

JIM DOYLE

**Governor
State of Wisconsin**

To the Honorable Members of the Senate:

I have approved Senate Bill 40 as 2007 Wisconsin Act 20 and deposited it in the Office of the Secretary of State.

My budget recommendations for the 2007-09 biennium were delivered to the Legislature on February 13, 2007. In that budget, I set forth goals to ensure opportunity for Wisconsin citizens and stronger management of the state's financial resources. Over eight months later, the bipartisan budget I am signing today meets those goals.

The budget is balanced and has a surplus of \$120 million by the end of the biennium. Future commitments to tax cuts and new spending total less than \$900 million. This represents a \$600 million reduction from the prior biennium, and over two-thirds lower than the gap I inherited in January 2003. Use of one-time funding in this budget is nearly 50 percent less than last budget and over \$1.5 billion less than four years ago.

Emerging from the largest budget deficit in state history required a steady and disciplined commitment to fiscal responsibility. My first two budgets cut nearly \$800 million from state agency spending. The budget I introduced in February cut state agency budget requests by over \$400 million and the budget I am signing today cuts state operations an additional \$200 million over the next two years. Implementing these reductions will require continued effective and efficient operation of state government programs. Many of the vetoes I have

made to the budget seek to reduce unnecessary reporting requirements and duplicative legislative oversight that would otherwise impede the cost-effective operation of executive branch agencies.

This budget protects the taxpayer. Over \$2 billion in tax cuts are either funded in the budget or phased-in over the next four years. By continuing tough municipal levy limits, property taxes on the typical home are held in check – growing at the rate of inflation this year and at about \$14 (0.5%) next year. Residential property tax relief is further enhanced through a new "first dollar" tax credit that exempts from school property taxes the first \$4,500 of value on all improved property in the state.

Schools will see an additional \$525 million in direct state aid and school property tax credits in the biennium. Significant investments are made to support small class sizes in early grades, expand 4-year-old kindergarten, implement school breakfast programs, maintain special education services, provide additional property tax relief to school districts that serve communities with high concentrations of poverty, and recognize the unique needs of rural school districts.

One of the top priorities of my administration has been growing Wisconsin's economy. A key catalyst of our economic growth has always been the University of Wisconsin. This budget provides over \$21 million in state support for growth agenda initiatives on University of Wisconsin System campuses. These initiatives will expand our efforts in technology, health care, engineering and other areas critical to our economic success.

The success of our economy requires that all Wisconsin citizens be afforded the opportunity to expand their knowledge through education. I have always made access to higher education a priority. Initiatives in the last two budgets have doubled the amount of funding available for student financial aid. Building on those efforts, this budget implements the Wisconsin Covenant Scholars Program and provides a \$44 million increase in student financial aid, including \$12 million for the Wisconsin GI Bill veterans tuition remission program.

Wisconsin's economic success requires that we continue our efforts to diversify our economy. This budget provides \$22 million for renewable energy grants and loans, expands angel and early stage seed capital investment tax credits and creates a new tax credit for biofuel development. Ensuring our workforce and businesses can maintain a competitive edge is supported by an increase of \$3 million in Workforce Advancement Training grants administered by the Wisconsin Technical College System.

Health care access and costs are a major issue for Wisconsin businesses and families. My budget proposed to ensure that 98 percent of Wisconsin citizens had access to affordable, high-quality care. This budget implements the BadgerCare Plus proposal to cover all children and expands Medicaid coverage to childless adults. Seniors and the disabled will receive comprehensive services in the community by expanding the state's Family Care program. Health care costs are reduced for many in this budget by exempting the entire cost of health insurance premiums paid by families and individuals from state income taxes.

Tobacco-related illnesses create massive costs in our health care system. Experts agree that tax increases on tobacco of at least \$1 per pack, or the equivalent, are the minimum necessary to reduce smoking. This budget includes a \$1 increase in the tobacco tax and a 50 percent

increase in funding for tobacco control and cessation efforts. This revenue increase generates over \$400 million in revenue in support of the state's Medicaid program and will ultimately lead to improved public health through reduced tobacco use.

Wisconsin's quality of life is second to none. Our outdoor recreation activities are boundless. Hunting, fishing, boating, snowmobiling, hiking – Wisconsin has it all. Those opportunities reflect a long legacy of land, natural resource and environmental protection. Holding true to that legacy, this budget reauthorizes the bipartisan Warren Knowles-Gaylord Nelson Stewardship Program for another 10 years. Over \$850 million in bonding is authorized to protect pristine natural areas, expand state parks and help local governments and conservation groups expand recreational and land protection opportunities.

There is no question that Milwaukee is Wisconsin's economic and cultural hub. It is the foundation of our state's strong manufacturing industry. Milwaukee makes Wisconsin better. I have always believed that and this budget makes significant investments toward supporting and improving our state's largest city. New funding includes \$10 million to help increase math and science achievement of Milwaukee Public Schools students, \$17 million in direct school property tax relief, \$9 million in support of increased research efforts at UW-Milwaukee, \$12 million for translational research efforts at the Medical College of Wisconsin and \$1 million for youth summer jobs. Resources are also provided to enhance public safety in Milwaukee, including law enforcement funding, offender treatment, assessment and diversion, and increased youth aids.

Transportation investments are critical to Wisconsin's economic success. Our highways and local roads move tourists, goods, machinery and workers. Our local transit systems seek to

ensure everyone has access to a job. We have critical transportation infrastructure needs in our state. The soon to be completed Marquette Interchange is the best example of the ongoing commitment Wisconsin needs to make. This budget adds over \$400 million in funding for major highways, highway rehabilitation and maintenance, and local transportation and transit aids. The first phase of reconstruction of the north-south I-94 segment in Milwaukee, Racine and Kenosha counties is funded. Resources for preliminary engineering on the Zoo Interchange in Milwaukee County are included in this budget. Rail and harbor funding is provided in recognition of the diversity of means to transport goods and products to and from Wisconsin.

The following is a brief summary of how this budget, including my vetoes, will address some of the key issues facing the citizens of Wisconsin:

K-12 Education

- Provides \$214 million in general and categorical school aid increases over the biennium which, in combination with \$311 million in increases to the school levy and first dollar tax credits and the state's residential schools, will provide school districts the revenues needed to maintain financial resources at the modest levels needed to provide a high-quality public education, maintain the state's commitment to funding two-thirds of school costs and provide property tax relief to Wisconsin's taxpayers.
- Creates a new aid program to provide Milwaukee Public Schools \$10 million to implement research-based initiatives to improve pupil academic achievement in all grades and reduce the achievement gap for economically disadvantaged students.

- Provides \$21 million over the biennium to reduce the property tax burden in high-poverty school districts where at least 50 percent of pupils qualify for free or reduced-price lunch.
- Increases special education aid by \$55.3 million over the biennium, including \$1.8 million for a new program to offset special education costs in high-need school districts. This is one of the largest biennial increases in special education aid in the state's history.
- Provides \$3.6 million in sparsity aid to low enrollment, rural school districts, where offering a comprehensive, high-quality curriculum poses greater fiscal challenges.
- Provides \$26.8 million to fully fund the state's commitment to increase per pupil payments under the Student Achievement Guarantee in Education (SAGE) small class size initiative from \$2,000 to \$2,250 beginning in the 2007-08 school year.
- Acknowledges the importance of school breakfast with increased funding of \$3.3 million over the biennium, raising the state level of reimbursement per breakfast by 50 percent and increasing the incentive for school districts to implement breakfast programs.

University of Wisconsin System and Student Financial Aid

- Recognizes the importance of the University of Wisconsin System to the state's economy by providing \$158 million GPR over the biennium to fund the cost to continue existing academic programs and support services and to initiate a \$29.4 million GPR and tuition-funded growth agenda to increase the number of Wisconsin adults with college degrees and maintain the system's role as a leader in cutting-edge research.

- Provides an additional \$10 million over the biennium to strengthen the University of Wisconsin System's ability to retain high-demand faculty.
- Strengthens Wisconsin's leadership role in medical research by providing \$2.5 million GPR in fiscal year 2008-09 to help support research on lung cancer and \$400,000 GPR over the biennium to support research on islet transplantation, a promising new treatment for Type I (juvenile) diabetes.
- Helps ensure that college remains affordable for lower income Wisconsin residents by increasing financial aid programs by \$32.2 million GPR over the biennium, including a 40 percent increase to funding for higher education grants for University of Wisconsin students.
- Assists the University of Wisconsin and Wisconsin Technical College systems in paying the cost of tuition remissions for Wisconsin veterans and eligible dependents by providing \$11.6 million GPR over the biennium.
- Increases funding to the technical college system by \$3 million GPR over the biennium for Workforce Advancement Training Grants, which help support the kinds of skill development activities that directly benefit Wisconsin workers and employers.
- Maintains the existing controls on technical college district property tax levies to ensure that these colleges can continue to provide the education and training programs critical to Wisconsin's economic vitality.

Workforce Development

- Ensures that access to affordable child care for low-income working families will be maintained by providing \$69 million in additional funding for subsidized child care.
- Ensures the continued quality of the Wisconsin Child Support Enforcement program by providing \$8.4 million GPR. The additional state contribution will offset federal disinvestment in the Child Support Enforcement program and will draw down an additional \$16.3 million in federal matching funds.

Economic Development and Transportation

- Encourages the growth of Wisconsin's renewable energy industry and energy independence by providing \$22 million over the biennium for the Renewable Energy Grant and Loan Program.
- Targets \$7 million from the Renewable Energy Grant and Loan Program for grants and loans to assist a pulp and paper mill to emerge from bankruptcy and provides \$4 million over the biennium for grants for the construction of soybean crushing facilities.
- Increases recycling grants to municipal and county governments by \$6.5 million per year to offset a portion of recycling expenses.
- Improves skilled employment opportunities for high school students by doubling funding for the Youth Apprenticeship Program, which partners local schools with businesses.

- Increases support for organizations operating homeless shelters and providing transitional housing assistance by \$2 million over the biennium.
- Improves highway safety and supports economic development by providing over \$2 billion for state highway construction and rehabilitation projects over the biennium. This includes a 9.6 percent increase in fiscal year 2007-08 and 3.1 percent in fiscal year 2008-09 for state highway rehabilitation and a 5.2 percent increase in fiscal year 2007-08 and 2.7 percent in fiscal year 2008-09 for major highway development.
- Provides funding to continue the enhancement of a crucial piece of the state's economy, the Southeast Wisconsin freeway system. In particular, the budget provides \$181.6 million to continue preliminary engineering of and begin construction on the I-94 North-South Corridor, and \$24 million for preliminary studies of reconstruction of the Zoo Interchange.
- Increases transportation aids by 3 percent annually and transit assistance by 2.5 percent annually plus an additional \$6 million. Elderly and disabled transportation aids, the local roads improvement program and aeronautics assistance also received 2 percent increases.
- Invests in Southeast Wisconsin economic development by providing \$800,000 SEG to continue preliminary engineering on a commuter rail line in Kenosha, Racine and Milwaukee counties and by providing \$1 million over the biennium to add a passenger car to the Amtrak Hiawatha rail line.
- Ensures that Wisconsin's highways are adequately maintained during winter months by providing an additional \$44,294,300 in funding for the state highway maintenance program.

- Allows the Department of Transportation to move forward on implementing the federally-mandated REAL ID Act so that Wisconsin residents will be able to use their driver's licenses as identification under the federal law in 2013.

Environmental Protection and Resource Management

- Reauthorizes the Warren Knowles-Gaylord Nelson Stewardship Program at \$86 million in general obligation bonding authority per year from fiscal year 2010-11 to fiscal year 2019-20.
- Increases funding by \$1.8 million in fiscal year 2007-08 and \$2.8 million in fiscal year 2008-09, increases cost-sharing grants for projects to control aquatic invasive species, and expands eligibility for the grants to include public or private entities.
- Protects Wisconsin's waters by providing \$25 million in general obligation bonding authority to continue funding for urban and rural nonpoint source pollution cleanup and prevention projects and \$6 million SEG to increase cost-share grants to landowners for nutrient management planning to prevent nonpoint source water pollution.
- Provides \$17 million in general obligation bonding authority to leverage \$31 million in federal funds for contaminated sediment removal from the Great Lakes and tributary rivers.
- Provides \$4.5 million over the biennium to compensate for costs of transporting PCB contaminated sediment to an out-of-state hazardous waste facility.

- Creates the Lower Fox River Remediation Authority, which would issue assessment bonds for eligible waterway improvement costs related to the cleanup of the Lower Fox River.
- As part of the Managed Forest Law program, creates a \$1 million grant program to maintain the amount of land to which the public has access for recreation and enjoyment.

Health Care

- Expands BadgerCare Plus coverage to families, children and pregnant women through reallocation of funding within the current BadgerCare program. This expansion will provide access to affordable health care to families under 200 percent of the poverty level, and to children and pregnant women up to 300 percent of the poverty level. Families with higher incomes will be able to buy their children BadgerCare Plus benchmark health plan coverage at cost to ensure that every child in Wisconsin has access to affordable, comprehensive health care.
- Expands health care access to childless adults with family incomes at or below 200 percent of poverty.
- Provides an increase in Medicaid reimbursement rates to noninstitutional providers, with a special emphasis on rate increases for home health and personal care services.
- Identifies additional GPR savings in the Medicaid programs in fiscal year 2008-09 from increased federal financial support, improvements in the management of services, and a thorough review of potential options for modifying pharmacy services that are currently provided through managed care contracts.

Long-Term Care

- Expands the Family Care program which provides managed long-term care services to elderly and disabled recipients throughout Wisconsin.
- Provides a five percent GPR rate increase for nursing homes in fiscal year 2008-09. Implementation of this increase will provide much needed relief to nursing homes in financial distress.

Public Health

- Provides funding to the city of Racine Health Department to reduce the rate of infant mortality.
- Provides an additional \$3 million in fiscal year 2008-09 to the federally qualified community health centers which serve low-income or uninsured people.
- Increases resources for tobacco control and cessation efforts by 50 percent, to a total annual commitment of \$15 million.

Children and Families

- Creates a stronger and more coordinated focus on the needs of Wisconsin's families by creating a new Department of Children and Families that will consolidate the state's child welfare and family support programs in one agency.

- Provides over \$1.7 million GPR funding to increase foster care rates by ten percent over the biennium. Payments to foster families support basic food, clothing and living expenses for children in foster care.
- Provides \$10.6 million GPR to fully fund projected costs of child welfare efforts in Milwaukee County, including support for case manager retention, training and education.
- Provides \$500,000 GPR to support a comprehensive early childhood initiative in Dane County that links low-income families to employment and family support services.
- Provides \$1 million in tribal gaming funds to support the needs of tribal children living in foster care or other costly out-of-home care placements.
- Increases domestic abuse grants by providing an additional \$1,673,700 GPR for shelter, counseling and education services.
- Provides additional funding and positions to staff new beds in the expansion at the Sand Ridge Secure Treatment Center for sexual predators.

Public Safety

- Provides \$5.8 million GPR and 71.10 GPR FTE positions to implement 2005 Wisconsin Act 431, pertaining to global positioning tracking of serious child sex offenders.
- Increases state funding to counties for Youth Aids by \$23 million GPR over the biennium.

- Provides over \$15 million GPR over the biennium to address criminal justice issues in Milwaukee.
- Provides additional resources for the Taycheedah Correctional Institution to improve medical and mental health treatment.
- Provides 31.0 FTE positions, \$6.9 million GPR and \$845,000 PR to address the backlog of processing DNA evidence at the state crime labs.
- Increases staffing for the Internet Crimes Against Children Task Force by 5.0 FTE positions and funding by \$350,000 GPR in each year.
- Provides funding for civil legal services to indigent persons to help on targeted issues, including guardian ad litem and obtaining child support.
- Provides 2.75 FTE district attorney positions in fiscal year 2007-08 and 5.75 FTE district attorney positions in fiscal year 2008-09.
- Adds two new circuit court branches as follows: one in Juneau County with an effective term date of August 1, 2008, and one in Kenosha County with an effective term date of August 1, 2009.

Government Efficiency

- Lapses \$100 million annually from state agencies to account for ongoing savings from state administrative efficiency efforts.

- Provides funding to upgrade state accounting, payroll, procurement and human resources systems in support of more effective use of existing state resources.
- Deposits an estimated \$40 million in net proceeds from the sale of state-owned buildings and land into the general fund.

Veterans

- Provides 15.0 FTE positions (including 4.0 FTE registered nurse positions) and \$1,511,900 PR for direct care needs at the Veterans Home at King.
- Approves \$300,000 SEG for capital projects planning and feasibility studies relating to possible future development of new veterans nursing care facilities and cemeteries in Outagamie County, Douglas County and Chippewa Falls.
- Approves \$159,000 GPR for funds to continue Mission Welcome Home outreach and for assistance to returning veterans suffering from posttraumatic stress disorder.
- Provides \$192,000 SEG biennially for assistance to needy veterans for subsistence aid and health care costs.
- Provides \$15,000 GPR in each year for grants to the Center for Veterans Issues to offer outreach services to homeless veterans in the Milwaukee area.
- Increases grants by \$55,400 SEG for County Veterans Service Officers in Jackson, Taylor, Calumet, Polk, Dunn, Monroe and Sheboygan counties.

- Provides \$85 million of additional bonding authority for the Veterans Primary Mortgage Loan Program.
- Provides \$165,000 GPR for Korean War Memorial Refurbishment in Plover.

Building Program

- Enumerates the acquisition of \$12 million in translational research program equipment in Wauwatosa at the Medical College of Wisconsin. Approves \$10 million in general fund supported bonding for installation.
- Authorizes \$2,250,000 in general fund supported bonding for Hmong Cultural Centers in Dane County (\$2 million) and La Crosse County (\$250,000).
- Approves \$500,000 in general fund supported bonding for a Civil War Exhibit at the Kenosha Public Museum.
- Approves \$1 million in general fund supported bonding for the Oconto Bond Health Center Project.
- Authorizes \$710,988,000 from all funds for 31 projects at University of Wisconsin System campuses.

Employment Relations Commission

- Broadens provisions of the budget to make alternate disciplinary appeals procedures available to both law enforcement officers and firefighters.

Property Tax Relief

- Creates a new \$75 million first dollar property tax credit to pay school property taxes on the first \$4,498 of the value of Wisconsin homes and businesses.
- Caps county and municipal levy increases at the greater of 3.86 percent or the gain in value from net new construction in the first year of the biennium and 2 percent or net new construction in the second. Extends county and municipal levy limits for an additional two years.

Revenue and General Fund Taxes

- Funds over \$600 million in tax reductions enacted in previous biennia that take effect in the 2007-09 biennium, including full exemption of Social Security income (\$145.6 million), full implementation of the single sales factor apportionment in the corporate income tax (\$41 million) and the school levy tax credit (\$247.6 million).
- Increases the cigarette tax by \$1.00 to \$1.77 per pack and creates a weight-based tobacco products tax, increasing state revenue by \$163 million in fiscal year 2007-08 and \$247.9 million in fiscal year 2008-09.
- Expands the income tax deduction for health insurance premiums paid by employees who pay part of their premiums. This expansion will be phased-in over four years beginning in tax year 2008, reducing income taxes by \$11.8 million in fiscal year 2008-09.
- Supports investment in Wisconsin's dairy industry through a dairy manufacturing facility investment tax credit in the 2007-09 biennium.

- Cuts taxes for Wisconsin's seniors by excluding a portion of retirement income from state income taxes.
- Provides additional targeted tax relief and credits for families, individuals and businesses for college tuition, child and dependent care expenses, E-health care investment, biodiesel production, and community rehabilitation.

This budget embraces many of the key goals I set forth back in February. Unfortunately, several key initiatives were dropped from my budget as part of the Legislature's efforts to reach compromise. Those items include:

Insurance mandate for autism services: My budget included a requirement that insurance companies cover autism services. Having an autistic child presents many challenges for parents. Families living with autism should not face needless hurdles in getting the services their children need to thrive. That is what insurance is meant to do – meet the health care needs of those who own the insurance. I will continue to work tirelessly to secure passage of legislation that makes sure insurance companies treat autistic children and their families with fairness and dignity.

Additional federal Medicaid revenues for hospital rate increases: My budget proposed securing over \$400 million in new federal Medicaid revenues through adoption of an assessment of less than 1 percent on hospital revenues. Used by at least 17 states and approved by the federal government for implementation in Wisconsin, the hospital assessment would have increased Medicaid rate payments to hospitals by over 20 percent. Hospitals, in turn, could have used this revenue to reduce health care costs for individuals, insurance companies and businesses.

Opposition to this proven financing mechanism is shortsighted and shortchanges Wisconsin. Our state ranks near the bottom nationally in the amount of federal dollars returned to the state. I will continue to push for this proposal – new federal dollars help to reduce the tax burden on Wisconsin citizens.

Shared revenue and homestead tax relief: My budget included a \$15 million increase in shared revenue payments to local governments. This would have been the first increase in five years. I will continue to seek an increase in shared revenue and have partially vetoed the municipal levy limits for calendar year 2008 to provide some limited relief to local governments in the absence of a shared revenue increase. My budget also included \$26 million to begin indexing the homestead tax credit to inflation. This tax credit helps low income home owners, primarily seniors, by reducing income taxes to offset property taxes paid by an individual. Income levels in the homestead tax credit program have not been increased in eight years. I will continue to seek an indexing factor in the formula for this program as a means of reducing the property tax burden on Wisconsin's seniors.

In addition to the items removed from my original budget, there was one item that I could not veto that warrants discussion. This budget expands the amount of tax credits available to angel and early stage seed capital investors. The intent of the provision was to make it easier for companies to raise funds from angel investors. There may need to be corrective legislation to ensure these tax credits are as effective as possible at stimulating investment in high-growth companies.

While this budget includes many positive elements, it was forged in a process that left much to be desired. Wisconsin is ill-served by legislators who believe that a better deal can be achieved

simply by waiting one more day or that operating without a budget is a realistic alternative.

A budget is a financial plan. It needs to get done and get done on time.

I signed my first two budgets by the third week of July. Signing the budget in the third month after July is unacceptable. Wisconsin has always prided itself on the effective operation of its government services compared to other states. I was four days away from starting to shut down those services of government not directly related to health and safety so that we would not exhaust our revenues before the end of the fiscal year.

This should never happen again. Ultimately, the timetable for adopting a budget is up to the Legislature. I urge its leaders to establish the measures necessary to avoid this situation in the future.

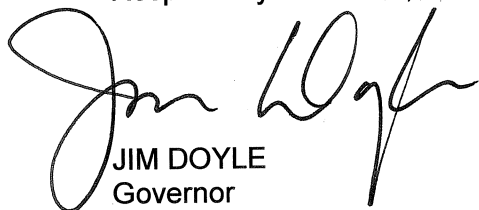
Creating opportunity and strengthening our fiscal management. Those were my simple goals when I introduced the budget, and the goals that have been met through my vetoes in signing the budget. This budget continues to deliver property tax relief, invests in our schools and university system, expands health care, protects the environment and our citizens, and promotes economic growth.

This is the third budget I have signed into law. I witnessed the darkest fiscal crisis in the state's history in my first budget. Today, in my third budget, we have made great progress. Our fiscal house is in the strongest shape in years. For the first time, our rainy day fund has a meaningful balance – over \$55 million. We will finish the biennium with \$120 million in the bank.

Wisconsin has always been a great state. This budget takes great strides toward making it great for every citizen. We all share in Wisconsin's future. The budget I sign today, after vetoes, creates that opportunity for everyone.

On Wisconsin.

Respectfully submitted,



JIM DOYLE
Governor

Date: October 26, 2007

VETO MESSAGE

TABLE OF CONTENTS

A. EDUCATION AND WORKFORCE DEVELOPMENT 1

HIGHER EDUCATIONAL AIDS BOARD AND DEPARTMENT OF ADMINISTRATION .. 1

1. The Wisconsin Covenant Scholars Program..... 1

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS AUTHORITY.....2

2. Modify Board Membership, Eliminate Limit on Bonding and Other Changes 2

UNIVERSITY OF WISCONSIN SYSTEM 3

3. Independent Purchase of Telecommunications Services 3

4. Information on Instructors..... 3

WISCONSIN TECHNICAL COLLEGE SYSTEM 4

5. Levy Limits on Technical College Districts 4

6. Limitations on Workforce Advancement Training Grants to Small Businesses..... 4

B. ENVIRONMENTAL AND COMMERCIAL RESOURCES 6

COMMERCE 6

1. Loans for Pulp and Paper Mill 6

2. Petroleum Environmental Cleanup Fund Award (PECFA) Program Sunset 6

NATURAL RESOURCES..... 6

3. Chronic Wasting Disease (CWD) and Wildlife Damage Funding 6

4. Stewardship Review 7

5. Muskellunge Fishing Season and Catch and Release Bass Fishing 7

STATE FAIR PARK BOARD 8

6. Quarterly and Annual Reports 8

C. GENERAL GOVERNMENT AND JUSTICE 9

ADMINISTRATION AND UNIVERSITY OF WISCONSIN SYSTEM..... 9

1. Information Technology Requirements 9

CIRCUIT COURTS 10

2. Technical Modification to Kenosha County Circuit Court Branch 8 10

CORRECTIONS..... 10

3. Juvenile Correctional Services Deficit 10

D. HEALTH AND FAMILY SERVICES AND INSURANCE 12

HEALTH AND FAMILY SERVICES 12

1. Demonstration Waiver for Health Opportunity Accounts Under BadgerCare..... 12

2. Disease Management Program..... 12

3.	Dispensing Fee Increase for Certain Generic Prescriptions	12
4.	Report on FoodShare Employment and Training Program Participation	13
5.	Reducing Fetal and Infant Mortality and Morbidity	13
6.	Council on Developmental Disabilities	14
E.	STATE GOVERNMENT OPERATIONS	15
	EMPLOYMENT RELATIONS COMMISSION	15
1.	Disciplinary Procedures for Law Enforcement Officers and Firefighters	15
F.	TAX, LOCAL GOVERNMENT AND TRANSPORTATION.....	16
	REVENUE	16
1.	Three-Tier Liquor Distribution System.....	16
2.	Inventory Tax for Moist Snuff	16
	SHARED REVENUE AND PROPERTY TAX RELIEF	17
3.	Levy Limit	17
	TRANSPORTATION	17
4.	Reports and Approvals	17
5.	State Bicycle and Pedestrian Facilities Program.....	18
6.	Value Engineering for Highway Improvement Projects	19
7.	Division of Motor Vehicles Service Centers	19
8.	Department of Transportation Permits for Activities Along State Trunk Highways Within Municipal Limits	20
9.	Vehicle Immobilization and Impoundment for Repeated Parking Violations	20
10.	Construction Schedule for STH 23 Major Highway Development Project.....	20
11.	Kenosha-Racine-Milwaukee Commuter Rail Extension Project.....	21

A. EDUCATION AND WORKFORCE DEVELOPMENT

HIGHER EDUCATIONAL AIDS BOARD AND DEPARTMENT OF ADMINISTRATION

1. The Wisconsin Covenant Scholars Program

Sections 78, 177 [as it relates to s. 20.505 (4) (bm)], 520 and 748

Section 748 creates the Wisconsin Covenant Scholars Program. The language also establishes eligibility criteria that students must meet to receive Wisconsin Covenant Scholars grants, including a determination of financial need. I am partially vetoing section 748 to remove references to eligibility criteria related to financial need because I object to establishing specific financial need eligibility criteria at this time.

The Covenant program is intended to encourage all Wisconsin eighth graders to make a commitment to good grades, good behavior and public service in return for a guarantee that there will be an affordable place for them within Wisconsin's public or private higher education system. The first class of Covenant scholars will be entering college in the fall of 2011. I support the provisions established in section 748 requiring that Covenant grant recipients be Wisconsin residents, enroll at least half-time at an eligible campus, are not in default on child support payments and receive a grant for no more than ten semesters of undergraduate education.

I also agree that financial need must be factored into grant decisions. However, it is premature to establish explicit financial eligibility criteria four years before the first class of Covenant scholars enters college. These criteria will depend on a number of factors, such as the level of federal aid available. It is more appropriate and realistic to wait until the 2009-11 biennium to determine what financial need criteria will best serve the Covenant program. Over the next 20 months, I will work with the Legislature to develop financial need criteria that reflect the level of Covenant program participation, the status of existing need-based financial aid programs and the condition of state revenues.

Section 78 provides for the coordination of promotional services related to the Covenant program between the Department of Administration and the Wisconsin Covenant Foundation, Incorporated. Sections 177 [as it relates to s. 20.505 (4) (bm)] and 520 create a new annual GPR appropriation, s. 20.505 (4) (bm) which provides aid to the foundation to help pay for promotional activities once the foundation is operational. I support the coordination of state and private efforts related to the Wisconsin Covenant. However, as drafted, these sections do not reflect the original intent of supporting operation of the Covenant program. While the new appropriation includes funding and positions to address the department's administrative responsibilities for the Covenant program, the language only authorizes payments to the foundation for promotional activities.

I am partially vetoing these sections to allow the department to pay the costs of operating the Office of the Wisconsin Covenant. Furthermore, I direct the Department of Administration secretary to request annual reports from the Wisconsin Covenant Foundation on its activities.

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS AUTHORITY

2. **Modify Board Membership, Eliminate Limit on Bonding and Other Changes**

Sections 3w, 28e, 28m, 30c, 30g, 68k, 68L, 68m, 68n, 235m, 1799m, 2710e, 2710m, 2710s, 2875e, 2898g, 2898r, 3023a, 3023b, 3023c, 3023d, 3023e, 3023f, 3023g, 3023h, 3023i, 3023j, 3023k, 3023L, 3023m, 3023n, 3023o, 3023p, 3023q, 3023r, 3023s, 3023t, 3023u, 3036m, 9150, 9151, 9350, 9351 and 9451

These sections reduce the ability of the Governor and the Legislature to provide oversight and accountability over the University of Wisconsin Hospitals and Clinics Authority in relation to bonding authority, board membership and lease agreements. These sections also relieve the University of Wisconsin Hospitals and Clinics Authority of responsibilities relating to disabled children, public safety and health care regulation.

Specifically, these sections delete the authority of the Superintendent of the Department of Public Instruction to apply to the board of directors of the University of Wisconsin Hospitals and Clinics Authority for admission to the University of Wisconsin Hospitals and Clinics of any pupil at the school operated by the Wisconsin Educational Services Program for the Deaf and Hard of Hearing or the school operated by the Wisconsin Center for the Blind and Visually Impaired.

In addition, these sections delete the authority of the Joint Committee on Finance to review and make recommendations concerning the University of Wisconsin Hospitals and Clinics Authority lease agreements; remove the phrase "comprehensive, high quality" from language describing the purpose of the University of Wisconsin Hospitals and Clinics Authority; delete references to one-time transfer of funds; delete prohibitions that prevent the University of Wisconsin Hospitals and Clinics Authority from accepting research grants in which the investigator is an employee of the University of Wisconsin Board of Regents; delete the requirement that the University of Wisconsin Hospitals and Clinics Authority use the Building Commission as the financial consultant when issuing bonds; delete a requirement that the University of Wisconsin Hospitals and Clinics Authority operates a poison control center; delete a requirement that the University of Wisconsin Hospitals and Clinics Authority is subject to state law under Chapter 150, Wisconsin Statutes, that regulates health care providers; and clarify current law relating to collective bargaining as it applies to the University of Wisconsin Hospitals and Clinics Authority.

The sections also modify current law relating to the appointment, terms, membership and quorum requirements for the University of Wisconsin Hospitals and Clinics Authority Board of Directors. The sections remove limits on the amount of bonds the University of Wisconsin Hospitals and Clinics Authority can issue and restrict issuance of bonds unless certain conditions related to refinancing and rating are met, the Joint Committee on Finance has approved issuance of bonds and the secretary of the Department of Administration has issued written approval.

I am vetoing these provisions because I object to the placement of these nonfiscal policy items in the budget. These provisions, taken together, constitute major changes to the operations of the University of Wisconsin Hospitals and Clinics Authority and should be subject to the full legislative process where the merits of these provisions can be fully and openly debated. Furthermore, I am concerned that the requirements, if enacted,

would adversely affect students at the schools for the Deaf and Hard of Hearing and the Blind and Visually Impaired. While I am vetoing all of these provisions, I am willing to consider more narrowly focused legislation that protects services for disabled children and maintains executive and legislative oversight.

UNIVERSITY OF WISCONSIN SYSTEM

3. Independent Purchase of Telecommunications Services

Section 2929v

This section allows the University of Wisconsin System to use funding from the universal service fund to pay for telecommunications services at any campus and allows the system to use universal service fund revenue to purchase its own telecommunications services apart from those provided by the Department of Administration. Under current law, these funds may only be used by the River Falls, Stout, Superior and Whitewater campuses, and telecommunications services must be purchased from the Department of Administration under the unified state BadgerNet contract.

While I support allowing the University of Wisconsin System to spend universal service fund moneys at any campus, I object to creating a possible exemption for the system from the state telecommunications contract. The use of a statewide telecommunications network ensures the coordination and efficient delivery of telecommunications services among all state agencies and institutions.

4. Information on Instructors

Section 732p

This section requires the University of Wisconsin System to provide information to students when they register for a class regarding who will be teaching the class on a daily basis and whether the teacher will be a tenured or probationary faculty member, a member of the academic staff, or a teaching assistant. I am vetoing this section in its entirety because it provides system campuses with too little flexibility to address the realities of providing instructional services.

At the time of registration, which is several months before classes actually begin, system campuses are often unable to assign specific individuals to teach every course section. In addition, circumstances such as retirements, faculty accepting positions at other universities and illness that were not anticipated during the registration period can require the assignment of academic staff and teaching assistants to teach course sections.

WISCONSIN TECHNICAL COLLEGE SYSTEM

5. Levy Limits on Technical College Districts

Sections 737m, 737r and 9446

This provision limits, for calendar years 2007 and 2008, the increase in property taxes that a technical college district may levy. Under this provision, technical college districts are limited to an annual increase in property tax levies of four percent. This provision also establishes adjustments to the limits for debt service and allows for the limits to be exceeded by referenda. This provision would sunset on November 30, 2009.

Wisconsin's technical colleges have had levy restraints in place longer than any other unit of local government. In total, technical college levies comprise less than eight percent of the average property tax bill. Collectively, the state's technical colleges do not even use the full levy authority provided under current law. Property taxes can be controlled without placing limits on technical colleges because this budget increases funding for K-12 education and the school levy tax credit, and retains the existing 1.5 mill rate limit on technical college levies.

I am vetoing this provision because it restricts economic development and hinders educational attainment and job training. These restrictive limits threaten the ability of the Wisconsin Technical College System to help Wisconsin's economy thrive. If technical colleges do not have the ability to respond to the rapidly changing needs of businesses in Wisconsin, economic growth will suffer.

These levy limits also hinder educational attainment and job training. The limits on technical college levies will require students to pay more for classes or reduce the course availability at the technical colleges. In either case, this diminishes the state's ability to provide individuals with the skills necessary to improve their earnings and compete for better paying jobs.

6. Limitations on Workforce Advancement Training Grants to Small Businesses

Section 743m [as it relates to s. 38.41 (2) (a) (intro.) and 7.]

This provision creates a limit of \$20,000 for Workforce Advancement Training Grants to small businesses and requires small businesses to provide a 50 percent match on all grant funding received.

I am vetoing this provision because I object to setting different criteria for grants to small businesses than for other grants distributed under the Workforce Advancement Training Grant program. The 50 percent statutory match requirement for grants to small businesses stands out in contrast to the 25 percent match established by administrative rule for all other Workforce Advancement Training grants. I am directing the Technical College System Board to address this discrepancy by including a match requirement for small businesses that is comparable to the requirement for other grants under this program.

In addition, I am vetoing the proposed \$20,000 statutory grant ceiling because it creates an inequitable situation for small businesses compared with other grant awards under this program for which no statutory ceiling exists. The Technical College System Board needs the flexibility to adjust the size of grants to small businesses within a reasonable range to ensure that the recipients can achieve meaningful workforce advancement goals. I am also directing the Technical College System Board to set reasonable guidelines for the maximum grant award to small businesses.

B. ENVIRONMENTAL AND COMMERCIAL RESOURCES

COMMERCE

1. Loans for Pulp and Paper Mill

Sections 198 [as it relates to loans for a pulp and paper mill] and 9108 (5x)

These provisions require the Department of Commerce to make two loans of \$1,000,000 each from the Wisconsin development fund repayments appropriation under s. 20.143 (1) (ie), Wisconsin Statutes, to a paper mill in this state to emerge from bankruptcy.

I am partially vetoing section 198 to remove a cross reference related to the repayments appropriation. I am partially vetoing section 9108 (5x) to remove the requirement that the loans come from the Wisconsin development fund repayments appropriation. I object to requiring that the loans be made from the repayments appropriation because funds are limited in that program. I am requesting the secretary of the Department of Commerce to make these loans from the Wisconsin development fund grants and loans; recycling fund appropriation under s. 20.143 (1) (tm), Wisconsin Statutes.

2. Petroleum Environmental Cleanup Fund Award (PECFA) Program Sunset

Sections 2616c, 2616e, 2616g, 2616i, 2622e, 2622j, 2622L, 2622p and 9308 (2f)

These sections authorize the Department of Commerce and the Department of Natural Resources to determine that no further action is necessary at a site, even if the site owner does not request the agencies to make the determination, and identifies conditions under which a site would not be eligible for PECFA reimbursement, thereby beginning the phaseout of the program.

I am vetoing these sections because it is premature to require phaseout of the program. The departments are actively monitoring activity in the program and are best equipped to determine when the program has met its goals. To impose a sunset on the program could potentially leave many sites unnoticed and contaminated, creating potential threats to the environment and prohibiting further development at those sites.

NATURAL RESOURCES

3. Chronic Wasting Disease (CWD) and Wildlife Damage Funding

Sections 707d and 9135 (3k)

Section 707d prohibits the Department of Natural Resources from expending more than \$2,360,000 from nonfederal funds in the conservation fund for chronic wasting disease, thereby limiting the department's ability to manage and test for the disease. Section 9135 (3k) requires the department to prepare a plan by January 1, 2008, that describes methods for administering the Wildlife Damage Abatement and Claims Program in fiscal

year 2008-09 so that the amounts expended by the department for those programs, as authorized under s. 29.889, Wisconsin Statutes, do not exceed the revenues received by the department.

I am partially vetoing section 707d because I object to the limitation on the department's ability to determine how best to use limited resources. The effect of this veto is to eliminate the provision's restriction on the use of nonfederal funds in the conservation fund for management of and testing for chronic wasting disease.

I am also partially vetoing section 9135 (3k) because the language inhibits the department from pursuing alternative solutions to the deficit facing the wildlife damage program. I understand the need to address the deficit, but the department needs the flexibility to explore alternative feasible options and not be constrained by the January 1, 2008, report requirement.

4. Stewardship Review

Sections 9335 (2c), 9336 (1) and 9337 (1)

Section 9335 (2c) relates to initial applicability of Stewardship appraisals. Section 9336 (1) relates to initial applicability of public defender representation in civil commitment, protective placement and involuntary medication cases. Section 9337 (1) relates to initial applicability of Department of Public Instruction school breakfast programs.

I am partially vetoing these sections because the provisions related to review of certain land acquisitions by the Joint Committee on Finance should become effective with the reauthorized Stewardship program, which begins July 1, 2010.

5. Muskellunge Fishing Season and Catch and Release Bass Fishing

Sections 712m and 712r

Section 712m prohibits a person from using any hook, bait or lure, other than an artificial lure that has a barbless hook, while fishing during a catch and release bass fishing season established by the Department of Natural Resources. Section 712r requires the department to establish a fishing season that authorizes catch and release muskellunge fishing on inland waters north of U.S. Highway 10 other than the boundary waters between this state and the state of Michigan. It also prohibits a person from using any hook, bait or lure, other than an artificial lure that has a barbless hook, while fishing during the catch and release muskellunge fishing season established by the department.

I am partially vetoing sections 712m and 712r because they would apply to more people than those who are only fishing catch and release for bass and muskellunge.

STATE FAIR PARK BOARD

6. Quarterly and Annual Reports

Section 781v

This section requires the State Fair Park Board to submit quarterly reports to the Department of Administration and the Joint Committee on Finance, projecting revenues and expenditures for the coming quarterly period for the park's program revenue appropriations. This section also requires the board to submit an annual plan to the Department of Administration, for bringing park expenditures in line with revenues and reducing the existing deficit. The plan must then be submitted, with or without modifications by the Department of Administration, to the Joint Committee on Finance, under 14-day passive review procedures, by November 15th of each year. These requirements would sunset on December 31, 2013.

I am vetoing this section because I object to the infringement on executive branch authority to manage programs and because it is unnecessary. The board must have flexibility to operate the State Fair and other nonfair events. While I am concerned with the status of the board's finances, the board and its staff have taken several measures to address factors that are not under the board's control and to better manage the operations that the board does control.

C. GENERAL GOVERNMENT AND JUSTICE

ADMINISTRATION AND UNIVERSITY OF WISCONSIN SYSTEM

1. Information Technology Requirements

Sections 9p, 9rg, 128t [as it relates to s. 16.793 (10) and (11)], 128u, 128w, 736x [as it relates to s. 36.59 (1) (d), (2) and (3)], 9101 (8i), 9101 (8j), 9101 (9q), 9152 (2v) and 9152 (2w)

This budget makes several positive changes in the way the State of Wisconsin will conduct its information technology business. Incorporating improvements suggested by the Legislative Audit Bureau and affirmed by the secretary of the Department of Administration and the state's Chief Information Officer to the Joint Legislative Audit Committee, the Legislature has established concrete guidelines that will ensure a stronger project planning process and accountability. A partnership has been defined and established that will help ensure that proper oversight and control of large information technology projects occur and that decision makers in both branches of government understand what is involved.

I am singling out a few of the many modifications for attention in my partial veto considerations. These provisions are well-intended. However, I am vetoing the following sections because these provisions will significantly burden the implementation of more efficient and transparent information technology management.

- Section 9p assigns a default advisory responsibility to the Joint Legislative Audit Committee, should the statutory Joint Committee on Information Policy and Technology not be organized.
- Section 9rg adds to the required duties of the Joint Committee on Information Policy and Technology the review of any executive branch information technology project identified in a new report required to be submitted by the Department of Administration.
- Provisions under paragraphs of sections 128t, 128u, 128w and 736x require the Department of Administration and University of Wisconsin Board of Regents to promulgate administrative rules in order to use commercially available information products; the Department of Administration to post on the Internet detailed cost and billing information for any services provided, managed or supervised by the department; and setting a limit of 110 percent of cost basis on the methodology used to determine project cost recovery charges.
- Three provisions under sections 9101 (8i), 9101 (8j) and 9101(9q) and two provisions under sections 9152 (2v) and 9152 (2w) require approval by the Joint Legislative Audit Committee of reports on written policies for information technology projects that the Department of Administration and University of Wisconsin Board of Regents separately must submit to the Joint Committee on Information Policy and Technology; the promulgation of administrative rules pertaining to high-risk information technology projects undertaken by the Department of Administration and

University of Wisconsin Board of Regents; and prior completion by the Department of Administration of another study to consolidate network servers in state agencies.

I believe that the value added by fulfillment of these enumerated requirements will be far outweighed by the costs and delays of compliance. I welcome and look forward to working with the statutory joint committee created by the Legislature to represent its interests in the oversight of state information technology projects. The many remaining provisions added in this budget to improve the understanding, authorization and accountability in the management of information technology projects will be a source of state government efficiency that I have been committed to achieving since my first budget.

CIRCUIT COURTS

2. Technical Modification to Kenosha County Circuit Court Branch 8

Section 9107 (1j)

This provision establishes the initial election term for the Circuit Court judge in Branch 8 in Kenosha County and applicable term dates.

I am partially vetoing this provision because, as drafted, the language erroneously establishes the initial election for the spring of 2008, although the term commences on August 1, 2009. The Legislative Reference Bureau concurs on the necessity of this partial veto, as a revisor's correction would occur too late to fix the error. This veto is intended to establish the initial election date in the spring of 2009.

CORRECTIONS

3. Juvenile Correctional Services Deficit

Sections 324g, 324h, 3114m and 9409 (2f)

These provisions require:

- The Department of Corrections, prior to the end of each odd-numbered fiscal year, to estimate projected balances that will remain in the juvenile correctional services appropriation on June 30 of that year.
- If the estimated balance is projected to be negative, the Department of Administration must include the amount of the estimated deficit in the cost basis for the calculation of the proposed secured correctional facilities' daily rates for the subsequent biennium.
- The Department of Administration must include 50 percent of any projected deficit in the cost basis for the calculation of daily rates for each year of the subsequent biennium.

- The Department of Administration secretary must reserve, for the purpose of retiring the deficit, the share of the daily rate revenue that is proportionate to the share of the increased cost basis associated with the estimated deficit. Any revenue reserved for this purpose that exceeds the amount of the deficit must be reimbursed to the counties and the state in a manner proportionate to the total number of days of juvenile placements at the facilities for each county and the state.

I am vetoing sections 324h and 3114m and partially vetoing sections 324g and 9409 (2f) because these sections limit the Department of Corrections' flexibility to effectively manage juvenile corrections programs over time. As I stated when I vetoed these provisions in the 2005-07 biennial budget, these provisions would place an undue burden on counties by requiring the department to charge counties to recover deficits in the appropriation.

D. HEALTH AND FAMILY SERVICES AND INSURANCE

HEALTH AND FAMILY SERVICES

1. Demonstration Waiver for Health Opportunity Accounts Under BadgerCare

Section 1559e

This section requires the Department of Health and Family Services to request a federal waiver in order to offer health opportunity accounts to BadgerCare recipients and to provide the Joint Committee on Finance an implementation plan upon receipt of federal approval of the waiver. The Committee must approve the plan prior to implementation.

I am vetoing this section because I object to this limitation on the department's ability, in collaboration with a wide array of health care experts, to develop reforms that are in the best interest of providers, recipients and the state. Under current law, the department may request a waiver to offer health opportunity accounts under BadgerCare if it is determined to be beneficial by the department, with the advice of the BadgerCare Plus Advisory Committee.

2. Disease Management Program

Sections 1559g and 1641d

These sections require the Department of Health and Family Services to develop and implement disease management programs for conditions identified by health risk assessments for recipients and requires that the programs be similar to programs developed and used by the Marshfield Clinic under the Physician Group Practice Demonstration.

While I support the intent of encouraging the appropriate use of preventive care and expanding disease management, I am partially vetoing these sections because they are excessively prescriptive on the design of the programs. Many physicians and other health care providers that participate in the Medical Assistance program have existing disease management programs and health screening tools in place that meet the intent of the program. Requiring all providers to use a single program model would hinder further development and innovation in the design of disease management programs. Therefore, I am deleting the reference to the Marshfield Clinic Physician Group Practice Demonstration.

3. Dispensing Fee Increase for Certain Generic Prescriptions

Section 9121 (7j)

This section requires the Department of Health and Family Services to provide supplemental reimbursement to pharmacies participating in the Medicaid, BadgerCare and SeniorCare programs to compensate for any reduction in drug product cost reimbursement resulting from the implementation of the federal Deficit Reduction Act of

2005. The supplemental reimbursement is contingent on receiving federal approval, and the section further requires the department to apply for an amendment to the Medicaid State Plan in order to implement this change.

I am vetoing this section because it is administratively burdensome on the department. Furthermore, the federal Centers for Medicare and Medicaid Services is unlikely to approve such a state plan amendment as the intent of the federal Deficit Reduction Act was to set reasonable limits on drug product cost reimbursement and substituting decreases in product costs with increases in dispensing reimbursements is in conflict with the intent of the Act.

4. Report on FoodShare Employment and Training Program Participation

Section 9121 (7k)

This section requires the Department of Health and Family Services by January 1, 2009, to deliver a report to the Joint Committee on Finance analyzing the changes in participation in the FoodShare Employment and Training Program after participation becomes voluntary.

I am vetoing this section because it creates a burdensome, unnecessary reporting requirement since the department already collects and publishes data on FoodShare participation. Given the unclear need for this additional data, I am vetoing this reporting requirement.

5. Reducing Fetal and Infant Mortality and Morbidity

Sections 405f, 9121 (6d) and 9421 (8c)

These sections sunset, at the end of the 2008-09 biennium, a new appropriation that aims to reduce fetal and infant mortality and morbidity. The biennial budget provides \$250,000 GPR in each fiscal year to the city of Racine Health Department to collaborate with health care staff, and identify, develop and promote models of care to address and improve services and birth outcomes for high-risk pregnancies.

I am vetoing sections 405f and 9421 (8c) to delete the sunset of this important program. It is my intent that the program continue beyond the 2007-09 biennium, and retaining the appropriation for this purpose will facilitate the retention of this program.

I am partially vetoing section 9121 (6d) to remove specific references to fiscal years 2007-08 and 2008-09 consistent with my intent to make the funding ongoing. I am also vetoing the dates in this section that require a report in each fiscal year of this biennium, so that the health department would report on its progress each year that it receives funding.

6. Council on Developmental Disabilities

Sections 9221 (1q) and 9255

Section 9221 (1q) would decrease expenditure authority in the Department of Health and Family Services by \$728,200 PR-F in fiscal year 2007-08 to reflect a reduction in authorized positions. Section 9255 would decrease expenditure authority in the Department of Children and Families by \$728,200 PR-F in fiscal year 2008-09 to reflect a reduction in authorized positions.

I am vetoing these provisions because the language duplicates expenditure and position authority changes that are accomplished elsewhere in the budget bill. These changes reflect the creation of the Board for People with Developmental Disabilities.

E. STATE GOVERNMENT OPERATIONS

EMPLOYMENT RELATIONS COMMISSION

1. Disciplinary Procedures for Law Enforcement Officers and Firefighters

Sections 1867, 2666f, 2679i, 9315 (1f) and 9355 (1f)

These sections make changes to appeals procedures which firefighters may use to appeal disciplinary decisions made by the fire or police board, expand collective bargaining rights of firefighters to include alternative disciplinary procedures, and define prohibited subjects of bargaining between municipal employers and firefighters. Under current law, all disciplinary decisions made by a police or fire commission may only be appealed to a Circuit Court and the decision of the court is final. Sections 2666f and 2679i permit collective bargaining agreements between firefighters and municipal employers to contain dispute resolution procedures as an alternative to the Circuit Court appeals process. In addition, municipal employers are prohibited from refusing to collectively bargain with firefighters over arbitration, or attempting to bargain over disciplinary due process and compensation rules pertaining to discipline which are currently included in state statutes. Section 1867 amends current law to preclude law enforcement officers from these alternative appeal procedures to a Circuit Court.

I am partially vetoing the language contained in these sections to restore my original intent of allowing both firefighters and law enforcement officers the opportunity to use collectively bargained alternative disciplinary appeal procedures instead of Circuit Court, and to extend the prohibited collective bargaining subjects in the bill to be applied to contracts between municipal employers and law enforcement officers. Permitting both law enforcement officers and firefighters to use alternative disciplinary appeal procedures will help relieve the court system work load, expand the opportunities of law enforcement officers and firefighters to select appeals procedures, and allow employers and employees to settle their disputes quickly and effectively.

F. TAX, LOCAL GOVERNMENT AND TRANSPORTATION

REVENUE

1. Three-Tier Liquor Distribution System

Sections 2757r, 2759c, 2759cm, 2759d, 2759e, 2759em, 2759f, 2759g, 2759h, 2759i, 2759j, 2759k, 2759kc, 2759kg, 2759kh, 2759ki, 2759km, 2759L, 2759m, 2759mm, 2759n, 2759o, 2759p, 2759pg, 2759pr, 2759q, 2759r, 2759s, 2759t, 2759u, 2759v, 2759w, 2759x, 2780b, 2780d, 2780e, 2780em, 2780f and 9441 (13d) [as it relates to s. 139.11 (4) (a)]

These provisions replace the current law distribution system for wine with a three-tier distribution system which requires the sale of wine through a wholesaler in most cases. The provisions also create a "direct wine shipper's permit" that authorizes holders to ship wine directly to individuals of legal drinking age. Each individual may receive up to 108 liters of wine in a year and may not resell the wine. In addition, the provisions authorize the holders of "Class A" licenses and manufacturers or rectifiers, with the consent of a "Class A" licensee to offer free shots of alcohol, other than wine, to customers and visitors. Finally, the provisions modify requirements relating to the publication of production and sales statistics by the Department of Revenue.

I am vetoing sections 2757r, 2759c, 2759cm, 2759d, 2759e, 2759em, 2759f, 2759g, 2759h, 2759i, 2759j, 2759k, 2759kc, 2759kg, 2759kh, 2759ki, 2759km, 2759L, 2759m, 2759mm, 2759n, 2759o, 2759p, 2759pg, 2759pr, 2759q, 2759r, 2759s, 2759t, 2759u, 2759v, 2759w, 2759x, 2780b, 2780d, 2780e, 2780em and 2780f, and partially vetoing section 9441 (13d) [as it relates to s. 139.11 (4) (a)] because I object to the inclusion of policy of this nature in a budget bill. While the changes to the distribution system included in these sections may help address some concerns with sales of alcohol to minors, they also may have stifling economic effects on the small wineries around the state, forcing them out of business. Also, I strongly object to permitting free shots of alcohol to be distributed in places such as grocery stores.

While I am vetoing these provisions, I support the concept of a three-tier distribution system. The language included in the bill, however, does not adequately address the needs of small entrepreneurial wineries. Therefore, I am directing the appropriate agency secretaries to begin immediately to work with the Legislature to adopt a new version of this proposal that provides a workable and equitable approach that meets the intent of the three-tier distribution system while supporting new and small businesses.

2. Inventory Tax for Moist Snuff

Section 2838d

This section requires that an inventory tax based on the new weight-based method of taxation not be levied on moist snuff.

I am partially vetoing this section because I object to exempting moist snuff from the inventory tax. This veto will make the inventory tax consistent for cigarettes and moist snuff.

SHARED REVENUE AND PROPERTY TAX RELIEF

3. Levy Limit

Sections 1880, 1881, 1882, 1892 and 1896

These sections reauthorize the levy limit program to apply to property taxes levied in 2007 and 2008. The sections limit a county's or municipality's levy increase to the greater of either two percent or the percentage change in its January 1 equalized value due to new construction less improvements removed between the previous year and the current year.

I am partially vetoing sections 1880, 1881, 1882 and 1892 and vetoing section 1896 because I object to the restrictiveness of the limit for 2007, which would negatively effect the provision of police and fire services. Due to the late passage of the budget bill, local governments have already made significant progress in preparing, reviewing and setting their own budgets for the upcoming year. Requiring communities to limit their levy growth to two percent at this time may result in cutbacks in necessary services. This veto will allow local governments to increase their levies for 2007 by either the percentage increase due to net new construction or 3.86 percent.

TRANSPORTATION

4. Reports and Approvals

Sections 85b, 85c, 85e, 85f, 687f, 2541r [as it relates to the opening language referring to s. 16.50 (1) (c)], 2542p and 2550p

Sections 85c, 85e, 85f and 2541r [as it relates to the opening language referring to s. 16.50 (1) (c)] prohibit the Department of Administration from approving allotment adjustments to the Department of Transportation's federal appropriations unless the Joint Committee on Finance has approved the adjustment.

Sections 85b and 687f prohibit the executive budget bill from amending, repealing or otherwise drafting around the provisions of s. 25.40 (3), Wisconsin Statutes, which states that no transportation fund revenues may be transferred out of the transportation fund or used for any nontransportation-related purpose.

Section 2542p requires the Department of Transportation to submit, with each biennial budget request, a plan describing the department's bonding strategy for the upcoming ten years.

Section 2550p requires the Department of Transportation to develop a plan to eliminate a biennial deficit in the transportation fund when a deficit is estimated to exceed \$30,000,000. The plan must eliminate the deficit by reducing all transportation SEG

appropriations, other than those for debt service and sum sufficient appropriations, as equitably as possible. The plan would be reviewed and approved by the Joint Committee on Finance under a 14-day passive review.

I am vetoing sections 85b, 85c, 85e, 85f, 687f and 2542p and partially vetoing section 2541r [as it relates to the opening language referring to s. 16.50 (1) (c)] because they infringe on the executive branch's authority to manage programs and are unnecessary. The existing allotment and biennial budget processes provide sufficient oversight and protection of the use of federal and state transportation monies.

In addition, I am partially vetoing section 2550p because the plan requires elimination of the deficit by reducing all transportation SEG appropriations, rather than those determined most appropriate by the Department of Transportation. This hampers the department's flexibility to address any projected deficit and protect those programs with the greatest need at any particular point in time and as such infringes on the executive branch's authority to manage agency finances.

5. State Bicycle and Pedestrian Facilities Program

Section 177 [as it relates to s. 20.395 (2) (ov) and (ox)]

This provision includes funding for grants to localities for bicycle and pedestrian transportation projects through new, dedicated appropriations. A significant portion of the federal money for the new program is from the congestion mitigation and air quality improvement program and transportation enhancement activities program.

While I believe that funding for bicycle and pedestrian projects is important, I am reducing funding in the new, dedicated appropriations by the amounts that would have been transferred out of congestion mitigation and air quality and transportation enhancement activities programs. Transferring funds out of these appropriations reduces the Department of Transportation's ability to decide between grant applications for a variety of transportation projects in the event that bicycle and pedestrian facility grant applications decline. Further, bicycle and pedestrian facility projects also already can be funded through the existing programs.

I am lining out the dollar amounts in appropriations under s. 20.395 (2) (ov) and (ox) and writing in \$0 in fiscal year 2007-08 and \$2,720,000 SEG-F and \$680,000 SEG-L in fiscal year 2008-09, so that the congestion mitigation and air quality and transportation enhancements funds will be available for use in those programs via the allotment process. I am directing the secretary of the Department of Transportation to work with interested parties to ensure that funds from both the existing appropriations and new appropriations are used for bicycle and pedestrian facility projects to the extent possible and appropriate.

6. Value Engineering for Highway Improvement Projects

Sections 2524p, 2531c, 2531e, 9348 (11f) and 9448 (11f)

These sections require the Department of Transportation to use "value engineering" for highway projects estimated to cost \$5,000,000 (to be adjusted annually) or greater. "Value engineering" is the systematic analysis of a project to determine which course of action results in the largest net reduction of costs, essentially finding the design of a project that produces the best value. In addition to using the value engineering analysis methodology, the sections require the department to submit an annual report to the Governor and Legislature regarding the department's use of value engineering and any instances in which the secretary of the department has waived value engineering for compelling reasons.

I am vetoing these sections because this specific value engineering mandate is overly burdensome on the department and may require the postponement of other highway projects. Value engineering analysis can be a useful tool in large projects. However, this process also requires a significant investment of time and effort that is not always appropriate for every project and may result in project delays. Project delays ultimately increase the cost of a project due to inflation. Additionally, producing an annual report regarding value engineering requires significant staff resources. My veto will allow the department to continue to exercise its well-informed judgment regarding project design without the burden of study and report requirements.

7. Division of Motor Vehicles Service Centers

Section 2651r

This section requires that the Department of Transportation continue to operate a Division of Motor Vehicles service center in every municipality where one was operated as of December 1, 2006, unless the Joint Committee on Finance approves an alternate plan under 14-day passive review. Additionally, the section states that if a service center was closed between December 1, 2006, and the effective date of the section, then the department must reopen a service center in the same municipality in which it operated prior to closing.

I am vetoing this section because I object to the infringement on the executive branch's authority to manage programs. Division of Motor Vehicles service center sites require very specific space configurations, and travel center site leases must allow for the temporary nature of the operations in that location. It may be difficult to find appropriate space or negotiate leases in a particular municipality, and the department must have the flexibility to look at all available location options regardless of whether a municipality previously accommodated a service center.

8. Department of Transportation Permits for Activities Along State Trunk Highways Within Municipal Limits

Sections 2523m, 2534p, 2534r, 2550s, 2550t, and 2558d

These sections allow municipalities to permit the creation of access points, such as driveways, and the performance of certain work, activity and alterations on state highways despite a denial or failure to approve a request for such access, work, activity or alterations by the Department of Transportation.

I am vetoing these sections because I object to the infringement on the department's ability to uphold its responsibility to ensure the safety and condition of state highways. Allowing municipalities to permit access points on state highways over the objection of the department may negatively affect state highway safety or damage state highway surfaces or structures.

9. Vehicle Immobilization and Impoundment for Repeated Parking Violations

Section 3435x

This section allows municipalities or counties to adopt ordinances allowing the immobilization, removal, impoundment or disposal of vehicles owned by habitual parking violators after giving notice to the vehicle's owner. A "habitual parking violator" is a person who has three or more parking tickets that are unpaid and outstanding for 28 days and for which no court appearance is scheduled.

I am vetoing this section because it is unnecessary. Current law provides municipalities and counties with a procedure for enforcing parking regulations and collecting unpaid tickets.

10. Construction Schedule for STH 23 Major Highway Development Project

Section 2524g

This section requires the Department of Transportation to begin construction on the enumerated project of STH 23 between STH 67 and USH 41 in Fond du Lac and Sheboygan counties by July 1, 2009. The provision further requires that the department finish the project by July 1, 2011.

I am partially vetoing this section because the proposed schedule is unattainable and may negatively affect other highway projects. Before construction can begin on a highway project, the department performs certain federally-required studies, acquires real estate and relocates utilities as necessary for the project. The department would be unable to accomplish this preliminary work in order to begin construction by July 1, 2009. Therefore, I am vetoing the provision that specifies construction begin by July 1, 2009, so that the section requires only that the department begin work as needed and appropriate by July 1, 2009. I am further vetoing the July 1, 2011, completion deadline. Forcing completion by July 1, 2011, would harm the progress of other highway projects

because many resources from other highway projects would have to be diverted to STH 23.

11. Kenosha-Racine-Milwaukee Commuter Rail Extension Project

Section 9148 (9u)

This provision allows the Department of Transportation to request \$800,000 from the Joint Committee on Finance's supplemental appropriation for preliminary engineering for the Kenosha-Racine-Milwaukee commuter rail extension project. The provision states that the Committee may provide the supplement only if the Legislature has enacted, and the Governor has signed, legislation establishing a financing mechanism that will finance all costs of the project (excluding the federal share of costs).

I am partially vetoing this provision because it infringes on the department's ability to continue preliminary work on the project to determine its scope and final feasibility. My veto will remove the requirement that the Legislature and Governor agree on a funding source for the entire project before the \$800,000 supplement can be used for preliminary engineering of the project.