agency if the copy is marked "for administrative use." Under current law, financial institutions, state agencies and county departments of human/social services are authorized to copy vital records. This provision provides the same authority to W-2 agencies that are not state agencies or county departments.

[Act 27 Sections: 2230m and 2230p]

## 38. SIMPLIFIED FOOD STAMP PROGRAM

**Assembly/Legislature:** Require the Department to develop a simplified food stamp program for food stamp recipients who receive W-2 benefits. Provide that the plan for the simplified food stamp program must be approved by the U.S. Department of Agriculture and must be submitted to the Secretary of the Department of Administration for final review and approval before implementation. Under the 1996 federal welfare reform legislation, states may elect to implement a simplified food stamp program for recipients of assistance under the federal TANF program (the W-2 program in Wisconsin).

[Act 27 Section: 1755m]

## 39. FOOD STAMP WAIVER

**Assembly/Legislature:** Require DWD to request and implement waivers from federal food stamp employment requirements of the 1996 federal welfare reform legislation (P.L. 104-193) for able-bodied childless adults who reside in areas of the state determined by the Department to have an unemployment rate greater than 10%, or who reside in areas of the state that the Department determines do not have a sufficient number of jobs to provide employment for that group of individuals. Further, require the Department to evaluate independent studies (including those provided by the U. S. Department of Labor) regarding job scarcity or lagging job growth in any area to

determine if these conditions apply and require DWD to request a waiver for a group residing in any area of the state in which any of those studies indicate that there is a substantial likelihood that these conditions are met. Define "area" to mean: (a) a county or combination of counties; (b) a city, village or town; (c) a smaller geographic region of a county, city, village or town; or (d) a federally recognized American Indian reservation.

**Veto by Governor [C-25]:** Delete provision.

[Act 27 Vetoed Section: 1749m]

## 40. EMPLOYMENT TRANSPORTATION

**Assembly/Legislature:** Provide that a project under the Job Ride program would be defined to include a project that is designed to improve access to W-2 employment positions and other part-time jobs. Current law authorizes the Department to conduct the Job Ride program, an employment and transit assistance project which provides transportation to individuals in Milwaukee County who seek employment in outlying suburban and sparsely populated and developed areas. As it is currently implemented, the Job Ride program provides transportation only for individuals who have permanent, full-time employment. Therefore, Job Ride would not be available to individuals in some W-2 employment positions, particularly community service jobs and transitional placements. Under this provision, the Job Ride program would be explicitly authorized to provide services to improve access to part-time jobs and W-2 employment positions.

[Act 27 Sections: 2684m and 2684n]

## 41. EMPLOYMENT SKILLS ADVANCEMENT GRANT EFFECTIVE DATE

**Joint Finance:** Specify that the employment skills advancement program would begin on the statewide starting date for W-2 (September 1, 1997). Under current state law, the program is scheduled to begin six months after the starting date for W-2.

**Assembly/Legislature:** Change the effective date of the employment skills advancement grant program from the statewide starting date for W-2 (September 1, 1997) to the first day of the first month beginning after publication of the bill. This change reflects delayed passage of the budget.

[Act 27 Section: 1858m]

## 42. PARTICIPATION IN TECHNICAL COLLEGE COURSES

**Senate/Legislature:** Provide that, to the extent permitted by federal law, the work activities for participants in community service jobs or transitional placements under the W-2 program may include participation in technical college courses, if the W-2 agency in consultation with the community steering committee and the technical college district determines that the course would lead to employment. This provision would only apply if the participant was enrolled as a full-time student as determined by the educational institution.

Specify that up to 15 hours of time to attend class, including travelling to and from classes, may be counted toward the 30-hour work requirement for community service jobs and the 28-hour work requirement for transitional placements. Provide that the participant must regularly attend all classes and maintain a grade point average of at least 2.0, or the equivalent. Specify that the W-2 agency must work with the community steering committee and the technical college district to monitor the participant's progress and the effectiveness of the courses in leading to employment.

**Veto by Governor [C-19]:** Delete provision.

[Act 27 Vetoed Section: 1812w]

# Child Support

## 1. KIDS COMPUTER SYSTEM [LFB Paper 991]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $11,399,200 | - $16,706,500 | - $5,307,300 |
| FED | 23,270,500 | 51,500 | 23,322,000 |
| Total | $34,669,700 | - $16,655,000 | $18,014,700 |

**Governor:** Provide $5,827,800 GPR and $12,384,300 FED in 1997-98 and $5,571,400 GPR and $10,886,200 FED in 1998-99 for the Kids Information Data System (KIDS). The KIDS system is the statewide data processing system for child support enforcement. Base funding for the system is $13,747,900 ($5,438,800 GPR and $8,309,100 FED). Therefore, total funding would be increased to $31,960,000 ($11,266,600 GPR and $20,693,400 FED) in 1997-98 and $30,205,500 ($11,010,200 GPR and $19,195,300 FED) in 1998-99. These funds would be used for ongoing operation of the

system and enhancements to the system required by the 1996 federal welfare reform legislation (P.L. 104-193). The federal revenues would be from matching funds for child support enforcement.

Operation of the KIDS system is conducted by a private vendor and state staff in the Department's Bureau of Information Technology Services (BITS). In addition, change orders required by the new federal law and other system improvements will be provided by a private contractor. State operation of the system is generally funded at a 66/34 federal/state match. However, federal funding for the initial development and conversion of the system is available at an enhanced 90/10 federal/state match until October 1, 1997, for expenses included in advance planning documents submitted before September 30, 1995. Federal funding for system modifications required by the new federal law will be provided at an enhanced 80% rate until September 30, 2001. The following table outlines the Governor's recommendation.

| | 1997-98 | | | 1998-99 | | |
|---|---|---|---|---|---|---|
| | GPR | FED | TOTAL | GPR | FED | TOTAL |
| Contractor Fees | | | | | | |
| Ongoing System Maintenance | $2,008,300 | $3,898,400 | $5,906,700 | $2,008,300 | $3,898,400 | $5,906,700 |
| Change Orders Required by Federal Law | 760,000 | 3,040,000 | 3,800,000 | 646,400 | 2,033,000 | 2,679,500 |
| Other System Modifications | 87,700 | 170,300 | 258,000 | 87,700 | 170,300 | 258,000 |
| BITS Costs | | | | | | |
| State Staff | 710,600 | 1,580,600 | 2,291,200 | 811,300 | 1,574,700 | 2,386,000 |
| Capital/Installation/Infrastructure | 251,900 | 489,000 | 740,900 | 0 | 0 | 0 |
| 800 Number/Help Desk/ Voice Response | 205,000 | 397,900 | 602,900 | 205,000 | 398,000 | 603,000 |
| Local Area Network Service | 241,200 | 468,200 | 709,400 | 248,400 | 482,300 | 730,700 |
| Maintenance | 14,700 | 28,600 | 43,300 | 15,200 | 29,400 | 44,600 |
| DWD System Fee | 38,500 | 74,700 | 113,200 | 39,600 | 77,000 | 116,600 |
| InfoTech Charges | | | | | | |
| Mainframe | 4,479,700 | 6,172,300 | 10,652,000 | 4,479,700 | 6,172,300 | 10,652,000 |
| E-Mail | 34,000 | 66,000 | 100,000 | 23,500 | 45,600 | 69,100 |
| Telecommunications | 572,000 | 691,100 | 1,263,100 | 548,400 | 632,500 | 1,180,900 |
| Supplies and Services | | | | | | |
| Centralized Mailing | 1,124,100 | 2,182,100 | 3,306,200 | 1,157,800 | 2,247,600 | 3,405,400 |
| Credit Bureau Reports | 17,000 | 33,000 | 50,000 | 17,000 | 33,000 | 50,000 |
| General Supplies and Services | 721,900 | 1,401,200 | 2,123,100 | 721,900 | 1,401,200 | 2,123,100 |
| Total KIDS Budget | $11,266,600 | $20,693,400 | $31,960,000 | $11,010,200 | $19,195,300 | $30,205,500 |
| Base Funding Level | 5,438,800 | 8,309,100 | 13,747,900 | 5,438,800 | 8,309,100 | 13,747,900 |
| Increased Funding Recommended | $5,827,800 | $12,384,300 | $18,212,100 | $5,571,400 | $10,886,200 | $16,457,600 |

**Joint Finance/Legislature:** Modify the funding amounts recommended by the Governor as follows:

a. Decrease funding by $28,700 ($9,800 GPR and $18,900 FED) in 1998-99 to eliminate excess funds for current BITS staff.

b. Replace $70,400 of GPR funding with $70,400 FED in 1998-99 to reflect the continued availability of enhanced federal funds (80% rather than 66%) for staff involved in welfare reform change orders.

c. Instead of providing $740,900 ($251,900 GPR and $489,000 FED) in 1997-98, provide $370,400 ($125,900 GPR and $244,500 FED) in each year for data processing hardware.

In addition, place $5,570,300 GPR in 1997-98 and $11,055,900 GPR in 1998-99 in the Joint Committee on Finance's appropriation. These funds, which represent half of the revised funding amount for 1997-98 and all of the revised amount for 1998-99, could be released, under s. 13.10, after the Legislative Audit Bureau's review of the system is completed and additional information is available regarding mainframe charges and DWD's progress in completing welfare reform change orders.

## 2. CENTRALIZED RECEIPT AND DISBURSEMENT [LFB Paper 990]

| | Governor (Chg. to Base) | Jt. Finance/Leg, (Chg. to Gov.) | Net Change |
|---|---|---|---|
| GPR | $117,100 | - $117,100 | $0 |
| FED | 227,300 | 0 | 227,300 |
| PR | 750,000 | 0 | 750,000 |
| SEG | 112,500 | 0 | 112,500 |
| Total | $1,206,900 | - $117,100 | $1,089,800 |

**Governor:** Provide $117,100 GPR, $227,300 FED, $750,000 PR and $112,500 SEG in 1998-99 for the Department to establish a statewide, automated system for the receipt and disbursement of child support, family support, maintenance (alimony), health care expenses, birth expenses and other support-related expenses. The receipt and disbursement system could be operated directly by DWD or by some other entity designated by the Department.

Under current state law, all payments of child or family support and maintenance must be made through the county clerk of court or a support collection designee in counties which have designated an entity other than the clerk of courts to collect and disburse these payments. However, the 1996 federal welfare reform legislation requires that states must operate a centralized receipt and disbursement system for payments on all child support orders enforced by the state child support agency and payments on orders issued after December 31, 1993, which are not enforced by the state agency but for which income withholding applies. Federal law generally requires the centralized systems to be operating by October 1, 1998. However, states (like Wisconsin) that process child support payments through local courts may continue court payments until September 30, 1999.

The following sections provide additional detail regarding the Governor's recommendation.

**Receipt and Disbursement of Support**

Currently, all orders or judgments providing for temporary or permanent maintenance, child support or family support payments must direct payment to the clerk of court or support collection designee for the use of the person for whom the support has been awarded. The bill would modify this provision to, instead, require all payments of support (including modifications to existing orders or judgements) to be made to DWD or its designee. As under current law, a party securing an order for support would be required to file the order, together with all pleadings in the action, with the clerk of court.

Upon request of a county child support agency, after the filing of an order or judgment or the receipt of an interim disbursement order, the clerk of court would be required to advise the agency of the terms of the order or judgment within two business days after the filing or receipt. The county agency would have to, within the time required by federal law, electronically enter the terms of the order or judgment into the statewide support data system. County agencies would also be required to enter court-ordered revisions to any order or judgment which is maintained on the data system.

The bill would also require DWD or its designee to disburse payments of support in the manner required by federal regulations and to keep records on the amounts of money received and disbursed. Currently these activities are performed by the clerk of court or support collection designee.

Under current law, if support payments are not paid at the time provided in the judgment or order, the clerk of court or support collection designee or the family court commissioner must take proceedings as the clerk or collection designee considers advisable to secure payment, including enforcement by contempt proceedings or by other means. In case any fees of officers in any of the proceedings are not collected from the person proceeded against, the fees must be paid out of the county treasury upon the order of the presiding judge and certification by the clerk of court or support collection designee. The bill would modify this provision to refer to DWD or its designee in the section relating to nonpayment of support and to require the county child support agency (rather than the clerk of court or support collection designee) to initiate proceedings for nonpayment. In addition, the bill would modify the provision regarding fees paid from the county treasury to require certification by DWD, rather than the clerk of court or support collection designee.

Under current law, a court may order payment of attorney fees by a county in an action in which the court finds that the record of payments and arrearages kept by the clerk of court or the support collection designee is substantially incorrect and that the clerk of court or support collection designee has failed to correct the record within 30 days after having received information that the court determines is sufficient for making the correction. The bill would modify this provision to allow courts to order DWD or its designee to pay attorney fees if the record of payments was incorrect.

The bill would also require DWD or its designee to assume responsibility for the following activities that are now performed by clerks of court or support collection designees: (a) holding overpayments of support in certain circumstances; (b) receiving and disbursing payments for health care expenses and keeping a record of all moneys received and disbursed for such expenses; and (c) receiving and disbursing payments of interest on overdue child support (1.5% per month).

Currently, each order for child support, family support or maintenance payments must include an order that the payer and payee notify the clerk of court or support collection designee of any change of address within ten days. The payer also must notify the clerk or collection designee, within ten days, of any change of employer and of any substantial change in the payer's income that affects his or her ability to pay support. The bill would modify this provision to require notification of the county child support agency, rather than the clerk of courts or support collection designee.

Under current law regarding interstate child support enforcement, a support enforcement agency or a tribunal of this state must disburse promptly any amounts received under a support order, as directed by the order. The agency or tribunal must furnish to a requesting party or tribunal of another state a certified statement by the custodian of the record of the amounts and dates of all payments received. The bill would modify this provision to also allow DWD's designee to perform these activities.

The current provision allowing county boards to designate child support collection designees in place of clerks of court would be repealed. In addition, the bill would delete an existing provision requiring clerks of court or support collection designees to transfer payment records to other counties if an enforcement or modification petition, motion or order to show cause is filed in that other county for an order that originally was filed in the county of the clerk or collection designee.

**State Intercept Programs**

Under current law, for purposes of the tax intercept program, child support delinquencies or outstanding amounts owed for past support, medical expenses and birth expenses are certified to DWD by county clerks of court or collection designees. DWD then certifies the appropriate amounts to DOR. Amounts recovered from tax refunds or credits by DOR are forwarded to DWD, which distributes these funds to clerks of court and collection designees. The funds are then distributed to the obligee. The bill would require DWD to certify child support delinquencies directly to DOR for the tax intercept program. DOR would be required to send intercepted tax refunds or credits to DWD or its designee for distribution to the obligee. The bill would also require DWD to notify DOR of any collection of a debt that has been certified for tax intercept. Currently, the clerk of court or support collection designee must notify DWD of such collections; DWD then reports this information to DOR.

Under the bill, amounts of unpaid support withheld by DOA from certain state payments would be paid to DWD or its designee for distribution to the obligee. Under current law, such funds are

first transferred from DOA to DWD and then distributed to the clerk of court or collection designee for payment to the obligee.

The bill would also specify that DOR would use certifications by DWD or its designee to determine whether a person is delinquent in support for purposes of withholding unpaid support from lottery prizes. Current law does not include a reference to the Department's designee under this provision.

**Income Withholding**

Currently, court orders for support and certain related costs constitute an assignment of all earnings, pension benefits, unemployment compensation, worker's compensation, lottery prizes that are payable in installments and other money due or to be due in the future to the clerk of court or support collection designee of the county where the action is filed. The bill would provide that the assignment of these sources of income would, instead, be to DWD or its designee. The bill would also require amounts of support withheld from income to be sent to DWD or its designee, rather than to the clerk of court or support collection designee.

Present law requires courts to provide notice of the assignment of income to the last-known address of the person from whom the payer receives or will receive money. If the clerk of court or support collection designee does not receive the money from the person notified, the court must provide notice of the assignment to any other person from whom the payer receives or will receive money. The bill would specify that the notices required under this provision could be provided by a family court commissioner or county child support agency, instead of just by the court. In addition, the reference to clerk of court and support collection designee in the section regarding nonpayment would be changed to DWD or its designee.

Under current law, if an employer who receives an assignment of income for nonpayment of support fails to notify the clerk of court or support collection designee within ten days after an employe is terminated or otherwise leaves employment, the employer may be proceeded against for contempt of court. The bill would require employers to provide this notice to DWD or its designee, rather than to the clerk of court or support collection designee.

**Transfers from Deposit Account**

Under current law, if the court or the family court commissioner determines that income withholding is inapplicable, ineffective or insufficient to ensure payment of support, the court or commissioner may require the payer to identify or establish a deposit account that allows for periodic transfers of funds. The payer must file with the financial institution an authorization for transfer from the account to the clerk of court or support collection designee. The authorization must include the payer's consent for the financial institution to disclose information to the court, family court commissioner, clerk of court or support collection designee regarding the deposit account.

The bill would modify these provisions to require payment from the account to be made to DWD or its designee and to require consent for disclosure of information to the county child support agency, DWD or DWD's designee, rather than to the clerk of court or support collection designee. In addition, if the account is closed or if no funds are available at the time of transfer, the financial institution would be required to notify the county child support agency, DWD or DWD's designee.

**Receipt and Disbursement Fee**

Under current law, the clerk of court or support collection designee collects an annual fee of up to $25 from each party ordered to pay support for receiving and disbursing support payments and maintaining required records. This fee would be repealed under the bill.

Instead, DWD or its designee would be authorized to collect an annual fee of $25 for receiving and disbursing maintenance, child support or family support payments, and for maintaining the required payment records. The fee would be payable at the time of, and in addition to, the first payment to DWD or its designee in each year for which payments are ordered. All fees collected under this provision would be deposited in DWD's appropriation for fees related to state child support operations. The court or family court commissioner would have to notify each party of the requirement to pay the fee and of the amount of the fee. If the fee is not paid when due, the Department or its designee could not deduct the fee from the maintenance or child or family support payment, but could move the court for a remedial sanction or apply to the court or family court commissioner for an assignment of income.

**Statewide Starting Date**

If DWD determines that the statewide receipt and disbursement system will be operational before October 1, 1999, the Department would have to publish a notice in the Wisconsin Administrative Register that states the date on which the system will begin operating. Before that date or October 1, 1999, whichever is earlier, the circuit courts, county child support agencies, clerks of court and employers would be required to cooperate with the Department in any measures taken to ensure an efficient and orderly transition from the county system of receipt and disbursement to the statewide system.

**Appropriation Changes**

The bill would modify the Department's GPR general program operations appropriation to cover costs associated with receiving and disbursing support and support-related payments, including any contract costs. In addition, DWD's program revenue appropriation for child support state operations would be modified to: (a) deposit funds from the $25 annual fee to be charged by the Department; and (b) specify that funding from this appropriation could be used for costs associated with receiving and disbursing support and support-related payments, including any contract costs.

The bill would also repeal the Department's current PR appropriation for child support collected on behalf of families receiving public assistance. Immediately before the date of notice published by DWD for start-up of the centralized receipt and disbursement system or October 1, 1999, whichever is earlier, the unencumbered balance in this appropriation would be transferred to DWD's new PR appropriation for child support transfers (described below).

The bill would create a SEG, sum sufficient appropriation from the support collections trust fund equal to the fund's interest earnings. This appropriation would be used for costs associated with receiving and disbursing maintenance and child and family support payments, including any contract costs, and for costs associated with any other support enforcement function.

The bill specifies that all monies received for child or family support, maintenance, spousal support, health care expenses or birth expenses and all other monies received under judgements or orders in actions affecting the family would be deposited in a SEG sum sufficient appropriation in the support collections trust fund. These monies would be distributed to the payee or transferred to a new appropriation for child support transfers if the support has been assigned to the state by a recipient of AFDC, foster care aid or kinship care assistance or by a participant in a W-2 employment position.

The current PR appropriation for collections of delinquent support through state intercept programs would be moved from miscellaneous appropriations to DWD. In addition, the bill would specify that the appropriation would receive all monies from DOR and DOA for child support, maintenance, medical expenses or birth expenses under the state intercept provisions, to be distributed in accordance with state law and federal regulations. Previously these funds were distributed to clerks of court for allocation to the payee.

**Statutory Clarifications**

Under current law, child support enforcement activities (other than receipt and disbursement) are performed at the local level by county child support agencies, under contract with DWD. The statutes refer to these agencies in a number of different ways, such as "county designee" or "child support program designee." The bill would change these terms to "county child support agency" to make references to these agencies consistent throughout the statutes. The bill would also specify that a county board could not designate the county clerk of court as the county child support agency.

The bill would also correct a cross reference relating to orders for medical coverage of a child.

**Effective Dates**

In general these provisions would take effect on the earlier of: (a) October 1, 1999; or (b) the day DWD publishes notice in the Administrative Register, if the Department determines that the statewide automated support and maintenance receipt and disbursement system will be operational

before October 1, 1999. However, the provisions which would clarify references regarding county child support agencies would take effect on the day after publication of the bill.

**Funding**

A total of $1,206,900 would be provided in 1998-99 for establishing the centralized receipt and disbursement system. This includes $117,100 GPR and $227,300 in federal matching funds. In addition, an estimated $750,000 PR would be provided from the $25 receipt and disbursement fee and $112,500 SEG would be provided from interest in the support collection trust fund.

The $1,206,900 funding amount assumes that the Department would contract with a bank or other vendor to perform the receipt and disbursement function through a lockbox arrangement. The vendor would receive all child support payments from employers and individuals, enter payment information into the statewide KIDS computer system and print and distribute checks to the appropriate payees. The new system would be implemented in half of the state's counties beginning January 1, 1999; the remaining counties would be added on July 1, 1999. Therefore, the $1,206,900 funding amount for the 1998-99 fiscal year would cover approximately one-fourth of the annual cost of the system. Once fully implemented, the new system is estimated to cost $4,827,800 per year. All of these funds would be paid to a private vendor.

**Joint Finance:** Place the $117,100 GPR recommended by the Governor into the Joint Committee on Finance's program supplements appropriation in 1998-99. Provide that these monies could be released (along with federal matching revenues), under s. 13.10, if it is determined that these funds will be necessary to fund the centralized receipt and disbursement system.

**Assembly/Legislature:** Require DWD to provide $150,000 GPR and $600,000 FED in 1997-98 from its current budget for the KIDS computer system to county child support agencies for computer equipment upgrades associated with conversion to the centralized receipt and disbursement system for child support.

[Act 27 Sections: 614b, 618, 628c, 629, 631, 638, 639b, 721, 722, 833, 909b, 1407, 1571, 1579, 1584, 1989b, 1991m, 1992m, 1993, 1994m, 1995m, 1997m, 1998, 1999, 2004, 2162, 2165, 2166, 2167, 2168, 2223, 2225, 4774, 4932, 4958, 4960, 4961, 4966, 4968 thru 5019, 5027, 5030, 5031, 5075, 5076, 5080, 5081, 5082, 5112, 5187, 5188, 5189, 5190, 5191, 5244, 5257m, 5258m, 5259, 5260, 5266, 5270m, 5272m, 9126(5g), 9226(1) and 9426(8)]

## 3. STATE DIRECTORY OF NEW HIRES [LFB Paper 992]

**Governor:** Require DWD to establish and operate a hiring reporting system that includes a state directory of new hires. All requirements under the reporting system would have to be consistent with appropriate federal laws and regulations. In general, each employer that employs individuals

in the state would have to provide information to the Department about each newly-hired employe. However, multi-state employers could designate another state for the purpose of providing the required information. Designations by multi-state employers would be made to the federal Department of Health and Human Services (HHS); in addition, the employer would have to notify DWD of the designation.

DWD would be required to specify: (a) the information that employers must provide; (b) a number of different ways in which employers may report the information, including paper and electronic means; and (c) a timetable for the actions and procedures required under the reporting system. These provisions would take effect on October 1, 1997.

The new federal law generally requires each state to establish a directory of new hires by October 1, 1997. Federal law also specifies the types of information that must be reported and procedures that must be used by states, including provisions regarding the disclosure of such information. Information from the state directories will be provided to HHS for entry into a national directory of new hires. In addition, by May 1, 1998, states must conduct automated matches of the social security numbers of employes in the new hire directory against the social security numbers of individuals included in child support case directories.

**Joint Finance/Legislature:** Modify the Governor's recommendation as follows:

a. Make the effective date of these provisions the earlier of: (a) April 1, 1998; or (b) January 1, 1998, if DWD determines that the system will be operational by that date.

b. Impose a civil penalty not to exceed $25 if an employer fails to comply with the new hire reporting provisions, unless the failure is found to be the result of a conspiracy between the employer and employe to not supply the required report or to supply a false or incomplete report. In cases of conspiracy, impose a civil penalty of up to $500. Specify that the penalty would apply for each new employe that an employer fails to report. Require DWD to provide notice to the employer and provide the employer with an opportunity to correct the noncompliance prior to assessing a penalty.

c. Clarify that "support collection purposes" as used for purposes of the new hire reporting requirements, is part of the state location service under current law.

d. Specify that when information in the hiring reporting system is used for purposes other than child support and paternity establishment and enforcement, that the purposes are limited to those specified in current federal law.

e. Provide that when information in the hiring reporting system is used for purposes other than child support and paternity establishment and enforcement, no person may use or disclose the information for any purpose not connected with the administration of the other programs.

[Act 27 Sections: 612m, 2631 and 9426(1h)]

## 4. PRIVACY SAFEGUARDS [LFB Paper 994]

**Governor:** Provide that DWD or county child support agencies could not release information about the whereabouts of a person who is receiving child support enforcement or paternity establishment services if either of the following applies:

a. The person seeking the information is subject to a domestic abuse, child abuse, vulnerable adult or harassment temporary restraining order or injunction with respect to the person who is receiving the child support enforcement or paternity establishment services, and the Department or county agency has notice of the restraining order or injunction; or

b. The Department or county agency has reason to believe that releasing the information may result in physical or emotional harm to the person receiving the services.

The Governor's recommendation would be an exception to the general provision which allows DWD or county child support agencies to disclose to a parent with legal custody of a child, upon the custodial parent's request, the last-known address, and the name and address of the last-known employer, of the child's other parent, if the other parent is in arrears in the payment of support for the child.

Under the new federal law, states must implement safeguards against unauthorized use or disclosure of information related to proceedings or actions to establish paternity or establish or enforce child support. These safeguards must include prohibitions on the release of information where there is a protective order or where the state has reason to believe a party is at risk of physical or emotional harm from the other party.

**Joint Finance/Legislature:** Modify the Governor's recommendation by deleting the provision that would limit the privacy safeguards to persons who are receiving child support enforcement or paternity establishment services.

[Act 27 Sections: 1881, 1877r and 1878]

## 5. HOSPITAL-BASED PATERNITY ESTABLISHMENT [LFB Paper 993]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov.) | Net Change |
|---|---|---|---|
| FED | $288,000 | - $90,000 | $198,000 |

**Governor:** Modify provisions regarding hospital-based acknowledgements of paternity as follows:

a. Provide $72,000 in federal temporary assistance to needy families (TANF) funds each year and require DWD to pay a financial incentive to the party that files the birth certificate (generally a hospital administrator or attending physician) for correctly filing a paternity acknowledgement form within 60 days after the child's birth. Although not specified in the bill, the funding amount assumes that the incentive payment would be $10.

b. Provide $72,000 in federal TANF funds each year and require DWD to pay the $10 fee charged by the state registrar for making alterations in a birth certificate to reflect a paternity acknowledgement. The fee is currently paid by the parents.

The current hospital-based program requires that for a birth that occurs en route to or at a hospital, the party that files the birth certificate must give the mother a pamphlet regarding birth certificates. The pamphlet must include information on: (a) how to add the name of the father of a child whose parents were not married at any time from the conception to the birth of the child (through voluntary acknowledgement of paternity or a paternity action); (b) the legal significance and future medical advantages of having the father's name on the birth certificate; and (c) the availability of child support enforcement and paternity establishment services.

If the child's parents are not married at the time of birth, the filing party must give the mother a copy of a form prescribed by the state registrar for the voluntary establishment of paternity. If the mother provides a completed form to the filing party while she is a patient in the hospital and within five days after the birth, the filing party must send the form directly to the state registrar. These provisions of current law would be retained, along with the new provisions described above.

**Joint Finance/Legislature:** Eliminate the funding and statutory provisions recommended by the Governor regarding payment of the birth certificate fee. Instead of the funding proposed by the Governor, provide $54,000 FED in 1997-98 and $144,000 FED in 1998-99 to increase the hospital-based paternity incentive payment to $20, effective January 1, 1998.

[Act 27 Sections: 2224, 9326(8h) and 9426(13)]

## 6. UNIFORM INTERSTATE FAMILY SUPPORT ACT

**Governor/Legislature:** Modify provisions of the state's Uniform Interstate Family Support Act (UIFSA) to conform with the requirements of federal law, as outlined below.

Under current law, the Uniform Interstate Family Support Act is used in actions to establish, enforce or modify support orders, when the parties do not reside in the same state, and in situations in which support orders have been issued in more than one state. UIFSA, among other things, extends Wisconsin courts' exercise of personal jurisdiction over nonresidents in child support and paternity actions, authorizes interstate paternity determinations, creates continuing exclusive jurisdiction in order to permit only one support order to be in effect at any time, provides for modifications of interstate orders and provides for the direct enforcement of interstate wage withholding orders. The 1996 federal welfare reform legislation requires states to have in effect UIFSA, including amendments made to it by the National Conference of Commissioners of Uniform State Laws through January 1, 1996. Wisconsin adopted UIFSA in 1994. The budget bill would modify UIFSA to meet this federal requirement.

The primary changes the bill would make to UIFSA relate to employers' duties with respect to wage withholding and rules governing courts' recognition of child support orders from other jurisdictions. Those provisions are described below.

**Employers' Duties: Income Withholding**

Current law requires an employer of this state who receives an order for income withholding from another state for an employe to treat the order as if it were issued by a court in this state, provide a copy of the order to the obligor and distribute the funds as directed in the order. The bill would clarify that an employer of this state would be required to comply with the following terms of an income withholding order from another jurisdiction: (a) the duration and amount of periodic payments for current child support, stated as a sum certain; (b) the person or agency designated to receive payments and the address to which the payments are to be forwarded; (c) medical support, whether in the form of cash payments or health insurance coverage available through the employer; (d) the amounts of periodic payments of fees and costs for a support enforcement agency, the issuing tribunal or the obligee's attorney; and (e) the amount of periodic payments of arrears and interest on arrears.

In addition, the bill would require the employer to comply with the law of the state of the obligor's principal place of employment for withholding of income with respect to the following: (a) the employer's fee for processing an income-withholding order; (b) the maximum amount permitted to be withheld; and (c) the time periods within which the employer must implement the order for income withholding and forward the child support payment.

The bill would also provide that if the employer receives multiple orders to withhold support from the earnings of the same obligor, the employer's obligation to withhold would be satisfied if it complies with the law of the state of the obligor's principal place of employment to establish the priorities for withholding and allocating income withheld.

Under the bill, an employer that complies with an income withholding order issued in another state in accordance with UIFSA would not be subject to civil liability to any individual or agency with regard to the withholding. However, under the bill, an employer that wilfully fails to comply with an income-withholding order issued by another state would be subject to the same penalties that may be imposed for noncompliance with an income-withholding order issued by a court in this state under current law (contempt of court or a forfeiture).

**Recognition of Controlling Child Support Orders**

UIFSA specifies a number of rules for courts to use in situations in which an action to establish, modify or enforce a child support order is brought in this state. The rules assist courts in determining which order to recognize for purposes of continuing, exclusive jurisdiction when multiple orders have been issued in this or another state with regard to the obligor and the child.

The bill would provide that if two or more child support orders have been entered and if the obligor or obligee resides in Wisconsin, a party could request a court of this state to determine which child support order controls and must be recognized based on those current rules. The request would have to be accompanied by a certified copy of every child support order issued for the obligor and child that is in effect. Further, every party whose rights could be affected by a determination of which child support order controls would have to be given notice of the request. Under the bill, a court of this state which makes a determination of which order is controlling, or which issues its own controlling order under current law, would be required to include in the order the basis upon which the determination is made. The bill would require the party that obtained the order to file, within 30 days of obtaining the order, a certified copy of the order with each tribunal that had issued an earlier child support order. Failure to file a certified copy as required would subject the party to appropriate sanctions by a tribunal in which the issue of failure to file arises, but the failure would have no effect on the validity or enforceability of the controlling child support order.

**Modifications of Child Support Orders From Other States**

Under UIFSA, a court of this state may modify a child support order issued in another state and registered in this state if it finds that certain criteria relating to where the parties reside have been met. The bill would provide that if all the parties reside in Wisconsin and the child does not reside in the state that issued the order, a Wisconsin court could enforce and modify the issuing state's child support order using the procedural and substantive laws of Wisconsin.

[Act 27 Sections: 5091 thru 5111, 5113 thru 5136 and 9326(4)]

## 7. CHILD SUPPORT INCENTIVE PAYMENTS

| | Chg. to Base |
|---|---|
| FED | $3,828,000 |

**Assembly/Legislature:** Provide $3,178,000 in 1997-98 and $3,850,000 in 1998-99 from excess child support payments assigned to the state by recipients of public assistance to county child support agencies to offset reduced federal child support incentive payments that have resulted from declines in the AFDC caseload. Require DWD to distribute the payments among the county agencies according to a formula developed by the Department in consultation with counties. Provide that the total amount of funding provided to counties under this provision and the federal child support incentive payments may not exceed $10.5 million in each year. Reestimate excess child support collections by $900,000 in 1997-98 and $2,300,000 in 1998-99 to reflect a federal hold harmless provision and actual collections in 1996-97.

This provision would allocate a portion of excess child support collections assigned to the state by public assistance recipients to local child support agencies. These funds would otherwise be used, along with federal TANF block grant revenues and state GPR, to support the W-2 program and other public assistance expenditures. With the reestimate of child support collections, the reallocation of these funds to child support agencies would result in a net increase in TANF expenditures of $2,278,000 FED in 1997-98 ($3,178,000 minus $900,000) and $1,550,000 FED in 1998-99 ($3,850,000 minus $2,300,000).

[Act 27 Sections: 1882m and 1882n]

# REPORTS AND STUDIES

# REPORTS AND STUDIES

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| 15 days after the effective date of the budget and each succeeding October 1 | **Title Fee Certification.** A certification of the amount attributable to the $7.50 title fee in the prior fiscal year, to be used in calculating the transfer from the general fund to the environmental fund. [Section 9149(1c)] | DOT | DOA |
| 30 days after the effective date of the bill | **Budget and Position Vacancy Reductions.** Recommendations for reallocating reductions among the Department's appropriations for state operations. [Section 9149(1L)] | DOT | JFC |
| Within 30 days after the effective date of the budget and again by October 1, 1998 | **Residential Schools -- Maintenance Funding.** A plan specifying how $74,000 GPR annually for the School for the Deaf and $17,200 GPR annually for the School for the Visually Handicapped would be allocated to fund maintenance projects. [Section 9104(1)] | State Superintendent | JFC |
| Within 30 days after the effective date of the budget | **Budget Reductions.** A report on the Board's preference for allocating budget reductions among its sum certain GPR appropriations. [Section 9105(1x)] | Arts Board | Governor and JFC |
| 30 days after the effective date of the budget | **School District Reporting of Existing Debt Service Costs.** School districts report their debt service schedules to DPI. [Section 9140(7s)] | School districts | DPI |
| 30 days following the effective date of the budget | **Public Defender Budget Efficiency Measures Report.** Report indicating the agency's preference for allocating budget reductions of $816,900 in 1997-98 and $987,600 in 1998-99 among the agency's sum certain, general purpose revenue appropriations. [Section 9139(2t)] | SPD | Governor and JFC |
| Monthly | **School District Reporting of Debt Service Costs.** DPI would provide aggregate information on debt service schedules submitted by school districts on a monthly basis. [Section 2854y] | DPI | DOA and LFB |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| Quarterly | **Expenses Charged to Current Income.** Within 45 days of the conclusion of each calendar quarter, a report detailing all costs and expenses which have been charged during the calendar quarter to current income accounts to funds under the Investment Board's financial management. [Section 837] | Investment Board | DOA and JFC |
| Annually | **Environmental Cooperation Program Audit.** An annual audit report monitoring the environmental cooperation program established under DNR. [Section 10r] | LAB | Chief clerks of the Legislature |
| Annually | **HIRSP Annual Report.** A report summarizing the activities of the plan in the preceding calendar year and defining the cost burden imposed by the plan on policyholders in the state. [Section 4863] | HIRSP Board | Appropriate Standing Committees of the Legislature and Plan Members |
| Annually | **Status of Providing Data Lines and Video Links to School Districts.** An annual report on the status of providing data lines and video links to school districts. The report must assess the impact of the Universal Service Fund of the required payments to telecommunications providers in excess of the required school district contributions for these access services. [Section 3150] | PSC | TEACH Board |
| Annually | **Transfer of MA Funds to COP.** A report on the utilization of nursing home beds by MA recipients. [Section 1932m] | DHFS | JFC |
| Annually, no date specified | **Interdistrict School Choice (Open Enrollment) Program.** Summarize the number of pupils applying and attending school outside of the pupil's resident school under the full-time open enrollment program and the number of applications defined and the reasons for the denials. [Section 2843g] | DPI | Governor and Chief Clerks of the Legislature |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| Annually (in fiscal years 1997-98 and 1998-99) | **Report on Recovery from Ratepayers of Certain Universal Service Fund Assessments.** A report on the amounts assessed against telecommunications utilities for the Universal Service Fund that may be recovered from an adjustment to telephone subscribers' basic local exchange service rates of the purpose of providing educational telecommunications access to school districts, WTCS districts, UW BadgerNet, public libraries and private colleges. The report is due 90 days after the PSC establishes the Universal Service Fund assessment in each fiscal year. [Section 9141(2m)(c)] | PSC | JFC |
| Annually, by January 1 | **Interdistrict School Choice (Open Enrollment) Programs.** Report on the number and percentage of resident pupils attending a course in a nonresident district under the part-time open enrollment program. The number of nonresident pupils attending a course in the district and the courses taken by those pupils as part of their annual school performance report. [Section 2745p] | School districts | DPI and Parents or Guardians of Pupils |
| Annually, by January 1 | **Energy Conservation Audit and Construction Project.** Report on any construction work for which DOA has contracted under the energy conservation audit and construction project program. [Section 131] | DOA | JFC |
| Annually, on January 1 | **Management to Staff Ratio.** A report on the current number of authorized positions in the UW System categorized as "management" and the number of positions categorized as "staff" including a list of the position titles in each category and the criteria used by the Board to categorize the positions. [Section 1162m] | UW Board of Regents | JFC |
| Annually, on September 1 | **UW Auxiliary Revenue Transfers.** A report on the requests submitted to the Board of Regents in the previous fiscal year by UW System institutions to transfer surplus revenues from auxiliary enterprises for the purpose of funding non-auxiliary activities. [Section 1173s] | UW Board of Regents | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| Annually, by October 1 | **BadgerCare.** Report that summarizes enrollment and costs of BadgerCare and any other pertinent program information, as determined by DHFS. [Section 1980p] | DHFS | Legislature |
| Annually, by December 31 | **Deficit Plan for State Mental Health Institutes.** An annual report that identifies: (a) the change in the amount of the unsupported cash deficit during the previous state fiscal year; (b) actions taken by DHFS during the previous fiscal year to reduce the deficit; and (c) actions DHFS will take in the current fiscal year to reduce the accumulated deficit. [Section 2107] | DHFS | JFC |
| Annually, on the date specified by DOA | **District Attorney Report on Sexual Predator Cases.** Summary of DA time spent on sexual predator cases during the preceding 12-month period. [Section 9101(7)] | DAs | DOA |
| November 28, 1997 | **University of Wisconsin Extension Budget Reduction Report**. Submit a plan for allocating the annual budget reductions for fiscal years 1997-98 and 1998-99. The plan must minimize the effect of the budget reductions on local and federal funds received by UWEX. [Section 9153(2t)] | UW Board of Regents | JFC |
| After November 30, 1997 | **Free Book Program.** Report on the success of obtaining additional resources associated with the free book program. [Section 9101(11h)] | DOA/Governor | DOA |
| December 13, 1997 | **Food Safety Efficiency Study.** A study of DATCP's food inspection programs procedures that: (a) identifies areas in the programs that could become more efficient; (b) develops a plan to streamline its food inspection programs; and (c) identifies any cost-savings that could be implemented based on the efficiencies and improved procedures. [Section 9104(1)] | DATCP | JFC |
| December 31, 1997 | **Out-of-Wedlock Birth Reduction.** A plan detailing specific activities the state will conduct to reduce the state's out-of-wedlock births by federal fiscal year 1998-99 in order to receive federal funds that will be made available to five states that experience the greatest decline in out-of-wedlock births during the previous two years. [Section 9123(10n)] | DHFS | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| January 1, 1998 | **Plan to Promote Wisconsin Tourism to Canada.** A plan to market Wisconsin tourism opportunities to residents of Canada. [Section 9148(2g)] | Tourism | Governor and appropriate standing committees of the Legislature |
| January 1, 1998 | **Home-Based Businesses.** Study of barriers to starting and operating home-based businesses and encouraging development. [Section 9110(6w)] | Commerce | Appropriate standing committees of Legislature |
| January 30, 1998 | **Tax Credit for Persons Caring for Seniors.** Proposed legislation that would create a tax credit for individuals who provide care for elderly persons. [Section 9123(12j)] | DHFS | Legislature |
| January 31, 1998 | **General Fund Balance Certification.** A certification of the estimated net balance of the general fund for 1997-98 and 1998-99. [Section 9256(3x)] | LFB | JFC |
| February 1, 1998 | **Sales Tax on Vending Machines.** Feasibility of replacing the current sales tax provisions for vending machine purchases of food and beverages with an annual permit requirement, including the potential impact on state revenues and issues of constitutionality. [Section 9132(1to)] | LAB | Legislature |
| April 1, 1998 | **Southeastern Wisconsin Fox River Commission.** An implementation plan for the Commission covering various projects and plans required of the Commission. [Section 1148t] | Board of Commissioners | DNR and Racine and Waukesha County Planning Agencies, County Board Chairpersons and County Executives |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| April 14, 1998 | **Criminal Background Checks Computer Linkup Plan.** A plan to allow DHFS access to information relating to criminal history and other searches. The plan must include an implementation date no later than 18 months after submission, and may not require DOJ to spend more than 30% of the difference between quarterly revenues received from criminal record searches and $390,000 in any quarter of fiscal year 1998-99, or $200,000, whichever is less. [Section 9131(3pu)] | DOJ, DRL and DHFS | JFC |
| June 30, 1998 | **Study of Wisconsin Public Broadcasting** Report findings and recommendations following an examination of the future of public broadcasting in Wisconsin, including: (a) future funding issues; (b) technological advances and their implication for public broadcasting; (c) the relationship between public broadcasting and distance education; (d) the development of new partnerships with the private sector and with other public sector interests; and (e) alternative organizational or governance structures, including a single public or private organization that is not a current licensee of a radio or television broadcasting station. [Section 9156(4m)] | Commission on Public Broadcasting | Governor and Legislature |
| June 30, 1998 | **HIRSP Study.** Study the operation of the plan and report on the cost efficiency of the plan, including evaluations of: (1) the impact of greater use of managed care and case management; (2) and the effect of the federal Health Insurance Portability and Accountability Act (HIPAA). [Section 9127(4m)] | HIRSP Board | Governor and Legislature |
| July 1, 1998 | **Obsolete or Antiquated Statutes.** A study to be conducted with the assistance of EAB to identify all statutes relating to the functions and duties of HEAB and EAB that are obsolete or antiquated and including recommended statutory changes. [Section 9156(1)(h)] | HEAB | Governor and chief clerks of the Legislature |
| July 1, 1998 | **Performance-Based Program Budgeting.** Report by DOT and TEACH Board on outcome measures used for performance-based program budgets. [Section 9156(5m)] | DOT and TEACH Board | DOA |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| July 1, 1998 | **Uniform Criminal History Search Fees.** A report on the feasibility of establishing uniform fees for criminal record history searches. [Section 9131(3pv)] | DOJ | Legislature |
| July 1, 1998 | **Determining Convictions in Other States.** Study to determine whether efficient methods exist by which DHFS and DOJ can ascertain whether a person for whom a criminal history record search must be conducted has a relevant conviction in another state or has been reported in another state for misappropriation of property or abuse or neglect of a person who is considered a vulnerable person in that state. [Section 9131(3px)] | DOJ and DHFS | Legislature |
| August 15, 1998 | **Funding Status of the Educational Telecommunications Access Program.** A report containing: (1) an analysis of whether there are school districts with special needs related to their size or geography that should be provided with additional data lines and video links that would otherwise be authorized under the educational telecommunications access program; (2) the level of expenditures incurred under each Universal Service Fund appropriation during the 1997-98 fiscal year; (3) a summary of the principal programs, activities and recipient classes funded under each appropriation during the 1998-98 fiscal year; (4) an assessment of the projected funding demand by principal program, activity and recipient classes from each appropriation for the 1998-99 fiscal year; and (5) based on these projections, whether additional appropriation authority is required in either appropriation for the 1998-99 fiscal year. [Section 9141(2m)(b)] | PSC and TEACH Board | JFC |
| September 1, 1998 | **Future of State Centers.** A study on the future of the state centers for the developmentally disabled. [Section 9132(1xyg)] | DHFS | Legislature |
| September 1, 1998, and annually thereafter | **Water Pollution Credit Trading Report.** A report on the progress and status of each water pollution credit trading pilot project in achieving water quality goals and coordinating state and local efforts to improve water quality. [Section 3606] | DNR | DOA and the Land and Water Conservation Board |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| September 1, 1998, and annually thereafter | **Nonpoint Source Water Pollution Grant Program Expenditure Report.** Submit a budget report on the nonpoint grant program that includes: (a) anticipated expenditures for nonpoint source projects during the next year; (b) criteria for ending nonpoint source projects; and (c) if anticipated expenditures exceed anticipated funding, a plan for reducing expenditures. [Section 3585] | DNR in consultation with DATCP | Land and Water Conservation Board |
| October 1, 1998 | **University of Wisconsin Extension Audit Report**<br>Report on: (a) how the allocation of the annual UWEX budget reduction was made in order to meet the concerns of the Legislative Audit Bureau's April, 1997, audit report; (b) a description of practices implemented to improve accountability, reporting, coordination and administrative efficiency; (c) a description of methods adopted to establish a consistent fee policy and generate sufficient program revenue to reduce reliance on state GPR; and (d) a description of efforts to focus the mission of UWEX in order to avoid duplication of services, eliminate outdated services and extend UWEX programs to individuals not previously served. [Section 9153(2t)] | UW Board of Regents | Governor, JFC and Joint Legislative Audit Committee |
| October 1, 1998 | **Public Defender Report on Sexual Predator Cases.** Report specifying and evaluating the time spent by SPD attorneys in representing sexual predator cases. [Section 9139(1)] | SPD | Legislature |
| Annually, beginning November 1, 1998 | **Environmental Cooperation (ISO 14000) Program.** An annual report on the progress of the program. [Section 3789] | DNR | Governor and Legislature |
| 4th Quarter, 1998, s. 13.10 meeting | **Debt Collection.** Study on centralized debt collection for state government which considers working with local governments to collect debts. [Section 9143(6g)] | DOR | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| December 31, 1998 | **Audit of UW Mass Transit Services.** A financial audit of mass transit services provided to UW System institutions including an examination of the subsidies provided to mass transit systems by the UW System and a comparison of the revenue derived from fares and the operating expenses of mass transit systems. [Section 9132(3x)] | LAB | JFC |
| December 31, 1998, annually thereafter | **Brownfields Grant Program.** Report on effectiveness of brownfields grant program. [Section 4351] | Commerce | Chief clerks of Legislature, Governor and DOA |
| By the end of 1997-98 | **Electronic Medical Services.** Interim report on the electronic medical services project. | DOA | Governor |
| No date specified (Governor's veto message requests January 1, 1999) | **Brownfields Policy Forum.** A report and recommendations on a number of brownfields cleanup and funding issues. [Section 9137(6g)] | DNR in cooperation with five other state agencies | JFC and appropriate standing committees of Legislature |
| Annually, by January 1, beginning in 1999 | **Background Eligibility Requirement Waivers.** Report on the number of waiver applications to demonstrate rehabilitation, waivers granted and reasons for granting waivers with respect to waivers to the background eligibility requirements for employes in child care and health care facilities. [Section 2059d] | DHFS | Legislature |
| January 1, 1999 | **Modifications to Educational Telecommunications Access Program.** A report on: (1) modifications the Legislature should consider to reduce programmatic and funding differences between the assistance to institutions program and the educational telecommunications access program; and (2) whether time limitations should be imposed on how long school districts may receive grants under the educational telecommunications access a program to recognize that data and video link access is supposed to be available on request by any customer, in a timely manner and at affordable process, under existing PSC rules no later than January 1, 2003. [Section 9141(2m)(a)] | PSC | Legislature and Governor |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| January 1, 1999 | **Aquaculture Study.** A study of the aquaculture industry that includes the following information: (a) the growth of the aquaculture industry since 1994; (b) the demand for aquaculture products; (c) the processing of aquacultural products; (d) investment activities in aquaculture; and (e) marketing opportunities related to aquacultural products. [Section 9104(1g)] | DATCP | Chief clerk of each house of Legislature |
| January 1, 1999 | **Property Tax Treatment of Computers and Related Equipment.** A study that examines the level of taxation on computers and related equipment, the impact of exempting such property from the property tax, mechanisms for compensating local governments for any tax base lost due to such an exemption and the creation of a corporate income and franchise tax credit for property taxes paid on computers and related equipment, as an alternative to providing a property tax exemption. [Section 9143(2e)] | DOR | Legislature |
| No date specified (Governor's veto message requests January 1, 1999) | **Recycling Funding Source.** Proposal for providing state financial assistance through at least the year 2004 for local recycling programs. [Section 3614mg] | DNR | Legislature |
| January 1, 1999 | **Shared Revenue.** A study of the distribution formulas for the shared revenue, expenditure restraint and small municipality shared revenue programs and recommendations of replacement formulas for those programs. [Section 9156(2n)] | Shared Revenue Task Force | Legislature |
| January 31, 1999 | **General Fund Balance Certification.** A certification of the estimated net balance of the general fund for 1998-99. [Section 9256(3x)] | LFB | JFC |
| March 1, 1999 | **WTCS Faculty Development Grants.** A report on the activities in each WTCS district funded with faculty development grants and the effectiveness of the activities in meeting the statutory purposes of the grant program. [Section 9147(2m)] | WTCS Board | Legislature and appropriate standing committees |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| June 1, 1999 | **Vehicle Registration Fee Study.** A study of the feasibility and desirability of basing vehicle registration fees on the vehicle's value or horsepower rating. The due date for this report appears only in the Governor's veto message. [Section 9149(3gh)] | DOT | Legislature |
| June 1, 1999 | **Public-Private Partnerships.** A study of the feasibility and desirability of build-operate-lease or transfer agreements, including any cost savings that may be realized from such agreements. The due date for this report appears only in the Governor's veto message. [Section 9149(3g)] | DOT | Governor and chief clerks and the appropriate standing committees of the Legislature |
| June 1, 1999 | **Highway Bypasses.** A study of the effects of highway bypasses on land development and the economy of bypassed communities, including recommendations on how to assist affected businesses to relocate. [Section 9149(2mh)] | DOT | Legislature |
| June 1, 1999 (Annually thereafter) | **Wildlife Damage.** A report summarizing wildlife damage in the state and activity under the wildlife damage claims and abatement program for the calendar year prior to the date of the report. [Section 1139ryd] | DNR | Appropriate Standing Committees of the Legislature |
| June 30, 1999 | **Benevolent Retirement Homes for the Aged.** A study of the property tax exemption for benevolent retirement homes for the aged and all problems associated with the exemption. [Section 9156(2m)] | Benevolent Retirement Homes for the Aged Task Force | Legislature |
| June 30, 1999 (Annually thereafter) | **HIRSP Report.** A report on the operation of HIRSP, including any recommendations for changes to the plan. [Section 3027m] | HIRSP Board | Governor and Legislature |
| January 1, 2000 | **Auditors.** Report on the activities and amount of revenue generated and the amount of revenue that could be generated by the 12.0 auditors authorized under Act 27. [Section 9143(3t)] | DOR | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| June 30, 2000 | **Audit of Investigations of Abuse on Certain Health Care and Children's Facilities.** A performance evaluation to compare the investigation processes of misconduct reports by the Departments of Health and Family Services, Regulation and Licensing and any private investigators. Require the audit to compare methods, timeliness and outcomes of the investigations. [Section 9132(3pt)] | LAB | Legislature, Governor, DOA, LRB, LFB and agency audited |
| August 21, 2000 | **Medical Savings Accounts Study.** Act 27 retains a study of individuals and groups that have coverage under a high cost-share health plan that terminated that coverage in order to enroll in a health benefit plan that was not a high cost-share plan. [Section 4932br] | Commissioner of Insurance | Appropriate standing committees of the Legislature |
| December 31, 2000 | **Commercial Rearing of Lake Sturgeon.** A study of the regulatory options that would enable the commercial rearing of lake sturgeon while protecting the wild lake sturgeon population. [Section 2543sm] | DATCP, in consultation with DNR | Appropriate Standing Committees of the Legislature |
| November 1, 2001 | **Environmental Cooperation (ISO 14000) Program.** A report recommending whether the program should be continued or changed. [Section 3789] | DNR | Governor and Legislature |
| January 1, 2002 | **Dry Cleaner Environmental Response Program Review.** A review of the program and recommended program changes. [Section 3721e] | DNR | JFC and appropriate standing committees of Legislature |
| July 1, 2002 | **Interdistrict School Choice (Open Enrollment) Programs.** Conduct a performance evaluation of the full-time open enrollment program and evaluate the effects of the program on the quality of elementary and secondary education in the state, including: (a) the extent to which the program has resulted in the creation of new or innovative programs by school districts; (b) the satisfaction of participating and nonparticipating pupils and parents with the program; (c) the fiscal effect of the program on school districts; (d) the socioeconomic effect of the program on school districts; and (e) other issues affecting the quality of education. [Section 18g] | LAB | Unspecified |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| September 1, 2002 | **Wisconsin Land Council Continuation.** Report evaluating the Land Council functions and activities and recommendations as to whether the Council should continue past its sunset date. [Section 97] | Wisconsin Land Council | Governor and Legislature |
| September 1, 2002 | **Wisconsin Land Council and Land Information Board.** Evaluation of how best to continue the Board's and Council's activities, including the feasibility of combining functions. [Section 9101(11m)] | Wisconsin Land Council and Land Information Board | Governor and Legislature |
| Biennially, by December 31 of even-numbered years | **Grants for Pretrial Intervention.** A report on the effectiveness in reducing recidivism among participants in local OWI pretrial intervention programs funded by DOT. [Section 2485g] | DOT | Legislature |
| By December 31 of a year in which a grant was received | **Grants for Pretrial Intervention.** A report on the effectiveness in reducing recidivism among participants in a local OWI pretrial intervention program. [Section 2485g] | Local grant recipients | Legislature |
| Prior to new or renewed contracts | **Regional Emergency Response Teams.** Notify the Joint Committee on Finance, under the passive review process, of any funding commitments for regional emergency response teams before agreeing to any renewed or new contracts. Provide that additional funding for any such contracts, if necessary, may be requested at that time. [Section 3117r] | SERB until June 30, 1998, then DMA | JFC |
| Prior to expenditure of federal funds | **Veterans Assistance Program.** A report, under the passive review process, on the amount of federal per diem payments for the veterans assistance program, any conditions on the use of the payments and on how DVA expects to use the payments for program. [Section 9154(2n)] | DVA | JFC |
| In the event agency lapse cannot be achieved in 1997-99 biennium | **Agency Budget Reductions.** Report in either fiscal year that the Secretary of DOA determines that agencies subject to lapse requirements cannot meet the required lapse, including a plan on how to reallocate reductions. Plan would be reviewed by the Joint Committee on Finance under a 14-day passive review process. [Section 9156(6mg)] | DOA | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| Semiannually, upon direction of JFC and Joint Committee on Information Policy | **Specific IT Project.** Report on any specific IT system which is being designed, developed, implemented or tested and which will cost the state more than $1 million in any fiscal biennium. [Sections 7m and 10s] | DOA | JFC and Joint Committee on Information Policy |
| Prior to implementing a Tax Amnesty Program | **Tax Amnesty**. For tax amnesty program. [Section 9143(2mf)] | DOR | JFC |
| Prior to release of funds by DOA | **Elections Board Data Base Conversion.** Before release of $168,400 GPR from unallotted reserve, a report on the actual scope of the data base conversion project including a detailed estimate of hours required to complete the project. | Elections Board | DOA |
| Prior to release of funds by JFC | **Elections Board Electronic Enhancements.** Before release of $102,800 GPR in 1997-98 from the Joint Committee on Finance's appropriation to fund campaign finance report electronic filing enhancements, a report on the completion of the conversion of the agency's data base. [Section 9129(1m)] | Elections Board | JFC |
| Prior to release of funds by JFC | **Insurance Records Imaging.** Release of $160,300 PR in 1998-99 is subject to the approval of the Joint Committee on Finance under the passive review process and upon completion of feasibility studies for one or more of the following imaging projects: (a) agent licenses; (b) central files; or (c) state life fund policyholders' files. | OCI | JFC |
| Prior to release of funds by JFC | **Probation and Parole Absconder Unit.** Before release of $702,700 GPR in 1997-98 and $1,025,600 GPR in 1998-99 from the Joint Committee on Finance's appropriation to fund a probation and parole absconder unit, a plan and budget for the unit. | DOC | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| Prior to release of funds by JFC | **St. John's Correctional Center Expansion.** Before release of $991,800 GPR in 1998-99 from the Joint Committee on Finance's appropriation to fund an expansion of the St. John Correctional Center, a report on the lease arrangements that have been made for the facility. | DOC | JFC |
| Prior to release of funds by JFC | **Additional Contract Beds.** Before release of $4,900,000 GPR in 1997-98 and $10,100,000 GPR in 1998-99 from the Joint Committee on Finance's appropriation to support additional contracted prison beds, a report on the necessity of additional funds for contract prison beds as a result of modifications to the intensive sanctions program. | DOC | JFC |
| Prior to release of funds by JFC | **Budget System Redesign Consultant's Study.** Before release of $60,000 GPR in 1997-98 from the Joint Committee on Finance's appropriation to fund a budget system redesign consultant's study, a report defining the parameters of the study. | DOA/LFB | JFC |
| Prior to release of funding for project | **Integrated Tax System.** Plan on the development of an integrated tax system. [Section 9143(4z)] | DOR | JFC |
| Prior to release of funds by JFC | **MA Administrative Costs.** Before release of $468,300 GPR from the Joint Committee on Finance's appropriation to be used as the state match for federal dollars which are available to support administrative costs states will incur as a result of the separation of the MA program and current assistance programs. | DHFS | JFC |
| Prior to release of funds by JFC | **KIDS Computer System.** Before release of $5,570,300 GPR in 1997-98 and $11,055,900 GPR in 1998-99 from the Joint Committee on Finance's appropriation to fund the KIDS computer system for child support enforcement, additional information regarding mainframe charges for the system and progress in completing welfare reform change orders. | DWD | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| Prior to release of funds by JFC | **Child Support Centralized Receipt and Disbursement.** Before release of $117,100 GPR in 1998-99 from the Joint Committee on Finance's appropriation to fund centralized receipt and disbursement of child support, additional information regarding the need for these funds. | DWD | JFC |
| Prior to release of funds by JFC | **W-2 Employment Transportation.** Before release of $1,000,000 in 1997-98 and $2,000,000 in 1998-99, the transportation study required under 1995 Act 289 and a plan for expending these funds. | DWD | JFC |
| Prior to release of funds by JFC | **Rollovers into WRS Accounts.** Before release of $180,000 SEG in 1998-99 from the Joint Committee on Finance's appropriation, a report identifying the most cost-effective approach for developing an accounting sub-system for tax-qualified disbursements from other retirement plans. | ETF | JFC |
| Prior to release of funds by JFC | **Employe Health Insurance Data Collection Activities.** Before release of $140,400 SEG in 1998-99 from the Joint Committee on Finance's appropriation, a report on the feasibility, possible benefits and potential costs of shifting the employe health insurance database from the current vendor's proprietary system to ETF's own database system. | ETF | JFC |
| Prior to release of funds by JFC | **BadgerCare Health Plan.** Before release of $15,726,900 in 1998-99 from the Joint Committee on Finance's appropriation to fund the BadgerCare health plan, a plan that demonstrates that the U.S. Department of Health and Human Service approved all of the waivers necessary to implement the BadgerCare plan, as authorized in Act 27. [Section 9132(7c)] | DHFS | JFC |
| Prior to release of funds by JFC | **SSI Benefits.** Before release of $14 million from the Joint Committee on Finance's appropriation to fund an increase in the SSI caretaker supplement payment and the restoration of SSI benefits to legal immigrants. [Section 9132(2z)] | DHFS | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| Prior to release of funds by JFC | **Child Abuse Neglect and Prevention - Milwaukee.** Before release of $744,800 GPR in 1997-98 and $1,489,700 GPR in 1998-99 from the Joint Committee on Finance's appropriation to support child abuse and neglect prevention activities in Milwaukee County. [Section 9123(1)] | DHFS | JFC |
| Prior to release of funds by JFC | **Women's Health.** Before release of $2.2 million GPR in 1997-98 and $1.3 million GPR in 1998-99 from the Joint Committee on Finance's appropriation to fund grants under the women's health initiative, a plan that details that budget and criteria to be used in awarding grants. [Section 9123(10g)] | DHFS | JFC |
| Prior to release of funds by JFC | **Veterans Assistance Center.** A plan detailing the amount and source of funding, including veterans trust fund moneys and federal moneys, DVA expects to use for the operation of the new veterans assistance center in Union Grove. [Section 9154(2m)] | DVA | JFC |
| Prior to release of funds by JFC | **Faculty Technology and Technology Infrastructure Funding.** Before release of $1,060,800 GPR in 1997-98 and $3,307,200 GPR in 1998-99 from the Committee's supplements appropriation and $639,200 PR in 1997-98 and $1,992,800 PR in 1998-99 from unallotted reserve, a report on the educational technology needs across the System, including goals for educational technology procurement, utilization and curricular design, as well as an inventory of current technology and a detailed budget of how the System would allocate this funding, including a consideration of technological equity across the System. | UW System | JFC |
| Prior to release of funds by JFC | **BadgerNet Funding.** Before release of $1,470,000 GPR annually and $1,008,000 SEG in 1997-98 and $864,000 SEG in 1998-99 from the JFC program supplements appropriation and $530,000 PR annually from unallotted reserve, a report on the costs and technology needs of the BadgerNet initiative to ensure that the BadgerNet project will achieve a consistent and workable system for the UW and DOA. | UW System and DOA | JFC |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| No date specified | **School District Reporting of New Debt Service Costs.** Within ten days from the date of a referendum, DPI would be notified of the approval or rejection of the referendum. In addition, a school district would be required to notify DPI within ten days if it would adopt or modify a debt service schedule. [Section 2854y] | School districts | DPI |
| No date specified | **UW Real Estate Management.** A study, to be conducted by a private consulting firm, comparing the current processes for management of real estate under the jurisdiction of the UW Board of Regents to a value-based approach to real estate management. [Section 9101(13g)] | DOA | Not specified |
| No date specified | **Changes in Funding Mechanism for Educational Telecommunications Access Program.** If the Federal Communication Commission promulgates or modifies rules under those sections of the federal Telecommunications Act of 1996 relating to rate discounts for telecommunications services to school districts, a report containing recommended changes to existing statutes or rules with respect to funding the educational telecommunications access program. [Section 3150] | Governor | JFC |
| No date specified | **Specialized Training and Employment Program.** Study of program. | DOC | DOC |
| No date specified | **State and County Juvenile Cost Evaluation.** Evaluate the impact of the 1995 juvenile code changes and declining juvenile correctional populations on state and county costs of juvenile corrections and youth aids funding. Submit a report that provides recommendations for funding state juvenile correctional care, including the possible reallocation or reduction of facility care costs, if populations continue to decline. [Section 9111(4t)] | DOC | Governor and JFC |
| No date specified | **Simplified Food Stamp Program.** Plan for implementing a simplified food stamp program, after approval by the federal Department of Agriculture [Section 1755m] | DWD | DOA Secretary |

| Date Due | Nature | Prepared By | Reported To |
|---|---|---|---|
| No date specified | **Child Abuse and Neglect Automated Interface.** A study on the feasibility of developing an automated interface for information relating to substantiated reports of child abuse or neglect. [Section 9123(13pu)] | DHFS | Not specified |

# NONFISCAL POLICY ITEMS

# NONFISCAL POLICY ITEMS

## GENERAL FUND TAXES

### 1. RECIPROCAL WINE SHIPMENTS

Prohibit the Department of Revenue from entering into new agreements with other states, after the effective date of the bill, that would allow for the shipment of wine to individuals in this state. Direct DOR to negotiate with the appropriate officials of states with which an agreement currently exists to withdraw from the agreement, if possible. Prohibit DOR from renewing, extending or modifying existing agreements.

### 2. PENALTY FOR FRIVOLOUS INCOME TAX RETURN

Require that any person who files a frivolous income tax return be subject to a penalty of $500, in addition to any other penalty for which the taxpayer would be liable. The penalty would be assessed, levied and collected in the same manner as income and franchise taxes.

"Frivolous income tax return" would be defined as an income tax return that did one or more of the following: (a) contained information that was insufficient on which to judge the substantial correctness of the self-assessment, due to a position that was frivolous or an apparent desire by the taxpayer to delay or impede the administration of the state tax laws; or (b) contained information that on its face indicated that the self-assessment was substantially incorrect, due to a position that was frivolous or an apparent desire by the taxpayer to delay or impede the administration of the state tax laws.

This provision would first apply to income tax returns filed on the effective date of the bill.

Under current law, a person who files an incorrect income or franchise tax return, with intent to defeat or evade the income or franchise tax assessment required by law, is liable for a penalty of an amount equal to 100% of the tax on the entire underpayment.

### 3. TAX APPEALS COMMISSION -- DEFINITION OF SMALL CLAIMS

Modify the definition of small claims used for cases before the Tax Appeals Commission to be a matter in which the amount in controversy, including any penalty, is less than $4,000.

Under current law, a small claims case is a matter in which the amount in controversy, including any penalty, is less than $2,500. Small claims cases are decided by one commissioner who is assigned by the chairperson prior to the case. The presiding commissioner in a small claims case

may, without the consent of the parties, render an oral decision at the close of the hearing or provide a written decision within two weeks after the hearing.

## ADMINISTRATION -- INFORMATION TECHNOLOGY

### 4. INFORMATION TECHNOLOGY PROCUREMENT

Exempt purchases by DOA (including purchases by the Division of Information Technology Services for the Technology for Educational Achievement in Wisconsin Board), of all materials, supplies, equipment or contractual services for information technology purposes from current state procurement laws regarding solicitation of bids or competitive sealed proposals and buying on low bid and requirements for purchase of certain materials or supplies and services from state institutions or work centers for severely handicapped individuals. For the purposes of this exemption, define information technology as the electronic processing, storage and transmission of information, including data processing and telecommunications.

Under current law, if the estimated cost of materials, supplies, equipment or contractual services for any state agency in the executive branch exceeds $25,000, DOA, or another agency if DOA has delegated purchasing authority to that agency, must publicly solicit bids or competitive sealed proposals. In general, DOA (or the delegated agency) must make procurements from the individual submitting the lowest responsible bid or most advantageous competitive sealed proposal. Further, DOA (or the delegated agency) must purchase certain materials, supplies, equipment and contractual services from state institutions or work centers for severely handicapped individuals. These requirements do not currently apply to any purchases made by DOA's Division of Information Technology Services that relate to the Division's operation.

## ADMINISTRATION -- GENERAL STATUTORY PROVISIONS

### 5. TEMPORARY STAFFING AUTHORITY

Allow the Secretary of DOA, at the request of the Secretary of DER, to authorize the temporary creation of pool or surplus positions if the Secretary of DER determines that positions are necessary to provide temporary staffing in one agency so that agency can, through an employe interchange agreement, send the temporary staff to another agency. Under current law, the Secretary of DER may request that the Secretary of DOA temporarily create pool or surplus positions only in order to maintain adequate staffing levels for high turnover classifications, in anticipation of attrition, or to fill positions for which recruitment is difficult.

## 6. DOA APPROVAL OF SETTLEMENT AGREEMENTS MADE BY THE ATTORNEY GENERAL

Require that DOA approve any settlement agreement made by the Attorney General in legal actions brought against a state department, an officer, a state employe or an agent of the state acting within the scope of his or her duties. Specify that approval from DOA would be required on any actions pending and causes of action accruing on or after the effective date of the bill. Provide that any release of funds from the sum sufficient general appropriation for payment of the costs of judgments and legal expenses related to settlements must be approved by both DOA and the Attorney General. Currently only the approval of the Attorney General is required. Under current law, the Attorney General has the authority to compromise and settle these actions without prior approval from DOA. Current law also allows the Attorney General to delegate to DOA the ability to compromise or settle claims before such action or matters are formally brought.

## 7. PERSONALLY IDENTIFIABLE INFORMATION IN STATE RECORDS

### a. Information Registry

Repeal the provision requiring the Public Records Board to create a registry of records maintained by state agencies that contain personally identifiable information. Current law specifies that the registry is to be designed to: (a) ensure that state agencies are not maintaining any secret records containing personally identifiable information; (b) be comprehensible to an individual using the registry so that identification of records maintained by state agencies that may contain personally identifiable information about the individual is facilitated; and (c) identify who may be contacted for further information on a records. The registry is not required to include any of the following: (a) any records that contain the results of a computer matching program if the state agency using the records series destroys the records within one year after the records were created; (b) mailing lists; (c) telephone directories; (d) records pertaining exclusively to employes of a state agency; (e) records specified by the Board that contain personally identifiable information incidental to the primary purpose for which the records were created, such as the name of a salesperson or a vendor in records of purchase orders; and (f) records relating to procurement or budgeting by a state agency.

### b. Matching Program

Repeal the prohibition that a state authority [defined as a state office, elected official, agency, board, commission, council, department or public body created by law, including the Legislature and the Courts] may not use or allow the use of personally identifiable information maintained by the authority in a match under a matching program, or provide personally identifiable information for use in a match under a matching program, unless the authority has specified in writing all of the following for the matching program: (1) the purpose and legal authority for the matching program; (2) the justification for the program and the anticipated results, including an estimate of any savings; and (3) a description of the information that will be matched. A matching program is a computerized comparison of information in one group of records to information in another group of records for use by an authority or a federal agency to establish or verify an individual's eligibility for any right,

privilege or benefit or to recoup payments or delinquent debts under programs of an authority or federal agency. Under current law, a state authority may not take an adverse action against an individual as a result of information produced by a matching program until after the authority has notified the individual, in writing, of the proposed action. A state authority may grant an exception, however, if it finds that the information in the records is sufficiently reliable.

## 8. PUBLIC RECORDS BOARD MEMBERSHIP

Increase the membership on the Public Records Board from eight to 10. Add the Secretary of the Department of Administration and the Director of State Courts or their designees as members to the Board. Specify that for the three gubernatorial appointees to the Board, one must be a representative of a local government as under current law but that the other two members must have experience in records management or information technology and one of the two members must be an officer or employe of a state agency and one must be an officer or employe of a Wisconsin private business.

Under current law, the Board has eight members (the Governor, the Director of the State Historical Society, the Attorney General, the State Auditor and the Director of the Legislative Council staff, or their designees, one representative of a local government, one representative of the small business community and one other member).

## 9. AGENCY RECORDS MANAGEMENT REPORTS

Repeal the requirement that each state agency annually file with the Public Records Board a report on its forms and records management.

## 10. REPORTING REQUIREMENTS -- ENERGY AND RECYCLING

Modify current reporting requirements concerning the distribution and usage of gasohol and alternative fuels in Wisconsin, to require DOA to report annually to the Legislature by April 30, rather than twice a year (by January 1 and July 1).

Repeal the requirement that DOA, in its report to the Recycling Market Development Board on DOA's resource recovery and recycling activities for the preceding year, include specific information on individual agencies' compliance with separation from waste of specified recyclable materials.

## 11. OPTICAL DISK AND ELECTRONIC RECORDS STORAGE ADMINISTRATIVE RULES

Repeal the requirement that DOA promulgate administrative rules governing the storage of records in optical disk or electronic format. Instead, provide that the storage in optical disk or electronic format be governed by procedures and standards as prescribed by DOA. Under current law, DOA is required to promulgate rules under which state agencies and the University of Wisconsin Hospitals and Clinics Authority may transfer to or maintain in optical disk or electronic format, any record in their custody and retain that record in that format only. Current law also requires DOA to promulgate administrative rules governing storage procedures and qualitative standards for optical disks and electronic records.

## ADMINISTRATION -- TRANSFERS AND MODIFICATIONS OF FUNCTIONS

## 12. ENVIRONMENTAL SCIENCE COUNCIL

Create a nine-member Environmental Science Council in DOA. Specify that Council members be nonpartisan and have demonstrated expertise in at least one of the following sciences: engineering, economic, biological, physical, human medical, statistical or risk assessment. Specify that members be nominated by the Governor, and with the advice and consent of the Senate appointed, for three-year terms. Specify that the Governor designate one member as chairperson and one member as vice chairperson. Provide for staggered terms for the initial members of the Council.

Require the Council, at the request of the Governor or the secretary of a state department, to do any of the following:

a. Advise the Governor or a state department on issues affecting the protection and management of the environment and natural resources in this state;

b. Evaluate proposed rules that establish environmental or natural resources standards or other criteria;

c. Review the scientific and technical adequacy of environmental programs, guidelines, methodologies, protocols and tests;

d. Recommend any scientific standard or other criteria for protection of human health and the environment that the Council determines is appropriate;

e. Review new information needs, the adequacy of data collection and analysis and the quality of agency and authority environmental plans or programs of research, development and demonstration;

f. Assess the importance of natural and man-made sources of pollution;

g. Perform any other advisory function relating to the protection and management of the environment and natural resources requested by the Governor.

Further, allow the Council on its own initiative or at the request of any agency or authority, including the Legislature or the Courts, to perform any of the above functions.

Specify that in performing its functions, the Council shall: (a) be strictly nonpartisan; (b) consult and work closely with agencies and authorities; (c) use sound, objective and scientific reasoning; (d) assess the relative risk to human health and the environment; and (e) consider economic consequences. Allow the Council to create any committee necessary to carry out its functions, but specify that if the Council creates a committee, it shall appoint persons to the committee who have the scientific and technical expertise to carry out the purpose of the committee. Provide that the Council may appoint both Council members and other persons to a committee, but require the Council to appoint at least one Council member to each committee to serve as chairperson of the committee.

Require all agencies and authorities, including the Legislature and the Courts, to fully cooperate with and assist the Council and any committee created by the Council.

## ADMINISTRATION -- AGENCY SERVICES

### 13. RISK MANAGEMENT -- DISCLOSURE OF INDIVIDUAL MEDICAL RECORDS

Authorize DOA to disclose individual medical records which it has obtained from ETF to DWD for use in any worker's compensation proceeding in that agency. [For more information see "Employe Trust Funds."]

## ADMINISTRATION -- HOUSING

### 14. DENIAL, SUSPENSION AND REVOCATION OF LICENSES

Prohibit the Department from accepting an application for the issuance or renewal of licenses for mobile home dealers and salespersons, engaged in the sale of primary housing units, unless the applicant provides DOA with his or her social security number or federal employer identification number. DOA could not disclose any such information obtained from an applicant except to the Department of Workforce Development (DWD) in accordance with a memorandum of understanding with that agency related to child support collections. [This provision is described in greater detail in "Workforce Development -- Child Support".]

Direct DOA to deny, restrict, limit or suspend a license for a mobile home dealer or salesperson if the applicant or licensee is delinquent in making court-ordered payments of child or family support,

maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. Specify that, prior to a license being denied, restricted, limited, revoke or suspend under this provision, the person would be entitled to a notice and hearing to determine whether the person owes the amount certified by DWD.

Provide that current law provisions that otherwise entitle an applicant or licensee to a notice or administrative hearing by DOA related to a denial, restriction, limitation, revocation or suspension of a license would not apply to such actions taken for purposes of nonpayment of court-ordered support. These provisions would first apply to application for licenses received on or after April 1, 1998.

## ADMINISTRATION -- ATTACHED PROGRAMS

### 15. CLAIMS BOARD -- PAYMENT OF CLAIMS

Provide that any person who has a claim against the state may file the claim with DOA. Further, increase the threshold above which DOA must refer claims to the Board from $10 to $100. Also, increase from $10 to $100 the amount of a claim that may be paid directly by DOA without referral to the Claims Board. Under current law, the Claims Board receives, investigates and makes recommendations to the Legislature on any claim over $10. Claims under $10 currently may be paid by DOA without Board approval.

### 16. TAX APPEALS COMMISSION -- DEFINITION OF SMALL CLAIMS

Modify the definition of small claims used for cases before the Tax Appeals Commission to be a matter in which the amount in controversy, including any penalty, is less than $4,000.

Under current law, a small claims case is a matter in which the amount in controversy, including any penalty, is less than $2,500. Small claims cases are decided by one commissioner who is assigned by the chairperson prior to the case. The presiding commissioner in a small claims case may, without the consent of the parties, render an oral decision at the close of the hearing or provide a written decision within two weeks after the hearing.

## AGRICULTURE, TRADE AND CONSUMER PROTECTION

### 17. DENIAL OF LICENSES FOR FAILURE TO PAY CHILD SUPPORT AND TAX DELINQUENCY

Require that the Department be prohibited from issuing or renewing certain license or certificates unless applicants provide DATCP with their social security number or federal employer

identification number. DATCP could not disclose any such information obtained from applicants unless provided to: (a) the Department of Workforce Development in accordance with a memorandum of understanding with that agency; or (b) the Department of Revenue for the purpose of requesting tax delinquency certificates. Further, the bill would do the following;

*Child Support.* Direct that the Department deny or revoke a license or certificate if the applicant or licensee is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse (the applicant would have the right to request a hearing). [This provision is summarized in more detail under "Workforce Development -- Child Support."]

*Tax Delinquency.* Direct that the Department deny or revoke a license or certificate if the Department of Revenue certifies that the applicant or licensee is liable for delinquent taxes. [This provision is summarized in more detail under "Revenue -- Tax Administration."]

The provisions would first apply to applications for licenses or license renewals received on or after April 1, 1998. Licenses affected by both the child support and tax delinquency provisions include licenses, certificates or registrations issued for the following:

(1) nurseryman;
(2) nursery stock dealers;
(3) agricultural or vegetable seed labelers;
(4) ginseng grower or dealers;
(5) fertilizer manufacturer and distributor;
(6) pesticide manufacturer and labelers;
(7) restricted-use pesticide dealers and distributors;
(8) commercial pesticide applicator businesses;
(9) individual commercial pesticide applicators;
(10) commercial feed manufacturers and distributors;
(11) livestock dealers;
(12) livestock truckers;
(13) dead animal renderer or processor;
(14) buttermaker or cheesemaker;
(15) butter or cheese grader;
(16) dairy plant;
(17) milk hauler or distributor;
(18) milk producer;
(19) food warehouse;
(20) food processor;
(21) retail food establishment;
(22) animal and poultry slaughterhouse;
(23) milk and cream tester;
(24) milk weigher and sampler;
(25) vehicle scale operator;
(26) public warehousekeeper;

(27) vegetable procurement certificate;
(28) warehousekeeper; and
(29) grain dealer.

Licenses affected by the child support, but not the tax delinquency, provisions:

(1) food or farm products graders and inspectors;
(2) professional weather modifiers
(3) soil and plant additive manufacturer and distributor;
(4) liming material seller of distributor;
(5) individual private restricted-use pesticide applicators;
(6) livestock markets; and
(7) weights and measures service company.

## BUILDING PROGRAM

### 18. CONTRACTOR AND SUBCONTRACTOR PREVAILING WAGE AFFIDAVITS

Modify the statutes governing municipal law and employment regulation by deleting the requirement that subcontractors for state or local projects submit signed affidavits to the contractor that the subcontractor has complied fully with the state's prevailing wage laws. Delete a similar requirement that contractors for state and local projects submit signed affidavits to the contracting state agency or local unit of government indicating compliance with the state's prevailing wage laws. Eliminate current law that specifies that if the Department of Workforce Development determines that a state or local unit of government made final payments to a contractor before an affidavit is properly filed, or if the Department determines that the prevailing wage has not been paid, the state agency or local government is liable for the back wages needed to make the contract conform to the prevailing wage rate. This provision would first apply to final payments authorized on the effective date of the bill.

Under current law, contractors may not authorize final payment to each subcontractor until an affidavit of compliance with prevailing wage laws is submitted to the contractor and the state or local units of government cannot authorize final payment until a contractor submits a compliance affidavit.

### 19. DEFINITION OF PRACTICE OF ARCHITECTURE AND PROFESSIONAL ENGINEERING

Modify the statutes governing architects and professional engineers to change the definition of "practice of architecture" and "practice of professional engineering." This provision would change the term used describe certain professional services provided by architects and engineers to include

the "observation" of construction projects to determine the construction is in compliance with approved drawings, plans and specifications rather than the "supervision" of such projects.

## 20. EXEMPTION OF STATE TRANSMISSION FACILITIES FROM "ONE-CALL" SYSTEM

Exempt state-owned transmission facilities (pipes, pipelines, wires, cables or ducts) from the requirement that the owners of such facilities be a member of a "one-call" statewide communication system in which a single operational center ("Digger's Hotline) receives excavation notices and transmits notice information to affected transmission facilities owners. Under current law, state owned transmission facilities are required to be a member of a "one-call" system.

# CIRCUIT COURTS

## 21. RELEASE OF CERTAIN CONFIDENTIAL RECORDS FOR CHILD SUPPORT ENFORCEMENT AND PUBLIC ASSISTANCE ADMINISTRATION

Require the clerk of a circuit court to release, upon request, any information obtained regarding crime victims for the purpose of administering child support enforcement and certain public assistance programs. Under the bill, victims of crimes, committed by persons under a life sentence, could ask to be notified when the inmate petitions the court for release to community supervision (a status created under the bill). The Director of State Courts would be required to design and prepare cards, sent to the circuit courts without charge, which has space for the victim's name and address, the name of the applicable inmate and any other information the Director determines is necessary. Clerks of circuit court would be required to provide these cards, without charge to the victims, who may send the completed cards to the circuit court requesting notification. [This provision is summarized in greater detail under "Workforce Development -- Child Support."]

# COMMERCE

## 22. ELIMINATE REPORTING REQUIREMENTS

Eliminate statutory provisions which require Commerce to provide certain reports or information as follows:

a. Transfer responsibility for preparing a biennial report on the social, economic and financial effects and impacts of tax increment financing (TIF) from the Department of Commerce to the Department of Revenue, beginning with the 1999-01 biennium. The report would be required to be made to the Governor and Legislature at the beginning of each biennium.

b. Transfer responsibility for preparing an annual report which addresses the effects of the lending programs that are administered by the Wisconsin Housing and Economic Development Authority (WHEDA) on economic development from Commerce to WHEDA, beginning with the July 1, 1998 report. The report is required to be annually submitted to the chief clerk of each house of the Legislature by July 1.

c. Transfer, from the Department of Commerce to Forward Wisconsin, responsibility for preparing an annual report stating the net jobs gain due to the funding provided by the Department to Forward Wisconsin, beginning with the July 1, 1998 report. The report is required to be annually submitted by July 1 to the appropriate standing committees of the Legislature.

d. Eliminate the requirement that the Department submit a report that describes the types of investments in state businesses which would have the greatest likelihood of enhancing economic development in the state. The report must be submitted to the state Investment Board in every odd-numbered year. After consultation with Commerce, the State Investment Board would continue to be required to submit a plan for making investments in Wisconsin to the Governor and presiding officer of each house of the Legislature by June 30, of every odd-numbered year.

e. Eliminate the requirement that Commerce publish and distribute a list of all aid programs and services that are made available by the state to communities.

f. Eliminate the requirement that the Department, in cooperation with the UW small business development center, the UW center for cooperatives, the technical college system board and the UW-Extension, collect and disseminate information regarding employee-owned businesses and promote the appropriate establishment of employee-owned businesses.

## 23. MEMORANDUM OF UNDERSTANDING WITH WHEDA

Require WHEDA and the Department of Commerce to enter into a memorandum of understanding that establishes the standards for the economic development activities of, and the economic development programs administered by, WHEDA and the Department. The standards established would be required to ensure that the entities do not duplicate the functions and efforts of the other with respect to each entity's programs and activities and their intended beneficiaries. The memorandum would be required to include sufficiently detailed descriptions of the Authority's and the Department's activities and programs and the intended beneficiaries of each so as to permit a clear delineation of which entity has principal responsibility for which specific economic development activities and programs. A signed copy of the memorandum of understanding would be required to be submitted to the Co-chairs of the Joint Committee on Finance, no later than 6 months after the effective date of the bill.

## 24. ECONOMIC ADJUSTMENT PROGRAM CONFIDENTIALITY EXEMPTION

Require that information and records received or created under the Department's economic adjustment program would be disclosed to the person requesting the information if the request was made under the Department of Workforce Development's (DWD) enforcement program for child support, paternity establishment and administration of certain public assistance programs.

The economic adjustment program provides assistance to businesses and employees facing layoffs and closings. Records and information received or created under the program are subject to confidentiality provisions. The bill would provide an exemption from those provisions for certain requests for information.

## 25. REPEAL OBSOLETE STATUTORY PROVISIONS

Repeal statutory provisions which specify certain powers related to leasing facilities. The Department does not perform such activities. The bill would also repeal statutory provisions related to a seed capital program from which awards could not be issued after June 30, 1991.

## 26. PECFA -- APPEALS PROCESS

Require Commerce to promulgate administrative rules that specify the information that must be submitted to the Department at the time a hearing is requested to contest a PECFA determination. Authorize Commerce to deny a request for hearing by a person who fails to submit the required information. Commerce currently accepts owner or operator appeals with whatever documentation or legal argument is submitted.

## 27. PECFA -- SELF CERTIFICATION OF CLEANUP ACTIVITIES

Authorize DNR to promulgate administrative rules that would provide for an alternative means of certifying that the remedial action activities performed at a PECFA site restored the environment to the extent practicable and minimized the harmful effects from the discharge to the environment. Currently, DNR or Commerce, depending on which agency has jurisdiction, must provide written approval that the completed remedial action activities at the site meet these standards. Under the bill, DNR could, for example, allow self-certification of cleanups by site owners or engineers overseeing the work.

## 28. MULTIFAMILY HOUSING ACCESSIBILITY REQUIREMENTS

Make the following changes relating to multifamily housing accessibility requirements. The changes, which are intended to make state law more consistent with federal fair housing laws, would include:

a. Increasing from three to four the minimum number of units a multifamily dwelling must contain before accessibility requirements are applied.

b. Removing the requirement that all grade level entrances to multifamily buildings be accessible to the greatest extent feasible. Retain the requirement that there be at least one accessible entrance for each building and that the entrance be on an accessible route. Retain the requirement that if multifamily housing units are served by separate entrances, each unit be on an accessible route.

c. Making the renter (rather than the landlord) responsible for paying for the installation of lever door handles and single lever controls on plumbing fixtures, if the handles and controls are requested by the renter and if the expense charged to the renter does not exceed market rates.

d. Eliminating townhouse style units from the accessibility code.

e. Reducing from 50% to 20% the minimum goal of exterior accessibility for dwelling units located in areas that are determined impractical due to site terrain or other unusual site characteristics.

f. Requiring that any administrative rules promulgated for the program establish procedures by which permit applications may be approved during the initial review process despite nonconformance with accessibility requirements if conformance would be impractical due to site terrain or other considerations. Currently, the submitter must first have building plans reviewed and rejected for failure to meet accessibility requirements before a waiver can be submitted.

g. Requiring that accessibility requirements apply only to the areas that are being remodeled, the path of travel to the remodeled area and the toilet rooms, telephones and drinking water serving the remodeled area unless the cost of remodeling the path of travel exceeds 20% of the cost of the entire remodeling project. Currently: (a) if more than 50% of the interior square footage of any housing with three or more dwelling units is to be remodeled, the entire housing must meet accessibility codes; (b) if 25% to 50% of the interior is to be remodeled, the part of the housing to be remodeled must meet accessibility codes; and (c) if less than 25% of the interior is to be remodeled, only any work done on doors, entrances, exits or toilet rooms must meet accessibility codes.

## 29. DENIAL OF LICENSES FOR CHILD SUPPORT AND TAX DELINQUENCY

Require that Commerce be prohibited from issuing or renewing certain license or certificates unless applicants provide the Department with their social security number or federal employer identification number. Commerce could not disclose any such information obtained from applicants unless provided to: (a) the Department of Workforce Development in accordance with a memorandum of understanding with that agency; or (b) the Department of Revenue for the purpose of requesting tax delinquency certificates. Further, the bill would do the following;

*Child Support.* Direct that the Department deny, revoke, restrict or suspend a license (with the opportunity for a hearing) if the applicant or licensee is delinquent in making court-ordered payments

of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. Direct Commerce to enter into a memorandum of understanding with DWD regarding procedures that DWD would use for certifying to Commerce a delinquency in support and procedures that Commerce would use in notifying an individual who is delinquent in making support payments and restricting, revoking or denying a license. (See "Workforce Development -- Child Support" for greater detail.)

*Tax Delinquency.* Direct that the Department deny or revoke a license or certificate (with the opportunity for a hearing) if the Department of Revenue certifies that the applicant or licensee is liable for delinquent taxes. Direct Commerce to enter into a memorandum of understanding with DOR regarding procedures to be used after March 31, 1998, to determine whether an applicant for a license or license renewal is liable for delinquent taxes. (See "Revenue" for greater detail.)

The provisions would first apply to applications for licenses or license renewals received on or after April 1, 1998. Licenses affected by both the child support and tax delinquency provisions include licenses, certificates or registrations issued for the following:

1. persons who install, remove, clean, line, perform tightness testing on and inspect tanks and persons who perform site assessments;
2. inspectors of energy efficiency in rental dwelling units;
3. persons who provide consulting services to owners and operators who file claims under the PECFA program;
4. related to the safety of mines, explosives, quarries and related activities;
5. related to the safety of machines, mechanical devices or steam boilers;
6. persons who use ozone-depleting refrigerants or transfer it from storage containers to approved equipment;
7. persons who install or service heating, ventilating or air conditioning equipment;
8. inspectors of building construction, electrical wiring, heating, ventilating, air conditioning and other systems, including plumbing, of one- and two-family dwellings;
9. related to construction site erosion control;
10. on-site inspectors of the installation of manufactured buildings for dwellings;
11. independent inspection agencies who conduct in-plant inspections of manufacturing facilities, processes, fabrication and assembly of manufactured buildings for dwellings;
12. electrical inspectors, master electricians, electrical contractors, journeymen electricians and beginning electricians;
13. manufacturers who manufacture, distribute or sell manufactured homes or mobile homes in the state;
14. master plumbers, journeyman plumbers, restricted plumbers, utility contractors, plumbing apprentices, pipe layers and registered learners;
15. temporary revocable permits to master and journeyman plumbers;
16. soil testers;
17. automatic fire sprinkler installers, journeymen, contractor, apprentice, fitter or maintainer;
18. temporary permits to automatic fire sprinkler journeymen, fitters, contractors or maintainers; and

19. manufacturers of fireworks or related devices.

Licenses affected by the tax delinquency, but not child support, provisions:

1. certification of the financial responsibility of contractors of one- and two-family dwellings.

## CORRECTIONS

### 30. DENIAL OF LICENSES FOR FAILURE TO PAY CHILD SUPPORT

Require DOC to deny, suspend, restrict, refuse to renew or otherwise withhold a license to operate a secured child caring institution (CCI), for failure of the applicant or licensee to pay court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse as provided in a child support enforcement memorandum of understanding between DOC and the Department of Workforce Development (DWD). Provide that DOC require each applicant for a license, who is an individual, to provide his or her social security number when initially applying or applying to renew the license. Prohibit DOC from disclosing the social security number to any person except DWD, for the purpose of providing certification of delinquent support payments, and the Department of Revenue, for the purpose of requesting tax delinquency certifications (although the bill does not provide DOC with the authority to deny a license due to tax delinquency). Provide that an action to sanction a license holder under these provisions would be subject to review only as provided in the memorandum of understanding with DWD.

These provisions would take effect on April 1, 1998. Licenses affected by the child support delinquency provisions include the following:

a. secured child caring institution.

[This provision is summarized in greater detail under "Workforce Development -- Child Support."]

### 31. RELEASE OF CERTAIN CONFIDENTIAL RECORDS FOR CHILD SUPPORT ENFORCEMENT AND PUBLIC ASSISTANCE ADMINISTRATION

Require that the following information be released, upon request, to DWD, for purposes of administering child support enforcement and certain public assistance programs:

a. Corrections information concerning crime victims and witnesses and sex offenders;
b. Parole Commission information concerning crime victims; and
c. County information concerning prisoners housed in county jails.

Under current law, information on crime victims and witnesses is compiled by Corrections to provide notification to victims and witness when prisoners will be released to parole, community residential confinement or intensive sanctions, or when prisoners escape, when prisoners' sentences are to expire or when prisoners are to be released on leave. The Parole Commission compiles information on crime victims who wish to make statements regarding parole release decisions. Corrections compiles information on sex offenders for sex offender registration. Counties compile information on prisoners housed in county jails for state reimbursement purposes.

[This provision is described in greater detail under "Workforce Development -- Child Support."]

## 32. PAROLE ELIMINATION AND SENTENCING MODIFICATIONS

For crimes occurring on or after July 1, 1998: (a) increase the maximum sentence length for most felony offenses by 50%, or from one to two years, whichever is greater; (b) create a new sentencing structure under which an offender would receive a two-part sentence to prison and to community supervision (a status similar to supervision currently provided to persons placed on parole); and (c) eliminate parole and mandatory release.

### a. Sentence Length Modifications

For offenses occurring on or after July 1, 1998, increase the maximum sentence lengths for most felonies, including felony tax, environmental, drug and motor vehicle offenses. The increase in maximum sentences would equal 50%, or from one year to two years, whichever is greater, except for: (a) class D felonies would increase from five to ten years; (b) class E felonies would increase from two to five years; (c) manufacture, distribution and delivery of more than 10 grams but not more than 50 grams of methamphetamine would decrease from 15 years to seven and a half years; and (d) possession with intent to manufacture, distribute and deliver more than 500 grams of psilocin or psilocybin would decrease from 15 years to seven and a half years. [The two last penalties were inadvertently decreased and, according to drafting instructions of the administration, should have been increased by 50%, to 22 and a half years.]

Increase the maximum sentence lengths for the following classified felonies: (a) class B felonies from 40 years to 60 years; (b) class BC felonies from 20 years to 30 years; and (c) class C felonies from 10 years to 15 years.

### b. Sentencing Structure

For offenses occurring on or after July 1, 1998, except for life sentences, require courts to impose a bifurcated sentence that would consist of a term of confinement in prison followed by a term of community supervision. Specify that the total length of the bifurcated sentence could not exceed the maximum period of imprisonment for the felony. Require that the term of confinement in prison could not be less than one year, subject to any minimum sentence prescribed for the felony and any penalty enhancement. If the maximum term of confinement in prison is increased by a penalty enhancement, specify that the total length of the bifurcated sentence that could be imposed

is increased by the same amount. Of the total sentence, specify that the amount of imprisonment could not exceed the following:

(1) For a Class B felony, the term of confinement in prison could not exceed 40 years.
(2) For a Class BC felony, the term of confinement in prison could not exceed 20 years.
(3) For a Class C felony, the term of confinement in prison could not exceed 10 years.
(4) For a Class D felony, the term of confinement in prison could not exceed 5 years.
(5) For a Class E felony, the term of confinement in prison could not exceed 2 years.
(6) For any felony other than a felony listed above, the term of confinement in prison could not exceed 75% of the total length of the bifurcated sentence.

Require that the community supervision portion of the bifurcated sentence not be less than 25% of the length of the term of confinement in prison imposed. Allow the court to impose conditions on the term of community supervision. Specify that a person serving a bifurcated sentence would not be eligible for parole. Further, specify that a person sentenced to a bifurcated sentence would be required to serve the term of confinement in prison without reduction for good behavior. Prohibit Corrections from discharging a person serving a bifurcated sentence from custody, control and supervision until the person has served the entire bifurcated sentence, including any periods of extension imposed by Corrections for disciplinary reasons. Require the court to inform a person being sentenced of Corrections' ability to extend a sentence for disciplinary reasons.

For life sentences associated with crimes that occur on or after July 1, 1998, specify that the court would be required to make a community supervision eligibility date determination regarding the person and choose one of the following options:

(1) The person is eligible for release to community supervision after serving 20 years.
(2) The person is eligible for release to community supervision on a date set by the court that is later than 20 years but not before 20 years.
(3) The person is not eligible for release to community supervision.

Specify that a person sentenced to life imprisonment under a bifurcated sentence would not be eligible for release on parole. Further, when sentencing a person to life imprisonment, require the court to inform the person of Corrections' ability to increase imprisonment time for disciplinary reasons. Further, require the court to inform a person sentenced to life imprisonment of the procedure for petitioning for release to community supervision.

Under current law, a court may sentence a person convicted of a felony offense to any amount of time up to the maximum amount allowed by the statutes. An offender is then, generally, eligible for parole after serving 25% of the court-imposed sentence--the parole eligibility date (PED) -- and is required to be released on mandatory release (MR) after serving two-thirds of the sentence. Once released, an offender is placed on parole supervision for the remainder of the sentence. For certain serious felony offenses, courts may set a parole eligibility date that is higher than the 25% PED, but less than the two-thirds MR. Further, MR for certain serious offenses is considered discretionary and may be extended by the Parole Commission. Three-time repeat serious offenders may be sentenced to life without parole. An offender sentenced to life is not eligible for MR. When sentencing a

person to life imprisonment, a court may decide not to establish a specific PED (in which case a person is eligible after serving 13 years, four months), establish a specific PED or sentence the offender to life without parole.

### c. Department of Corrections' Responsibilities and Community Supervision

Eliminate mandatory release for persons committed to prison for offenses occurring on or after July 1, 1998. Specify that an inmate imprisoned under a bifurcated sentencing process would not be eligible for release to community supervision until the court-specified term of confinement is completed. Require a warden or superintendent to keep a record of the conduct of each inmate, specifying each infraction of the rules. Specify that if an inmate violates any regulation of the prison or refuses or neglects to perform required or assigned duties, Corrections could extend the term of confinement as follows:

(1) 10 days for the first offense.
(2) 20 days for the 2nd offense.
(3) 40 days for the 3rd or each subsequent offense.

Further, specify that in addition to the above sanctions, if an inmate is placed in adjustment, program or controlled segregation status, Corrections could extend his or her term of confinement by a number of days equal to 50% of the number of days spent in segregation status. Require Corrections to use the definition of adjustment, program or controlled segregation status under administrative rules in effect at the time an inmate is placed in that status. Specify that no extension of a term of confinement could require an inmate to serve more days in prison than the total length of the bifurcated sentence. If the term of confinement in prison is increased, specify that the term of community supervision would be reduced so that the total length of the bifurcated sentence would not change.

Require that all consecutive sentences be computed as one continuous sentence and that a person serve any term of community supervision only after serving all terms of confinement in prison. Allow an inmate to waive entitlement to release to community supervision if Corrections agrees to the waiver.

Require that before a person is released to community supervision, Corrections notify the municipal police department and the county sheriff for the area where the person would be residing.

Specify that inmates released to community supervision would be subject to all conditions and rules of community supervision until the expiration of the term of community supervision portion of the bifurcated sentence. Allow Corrections to establish conditions of community supervision in addition to any conditions set by the court at sentencing, if the conditions set by Corrections do not conflict with the court's conditions.

Specify that if a person released to community supervision violates a condition that placement, the Division of Hearings and Appeals in DOA or Corrections (if the person on community supervision waives a hearing) could revoke the community supervision of the person and return the

person to prison. Further specify that if the person is returned to prison, he or she could be returned for any specified period of time that does not exceed the time remaining on the bifurcated sentence. Define "time remaining" as the total length of the bifurcated sentence, less time served in custody by the person. Require that a person who is returned to prison after revocation be incarcerated for the entire period of time specified by Corrections or the Division of Hearings and Appeals. Allow the period of reincarceration time to be extended for disciplinary reasons.

Allow the Department to promulgate rules establishing guidelines and criteria for the exercise of discretion.

A person sentenced to life imprisonment would generally be subject to the above provisions except that the following specific provisions would apply.

(1) No individual sentenced to life without the possibility of community supervision could be placed on community supervision.

(2) An inmate serving a life sentence with the possibility of community supervision could petition the sentencing court for release to community supervision after either: (a) he or she has served 20 years, if the inmate was given a sentence allowing that possibility; or (b) he or she has reached the community supervision eligibility date set by the court.

(3) Violations of prison rules and regulations could result in the extension of the date of eligibility for community supervision.

(4) An inmate serving a life sentence who seeks release to community supervision would be required to file a petition for release with the court that sentenced him or her. An inmate could not file an initial petition earlier than 90 days before his or her community supervision eligibility date. If an inmate files an initial petition for release to community supervision at any time earlier than 90 days, the court would be required to deny the petition without a hearing. The inmate would also be required to serve a copy of a petition for release on the District Attorney's office that prosecuted him or her, and the District Attorney would be required to give a written response to the petition within 45 days after he or she receives the petition.

After reviewing a petition for release and the District Attorney's response, the court would be required to decide whether to hold a hearing on the petition or, if it does not hold a hearing, whether to grant or deny the petition without a hearing. If the court decides to hold a hearing, the hearing must be without a jury.

Before deciding whether to grant or deny the inmate's petition, the court must allow a victim or family member of a homicide victim to make a statement or submit a statement concerning the release of the inmate to community supervision. The court could also allow any other person to make or submit a statement. Any statement, however, must be relevant to the release of the inmate to community supervision.

In order to be released to community supervision, an inmate would be required to prove to the court, by clear and convincing evidence, that he or she is not a danger to the public. If the court grants the inmate's petition for release, the court could impose conditions on the term of community supervision. If the court denies the inmate's petition, the court would be required to specify the date on which the inmate could file a subsequent petition. An inmate could file a subsequent petition at any time on or after the date specified by the court, but if the inmate files a subsequent petition for release to community supervision before the date specified by the court, the court could deny the petition without a hearing.

An inmate could also appeal an order denying his or her petition, but the appellate court would be required to determine only whether the court properly exercised its discretion in denying the petition.

(5) If a person serving a life sentence files a petition for release or rerelease, the clerk of the circuit court in which the petition is filed would be required to send a copy of the petition and, if a hearing is scheduled, a notice of hearing to victims who request notification. If the victim died as a result of the crime, an adult member of the victim's family would be notified or, if the victim is younger than 18 years old, the victim's parent or legal guardian would be notified. The Director of State Courts would be required to design and prepare cards to send to the clerks of the circuit courts, without charge. The clerks of circuit court would then be required to provide the cards, without charge, to victims. If a hearing is scheduled, the victims could appear at the hearing and could provide written statements concerning the inmate's petition for release.

(6) A person serving a life sentence who is returned to prison after revocation of community supervision would be required to be incarcerated for five years, after which period of time the person could, upon petition to the sentencing court, be released to community supervision. An inmate could not file a petition earlier than 90 days before the end of the five-year period.

## 33. PRISON POPULATION LIMITS

Repeal statutory language which requires the Department of Corrections to promulgate administrative rules providing: (a) limits on the number of prisoners at all state prisons; (b) systemwide and institution-specific limits; and (c) procedures allowing the Department to exceed any limit in an emergency situation. Instead, create statutory language requiring the Department to annually, by January 30, submit a report to the Joint Committee on Finance and the Chief Clerk of each house of the Legislature on the operating capacity of each prison and the total number of prisoners in each facility.

## 34. PROBATION AND PAROLE REVOCATION HEARING PROCESS

Remove the requirement that Corrections must initiate a preliminary probation, parole or community supervision revocation hearing within 15 working days after a probationer or parolee has been detained in a county jail, other county facility or tribal jail, if the Division of Hearings and

Appeals in the Department of Administration offers to begin a final revocation hearing within 30 calendar days after the probationer or parolee is detained.

Under current law, Corrections is required to begin a preliminary revocation hearing within 15 working days after a probationer or parolee is detained, unless: (a) the probationer or parolee has waived, in writing, the right to a preliminary hearing; (b) the probationer or parolee has given and signed a written statement that admits the violation; (c) there has been a finding of probable cause in a felony criminal action and the probationer or parolee is bound over for trial for the same or similar conduct that is alleged to be a violation of supervision; or (d) there has been an adjudication of guilt by a court for the same conduct that is alleged to be a violation of supervision. Current law further requires that Hearing and Appeals begin a final revocation hearing within 50 calendar days after the individual is detained. Corrections may request the deadline be extended by not more than 10 additional calendar days.

## 35. ALTERNATIVE TO PROBATION AND PAROLE REVOCATION

Require Corrections to establish, by rule, a program in which the Department may require a probationer, parolee or individual on community supervision who may be revoked to participate in a program designed as an alternative to revocation.

## 36. COMMUNITY CORRECTIONS -- EMPLOYMENT PROGRAMS

Allow the Department to operate an employment program for prison inmates, probationers, parolees and persons on community supervision. Specify that under the program, Corrections may contract with any public, private or voluntary agency for employment and may subsidize any wage paid. Currently, Corrections operates a program which provides work experience and on-the-job training opportunities for probations, parolees and soon-to-be released inmates.

## 37. CRIMINAL GANG DATA BANK

Require DOC to establish a criminal gang data bank for use by correctional authorities (any sheriff, superintendent, jailer or other person in charge of a jail, house of correction or other county or municipal correctional or detention facility) and law enforcement agencies in investigating, apprehending and prosecuting criminal gang members. DOC would be required to: (a) specify the information relating to criminal gangs and the arrest of criminal gang members that the data bank would contain and obtain, compile and file that information; (b) furnish all correctional authorities and law enforcement agencies with forms and instructions which specify in detail the nature of the information required for the data bank and any other matters which facilitate collection; (c) as an alternative to requiring completion of the reporting forms, allow correctional authorities and law enforcement agencies to enter data directly into the criminal gang data bank using procedures established by DOC; (d) provide correctional authorities and law enforcement agencies with access to the criminal gang data bank through the Transaction Information for the Management of

Enforcement (TIME) system or any other computerized or direct electronic data transfer system; (e) establish a method to confirm criminal gang membership and to ensure the timely and accurate entry of information into the criminal gang data bank; (f) conduct reviews of correctional authorities and law enforcement agencies that enter information directly into the criminal gang data bank to ensure that the methods for the timely and accurate entry of information into the data bank are complied with; (g) notify all correctional authorities and law enforcement agencies when the data bank has become operational; and (h) notify all correctional authorities and law enforcement agencies that may benefit from the data bank of its existence. The TIME system is a telecommunications network that links, via DOJ mainframe computers, local law enforcement agencies with state and national criminal history records, wanted and missing person information and stolen vehicle information.

Require DOC to develop and implement a policy for notifying correctional authorities and law enforcement agencies about changes in criminal gang names or identifying signs or symbols and about the emergence of newly organized gangs. Authorize DOC to: (a) use the criminal gang data bank in carrying out its duties; (b) enter information into the data bank, if DOC identifies an individual who is in its custody to be a criminal gang member and the individual is not listed in the data bank; and (c) enter correct or updated information in the data bank, if an individual in the custody of DOC is listed as a criminal gang member in the data bank and DOC determines that the information concerning the individual is not accurate or has not been updated.

Require correctional authorities and law enforcement agencies to notify DOC, if they have identified an individual in their custody to be a criminal gang member, and provide DOC with the required data bank information, including corrected and updated information, if the individual is already listed in the data bank. Require correctional authorities and law enforcement agencies to cooperate with DOC in the planning and implementation of the criminal gang data bank. If an individual who is arrested by a law enforcement agency is charged with a crime and the law enforcement agency identifies the individual to be a criminal gang member or knows that the individual is listed in the criminal gang data bank, require the agency to notify the prosecutor of the individual's criminal gang member status.

Require the Department of Justice (DOJ) to cooperate with DOC in the planning, implementation and operation of the criminal gang data bank. Require DOJ, through the TIME system, to provide correctional authorities and law enforcement agencies with access to the criminal gang data bank maintained by DOC. Also require DOJ, at the request of DOC, to cooperate with DOC in developing and using a computerized or direct electronic data transfer system other than the TIME system to provide access to the data bank.

Require, no later than the first day of the 4th month beginning after the effective date (the day following publication) of the bill, the Secretary of DOC to establish a committee to advise DOC on the planning and implementation of the criminal gang data bank and to advise DOC on the development and implementation of the required policy concerning notification of correctional authorities and law enforcement agencies about changes in criminal gang names or identifying signs or symbols and about the emergence of newly organized gangs. The committee would consist of representatives of DOC, DOJ, correctional authorities and law enforcement agencies. The Secretary of DOC, or his or her designee, would serve as the chairperson of the committee.

## 38. TRANSFER UNIFORM FEE AUTHORITY RELATING TO JUVENILE CORRECTIONS

Transfer statutory authority for setting a uniform system of fees and the state collection of uniform fees relating to juvenile correctional services from the Department of Health and Family Services (DHFS) to the Department of Corrections (DOC). Create two program revenue appropriations under DOC to: (a) receive reimbursements for the costs of legal actions relating to uniform fee liability and collection to be used to pay for the costs of these actions, and (b) receive certain collections on delinquent accounts and remit appropriate amounts to counties as provided by law.

Under current law, DOC administers state juvenile correctional services and establishes daily rates to be charged to counties for these services. Parents of the juvenile, or other responsible parties, are required to reimburse part of these costs for services. This liability may relate to a variety of services, including a placement in a residential, nonmedical facility such as a group home, foster home, treatment foster home, child caring institution or juvenile correctional institution. A determination of the amounts owed is made under: (a) a uniform system of fees, based on ability to pay, established under DHFS rules; or (b) in the case of out-of-home placements of juveniles, an amount ordered by the court as determined by the child support percentage standard and DHFS rules. The uniform system of fees is applicable to a wide variety of other state and county services, in addition to juvenile correctional services. Under the bill, no substantive change to current law provisions regarding the setting or collection of, or liability for, uniform fees is made, apart from the transfer of authority, relating to juvenile correctional services, from DHFS to DOC.

# EMPLOYE TRUST FUNDS

## 39. WITHHOLDING FROM PUBLIC AND PRIVATE PENSION PLANS LUMP SUM DISTRIBUTIONS AND ANNUITY PAYMENTS

Establish the following child and family support payment and intercept provisions applicable to certain distributions made by public retirement systems:

*Withholding Provisions Applicable to the WRS Payments.* Specify that ETF, as administrator of the WRS, would newly be subject to: (a) directives from the Department of Workforce Development (DWD) to withhold an amount of overdue child support, family support or maintenance certified by DWD from specified WRS lump sum distributions that may be paid to a delinquent support obligor; and (b) circuit court orders to withhold amounts from specified WRS on-going annuities for regular child support, family support and maintenance payments.

Specify that these withholding actions would be specific exceptions to current law provisions which prohibit the attachment or garnishment of pension benefits paid by the WRS. Payments under the WRS specifically made subject to these withholding requirements would be the following: any annuity in the normal form or in any other authorized annuity form, annuities from employe additional contributions, one-time annuity lump sum payments, separation benefits lump sum

payments, lump sum payments to nonvested former employes and disability annuities payable under s. 40.63 of the statutes. Payments from the following ETF programs would not be subject to these new withholding provisions: WRS death benefit payments, life insurance distributions, income continuation insurance payments, long-term disability insurance program payments, deferred compensation program distributions and duty disability benefits payable under s. 40.65 of the statutes.

Stipulate that ETF, its employes or agents and the members of the ETF Board or its agents would be immune from civil liability for any act or omission associated with withholding any annuity payment or lump sum payment pursuant to an order or directive from DWD or a circuit court.

*Withholding Provisions Applicable to Other Public Pension and Private Pension Plans in the State.* Specify that the City of Milwaukee Employes' Retirement Fund, the Milwaukee County Employes' Retirement System and the administrator of any other public or private pension plan in the state would also be subject to the same lump sum distribution and annuity payment withholding requirements described above. These withholding provisions would apply generally to the lump sum distributions and annuity payments of any of these pension systems and would not be limited by enumeration, as would be the case with WRS.

Stipulate that these withholding actions would also be specific exceptions to current law provisions which prohibit the attachment or garnishment of pension benefits paid by the two independent Milwaukee pension systems. Include a statement of statewide concern to preempt a provision in the session law establishing the Milwaukee County pension system which stipulates that all future legislation affecting the system be effected by the enactment of a private bill. Specify that Milwaukee County would be prohibited from enacting an ordinance that would prevent its retirement system from complying with a directive from DWD to withhold a lump sum distribution.

Provisions relating to the procedures which must be followed by DWD prior to issuing a withholding directive to a pension system are included under "Workforce Development -- Child Support."

## 40. ACCESS TO INDIVIDUAL MEDICAL INFORMATION CONTAINED IN AGENCY RECORDS

Stipulate that the release of individual medical information maintained by the ETF in Wisconsin Retirement System (WRS) participant and annuitant records would be subject to new and revised conditions allowing for their disclosure. Individual medical records are currently considered closed records and may be disclosed only under limited circumstances.

*Current Law Disclosure Conditions Modified.* Current law permits the release of medical records only with respect to appeals of disability application denials. Clarify that individual medical records may also be released in conjunction with appeals of health insurance claim denials. Specify that the types of appeals subject to this provision would be those specifically relating to the insurance claims or disability benefits which must be certified by the following agency boards: ETF Board (also

including its duty disability program eligibility determination authority), Group Insurance Board, Teachers Retirement Board or Wisconsin Retirement Board.

Specify that individual medical records could be released pursuant to the order of a hearing examiner upon a showing that the information would be relevant to a pending administrative action. Current law permits their release only under a court order upon a showing that the information would be relevant to a pending court case. Newly specify that the court or the hearing examiner would have to provide notice of the order to ETF.

*New Disclosure Conditions Authorized.* Provide that individual medical information records could be disclosed to the WRS employer of a person who applies or files for any of the following: a disability annuity, a duty disability annuity or a claim for income continuation insurance. The employer would have to submit a written request to ETF for the requested information. Specify that, if the person is a state employe, the individual medical information records could also be released to the DOA for the purpose of managing the worker's compensation program for state employes. Further, authorize DOA to disclose such records to DWD for the purpose of determining any worker's compensation eligibility matters before the Labor and Industry Review Commission. Specify that the only individual medical information records that could be released to a WRS employer under this new procedure would be those records and attached documentation submitted to ETF as part of a specific application for benefits related to a disability that ETF must certify.

Provide that individual medical information records could be disclosed to a WRS participant or designee, but only if access to the individual medical information was not otherwise restricted by law. The participant or designee would have to submit a written request to ETF for the requested information. ETF would be authorized to disclose only the information specifically identified in that written request.

*Treatment of Individual Medical Records Requests by ETF.* Clarify that individual medical information records would not be subject to the same disclosure rules currently applicable to granting limited access to individual personal information records maintained by the Department. Under current law, this separate treatment of medical records information is implied but the relevant statute is not clearly worded in this regard.

## EMPLOYMENT RELATIONS

### 41. INCREASED HIRING, PROMOTIONAL AND SALARY SETTING FLEXIBILITY FOR CERTAIN UNIVERSITY OF WISCONSIN SYSTEM EMPLOYES

Modify current hiring, promotional and salary setting procedures applicable to certain University of Wisconsin System employes, as follows:

*Delegation of Hiring Authority for Classified, Nonprofessional Positions.* Stipulate that, upon the request of the Board of Regents of the UW System, the Administrator of DER's Division of Merit

Recruitment and Selection would be required to make a permanent delegation to the Board of the Administrator's functions relating to the recruitment, appointment, examination and certification of applicants for any classified, nonprofessional positions in the UW System. The Administrator would not have the ability to revoke this delegation of authority. Under the proposal, the Administrator would be prohibited from delegating any of his or her final responsibility for the overall monitoring and oversight of merit recruitment and selection activities.

Under current law, the Administrator may delegate any of these functions, in writing, to a state agency provided the Administrator is satisfied that the agency has the personnel management capabilities to perform the delegated functions and has indicated its approval and willingness to accept the delegated responsibilities by written agreement. Any delegation is also subject to compliance with prescribed standards established by the Administrator. Current law prohibits the Administrator from delegating to any state agency the final responsibility for the overall monitoring and oversight of merit recruitment and selection. The Administrator may also revoke the delegation of any function to an agency if the Administrator determines that the agency is not performing the delegated function in conformance with the previously prescribed standards.

*Promotional Appointments in the Classified Service.* Stipulate that any appointing authority in the UW System, under certain conditions, would not be required to: (a) base promotional appointments to vacant positions in the classified service on competitive examination; and (b) fill such vacant positions from promotional registers. Specify that this applies only where the vacant position would be filled by a person who was already a classified UW employe occupying a permanent position at the time of appointment. Provide that this new procedure would not affect the requirement that promotional appointments only be made according to merit and fitness.

Under current law, promotions in the classified service must be made only according to merit and fitness generally ascertained by competitive examination. Current DER rules provide that promotional registers are established through competition and may be limited in the following declining order of preference: (a) only to eligible persons employed in state service; (b) only to eligible persons employed in the agency; or (c) only to persons employed within the employing unit.

## 42. SUPPLEMENTAL COMPENSATION FOR EMPLOYES ON INTERCHANGE AGREEMENTS

Provide that a department, agency or instrumentality of the state that receives an employe under an interagency or intergovernmental exchange may provide supplemental salary and fringe benefits to the employe for the duration of the interchange. Require the biennial compensation plan for nonrepresented classified employes to provide for a supplemental salary increase of up to 10% of an employe's base salary for any employe who participates in a temporary interchange, provided the receiving agency pays the supplemental salary increase during the period of the interchange. Under current law, with limited exceptions applicable to certain UW System employes, employes are subject to a 10% limitation on the cumulative amount of base pay increases that may be provided during a fiscal year (except as otherwise specifically authorized by the compensation plan).

These provisions would initially apply to nonrepresented interchange employes whose salaries are subject to the biennial compensation plan. These proposed changes would apply to represented employes participating in an interchange program only to the extent that future collective bargaining agreements would allow for these arrangements.

Under current law, state agencies (as well as other public agencies and institutions of higher education) may participate in employe interchange programs. During the period of an interchange agreement, employes of the sending agencies, even though they report for work at another agency, continue to be deemed employes of the sending agency and continue to be paid by the sending agency. A receiving state agency is currently prohibited from paying supplemental compensation to the interchange employe, although this practice is allowed for nonstate entities that participate in an interchange agreement.

A related provision would authorize the Secretary of DOA to create temporary pool or surplus positions for the purpose of staffing employe interchanges. This provision is described under "Administration."

## 43. ACCESS TO CERTAIN EMPLOYMENT RECORDS

Specify that the Secretary of DER and the Administrator of DER's Division of Merit Recruitment and Selection would have to provide the Department of Workforce Development (DWD) with access to certain closed employment records for the purpose of: child support enforcement and paternity establishment and the administration of certain public assistance programs.

Under this proposal, information from the following records currently closed to public inspection could be made available to DWD: (a) competitive examination scores and ranks and other evaluations of applicants for state employment; (b) dismissals, demotions and other disciplinary actions; (c) pay survey data from identifiable nonpublic employers; (d) names of nonpublic employers contributing pay survey data; and (e) the names of applicants who are not certified for a state position.

More information on access to closed records is presented under "Workforce Development -- Child Support."

# EMPLOYMENT RELATIONS COMMISSION

## 44. ARBITRATION SETTLEMENT FACTORS -- MILWAUKEE CITY POLICE

Repeal the current law criteria which must be utilized by an arbitrator in determining an award on compensation matters in collective bargaining impasses involving the City of Milwaukee and its represented police officers and instead specify a total of five factors an arbitrator must consider in making an arbitration award. Specify that in considering these five factors, the arbitrator would have

to give the first listed factor "greatest weight" and each succeeding factor would have to be given less weight than the factor preceding it. The five factors, listed in order of consideration, are as follows:

*Most Important ("Greatest Weight") Factor.* Comparison of all the items of compensation of the municipal employes in the collective bargaining unit with such items of compensation for other municipal law enforcement officers in the Milwaukee metropolitan area. As defined under current law, compensation includes: base wages; longevity pay; health, accident and disability insurance programs; pension programs, including amount of pension, relative contributions and all eligibility conditions; the terms and conditions of overtime compensation and compensatory time; vacation pay and vacation eligibility; sickness pay amounts and sickness pay eligibility; life insurance; uniform allowances; and any other similar item of compensation.

*Second Most Important Factor.* Comparison of the respective crime rates in Milwaukee, and the workloads of and risks of injury to law enforcement officers in Milwaukee, with those measures in any other jurisdiction with which comparisons were made under the "greatest weight" factor.

*Third Most Important Factor.* The increase in the average consumer prices for goods and services ("cost of living") during the term of the predecessor collective bargaining agreement.

*Fourth Most Important Factor.* Comparison of all of the items of compensation of the municipal employes in the collective bargaining unit with such items of compensation of other municipal law enforcement officers in comparable communities in the state.

*Fifth Most Important Factor.* Comparison of all of the items of compensation of the municipal employes in the collective bargaining unit with such items of compensation of other protective service municipal employes in Milwaukee.

Specify that these new factors would first apply to petitions for arbitration filed on or after the general effective date of the biennial budget act.

Under current law, a arbitrator must use the following two factors in determining an award on compensation matters: (a) U. S. Bureau of Labor Statistics "Standards of Living Budgets for Urban Families, Moderate and Higher Level" as a guideline to determine the compensation necessary for Milwaukee police officers to enjoy a standard of living commensurate with their needs, abilities and responsibilities; and (b) changes in the consumer price index since the last compensation adjustment. No indication of weight to be given either factor is currently specified.

## ETHICS BOARD

### 45. DENIAL OF LICENSE FOR CHILD SUPPORT DELINQUENCY

Provide that the Board require an individual to provide his or her social security number as a condition for issuing or renewing lobbyist licenses and/or filing a registration statement. Further,

provide that the Board may not issue or renew lobbyist licenses or registration statements, or must suspend these if already issued, if the applicant or holder is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse as determined by the Department of Workforce Development (DWD). Provide that, prior to a license being suspended or denied, the licensee or applicant could request a hearing to determine whether he or she actually owes the amount certified by DWD. Eliminate from eligibility for contested case review under chapter 227 of the statutes, the issue of licenses denied or suspended because of the above listed delinquent court-ordered payments. All of these provisions would first be effective beginning April 1, 1998. [See "Workforce Development -- Child Support" for more detail.]

Current law provides that the Board may only disapprove applications: (a) for lobbyist licenses by persons who are ineligible due to procurement of a license by fraud or perjury or actions as a lobbyist without being licensed; or (b) a lobbyist whose license is revoked due to violations of the lobbying rules or a criminal conviction. Under current law, the Board may only deny or suspend the person's license for the period of ineligibility (3 years) or period of revocation (3 or 5 years). Further, current law provides that denials and suspensions of licenses may be administratively reviewed under chapter 227 of the statutes.

## 46. EXCEPTION TO STANDARDS OF CONDUCT FOR STATE PUBLIC OFFICIALS

Amend the state ethics code to provide that any state public official who is involved in administering the endangered resources program in DNR may accept or solicit items of value for the benefit of that program without being in violation of the code. Further, provide that a person may offer or give to such individuals for the benefit of the program an item of value without such action constituting a violation of the code.

Currently, under the state ethics code, no person may offer or give to a state public official, and no state public official may solicit or accept from any person, anything of value if it could reasonably be expected to influence the official or be considered as a reward for any official action or inaction on the part of the official. A comparable exemption to this proposed exemption under the state ethics code currently exists under the state lobby law. That exemption specifies that any public official involved in administering the endangered resources program in DNR may solicit or accept anything of pecuniary value from lobbyists or principals of lobbyists for the benefit of the program without a violation of the lobby law occurring.

## 47. ACCESS TO AGENCY RECORDS

Provide that DWD would have access to certain records retained by the Ethics Board that are otherwise not open for public inspection. Current law provides that certain records retained by the Ethics Board are generally not open for public inspection. These are: (a) records retained in connection with a request for an advisory opinion; (b) records obtained or prepared by the Board in connection with any investigation by the Board regarding possible violations of the state lobby law

or ethics code; and (c) statements of economic interests and reports of transactions which are filed by members or employees of the State Investment Board. The bill would specify that this provision does not apply to requests for access to such records by DWD for purposes of administering the following programs: child support enforcement, paternity establishment and certain public assistance programs. [See "Workforce Development -- Child Support" for more detail.]

## FINANCIAL INSTITUTIONS

### 48. DIVISION OF SAVINGS INSTITUTIONS -- NAME CHANGE

Change the name of the Division of Savings and Loan in DFI to the Division of Savings Institutions. Specify that any action taken by the Division between July 1, 1996, and the effective date of the bill under the new name would have the same force and effect in all respects as if the action had taken place under the Division's current name.

Specify that the Division of Banking must report the average rate of interest paid by banks on passbook deposit accounts to the Division of Savings Institutions for use in calculating the required rate of interest to be paid for the year on escrow accounts for mortgage loans. Specify that the Division of Banking may revoke or suspend the license of an insurance premium sales finance company for certain reasons. These provisions are a technical change to reflect the creation of the Division of Banking within DFI, which replaced the Office of the Commissioner of Banking in the 1995-97 biennial budget.

### 49. FINANCIAL RECORD MATCHING PROGRAM -- DELINQUENT CHILD SUPPORT PAYMENTS

Create a financial records matching program to be administered by the Department of Workforce Development (DWD) for the collection of unpaid support, effective April 1, 1998. Financial institutions would be required to enter into agreements with DWD in order to conduct the program. In addition, financial institutions could be required to provide county child support agencies with notices required under this provision.

Financial institutions would be provided with information regarding individuals who owe delinquent support and would be required to notify DWD of any such person that maintains an account or accounts at the institution. As instructed, the institution would freeze accounts to prohibit an individual who owes support from closing the account or withdrawing funds. Upon notice from DWD, institutions would pay moneys to DWD from an individual's account to pay the support owed. Financial institutions would be authorized to collect any early withdrawal penalties incurred. In addition, institutions would not be liable to any person for disclosing information or surrendering

funds under this provision. [This provision is summarized in greater detail under "Workforce Development -- Child Support."]

## 50. LICENSE DENIAL, SUSPENSION AND REVOCATION -- DELINQUENT SUPPORT AND TAXES

Prohibit DFI from issuing or renewing certain licenses or certificates unless the applicants provide a social security number or federal employer identification number. DFI could not disclose any such information obtained from applications unless provided to: (a) DWD in accordance with a memorandum of understanding with that agency for child support enforcement; or (b) the Department of Revenue (DOR) for the purpose of requesting tax delinquency certificates. The bill would also clarify a statutory reference regarding DFI.

*Delinquent Support.* Require DFI to deny, restrict or suspend a license or certificate if the applicant or licensee is certified by DWD as being delinquent in making a court-ordered payment of support (support would include child and family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse). Specify that, prior to a license being denied, suspended or restricted under this provision, the person would be entitled to a notice and hearing to determine whether the person owes the amount certified by DWD. The person would not be entitled to a hearing by the licensing agency. Specify that if a license issued to a seller of checks is suspended under these provisions, the suspension would apply to all locations authorized to be operated by the licensee. [This provision is summarized in greater detail under "Workforce Development -- Child Support."]

*Delinquent Taxes.* Require DFI to deny or revoke a license or certificate if DOR certifies that the applicant or licensee is liable for delinquent taxes. Specify that, prior to a license being denied or revoked under this provision, the person would be entitled to a notice and hearing to determine whether tax is owed. The person would not be entitled to a hearing by the licensing agency. Specify that if a license issued to a seller of checks is revoked under this provision, it would apply to all locations authorized to be operated by the licensee. A revocation would apply to all licenses issued to a community currency exchange. [This provision is summarized in greater detail under "Revenue".]

These provisions would first apply to licenses, license renewals or certificates of registration received on or after April 1, 1998, and would apply to the following:

(1) licensed lenders;
(2) insurance premium finance companies;
(3) sellers of checks;
(4) adjustment service companies;
(5) collection agencies;
(6) community currency exchanges;

(7) sales finance companies;
(8) broker-dealers;
(9) agents;
(10) investment advisors;
(11) mortgage bankers;
(12) loan originators; and
(13) loan solicitors.

## 51. RELEASE OF CONFIDENTIAL INFORMATION FOR SUPPORT ENFORCEMENT AND PUBLIC ASSISTANCE ADMINISTRATION

Require that information designated as a trade secret or as confidential business information by a sales finance company be released, upon request, to DWD for purposes of administering support enforcement and certain public assistance programs. Under current law, if DFI requests information due to a reasonable doubt of financial responsibility of the applicant or licensee, such information may be designated as a trade secret or as confidential business information. This information may not be disclosed unless the applicant or licensee is first notified; the individual furnishing the information may seek a court order limiting or prohibiting the disclosure.

## GAMING

## 52. DENIAL OF LICENSES FOR FAILURE TO PAY CHILD SUPPORT

Require that any person subject to a background investigation for the issuance of a license relating to pari-mutuel racing submit his or her social security number to the Department of Administration. If the applicant for a license is an individual, prohibit DOA from issuing or renewing a license if the individual has not provided his or her social security number. Prohibit DOA from disclosing the social security number of any applicant for a pari-mutuel racing or bingo supplier's license, except to the Department of Workforce Development (DWD) for the sole purpose of administering child support enforcement. Direct that DOA (with the opportunity for a hearing) deny, suspend, restrict or revoke a license to any person who is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse, as provided in a child support enforcement memorandum of understanding between DOA and DWD.

These provisions would take effect on April 1, 1998, and would first apply to applications for pari-mutuel racing licenses received on the effective date. Licenses affected by the child support delinquency provisions include: (a) pari-mutuel racing; and (b) bingo supplier.

[This provision is summarized in greater detail under "Workforce Development -- Child Support."]

## GENERAL PROVISIONS

### 53. FIRE FIGHTERS RELIEF ASSOCIATIONS

Modify the current statutory organizational requirements imposed on city fire fighter relief associations to: (a) delete the current $50 cap on the maximum initiation fee that can be charged to any person becoming a member of the association; and (b) authorize any member of an association who has retired on a duty-related disability annuity or who has retired after at least 10 years of consecutive years of fire fighting service with the association to be eligible to serve as one of the association's officers.

Under current law, every person who becomes a member of a paid city fire department must also become a member of the city's fire fighters relief association. An initiation fee of not more than $50 and annual dues are required from all members. Membership in the association begins when the fire fighter is placed on the payroll of the city fire department. Membership in the association continues for as long as the fire fighter is actively employed by the department, except that former fire fighters on a duty-related disability annuity or who have terminated employment after at least 10 years of consecutive years of fire fighting service with the city department may continue as members as long as they pay dues and comply with the rules, regulations and bylaws of the association. However, only those members of the association who are in active employment may be elected as officers or hold any other office in the association.

Fire fighter relief associations are established for the purpose of providing relief to the sick and disabled members of the association and their families.

### 54. DWD ACCESS TO STATE AND LOCAL JOB APPLICANT RECORDS

Provide that an authority could not deny access to records revealing the identity of an applicant for a position when requested by DWD for purposes of administering the child support and public assistance programs. Under current law, an applicant for a position with what is termed "any authority" may indicate in writing that he or she does not wish the authority to reveal his or her identity. Other than an applicant whose name is certified for appointment to a position in the state classified service or a final candidate, if an applicant makes this indication in writing, the authority may not provide access under the open records law to any record related to the application that may reveal the applicant's identity. An "authority" currently includes all state and local agencies and offices, including the Senate, the Assembly and the Courts; elected officials; departments, boards, councils and commissions; public bodies and public purpose corporations; quasi-governmental

corporations (other than the Bradley Center); local exposition districts; the Olympic Ice Training Center; nonprofit organizations that receive more than 50% of their funding from a county or municipality; and any formally constituted subunit of any of the foregoing.

## 55. DWD ACCESS TO LAW ENFORCEMENT AGENCY RECORDS

Provide that a law enforcement agency could not deny access to any records identifying an informant when requested by DWD for purposes of administering the child support and public assistance programs. Under current law, if an authority (as defined as Item #2 above) that is a state or local law enforcement agency receives a request to inspect or copy a record containing specific information which, if disclosed, would identify an informant, the authority must delete that portion of the record with the identifying information. If no portion of the record can be inspected or copied without identifying the informant, the law enforcement authority may not provide access to the record under the open records law unless the legal custodian of the record determines that the public interest in allowing access to the information outweighs the harm done to the public interest by providing such access.

# GOVERNOR

## 56. PUPIL ACADEMIC STANDARDS DEVELOPMENT COUNCIL

Create a Standards Development Council under the Office of the Governor with the following membership and responsibilities:

*Council Established.* Create the Council as a 7-member body composed of:

- The Lieutenant Governor, who would chair the Council;

- A representative of DPI, appointed by the State Superintendent;

- The chairpersons of the Assembly and Senate committees having jurisdiction over elementary and secondary education matters, or a member of those committees designated by the respective chairpersons;

- The ranking minority members of those Assembly and Senate committees, or a member of those committees designated by the respective ranking minority members; and

- One member appointed by the Governor to serve at the pleasure of the Governor.

The Council would elect a vice chair and secretary from among its membership, and members would take and file an official oath, and would be entitled to receive reimbursement for their actual and necessary expenses incurred in the performance of their duties.

*Duties of the Governor and the Council.* Provide that the Governor shall, by the general effective date of the 1997-99 biennial budget bill, submit proposed pupil academic standards in mathematics, science, reading and writing, geography and history to the Council. The Council would be directed to review these proposed standards and would be authorized to modify them. The Council's final recommendations on the standards would have to be transmitted to the Governor by September 15, 1997, and the Governor would have to approve or disapprove the Council's recommended standards by October 15, 1997. If the Governor approves the recommended standards, they could be issued by the Governor as an executive order.

Require the Council to review the issued pupil academic standards periodically. Provide that if the Governor approves any subsequent modifications to the standards recommended by the Council, the changes could be issued as an executive order.

*Consequence of Issuing Pupil Academic Standards as an Executive Order.* Provide that if the Governor issues pupil academic standards by executive order, DPI would be required to develop a high school graduation examination designed to measure whether graduating high school students meet the standards. Direct each school board in the state to adopt pupil academic standards by August 1, 1998, but stipulate that if the Governor has issued pupil academic standards by executive order, a school board may adopt those standards as its own. If a school board acts to adopt the standards established in the executive order, specify that the school board could adopt the high school graduation examination designed by DPI to measure whether graduating high school students meet those standards.

Provisions of the bill concerning the development of pupil academic standards by school boards and the establishment of high school graduation examinations to measure whether students have met the academic standards are described in this document under "Public Instruction."

## 57. WISCONSIN SESQUICENTENNIAL COMMISSION MEMBERSHIP

Expand the membership of the Wisconsin Sesquicentennial Commission to include the Chief Justice of the Wisconsin Supreme Court. The Commission is required to make appropriate plans and preparations for the observance of the 150th anniversary of Wisconsin statehood in 1998. The Commission consists of 29 members and is attached administratively to the Office of the Governor. The Governor appoints all members of the Commission. The current members of the Commission are:

(a) The Governor;
(b) One citizen residing in each congressional district in this state;

(c) A representative of the University of Wisconsin System;
(d) A representative of the State Historical Society;
(e) Two senators and two representatives to the Assembly, one of each of whom shall be a member of the majority party and one of each of whom shall be a member of the minority party;
(f) A representative of each of the following communities in this state: agriculture, arts, conservation, industry, labor, recreation and sports;
(g) A representative of the Wisconsin Council for Local History;
(h) A representative of American Indian tribes and bands in this state; and
(i) Five members at large.

## HEALTH AND FAMILY SERVICES -- DEPARTMENTWIDE AND MANAGEMENT AND TECHNOLOGY

### 58. DENIAL OF LICENSES FOR FAILURE TO PAY CHILD SUPPORT AND TAX DELINQUENCY

Prohibit DHFS from issuing or renewing certain licenses, certifications, registrations, permits or approvals (hereafter referred to as "certifications") unless an applicant provides DHFS with his or her social security number or, if the applicant is not an individual, a federal employer identification number. Prohibit DHFS from disclosing this information obtained from an applicant except to: (a) the Department of Workforce Development (DWD), for the purpose of providing certifications of delinquent support payments; or (b) the Department of Revenue, for the purpose of requesting tax delinquency certifications. In addition, establish means by which DHFS could deny, revoke or suspend certifications for failure to pay child support and tax delinquency.

*Child Support.* Require DHFS to deny or revoke an application for the issuance or renewal of a certification or to suspend a certification if DWD certifies that the applicant for a holder of the certificate is delinquent in the payment of court-ordered payments of child or family support, maintenance, birth expenses, medical expenses, or other expenses related to the support of a child or former spouse. Alternatively, authorize DHFS to restrict certification, under a memorandum of understanding between DWD, the Supreme Court (if the Supreme Court agrees) and DHFS.

These provisions would first apply to applications for initial or renewal certifications, licenses, training permits, registrations and approvals that are received by DHFS on or after April 1, 1998. They would be applicable to the following providers:

(1) medical assistance providers;
(2) ambulance service providers;
(3) emergency medical service technicians;
(4) sanitarians;

(5) tattooists;
(6) body piercers;
(7) persons who perform lead hazard reduction and management activities;
(8) persons who perform asbestos abatement and management activities;
(9) persons who operate tanning facilities;
(10) persons certified in food protection practices;
(11) persons who maintain, manage or operate the following: (a) campgrounds; (b) camping resorts; (c) recreational camps; (d) educational camps; (e) public swimming pools; (f) hotels; (g) restaurants; (h) temporary restaurants; (i) tourist rooming houses; (j) vending machine commissaries or vending machines; and (k) bed and breakfasts;
(12) persons who apply for licenses for: (a) child welfare agencies; (b) group homes; (c) shelter care facilities; and (d) day care centers; and
(13) laboratories that perform chemical analyses of blood or urine for alcohol and controlled substances.

*Tax Delinquency.* Require DHFS to deny the issuance or renewal of specified certifications or to revoke a certification if DOR certifies that the applicant for or holder of the certification is liable for delinquent taxes.

These provisions would first apply to applications received on or after April 1, 1998, for certifications of the following facilities:

(1) nursing homes;
(2) community-based residential facilities;
(3) adult family homes;
(4) hospitals;
(5) home health agencies;
(6) rural medical centers;
(7) hospices;
(8) outpatient mental health clinics;
(9) treatment facilities;
(10) community mental health programs;
(11) community support programs;
(12) instructional and competency evaluation program certification;
(13) assisted living facilities;
(14) persons who apply for licenses for: (a) child welfare agencies; (b) group homes; (c) shelter care facilities; and (d) day care centers; and
(15) laboratories that perform chemical analysis of blood or urine for alcohol and controlled substances;

## 59. HOSPITAL BED MORATORIUM

Repeal the current moratorium on the construction of hospital beds. Under current law, DHFS may not approve for occupancy more than 22,516 hospital beds. In addition, repeal the current prohibition on transferring approved beds of a hospital to a facility that is associated with the hospital.

Repeal two statutory provisions that were effective prior to July 1, 1996. One provision prohibited, with specified exceptions, a person from obligating for a capital expenditure or implementing services, by or on behalf of a hospital, to increase the approved bed capacity of a hospital unless the person had, prior to May 12, 1992, entered into a legally enforceable contract, promise or agreement with another to so obligate or implement. The second provision prohibited, with specified exceptions, a person from obligating for a capital expenditure by or on behalf of a hospital, to add to the number of licensed psychiatric or chemical dependency beds of the hospital that DHFS determines existed on May 12, 1992, or to establish a new hospital with psychiatric or chemical dependency beds of the hospital.

## 60. ANATOMICAL GIFT TISSUE AND BONE REMOVAL

Authorize technicians to remove human tissue, which is defined as skin, connective tissue and cardiovascular tissue (including valves, blood vessels and pericardium that is not suitable for use for cardiovascular organ transplantation) in cases where: (a) a person makes an anatomical gift that authorizes, at death, the donation of all or part of the person's body for use by another; or (b) a coroner or medical examiner permits the removal of a body part from a person who has died. Define technician as an individual who is appropriately trained to remove or process tissue or bone while under the direction or supervision of a physician. Under current law, only physicians are authorized to remove any donated parts of the body and enucleators may remove any donated eyes or parts of eyes.

## 61. LIABILITY OF STUDENT HEALTH CARE PROVIDERS

Specify that students enrolled in a public or private institution of higher education who provide health care services to prisoners incarcerated in a state prison, under the direct supervision of a health care provider, are considered agents of DHFS for the purposes of determining which agency head could request that the Attorney General represent and defend the students. Specify that failure by a student to give notice, as soon as reasonably possible, to the Secretary of DHFS of an action or special proceeding commenced against the student is a bar to recovery by the student from the state of reasonable attorney fees and costs of defending the action. In addition, attorney fees and costs would not be recoverable if state legal counsel is refused by the student. Finally, if the student

refuses to cooperate in the defense of the litigation, the student would not be eligible for protection against damages or legal counsel by the state.

## HEALTH AND FAMILY SERVICES -- CARE AND TREATMENT FACILITIES

### 62. RIGHT TO REFUSE TREATMENT

Modify statutory provisions relating to patients' rights to refuse treatment by: (a) establishing standards and a review process for the involuntary administration of medications and treatment to persons in mental health institutions who have been found by a court to be incompetent to refuse medication or treatment; (b) providing mental health facilities new options, subject to standards and a review process, for dealing with patients who may need treatment but refuse treatment and are competent to refuse treatment; and (c) authorizing the establishment and operation of nontreatment units or facilities.

*Standards and Review Process for the Administration of Medications and Treatment of Patients Who Have Been Found Incompetent.* Under current law, patients in mental health institutions who have been found by a court to be incompetent to refuse medication or treatment do not have the right to refuse treatment. However, current law does not specify when medications or treatment can be involuntarily administered in these cases.

The bill would require that the facility's staff who are primarily responsible for the patient's treatment plan, determine that: (a) the medication or treatment is appropriate for the purpose of ameliorating the patient's condition and represents exercise of treatment techniques and procedures that are reasonable and appropriate to the patient; and (b) there would be a current risk of harm to the patient or others if the medication or treatment were not administered. The facility staff would have to make these determinations under standards and procedures established by DHFS. The facility staff's determination would be subject to review by treatment professionals who are not involved in the patient's care. DHFS would not be required to established these standards and procedures by rule.

*New Options for Competent Patients Who Refuse Treatment.* The bill would create new options that could be used by mental health facilities for patients who may need treatment but refuse treatment and are competent to refuse treatment. After a review process (described below) which determines that the offered medication or treatment is reasonable and appropriate or if the patient does not request a review process, and if the patient is given at least five days to consent to the offered medication, the mental health facility would be authorized for any patient in a state mental health institute or other inpatient facility for treatment of mental illness, to: (a) file a motion in court to require treatment (except for psychotropic medication); or (b) transfer the patient to a "nontreatment unit or facility" until the patient is released or discharged or consents to the medication or treatment that is offered under a treatment plan. For patients detained, committed or admitted under Chapter 51 or Chapter 55 of the statutes, the facility could: (a) terminate the contractual agreement with the

county department and return the patient to the care and custody of the county department; (b) request reexamination of the patient; or (c) discharge the patient.

*Review Procedure for Patients Who Are Competent to Refuse Treatment.* Before a mental health facility could proceed with one of the new options outlined above for a person who is competent to refuse treatment, the patient would be entitled to a review process. Under the bill, if such a patient is offered medication or treatment, the patient would have the right, within 10 days after the date on which the medication or treatment is offered, to request review of the medication or treatment. If requested, the review would be conducted by a panel of at least three treatment professionals, including at least one physician and at least one psychologist, who are not involved in the treatment plan. The patient would have the right to meet with the panel, present information to the panel (including statements by others in person or by telephone), require treatment staff to attend the meeting and answer questions, receive assistance at the meeting from a staff adviser who is not part of treatment plan but understands the issues, receive at least 24 hour advance written notice of the meeting and receive a written copy of the minutes of the meeting.

The review panel would determine whether the offered medication or treatment is appropriate for the purpose of ameliorating the patient's condition and represents exercise of treatment techniques and procedures that are reasonable and appropriate to the patient. The panel would issue its determination in writing within five days after the meeting. The review panel's determination would not need to be unanimous, but if the offered treatment included psychotropic medication, the physician would have to be member of the majority for the determination.

*Nontreatment Unit or Facility.* The bill would authorize the state, counties or any person operating a mental health inpatient facility to establish and operate a "nontreatment unit or facility." A nontreatment unit or facility could not be located in a prison, jail, lockup or house of correction, and could only serve patients transferred under the review process described above. The uniform licensure provisions of Chapter 50, which regulate nursing homes and other long-term care facilities, hospitals, rural medical centers and hospices, would not apply to a nontreatment unit or facility. Patients of a nontreatment unit or facility would not be entitled to the least restrictive conditions nor to conditions that are identical or substantially similar to those in facilities in which patients who consent to treatment are housed.

A nontreatment unit or facility would be authorized to lock patients in their rooms: (a) during the night shift; (b) for a period of no longer than 1.5 hours during each change of shift by staff to allow staff review of patients' needs; (c) during a facility-wide or unit-wide emergency situation because of an escape, attempted escape, discovery of a dangerous weapon, receipt of reliable information that a dangerous weapon is in the facility, a riot, or the taking of a hostage. (These are the same provisions that apply to patients in the maximum security facility at the Mendota Mental Health Institute.) A unit-wide or facility-wide emergency isolation order would be subject to the same requirements as is currently imposed for such orders in the maximum security facility at the Mendota Mental Health Institute.

Each nontreatment unit or facility would be required to have a written policy covering the use of isolation which ensures that the dignity of the individual is protected, that the safety of the individual is secured and that there is regular, frequent monitoring by trained staff to care for bodily needs as may be required. Each policy would be required to be reviewed and approved by the director of the facility or the director's designee. The Department would be authorized to issue emergency rules regarding approval of nontreatment units or facilities without providing evidence of an emergency.

*Procedure and Standard for Motion to Provide Involuntary Treatment on A Patient Who Is Competent to Refuse Treatment.* As noted above, if a review panel determines that treatment is appropriate for a patient who refuses treatment and is competent to refuse treatment, the mental health facility could file a motion in court for an order requiring the patient to participate in the treatment (unless the treatment includes psychotropic medication). The bill would specify that: (a) the court hearing must meet the requirements for commitment hearings, such as due process and right to counsel, except for a right to a jury trial; (b) the standard that must be met before the court could order treatment is that the court must find that the patient's interest in not consenting to the treatment is outweighed by the interest of the public and the patient in effective treatment; (c) the court would make its determination and enter its order within 10 days after the filing of the motion and with notice of the motion to the patient, patient's counsel (if any), and the corporation counsel representing the public's interest; and (d) at the request of the patient, the patient's counsel, or the corporation counsel, the hearing could be postponed, but in no case could the postponed hearing be held more than 20 days after a motion is filed.

## 63. ACCESS TO TREATMENT AND HEALTH RECORDS BY PROTECTION AND ADVOCACY AGENCIES

Modify statutory provisions relating to access, without the consent of the parent or guardian, to treatment and health records maintained by DHFS, county departments of community programs or disabilities services and treatment facilities by a protection and advocacy agency and staff members of a private nonprofit corporation with which the protection and advocacy agency has contracted, as follows:

- Allow access when there is probable cause to believe that the patient has been subject to abuse or neglect by anyone, rather than allowing access in cases where there is probable cause to believe that the patient has been subject to abuse or neglect by a parent or guardian, as provided under current law;

- Eliminate the current law allowance for access for a patient who is a minor where custody has been transferred to a legal custodian;

- For adults, allow access for patients who are unable by reason of mental or physical condition to authorize access to their records and who do not have a guardian appointed;

- For minors, allow access if the minor does not have a parent, a guardian or a legal custodian, in addition to the situation allowed under current law when the guardian is a state or county agency.

A protection and advocacy agency is an entity designated by the Governor to implement a system to protect and advocate the rights of persons with developmental disabilities or mental illness, as authorized by federal law. These changes are intended to conform the conditions for access to patient records without the consent of the parent or guardian to those specified in federal law.

## 64. CONFIDENTIALITY OF VICTIM'S MAILING ADDRESS FOR CHILD SUPPORT ENFORCEMENT

Require DHFS to release confidential mailing addresses of crime victims (or their parents or other adult member of the victim's family) to the Department of Workforce Development for purposes of administering child support laws and other public assistance programs. DHFS maintains this information so that the crime victim or family member can be notified of the release of persons committed to a state mental health institute or community conditional or supervised release program as a result of being found not guilty by reason of mental disease or defect or of being a sexually violent person. Under current law, this information is not open to public inspection and can only be released to: (a) assist district attorneys in obtaining information on victims; or (b) the Department of Corrections.

## HEALTH AND FAMILY SERVICES -- CHILDREN AND FAMILY SERVICES AND SUPPORTIVE LIVING

## 65. COUNTY CHILD CARING INSTITUTIONS

Authorize a county, or two or more counties jointly, to establish a county child caring institution (CCI). The establishment of a county CCI would require a majority vote of all the members of each county board. Under current law, a CCI is defined as a facility operated by a child welfare agency to provide care and maintenance, for 75 days in any consecutive 12-month period, for four or more children at any one time. With some exceptions, a child welfare agency must be licensed by DHFS. Require that a county that establishes a CCI obtain a license from DHFS to operate a child welfare agency. Require DHFS to fix reasonable standards and regulations for the design, construction, repair and maintenance of a county CCI. Require a county to designate DHFS to receive any formal complaints regarding a county CCI.

Provide that, in counties having a population of less than 500,000, the nonjudicial operational policies of a county CCI must be determined by the county board of supervisors or, in the case of a CCI established by two or more counties, by the county boards of supervisors for the two or more

counties jointly. Require counties to submit plans for a CCI to DHFS, and require DHFS to review the submitted plans. Provide that DHFS must approve the plan before a county could implement a plan for a county CCI.

Require that in counties having a population of less than 500,000, a public CCI be in the charge of a superintendent. The county board of supervisors or, where two or more counties operate jointly, the county boards of supervisors for the two or more counties jointly, would be required to appoint the superintendent and other necessary personnel for the care and education of the juveniles in a CCI, subject to civil service regulations in counties having civil service.

## 66. COLLECTION OF FORFEITURES ASSESSED AGAINST COMMUNITY-BASED RESIDENTIAL FACILITIES AND CHILDREN'S FACILITIES

Permit community-based residential facilities (CBRFs) and children's facilities (child welfare agencies, group homes, day care centers and shelter care facilities) to make arrangements acceptable to DHFS for the payment of a forfeiture, as an alternative to full payment of the forfeiture. Require facilities to make these arrangements within the same time periods specified for payment of these forfeitures under current law.

Require DHFS to refuse to continue a CBRF license if, on the date that the licensing fee is due, the CBRF has any outstanding forfeitures that: (a) have not been paid in accordance with an approved arrangement; (b) have not been appealed; or (c) have been appealed and upheld. Require DHFS to refuse to continue a license for a children's facility if, on the date that the licensing fee is due, the children's facility has any outstanding forfeitures that the licensee has failed to pay, either by full payment of the forfeiture amount or in accordance with an arrangement made between the children's facility and DHFS.

## 67. AUDITS FOR NONGOVERNMENTAL PROVIDERS

Require that providers of care and services under contract with DHFS, county departments of social services, human services and community programs provide annual certified financial and compliance audit reports in cases where the care and services purchased exceed $50,000, rather than $25,000, as required under current law. In addition, provide the purchasing department the authority to require an audit report from a provider where the care and services purchased are $50,000 or less if any of the following applies: (a) the department has not previously contracted with the provider and an audit report would indicate whether the provider is meeting standards for sound financial management practices; (b) the department has evidence that the provider has previously experienced significant difficulties in meeting financial management practice or program requirements; or (c) the receipt of federal funds is contingent upon provision of such an audit.

## 68. COMMUNITY MENTAL HEALTH PLANS

Delete the requirement that counties submit community mental health plans to DHFS every three years for the Department's review, in conjunction with the Council on Mental Health. Also, eliminate the requirements that: (1) DHFS assist counties in developing their community health plans; and (2) DHFS, with consultation from the Council on Mental Health, develop a model community mental health plan available for use by counties. The bill would retain counties' responsibility to prepare community mental health plans.

## 69. COUNCIL ON BLINDNESS

Require the Council on Blindness to make recommendations to DHFS and other state agencies concerning procedures, policies, services, activities, programs, investigations and research that affect any problem of blind or visually-impaired persons. Require DHFS to consult with the Council concerning its programs that affect blind or visually-impaired persons and authorize the Council to initiate consultations with DHFS. Upon request, require DHFS to provide summary or statistical information to the Council relating to matters concerning blind or visually-impaired persons. Under current law, the Council makes recommendations to the Department of Workforce Development (DWD) and DWD, rather than to DHFS, is assigned the responsibility to consult with the Council and provide summary or statistical information to the Council.

## 70. ISP REPORTING REQUIREMENTS

Delete a requirement that the Department submit a report, by January 1, 1992, of its evaluation of integrated service programs (ISPs) for children with severe disabilities, but retain the requirement that DHFS evaluate these programs. In addition, delete a requirement that an advisory committee established by the Department submit a report to the Governor and the Legislature by August 9, 1991, that evaluates the development and implementation of these programs and provides recommendations for further action by the Legislature and the Department to improve coordinated services for children with severe disabilities and their families. The bill would retain the advisory committee's responsibility to monitor the development of programs throughout the state and support communication and mutual assistance among operating programs, as well as those that are being developed.

Currently, 20 programs are administered in 22 counties throughout the state. These programs provide child-centered and family-focused, coordinated treatment, education and support services to children with severe disabilities and their families. Children with severe emotional disturbances are targeted for services provided under these programs.

## 71. BIRTH-TO-THREE REPORT

Delete the requirement that DHFS annually submit a report to the Legislature on the Department's progress toward full implementation of the early intervention program for infants and toddlers with disabilities (the birth-to-three program). The program provides services to children up to age three with impairments that are expected to result in developmental delays. The program is administered by counties with the support of federal, state and local funds.

# HIGHER EDUCATIONAL AIDS BOARD

## 72. RENAME THE ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM

Change the name of the academic excellence scholarship program to the "Governor's scholarship program" and require HEAB, in any materials or information distributed by the Board, to refer to the program as the "Governor's scholarship program" and to refer to students who receive the award as "Governor's scholars."

# INFORMATION TECHNOLOGY INVESTMENT FUND

## 73. GRANT CRITERIA AND ADMINISTRATIVE RULES

Repeal current law requiring that before any ITIF grant may be made, grant criteria must be approved by the Joint Committee on Information Policy. Instead, require that DOA may award grants in accordance with proposed criteria if, within 14 working days after submittal of the proposed criteria to the Joint Committee on Information Policy, the Co-chairs of that Committee do not notify DOA that the Committee has scheduled a meeting to review the proposed criteria. Further, if DOA is notified of a scheduled meeting, it may not award grants until the proposed criteria are approved by the Committee.

Repeal the current requirement that DOA promulgate rules concerning administration of grants, including grant criteria.

## 74. DENIAL OF LICENSES FOR DELINQUENT CHILD SUPPORT OR FAILURE TO PROVIDE SOCIAL SECURITY NUMBER

Prohibit OCI from issuing or renewing certain licenses unless the applicant provides OCI with his or her social security number. Further, for employee benefits plan administrators licenses OCI would be required to revoke or suspend the licenses for the same reason. Further, direct OCI to not issue or renew certain licenses if the applicant or licensee is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. These provisions would be effective beginning on April 1, 1998. The provisions would first apply to applications for licenses received or license renewals that occur on or after April 1, 1998.

*a. Social Security Numbers* Prohibit OCI from: (1) issuing insurance agent or brokers, surplus lines agents or brokers, intermediaries representing nonprofit service plans, managing general agents, reinsurance brokers and managers and temporary intermediary licenses, to natural persons, unless the applicant includes his or her social security in the application; (2) issuing or renewing viatical settlement provider or broker licenses unless the applicant provides OCI with his or her social security number in the application or annual renewal if not previously provided; and (3) issuing or renewing administrators of employe benefit plans licenses unless applicants provide OCI with their social security number either in their application or annual renewal, if not previously provided. In addition, OCI would be required to suspend or revoke administrators of employe benefit plans licenses if no social security number has been provided. Also provide that OCI could only disclose a social security number obtained on an application for a license issued by OCI to the Department of Workforce Development (DWD) in accordance with a memorandum of understanding with that agency. [More information regarding this provision is provided under "Workforce Development -- Child Support."]

*b. Child Support* Require OCI to deny, limit, suspend, or refuse to renew certain licenses if a natural person applicant or licensee is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. These provisions would apply to the following licenses: insurance agent licenses, surplus lines agents or brokers, intermediaries representing nonprofit service plans, managing general agents and reinsurance brokers and managers licenses, viatical settlement provider or broker licenses and administrators of employe benefit plans licenses. In addition, direct OCI to deny, limit, suspend or refuse to extend a temporary license to natural persons, if an individual is delinquent in the above mentioned court-ordered payments. Prior to a license suspension or denial, the licensee or applicant could request a hearing to determine whether the individual actually owes the amount

certified by DWD. More information regarding this provision is provided under "Workforce Development -- Child Support."

## 75. NONSTATUTORY PROVISIONS

Include session law requirement that no later than May 1, 1997, DOA shall submit to the Co-chairs of the Joint Committee on Finance proposed legislation that conforms the state statutes on health insurance with the P.L. 104-191, the Health Insurance Portability and Accountability Act of 1996, as it relates to group health insurance and guaranteed renewability of individual health insurance policies. Since the budget bill would not likely become law by that date, this provision is basically a statement of intent.

## 76. ACCESS BY DWD TO AGENCY RECORDS

Provide that DWD would have access to certain records retained by OCI for purposes of administering child support enforcement and certain public assistance programs. Under current law, OCI may refuse to disclose any of the following records: (a) testimony, reports and information from certain insurance related investigation, reports, replies or examinations; and (b) information which would adversely affect personal privacy rights or proprietary interests. Further, under current law, certain records relating to viatical settlement contracts that are available to the Commissioner of Insurance may not be disclosed by the Commissioner. The bill would specify that these provisions relating to nondisclosure of records do not apply to information requests by DWD for purposes of administering the child support enforcement, paternity establishment and certain public assistance programs. [More information regarding this provision is provided under "Workforce Development--Child Support."]

# JUSTICE

## 77. DEPARTMENT OF ADMINISTRATION APPROVAL OF DOJ SETTLEMENT AGREEMENTS AND LEGAL EXPENSES

Require that DOA approve any settlement agreement made by the Attorney General in legal actions brought against a state department, an officer, a state employe or an agent of the state acting within his or her duties. Specify that approval from DOA would be required on any actions pending and causes of action accruing on the effective date of the bill. Under current law, the Attorney General has the authority to compromise and settle these actions without approval from DOA. Current law also allows the Attorney General to delegate to DOA the authority to compromise or settle claims before such actions or matters are formally brought. Any revenues accrued to the state as a result of legal settlements against the state, minus legal expenses and other costs, are deposited

to the general fund. The bill would also provide that DOA approve the release of moneys to DOJ for its legal expenses and other costs.

## 78. DENIAL OF CERTIFICATION FOR LAW ENFORCEMENT, JAIL AND SECURE DETENTION OFFICERS FOR FAILURE TO PAY CHILD SUPPORT

Require the Law Enforcement Standards Bureau to deny certification or recertification, or to decertify, individuals who fail to pay court-ordered child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. Under current law, no person may be appointed as a law enforcement officer, tribal law enforcement officer, jail officer or secure detention officer, except on a temporary or probationary basis, unless the person has completed the required training and has been certified by the Board. Under the bill, the Board would be required to enter into a memorandum of understanding with the Department of Workforce Development (DWD) regarding decertification or refusal of certification or recertification of individuals who fail to pay the court-ordered payments. Prior to a certification being denied under this provision, the individual could request a hearing to determine whether the individual actually owes the amount certified by DWD. In addition, an individual would be required to provide the Board his or her social security number when applying for certification of recertification. If the individual does not provide his or her social security number, the Board would be required to deny certification. The Board could only disclose the social security number to DWD as provided under the memorandum. These provisions would take effect April 1, 1998, and would first apply to applications for certification or recertification submitted to the Board on or after the effective date.

The child support provisions affect the following:

- law enforcement officer certification;
- tribal law enforcement officer certification;
- jail officer certification; and
- secure detention officer certification.

[This provision is summarized in greater detail under "Workforce Development -- Child Support."]

## 79. RELEASE OF CERTAIN CONFIDENTIAL RECORDS FOR CHILD SUPPORT ENFORCEMENT AND PUBLIC ASSISTANCE ADMINISTRATION

Require the Department to release, upon request, information obtained from the DOJ drug-tip hotline, DNA databank and handgun purchaser hotline to any state or local child support enforcement agency for the purpose of administering child support enforcement and certain public assistance programs. In addition, require that any information from records or reports obtained by DOJ, or a hearing examiner, regarding awards for victims of crimes be provided to any state or local agency,

upon request, for the purposes of administering child support enforcement and certain public assistance programs. The bill would also require DOJ to release to DWD, if requested, any confidential records received by DOJ from the owner or operator of a hazardous waste facility under the enforcement of hazardous waste management regulations for purposes of administering child support enforcement and certain public assistance programs.

Finally, present law provides that, if a law enforcement authority receives a request to inspect or copy a record that contains specific information which, if disclosed, would identify an informant, the authority must delete the portion of the record in which the information is contained. If no portion of the record can be inspected or copied without identifying the informant, the law enforcement authority must withhold the record unless the legal custodian of the record makes a determination that the public interest in allowing a person access to such information outweighs the harm done to the public interest by providing such access. Under the bill, these provisions would not apply to a request for access to a record by DWD for purposes of administering child support enforcement and public assistance programs.

[This provision is described in greater detail under "Workforce Development -- Child Support."]

## LEGISLATURE

### 80. LEGISLATIVE AUDIT BUREAU

*Audit of "Level A Release" Emergency Audit Teams.* Include session law provision requesting the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a financial and performance evaluation of emergency response teams that respond to "level A releases" of hazardous substances. A "level A release" is the release of a hazardous substance that requires the highest level of protective equipment for the skin and respiratory system. Under current law, the State Emergency Response Board is required to contract with regional emergency response teams to assist in the emergency response to "level A releases."

## MILITARY AFFAIRS

### 81. AUDIT OF "LEVEL A" EMERGENCY RESPONSE TEAMS

Request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a financial and performance evaluation of emergency response teams that respond to "level A releases" of hazardous substances. Level A releases involve the release of a hazardous substance that requires the highest level of protective equipment for the skin and respiratory system. The State

Emergency Response Board currently has grant contracts with eight regional emergency response teams to assist in the emergency response to level A releases of hazardous substances.

## NATURAL RESOURCES -- DEPARTMENTWIDE AND ADMINISTRATIVE SERVICES

### 82. DENIAL OF LICENSES FOR CHILD SUPPORT AND TAX DELINQUENCY

Require that DNR be prohibited from issuing or renewing certain licenses or certificates unless applicants provide the Department with their social security number or federal employer identification number. Require that DNR be prohibited from issuing or renewing resident and nonresident hunting, fishing, combination and duplicate licenses unless an applicant provides the identifying numbers from his or her driver's license or identification card. Allow DNR to request that an applicant provide his or her social security number when issuing and renewing resident and nonresident hunting and fishing licenses (an individual would not be statutorily required to provide his or her social security number). DNR could not disclose this information unless provided to: (a) the Department of Workforce Development in accordance with a memorandum of understanding with that agency; or (b) the Department of Revenue for the purpose of requesting tax delinquency certificates. Further, the bill would do the following:

*Child Support.* Direct that the Department deny, revoke, restrict or suspend a license (with the opportunity for a hearing) if the applicant or licensee is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. Direct DNR to enter into a memorandum of understanding with DWD regarding procedures that DWD would use for certifying to DNR a delinquency in support and procedures that DNR would use in notifying an individual who is delinquent in making support payments and restricting, revoking or denying a license. Require that the memorandum of understanding specify under which conditions DNR would be prohibited from issuing or renewing hunting and fishing licenses because the applicant or holder does not present his or her driver's license or identification card. Also require that the memorandum establish requirements and procedures for issuing and renewing hunting and fishing licenses for persons who do not have driver's licenses or identification cards. [See "Workforce Development -- Child Support."]

*Tax Delinquency.* Direct that the Department deny or revoke a license or certificate (with an opportunity for a hearing) if the Department of Revenue certifies that the applicant or licensee is liable for delinquent taxes. Direct DNR to enter into a memorandum of understanding with DOR regarding procedures to be used after March 31, 1998, to determine whether an applicant for a license or license renewal is liable for delinquent taxes. [See "Revenue -- Tax Administration" for greater detail.]

The provisions would first apply to applications for licenses or license renewals received on or after April 1, 1998. Licenses affected by both the child support and tax delinquency provisions include licenses, certificates or registrations issued for the following:

a. well driller or pump installer;
b. operator of a water system, wastewater treatment plant or septage servicing vehicle;
c. servicer of septic tanks, soil absorption fields, holding tanks, grease traps or privies;
d. solid waste incinerator operator;
e. solid waste disposal facility operator;
f. hazardous waste transporter; and
g. commercial fish and game licenses.

Licenses affected by the child support, but not the tax delinquency, provisions:

a. medical waste transporter; and
b. resident and nonresident hunting and fishing licenses.

Licenses affected by the tax delinquency, but not the child support, provisions:

a. metallic mineral explorer or driller;
b. radioactive waste site explorer;
c. metallic mining prospecter; and
d. oil or gas explorer or producer.

## NATURAL RESOURCES -- FISH, WILDLIFE AND RECREATIONAL AIDS

### 83. BOW HUNTER EDUCATION COURSE

Effective July 1, 1998, require DNR to provide two components as part of the hunter education and safety course: (a) a firearm safety component providing instruction in the commonly accepted principles of safety in handling firearms used in hunting, and (b) a bow hunting safety component providing instruction in hunting with bows and arrows and their associated equipment. The bow hunting safety component would not have to be offered in every school district or county. (Under current law, the course must be offered in every school district or county.) A person enrolled in the course would be allowed to take the firearm safety component, the bow hunting safety component or both components. DNR will issue a certificate of accomplishment to a person who successfully completes the course of instruction, indicating whether the person completed the firearm safety component, the bow hunting safety component or both.

A person issuing a resident or nonresident small game hunting license to a person who is required to have a hunter safety certificate (any person born after January 1, 1973) shall indicate on

the license whether: (a) an applicant has successfully completed only the bow hunting safety component of the hunter safety and education program and is authorized to hunt small game only with a bow and arrow; or (b) an applicant presents evidence showing that he or she has completed a hunter safety and education course in another state consisting of only the bow safety component recognized by DNR and is authorized to hunt small game only with a bow and arrow.

## 84. SALE AND DISTRIBUTION OF ANIMAL CARCASSES

Allow DNR to distribute, for free, carcasses from wild animals seized or confiscated in violation of fish and game laws and not destroyed by DNR to programs that provide food or serve meals directly to individuals with low incomes or to elderly individuals or that collect and distribute food to persons who provide food or serve meals to these individuals.

Allow DNR to sell seized wild animals and carcasses to certain businesses licensed by DNR, including wholesale fish dealers, fur dealers, taxidermists, bait dealers, pheasant and quail farms, game bird and animal farms, fur animal farms and deer farms. These buyers would be exempted from the prohibition on sales of confiscated fish and game. Create an appropriation from the conservation fund for the moneys received from the sale of wild animals and their carcasses for the hunter education and safety program and other educational hunting, fishing and trapping activities conducted by DNR.

## 85. TRESPASS LAW

Reduce the maximum penalty for trespassing from a civil forfeiture of $1,000 to a forfeiture of $500. Also, provide that a person is guilty of trespassing on undeveloped private land that abuts a parcel of land that is either leased by the United States, the state of Wisconsin, or local government unit or subject to a public access requirement only if he or she enters or remains on such land after having been notified (either personally or by posting) not to enter or remain on such land. A public access requirement would be defined as any requirement under a federal, state or local law that land under that law must be open to public access, including access for only specified purposes, such as hunting.

# NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND

## 86. DRY CLEANING CONTAMINATION STUDY

Direct DNR to conduct a study of the extent and type of environmental contamination at dry cleaning facilities in the state. Direct DNR to submit a report on its findings to the Legislature and Governor, including: (a) an estimate of the cost of remedying environmental contamination at dry

cleaning facilities; and (b) options for sources of revenue and types of assistance to address the costs of remedying contamination of dry cleaning facilities.

## 87. MUNICIPAL LANDFILL PROOF OF FINANCIAL RESPONSIBILITY

Authorize cities, villages, towns and counties (municipalities) to use a fiscal capacity method to establish proof of financial responsibility related to the ownership of a solid waste disposal facility (landfill) or hazardous waste disposal facility. Currently, the owner of a facility is required to provide proof of financial responsibility during the operation of the facility, for the costs of closing the facility and for taking long-term care of the facility after it is closed. Currently, the owner or operator of a facility may use one of the following methods of establishing financial responsibility: (a) a bond; (b) a deposit; (c) an established escrow account; (d) an irrevocable letter of credit; or (e) a financial commitment satisfactory to DNR to ensure that the owner or operator of a facility will comply with closure and long-term care requirements. Companies (but not municipalities) may also utilize a net worth method to establish proof of financial responsibility.

The fiscal capacity method under the bill would allow municipalities to establish proof of financial responsibility if they meet all of the following criteria:

a. The aggregate amount of indebtedness of the municipality is less than the maximum indebtedness allowed under statutes by an amount that is at least six times the estimated total costs of compliance with the closure and long-term care requirements specified in the plan of operation or the approved plan, plus six times the costs of any required corrective action.

b. The estimated annual cost of compliance with the closure and any long-term care requirements specified in the plan of operation or the approved plan plus the costs of any required corrective action, if paid entirely by property tax revenues, will not require a property tax levy of more than ten cents per $1,000 of equalized value of taxable property in the municipality.

c. In the most recent bond ratings, the municipality has not received a bond rating of less than "A" from the Moody's Investor Service, Inc. or from Standard and Poor's Corporation.

Require a municipality that wants to use the fiscal capacity method to apply to DNR as part of the initial license application and annually, thereafter. Require DNR to make an annual determination of whether the municipality satisfies the criteria for using the fiscal capacity method for the year. Require that if DNR determines a municipality does not satisfy the criteria, DNR would have to issue supporting findings of fact and provide the local government with an opportunity for a hearing.

Require that when DNR reviews annual reapplications to use the fiscal capacity method, DNR would have to take into consideration any changes in the plan of operation and adjustments to the estimated total cost of compliance with closure and any long-term care or corrective action

requirements because of inflation or other changes. Authorize DNR to require the municipality to submit information and materials to show compliance whenever DNR has reason to believe that the municipality no longer satisfies the fiscal capacity requirements. Require that if DNR determines, during the annual review or at any special review, that the municipality no longer complies with the required criteria, the municipality would have to utilize one of the currently authorized methods within 90 days after DNR's determination. Prohibit DNR from granting a variance to any of the requirements under the fiscal capacity provisions.

Authorize a municipality to change from one method of establishing financial responsibility to another. If a facility is jointly owned or operated by more than one municipality, any of the municipalities could seek to establish proof of financial responsibility using the fiscal capacity method, in proportion to the municipality's proportion of interest in the facility.

If a municipality would receive approval to use the fiscal capacity method of proving financial responsibility, but then fails to comply with closure and long-term care requirements, DNR would be required to notify DOA of the amounts necessary to pay for compliance. DOA would be required to collect the amounts due by deducting those amounts from any state payments due to the municipality or could add a special charge to the amount of taxes apportioned and levied upon the county. DOA would be required to deposit the amounts collected in the waste management fund to be used for closure, long-term care and corrective action costs.

### 88. METALLIC MINING PERMIT REQUIREMENTS

Add two findings that DNR must make before issuing a permit for a metallic mine: (a) that proven technology exists to ensure that the proposed mine will operate without violating state groundwater or surface water statutes or administrative rules due to acid drainage at the tailings site or at the mining site or due to the release of heavy metals; and (b) that the proposed mine will use that proven technology. Currently, DNR is required to issue a metallic mining permit if it makes certain findings, including that the proposed mine will comply with all applicable air, groundwater, surface water and solid and hazardous waste laws.

## NATURAL RESOURCES -- WATER QUALITY

### 89. LAND AND WATER CONSERVATION BOARD

Add two members (for a total of 13) to the Land and Water Conservation Board (LWCB) to be appointed by the Governor to four-year terms. The bill would add one at-large public member and increase the number of public members from governmental units involved in river management activities from one to two.

The LWCB currently consists of the following 11 members: (a) the Secretaries of the Departments of Administration, Natural Resources, and Agriculture, Trade and Consumer Protection, or their designees; (b) three county land conservation committee members, who are designated at a statewide meeting of land conservation committees and appointed for two-year terms; and (c) five members appointed by the Governor, four for staggered four-year terms and one for a two-year term, to include one farmer, one member of an environmental group, one person from a city with a population greater than 50,000 and one person from a governmental unit involved in river management.

## PUBLIC DEFENDER

### 90. RELEASE OF CERTAIN CONFIDENTIAL RECORDS FOR CHILD SUPPORT ENFORCEMENT AND PUBLIC ASSISTANCE ADMINISTRATION

Require the Public Defender to release, upon request, any information obtained in the SPD's determination of a person's financial eligibility for representation to any local or state agency for purposes of administering child support enforcement and certain public assistance programs. [This provision is summarized in greater detail under "Workforce Development -- Child Support."]

## PUBLIC INSTRUCTION

### 91. TECHNICAL PREPARATION PROGRAMS

Specify that currently required technical preparation (tech-prep) programs would have to consist of a coherent sequence of courses, approved by the WTCS Board. These programs would have to integrate applied academic and technical competency-based curricula and provide juniors and seniors with both high school and technical college credit or with advanced standing in a postsecondary institution upon graduation from high school. Under current law, tech-prep programs are required to consist of a sequence of courses, approved by the WTCS Board, designed to allow high school pupils to gain advanced standing in the technical college district's associate degree program. In addition, modify the current law requirement that the State Superintendent and the WTCS Board provide technical assistance to school boards to develop tech-prep programs in each high school to also include the Department of Workforce Development (DWD). Provide that DWD would receive the annual report which each school board is required to provide regarding its tech-prep program, in addition to the current requirement that DPI and the WTCS Board receive those reports.

Eliminate the current requirement that a WTCS district director appoint a tech-prep council to coordinate the establishment of tech-prep programs as well as the requirement that a WTCS district

board and the school boards of the school districts that operate high schools within the WTCS district's boundaries establish a tech-prep consortium.

## 92. RELEASE OF CONFIDENTIAL INFORMATION AND TEACHER LICENSE RESTRICTIONS FOR FAILURE TO PAY CHILD SUPPORT OR DELINQUENT TAXES

Provide that DPI could not issue or renew a license or permit or revalidate a license that has no expiration date unless the applicant provides DPI with his or her social security number. Require DPI to keep social security numbers confidential except for the purposes of disclosing them to the Department of Revenue (DOR) for tax delinquency certifications or to the Department of Workforce Development (DWD) for the purposes of administering child support and public assistance programs in accordance with a memorandum of understanding (MOU) with DWD.

*Delinquent Child Support.* Provide that, in accordance with an MOU with DWD, DPI must restrict or suspend any license or permit granted by the Department if the licensee or permit holder is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. In addition, provide that DPI must not renew a license or permit or revalidate a license that has no expiration date if the applicant, licensee or permit holder is delinquent in these payments. The licensee or permit holder could request a hearing to determine whether the individual actually owes the amount certified by DWD.

*Delinquent Taxes.* Require DPI to, without a hearing, revoke a license or permit granted by the Department if DOR certifies that the licensee or permit holder is liable for delinquent taxes. Provide that DPI must not renew a license or permit or revalidate a license that has no expiration date if DOR certifies that the applicant, licensee or permit holder is liable for delinquent taxes.

*Effective Date.* These provisions relating to social security numbers, child support and taxes would first apply to applications, renewals and revalidations received on April 1, 1998.

*Other Information.* Require DPI to release information received about a licensee during a license revocation investigation and information received during background investigations performed on applicants for a DPI-issued or renewed license, if requested by DWD for purposes of administering child support and public assistance programs. Direct a school board to require the administrator of its self-insurance plan to release information obtained through the insurance plan, if requested by DWD for purposes of administering child support and public assistance programs. [See "Workforce Development -- Child Support."]

## 93. ADMINISTRATIVE LEADERSHIP ACADEMY

Delete the administrative leadership academy program and the related appropriation; no funds were provided for the program in the 1995-97 biennium. Under this current program, DPI may establish and maintain an academy to enhance the knowledge and skills of mid-career school district administrators and principals and charge a fee for participation.

## 94. DELETE SEPARATE ANNUAL REPORT ON BILINGUAL-BICULTURAL EDUCATION

Delete the requirement that DPI submit an annual report to the Legislature by December 31, on the status of bilingual-bicultural education programs. Instead, require DPI to include this information in its biennial report on its performance and operations, which has to be filed with the Governor and the Legislature by October 15 of each odd-numbered year.

## 95. PROCEDURES FOR SETTING STANDARDS FOR EARLY ADMISSION

Eliminate the requirement that DPI establish procedures and standards for early admission to kindergarten and first grade, and instead require school boards to determine these early admissions standards. Specify that these school board determined early admission standards would be used in calculating school enrollment.

## 96. PREAPPROVAL OF SUMMER SCHOOL CLASSES

Modify the requirement that state aid for summer classes be paid only if DPI has reviewed and approved the classes as necessary for academic purposes, to instead require the State Superintendent to define, by rule, what necessary academic purposes would be. This provision would take effect on July 1, 1998.

## 97. DPI ROLE IN HIGH SCHOOL ADMISSION AND COURSE OF STUDY

Delete the requirement that a school board operating a high school obtain the advice and consent of DPI in determining minimum standards for admission to high school. Eliminate the requirement that a school board obtain the advice of DPI in determining the school course of study.

## 98. CESA ANNUAL CONVENTION AND PLANNING AND REPORTING REQUIREMENTS

Modify CESA and DPI duties through the following:

*CESA Annual Convention.* Eliminate DPI's responsibility to convene a convention on the day that a CESA Board of Control holds its annual organizational meeting. The annual convention is composed of representatives from each school board in the agency and establishes bylaws for governing the agency. The bill would not alter the requirement for or the purpose of the convention, but would leave unspecified who would convene the event.

*CESA Accountability Plan to Districts.* Eliminate the requirement that a CESA Board of Control provide, to each school board in the agency, an accountability plan that addresses the efficiency and effectiveness of all agency programs and services every third year as scheduled by DPI.

*CESA Evaluation Report to DPI.* Delete the requirement that a CESA Board of Control submit an evaluation of its programs and services to DPI every third year for its approval.

# REGULATION AND LICENSING

## 99. SUSPENSIONS OR REVOCATIONS OF CREDENTIALS FOR FAILURE TO PAY DELINQUENT TAXES OR CHILD SUPPORT

Revise current procedures relating to the denial of credential renewals by the Department, its examining boards and its affiliated credentialing boards based on a tax delinquency and newly establish parallel provisions relating to restricting, limiting, suspending or denying credentials to applicants based on delinquent support payments, as described below.

*Revised Credential Review Procedures Relating to Tax Delinquencies.* Repeal or modify current procedures that are specific to an existing tax delinquency monitoring system under which R&L requests DOR to certify whether an applicant for a renewed credential for a professional occupation licensed under chs. 440 to 480 of the statutes is liable for delinquent state taxes, in which case the renewal application must be denied. Instead, incorporate R&L's current tax delinquency review program into a general licensee tax delinquency review system that would applicable to eight executive branch licensing agencies and the Supreme Court. The same procedural standards currently applicable to the existing DOR and R&L tax delinquency monitoring system would be retained under the general program.

Require DOR to enter into a memorandum of understanding (MOU) with R&L to establish a system for requesting and certifying whether credential holders or applicants were liable for

delinquent taxes. Require the MOU to establish a system for R&L to make requests on behalf of its credentialing boards, defined as a board, examining board or affiliated credentialing board that grants a credential. The general requirements of the MOU applicable to DOR and to each of the affected licensing agencies as well as the procedural standards which must be followed are described under the Department of Revenue.

Direct R&L to notify an examining board or affiliated credentialing board whether or not an applicant for a license or current holder of a license granted by an examining board or affiliated credentialing board is certified by DOR as liable for delinquent taxes. This provision would also apply to persons seeking reinstatement from inactive real estate license status. Require R&L and its examining boards and its affiliated credentialing boards to deny an initial credential application, renewal or reinstatement request or to revoke an existing credential in the case of such a delinquency. Under current law, this authority exists only with respect to credential renewal applications.

Where current law establishes specific procedures under which R&L, its examining boards and its affiliated credentialing boards have the authority to reinstate a revoked credential, specify that such independent reinstatement provisions would not apply in the case of licenses previously revoked because of a tax delinquency.

*New Credential Review Procedures Relating to Family Support Payment Delinquencies.* Direct the Department of Workforce Development (DWD) to enter into a MOU with R&L to establish a system for requesting and certifying whether an applicant for an initial credential or a renewed credential for a professional occupation licensed under chs. 440 to 480 of the statutes or an applicant for reinstatement from inactive real estate license status is liable for delinquent child support, family support or maintenance payments. The general requirements of the MOU applicable to DWD and to each of the licensing agencies affected by the provision and the procedural standards which must be followed are described under "Department of Workforce Development -- Child Support."

Require R&L, its examining boards and its affiliated credentialing boards to restrict, limit or suspend an existing credential or deny an initial credential application (including an application for reinstatement from inactive real estate license status) if the credential holder or applicant is certified as delinquent in child support, family support or maintenance payments. The appropriate examining board or affiliated credentialing board would be required to restrict, limit or suspend an existing credential or deny an initial credential when directed to do so by R&L. Require R&L (as the issuer of all renewal professional licenses) to deny an application for renewal to any credential holder certified as delinquent in paying such support. Prior to suspension or denial of a credential under these provisions, the individual could request a hearing to determine whether he or she actually owes the amount certified by DWD.

Where current law establishes specific procedures under which R&L, its examining boards and its affiliated credentialing boards have the authority to revoke, limit or suspend a credential, specify that such independent reinstatement, limitation or suspension provisions do not apply in the case of licenses previously revoked, limited or suspended because of a delinquency in support payments.

*Social Security Numbers Required for All Initial Credential Applications.* Specify that each application form for: (a) an initial or a renewed credential for any professional occupation regulated under chs. 440 through 480 of the statutes; or (b) a reinstatement from inactive real estate license status must contain a space for the applicant to meet the requirement to provide his or her social security number. If the applicant is not an individual, the applicant's federal employer identification number would be required. Include clarifying language under the authority of various examining boards that it is R&L rather than the examining board that prescribes and provides application forms.

Require R&L to deny an initial credential, renewal credential or reinstatement from inactive real estate license status to any individual or employer who does not provide this required information. Similarly, require an examining board or an affiliated credentialing board to deny an application for an initial credential granted by the board to any individual or employer who does not provide this required information. Clarify that these new provisions denying a credential to any individual or employer who did not provide the required social security or federal employer identification number would supersede any existing specific board authority to permit a credential holder to practice under a limited license.

Social security and federal employer identification numbers are now required only for renewal of existing credentials. If an applicant does not submit this required information, R&L or its examining boards and affiliated credentialing boards may deny the application for renewal.

*Access to Certain Confidential Information and Records.* Prohibit R&L and its boards from disclosing applicant or credential holder social security and federal employer identification numbers to any person except to: (a) DWD for the purpose of its child support and public assistance programs; or (b) DOR for the purpose of determining whether the applicant is liable for delinquent taxes.

Under current law, R&L, its examining boards and its affiliated credentialing boards are prohibited from disclosing the social security numbers submitted on credential renewal applications to any person except to DOR for the purpose of determining whether the applicant is liable for delinquent taxes.

Establish exceptions to the current law confidentiality of the certain accounting and charitable contribution information reported to R&L when information is requested from such records by DWD for the purpose of child support enforcement and paternity establishment and the administration of certain public assistance programs. Under this proposal, information from the following closed records maintained by R&L could be made available to DWD: (a) trust fund accounts records reported by any cemetery authority or cemetery preneed seller; and (b) individual charitable contribution records reported by any fund-raising counsel or professional fund-raiser.

*Effective Date.* Those provisions authorizing the reporting to DWD of certain confidential information from trust fund accounts records reported by any cemetery authority or cemetery preneed seller and from individual charitable contribution records reported by any fund-raising counsel or professional fund-raiser would apply commencing on the general effective date of the biennial budget

act. All other provisions described above would take effect on April 1, 1998, and would first apply to applications for initial and renewal credential received on and after that date.

## REVENUE -- TAX ADMINISTRATION

### 100. SUSPENSION OF LICENSES AND CREDENTIALS FOR FAILURE TO PAY DELINQUENT TAXES

| | Chg. to Base |
|---|---|
| GPR-REV | $800,000 |

Require DOR to enter into a memorandum of understanding (MOU) with the Departments of Agriculture, Trade and Consumer Protection (DATCP), Commerce, Financial Institutions (DFI), Health and Family Services (DHFS), Natural Resources (DNR), Public Instruction (DPI), Regulation and Licensing (DORL) and Transportation (DOT), and the state Supreme Court, if the Court would agree, to establish a system under which the agencies would deny, discontinue, revoke or not renew licenses or credentials for license holders who were certified as liable for delinquent taxes. The provisions would apply to delinquent individual income taxes, corporate income and franchise taxes, estate taxes, state and county sales and use taxes, special district taxes, the recycling surcharge, public utility taxes, insurance taxes, motor vehicle and general aviation fuel taxes (including alternative and special fuel taxes), beverage taxes and fees, cigarette taxes and tobacco products taxes. The following sections present additional detail regarding the Governor's recommendation.

**Licenses**

Licenses that would be subject to these provisions include the following:

a. Resident and nonresident hunting and fishing licenses and commercial fish, game and other conservation licenses issued by DNR.

b. Licenses issued by DHFS for child welfare agencies, group homes, shelter care facilities or day care centers.

c. Licenses, certificates of approval, provisional licenses, conditional licenses, certifications, registrations or approvals issued by DHFS for nursing homes, community-based residential facilities, assisted living facilities, adult family homes, hospitals, home health agencies, rural medical centers, hospices, outpatient mental health facilities, mental health treatment facilities, community mental health programs, community mental health support programs, alcohol abuse treatment facilities and alcohol and controlled substance testing laboratories. DNR or DATCP approvals, permits or licenses for release of genetically engineered organisms into the environment would also be subject to the revocation and nonrenewal provisions.

d. Industrial licenses, registrations or registration certificates issued by DATCP.

e. Building and construction licenses issued by the Department of Commerce.

f. Licenses or certificates of registration issued by DFI.

g. Motor vehicle dealer, instructor and school licenses issued by DOT.

h. Environmental licenses, registrations or certifications issued by DNR.

i. Credentials. A credential would be defined as a license, permit or certificate or registration issued by DORL or an affiliated credentialing board, except for registrations of inactive licensees.

j. Licenses or permits granted by DPI.

k. Licenses to practice law.

**Memorandum of Understanding**

DOR would be required to enter into a memorandum of understanding with the Supreme Court (if the Court agreed) and with each licensing department specified above. Each licensing department would be required to enter into a memorandum of understanding with the Department of Revenue. The Supreme Court would not be required to enter into an MOU with DOR.

Each MOU would establish a system for requesting and certifying whether license holders or applicants were liable for delinquent taxes. If the MOU was with DORL, it would be required to establish a system for DORL to make requests on behalf of credentialing boards. A credentialing board would be defined as a board, examining board or affiliated credentialing board in DORL that granted a credential. Also, a system for reinstating or granting licenses or license renewals to individuals who were no longer liable for delinquent taxes would have to be established. In establishing procedures for requests, certifications and restoration of licenses, each MOU would have to consider the need to issue licenses in a timely manner, the impact of collecting delinquent taxes and whether revocation or denial of a license would have an impact on public health, safety or welfare.

*Department of Revenue.* The Department of Revenue would be authorized to certify to the licensing department or the Supreme Court that the applicant or license holder was liable for delinquent taxes, if the licensing department or Supreme Court requested such certification. "Liable for delinquent taxes" would mean that DOR has finally determined that a person was delinquent in the payment of taxes, including penalties, interest, fees and costs and that the person who held or applied for a license remained delinquent in the payment of those taxes at the time a request for certification was made by the Supreme Court or licensing department. Also, if a licensee or applicant was not liable for delinquent taxes and the license was previously revoked or denied, then DOR, upon

request of the individual, would be required to issue a nondelinquency certificate stating that the person was not liable for delinquent taxes.

If a license holder or applicant requested a hearing, DOR would be required to conduct one to review a certification or determination of a tax delinquency that was the basis of a denial or revocation of a license or certification. The hearing would be limited to questions of mistaken identity of the license or certificate holder or applicant and of prior payment of the delinquent taxes for which the individual was certified or determined to be liable. Any statement filed at the hearing by DOR, the Supreme Court or the licensing department could be admitted as evidence and would be prima facie evidence of the facts contained in the statement.

After conducting a hearing, DOR would be required to: (a) notify the license or certificate holder or applicant who was a party to the hearing of whether the Department affirmed its certification of the tax delinquency; or (b) issue a nondelinquency certificate to the individual.

*Licensing Departments.* The MOU for each licensing department and the Supreme Court, if the Court agreed, would require the licensing department or the Supreme Court to request that DOR certify whether a license holder or an applicant for a license or license renewal or continuation was liable for delinquent taxes. DORL would be authorized to make such requests for a credentialing board. If, after the request was made, DOR certified that the license holder or applicant was liable for delinquent taxes, the licensing department or Supreme Court would be required to revoke the license or deny the application. A revocation or denial under this provision would not be subject to administrative review. Judicial review would be available, as described in the following section.

The licensing department or Supreme Court would be required to mail a notice of revocation or denial to the license holder or applicant. The notice would include a statement of the facts that warrant the revocation or denial and a statement that the license holder or applicant could, within 30 days after the date on which the notice of denial or revocation was mailed, file a written request with DOR to have the certification of tax delinquency reviewed at a hearing. If DOR notified the licensing department that it affirmed the certification of a tax delinquency, the licensing department would be required to affirm the revocation or denial. A license holder or applicant could seek judicial review in the Circuit Court of Dane County of an affirmation of a revocation under this provision.

The licensing departments or the Supreme Court would be required to reinstate a license or grant an application that was denied or revoked if the license holder or applicant submitted a nondelinquency certificate to the licensing department, unless there were other grounds for revoking or not reinstating the license or for denying the application. No fee could be charged for reinstatement of a license as a result of a hearing.

A licensing department or the Supreme Court would be given authority to examine income and franchise and sales and use tax returns and records for the purpose of denying, discontinuing, revoking and not renewing a license because of a tax delinquency under the provisions in the bill.

These provisions would be effective on April 1, 1998. The bill estimates that general fund tax collections would increase by $800,000 in 1998-99 due to improved compliance related to these provisions.

The procedures for certifying delinquent taxes and denying or revoking licenses under these provisions are similar to current provisions regarding denial of credentials by DORL for individuals who are liable for delinquent taxes.

## 101. DENIAL OF CERTIFICATION OF PROPERTY TAX ASSESSORS FOR DELINQUENT TAXES

Authorize the Department to deny an application for certification or recertification as a property tax assessor or to revoke the certification of an individual as a property tax assessor if the Department determines the applicant or certified assessor is liable for delinquent taxes. If the Department denied or revoked a certification, it would be required to mail a notice of denial or revocation to the applicant or certificate holder. The notice would include a statement that the applicant or certificate holder could, within 30 days after the date on which the notice of denial or revocation was mailed, file a written request with the Department to have the determination that the person was liable for delinquent taxes reviewed at a hearing.

If after a hearing, DOR affirmed that an applicant or certificate holder was liable for delinquent taxes, DOR would be required to affirm its denial or revocation. An applicant or certificate holder could seek judicial review in the Circuit Court of Dane County under this provision. If, after a hearing, the Department determined that a person whose certificate was revoked was not liable for delinquent taxes, the Department would be required to reinstate the certificate. The Department could not charge a reinstatement fee under this provision.

These provisions would apply to delinquent income and franchise taxes, estate taxes, state and county sales and use taxes, special district taxes, the recycling surcharge, public utility taxes, motor vehicle and general aviation taxes (including alternative and special fuel taxes), beverage taxes and fees, cigarette taxes and tobacco products taxes.

The bill would also require each applicant for certification or recertification to include the applicant's social security number on the application. Any person who did not provide his or her social security number on the application could not be certified by DOR. The Department could not disclose a social security number it obtained from the applications.

Under current law, DOR certifies local assessors and Department assessment personnel. The Secretary of Revenue is authorized to revoke the certification of any assessor, assessment personnel or expert appraiser for any fraud or deceit used in obtaining certification or for any negligence, incompetence or misconduct. A hearing is held to review the revocation.

## 102. SETOFF OF DELINQUENT MUNICIPAL PERSONAL PROPERTY TAXES

Authorize municipalities and counties to apply to the Department to certify delinquent municipal and county personal property taxes for setoff against state income tax refunds and credits. Under this provision, DOR would offset the delinquent tax amount against tax refunds or refundable credits and return the delinquent amounts to the appropriate local governmental unit. Setoffs for child and spousal support would have priority over setoffs for delinquent municipal personal property taxes. This provision would first apply to personal property taxes based on the January 1 assessment following the passage of the bill.

Under current law, the Department of Revenue is authorized to setoff against state tax refunds and credits amounts owed for state taxes, debts to state agencies, delinquent child and spousal support and maintenance payments, and municipal and county fines, fees and forfeitures. The Department receives a share of amounts collected through the setoff program to fund administrative costs.

## 103. LICENSE SUSPENSIONS FOR NONPAYMENT OF SUPPORT

Require DOR to enter into a memorandum of understanding with the Department of Workforce Development (DWD) under which DOR would be required (with opportunity for a hearing) to suspend, refuse to issue or refuse to renew a business tax registration certificate for a person who has been certified by DWD as owing past-due child support. Require that an individual applying for a business tax registration certificate must provide his or her social security number on the application form and require DOR to disclose to DWD the social security number of any applicant as provided in the MOU. [This provision is described in greater detail under "Workforce Development -- Child Support."]

## 104. ACCESS TO TAX RECORDS FOR CHILD SUPPORT AND PUBLIC ASSISTANCE ADMINISTRATION

Provide that DWD and county child support agencies would have access to records retained by the Department of Revenue relating to income, franchise, sales and gift taxes for the purpose of child support enforcement and paternity establishment and the administration of certain public assistance programs. [This provision is described in greater detail under "Workforce Development -- Child Support."]

## 105. BIENNIAL REPORT ON TAX INCREMENT FINANCING

Transfer the responsibility for preparing a biennial report on the social, economic and financial effects and impact of tax incremental financing (TIF) from the Department of Commerce to the

Department of Revenue, beginning with the 1999-2001 biennium. The report would be required to be made to the Governor and Legislature at the beginning of each biennium.

## REVENUE -- LOTTERY

### 106. MODIFICATIONS OF CURRENT LOTTERY LAW

Provide that any DOR employe, including the Secretary, Deputy Secretary and Executive Assistant, who performs any duty relating to the lottery be prohibited from participating in the selection of a winning ticket. This provision would be in addition to the current law restriction that the actual selection of a winning lottery ticket may not be performed by an elected or appointed official, an employe of the Lottery Division in DOR or a member or employe of the Gaming Board.

Delete the current law requirement that the lottery Division Administrator provide monthly financial reports to the Gaming Board. Under the bill, no monthly financial reports would be required by statute.

Provide that the lottery Division Administrator report the name, address and social security number of each winner of a lottery prize equal to or greater than $1,000 to the Secretary of Revenue. Require the Secretary to determine and certify if the winner is delinquent in the payment of state taxes, child support or debts owed the state. If delinquency is certified by the Secretary, or upon a court order, the Administrator would be required to withhold the certified amount and remit it to the appropriate agency or person. Under current law, DOR must: (a) be provided with the information concerning winners; (b) make the determination regarding certification of delinquency; and (c) remit any delinquent amount to the appropriate agency or person. The modification is a technical clarification to address internal responsibilities following the transfer of the state lottery to DOR.

### 107. APPOINTMENT OF LOTTERY ADMINISTRATOR

Repeal the current requirement that, prior to appointing a lottery division administrator, the Department of Revenue must conduct a nationwide search to find the best, most qualified appointee and consider the business management, marketing, computer and lottery management experience of the applicants.

### 108. CONFLICT OF INTEREST MODIFICATION FOR MANAGEMENT CONSULTANTS

Provide that no person who provides management consultation services to DOR, relating to bids or sealed proposals to supply goods or services to the state lottery, may have an ownership interest of 5% or more in, or any partners, members or shareholders who have an ownership interest of 5%

or more in, any vendor that is under contract to supply or that submits a bid or competitive sealed proposal to supply those goods or services. Under current law, no person who provides these management consultation services to DOR may have any ownership interest in, or any partners, members or shareholders who have any ownership interest in, a vendor under contract with the state lottery or bidding on such a contract.

## 109. LOTTERY RETAILER SELECTION CRITERIA

Provide that rules for the selection of lottery retailers be based on objective criteria and delete current law provisions that define these criteria.

Under current law, rules relating to the selection of retailers for contract must be based on objective criteria, may not limit the number of retailers solely on the basis of the population of the city, town or village in which the retailers are located and must include requirements relating to all of the following: (a) the financial responsibility of the retailer; (b) the security of the retailer and the retailer's business; (c) the accessibility of the location from which the retailer will sell lottery tickets to the public; (d) the sufficiency of existing retailers to serve public convenience; (e) the volume of expected lottery ticket sales; (f) additional qualifications for retailers, as determined by the Gaming Board; and (g) ensuring that there will not be an undue concentration of retailers in any geographic area of the state. In addition, current law specifies that the rules relating to retailer selection may not deny a lottery retailer contract to a person licensed to sell alcohol beverages on the basis of the presence of underage persons on the licensed premises.

# SHARED REVENUE AND PROPERTY TAX RELIEF

## 110. DEFINE MOTION PICTURE PRODUCTION PROPERTY AS MANUFACTURING PROPERTY

Modify the definition of manufacturing property to include property of businesses in category 781 of the Standard Industrial Classification (SIC) Manual of the U.S. Office of Management and Budget, effective on January 1, 1998. Businesses covered by that classification include those engaged in motion picture and videotape production (SIC 7812) and in services allied to motion picture production (SIC 7819). The Manual further defines those businesses:

> **7812 Motion Picture and Videotape Production.** Establishments primarily engaged in the production of theatrical and nontheatrical motion pictures and videotapes for exhibition or sale, including educational, industrial, and religious films. Included in the industry are establishments engaged in both production and distribution. Producers of live radio and television programs are classified in Industry 7922. Establishments

primarily engaged in motion picture and videotape reproduction are classified in Industry 7819 and those engaged in distribution are classified in Industry 7822.

**7819 Services Allied to Motion Picture Production.** Establishments primarily engaged in performing services independent of motion picture production, but allied thereto, such as motion picture film processing, editing, and titling; casting bureaus; wardrobe and studio property rental; television tape services; motion picture and videotape reproduction; and stock footage film libraries.

Defining this property as manufacturing property would have at least two effects. First, the property would be assessed by the Department of Revenue, as opposed to local assessors. Second, any of the property used exclusively and directly in the manufacturing process would be exempt as manufacturing machinery and equipment. This treatment would first apply to 1998 assessments for the 1998(99) property tax year.

## 111. INCOME TAX SETOFF OF DELINQUENT PERSONAL PROPERTY TAXES

Authorize municipalities and counties to certify delinquent personal property taxes to the Department of Revenue (DOR) for setoff against state income tax refunds and credits. Under this provision, DOR would offset the delinquent tax amount against tax refunds or refundable credits and return the delinquent amounts to the appropriate local governmental unit. Setoffs for debts to other state agencies and child and spousal support would have priority over setoffs for delinquent personal property taxes. Specify that this provision would first apply to personal property taxes based on the January 1 assessment following the bill's effective date.

## STATE TREASURER

## 112. DIVISION OF TRUST LANDS AND INVESTMENTS -- DENIAL AND SUSPENSION OF PERMITS FOR DELINQUENT CHILD SUPPORT

Require, effective April 1, 1998, the Board of Commissioners of Public Lands to require any person applying for a new or renewal permit to remove sunken logs from submerged lands owned by the state to provide his or her social security number. The Board would be required to deny the new or renewal application if any of the following occurred: (a) the individual failed to provide this information; or (b) the individual failed to pay court-ordered payments for child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of the child or former spouse, as provided in a memorandum of understanding entered into between the Board and DWD. For persons with an existing permit, require the Board to restrict or suspend the permit if the individual failed to pay court-ordered payments for any of the child or family support payments and expenses described above, as also provided in a memorandum of understanding between the

Board and DWD. [The required components of the memorandum of understanding are described under "Workforce Development -- Child Support."]

Stipulate that the Board could not disclose an individual's social security number to any person except DWD, in accordance with provisions of the above memorandum of understanding.

## SUPREME COURT

### 113. DENIAL OF LAW LICENSES FOR FAILURE TO PAY CHILD SUPPORT AND TAX DELINQUENCY

Request the Supreme Court to enter into memoranda of understanding with the Department of Workforce Development (DWD), regarding suspension, revocation or denial of a license to practice law for nonpayment of child support; and with the Department of Revenue, regarding suspension, revocation or denial of a license to practice law for tax delinquency. In addition, request the Supreme Court to promulgate rules to require, as a condition of membership in the state bar, that each person provide to the Board of Bar Examiners (BBE) his or her social security number. Under the requested rules, BBE could not disclose a social security number unless provided to: (a) the Department of Workforce Development for the purpose of administering child support laws; or (b) the Department of Revenue for the purpose of determining tax delinquency. Further, the bill would do the following:

*Child Support.* Request the Supreme Court to promulgate rules to deny, suspend or revoke a license to practice law if the Department of Workforce Development certifies that the applicant or licensee has failed to pay court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. Prior to a license denial or suspension, the individual could request a hearing to determine whether he or she actually owes the amount certified by DWD.

*Tax Delinquency.* Request the Supreme Court to promulgate rules to deny, suspend or revoke a license to practice law if the Department of Revenue certifies that the applicant or licensee is liable for delinquent taxes.

Under the bill, the Supreme Court would be requested to promulgate these rules so that the rules are effective on April 1, 1998. [This provision is summarized in greater detail under "Workforce Development -- Child Support."]

## TRANSPORTATION -- STATE HIGHWAY PROGRAM

### 114. STATE HIGHWAY MAPS

Direct DOT to create a committee to study the sale of advertising space on folded highway maps and the sale and distribution of these maps, with or without advertising. Specify that the committee shall be composed of the following: (a) two members representing private sector business or industry, appointed by the Governor; (b) four legislators, one each appointed by the Speaker of the Assembly, the majority leader of the Senate and the two minority leaders; and (c) three at-large members, one each appointed by the Secretaries of Transportation, Natural Resources and Tourism. Require the committee to submit a report detailing its findings, conclusions and recommendations to the Governor and Legislature by July 1, 1998.

## TRANSPORTATION -- MOTOR VEHICLES

### 115. ADDRESS INFORMATION ON REGISTRATION AND CERTIFICATE OF TITLE APPLICATIONS

Modify current law to require all applications for vehicle registrations or certificates of title to contain the full name and residential or business address of the owner. Current law requires only residents of cities with a population over 39,000 to supply a residential or business address on an application for registration (others are required to provide the town, city or village of residence), while the requirement for applications for titles simply specifies an address, rather than a residential or business address. These changes would make the contents of these applications consistent with those for operator's licenses with respect to address information.

### 116. LIMIT MUNICIPAL LIABILITY FOR NEGLIGENT OPERATION OF A SNOWPLOW

Provide that a local governmental unit, its officers, officials, agents or employes are not liable for any claim for damages to person or property arising out of the operation of a snowplow. Currently, a person may seek damages against a local unit of government for damage caused by the negligent operation of a motor vehicle, if the vehicle is owned and operated by the governmental unit and is not exempt from registration, provided that the damage occurs in the course of governmental business. The bill would provide that this general provision does not apply to snowplows. Specify that this exemption does not: (a) relieve a snowplow operator from the duty to drive or ride with due regard under the circumstances for the safety of all persons; or (b) protect such operator from the consequences of the operator's reckless disregard for safety. Modify current law related to liability for motor vehicle accidents to apply the term "local governmental unit" in place of "municipality" to

more accurately describe the category of entities included in this definition and correct cross references throughout the statutes to reflect this change.

Define a snowplow as a vehicle that is operated by a person employed by or on behalf of an authority in charge of the maintenance of a highway to perform highway winter maintenance snow and ice removal, including plowing, salting and sanding, during a storm or cleanup following a storm. Specify that the provisions related to creating an exemption for snowplows would first apply to snowplows operated on the effective date of the bill.

## 117. RESTRICT THE ALLOWABLE FOLLOWING DISTANCE BEHIND A SNOWPLOW

Prohibit the operator of any vehicle, other than a snowplow, from following a snowplow closer than 200 feet on any highway. A person convicted of violating this prohibition could be required to forfeit $20 to $40 for the first offense and $50 to $100 for the second or subsequent conviction within a year.

Define a snowplow as a vehicle that is operated by a person employed by or on behalf of an authority in charge of the maintenance of a highway to perform highway winter maintenance snow and ice removal, including plowing, salting and sanding, during a storm or cleanup following a storm. Specify that the provisions related to prohibiting following a snowplow closer than 200 feet would first apply to snowplows operated on the effective date of the bill.

## 118. DENIAL OF LICENSES FOR FAILURE TO PAY CHILD SUPPORT AND TAX DELINQUENCY

Require that the Department be prohibited from accepting an application for the issuance or renewal of certain licenses, registrations and permits unless the applicant provides DOT with his or her social security number or federal employer identification number. DOT could not disclose any such information obtained from an applicant unless provided to: (a) the Department of Workforce Development (DWD) in accordance with a memorandum of understanding with that agency; or (b) the Department of Revenue (DOR) for the purpose of requesting tax delinquency certificates.

*Child Support.* Direct DOT to deny, restrict, limit or suspend a license, registration or permit if the applicant or licensee is delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. Specify that, prior to a license being denied, restricted, limited or suspended under this provision, the person would be entitled to a notice and hearing to determine whether the person owes the amount certified by DWD.

Provide that current law provisions that otherwise entitle an applicant or licensee to a notice or administrative hearing by DOT related to a denial, restriction, limitation or suspension of a license,

registration or permit would not apply to such actions taken for purposes of nonpayment of court-ordered support.

*Tax Delinquency.* Direct DOT to deny or revoke a license if DOR certifies that the applicant or licensee is liable for delinquent taxes. Specify that, prior to a license being denied or revoked under this provision, the person would be entitled to a notice and hearing to determine whether tax is owed.

Provide that current law provisions that otherwise entitle an applicant or licensee to a notice or administrative hearing by DOT related to a denial or revocation of a license would not apply to such actions taken for purposes of tax delinquency.

These provisions would first apply to applications for licenses, license renewals, registrations and permits received on or after April 1, 1998. Licenses affected by both the child support and tax delinquency provisions include licenses, registrations and permits for the following:

(1) motor vehicle dealers;
(2) motor vehicle manufacturers;
(3) motor vehicle distributors;
(4) motor vehicle wholesalers;
(5) motor vehicle salespersons;
(6) recreational mobile home dealers;
(7) recreational mobile home dealer salespersons;
(8) salvage dealers;
(9) auction dealers;
(10) driver schools; and
(11) driving instructors.

Licenses affected by the child support, but not the tax delinquency provisions:

(1) motor vehicle operators (excluding the option to deny a driver's license);
(2) motor vehicle factory or distributor branch representatives;
(3) motor vehicle transporters;
(4) moped dealers;
(5) salvage pool buyer identification card recipients; and
(6) persons conducting breath tests.

## 119. ACCESS TO DOT RECORDS

Require DOT to disclose, upon the request of the Department of Workforce Development for purposes of administering child support enforcement and public assistance programs, the following records or information:

a. A record containing information collected from ride-sharing services applicants for purposes of administering the ride-sharing program.

b. Information regarding an underage person, including any action taken against the person's motor vehicle operating privileges, who has violated underage drinking laws, including violations of prohibitions against falsification of an operator's license or identification card.

c. Information on the solvency or financial standing of a person who holds a license as a motor vehicle dealer or salesperson, or an applicant for one of these licenses.

d. A photograph taken for an operator's license or identification card.

e. Information related to an applicant or holder of an identification card.

f. Information regarding a person's involvement in a motor vehicle accident.

g. Information regarding a juvenile whose operating privilege has been suspended, revoked or restricted by a court.

## TRANSPORTATION -- STATE PATROL

### 120. PORTABLE SCALE CERTIFICATION

Modify current law provisions that require portable scales used for enforcement of weight limitations to be certified for accuracy within 90 days prior to any weighing operation to, instead, require such certification within 190 days prior to any weighing operation. Allow certified portable testing devices to be used to test portable scales. Current law requires testing in comparison to certified stationary scales. Define certified portable testing device as an instrument used to test portable scales which is tested and inspected periodically by the Department of Agriculture, Trade and Consumer Protection (DATCP) or an authorized testing agency in accordance with specifications, tolerances, standards and procedures established by the National Institute of Standards and Technology and DATCP. Specify that these provisions would first apply to offenses committed on the effective date of the bill, but would not preclude the counting of other convictions as prior convictions for purposes of imposing a penalty.

## 121. HIRING AUTHORITY FOR CLASSIFIED, NONPROFESSIONAL POSITIONS

Provide that, upon the request of the Board of Regents, the Administrator of the Division of Merit Recruitment and Selection in the Department of Employment Relations would be required to delegate to the Board, the Administrator's functions relating to the recruitment, appointment, examination and certification of applicants for classified, nonprofessional positions in the UW System. In the absence of future authorizing legislation, this delegation of authority to the UW would not be subject to revocation by the Administrator.

Under the proposal, the Administrator would be prohibited from delegating final responsibility for the overall monitoring and oversight of merit recruitment and selection, which is similar to current law governing delegation of functions by the Administrator.

Under current law, the Administrator may delegate any of these functions, in writing, to a state agency provided the Administrator is satisfied that the agency has the personnel management capabilities to perform the delegated functions and has indicated its approval and willingness to accept the delegated responsibilities by written agreement. Any delegation is also subject to compliance with prescribed standards established by the Administrator. Current law prohibits the Administrator from delegating to any state agency the final responsibility for the overall monitoring and oversight of merit recruitment and selection. The Administrator may also revoke the delegation of any function to an agency if the Administrator determines that the agency is not performing the delegated function in conformance with the previously prescribed standards.

## 122. PROMOTIONAL APPOINTMENTS TO CLASSIFIED POSITIONS

Provide that any appointing authority in the UW System would not be required to: (a) base promotional appointments to vacant positions in the classified service on competitive examination; and (b) fill such vacant positions from promotional registers, provided the vacant position would be filled by a person who, at the time of appointment, is employed in a permanent position in the classified service at the UW System. Provide that this new procedure would not affect the requirement that promotional appointments only be made according to merit and fitness.

Under current law, promotions in the classified service must be made only according to merit and fitness generally ascertained by competitive examination. Current DER rules provide that promotional registers are established through competition and may be limited in the following declining order of preference: (a) only to eligible persons employed in state service; (b) only to eligible persons employed in the agency; or (c) only to persons employed within the employing unit.

## WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

### 123. DEFINITION OF A HEALTH FACILITY

Modify the definition of a "health facility," as it relates to the types of projects that can be financed by bonds issued by WHEFA, to include rural medical centers. A rural medical center is currently defined as an arrangement of facilities, equipment, services and personnel that: (a) is organized under a single governing and corporate structure; (b) is capable of providing or assuring health care services, including appropriate referral, treatment and follow-up services, at one or more locations in a county, city, town or village that has a population of less than 15,000 and that is in an area that is not an urbanized area, as defined by the federal Bureau of the Census; and (c) provides at least two health care services under the arrangement or through a related corporate entity. Under current law, a health facility is defined as a community-based residential facility, a nursing home or a hospital. In addition, specify that a health facility doe snot include a fitness center or a weight reduction center.

### 124. BOND COUNSEL SERVICES

Specify that bond counsel services may be retained by WHEFA only on the basis of a competitive process approved by the Secretary of the Department of Administration. This provision would first apply to contracts for bond counsel services entered into, renewed, extended or modified on the first day of the fourth month following the bill's publication. Currently, WHEFA is not required to retain bond counsel services through a competitive process.

## WISCONSIN HOUSING & ECONOMIC DEVELOPMENT AUTHORITY

### 125. REPEAL LOAN GUARANTEE PROGRAMS

Repeal the recycling loan guarantee program and the agricultural drought assistance program to reflect that loans are statutorily prohibited from being guaranteed under the programs. Further, repeal the cultural and architectural landmark loan guarantee (Taliesin) program to reflect that no outstanding guarantee authority remains available under the program. Existing loans under the repealed programs would continue to be backed by the Wisconsin development reserve fund.

Under current law, no new loans can be guaranteed under the recycling loan guarantee program after December 3, 1993, or under the agricultural drought assistance loan guarantee program after June 30, 1989. The cultural and architectural landmark loan guarantee program has obligated all of its $7.2 million in guarantee authority for the Taliesin project (90% of the $8 million Taliesin loan).

## 126. MEMORANDUM OF UNDERSTANDING

Require WHEDA and the Department of Commerce to enter into a memorandum of understanding that establishes the standards for the economic development activities of, and the economic development programs administered by WHEDA and Commerce. The standards established would be required to ensure that the entities do not duplicate the functions and efforts of the other with respect to each entity's programs and activities and their intended beneficiaries. The memorandum would be required to include sufficiently detailed descriptions of Authority and Commerce activities and programs and the intended beneficiaries of each so as to permit a clear delineation of which entity has principal responsibility for which specific economic development activities and programs. A signed copy of the memorandum of understanding would be required to be submitted to the co-chairs of the Joint Committee on Finance, no later than six months after the effective date of the bill.

## 127. ECONOMIC DEVELOPMENT REPORTS

Transfer responsibility for preparing an annual report which addresses the effects of the lending programs that are administered by WHEDA on economic development from the Department of Commerce to WHEDA, beginning with the July 1, 1998 report. The report is required to be annually submitted to the Chief Clerk of each house of the Legislature by July 1.

# WISCONSIN TECHNICAL COLLEGE SYSTEM

## 128. TECHNICAL PREPARATION PROGRAMS

Delete the current requirement that a WTCS district director appoint a technical preparation (tech-prep) council to coordinate the establishment of tech-prep programs. In addition, eliminate the current requirement that a technical college district board and the school boards of the school districts that operate high schools within the WTCS district's boundaries establish a tech-prep consortium. Further, repeal the appropriation within WTCS and statutory language related to the payment of state aid for tech-prep programs. This funding, which was provided in the 1993-95 biennium to the tech-prep consortia for the development and implementation of tech-prep programs, was not continued after a June 30, 1995 sunset date.

## 129. DENIAL OF LICENSES FOR FAILURE TO PAY CHILD SUPPORT

Require that an applicant for certain licenses, registrations and permits must provide the Department with his or her social security number when applying for or renewing the license. The Department would be prohibited from issuing or renewing a license unless the applicant provides his or her social security number. DWD could not disclose the social security number unless provided to the Bureau of Child Support in accordance with a memorandum of understanding with the Bureau.

The Department would be required to deny, restrict, limit or suspend a license, registration or permit if the applicant or licensee was delinquent in making court-ordered payments of child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse. Prior to a license being denied, restricted, limited or suspended under this provision, the person would be entitled to a notice and hearing to determine whether the person owes the amount certified by the Bureau. Current law provisions that otherwise entitle an applicant or licensee to a notice or administrative hearing by DWD would not apply to such actions taken for the purposes of nonpayment of court-ordered support.

These provisions would first apply to applications for licenses, license renewals, registrations and permits received on or after April 1, 1998. Licenses, registrations and permits that would be affected include the following:

a. authority to appear before DWD in worker's compensation matters and proceedings;
b. employment of minors in a street trade and identification cards;
c. house-to-house employers;
d. child labor;
e. migrant labor contractors;
f. migrant labor camps;
g. hiring persons with disabilities and operating sheltered workshops at below minimum wage;
h. employment agents.

## 130. ACCESS TO WORKER'S AND UNEMPLOYMENT COMPENSATION RECORDS FOR CHILD SUPPORT ENFORCEMENT AND PUBLIC ASSISTANCE ADMINISTRATION

Require the Worker's Compensation Division within DWD to provide information concerning worker's compensation claimants and employers to the Bureau of Child Support within DWD if the information is requested for the purpose of child support enforcement, paternity establishment or the administration of certain public assistance programs. Under current law, records maintained by DWD

that reveal the identity of an employe who claims worker's compensation benefits, certain information about the employe's claim or any financial information provided to the Department by a self-insured employer or by an applicant for exemption from duty to provide worker's compensation insurance are generally confidential.

Provide that confidential records maintained in connection with the unemployment compensation program may be released by DWD's Division of Unemployment Insurance to the Bureau of Child Support if the information is requested for the purpose of child support enforcement, paternity establishment or public assistance administration. [More information regarding these provisions is provided under "Child Support."]

## WORKFORCE DEVELOPMENT -- ECONOMIC SUPPORT AND CHILD CARE

### 131. ELECTRONIC FUNDS TRANSFER

Authorize the Department to make a benefit payment to a participant in a W-2 community service job or transitional placement, or to a custodial parent of a child under 12 weeks of age, by an electronic funds transfer system. Under the Governor's recommendation, the Department could require such participants to have an individual checking or savings account in a financial institution into which the Department may electronically transfer the funds. Currently, only a W-2 agency is authorized to make a benefit payment to participants in community service jobs and transitional placements.

### 132. DETERMINATION OF ELIGIBILITY FOR MA

Authorize DHFS to delegate responsibility for determining eligibility of persons for Medical Assistance benefits to a county department of human services or a W-2 agency. Under current law, DHFS is required to make eligibility determinations for MA benefits, but may delegate this responsibility to a county department of social services.

### 133. FOOD STAMP PROGRAM CHANGES

Modify provisions relating to the food stamp program as follows:

a. Authorize the Department to use up to $300 of the cash value of a household's food stamp benefit as a wage subsidy to an individual's employer if the individual is a participant in a W-2 employment position. This provision could not be implemented until the Department has submitted a plan to the Secretary of DOA that provides details about the implementation and fiscal effect of this provision, and the Secretary reviews and approves the plan. Under current federal law, states are

allowed, but not required, to use an amount equal to a household's food stamp benefit amount for the purpose of subsidizing or supporting a job under a work supplementation or support program.

b. Authorize the Department to distribute food stamps as cash to a household that has a member who has earned in the past 90 days, and continues to earn, at least $350 per month while being employed in unsubsidized employment and the household: (a) has a member participating in a W-2 employment position; or (b) has a member who had participated in a W-2 employment position, but solely because of earnings became ineligible to participate in that position. Under the bill, this provision could not be implemented until the Department has submitted a plan to the Secretary of DOA that provides details about the implementation and fiscal effect of this provision, and the Secretary reviews and approves the plan.

Under the 1996 federal welfare reform legislation, states in which at least 50 percent of the food stamp caseload in the summer of 1993 also received benefits under the AFDC program have the option to provide certain households with food stamp benefits in the form of cash rather than coupons. The Department obtained federal approval to implement this option in Wisconsin. The federal government has indicated that the state would need to amend its state plan and provide a written evaluation to the federal government of the impact of cash assistance after two years of operation.

The Governor's recommendation would correspond to the provisions in federal law. However, federal law also specifies that an adult member of the household must elect to receive cash benefits in lieu of food stamps. In addition, federal law specifies that states must increase the cash benefits to each household participating in this program to compensate for any state or local sales tax that may be collected on purchases of food by the household, unless the Secretary of the federal Department of Agriculture determines that the increase is unnecessary based on information provided by the state which demonstrates that the nature of the items subject to the sales tax is limited.

## 134. FOOD STAMP PROGRAM ADMINISTRATION

Require W-2 agencies, to the extent permitted by federal law, to certify eligibility for, and issue food stamps to: (a) individuals who are required to participate in the food stamp employment and training program, if the Department has contracted with the W-2 agency to administer FSET; and (b) other persons under the age of 61 and who are not disabled, as defined by the Department. As under current law, W-2 agencies also would be required to certify eligibility for, and issue food stamps to, all eligible W-2 participants. However, current law requires a county department of social or human services to certify eligibility for and issue food stamps to all other households. The Governor's recommendation would affect those counties in which the W-2 agency is not the county department.

Under current federal law, only a state agency or local office of the state agency may administer the food stamp program. Therefore, the Department must obtain a waiver from current

federal law in order to allow W-2 agencies to process food stamp applications. To date, this waiver has not been granted.

## 135. RECOVERY OF OVERPAYMENTS

Modify provisions relating to the recovery of overpayments of food stamp, child care, AFDC, W-2 and Medical Assistance benefits as follows:

a. Authorize a W-2 agency to retain a portion of the amount that the state is authorized to retain under federal law of an overpayment of food stamps that is recovered due to the efforts of an employe or officer of the agency and which is not the result of agency error. In addition, specify that the portion that may be retained would be 15% of the amount allowable under federal law. Under current state law, only a county or tribal governing body is allowed to retain a portion of such overpayments, and the amount that may be retained is determined by departmental rule. Under current federal law, a state may retain 35% of an overpayment of food stamps that results from a false or misleading statement by an applicant or recipient. A state may retain 20% of any other overpayment that is not the result of state agency error.

b. Authorize a W-2 agency or county granting aid to recover, by suing the parent on behalf of DWD, the value of aid provided to a parent who has received at-risk or low-income child care if the recipient acquires property by gift, inheritance, sale of assets, court judgment or settlement of any damage claim, or by winning a lottery or prize. In addition, require the Department to recover all overpayments made under the these child care programs. Currently, the W-2 agency or county is authorized to sue to recover payments of the following types of assistance: (a) AFDC; (b) benefits under a W-2 employment position; (c) W-2 benefits as a custodial parent of a child who is 12 weeks old or less; (d) assistance under the W-2 health plan; (e) a W-2 child care subsidy; or (f) W-2 transportation assistance. In addition, the Department currently is required to recover all overpayments made to individuals under these programs.

c. Require W-2 agencies administering Medical Assistance and county departments of human services to begin recovery actions on behalf of DHFS, according to rules promulgated by the Department, of any payment made incorrectly for MA-related benefits, and authorize W-2 agencies to retain 15% of the amount recovered. As under current law, recovery of MA-related benefits would be authorized if the incorrect payment results from any misstatement or failure to report income or assets by a person supplying information for MA-related benefits. Under current law, only county departments of social services and tribal governing bodies are required to begin recovery actions on behalf of DHFS for MA-related benefits.

As drafted, W-2 agencies that are administering Medical Assistance would be required to recover overpayments of MA-related benefits. However, under current law, no W-2 agency is authorized to administer MA. Therefore, W-2 agencies that are not county departments of social services or tribes would not be required to recover overpayments of MA-related benefits. Although

the budget bill would allow DHFS to delegate to W-2 agencies responsibility for determining eligibility of persons for MA, it would not authorize DHFS to allow W-2 agencies to administer the entire program.

d. Authorize any county or tribal governing body to retain 15% of benefits under the following programs that are recovered due to the efforts of an employe or officer of the county tribe, unless the benefits were provided as a result of administrative error:

- low-income and at-risk child care
- W-2 child care
- AFDC

e. Authorize any W-2 agency to retain 15% of benefits under the following programs that are recovered due to the efforts of an employe or officer of the W-2 agency, unless the benefits were provided as a result of W-2 agency error:

- low-income and at-risk child care
- W-2 child care
- AFDC
- benefits under a W-2 employment position
- a grant as a custodial parent of a child under the age of 12 weeks
- the W-2 health plan
- transportation assistance under W-2

This bill does not include a fiscal effect for provisions relating to the recovery of overpayments for public assistance programs.

## WORKFORCE DEVELOPMENT -- CHILD SUPPORT

### 136. FINANCIAL INSTITUTION RECORD MATCHING; LIENS; LEVIES AGAINST PROPERTY

Create a child support financial record matching program and provide that unpaid court-ordered support would be a lien in favor of DWD upon all property of the person owing the support. In addition, authorize DWD to levy against the property of obligors for the collection of unpaid support and create a segregated support collections trust fund to which amounts collected under these provisions would be deposited for disbursement to the appropriate payee. These provisions are described below.

## Child Support Financial Record Matching Program

The 1996 federal welfare reform legislation requires states to implement procedures under which the state child support agency must enter into agreements with financial institutions to develop and operate a data match system. Financial institutions must provide specified information for each noncustodial parent who has an account at the institution and is identified by the state as owing past-due child support. Federal law also requires that, in response to a notice of lien or levy, financial institutions must encumber or surrender assets held by the institution on behalf of noncustodial parents who are subject to a child support lien or levy. Under federal law, financial institutions are not liable for actions taken in good faith to implement these provisions.

The bill would require DWD to operate a financial record matching program for the collection of support, consisting of the components described below. The Department would be required to promulgate rules specifying procedures under which DWD would enter into agreements with financial institutions doing business in this state to operate the program. For purposes of these provisions, "financial institution" would mean a depository institution or affiliated party; a federal or state credit union or affiliated party; or a benefit association, insurance company, safe deposit company, money market mutual fund or similar entity authorized to do business in this state. "Support" would mean child or family support, maintenance, medical expenses of a child, birth expenses and any accrued interest on delinquent amounts of these types of support.

DWD would have to submit in proposed form the rules required under this provision to the Legislative Council staff no later than the first day of the sixth month beginning after the day after publication of the bill.

*Required Components of the Matching Program.* DWD would be required to provide to a financial institution with which it has an agreement information regarding all certifications of delinquent support that the Department provides to DOR under the child support tax intercept program. The information would have to be provided at least once each calendar quarter and would have to include the amount of support owed, as well as the obligor's name, address of record and social security number or other taxpayer identification number. The information would be provided to the financial institution in the manner specified by rule or by agreement. To the extent feasible, the required information would have to be provided to the financial institution by an automated data exchange.

Each financial institution receiving information regarding a delinquent obligor would be required to take actions necessary to determine whether the obligor maintains an account at the institution. If it is determined that an obligor has an account at the financial institution, the institution would have to provide DWD with a notice providing the obligor's account information, including the account number and the balance of the account at the time that the record match is made. The notice would be provided in the manner, and contain the information, specified by rule or agreement. To the extent feasible, the notice would have to be provided to the Department by an automated data exchange. For purposes of these provisions, "account" would mean a demand deposit account,

checking or negotiable withdrawal order account, savings account, time deposit account or money market mutual fund account.

The Department could delegate any powers and duties under this provision to county child support agencies. DWD could also require financial institutions to provide county child support agencies with any notices that are required to be provided to the Department under this provision.

*Other Financial Institution Requirements.* Financial institutions would be required to enter into agreements with DWD in accordance with the rules promulgated by the Department. Financial institutions would not be liable to any person for any of the following: (a) disclosing a financial record of an individual to the county child support agency attempting to establish, modify or enforce a child support obligation of the individual; (b) disclosing information to DWD or a county agency pursuant to the financial record matching program; (c) encumbering or surrendering any assets held by the financial institution in response to instructions provided by DWD or a county agency for the purpose of enforcing a child support obligation; or (d) any other action taken in good faith to comply with the child support financial record matching program or provisions relating to liens against property for delinquent support payments (described in the following sections).

**Liens Against Property for Delinquent Support Payments**

The new federal law requires that states have procedures under which liens arise by operation of law against property for the amount of overdue child support. Federal law also requires states to adopt a series of procedures to expedite child support enforcement. Among other activities, these procedures must authorize the state child support agency to secure assets to satisfy arrearages by intercepting, seizing or attaching assets held in financial institutions and imposing liens to force the sale of property. These activities may be initiated without a judicial order, and must include due process safeguards.

The bill would provide that if a person obligated to pay support fails to pay any court-ordered amount of support, that amount would be a lien in favor of DWD upon all property of the person. The lien would be effective at the time that the support is due and would continue until the liability for the amount owed is satisfied. The lien would be perfected by being included in a support lien docket, as described below. For purposes of these provisions, "support" would have the same meaning as described above. "Property" would include real and personal property, tangible and intangible property and rights to property, but would be limited to property and rights to property existing at the time of levy.

*Support Lien Docket.* At least annually, the Department would be required to provide to each clerk of circuit court a statewide listing of all certifications of delinquent support that DWD provides to DOR under the tax intercept program. DWD would also provide the listing to each state agency that titles personal property. Upon receiving a listing, a clerk of court would have to promptly file the listing. The list would constitute a support lien docket in the office of each clerk of circuit court. Each entry would have to contain at least the following information: the name and social security of

the obligor; any county in which support owed by the obligor is of record; and the case number of each matter in which support is owed.

The clerk of circuit court would be required to discard a list provided by DWD when a new list is received from the Department. The clerk would have to add or delete an entry in a support lien docket in response to the directions of the Department or a court.

*Amount of Lien; Satisfaction.* The amount of any support obligation that is a lien under this provision would be determined by requesting that information from the clerk of circuit court or county child support agency for the county in which the support owed by the obligor is of record. Payment of the full amount that is delinquent at the time of payment to that clerk would extinguish the lien. Upon request, the clerk would be required to furnish to the payer of the delinquent amount a satisfaction of lien showing that the amount of support owed has been paid in full and that the person no longer owes any support with respect to the case number of the matter for which the amount was paid. The satisfaction of lien could be recorded in the office of the register of deeds for any county in which real and personal property of the person who owed the support is located.

*Notification and Appeal of Automatic Lien.* When a delinquent support obligation is included in a listing provided to county clerks of court, DWD would be required to provide notice to the obligor that a lien exists with respect to the delinquent support obligation. The notice would have to inform the obligor that the lien is in effect and that the obligor may, within a 20-day period, by motion, request a court hearing on the issue of whether support is owed by the obligor. If the obligor makes a timely request for a hearing, the court or family court commissioner would have to schedule a hearing within ten business days after the date of the request. If, at the hearing, the obligor establishes that the lien is not proper because of a mistake of fact, the court or family court commissioner would have to direct that the lien be withdrawn from the support lien dockets of all clerks of circuit court and direct DWD not to include the lien in future listings.

If a family court commissioner conducts the hearing outlined above, DWD or the obligor could, within 15 business days after the commissioner's decision, request review of the decision by the court having jurisdiction over the action. The court conducting the review could order that the lien be withdrawn from the support lien dockets of all clerks of circuit court. If no appeal is sought or the court does not order the withdrawal of the lien, DWD could take appropriate actions to enforce the lien.

Any notice required to be provided under these provisions could be provided by sending the notice by regular mail to the last known address of the person to whom notice is to be sent.

**General Powers of Levy and Distraint**

If any obligor neglects or refuses to pay the amount of support owed after DWD has made demand for payment, the Department could collect that support and the levy fees and costs, as outlined below, by levy upon any property belonging to the obligor. Whenever the value of any

property that has been levied upon under these provisions is not sufficient to satisfy the claim of the Department, DWD could levy upon any additional property of the obligor until the support owed and levy costs are fully paid.

**Levying Against Financial Accounts**

To enforce a lien by levying against an account at a financial institution, the Department would have to send a notice instructing the financial institution to prohibit the closing of, or withdrawals from, one or more accounts that the obligor owns in whole or in part, up to a total amount that is sufficient to pay the support owed, financial institution fees and estimated levy fees and costs, until further notice from DWD or a court.

In addition to DWD's levy fee described below, a financial institution could collect any early withdrawal penalty incurred under the terms of an account as a result of the levy. Such financial institution fees could be charged to the account immediately prior to the levy against the account and could be charged even if the amounts in the obligor's accounts are insufficient to pay the total amount of support owed and DWD's levy costs.

No later than the next business day after DWD sends notice to the financial institution, the Department would be required to send a notice of intent to levy to the obligor. The Department would also send a notice to any other person in whose name the account is held. The required notices would have to be in the form determined by DWD; however, the notice sent to the obligor would have to include language stating all of the following: (a) that the obligor has been certified as delinquent in paying support; (b) the amount of support owed; (c) the financial institution to which DWD sent the notice; (d) that one or more accounts owned in whole or in part by the obligor at the financial institution have been frozen, up to a total amount that is sufficient pay the support owed, DWD's levy costs and financial institution fees, until further notice from the Department; (e) that, unless the obligor requests a hearing within 20 business days after the date of the notice, DWD may direct the financial institution to pay moneys from one or more of the obligor's accounts to the Department to pay the support owed; and (f) the address to which the request for hearing must be mailed or delivered in order to schedule a hearing.

If the obligor fails to make a timely request for a hearing, the Department would have to provide the financial institution with a notice of levy ordering the institution to pay moneys from the obligor's account(s) to DWD for the support owed. A financial institution receiving a notice of levy under this provision would be required to pay the moneys to DWD in the manner, and within the time, specified by rule or by agreement. If the Department sends a notice of levy to a financial institution under this provision, DWD would also have to send a copy of the notice of levy to the obligor and to any other person in whose name the account is held.

A hearing requested by an obligor under these provisions would have to be conducted before the circuit court rendering the order to pay support. Within ten business days after receiving a request for hearing, the court would have to set the matter for hearing. The family court commissioner could

conduct the hearing. The sole issue at the hearing would be whether the obligor owes the amount of support certified. After a decision in the hearing is issued, DWD would either send a notice of levy to the financial institution ordering payment of the amount of support owed or instructing the financial institution to release the accounts.

**Levying Against Personal Property**

In order to enforce a lien under this provision by levying against personal property, the Department would have to immediately notify the obligor that the property has been seized. The notice would have to be provided to any person known to have a lien on the property and, if the property is titled, to the state agency that titles the property. A state agency receiving a notice of seizure could not transfer title to the personal property described in the notice, except on the instructions of a court or DWD.

The notice of seizure would have to include: (a) the name of the obligor and the amount owed; (b) a description of the personal property seized; (c) a statement that the obligor may, within 20 business days after the date of the notice, request a hearing on the questions of whether past-due support is owed and whether the property was wrongfully seized; and (d) a statement that the hearing may be requested by filing a motion with the court issuing the order to pay the support.

If the obligor requests a hearing, the court or family court commissioner would have to schedule a hearing within ten business days after receiving the request. If, at the hearing, the obligor establishes that the seizure of the personal property was not proper because of a mistake of fact, the court or family court commissioner would have to direct that DWD or its designee return the seized personal property within 15 business days. If a family court commissioner conducts the hearing, DWD or the obligor could, within 15 business days after the date of the commissioner's decision, request review of the decision by the court with jurisdiction over the action. The court could order DWD to return the seized property or could authorize the sale of the property by the Department. If DWD is ordered to return seized property, the court would have to instruct any state agency responsible for titling the property that it may transfer title to the property.

As soon as practicable after seizing the personal property and after any requested hearings are conducted, DWD would be required to send a notice to the obligor indicating when and where the property will be sold. The Department would also have to publish or post the time and date of sale. At any time after receiving the notice of sale, but before the property is sold, the obligor could redeem the property by paying the total past-due support owed together with any levy fees and costs. If the obligor redeems the property, DWD would have to instruct the titling agency that the agency may transfer title to the property.

The date of sale would have to be no more than 60 days after the date of the notice of sale described above. DWD would have to give the purchaser of property under this provision a certificate of sale upon payment in full of the purchase price. If the property seized and sold is titled

property, the Department would be required to direct the state agency that titled the property to transfer title to the purchaser.

**Seizure of Motor Vehicles**

Under current law, motor vehicles not to exceed $1,200 in aggregate value are generally exempt from seizure. If a seizure involves an automobile which is appraised and can be sold for more than $1,000 or a tractor used in farming operations which is appraised and can be sold for more than $1,500, the officer making the seizure may sell the automobile or tractor. Out of the proceeds of such a sale, the officer must pay the exempt amount to the debtor or the debtor's spouse. The balance of the proceeds of such sales must be applied on the execution or attachment. Under the bill, these provisions would not apply to automobiles or tractors levied against for nonpayment of support.

**Levying Against Real Property**

To enforce a lien by levying against real property, DWD would have to provide the obligor with a notice of intent to levy. The notice would also be provided to any persons known to have a lien against the real property. The notice would have to include: (a) the name of the obligor and the amount of the support owed; (b) a description of the real property against which the Department intends to levy; (c) a statement that the obligor may, within 20 business days after the date of the notice, request a hearing on the question of whether past-due support is owed; (d) a statement that the hearing may be requested by filing a motion with the court issuing the order to pay the support; and (e) in notices provided to known lienholders, a request that the lienholder notify DWD, within ten days after receiving the notice, of the amount of the lien on the property.

If the obligor requests a hearing, the court or family court commissioner would be required to schedule a hearing within ten business days after receiving the request. If, at the hearing, the obligor establishes that enforcing a lien against the real property would not be proper because of a mistake of fact, the court or family court commissioner would have to direct DWD not to proceed with the levy. If a family court commissioner conducts the hearing, DWD or the obligor could, within 15 business days after commissioner's decision, request review of the decision by the court with jurisdiction over the action. The court could direct DWD not to proceed with the levy or could authorize the sale of the property by the Department.

Unless DWD has been directed not to proceed with the levy or unless the obligor has paid the support owed and any levy fees and costs, the Department could send to the obligor a final notice of intent to seize and sell the property. The final notice could not be sent until 20 days after the date of the original notice of intent to levy or after any requested hearings have been completed. The final notice would include a date by which the obligor must vacate the premises and a date on which the property will be sold, unless the obligor pays the support owed and any levy fees and costs. The date by which the obligor must vacate the premises would have to be at least 60 days after the date that the final notice is sent and the date of sale would have to be at least 90 days after the date that the final notice is sent. DWD would have to provide a copy of any final notice to the register of deeds

in the county where the real property is located. A register of deeds receiving a final notice under this provision could not issue or transfer a deed for the property, except on the instructions of a court or the Department.

The Department would be required to publish a Class 1 notice in the county where the property is to be seized within 60 days after issuing the final notice of intent to seize. The obligor could redeem the property prior to the date of sale by paying the full amount of support owed along with any levy fees and costs. The Department could proceed with the sale 30 days after the notice is posted or published, unless the obligor has redeemed the property. If the obligor has failed to redeem the property and has failed to vacate the property prior to the date specified in the final notice, DWD could issue an administrative order directing a local law enforcement agency or official to escort the obligor and any other residents off the property. The Department would be authorized to establish procedures for conducting sales of property under this provision. DWD would have to instruct the county register of deeds in the county where the property is located to issue a deed to any person purchasing property sold under this provision.

**Liens Against Homesteads**

Under current law, a homestead selected and occupied by a resident owner is generally exempt from execution, from the lien of every judgment and from liability for the debts of the owner to the amount of $40,000. However, this exemption does not apply to mortgages and certain other liens. The bill would specify that this exemption would also not apply to liens against property for the nonpayment of support under these provisions.

**Duties to Surrender Property**

Any person in possession of, or obligated with respect to, property or rights to property that is subject to levy for nonpayment of support and upon which a levy has been made would be required to, upon demand of DWD, surrender the property or rights or discharge the obligation to the Department. However, this would not apply to that part of the property or rights that is, at the time of the demand, subject to any prior attachment or execution under any judicial process.

Any obligor or third party who fails or refuses to surrender any property or rights to property that is subject to levy, upon demand by DWD, would be subject to proceedings to enforce the amount of the levy. However, a third party would not be liable to the Department for more than 25% of the support owed. DWD would have to issue a determination to the third party for the amount of the liability. When a third party surrenders the property or rights to the property on demand of DWD or discharges the obligation to the Department for which the levy is made, the third party would be discharged from any obligation or liability to the obligor with respect to the property or rights to the property arising from the surrender or payment to the Department.

**Levy Fees and Costs**

Any third party, including a financial institution, would be entitled to a levy fee of $5 for each levy in any case where property is secured through the levy. The third party would deduct the fee from the proceeds of the levy.

DWD would be authorized to assess a collection fee to cover its costs in levying against property under these provisions. The Department would be required to determine its costs to be paid in all cases of levy, and the obligor would be liable for the fee. The collection fee would be deposited in DWD's program revenue appropriation for child support-related fees.

**Use of Proceeds**

After paying any liens on a property that have priority over a lien for nonpayment of support, DWD would apply all proceeds from a sale of that property first against the support with respect to which the levy was made and then against levy fees and costs. The Department could refund or credit any remaining amount upon submission of a claim therefor and satisfactory proof of the claim.

**Release of Levy; Suspension of Proceedings to Enforce Lien**

DWD could release the levy upon all or part of property levied upon to facilitate the collection of the liability or to grant relief from a wrongful levy, but that release would not prevent any later levy.

If the county child support agency accepts a plan for the payment of support owed by an obligor, the Department would have to suspend all actions to enforce a lien under these provisions as long as the obligor remains in compliance with the payment plan.

**Wrongful Levy**

If DWD determines that property has been wrongfully levied upon, the Department could return the property at any time, or could return an amount of money equal to the amount of money, or value of the property, levied upon.

**Actions Against this State**

If DWD has levied upon property, any person (other than the obligor) who claims an interest in or lien on that property and claims that property was wrongfully levied upon could bring a civil action against the state in the Dane County Circuit Court. If the county child support agency has levied upon property pursuant to delegated authority, a civil action could be initiated against the county agency in the circuit court for the county where the court order for the payment of support was first entered or last modified. That action could be brought whether or not that property has been surrendered to the Department or the county agency. The court could grant only the relief described

below. No other action to question the validity of or restrain or enjoin a levy by the Department or a county agency could be maintained.

In an action against DWD or a county agency under this provision, if a levy would irreparably injure rights to property, the court could enjoin the enforcement of that levy. If the court determines that the property has been wrongfully levied upon, it could grant a judgment for the amount of money obtained by levy. For purposes of an adjudication under this provision, the support obligation upon which the lien is based would be conclusively presumed to be valid.

**Restriction on Employment Penalties by Reason of Levy**

No employer could discharge, or otherwise discriminate with respect to the terms and conditions of employment against, any employe by reason of the fact that the employe's property has been subject to levy or because of compliance with any of these provisions. Violations of this provision would be subject to a fine of not more than $1,000, imprisonment for not more than one year, or both.

**Delegation**

DWD would be authorized to delegate any of its duties or powers relating to liens and levies against property under these provisions to county child support agencies, except that DWD would be required to approve the initiation of any levy proceedings against real property and any final notice of intent to seize and sell real property.

**Preservation of Remedies**

The availability of the remedies under these provisions would not abridge the right of the Department to pursue other remedies.

**Support Collections Trust Fund; Appropriations**

The bill would create a segregated support collections trust fund, to consist of all moneys received by DWD under the provisions described above regarding liens on the property of individuals who are delinquent in the payment of support, except for the collection fee charged by DWD.

In addition, the bill would create a SEG appropriation for the receipt and disbursement of support payments, to which all monies received by the support collections trust fund would be credited. These funds would be disbursed to the persons for whom the payments are awarded. If the support has been assigned to the state because the parent is a recipient of public assistance, the amounts collected would be transferred to the PR appropriation described below. Estimated disbursements under this appropriation would not be included in the Chapter 20 appropriations schedule of the statutes.

The bill would create a program revenue appropriation for child support transfers, which would be funded with all moneys transferred from the SEG appropriation for child support receipt and disbursement. The amounts transferred would be child support collections that have been assigned to the state by recipients of AFDC, foster care aid or kinship care assistance or by participants in W-2 employment positions. These funds would be distributed for the support of dependent children in accordance with applicable federal and state statutes, federal regulations and state rules.

As noted, DWD would be authorized to assess a collection fee to recover the Department's costs incurred in levying against property under the provisions outlined above. These fees would be credited to the Department's PR appropriation for child support-related fees.

**Family Support**

The bill would specify that provisions relating to certification and recovery of unpaid support would apply to family support, in addition to child support, maintenance, past support, medical expenses and birth expenses. This provision would apply to the current tax intercept program and the new programs created in the bill.

**Release of Information by DHFS**

Under present law, DHFS must maintain a file containing records of artificial inseminations and records of declarations of paternal interest and statements acknowledging paternity. In general, these records may be released only upon an order of the court. However, records relating to declarations of paternal interest and statements acknowledging paternity must be released by DHFS to DWD or its designee without a court order pursuant to child support enforcement program responsibilities. The bill would change the reference in this provision from the Department's designee to the county child support enforcement agency.

**Effective Date**

In general, these provisions would take effect on April 1, 1998. However, the provisions establishing requirements for financial institutions under the financial record matching program and the modification regarding the inclusion of family support in state intercept programs would take effect on the day after publication of the bill.

## 137. INTERCEPT FROM COURT JUDGEMENTS AND SETTLEMENTS

Provide that if DWD certifies a delinquent payment or outstanding amount of child or family support, maintenance, medical expenses or birth expenses and the obligor receives a judgement against another person or has settled a lawsuit against another person that provides for the payment of money, the Department or the county child support agency could send a notice to any person who is ordered to pay the judgement, who has agreed to the settlement or who holds the amount of the

judgement or settlement in trust. The notice would have to inform the person that the amount of the judgement or settlement due the obligor is subject to a lien by DWD for the payment of the outstanding amount certified. The notification would also have to include the name and address of the obligor and the amount certified. Upon receipt of a notification, the person would be required to withhold the amount certified by DWD before making any payment under the judgement or pursuant to the settlement.

When DWD or the county agency notifies a person under these provisions, the Department or agency would also have to send a notice to the last-known address of the obligor. The notice would have to inform the obligor that DWD or the agency has notified the person who owes the obligor money or holds money in trust under the judgement or settlement to withhold the amount of unpaid support from any lump sum that may be paid to the obligor as a result of the judgement or settlement. In addition, the notice would have to inform the obligor that: (a) he or she could request a hearing before the circuit court that rendered the order to pay the support within 20 days after receipt of the notice; and (b) if a hearing is requested, DWD or the county agency will not require the person withholding the amount to remit the funds until a final decision is issued in response to the request for the hearing. Finally, the notice would have to request that the obligor inform DWD or the county agency if a bankruptcy stay is in effect with respect to the obligor.

If a hearing is requested, the circuit court would be required, within ten days of receiving the request, to set the matter for a hearing. The only issue at the hearing would be whether the individual owes the amount certified. A family court commissioner could conduct the hearing. The bill would also authorize court commissioners to hold hearings, make findings and issue orders under these provisions.

Receipt of a notification by DWD or a child support agency would constitute a lien, equal to the amount certified, on any lump sum payment resulting from a judgement or settlement that may be due the obligor. The Department or agency would be required to notify the person who received the initial notification that the obligor has not requested a hearing or, if a hearing has been requested, the results of that hearing. The notice would also have to state the responsibilities of the person who received the initial notification, including the requirement to submit the amount certified.

Use of these procedures would not prohibit DWD or a child support agency from attempting to recover the amount certified through other legal means. The Department or agency would be required to promptly notify any person required to withhold support if the amount certified has been recovered by some other means and no longer must be withheld.

The new federal law requires states to adopt procedures to expedite child support enforcement. Among other things, these procedures must authorize the state child support enforcement agency to secure assets to satisfy arrearages by intercepting or seizing payments from judgements and settlements. These activities could be initiated without a judicial order, and must include due process safeguards.

## 138. INTERCEPT OF RETIREMENT BENEFITS

Authorize DWD to require withholding from lump sum payments from pension plans to satisfy unpaid child support, family support and maintenance. In addition, specifically authorize courts to order withholding from annuity payments of pension plans administered by the Department of Employe Trust Funds (ETF). These provisions are outlined below.

*Retirement System Provisions.* Authorize DWD to direct the Department of Employe Trust Funds as administrator of the Wisconsin Retirement System (WRS), the City of Milwaukee Employes' Retirement Fund, the Milwaukee County Employes' Retirement System or the administrator of any other pension plan (public or private) to withhold an amount of overdue child support, family support or maintenance certified by DWD from any lump sum payment from a pension plan that may be paid a delinquent support obligor. Stipulate that on-going annuity payments from any of the above pension plans would also be subject to withholding for regular family support and maintenance payments pursuant to a circuit court order.

Specify that these withholding actions would be specific exceptions to current law provisions which prohibit the attachment or garnishment of pension benefits paid by the WRS or by the independent Milwaukee pension systems. Include a statement of statewide concern to preempt a provision in the session law establishing the Milwaukee County pension system which stipulates that all future legislation affecting the system be effected by the enactment of a private bill. Specify that Milwaukee County would be prohibited from enacting an ordinance that would prevent its retirement system from complying with a directive from DWD to withhold a lump sum distribution.

WRS payments specifically subject to these withholding requirements would be the following: any annuity in the normal form or in any other authorized annuity form, annuities from employe additional contributions, one-time annuity lump sum payments, separation benefits lump sum payments, lump sum payments to nonvested former employes and disability annuities payable under s. 40.63 of the statutes. Payments from the following ETF programs would not be subject to these withholding provisions: WRS death benefit payments, life insurance distributions, income continuation insurance payments, long-term disability insurance program payments, deferred compensation program distributions and duty disability benefits payable under s. 40.65 of the statutes.

Stipulate that ETF, its employes or agents and the members of the ETF Board or its agents would be immune from civil liability for any act or omission associated with withholding any annuity payment or lump sum payment pursuant to an order or directive from DWD or a circuit court.

*DWD Procedural Requirements.* DWD could not require withholding by a pension plan under this provision unless it has met the notice requirements described below and unless its certification has either not been appealed or is no longer under appeal.

DWD would be required to send a notice to the last-known address of the person from whom the Department intends to recover the amount certified. The notice would have to: (a) inform the

person that the amount certified by DWD will be withheld from any lump sum payment from a pension plan payable to the person; (b) inform the person that he or she may, within 20 days after the date of the notice, by motion, request a court hearing on the issue of whether the person owes the amount certified; and (c) request that the person inform DWD or the appropriate county child support agency if a bankruptcy stay is in effect with respect to the person.

A hearing requested under these provisions would have to be conducted before the circuit court that rendered the initial order to pay support. Within ten days after receiving a request for a hearing, the court would be required to set the matter for hearing. The family court commissioner could conduct the hearing. If the court determines that the person owes the amount certified, DWD could direct the agency administering the pension plan to withhold the amount. If the court determines that the person does not owe the amount certified, DWD would be prohibited from directing the agency administering the plan to withhold these funds.

A directive by DWD to withhold certified overdue support would constitute a lien, equal to the amount certified, on any lump sum payment from a pension plan payable to the person. The agency administering the plan would be required to verify the amount certified and withhold the certified amount, less any amount previously recovered. If the amount owed exceeds the lump sum payment, the agency administering the plan would have to deduct the entire lump sum payment, less any withholdings otherwise required by law. The amount deducted would be remitted to DWD for distribution to the appropriate payee.

A directive to an agency administering a pension plan under this provision would not prohibit DWD from attempting to recover the amount of overdue support through other legal means. DWD would be required to promptly notify agencies administering pension plans upon recovery of any amount previously certified.

The 1996 federal welfare reform legislation requires states to adopt a number of procedures to expedite the enforcement of support. Among other activities, these procedures must authorize the state child support agency to secure assets to satisfy support arrearages by intercepting or seizing periodic or lump sum payments from public and private retirement funds and attaching public and private retirement funds. These activities may be initiated without a judicial order, and must include due process safeguards.

## 139. SUSPENSION OF LICENSES AND CREDENTIALS FOR FAILURE TO PAY SUPPORT

Require DWD to establish a system, in accordance with federal law, under which the Supreme Court is requested, and a licensing agency or credentialing board is required, to restrict, limit, suspend, withhold, deny, refuse to grant or issue or refuse to renew, continue or revalidate a license in a timely manner upon certification by and in cooperation with DWD, if the individual holding or applying for the license is delinquent in making court-ordered payments of support. Under this

provision, "support" would include child or family support, maintenance, birth expenses, medical expenses or other expenses related to the support of a child or former spouse.

The 1996 federal welfare reform legislation requires states to implement procedures under which the state has (and uses in appropriate cases) the authority to withhold, suspend or restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing past-due support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings. The following sections present additional detail regarding the Governor's recommendation.

**Definition of License**

Licenses subject to these provisions would include the following:

a. A license to act as a lobbyist or a registration issued to a principal for the purpose of lobbying.

b. An approval of a fish and game license by the Department of Natural Resources (DNR).

c. A license issued by the Department of Health and Family Services for a child welfare agency, group home, shelter care facility, day care center, foster home, treatment foster home or a county department of human/social services; or issued by the Department of Corrections for a secured child caring institution operated by a child welfare agency.

d. A certification, license, training permit, registration, approval or certificate issued to medical assistance providers, ambulance service providers, emergency medical technicians, operators of defibrilators, first responders-defibrilators, sanitarians, tattooists, body piercers, individuals who perform lead hazard reduction or lead management activities, lead training instructors, individuals performing asbestos abatement or management activities, individuals performing food protection activities and persons who operate campgrounds, swimming pools, camping resorts, recreational and educational camps, hotels, other lodging establishments, restaurants, vending machines or tanning facilities.

e. A business tax registration certificate issued by the Department of Revenue.

f. Specified licenses, registrations, registration certificates or certifications issued by the Department of Agriculture, Trade and Consumer Protection.

g. Specified licenses, permits or certificates of certification or registration issued by the Department of Commerce regarding the regulation of industry, buildings and safety.

h. A license issued by DWD for: appearing on behalf of an individual in a worker's compensation hearing; employers of persons unable to earn the living wage in sheltered workshops and other settings; and employment agents.

i. A permit issued by DWD for the employment of a minor.

j. A certificate issued by DWD to an employer in a house-to-house street trade, a migrant labor contractor or an operator of a migrant labor camp.

k. A license or permit issued under state provisions relating to general school operations.

l. A license or certificate of registration issued by the Department of Financial Institutions under provisions relating to precomputed loans, insurance premium finance companies, sellers of checks, sales finance companies, adjustment service companies, collection agencies, community currency exchanges, mortgage bankers, loan originators, loan solicitors, securities brokers-dealers, agents or investment advisors.

m. A permit issued by the Board of Commissioners of Public Lands to raise and remove sunken logs from submerged land owned by the state.

n. A certification by the Law Enforcement Standards Board for a law enforcement, tribal law enforcement, jail or secure detention officer.

o. A license, permit or registration issued under provisions relating to motor vehicle manufacturers, distributors, dealers and salespersons, mobile home dealers and salespersons, motor vehicle salvage dealers and buyers, motor vehicle auction dealers, moped dealers, motor vehicle transporters, analysis of blood and urine tests, driving schools and driving instructors.

p. Specified licenses, registrations or certifications issued by DNR relating to drinking water, water quality, servicing of septic tanks, solid waste disposal and incineration and transporting hazardous waste or medical waste.

q. A motor vehicle operator's license or, with respect to restriction, limitation or suspension, an individual's operating privilege.

r. A credential, which would mean a license, permit, certificate or registration that is granted by the Department of Regulation and Licensing (DORL) or under state law relating to the regulation of nursing, accounting, architects, geologists, engineers, surveyors, boxing, funeral directors, chiropractors, dentistry, medical practices, optometry, pharmacy, acupuncture, real estate practice and appraisal, veterinary services, barbering, cosmetology, psychology, nursing home administration, social work and counseling, hearing and speech examination and auctioneers.

s. A bingo supplier's license or a license issued under provisions relating to racing and pari-mutuel wagering.

t. A license issued under provisions relating to insurance agents, viatical settlement providers and brokers and administrators of employe benefit plans; or a temporary license issued to an insurance marketing intermediary.

u. A license to practice law.

**Memorandum of Understanding**

Under the system, DWD would have to enter into a memorandum of understanding (MOU) with the Supreme Court (if the Supreme Court agrees) and with licensing agencies. "Licensing agency" would mean a board, office or commissioner, department or division within a department that grants or issues a license, but does not include a credentialing board. Each licensing agency would be required to enter into an MOU with DWD and cooperate with the Department in its administration of provisions relating to child support enforcement and paternity establishment. DORL would be required to enter into an MOU with DWD on behalf of DORL's affiliated credentialing boards with respect to a credential granted by the board. The Supreme Court would not be required to enter into an MOU. Requirements for the MOUs would be as follows:

*Circumstances for License Restriction, Revocation or Denial.* The MOU would address the circumstances under which the Supreme Court or the licensing agency must restrict, suspend or deny a license and guidelines for determining the appropriate action to take. The MOU with the Department of Regulation and Licensing would include the circumstances under which DORL would be required to direct a credentialing board to restrict, suspend or deny a credential and guidelines for determining the appropriate action to take.

*Procedures Used by DWD.* The MOU would specify procedures that DWD would use for certifying to the Supreme Court or licensing agency a delinquency in support. The MOU with DORL would include procedures for DORL to notify a credentialing board that a certification of delinquency in support has been made by DWD with respect to an individual who holds or has applied for a credential. In addition, the MOU would include procedures to be used by DWD in notifying an individual who is delinquent in making court-ordered payments of support and notifying the Supreme Court or licensing agency that an individual has paid delinquent support or made satisfactory alternative payment arrangements. The MOU with DORL would include procedures for DORL to notify a credentialing board that an individual who holds or has applied for a credential has paid delinquent support or made satisfactory alternative payment arrangements.

*Procedures Used by the Supreme Court and Licensing Agencies.* The MOU would outline procedures that the Supreme Court or licensing agency would use in notifying an individual who is delinquent in making support payments and restricting, suspending or denying a license. The MOU with DORL would include procedures for DORL to direct a credentialing board to restrict, limit,

suspend, withhold, deny or refuse to grant a credential. In addition, the MOU would specify procedures for issuing or reinstating a license if DWD notifies the Supreme Court or licensing agency that an individual who was delinquent in making support payments has paid the delinquent support or made satisfactory alternative payment arrangements. The MOU with DORL would include procedures for DORL to direct a credentialing board to grant or reinstate a credential under these circumstances.

*Social Security Numbers; Confidentiality.* The MOU would include procedures for the use under the system of social security numbers obtained from license applications and procedures for safeguarding the confidentiality of information about an individual, including social security numbers obtained by DWD, the Supreme Court, the licensing agency or a credentialing board.

**Due Process Provisions**

The system would have to provide for adequate notice to an individual who is delinquent in making court-ordered payments of support, an opportunity for the individual to make alternative arrangements for paying the delinquent support, an opportunity for the individual to request and obtain a hearing before a court or family court commissioner and prompt reinstatement of the individual's license upon payment of the delinquent support or upon making satisfactory alternative payment arrangements.

Before DWD certifies that an individual is delinquent in making support payments, the Department or a county child support agency would be required to provide notice to the individual by regular mail. The notice would have to inform the individual that a certification of delinquency will be made to the Supreme Court, a licensing agency or, with respect to a credential granted by a credentialing board, the Department of Regulation and Licensing; and when the certification will occur. The individual would also have to be informed that, upon certification, any license that the individual holds or applies for from any of these entities will be restricted, suspended or denied. The notice would also have to: (a) state that the certification will not be made if the individual pays the delinquent amount in full or makes satisfactory alternative payment arrangements with DWD or a county child support agency; and (b) inform the individual of how he or she may pay the delinquent amount or make alternative payment arrangements. Finally, the notice would have to indicate that, within 20 days after receiving the notice, the individual could request a hearing before the circuit court that rendered the order or judgment requiring the payments.

If the individual timely requests a hearing, the court would be required to set the matter for hearing within ten days after receiving the request. The family court commissioner could conduct the hearing. The only issue at the hearing would be whether the individual owes the amount that will be certified by DWD. If, at the hearing, the court or family court commissioner finds that the individual does not owe the delinquent support, or if within 20 days after receiving the required notice the individual pays the delinquent amount in full or makes satisfactory alternative payment arrangements, DWD would be prohibited from making a certification of delinquency to the Supreme Court or a licensing agency.

If DWD certifies that an individual is delinquent in making court-ordered support payments and the individual did not request a hearing, the licensing entity would have to provide notice to the individual by regular mail informing the individual that, within 20 days after receiving the notice, he or she may request a hearing under the same provisions as described above. If at the hearing the court or family court commissioner finds that the individual does not owe the delinquent support, or if within 20 days after receiving the required notice the individual pays the delinquent amount in full or makes satisfactory alternative payment arrangements, DWD would be required to notify the Supreme Court or licensing agency that the individual's license should not be restricted, suspended or denied. If the individual holds or has applied for a credential granted by a credentialing board, DORL would, upon notice by DWD, notify the credentialing board that the individual's credential should not be restricted, limited, suspended, withheld, denied or refused granting.

If an individual who is denied a license or whose license is restricted or suspended pays the delinquent amount of support in full or makes satisfactory alternative payment arrangements, DWD would be required to immediately notify the Supreme Court or licensing agency to issue or reinstate the individual's license as provided in the memorandum of understanding. If the individual held or applied for a credential granted by a credentialing board, DORL would, upon notice by DWD, notify the credentialing board to grant or reinstate the individual's credential.

The restriction, limitation, suspension, withholding or denial of, or the refusal to grant, issue, renew, continue or revalidate, a license under an MOU entered into under these provisions would not be subject to administrative review under state provisions governing administrative procedure and review.

## 140. SOCIAL SECURITY NUMBERS IN MATTERS RELATING TO MARRIAGE AND CHILDREN

Require that certain forms and written judgements in matters affecting families and children contain the social security numbers of the adults and children, as described below.

a. Current law provides a procedure for voluntarily acknowledging the paternity of a child. The bill would specify that the form prescribed by the state registrar for acknowledging paternity must require that the social security number of each parent signing the form be provided.

b. The bill would require that the written judgement in any action affecting the family (marriage, annulment, divorce, legal separation, custody, child support, family support, maintenance, property division, physical placement and visitation and determination of paternity) include the social security numbers of the parties and of any child of the parties. In addition, the clerk of courts would be required to include the social security numbers of the mother, father and child in reports filed with the state registrar after the entry of a judgement or order determining paternity.

c. The bill would provide that a marriage license could not be issued unless the application contains the social security number of each party who has a social security number. In addition, the bill would require that the marriage document (which consists of the marriage license, marriage certificate and other statistical information) contain the social security numbers of both parties.

d. Under current law, if a person has married in this state, at least 365 days have elapsed since the marriage and no marriage document is on file, a person with a direct and tangible interest in having a marriage document registered may petition the circuit court of the county in which the marriage is alleged to have occurred. If the court finds that the petitioner has established the fact of the marriage, the clerk of the court must report the court's determination to the state registrar on a form prescribed by the registrar. The bill would specify that this form require that the social security numbers of the married persons be provided.

e. Presently, at the end of every biweekly period, the clerk of any court which conducts divorce proceedings must forward to the state registrar, on a form supplied by the state registrar, a report of every divorce or annulment of marriage granted during the biweekly period. The bill would specify that this form require that the social security numbers of the parties to the divorce or annulment and the social security number of any child of the parties be provided.

These provisions would take effect on April 1, 1998. The provisions under (a), (d) and (e) would first apply to forms that are prescribed or supplied by the state registrar on that date. The provisions under (b) would first apply to written judgements that are submitted to the court on April 1, 1998, and to forms for paternity determinations that are designated by the state registrar on that date. The provisions under (c) would first apply to marriage license applications or marriage documents based on license applications that are received on April 1, 1998. The bill would also require social security numbers to be included on applications for licenses, permits or credentials issued by the state agencies and credentialing boards identified under Item #7.

The 1996 federal welfare reform legislation requires that states must have procedures for recording the social security numbers of applicants for professional licenses, commercial driver's licenses, occupational licenses and marriage licenses. States also must record social security numbers in the records of divorce decrees, child support orders and paternity determination or acknowledgement orders, and provide that individuals who die will have their social security number placed in the records relating to death and recorded on the death certificate.

## 141. ACCESS TO AGENCY RECORDS

Modify provisions relating to access to certain records by DWD for the purposes of child support enforcement and paternity establishment and the administration of certain public assistance programs.

The 1996 federal welfare reform legislation requires that state child support agencies have the authority to, among other things: (a) subpoena financial and other information to establish, modify or enforce a support order; (b) require employers to provide information on employment, compensation and benefits of any employe; and (c) obtain records from state or other governmental entities, including records relating to vital statistics, taxes, property, professional licenses, motor vehicles and corrections.

Under current state law, DWD may request from any person any information it determines appropriate and necessary for the administration of the child support and paternity establishment program, the AFDC program, the Medical Assistance (MA) program and the federal food stamp program. The authority of DWD to request this information may be delegated to county child support agencies. Any person in the state must provide the information requested within seven days after receiving a request for the information. The information may be disclosed by DWD or county child support agencies only in the administration of the above identified programs. However, a number of state laws restrict access to certain governmental records and appear to conflict with DWD's general authority to have access to those records for the administration of the programs identified above.

The bill would make the following changes to current law:

a. Clarify that DWD could request information from any person in this state.

b. Authorize DWD to request information for use in the determination of eligibility for W-2 employment positions.

c. Clarify that unless access to the information requested by DWD is prohibited or restricted by law, the person to whom a request for information is made must comply with the request within seven days.

d. Authorize, upon the request of DWD (or county child support agencies), the release of certain records or information to which access is otherwise currently limited by statute, including the following: (1) certain driving records and accident reports kept by the Department of Transportation; (2) information from income, sales and other tax returns; (3) information contained in marriage license applications; (4) certain records under the unemployment compensation and worker's compensation programs; (5) certain records of applicants for public positions; (6) certain information collected by the Department of Public Instruction for issuing, renewing or revoking certain licenses; (7) records of background checks of prospective handgun purchases; (8) certain records concerning crime victims and witnesses collected by the Departments of Justice (DOJ) and Corrections (DOC) and the Parole Commission; (9) information provided by persons to the State Public Defender that is used to determine whether the person qualifies for representation due to indigency; (10) certain information on prisoners housed in county jails collected by counties; (11) certain information on sex offenders collected by DOC; (12) information obtained by DOJ in operations of the drug-tip hotline

and DNA data bank and certain confidential records received in the enforcement of hazardous waste management regulations; and (13) financial statements of licensed dairy plants.

e. Authorize DWD or a county child support agency to issue a subpoena to compel the production of financial information or other documents.

f. Provide that a person is not liable to any other person for disclosures of information pursuant to an information request from DWD or a county child support agency.

g. Provide that a person who fails to respond to or comply with a request for information from DWD or a county child support agency may be required to pay a forfeiture in an amount determined by DWD by rule.

## 142. INFORMATION IN PATERNITY AND SUPPORT ACTIONS

Require each party in an action in which support is ordered to provide the following information to the clerk of courts or support collection designee: (a) his or her social security number; (b) his or her motor vehicle operator's license number; (c) his or her residential mailing addresses; (d) his or her telephone number; and (e) the name, address and telephone number of his or her employer. The parties would be required to notify the clerk of court or support collection designee of any change in the above information within ten days of the change.

The 1996 federal welfare reform legislation requires each party to a paternity or child support proceeding to file with the court upon entry of an order, and to update as appropriate, certain information including the party's social security number, residential and mailing addresses, telephone number, driver's license number and name, address and telephone number of the employer. Under current state law, each order for child support, family support or maintenance payments must require the payer and payee to notify the clerk of court or support collection designee of any change of address within ten days of such change. In addition, the payer must notify the clerk or support collection designee, within ten days, of any change of employer and of any substantial change in the amount of his or her income such that his or her ability to pay support is affected.

## 143. VOLUNTARY ACKNOWLEDGEMENT OF PATERNITY

Modify current provisions regarding voluntary acknowledgement of paternity and legal custody in paternity actions as described below. Generally, under current state law, a man may acknowledge that he is the father of a nonmarital child if he, along with the mother of the child, files with the state registrar a statement acknowledging paternity. The 1996 federal welfare reform legislation requires states to have in place procedures by which the signing of a voluntary acknowledgment of paternity is considered a legal finding of paternity, provided that the signers of the statement have an opportunity to rescind the statement.

### Rescinding a Statement Acknowledging Paternity

Under the bill, a statement acknowledging paternity could be rescinded by either person who signed the statement if the statement was signed and filed on or after January 1, 1998, and the person rescinding the statement files a document prescribed by the state registrar. In general, the document to rescind the paternity acknowledgement would have to be filed before the earlier of: (a) the day on which a court or family court commissioner makes an order in an action affecting the family involving the man who signed the statement and the child who is the subject of the statement; or (b) 60 days after the statement was filed. However, if one of the persons who signed the statement was under age 18 when the statement was filed, the document to rescind the statement would have to be filed before the earlier of: (a) the day on which an order is entered in an action involving the man who signed the statement and the child who is the subject of the statement; or (b) 60 days after the person who was a minor when the statement was filed attains age 18. Current law contains no provisions for voluntary recision of a statement acknowledging paternity that has been filed with the state registrar.

### Legal Actions Based on an Acknowledgement of Paternity

Generally, under current law, before a man can be ordered to pay child support for a nonmarital child, a court must enter an order finding that he is the father of the child. However, if a statement acknowledging paternity has been filed with the state registrar, the man signing the statement may be required to pay child support for the child without first being adjudicated the father in a paternity action. However, an order for child support based upon a signed statement acknowledging paternity does not constitute an adjudication of paternity. If a child support order is entered based upon the filing of a statement acknowledging paternity, the man acknowledging paternity may request, within one year after signing the statement, or within one year of having attained the age of 18, whichever is later, that the court or family court commissioner order genetic tests. If the tests exclude the man as the father of the child, the court or family court commissioner must dismiss and vacate any action or order for child support with respect to the man.

In place of these provisions, the bill would provide that a statement acknowledging paternity that has not been rescinded and that is filed with the state registrar after January 1, 1998, would constitute a conclusive determination of paternity and would have the same effect as a judgment of paternity. Further, an action for child support, custody or periods of physical placement with respect to the child could be brought against the persons who signed the statement. In such an action, the court could appoint a guardian ad litem (GAL) for the child and would be required to appoint a GAL for a minor parent unless the parent is represented by an attorney. If, in such an action, the persons who signed the statement had notice of the hearing, the court or family court commissioner could make any order directed against the appropriate party concerning support, legal custody, physical placement or any other matter in the best interest of the child. In doing so, the court would be required to follow statutory provisions created by the bill which are similar to provisions applicable in paternity cases. A determination of paternity based on the filing of a statement acknowledging paternity could be challenged at any time upon the filing of a petition or motion alleging fraud, duress

or a mistake of fact. If a court were to find that the man is not the father of the child, the court would be required to vacate any order entered in reliance on the statement acknowledging paternity.

In order for the above provisions to apply, the bill would require that the statement acknowledging paternity contain a clause showing that both parties, before signing the statement, received oral and written notice of the legal consequences of, the rights and responsibilities arising from and the alternatives to signing the statement. Persons who filed a statement acknowledging paternity before January 1, 1998, could sign and file a new statement after that date. Under the bill, a statement filed after January 1, 1998, would supersede any statement filed before that date.

**Legal Custody in Paternity Actions**

Under current law, in a paternity action, unless the court orders otherwise, the mother will be awarded sole legal custody of the child if the marital presumption of paternity does not apply to the man adjudicated as the father. Under the bill if, in such a case where there is no marital presumption of paternity, the father does not request custody, the mother would be awarded sole legal custody of the child. However, if the father requests legal custody, the court would be required to determine legal custody and physical placement rights as provided for under the current law provisions relating to legal custody and physical placement. This provision would also apply to orders entered based upon a statement acknowledging paternity, as described above.

**Definition of "Parent"**

Under current law, in actions brought under the Children's Code [ch. 48, Stats.], the Juvenile Justice Code [ch. 938, Stats.], and in certain other provisions of current law, a "parent" of a nonmarital child who is not adopted and whose parents do not subsequently intermarry, is defined to include a person who has been adjudged in a judicial proceeding to be the biological father of a child. The bill would provide that in those actions and other provisions of current law, a person "acknowledged" to be the biological father would be considered a parent of such a child. The bill would not define "acknowledged."

## 144. HOSPITAL-BASED PATERNITY ESTABLISHMENT

Modify provisions regarding hospital-based acknowledgements of paternity as follows:

a. Require that the party filing the birth certificate ensure that trained, designated hospital staff provide to the child's available parents written and oral information about the paternity acknowledgement form and the significance and benefits of establishing paternity, before the parents sign the form, and provide an opportunity to complete the form and have the form notarized in the hospital. The written information regarding the form and the consequences of acknowledging paternity would be provided to hospital staff by DWD. The Department would also be required to provide training to hospital staff members concerning the paternity acknowledgement form.

b. Specify that any member of the staff of a hospital who is designated by the hospital and trained by DWD and who in good faith provides to a child's available parents written information that is provided by DWD and oral information about the voluntary paternity acknowledgement form and about the significance and benefits of establishing paternity, as required by state law, would be immune from civil liability for his or her acts or omissions in providing that information.

The current hospital-based program requires that for a birth that occurs en route to or at a hospital, the party that files the birth certificate must give the mother a pamphlet regarding birth certificates. The pamphlet must include information on: (a) how to add the name of the father of a child whose parents were not married at any time from the conception to the birth of the child (through voluntary acknowledgement of paternity or a paternity action); (b) the legal significance and future medical advantages of having the father's name on the birth certificate; and (c) the availability of child support enforcement and paternity establishment services.

If the child's parents are not married at the time of birth, the filing party must give the mother a copy of a form prescribed by the state registrar for the voluntary establishment of paternity. If the mother provides a completed form to the filing party while she is a patient in the hospital and within five days after the birth, the filing party must send the form directly to the state registrar. These provisions of current law would be retained, along with the new provisions described above.

## 145. PRESUMPTION OF PATERNITY IN LEGAL ACTIONS

Provide that in a legal action or proceeding, a presumption of paternity on the basis of marriage is rebutted by results of a genetic test that show that another man is not excluded as the father of the child and that the statistical probability of the other man's parentage is 99.0% or higher, even if the man presumed to be the father is unavailable to submit to genetic tests.

Under current law, a man is presumed to be the natural father of a child if: (a) he was married to the child's mother when the child was conceived or born or; (b) he and the child's mother married after the child's birth but had a relationship during the period of time when the child was conceived. The modification described above would apply to presumptions of paternity based on these factors. In a paternity action, a man may also be presumed to be the father of a child if genetic tests show that the man is not excluded as the father and that the probability that he is the father is 99.0% or more. This provision would not be modified.

## 146. GENETIC TESTING; BILLS AS EVIDENCE IN PATERNITY ACTIONS; TEMPORARY SUPPORT ORDERS

Modify provisions regarding actions to establish paternity as described below.

*Probable Cause for Genetic Testing.* Under current law regarding paternity actions, if it appears that there is probable cause to believe that any of the males named in the action has had sexual intercourse with the mother during a possible time of the child's conception, the court may, or upon the request of any party must, order any of the named persons to submit to genetic tests. Probable cause may be shown by a sufficient petition or affidavit of the child's mother. Under the bill, probable cause could also be demonstrated by a sufficient petition or affidavit of an alleged father, or from sworn testimony of the child's mother or an alleged father.

The 1996 federal welfare reform legislation requires genetic testing upon the request of a party to a paternity action if the request is supported by a sworn statement establishing a reasonable possibility of parentage or nonparentage. The statement could be provided by a party to the action other than the mother.

*Certain Bills as Evidence in Paternity Actions.* The bill would also provide that bills for services or articles related to the pregnancy, childbirth or genetic testing could be admitted into evidence in paternity actions and would be prima facie evidence of the costs incurred for such services or articles. This provision is required under the new federal law.

*Temporary Support Orders Based on Genetic Testing.* Currently, a court may not make a temporary order for support, legal custody or physical placement in a paternity matter unless the father has been adjudicated to be the father or unless the marital presumption of paternity applies to the alleged father. The marital presumption of paternity applies to a man if: (a) he and the mother married after the birth of the child but had a relationship during the time when the child was conceived; or (b) he and the mother were married when the child was conceived or born but have since divorced.

Under the bill, at any time during the pendency of a paternity action, if genetic tests show that the alleged father is not excluded and that the statistical probability of the alleged father's parentage is 99.0% or higher, on the motion of a party, the court would be required to make an appropriate temporary order for the payment of child support and would be allowed to make a temporary order assigning responsibility for and directing the manner of payment of the child's health care expenses. Before making a temporary order under this provision, the court would have to consider the same factors that the court must consider when granting a final judgment of paternity. As under current law, the court would be required to use the percentage standard established by DWD in determining the amount of support, unless the court finds that use of the percentage standard would be unfair to the child or the requesting party.

All of these provisions would take effect on January 1, 1998.

The 1996 federal welfare reform legislation specifies that, upon motion of a party, state law must require issuance of a temporary support order pending an administrative or judicial

determination of parentage if paternity is indicated by genetic testing or other clear and convincing evidence.

## 147. AUTHORITY OF CHILD SUPPORT AGENCIES TO ORDER GENETIC TESTS

Authorize a county child support agency to require, by subpoena or otherwise, the child, the child's mother and a male alleged to be the child's father to submit to genetic tests if there is probable cause to believe that the male had sexual intercourse with the child's mother during a possible time of the child's conception. Probable cause could be established by a sufficient affidavit of the child's mother or the alleged father. The bill would also provide that if there is only one male alleged to be the father and one or more of the persons required to appear fail to appear for genetic testing, the child support agency would be required to commence a paternity action. Under the bill, the county would be required to pay for the genetic tests ordered under this provision but could seek reimbursement from the mother or the alleged father, or both, if the test results show that the male is not excluded and the statistical probability of the male's paternity is 99.0% or higher. However, if two or more identical series of genetic tests are performed, the county child support agency would be required to make the person requesting the second tests pay the costs in advance, unless the person is indigent, in which case the county would pay for the tests and could seek reimbursement from the person.

The 1996 federal welfare reform legislation requires that state child support agencies have the authority to order genetic tests for the purposes of paternity establishment. Under current state law, in a paternity action, the court may, and if any party requests, must order genetic test of the child, the mother and any male for whom there is probable cause to believe engaged in sexual intercourse with the mother during a possible time of the child's conception, or any male witnesses who will testify about his relationship with the mother during the conceptive period. Probable cause of sexual intercourse during a possible time of conception may be established by a sufficient petition or affidavit by the mother, or by testimony in court by the mother or witness. Generally, the county must pay for the costs of these tests, but may seek reimbursement from the parties.

## 148. ADVANCE PAYMENT FOR COURT-ORDERED GENETIC TESTS

Provide that if two or more identical series of genetic tests are performed upon the same person in a paternity action, the court would have to require the person requesting the second or subsequent series of tests to pay for the tests in advance, unless the court finds that the person is indigent. These provisions would take effect on January 1, 1998.

Under current law, courts are permitted, but not required, to direct the person requesting additional tests to pay for the tests in advance. Current law does not include a specific exemption from advance payment for indigent persons.

## 149. HEALTH CARE COVERAGE NOTICE

**Governor:** Modify provisions regarding court-ordered health care coverage of a child as outlined below.

*Change of Employer.* Under current law, if the court orders a parent to provide coverage for a child's health care expenses and the parent is eligible for family coverage under a plan that is provided by an employer, the employer must provide family coverage for the child, if eligible for coverage, upon application by the parent, the child's other parent, DWD or the county child support agency. Under the bill, if a parent who has been ordered to provide health care coverage changes employers, the county child support agency would be required to provide notice of the order to the new employer and to the parent. The new employer would be required to provide coverage to the child upon receiving this notice.

The notice to the parent would have to indicate that coverage for the child under the new employer's health benefit plan will be in effect upon the employer's receipt of the notice described above. The parent would also have to be informed that he or she may, within ten days after receiving the notice, by motion, request a hearing before the court on the issue of whether the order to provide coverage of the child's health care expenses should remain in effect. A motion under this provision could be heard by a family court commissioner. If a hearing is requested and it is determined that the order to provide health care coverage should not remain in effect, the court would have to notify the employer that the order is no longer in effect.

*Notice from Employers.* The bill would also require all employers (not just new employers) to notify the county child support agency when coverage of the child is in effect and, upon request, provide copies of necessary program or policy identification to the child's other parent.

These provisions would take effect on April 1, 1998.

## 150. CHILD SUPPORT AND PATERNITY ESTABLISHMENT: MISCELLANEOUS PROVISIONS

Modify current child support and paternity laws as follows:

*Social Security Number of Child.* Under current law, only the social security numbers of the parties are required to be included in the petition in an action affecting the family. The bill would require these petitions to also include the social security number of each minor child of the parties.

*Timing of Withholding Notices.* Under current law, in an action affecting the family that provides for child support, maintenance or family support but does not require immediately effective income withholding, if a payer fails to make a payment within ten days after its due date, the court must cause an assignment to go into effect by sending a notice to the payer. If the payer does not

subsequently request a hearing on the assignment, the court must send notice of the assignment to the payer's employer. The bill would, instead, require that in such a case, the court must send a notice of the assignment to the employer when it sends the notice to the payer. If the payer requests a hearing on the assignment, the court could withdraw the assignment under current law if it found the assignment was not proper because of a mistake of fact.

*Support for Minor Children.* Current law provides that in an action affecting the family, either or both parents of a child may be required to pay support for the child. The court is required to order support for the support of a child who is less than 19 years old and is pursuing an accredited course of instruction leading to the acquisition of a high school diploma or its equivalent. The bill would clarify current law to provide that the court must order support for any child of the parents who is less than 18 years old, or less than 19 years old if the child is pursuing an accredited course of instruction leading to the acquisition of a high school diploma or its equivalent.

*Notices of Income Withholding by Fax.* Under current law, notices of court orders for income withholding for purposes of child support, maintenance or family support must be sent to the employer of the obligated party by regular mail. The bill would authorize these notices to also be transmitted by facsimile (fax) machine or other electronic means.

*Notice of Withholding Limit.* Current federal law limits the amount that an employer may withhold from an employe's wages pursuant to an order for the support of any person. If the employe is supporting dependents in addition to the persons for whom support has been ordered, the maximum amount that can be withheld is 50% of the employe's disposable earnings. If the employe is not supporting dependents in addition to those for whom the support was ordered, the maximum amount that may be withheld is 60%. However, these amounts may be increased by 5% if the withholding is to enforce certain past due support obligations. The bill would require that notices of income withholding for child support, maintenance or family support that are sent to employers specify that the amount withheld from the payer's wages may not exceed the maximum amounts allowable under federal law.

*Withholding from Unemployment Compensation.* Current law authorizes child support awards to be expressed as a percentage of income, as a fixed sum, or as a combination of the two. However, current law only allows an order for income withholding of unemployment compensation benefits to be expressed as a fixed sum. The bill would authorize an order for income withholding of unemployment compensation benefits to be expressed as percentage of benefits, a fixed sum or as a combination of the two.

*Support for Children in Institutions.* Current law provides that if maintenance payments or support money, or both, are ordered to be paid for the benefit of a person who is committed to an institution or whose legal custody is vested in a state agency or a relative, a court may order the support money or maintenance to be paid to the institution, agency or relative for the person's care or maintenance. The bill would provide that the right of the child or parent to support or maintenance is assigned to the state if the child is subsequently placed under a court judgment or order in a child

caring institution, a juvenile correctional institution or a state mental institution. If the child support order includes support for children in addition to the one confined to such an institution, the amount of child support that would be assigned to the state would be the proportionate share for the child placed in the institution, unless a court or family court commissioner orders otherwise.

*Paternity Adjudication; Mother's Absence.* Current law authorizes a court to dismiss a paternity action if a petitioner, other than the state, fails to appear at various stages in the paternity action. Generally, if an alleged father fails to appear at certain stages in a paternity action, he may be adjudicated the father of the child if he is the only alleged father or if all other alleged fathers have been excluded as the father. The bill would authorize a court to adjudicate an alleged father as the father of a child if the mother of the child fails to appear at various stages of a paternity action if sufficient evidence exists to establish the man as the father of the child.

## 151. CHILD SUPPORT ENFORCEMENT TRANSFER

Modify and correct statutory references relating to child support enforcement, as described below. Overall responsibility for child support enforcement was transferred from the Department of Health and Family Services to DWD on July 1, 1996; however, certain statutory references were not changed to reflect the transfer.

a. Under current law, the state is required to establish a program to increase public awareness about the importance of the payment of child support, which may include the publication of information that identifies individuals who are delinquent in the payment of support. The bill would transfer this program from DHFS to DWD.

b. Counties may designate by resolution any office, officer, board, department or agency as the county child support collection designee to receive and disburse child support payments instead of the clerk of courts. Under current law, such designations must be approved by DHFS. The bill would, instead, require approval by DWD.

c. Current law requires county clerks of court or collection designees to keep a record of all payments and arrearages in court-ordered support, and to use the state child support data system to keep these records. The bill would change the statutory reference regarding the state child support data system from DHFS to DWD.

d. Child support collection designees are required to cooperate with the state with respect to child support and paternity establishment, and to provide information required to administer these activities. The bill would correct the statutes to require cooperation with DWD rather than DHFS.

## 152. CHILDREN FIRST

Clarify that DWD may contract with counties or W-2 agencies to administer the Children First program, which provides work experience and job training services to noncustodial parents who fail to pay child support or to meet their children's need for support as a result of unemployment or underemployment. In addition, specify that the program could provide work experience and job search activities, but not training or job orientation activities. Finally, specify that the program could provide the kinds of work experience available from W-2 community service jobs, but not W-2 trial jobs. The Children First program is currently administered by counties.