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EXECUTIVE VETOES OF BILLS PASSED BY THE 2007 WISCONSIN LEGISLATURE FROM JANUARY 9, 2007, TO MAY 23, 2008

I. INTRODUCTION

This brief contains the veto messages of Governor Jim Doyle affecting all legislation, except 2007 Wisconsin Act 20, as passed by the 2007 Wisconsin Legislature from January 9, 2007, to May 23, 2008. See *Wisconsin Brief 07–9 for the partial vetoes of 2007 Wisconsin Act 20 (executive budget act)*.

Status of Legislation. During the 2007 legislative session, for the period January 9, 2007, to May 23, 2008, there were 1,551 bills introduced, of which 227 bills were passed by both houses.

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Veto Brief Format. This brief provides the following information:

1. The legislative action for each completely vetoed or partially vetoed bill, including the vote for final passage in each house and the page number of the loose-leaf journals in each house referring to the vote. (“S.J.” stands for Senate Journal; “A.J.” stands for Assembly Journal.)
2. The text of the governor’s veto message for each bill.
3. For partially vetoed bills, the sections of the act in which the veto occurred (with the vetoed material indicated by a distinguishing shading — like this, and the write-downs indicated by a distinguishing reverse shading of white numerals on black background — like this).

II. COMPLETELY VETOED BILL

2007 Assembly Bill 676: Disclosure of juvenile court records to other courts, law enforcement agencies, district attorneys and other prosecutors, and agencies providing services to a juvenile court

On March 5, 2008, the assembly passed Assembly Bill 676 on a voice vote, A.J. 03/05/08, p. 616.

On March 6, 2008, the senate concurred in Assembly Bill 676 by a vote of 17 to 15, A.J. 03/06/08, p. 635.

On April 17, 2008, the Governor vetoed Assembly Bill 676, A.J. 04/08/08, p. 734.

TEXT OF GOVERNOR'S VETO MESSAGE

April 7, 2008

To the Honorable Members of the Assembly:

I am vetoing **Assembly Bill 676** in its entirety. This bill would allow or expand access to juvenile court record information for courts, prosecutors, law enforcement agencies, the Department of Health and Family Services, county child welfare departments and licensed child welfare agencies without those individuals or entities first having to obtain a court order.

The initial goal of **Assembly Bill 676** is a laudable one, and I support legislative reform in this very important area. I agree, for example, with the bill's proponents that certain juvenile court record files should be more readily accessible for child protective service social workers who would use juvenile court record information to help ensure that children are being placed in households that are as safe as possible. However, I am vetoing **Assembly Bill 676** because it is too broad and would undo significant protections concerning the confidentiality of sensitive information regarding children.

Specifically, this legislation makes juvenile records available to far too many people. **Assembly Bill 676** would allow anyone working for a law enforcement agency to obtain juvenile court records as long as the records were obtained for the purpose of investigating alleged criminal activity. The bill contains no restrictions on who in law enforcement would be authorized to access the records, or what type of thresholds must be met before otherwise confidential juvenile files could be unsealed. **Assembly Bill 676** similarly would allow any employee

of the Department of Health and Family Services, a county social service agency, or a licensed child welfare agency, unrestricted access to sensitive information regarding children.

Furthermore, the bill does not define or limit what information in a juvenile court record should be made accessible to the government and child welfare agencies specified in the bill. Juvenile court records may often contain alcohol and drug assessments, psychological evaluations or other treatment records. This very sensitive information should be closely guarded. Allowing access to these types of juvenile records goes beyond the information needed to meet the initial intent of the legislation.

I have long supported the important work done by child protective service social workers who want to ensure that every placement option for a child is as safe as possible. However, **Assembly Bill 676** broadens access to juvenile records far beyond what is required to accomplish that goal and expands access to far too many individuals and entities without adequate protections. I strongly encourage the Legislature to introduce revised legislation as soon as possible that addresses the access needs of child protective service social workers but also properly balances the need to protect from disclosure sensitive information concerning children. I look forward to working with the Legislature to accomplish that end.

Respectfully submitted,

Jim Doyle

Governor

III. PARTIALLY VETOED BILLS

2007 Wisconsin Act 5 (Senate Bill 39): Lapses and transfers between appropriation accounts for fiscal year 2006-07, position authorizations for certain state agencies, and lapse or transfer of moneys to the general fund related to unfunded retirement liability debt service

On March 13, 2007, the senate adopted Senate Substitute Amendment 1 on a voice vote, S.J. 03/13/07, p. 137, and passed Senate Bill 39 by a vote of 24 to 9, S.J. 03/13/07, p. 137.

On March 13, 2007, the assembly concurred in Senate Bill 39 by a vote of 85 to 14, A.J. 03/13/07, p. 96.

On March 16, 2007, the Governor approved in part and vetoed in part Senate Bill 39, and the part approved became 2007 Wisconsin Act 5, S.J. 03/16/07, p. 141. The date of enactment is March 16, 2007, and the date of publication is March 30, 2007, except those provisions for which the act expressly provides a different date.

TEXT OF GOVERNOR'S VETO MESSAGE

March 16, 2007

To the Honorable Members of the Senate:

I have approved **Senate Bill 39** as 2007 Wisconsin Act 5 and have deposited it in the Office of the Secretary of State. I have exercised the partial veto in section 9248(1)(b) to effect a technical correction to the bill language.

Senate Bill 39, the fiscal year 2006-07 budget adjustment bill, addresses an anticipated budget gap in the state's general fund by making transfers and adjustments to various funds and appropriations. Specifically, the bill:

Clarifies that the State of Wisconsin Investment Board and Department of Employee Trust Funds are subject to transfers to pay debt service on pension obligation bonds, but are not subject to lapses to the general fund for amounts otherwise in excess of actual debt service.

Requires the Department of Administration to direct a lapse or transfer to the general fund of \$11.1 million from executive branch agencies, including the University of Wisconsin System. Of this amount, no more than \$130,700 may be allocated to the Department of Transportation.

Creates 31.0 FTE positions and provides \$96,600 GPR for additional DNA analysis resources in the Department of Justice. This provision will enable the department to begin immediately to recruit and hire staff to address the current backlog.

Reauthorizes 270.92 FTE positions that expire on April 1, 2007, needed for continued operation of state-owned power and waste water treatment plants.

Transfers \$1.5 million from the agrichemical management fund and \$1.5 million from the recycling fund to the general fund.

Increases funding needed for the ongoing operations of the Department of Corrections by \$62.3 million, including the transfer of \$19.4 million from the Joint Committee on Finance supplemental appropriation.

Based on caseload and spending reestimates, decreases funding appropriated for state foster care and adoption services at the Department of Health and Family Services by \$3.1 million, the state's share of Medical Assistance by \$69.7 million and for prescription drug assistance by \$15.7 million.

Increases funding for the BadgerCare health care program by \$5.5 million.

Directs a lapse to the general fund of \$8 million from the Office of the Commissioner of Insurance.

Increases conservation funding for payment of debt service costs for state forest acquisitions by \$10.6 million.

Increases funding for Public Defender Board's payment of private bar and investigator reimbursements by \$9.7 million.

Increases the allocation for the Wisconsin Shares child care services program from federal Temporary Assistance for Needy Families (TANF) funding by \$30 million and decreases the allocation for the earned income tax credit by an equal amount. Funding for the earned income tax credit will increase by \$30 million GPR as a result. This action, in conjunction with administrative changes being implemented by the Department of Workforce Development, is expected to fully fund the Wisconsin Shares program in this fiscal year.

Amends a provision in 2005 Wisconsin Act 25 that requires the elimination of 13 FTE attorney positions in

the executive branch on June 30, 2007, instead, eliminating these positions on June 30, 2009.

Authorizes an additional \$375 million to refund existing general obligation bonds at lower interest rates.

Addresses an anticipated deficit in the transportation fund by authorizing the Joint Committee on Finance, in fiscal year 2006-07, to lapse to the transportation fund any amount requested by the Department of Transportation from the unencumbered balances of appropriations. As part of a plan submitted by the department to the committee, the department shall identify \$4 million in lapses from its state operations appropriation under s. 20.395(4)(aq) and shall make a corresponding reduction of in any amount requested for lapse from the state highways rehabilitation appropriation under s. 20.395(3)(cq).

I am partially vetoing section 9248(1)(b) because it is too restrictive and does not correctly reflect the intent of the Legislature, as stated in a letter sent to me by legislative leadership. Specifically, the partial veto would allow the

department to identify \$4 million in lapses from any of its state operations appropriations by removing the requirement to identify the lapse from only the appropriation under s. 20.395(4)(aq), Wisconsin Statutes. The partial veto will not affect the requirement that the \$4 million identified to lapse from state operations appropriations reduce the amount that the department requests to lapse from the appropriation under s. 20.395(3)(cq), Wisconsin Statutes.

The partial veto will not result in any changes to the fiscal impact of the act but will allow the Department of Transportation to submit a plan to the Joint Committee on Finance that identifies \$4 million in lapses from its state operations appropriations and allows the department to continue to operate its programs effectively and efficiently.

Respectfully submitted,

JIM DOYLE

Governor

Section 9248

Cited segments of 2007 Senate Bill 39:

SECTION 9248. Fiscal changes; Transportation.

(1) LAPSES TO TRANSPORTATION FUND.

(b) In submitting a plan to lapse funds as part of its request under paragraph (a), the department of transportation shall identify \$4 million in lapses from its state operations appropriation under section 20.395 (4)

(aq) of the statutes, which amount is in addition to any amount to be transferred under section 9201 (1) of this act, and shall make a corresponding reduction of \$4 million in the amount requested for any lapse from the appropriation account under section 20.395 (3) (cq) of the statutes.

**Vetoed
In Part**

**Vetoed
In Part**

2007 Wisconsin Act 42 (Assembly Bill 207): Regulation of cable television and video service providers

On April 24, 2007, the assembly adopted Assembly Substitute Amendment 1 [as amended by Assembly Amendments 1, 2, 5, 8, 9, 20, and 28], A.J. 04/24/07, p. 152.

On May 9, 2007, the assembly passed Assembly Bill 207, as amended, by a vote of 66 to 28, Paired 4, A.J. 05/09/07, p. 172.

On November 8, 2007, the senate adopted Senate Amendment 1 to Assembly Bill 207 on a voice vote, S.J. 11/08/07, p. 421, Senate Amendment 3 to Assembly Bill 207 by a vote of 17 to 16, S.J. 11/08/07, p. 421, Senate Amendment 13 to Assembly Bill 207 by a vote of 17 to 16, S.J. 11/08/07, p. 423, Senate Amendment 14 to Assembly Bill 207 by a vote of 33 to 0, S.J. 11/08/07, p. 423, Senate Amendment 19 to Assembly Bill 207 on a voice vote, S.J. 11/08/07, p. 424, and Senate Amendment 21 to Assembly Bill 207 on a voice vote, S.J. 11/08/07, p. 424, and concurred in Assembly Bill 207, as amended, by a vote of 23 to 9, S.J. 11/08/07, p. 424.

On November 9, 2007, the assembly received the bill from the senate as amended and concurred in by the senate (Senate Amendments 1, 3, 13, 14, 19, and 21 to Assembly Bill 207) on a voice vote, A.J. 11/09/07, p. 355.

On December 11, 2007, the assembly concurred in Senate Amendment 1 to Assembly Bill 207 by a vote of 91 to 6, A.J. 12/11/07, p. 384, Senate Amendment 3 to Assembly Bill 207 by a vote of 95 to 2, A.J. 12/11/07, p. 385, Senate Amendment 13 to Assembly Bill 207 by a vote of 94 to 3, A.J. 12/11/07, p. 385, Senate Amendment 14 to Assembly

Bill 207 by a vote of 96 to 1, A.J. 12/11/07, p. 387, Senate Amendment 19 to Assembly Bill 207 by a vote of 92 to 5, A.J. 12/11/07, p. 387, and Senate Amendment 21 to Assembly Bill 207 by a vote of 94 to 3, A.J. 12/11/07, p. 388.

On December 21, 2007, the Governor approved in part and vetoed in part Assembly Bill 207, and the part approved became 2007 Wisconsin Act 42, A.J. 12/21/07, p. 411. The date of enactment is December 21, 2007, and the date of publication is January 8, 2008, except those provisions for which the act expressly provides a different date.

TEXT OF GOVERNOR'S VETO MESSAGE

December 21, 2007

To the Honorable Members of the Assembly:

I have approved **Assembly Bill 207** as 2007 Wisconsin Act 42 and have deposited it in the Office of the Secretary of State. I have exercised the partial veto to ensure that consumer protection and customer service standards are protected and to provide for the fair treatment of municipalities and their taxpayers while supporting the right of Wisconsin citizens to cable competition. In particular, I have thoroughly reviewed the measure as it relates to customer service standards and consumer rights to ensure that Wisconsin continues as a leader in protecting the consumer.

Assembly Bill 207 establishes a state process, in lieu of the current process at the municipal level, for granting franchises for the provision of video services to the public. The bill establishes certain requirements related to the following: the relationship between the state franchise agreement and federal telecommunications law; the interaction of franchisees with municipalities on issues such as compensation for video services access and use of rights of way and support for public, educational and government access channels; and the provision of customer service standards and consumer rights.

I am partially vetoing section 8 as it relates to the expiration of a franchise. The intent of my veto is to allow the Department of Financial Institutions (DFI) to promulgate an administrative rule setting the renewal term for the franchise. By allowing franchises to expire and establishing a renewal process and criteria, the public is served by providing more accountability of the service provider and the state.

I am partially vetoing section 8 as it relates to the 15-day requirement for processing the franchise application. First, I am partially vetoing the requirement that DFI has 15 days to review the application. Second, I am partially vetoing the provision that if no determination is made within 15 days, the application is automatically approved. I object to the timeline for approval being written into the law. Placing a time limit on the process pre-judges that all applications will be similar and that investigation of facts may not, in some cases, take additional time. This veto will allow the department to serve both the public and the providers by allowing for both a complete and timely review of applications.

I am partially vetoing section 8 as it relates to the automatic approval of a franchise for large video service providers. I believe that all applicants for a franchise should work through a common application process. As such, all providers would be required to prove that they are legally, financially and technically able to provide service in the designated service area. Much of the discussion surrounding this legislation centered on allowing greater competition in the video service market. This partial veto ensures that all entrants into the market go through the same process, thus leveling the playing field, which furthers the goal of increased competition.

I am partially vetoing section 8 as it relates to the revocation of a franchise. The veto is designed to allow DFI to more completely define the requirements for franchise revocation through the administrative rule process. A more thorough definition of the revocation requirement will better serve both consumers and providers by adding clarity to these standards.

I am partially vetoing section 8 as it relates to the prohibition on municipalities from charging a fee for the use of or occupation on public rights-of-way. I object to this prohibition directed toward municipalities which provides special treatment to one industry and does not recognize and thus compensate the public for the cost of establishing and maintaining public rights-of-way.

I am partially vetoing section 8 as it relates to the 3-year limit on the review of the financial records of the service provider to allow municipalities to review records as needed. If there is a dispute on the amount of funding being provided, it is in the best interest of all parties to have that dispute settled in a timely manner.

I am partially vetoing section 8 as it relates to the prohibition on DFI and the Department of Agriculture, Trade and Consumer Protection from promulgating rules. It is imperative that the state agencies responsible for implementing the state franchise and enforcing anti-discrimination provisions have the ability to interpret these statutes through administrative rule.

I am partially vetoing section 8 as it relates to a video service provider's defense against not meeting the prohibition for income discrimination by establishing statutory standards of service provisions to low-income households. The intent of the veto is to raise the standard to be achieved more quickly. This veto will allow service pro-

viders to use a defense against allegations of discrimination based on income by showing that 30 percent of subscribers are low-income households within 3 years, two years earlier than originally provided in the bill. The effect of the veto will be to accelerate the provision of service to low-income households.

I am partially vetoing section 8 as it relates to the definition of a low-income household. The effect is to allow DFI to define low-income household through administrative rule. As written, the bill provides a definition that does not take into account factors such as inflation or household size. Such a definition is inconsistent with the definition of low-income in other programs.

I am partially vetoing section 8 as it relates to the definition of public, educational and government channel usage. As written, the bill states that such channels are defined as noncommercial. By striking noncommercial, I am giving public, educational and governmental channels the ability to air revenue-generating commercial programming.

I am partially vetoing section 8 as it relates to the application and annual fees. The effect is to allow DFI to set the fees through rule which allows the fees to better fit the scope of the specific conditions of an application.

I am partially vetoing section 27p as it relates to credit for service outage. My intent is that the bill reflects the current law standard that if service is interrupted for more than 4 hours in any one day, the video service provider must give subscribers credit for that outage. As passed, the bill would have allowed interruptions of up to 24 hours without providing credit and would have eroded one of the primary statutory consumer protections.

I am partially vetoing section 35 as it relates to Public Service Commission review of municipal regulation of the occupation and use of public rights-of-way. The provision prohibits the Commission from finding unreasonable any municipal regulation on aesthetics of a network under certain conditions. The intent of this partial veto is to delete this prohibition and allow the Commission to review the regulation and make a determination based on the merits.

I also carefully reviewed **Assembly Bill 207** as it relates to public, educational and governmental channels in light of the concerns raised by interested parties on this matter. The bill requires that these channels continue as long as minimum criteria are met. Financial support of these channels by video service providers ends after three years under the bill. The intent of the bill is that the payment to the municipalities by video service providers of up to five percent of their gross receipts provides sufficient compensation for this access right.

While I did not exercise my partial veto authority in this part of the bill, I remain concerned about maintaining balance between the interests served by public, educational and governmental channels and video service providers. I urge the Legislature to review this issue and consider follow-up legislation to address any remaining concerns.

I believe the partial vetoes I have made to **AB 207** help to make it a stronger bill for consumers while promoting competition in Wisconsin.

Respectfully submitted,

JIM DOYLE

Governor

Sections 8, 27p, and 35

Cited segments of 2007 Assembly Bill 207:

SECTION 8. 66.0420 of the statutes is created to read:

(2) DEFINITIONS. In this section:

Vetoed In Part (o) "Issued" means, with respect to a video service franchise, issued or considered to be issued by the department under sub. (3) (f) 2.

Vetoed In Part (q) "Low-income household" means any individual or group of individuals living together as one economic unit in a household whose aggregate annual income is not more than \$35,000, as identified by the United States Census Bureau as of January 1, 2007.

Vetoed In Part (s) "PEG channel" means a channel designated for noncommercial public, educational, or governmental use.

(3)

(d)

6. An application fee of \$2,000, or, if the applicant is applying for a modified video service franchise as required under par. (j), an application fee of \$100. **Vetoed In Part**

(f) *Department duties.* 1. No later than 15 business days after the filing of an application, the department shall notify the applicant in writing as to whether the application is complete and, if the department has determined that the application is not complete, the department shall state the reasons for the determination. **Vetoed In Part**

2. No later than 15 business days after the filing of an application that the department has determined is complete, the department shall determine whether an applicant is legally, financially, and technically qualified to provide video service. If the department determines that an applicant is legally, financially, and technically **Vetoed In Part**

qualified to provide video service, the department shall issue a video service franchise to the applicant. If the department determines that an applicant is not legally, financially, and technically qualified to provide video service, the department shall reject the application and shall state the reasons for the determination. If the department fails to make the determination, the department shall be considered to have issued a video service franchise to the applicant, unless the applicant withdraws the application or agrees with the department to an extension of time.

Vetoed
In Part

3. Notwithstanding subd. 2., if an applicant is a large telecommunications video service provider or qualified cable operator, the department shall determine that the applicant is legally, financially, and technically qualified to provide video service.

Vetoed
In Part

4. The department shall promulgate rules for determining whether an applicant that is not a large telecommunications video service provider or qualified cable operator is legally, financially, and technically qualified to provide video service.

Vetoed
In Part

(i) *Expiration and revocation of video service franchise.* 1. Except as provided in subd. 2., a video service franchise issued to a video service provider does not expire, unless the video service provider gives 30 days' advance notice to the department that the video service provider intends to terminate the video service franchise. If a video service provider gives such notice, the video service franchise shall expire on the termination date stated in the notice.

Vetoed
In Part

2. The department may revoke a video service franchise issued to a video service provider if the department determines that the video service provider has repeatedly failed to substantially meet a material requirement imposed upon it by this section and the department has not otherwise acquiesced in such noncompliance through a waiver. Before commencing a revocation proceeding, the department shall provide the video service provider written notice of the department's intention to revoke the franchise and the department's reasons for the revocation and afford the video service provider a reasonable opportunity to cure any alleged violation. The department must, before revoking any video service franchise, afford a video service provider full due process that, at a minimum, must include a proceeding before a hearing officer during which the video service provider must be afforded the opportunity for full participation, including the right to be represented by counsel, to introduce evidence, to require the production of evidence, and to question or cross-examine witnesses under oath. A transcript shall be made of any such hearing. A video service provider may bring an action to appeal the decision of the department.

Vetoed
In Part

Vetoed
In Part

Vetoed
In Part

Vetoed
In Part

(k) *Annual fee.* 1. Except as provided in subd. 2., a video service provider shall pay an annual fee of \$2,000

to the department. The annual fees are first due one year after issuance of a video service franchise.

Vetoed
In Part

(4) *FRANCHISING AUTHORITY.* For purposes of 47 USC 521 to 573, the state is the exclusive franchising authority for video service providers in this state. Notwithstanding s. 66.0425 and except as provided in s. 182.017, no municipality may require a video service provider to obtain a franchise to provide video service or impose on a video service provider any fee or requirement relating to the construction of a video service network or the provision of video service, including any requirement to deploy facilities or equipment or any requirement regarding rates for video service, except as specifically authorized under this section.

Vetoed
In Part

Vetoed
In Part

(7)

(d) *Record review.* A municipality may, upon reasonable written request but no more than once in any 3-year period, for the purpose of ensuring proper and accurate payment of a video service provider fee, review the business records of a video service provider that is required to pay the municipality a video service provider fee.

Vetoed
In Part

(g) *Invalidity of other fees.* If a video service provider pays video service provider fees to a municipality as required under this subsection, the municipality may not require the video service provider to pay any compensation under s. 66.0425, or, except as provided in a regulation under s. 182.017 (1r), any permit fee, encroachment fee, degradation fee, or any other fee, for the occupation of or work within public rights-of-way.

Vetoed
In Part

Vetoed
In Part

(8)

(am)

2. It is a defense to an alleged violation of subd. 1. based on income if the video service provider has met either of the following conditions:

Vetoed
In Part

a. No later than 3 years after the date on which the video service provider began providing video service under this section, at least 25 percent of households with access to the video service provider's video service are low-income households.

Vetoed
In Part

b. No later than 5 years after the date on which the video service provider began providing video service under this section, at least 30 percent of the households with access to the video service provider's video service are low-income households.

Vetoed
In Part

(13) *RULE-MAKING; ENFORCEMENT.* (a)

Notwithstanding s. 227.11 and except as provided in sub. (3) (f) 4., the department of financial institutions may not promulgate rules interpreting or establishing procedures for this section and the department of agriculture, trade and consumer protection may not promulgate rules interpreting or establishing procedures for sub. (8).

Vetoed
In Part

Vetoed
In Part

SECTION 27p. 100.209 (2) of the statutes is amended to read:

(2)

(bm) Upon notification by a subscriber of a service interruption, a ~~cable operator~~ multichannel video provider shall give the subscriber a credit for each hour that ~~cable~~ video programming service is interrupted if ~~cable~~ video programming service is interrupted for more than ~~4-24~~ hours ~~in one day~~ and the interruption is not caused by the ~~cable operator~~ multichannel video provider.

Vetoed
In Part

SECTION 35. 182.017 (8) of the statutes is created to read:

(8)

(f) Notwithstanding pars. (am) to (c), the commission may not find a regulation of the aesthetics of any component of a video service network unreasonable if the regulation has a reasonable and clearly defined aesthetic objective or is necessary to maintain the value of adjoining or nearby private property.

Vetoed
In Part

2007 Wisconsin Act 226 (March 2008 Special Session Assembly Bill 1): Committee of Conference Substitute Amendment to the Budget Adjustment Bill

On March 12, 2008, the assembly adopted Assembly Substitute Amendment 1 to March 2008 Special Session Assembly Bill 1, by a vote of 51 to 46, A.J. 03/12/08, p. 691, and passed March 2008 Special Session Assembly Bill 1, as amended, by a vote of 51 to 46, A.J. 03/12/08, p. 692.

On March 25, 2008, the senate adopted Senate Amendment 1 [as amended by Senate Amendments 1 and 2] to March 2008 Special Session Assembly Bill 1, S.J. 03/25/08, p. 742, and concurred in March 2008 Special Session Assembly Bill 1, as amended, by a vote of 18 to 14, S.J. 03/25/08, p. 743.

On May 12, 2008, the assembly received the bill from the senate as amended and concurred in by the senate (Senate Amendments 1 and 2 to Senate Amendment 1 and Senate Amendment 1 adopted), A.J. 05/12/08, p. 776, and pursuant to Joint Rule 3, the assembly and the senate agreed to a Committee of Conference and appointed conferees.

On May 13, 2008, the senate adopted the Committee of Conference Report by a vote of 17 to 16, S.J. 05/13/08, p. 807.

On May 14, 2008, the assembly received the Committee of Conference Report from the senate as adopted, A.J. 05/14/08, p. 783, and concurred in the Committee of Conference Report by a vote of 51 to 46, A.J. 05/14/08, p. 784.

On May 16, 2008, the Governor approved in part and vetoed in part March 2008 Special Session Assembly Bill 1, and the part approved became 2007 Wisconsin Act 226, A.J. 05/19/08, p. 792. The date of enactment is May 16, 2008, and the date of publication is May 30, 2008, except those provisions for which the act expressly provides a different date.

TEXT OF GOVERNOR’S VETO MESSAGE

May 16, 2008

To the Honorable Members of the Assembly:

I have approved **Special Session Assembly Bill 1** as 2007 Wisconsin Act 226 and deposited it in the Office of the Secretary of State.

In February 2008, the Legislative Fiscal Bureau issued revisions to the revenue estimates that were used in developing the 2007-09 biennial budget which I signed in October 2007. Those revisions reflected a slowdown in the national economy brought on by a credit crisis in financial markets and higher commodity and fuel prices. The effect of this economic downturn was an estimated \$652 million deficit by the end of the biennium.

My administration took immediate action to reduce this projected deficit by rolling over repayment of short-term borrowing and ordering immediate cuts in cabinet agencies’ state operations funding. In early March, as

required by law, I introduced **Special Session Assembly Bill 1** to bring the state budget back into balance.

I appreciate the Legislature’s efforts in responding to the budget deficit. The leaders of both houses did what they could to forge a bipartisan agreement on budget repair legislation. I do not agree with all of those compromises, particularly the continued refusal by Assembly Republicans to secure Wisconsin’s fair share of federal Medicaid revenues through a hospital assessment despite the overwhelming support of the state’s major business and hospital associations. This continued shortsightedness reflects a missed opportunity that would have helped the Legislature avoid the accounting tricks I have had to correct through my vetoes.

When I first took office in January 2003, I inherited a \$3.2 billion budget deficit. I closed that deficit by prioritizing spending and protecting the taxpayer. I applied those

same principles in the bill I introduced in March and in the vetoes I have made to the final bill.

First and foremost, we cannot solve our problems by not paying our bills. Delaying a school aid payment weakens Wisconsin's financial balance sheet, and more importantly, creates the risk of a significant cut to education in the next biennial budget. I have always been clear that education is my top priority because it is Wisconsin's top priority.

Second, we must look to reduce spending from previously authorized levels in the face of a budget deficit. The Legislature proposed a modest lapse of \$69 million. My budget proposed a \$330 million lapse, offset by \$190 million of GPR-supported general obligation bonds for transportation. Through my vetoes, I will authorize a \$270 million lapse to bring the budget back into balance.

In addition, when facing a budget deficit, it does not make sense to also authorize large spending increases. For example, prior to the budget repair bill, spending for transportation was approximately \$350 million (15 percent) higher in this two-year budget compared with the last biennium. In the budget repair bill, the Legislature spends an additional \$180 million to provide a total increase of approximately \$530 million (22 percent) compared with the previous biennium. After vetoes, the budget repair bill I am signing today retains two of the Legislature's major increases in state spending – \$18.6 million GPR to address caseload increases in the state's child care subsidy program and \$24.8 million SEG to address higher county highway maintenance costs brought on by one of the worst winters in Wisconsin history. Other spending in the bill and increases provided in 2007 Wisconsin Act 20 will be scaled back in order to protect priorities and meet the \$270 million lapse goal.

Third, we must seek to maximize cost savings in state government. In my 2007-09 budget, I proposed taking advantage of favorable interest rates to refinance tobacco bonds. At that time, this refinancing was estimated to save \$50 million annually to fund increased smoking cessation efforts and to help meet health care costs in the state's Medicaid program. The Legislature included the refinancing plan in Act 20. In the budget repair bill, the Legislature has proposed using state appropriation bonds for this refinancing because this approach will provide even greater interest rate reductions than the Act 20 proposal. I am glad to see that the Legislature agrees with my goal of reducing the cost of the tobacco bonds. However, I do not agree with the Legislature's overreliance on an up-front payment from the refinancing. Therefore, I am directing the Department of Administration secretary to ensure that the tobacco bond refinancing be structured to deliver the greatest economic savings to the state with a more reasonable up-front savings amount.

Finally, I have continually sought to improve the state's long-term financial condition by increasing the state's budget reserves. The Legislature's proposed \$25 million reserve is not prudent under good economic conditions let alone the current national economic uncertainty and is, in fact, lower than amounts kept in reserve after addressing the \$3.2 billion deficit. Through my vetoes, I have restored the \$65 million statutory balance and maintained an overall general fund reserve of approximately \$100 million.

In previous sessions and in Act 20, the Legislature and I have significantly reduced the number of major nonfiscal policy items in budget bills. Unfortunately, this budget repair bill includes a major policy item related to property tax exemptions for low-income housing. While this legislation has a laudable goal, it demands a full public hearing and legislative debate. I look forward to the Legislature putting a low-income housing bill on my desk that is faithful to the legislative committee and public hearing process.

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

- Addresses the \$652 million deficit by scaling back spending increases, reducing the cost of borrowing and avoiding tax increases.
- Protects schools from possible future budget cuts and improves the state's long-term fiscal condition by maintaining the current law school aid payment schedule.
- Restores the \$65 million statutory balance, leaves an overall reserve of \$100 million, and maintains the requirement to transfer unanticipated revenues to the budget stabilization fund.
- Authorizes the Department of Administration secretary to lapse \$270 million over the biennium from state agency appropriations. This amount is in addition to the \$200 million lapse authority included in Act 20.
- Protects transportation-related investments and jobs by appropriating transportation revenue bond proceeds to address the \$27.5 million deficit in the transportation fund, allocating \$77 million in new federal funding for major highway construction and state highway rehabilitation projects, providing \$24.8 million for unforeseen winter maintenance costs, and authorizing \$50 million of GPR-supported general obligation bonds for highway rehabilitation projects to help reduce the impact of state agency lapses on the highway program.
- Funds unanticipated caseload growth in the state's child care subsidy program by providing \$18.6 million GPR in fiscal year 2007-08. In light of this funding increase, the Department of Workforce Development will remove the current emergency rule related to attendance based reimbursement of providers. However, the department's

authority to implement rules to base provider reimbursement on attendance is maintained in order to address any unanticipated caseload growth in fiscal year 2008-09.

- Improves the economic savings associated with the Act 20 tobacco refinancing by authorizing state appropriation bonds to replace bonds sold in 2002 by the Badger Tobacco Asset Securitization Corporation.
- Increases the current law funding of \$15 million annually for smoking cessation by \$250,000 in fiscal year 2008-09.
- Closes an unacceptable tax loophole used by multinational corporations to shift profits out of the state to avoid paying Wisconsin taxes.
- Maintains funding to implement the federal REAL ID mandate by vetoing the Legislature's transfer of \$20 million in driver license fee revenue from the transportation fund to the general fund.
- Improves consumer protection by expanding the state's No Call List to include cell phones.
- Includes the following provisions: requires school districts that are phasing in 4-year-old kindergarten to offer the program to all eligible pupils by the 2013-14 school year; clarifies utility aid hold harmless payments; authorizes retired public safety officer annuity payments for

health and long-term care insurance; defines custody for purposes of penalties related to escape from probation, parole and extended supervision; exempts nonprofit youth camps from certain town assessments; increases fees for nonresident snowmobile trail use stickers; prohibits the transporting of invasive fish species; and clarifies Act 20 provisions related to long-term care insurance agent training.

Regarding a provision associated with interest expense addback requirements for corporations, I concur with the Legislature's intent that this does not apply to legitimate intra-company loans where both entities of the company are subject to Wisconsin income tax. Some concerns have been raised regarding the interpretation of this language and I am requesting the Department of Revenue secretary ensure that companies are not, in effect, taxed twice due to this provision.

I have used my veto authority to craft a final bill that, while not addressing every issue, protects our priorities and improves the state's financial condition.

On Wisconsin.

Respectfully submitted,

Jim Doyle

Governor

Sections 1, 3, 4 [as it relates to reductions in school aid; delayed payment and transfers], 5, 6, 7, 14, 15, 17, 19, 20, 22, 23, 24, 25, 26, 43, 49, 50, 51, 52, 66, 104, 107, 108, 109, 110, 119, 9137, 9141 (2), 9148 (1), 9201, 9237, 9248 (1), 9255 (2), 9341 (2), and 9437

Cited segments of 2008 Special Session Assembly Bill 1:

**Vetoed
In Part**

SECTION 1. 13.101 (6) (a) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

13.101 (6) (a) As an emergency measure necessitated by decreased state revenues and to prevent the necessity for a state tax on general property, the committee may reduce any appropriation made to any board, commission, department, or the University of Wisconsin System, or to any other state agency or activity, by such amount as it deems feasible, not exceeding 25% of the appropriations, except appropriations made by ss. 20.255 (2) (ac), (at), (bc), (bh), (cg), and (cr), 20.395 (1), (2) (cq), (eq) to (ex) and (gq) to (gx), (3), (4) (aq) to (ax), and (6) (af), (aq), (ar), and (au), 20.435 (6) (a) and (7) (da), and 20.437 (2) (a) and (dz) or for forestry purposes under s. 20.370 (1), or any other moneys distributed to any county, city, village, town, or school district. Appropriations of receipts and of a sum sufficient shall for the purposes of this section be regarded as equivalent to the amounts expended under such appropriations in the

prior fiscal year which ended June 30. All functions of said state agencies shall be continued in an efficient manner, but because of the uncertainties of the existing situation no public funds should be expended or obligations incurred unless there shall be adequate revenues to meet the expenditures therefor. For such reason the committee may make reductions of such appropriations as in its judgment will secure sound financial operations of the administration for said state agencies and at the same time interfere least with their services and activities.

**Vetoed
In Part**

SECTION 3. 16.50 (1) (b) of the statutes is amended to read:

16.50 (1) (b) This subsection does not apply to appropriations under ss. 20.255 (2) (ac), and (at), 20.835, and 20.865 (4).

**Vetoed
In Part**

SECTION 4. 16.518 (title) of the statutes is amended to read:

Vetoed In Part 16.518 (title) ~~Transfers Reductions in school aid; delayed payment and transfers to the budget stabilization fund and the cash building projects fund.~~

Vetoed In Part SECTION 5. 16.518 (2m) of the statutes is created to read:

16.518 (2m) (a) If the amount of moneys projected to be deposited in the general fund during the fiscal year that are designated as "Taxes" in the summary are less than the amount of such moneys actually deposited in the general fund during the fiscal year, the secretary shall reduce the amount of the delayed general school aid payment required under s. 121.15 (1m) (a) 4. by the difference.

(b) If there is a balance remaining after the amount of the delayed general school aid payment required under s. 121.15 (1m) (a) 4. is reduced to zero under par. (a), the secretary shall use it to reduce the amount of the delayed general school aid payment required under s. 121.15 (1m) (a) 3.

SECTION 6. 16.518 (3) (b) 3. of the statutes is created to read:

16.518 (3) (b) 3. If the amounts of the delayed general school aid payments required under s. 121.15 (1m) (a) 3. and 4. are not reduced to zero under sub. (2m), the secretary may not make the transfer under par. (a).

SECTION 7. 16.52 (10) of the statutes is amended to read:

16.52 (10) DEPARTMENT OF PUBLIC INSTRUCTION. The provisions of sub. (2) with respect to refunds and sub. (5) (a) with respect to reimbursements for the prior fiscal year shall not apply to the ~~appropriation~~ appropriations under s. 20.255 (2) (ac) and (at).

Vetoed In Part SECTION 14. 16.527 (3) (b) 2. and 3. of the statutes are amended to read:

Vetoed In Part 3. The department may contract appropriation obligations as the department determines is desirable to fund or refund outstanding appropriation obligations issued under this section for the purpose under subd. 1., to pay issuance or administrative expenses, to make deposits to reserve funds, to pay accrued or funded interest, to pay the costs of credit enhancement, or to make payments under other agreements entered into under sub. (4) (e).

SECTION 15. 16.527 (3) (c) of the statutes is created to read:

16.527(3) (c)

Vetoed In Part 2. The sum of appropriation obligations issued under this section for the purpose under subd. 1., ~~excluding any obligations that have been defeased under a cash optimization program administered by the building commission and any obligations issued pursuant to subd. 3.,~~ may not exceed \$1,700,000,000, excluding amounts representing original issue discount, unless a higher amount is required by Badger Tobacco Asset

Securitization Corporation to defease any outstanding indebtedness secured by such tobacco settlement revenues and to release repurchased tobacco settlement revenues to the state free and clear of any security interest therein. The secretary's certification as to the amount so required shall be conclusive for all purposes of this section.

3. The department may contract appropriation obligations as the department determines is desirable to fund outstanding appropriation obligations issued under this section for the purpose under subd. 1., to pay issuance or administrative expenses, to make deposits to reserve funds, to pay accrued or funded interest, to pay the costs of credit enhancement, or to make payments under other agreements entered into under sub. (4) (e).

Vetoed In Part

SECTION 17. 16.527 (10) of the statutes is amended to read:

16.527 (10) MORAL OBLIGATION PLEDGE. Recognizing its moral obligation to do so, the legislature expresses its expectation and aspiration that it shall make timely appropriations from moneys in the general fund that are sufficient to pay the principal and interest due with respect to any appropriation obligations in any year, to make payments of the state under agreements and ancillary arrangements entered into under sub. (4) (e), to make deposits into reserve funds created under sub. (3) (b) 3. or (c) 3., and to pay related issuance or administrative expenses.

Vetoed In Part

SECTION 19. 20.003 (4) (ft) of the statutes is amended to read:

20.003 (4) (ft) For fiscal year 2007-08, \$65,000,000 \$25,000,000.

Vetoed In Part

SECTION 20. 20.003 (4) (fv) of the statutes is amended to read:

20.003 (4) (fv) For fiscal year 2008-09, \$65,000,000 \$25,000,000.

SECTION 22. 20.255 (2) (at) of the statutes is created to read:

20.255 (2) (at) *General equalization aids; reduction in delayed payment.* A sum sufficient equal to the amount of the reductions made under s. 16.518 (2m) in the current fiscal year to the amounts of the delayed school aid payments under s. 121.15 (1m) (a) 3. and 4., for the payment of educational aids under s. 121.08.

Vetoed In Part

SECTION 23. 20.505 (1) (bq) of the statutes is created to read:

20.505 (1) (bq) *Appropriation obligations repayment; tobacco settlement revenues.* The amounts in the schedule to pay debt service costs due in the current fiscal year on appropriation obligations issued under s. 16.527 for the purpose under s. 16.527 (3) (c) 1., to make payments of the state under agreements and ancillary arrangements entered into under s. 16.527 (4) (e), and to pay related issuance or administrative expenses.

Vetoed In Part

SECTION 24. 20.505 (1) (br) of the statutes is amended to read:

20.505 (1) (br) *Appropriation obligations repayment; unfunded liabilities under the Wisconsin Retirement System.* The amounts in the schedule to pay debt service costs due in the current fiscal year on appropriation obligations issued under s. 16.527 for the purpose under s. 16.527 (3) (b) 1., to make payments of the state under agreements and ancillary arrangements entered into under s. 16.527 (4) (e), to make deposits into reserve funds created under s. 16.527 (3) (b) 3., and to pay related issuance or administrative expenses.

**Vetoed
In Part**

SECTION 25. 20.505 (1) (iq) of the statutes is amended to read:

20.505 (1) (iq) *Appropriation obligation proceeds; unfunded liabilities under the Wisconsin Retirement System.* All moneys received from the sale of appropriation obligations that are issued under s. 16.527 for the purpose under s. 16.527 (3) (b) 1., and any earnings on such moneys and on any other moneys held for the purpose of this paragraph, to pay part or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as determined by the department of administration, and to provide for reserves and for expenses of issuance and administration of the appropriation obligations, and to pay interest on the appropriation obligations, the redemption price of refunded appropriation obligations and any related obligations incurred under agreements entered into under s. 16.527 (4) (e), as determined by the department of administration. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

**Vetoed
In Part**

SECTION 26. 20.505 (1) (iw) of the statutes is created to read:

20.505 (1) (iw) *Appropriation obligation proceeds; tobacco settlement revenues.* All moneys received from the sale of appropriation obligations that are issued under s. 16.527 for the purpose under s.16.527 (3) (c) 1., and any earnings on such moneys and on any other moneys held for the purpose of this paragraph, to purchase any of the tobacco settlement revenues that had been sold by the secretary under s. 16.63, as determined by the department of administration, and to provide for reserves and for expenses of issuance and administration of the appropriation obligations, and to pay interest on the appropriation obligations, the redemption price of refunded appropriation obligations and any related obligations incurred under agreements entered into under s. 16.527 (4) (e), as determined by the department of administration. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

**Vetoed
In Part**

SECTION 43. 49.155 (6m) of the statutes is created to read:

49.155 (6m) **AUTHORIZATION FOR PAYMENT.** (a) In this subsection:

**Vetoed
In Part**

1. "Certified provider" means a child care provider certified under s. 48.651.

2. "Child care administrative agency" means any agency that has a contract with the department to administer child care funds or any agency that has a subcontract to administer child care funds with an agency that has a contract with the department.

3. "Licensed provider" means a child care provider licensed under s. 48.65.

(b) A child care administrative agency shall authorize payment to child care providers as follows:

1. For a licensed provider, the child care administrative agency shall authorize payment based on authorized units of service, except as follows:

a. The child care administrative agency may authorize payment to a licensed provider based on units of service used by each child, up to the maximum number of authorized units, with the reimbursement rate increased by 10 percent to account for absent days, if the schedule of child care to be used is expected to vary widely.

b. The child care administrative agency may authorize payment to a licensed provider based on units of service used by each child, up to the maximum number of authorized units, if the child care administrative agency has documented 3 separate occasions on which the provider significantly overreported the attendance of a child.

2. For a certified provider, the child care administrative agency shall authorize payment for units of service used by each child, up to the maximum number of authorized units, except as provided in par. (c).

(c) A child care administrative agency may authorize payment to a licensed or certified provider to hold a slot for a child if the child's parent has a temporary break in employment and intends to return to work and to continue to use the services of the provider upon returning to work. The child care administrative agency may authorize payment for no more than 6 weeks if the absence is due to a medical reason and is documented by a physician or for no more than 4 weeks if the absence is due to another reason. The department and child care administrative agency may not consider payment for a temporary absence to be an overpayment if the parent intended to, but does not actually, return to work.

SECTION 49. 70.11 (intro.) of the statutes is amended to read:

70.11 Property exempted from taxation. (intro.) The property described in this section is exempted from general property taxes if the property is exempt under sub. (1), (2), (18), (21), (27) or (30); if it was exempt for the previous year and its use, occupancy or ownership did not change in a way that makes it taxable; if the property was taxable for the previous year, the use, occupancy or ownership of the property changed in a way that makes it exempt and its owner, on or before March 1, files with

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the assessor of the taxation district where the property is located a form that the department of revenue prescribes or if the property did not exist in the previous year and its owner, on or before March 1, files with the assessor of the taxation district where the property is located a form that the department of revenue prescribes. Leasing Except as provided in sub. (4a) (e), leasing a part of the property described in this section does not render it taxable if the lessor uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property, or both, and, except for residential housing, if the lessee would be exempt from taxation under this chapter if it owned the property. Any lessor who claims that leased property is exempt from taxation under this chapter shall, upon request by the tax assessor, provide records relating to the lessor's use of the income from the leased property. Property exempted from general property taxes is:

SECTION 50. 70.11 (4) of the statutes is amended to read:

70.11 (4) EDUCATIONAL, RELIGIOUS AND BENEVOLENT INSTITUTIONS; WOMEN'S CLUBS; HISTORICAL SOCIETIES; FRATERNITIES; LIBRARIES. Property owned and used exclusively by educational institutions offering regular courses 6 months in the year; or by churches or religious, educational or benevolent associations, including benevolent nursing homes and retirement homes for the aged but not including an organization that is organized under s. 185.981 or ch. 611, 613 or 614 and that offers a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3) or an organization that is issued a certificate of authority under ch. 618 and that offers a health maintenance organization or a limited service health organization and not including property owned by any nonstock, nonprofit corporation which services guaranteed student loans for others or on its own account, and also including property owned and used for housing for pastors and their ordained assistants, members of religious orders and communities, and ordained teachers, whether or not contiguous to and a part of other property owned and used by such associations or churches, and also including property that is low-income housing, as defined under sub. (4a) (a); or by women's clubs; or by domestic, incorporated historical societies; or by domestic, incorporated, free public library associations; or by fraternal societies operating under the lodge system (except university, college and high school fraternities and sororities), but not exceeding 10 acres of land necessary for location and convenience of buildings while such property is not used for profit. Property owned by churches or religious associations necessary for location and convenience of buildings, used for educational purposes and not for profit, shall not be subject to the 10-acre limitation but shall be subject to a 30-acre limitation. Property owned by churches or

religious or benevolent associations necessary for location and convenience of buildings, used for a low-income housing project, as defined under sub. (4a) (b), including other low-income housing projects under common control with such project, shall not be subject to the 10-acre limitation but shall be subject to a limitation of 30 acres and a limitation of 10 contiguous acres in any one municipality. Property that is exempt from taxation under this subsection and is leased remains exempt from taxation only if, in addition to the requirements specified in the introductory phrase of this section, the lessee does not discriminate on the basis of race.

SECTION 51. 70.11 (4a) of the statutes is created to read:

70.11 (4a) LOW-INCOME HOUSING. (a) For purposes of sub. (4), "low-income housing" means any housing project described in sub. (4b) or any residential unit within a low-income housing project that is occupied by a low-income or very low-income person or is vacant and is only available to such persons.

(b) For purposes of this subsection and sub. (4), "low-income housing project" means a residential housing project for which all of the following apply:

1. At least 75 percent of the occupied residential units are occupied by low-income or very low-income persons or are vacant and available only to low-income or very low-income persons.

2. At least one of the following applies:

a. At least 20 percent of the residential units are rented to persons who are very low-income persons or are vacant and are only available to such persons.

b. At least 40 percent of the residential units are rented to persons whose income does not exceed 120 percent of the very low-income limit or are vacant and only available to such persons.

(c) For purposes of this subsection, low-income persons and very low-income persons shall be determined in accordance with the income limits published by the federal department of housing and urban development for low-income and very low-income families under the National Housing Act of 1937.

(d) For purposes of this subsection and sub. (4), all properties included within the same federal department of housing and urban development contract or within the same federal department of agriculture, rural development, contract are considered to be one low-income housing project.

(e) Leasing property that is exempt from taxation under sub. (4) as low-income housing does not render it taxable if the lessor uses all of the leasehold income from the property for any of the following reasonable expenditures directly related to the low-income housing project to which the property belongs, except that the lessor may use up to 10 percent of the leasehold income for any of the following reasonable expenditures directly related to any other low-income housing project under

**Vetoed
In Part**

**Vetoed
In Part**

common control with that project and located in this state, and except that the lessor may use any of the leasehold income for debt service for any other low-income housing project under common control with that project, under the same mortgage, and located in this state and such amount is not considered for purposes of the 10 percent maximum described in this paragraph:

1. Maintenance.
2. Capital replacements.
3. Insurance premiums.
4. Project management.
5. Debt retirement.
6. Moneys reserved for project-related purposes.
7. General and administrative expenses.
8. Social services and other resident services provided at the project.
9. Utilities.
10. Financing costs.
11. Any other expenditure related to preserving and managing the project.
12. Any other similar project-related expenditure.

(f) 1. Annually, no later than March 1, each person who owns a low-income housing project shall file with the assessor of the taxation district in which the project is located a statement that specifies which units were occupied on January 1 of that year by persons whose income satisfied the income limit requirements under par. (a), as certified by the property owner to the appropriate federal or state agency, and a copy of the federal department of housing and urban development contract or federal department of agriculture, rural development, contract, if applicable.

2. The format and distribution of statements under this paragraph shall be governed by s. 70.09 (3).

3. If the statement required under this paragraph is not received on or before March 1, the taxation district assessor shall send the property owner a notice, by certified mail to the owner's last known address of record, stating that failure to file a statement is subject to the penalties under subd. 5.

4. In addition to the statement under subd. 1., the taxation district assessor may require that a property owner submit other information to prove that the person's property qualifies as low-income housing that is exempt from taxation under sub. (4).

5. A person who fails to file a statement within 30 days after notification under subd. 3. shall forfeit \$10 for each succeeding day on which the form is not received by the taxation district assessor, but not more than \$500.

SECTION 52. 70.11 (4b) of the statutes is created to read:

70.11 (4b) HOUSING PROJECTS FINANCED BY HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY. All property of a housing project that satisfies all of the following:

(a) It is owned by a corporation, organization, or association described in section 501 (c) (3) of the Internal

Revenue Code that is exempt from taxation under section 501 (a) of the Internal Revenue Code.

(b) It is financed by the Housing and Economic Development Authority under s. 234.03 (13).

(c) The Housing and Economic Development Authority holds a first-lien mortgage security interest on it.

(d) It is in existence on January 1, 2008.

SECTION 66. 71.22 (9ad) of the statutes is created to read:

(9ad)

(b)

4. An Australian unit trust under the Australian Corporations Act in which the principal class of units is listed on a recognized stock exchange in Australia and is regularly traded on an established securities market, or an entity organized as a trust, if an Australian unit trust described in this subdivision owns or controls, directly or indirectly, 75 percent or more of the voting power or value of the beneficial interests or shares of such trust.

SECTION 104. 118.153 (4) (b) of the statutes is amended to read:

118.153 (4) (b) Upon receipt of a school board's annual report under par. (a) the state superintendent shall pay to the school district from the appropriation under s. 20.255 (2) (bc), for each pupil enrolled in a program for children at risk who achieved at least 3 of the objectives under par. (c) in the previous school year, additional state aid in an amount equal to 10% of the school district's average per pupil aids provided under s. 20.835 (7) (a), 1991 stats., and s. 20.255 (2) (ac) and (at) in the previous school year.

SECTION 107. 121.007 of the statutes is amended to read:

121.007 Use of state aid; exemption from execution. All moneys paid to a school district under s. 20.255 (2) (ac), (at), (bc), (cg), and (cr), shall be used by the school district solely for the purposes for which paid. Such moneys are exempt from execution, attachment, garnishment, or other process in favor of creditors, except as to claims for salaries or wages of teachers and other school employees and as to claims for school materials, supplies, fuel, and current repairs.

SECTION 108. 121.15 (1m) (a) 3. of the statutes is amended to read:

121.15 (1m) (a) 3. Beginning in the 1999-2000 2007-2008 school year, annually the state shall pay to school districts, from the appropriation under s. 20.255 (2) (ac), an amount equal to \$75,000,000, less the sum of the reductions made to the amount in the previous and current fiscal years under s. 16.518 (2m) (b), on the 4th first Monday in July of the following school year.

SECTION 109. 121.15 (1m) (a) 4. of the statutes is created to read:

121.15 (1m) (a) 4. Beginning in the 2007-08 school year, in addition to the payment delay under subd. 3.,

**Vetoed
In Part**

**Vetoed
In Part**

**Vetoed
In Part**

**Vetoed
In Part**

Vetoed In Part	annually the state shall pay to school districts, from the appropriation under s. 20.255 (2) (ac), an amount equal to \$125,000,000, less the sum of the reductions made to the amount in the previous and current fiscal years under s. 16.518 (2m) (a), on the first Monday in July of the following school year.	Vetoed In Part
	SECTION 110. 121.15 (1m) (b) of the statutes is amended to read:	
	121.15 (1m) (b) The percentages under subs. (1) (a) and (1g) (a) shall be reduced proportionally to reflect the payments made under par. (a). <u>3. The percentage paid in June under subs. (1) (a) and (1g) (a) shall be reduced to reflect the payment made under par. (a) 4.</u> School districts shall treat the payments made in July under par. (a) as if they had been received in the previous school year.	
Vetoed In Part	SECTION 119. 2007 Wisconsin Act 20, section 9201 (1c) (a) is amended to read:	
	[2007 Wisconsin Act 20] Section 9201 (1c) (a) Notwithstanding sections 20.001 (3) (a) to (c) and 25.40 (3) of the statutes, but subject to paragraph (d), the secretary of administration shall lapse to the general fund or transfer to the general fund from the unencumbered balances of appropriations to executive branch state agencies, other than sum sufficient appropriations and appropriations of federal revenues, an amount equal to \$200,000,000 during the 2007-09 fiscal biennium and \$200,000,000 during the 2009-11 fiscal biennium. This paragraph shall not apply to appropriations to the Board of Regents of the University of Wisconsin System and, to the technical college system board, and to the department of transportation except with respect to the appropriation account under section 20.395 (3) (cq) of the statutes. <u>The amount in the current biennium from section 20.395 (3) (cq) of the statutes is limited to \$50 million.</u>	
Vetoed In Part	SECTION 9137. Nonstatutory provisions; Public Instruction.	
	(1) EQUALIZATION AID SHIFT. For the following purposes, the department of public instruction shall consider the amount appropriated under section 20.255 (2) (ac) of the statutes as if the decrease in that amount under SECTION 9237 (1) of this act had not occurred:	
	(a) For the purpose of calculating the payment under section 119.23 (4) (b) 2. of the statutes in the 2007-08 and 2008-09 fiscal years.	
	(b) For the purpose of calculating the secondary guaranteed valuation per member under section 121.07 (7) (b) of the statutes and the school aid reduction under section 121.08 (4) of the statutes in the 2007-08 fiscal year.	
	SECTION 9141. Nonstatutory provisions; Revenue.	
Vetoed In Part	(2) OMITTED PROPERTY. Notwithstanding section 70.44 (1) of the statutes, section 70.44 (1) of the statutes does not apply to property described under section 70.11 (4a) of the statutes, as created in this act, for the years	
	before 2009 during which the property was omitted from assessment.	Vetoed In Part
	SECTION 9148. Nonstatutory provisions; Transportation.	
	(1) JOINT FINANCE COMMITTEE SUPPLEMENTAL FUNDING RELATED TO REAL ID ACT IMPLEMENTATION. Notwithstanding section 13.101 (1), (3), and (5) of the statutes, the joint committee on finance may not, for purposes relating to implementation of the federal REAL ID Act of 2005, supplement in the 2007-09 fiscal biennium, from the appropriation account under section 20.865 (4) (u) of the statutes, any appropriation of the department of transportation for expenditures of the department of transportation in the 2007-09 fiscal biennium relating to implementation of the federal REAL ID Act of 2005.	Vetoed In Part
	SECTION 9201. Fiscal changes; Administration.	
	(1) LAPSE OR TRANSFER OF ANY UNENCUMBERED MONIES IN APPROPRIATION ACCOUNTS AND FUNDS.	
	(a) Notwithstanding sections 20.001 (3) (a) to (c) of the statutes, but subject to paragraph (b), the secretary of administration shall lapse or transfer to the general fund from the unencumbered balances of appropriations to executive branch state agencies, other than sum sufficient appropriations and appropriations of federal revenues, an amount equal to \$69,000,000 during the 2007-09 fiscal biennium and \$69,000,000 during the 2009-11 fiscal biennium . The amounts lapsed or transferred under this paragraph shall be in addition to the amounts lapsed or transferred under 2007 Wisconsin Act 20, section 9201 (1c) (a) to (c). This paragraph shall not apply to an appropriation to the department of public instruction under section 20.255 (2) of the statutes, to appropriations to the department of health and family services under section 20.435 (4) (bv) and (5) (fm) of the statutes, to an appropriation to the department of revenue under section 20.566 of the statutes, or to an appropriation to the department of transportation under section 20.395 of the statutes.	Vetoed In Part
	SECTION 9237. Fiscal changes; Public Instruction.	
	(1) EQUALIZATION AID SHIFT. In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of public instruction under section 20.255 (2) (ac) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by \$125,000,000 for fiscal year 2007-08.	Vetoed In Part
	SECTION 9248. Fiscal changes; Transportation.	
	(1) TRANSFER TO GENERAL FUND. Notwithstanding section 25.40 (3) (a) of the statutes, the secretary of administration shall transfer \$22 million from the transportation fund to the general fund in the current biennium.	Vetoed In Part
	SECTION 9255. Fiscal changes; other.	
	(2) TRANSFER OF MONEYS FROM THE PERMANENT ENDOWMENT FUND TO THE MEDICAL ASSISTANCE TRUST FUND. If appropriation obligations are issued under	Vetoed In Part

Vetoed In Part section 16.527 (3) (c) 1. of the statutes, as created by this act, before July 1, 2009, during the 2008-09 fiscal year, \$309,000,000 is transferred from the permanent endowment fund to the Medical Assistance trust fund.

SECTION 9341. Initial applicability; Revenue.

Vetoed In Part (2) LOW-INCOME HOUSING. The treatment of section 70.11 (intro.), (4), (4a), and (4b) of the statutes first

applies to the property tax assessments as of January 1, 2009.

SECTION 9437. Effective dates; Public Instruction.

(1) EQUALIZATION AID SHIFT. The treatment of section 13.101 (6) (a) of the statutes takes effect on July 1, 2008.

Vetoed In Part Vetoed In Part

