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To the Honorable Members of the Senate:

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

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

While politicians in Washington continued down the path of excessive spending and crushing debt for the next generation, we chose a different path by making tough, but prudent, decisions to regain our financial footing and build the foundation for future growth. Despite continued poor national economic performance and empty rhetoric from Washington, we begin the new fiscal year with a balanced budget and without the accounting gimmicks of the past. In contrast to Washington's soaring debt, Wisconsin's fiscal house is in order. Because of our responsible budgeting, new bonding will be at the lowest level in 20 years. Moody's upgraded our outlook from "stable" to "positive." And our total outstanding debt level has gone down. Wisconsin

has \$279 million in its rainy day fund, the highest balance ever, and 165 times larger than when I took office. Most importantly, we have reduced the unemployment rate to 4.6 percent, and Wisconsin continues to outperform the national average. Wisconsin workers are finding jobs – 2014 was Wisconsin's best year for private sector job growth in a decade. They are helping to grow our economy and enjoying growth in per capita personal income that exceeds the U.S. average. In addition, similar to my first two budgets, this budget continues to hold the line on property taxes, and in 2014 homeowners realized the first increase in equalized values since 2008. In total, through the three biennial budgets I have signed into law, we will have achieved six consecutive years of property tax reductions. No other state can claim this achievement.

Act 55 continues to invest in our priorities and create prosperity for all of Wisconsin's citizens. The budget I introduced on February 3, 2015, focused on our core themes of growing our economy, developing our workforce, transforming education, reforming government and investing in our infrastructure. It also continued to provide property tax relief while protecting our taxpayers from new taxes and unreasonable fees. My budget recommendations also contained significant reforms in both K-12 and higher education, compassionate entitlement reform and accountability through a drug testing initiative, and additional opportunities for recipients of government assistance to transition to meaningful, family-sustaining employment. Beyond these reforms, my budget recommendations held state borrowing to historic lows, while ensuring a strong infrastructure and setting the stage for a once-in-a-generation \$1 billion investment in downtown Milwaukee.

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

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

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

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

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

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

The budget also includes accountability and opportunity for certain public assistance programs and unemployment insurance recipients by providing both drug testing and treatment. We want people to know the dignity that comes from work. These programs will encourage personal responsibility and workforce readiness. We have continued to reform these entitlement programs by including treatment for substance

abuse for those truly trying to overcome the cycle of addiction, so they can provide for themselves and their families.

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

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

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

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

### **Tax Relief**

- Reduces property taxes to achieve an unprecedented success of providing six consecutive years of tax reductions for the median value home, a benefit that accrues to all homeowners.
- Reduces the burden of the Alternative Minimum Tax by conforming it to the federal tax code.
- Reduces the marriage penalty by increasing the standard deduction for married filers.
- Improves Wisconsin's business climate by simplifying Wisconsin's tax code and reducing the state's compliance burden on individuals and businesses.
- Newly establishes Achieving a Better Life Experience (ABLE) accounts to empower the disabled community and their families to achieve greater independence and assist with various expenses.
- Provides tax relief to teachers who purchase supplies for their classrooms.

## **Growing Our Economy**

- Completes the phase-in of the Manufacturing and Agriculture Credit to stimulate the development of Wisconsin's key economic sectors.
- Increases the cap on the Enterprise Zone Jobs Credit program to provide additional capacity for economic development incentives.
- Streamlines and consolidates the Economic Development Credit and Jobs Tax Credit into a single Business Development Tax Credit to incentivize job creation and investment in Wisconsin.
- Simplifies the Wisconsin tax code by adopting numerous updates to the Internal Revenue Code.

## **Developing Our Workforce**

- Implements a drug screening, testing and treatment program to increase the workforce readiness of individuals receiving unemployment insurance and those receiving certain public assistance benefits.
- Reduces the time limit for participants in Wisconsin Works from 60 months to 48 months, with limited extensions, to encourage participant placements in jobs at a more rapid pace and reduce dependence on public benefits.
- Provides \$3 million to expand transitional jobs to other high-need communities, including Racine, Beloit and rural communities.

- Provides additional funding for GED test assistance and adult literacy grants to support adult literacy for TANF-eligible individuals.
- Adds credit for prior learning for veterans who have military training to the performance measures for the Wisconsin Technical College System.

### **Transforming K-12 Education**

- Increases state aid for schools by \$108.1 million in the equalization aid formula to offset the need for districts to levy property taxes, and \$84.1 million over the base in per pupil aid, thus providing districts with additional spending flexibility.
- Expands the ability of low-income parents across the state to access a wide variety of educational options through expansion and reform of the parental choice programs.
- Increases transparency in K-12 funding by having public funding follow the student for expansions in school choice, charter school authorization and special needs scholarships.
- Enhances student opportunity and rebuilds perennially underperforming schools in the Milwaukee Public School District by creating an Opportunity Schools and Partnership Program to facilitate innovative reforms to improve school performance.

- Increases local control by affirming the authority of school districts to choose their own academic standards, provides a pathway to offering multiple student assessment options and prevents the mandatory application of the national Common Core Standards.
- Expands independent charter school options for parents by designating four new charter school authorizers: the University of Wisconsin System, the Waukesha county executive, tribal colleges and Gateway Technical College.
- Rewards high-performing independent charter school operators by granting authority to open additional schools if the operator's other schools receive four or five stars on the most recent school accountability report.
- Enhances private school accountability by increasing the qualifications for all teachers and administrators in choice schools and permitting independent researchers to access data at the Department of Workforce Development, Department of Children and Families and Department of Health Services to enhance research related to the efficacy of choice schools.
- Improves open enrollment programs by: (1) increasing the standard open enrollment transfer amount; (2) retaining the course options program; and (3) eliminating the ability of school districts to deny pupils with disabilities on the basis of undue financial burden.

- Provides additional resources for rural schools by increasing funding for the sparsity and high-cost pupil transportation categorical aid programs by \$13.4 million over the biennium, and by increasing the reimbursement rate under the pupil transportation aid.
- Creates two new avenues to teacher licensure, which assists rural school districts with staffing while ensuring teacher quality.
- Augments state support for special education by providing \$5 million in fiscal year 2016-17 for high-cost special education aid.
- Further assists families with special needs students by creating a special needs scholarship program.
- Requires Wisconsin high school students to pass a civics assessment in order to graduate.
- Simplifies the school accountability report through the establishment of a star rating system.
- Recognizes individual learning styles of students by permitting school districts to grant high school credits based on competency or a learning portfolio.
- Permits districts to choose their own reading readiness assessments.

## **Transforming Higher Education**

- Ensures affordability of, and access to, a University of Wisconsin education for Wisconsin residents by extending the freeze on undergraduate in-state tuition.
- Modernizes the concept of tenure by authorizing the Board of Regents to enact such policies.
- Reforms shared governance to provide Chancellors with greater authority and accountability at individual campuses, while maintaining student oversight of student-set fees.
- Provides additional flexibilities to allow the University of Wisconsin System to maximize efficiencies while maintaining excellence in education and research.

## **Reforming Government**

- Continues to protect property taxpayers by maintaining levy limits on counties and municipalities and limiting levy increases to the rate of growth due to new construction.
- Maintains the state's commitment to counties and municipalities by funding shared revenue at current levels.
- Consolidates all food safety, recreational facility, lodging and food protection activities into the Department of Agriculture, Trade and Consumer Protection,

creating efficiencies in regulation of these programs and reducing consumer confusion by assigning oversight to one agency.

- Reduces overtime, enhances security and modernizes security methods at adult correctional institutions with proven technology and strategic ground patrol.
- Permits members of certain religious sects to apply for a waiver from certain modern building code requirements when the requirement is contrary to their established religious beliefs.
- Reduces the risk of a data security breach by providing additional resources for information technology services.
- Realizes efficiencies by combining the Department of Administration's Division of Energy Services and Division of Housing, and by transferring most functions of the State Energy Office to the Public Service Commission.
- Capitalizes on existing expertise and increases efficiency by transferring Workers' Compensation adjudicatory functions to the Department of Administration's Division of Hearings and Appeals.
- Creates an Office of Marketing in the Department of Tourism to utilize the expertise of the department to provide centralized marketing services to state agencies.

- Authorizes the Department of Administration to provide Lean government consulting services to implement efficiencies across state government.
- Reduces offender recidivism by authorizing the Department of Children and Families to leverage social impact bonding in the city of Milwaukee.
- Reduces the size of government by eliminating numerous long-term vacant positions.
- Reduces state health insurance costs by modernizing health plan design and providing an opt-out option and corresponding stipend to state employees.

### **Investing in Infrastructure**

- Invests a total of \$6.14 billion to support Wisconsin's transportation infrastructure.
- Provides \$415 million for continued construction of the Zoo Interchange and I-94 North-South Corridor. Maintains the scheduled completion date of the Zoo Interchange project.
- Invests \$16.8 million in the Hoan Bridge and \$13.2 million in the state's harbor system.
- Provides over \$1.5 billion for state highway rehabilitation and over \$485 million for major highway development.

- Provides \$35 million for Freight Rail Preservation.
- Increases the state's investment in broadband expansion by providing up to \$1.5 million annually from the universal service fund for broadband expansion grants and providing up to \$18 million over the 2015-17 biennium for two grant programs to assist rural schools in financing information technology infrastructure improvements and training teachers in the use of educational technology.

### **Preserving Wisconsin's Heritage**

- Provides a total \$21 million of Stewardship borrowing authority for land acquisition and \$9.75 million of borrowing authority for property development and local assistance in each year, beginning in fiscal year 2015-16 and ending in fiscal year 2019-20.
- Provides up to \$19.6 million of unobligated existing Stewardship borrowing authority for the Kettle Moraine Springs Fish Hatchery to continue the modernization of the facility.
- Protects the integrity of segregated natural resources funds by eliminating \$958,300 of earmarks for various organizations.
- Provides \$750,000 forestry SEG and authorizes the Department of Natural Resources to participate in the federal Good Neighbor Authority program, to initiate additional watershed restoration and forest management services on federal land.

## **Medicaid Entitlement Reform**

- Preserves essential safety net programs, including SeniorCare and Medicaid, while implementing reforms to slow expenditure growth and maintain essential health care services.
- Expands the Family Care program statewide and improves the integration of long-term care and acute care services, while maintaining the self-direction option for long-term care benefits.
- Fully funds the FoodShare Employment and Training program to provide able-bodied adults with education, skills and work experience necessary to obtain employment and become self-sufficient.
- Strengthens support for senior citizens by providing additional funding and positions for ombudsmen at the Board on Aging and Long-Term Care.
- Provides resources to support dementia care specialists in selected aging and disability resource centers across the state.
- Expands Medicaid coverage to the treatment portion of residential substance abuse treatment to ensure individuals with substance abuse disorders receive the appropriate level of care in the most appropriate setting.
- Expands the settings in which immunizations may be provided for Medicaid beneficiaries to include pharmacies.

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

### **Investing in Wisconsin's Veterans**

- Strengthens support for residents in Wisconsin veterans homes by providing additional funding for an ombudsman at the Board on Aging and Long-Term Care.
- Provides funding for equipment purchases and operational improvements at veterans homes.
- Waives fees for a Commercial Driver License for veterans who hold a military Commercial Driver License.

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

### **Improving Mental Health Programs**

- Redesigns the state's juvenile community supervision to provide services based on a juvenile's individual risk and needs.

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

### **Protecting Wisconsin's Citizens**

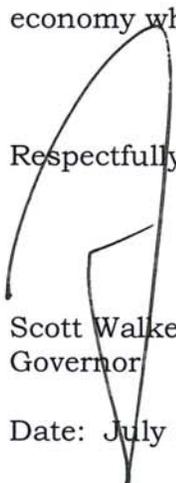
- Improves access to breast and cervical cancer screenings for low-income women without insurance by increasing funding for the Wisconsin Well Women Program.

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

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

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

Respectfully submitted,



Scott Walker  
Governor

Date: July 13, 2015

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## **A. GROWING OUR ECONOMY**

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

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

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

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

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

### **2. Wisconsin Economic Development Corporation Grants to Various Organizations**

*Section 9150 (5dc)*

This section requires the Wisconsin Economic Development Corporation to make four grants to specified organizations for a total of \$750,000 GPR. The Mid-West Energy Research Consortium is to be granted \$250,000 GPR to support Wisconsin-headquartered private companies in the energy, power and control industries. Prosperity Southwest Wisconsin is to be granted \$250,000 GPR to develop a regional revolving loan fund program in the southwest region for regional development and entrepreneurial start-ups. Northcentral Technical College is to be granted \$150,000 GPR for equipment for its culinary arts program and business incubator facilities. Finally, the Marathon County Economic Development Corporation is to be granted \$100,000 GPR for a revolving loan fund to support minority-owned businesses in Marathon County.

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

### **3. Definition of Bona Fide Angel Investments**

*Sections 2191 and 9337 (4b)*

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

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

### **4. Conduit Revenue Bonds**

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

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

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

## **B. TRANSFORMING EDUCATION**

### **5. Statewide Assessment System**

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

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

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

### **6. Participation in Athletics and Extracurricular Activities**

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

This section requires a school board to allow home-based private educational program pupils residing in the school district to participate in interscholastic athletics or extracurricular activities on the same basis and to the same extent as pupils enrolled in a public school in the district. A school district may not be a member of an athletic association unless the association requires member school districts to allow home-based private educational program students to participate in athletics in the district. Home-based private educational program pupils must provide the school board with a written statement that the pupil meets the school board's requirements for participation in interscholastic athletics based on age and academic and disciplinary records. No person may provide a false statement, and the school board may not question the accuracy or validity of the statement or request additional information. A school board may charge participation fees to a home-based private educational program pupil participating in a district activity on the same basis and to the same extent as these fees are charged to pupils enrolled in the district.

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

## **7. Read to Lead Fund Deletion**

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

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

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

## **8. Independent Financial Audits for Parental Choice Program**

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

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

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

## **9. Appointment of Director of Office of Educational Opportunity**

*Section 9148 (4g)*

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

I am vetoing this section in its entirety to remove the requirement that the special assistant be appointed within 120 days of the effective date of the bill because I object to an arbitrary timeline. I expect the University of Wisconsin System to conduct a thorough search for a dynamic and reform-minded individual to fill the role of director of the Office

of Educational Opportunity, and such a search cannot be conducted under artificial deadlines.

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

*Section 1207g*

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

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

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

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

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

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

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

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

This section creates a Special Needs Scholarship Program for students with disabilities. Among the program requirements, the Legislative Audit Bureau must contract for a study of the program with one or more researchers who have experience evaluating school choice programs. The study must evaluate the following: (a) the level of satisfaction with the program expressed by participating pupils and their parents; (b) the percentage of participating pupils who were victimized because of their special needs at their resident school district and the percentage of such pupils at their participating school; (c) the percentage of participating pupils who exhibited behavioral problems at their resident school district and the percentage of such pupils at their participating school; (d) the average class size at participating pupils' resident school districts and at their participating schools; and (e) the fiscal impact of the program on the state and on resident school districts. The contract must require the researchers who conduct the

study to do all of the following: (a) apply appropriate analytical and behavioral science methodologies to ensure public confidence in the study; (b) protect the identity of participating schools and pupils; and (c) require that the results of the study be reported to the appropriate standing committees of the Legislature by January 9, 2019.

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

### **13. Special Needs Scholarship Program Eligibility Requirement**

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

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

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

### **14. Virtual Marketplace for Digital Educational Resources**

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

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

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

## **15. Performance Funding Formula**

### *Section 1343m*

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

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

## **16. Performance Funding Report**

### *Section 9143*

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

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

**17. Allocable Student Fees**

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

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

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

**18. Annual Financial Audit**

*Section 9148 (7j)*

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

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

**19. Energy Conservation Master Lease Program**

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

These sections create a new program through which the University of Wisconsin System may use master lease financing for energy conservation projects. The president of the University of Wisconsin System would select qualified providers outside of current law regarding bidding procedures. In addition, the president would oversee the

implementation of these projects without Building Commission or Department of Administration oversight or approval. Eligible projects would be required to meet the following criteria: (a) the estimated cost of a project must be offset by the estimated savings after completion of the project; (b) all savings from the project must be guaranteed by the provider through a performance contract; (c) savings must be realized within 10 years; and (d) estimated savings for each project must be measured and verified in a manner established by the president. The system also would have the ability to continue to participate in the Department of Administration's energy efficiency program for project financing.

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

## **20. Investment of Certain Funds**

### *Section 1162r*

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

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

## **21. Gift and Grant Funded Building Projects**

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

This section defines "UW gifts and grants project." This definition is utilized in two additional sections of the bill which collectively exempt University of Wisconsin building projects from Building Commission and Department of Administration approval and supervision if the project meets the following requirements: (a) the project is funded

entirely with gifts and grants made for the express purpose of funding the building project; and (b) the project is let by the University of Wisconsin System using the current law single prime contracting process.

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

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

*Sections 365m and 9301 (3f)*

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

I am vetoing these sections because I object to the vagueness of the concept of assessments using a "fee-for-service" model. I am directing the Department of Administration to develop a definition of "fee-for-service" within the context of project management and building construction. This will assist stakeholders in determining whether such a model should be employed. In addition, I object to the 4 percent cap on fees the Department of Administration may assess the University of Wisconsin System. Current law requires the Department of Administration to oversee all engineering, architectural and construction work and bid letting for University of Wisconsin System building projects supported by program revenue. Arbitrarily capping the rate at which the Department of Administration may assess for such work may prevent the department from recouping costs actually incurred on larger building projects, which may have negative impacts on other projects under the department's management.

**23. Student Identification Numbers**

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

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

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

## **24. Procurement**

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

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

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

## **25. Aquaculture Specialist**

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

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

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

## **26. Minority Teacher Loan Program Eligibility**

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

Section 1372r sets forth eligibility provisions for a reformed minority teacher loan program. To be eligible for the program, students must be: (a) state residents enrolled at least half-time as sophomores, juniors or seniors in an institution of higher education; (b) individuals enrolled in a program of study leading to a teacher's license in teacher shortage areas; (c) individuals enrolled in a program of study that includes student

teaching in the city of Milwaukee; and (d) individuals with a grade point average of at least 3.0 on a 4-point scale or the equivalent.

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

## **27. Position Reports**

### *Section 277m*

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

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

## **28. Academic Staff Appointments**

### *Section 1210m*

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

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

## 29. Conservation Fund Appropriations

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

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

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

## **C. REFORMING GOVERNMENT**

### **30. Group Insurance Board Appointments**

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

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

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

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

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

*Sections 1389r and 9112 (3j)*

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

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

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

the committee after enactment of the budget will create a substantial and problematic delay in the rate setting process.

### **32. Agency Budget Requests**

*Sections 272d, 272h and 272i*

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

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

### **33. Statutory Reserve and Budget Stabilization Fund**

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

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

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

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

I am vetoing sections 282m, 478d and 478g, and partially vetoing section 478h, because I object to reducing the amounts to be deposited into the budget stabilization fund in the

future. The budget stabilization fund is an important tool that helps ensure the state's financial stability. I support increasing the required statutory balance each fiscal year, however, and am therefore retaining a portion of section 478h, which will add \$5,000,000 each year, beginning in fiscal year 2017-18, to the required statutory balance.

#### **34. Utilization of Department of Administration Procurement and Purchasing Services**

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

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

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

#### **35. Pay-for-Performance Contracting Reports**

*Sections 1785m and 9152 (1c)*

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

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

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

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

### **36. Local Zoning Exception**

*Sections 44b and 44m*

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

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

### **37. Building Commission Contracting Requirements**

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

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

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

### **38. Health Insurance for Protective Services Employees**

*Section 1952c*

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

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

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

*Section 9101 (5n) (a)*

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

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

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

*Section 393p*

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

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

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

*Section 2830e*

This section requires the Department of Administration's Division of Hearings and Appeals to have examiners on its staff to decide and assist in effective adjudication of

claims for workers' compensation. In addition, this section specifies that at least 18 administrative law judges must spend at least 80 percent of their time on workers' compensation issues.

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

#### **42. Duties of the Secretary of State**

##### *Section 1959e*

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

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

#### **43. Alternative Telecommunications Utilities**

##### *Section 3528m*

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

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

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

#### **44. Intervenor Compensation**

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

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

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

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

*Section 1991m*

This provision permits a dispute between municipalities concerning the extension of water or sewer service to first be appealed to the Public Service Commission. This provision subsequently permits a municipality involved in a dispute to appeal the decision of the commission to the Department of Natural Resources. The department must provide its decision within 45 days.

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

#### **46. Universal Service Fund Revenues Report**

*Section 9136 (2u)*

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

I am vetoing this section in its entirety because it is unnecessary. The commission already has the ability to utilize universal service fund revenues when determining

telecommunication provider rates for the coming year, as demonstrated in 2012. In addition, this section hinders the commission's statutorily-required duty to establish contribution rates by delaying the revision of rates until after the report is approved the Committee.

**47. State Agency Lease Requirements**

*Sections 356q and 356r*

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

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

**48. Tourism Marketing – Earmark Study**

*Section 9144 (3j)*

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

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

**49. Surplus for Rate-Based and Rate-Regulated Providers**

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

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

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

## **50. Ambulatory Surgical Centers Reporting**

### *Section 3483t*

This section requires the Department of Health Services to annually submit a report to the Joint Committee on Finance summarizing the following information related to the ambulatory surgical centers assessment: (a) the total amount of revenue collected; (b) the total amount each center paid; (c) the amount any eligible managed care organization received; (d) the total amount each managed care organization paid; and (e) the total amount of revenue returned to eligible centers. The Department of Revenue is required to provide any information requested from the Department of Health Services necessary to complete the report.

I am vetoing this section because I object to the creation of unnecessary reporting requirements. In addition, I object to the infringement on taxpayer privacy created by the requirement to include specific information that is subject to restrictions on disclosure of certain tax-related information.

## **51. Transfer of Regulation of Food, Lodging and Recreational Establishments**

### *Sections 132m, 9102 (3q) and 9402*

These sections relate to the transfer of the regulation of food, lodging and recreational establishments from the Department of Health Services to the Department of Agriculture, Trade and Consumer Protection. The provision prohibits the Department of Agriculture, Trade and Consumer Protection, or local health departments that have been granted agent status, from modifying the fees in effect on the general effective date of the bill that apply to entities regulated under Subchapter II of Chapter 97 of the statutes, as created under the bill, related to food safety. In addition, this provision creates the Food Safety Advisory Council in the Department of Agriculture, Trade and Consumer Protection, requires the secretary of the department to appoint council members and requires the council to meet quarterly.

I am vetoing these sections because I object to prohibiting the Department of Agriculture, Trade and Consumer Protection or local health departments from modifying current fees. The department and local health departments require the flexibility to ensure that fees are set at an appropriate level to sufficiently cover costs associated with the program. I also object to the requirement to create the Food Safety Advisory Council in the Department of Agriculture, Trade and Consumer Protection because it is unnecessary. The department already has the flexibility to create a council under current law.

**52. Audiologist and Speech Language Pathologist Fees**

*Section 9138 (6c)*

This provision sets speech language pathologist and audiologist credential renewal fees at \$75 biennially.

I am vetoing this provision because I object to the practice of singling out certain credential fees in statute. This provision prevents the Department of Safety and Professional Services from setting renewal fees according to the department's administrative and enforcement costs attributable to the regulation of these occupations, as is current practice.

**53. Progressive Raffles**

*Sections 4546m, 4546p, 4546r and 4546t*

These sections authorize a charitable organization holding a Class B raffle license to conduct a progressive raffle, which is a raffle in which a series of drawings is held and the money collected in ticket sales is carried over to the succeeding drawing if a winner does not select a prize card from among a set of cards.

I am vetoing these sections in their entirety because I object to the changes to raffles as it could threaten the exclusive rights of the Indian tribes to conduct Class III gaming in return for making revenue-sharing payments to the State, which is reflected in the compacts signed by the tribes and the State. The exclusivity clauses prohibit the State from substantively altering the charitable games authorized under state law.

**54. Joint Committee on Finance Approval of Tax Reciprocity Agreements**

*Sections 2117e, 2226e and 2226em*

These sections prohibit any income tax reciprocity agreement from taking effect unless approved by the Joint Committee on Finance under s. 13.101 and explicitly prohibit any new agreement with either the State of Minnesota or the State of Illinois unless approved in this manner. This provision would not apply to current agreements with the states of Kentucky, Illinois, Michigan and Indiana.

I am vetoing these sections because I object to reducing the flexibility of the Department of Revenue to manage these agreements.

**55. Sales Tax Exemption for Amusement Device Proceeds**

*Sections 2515m, 2515n, 2524m, 2524n and 9437 (2u)*

These sections specify that the taxable sales on the privilege of having access to the use of an amusement device include only the sales of playing time on the device.

In addition, these sections specify that the current law provision that imposes the sales tax on the sale of or the right to use specified digital goods and additional digital goods (whether on a permanent or less than permanent basis and regardless of whether the purchaser is required to make additional payments for continued use) does not apply to specified digital goods or additional digital goods used on or as part of a device to the extent that playing time on an amusement device derives from playing specified digital goods or additional digital goods.

These sections further specify that certain playing time on an amusement device is to be excluded from the general taxability under the sales and use tax of admissions to amusement, entertainment or recreational events.

These sections also define "amusement device" as a pool table, video game machine, video gambling machine, dartboard, pinball machine, foosball table, air hockey table, shuffleboard table or jukebox.

I am vetoing these sections because I object to the overly broad exception it creates to the imposition of the sales and use tax on digital goods. Such a broad exception may have unintended administrative and fiscal consequences both in the short term and the long term in our increasingly technology-driven age.

## **56. Cigarette Tax Manufacturer's Discount**

### *Section 3445p*

This section increases the cigarette manufacturer's tax discount, from 0.7 percent to 0.8 percent, which manufacturers, bonded direct marketers and distributors receive on cigarette tax stamp purchases from the state.

I am vetoing this section because I object to this unnecessary adjustment. Wisconsin's cigarette tax discount is sufficiently in line with the discount provided by other states, and consequently, no increase in the discount is merited at this time.

## **57. Additional Auditor Reporting Comparison Requirements**

### *Section 9137*

This provision requires the Department of Revenue to submit an annual report to the Joint Committee on Finance related to the activities of the additional auditing positions provided under the bill. The report requires information on the actual or estimated amount of state tax revenues generated by the full-time additional positions and the expenditures associated with the positions. In addition, the report requires information on the number of audits, and the amount of revenue generated from those audits, that were performed on persons headquartered or residing outside Wisconsin compared to persons headquartered or residing in Wisconsin.

I am partially vetoing section 9137 to remove the requirement to report information on the number of audits and the revenue from those audits performed on persons headquartered or residing outside Wisconsin compared to persons headquartered or

residing in Wisconsin. I am partially vetoing this section because release of this information may potentially violate the confidentiality standards to which the department must adhere to safeguard taxpayer privacy.

**58. Sales Tax Exemption for Construction Materials**

*Sections 2524r, 9337 (4c) and 9437 (2c)*

This provision creates a sales and use tax exemption for goods sold to construction contractors who, in fulfillment of a real property construction activity, transfer goods to Wisconsin elementary and secondary school districts, municipalities or nonprofit entities if the goods become a component of a facility in Wisconsin that is owned by the entity. This provision becomes effective on January 1, 2016.

I am vetoing this provision because the language as drafted is much broader than the scope of the intended legislation as it would apply to construction materials purchased by a contractor for any project. While I am vetoing this provision because of the broad scope of the provision as drafted, I support the intended provision and encourage separate legislation to enact the intended exemption. As such, I support a sales and use tax exemption for goods sold to a construction contractor, while fulfilling a real property construction activity, when the goods are transferred to Wisconsin elementary and secondary school districts, municipalities or nonprofit entities if such goods will be a part of a facility located within the state.

**59. Implementation of Room Tax Modifications**

*Sections 1990ec, 1990ek and 1990ekf*

These provisions change the definition of "tourism entity" to mean a nonprofit organization providing destination marketing staff and services that came into existence before January 1, 2016, except that if no such organization exists in the municipality on January 1, 2016, the municipality may contract with such an organization if one is created in the municipality. Under current law, a "tourism entity" must have come into existence before January 1, 1992.

These provisions also specify that if a municipality is subject to other provisions of the bill that require reductions in the amount of room tax revenue that is permitted to be retained for purposes other than tourism promotion and tourism development, the municipality may continue to utilize room tax revenues to satisfy the terms of a contract provided that contract is entered into before January 1, 2016.

I am partially vetoing the definition of "tourism entity" because I object to the period of time that is provided wherein a new tourism entity may first come into existence that is not created in the municipality. Under my partial veto, a "tourism entity" must either have come into existence before January 1, 1992, consistent with current law, or if no such organization exists in the municipality on January 1, 2016, be an entity that a municipality chooses to contract with that is created in the municipality and which provides destination marketing staff and services. As a result of my partial veto, the period of time wherein new entities that are not necessarily created in the municipality

and which could be created to potentially divert funds from legitimate convention and visitor bureaus or chambers of commerce would be eliminated.

I am vetoing the provisions allowing use of room tax revenue for the satisfaction of a contract entered into before January 1, 2016, because I object to the additional time that the provisions allow wherein a municipality may enter into new contracts that utilize room tax revenues for purposes other than tourism promotion and tourism development. This additional time could be used to diminish the intent of the bill to require greater shares of room tax revenue to be devoted to tourism promotion and tourism development.

## **60. Layoff Procedures for Certain Employees**

### *Section 9132 (3d)*

This provision excludes the layoff procedures under s. 230.34 (2) (a) from applying to layoffs relating to education-related positions and science services positions in the Department of Natural Resources funded under certain appropriations during the 2013-15 biennium. The procedures would require the employees to be laid off on the basis of seniority or performance or a combination thereof, or by other factors.

I am partially vetoing this provision because I object to the narrow exclusion. The purpose of the provision was to ensure that, during the 2015-17 biennium, the department has maximum flexibility in reassigning or reducing staff without eliminating limited term or temporary employees who are critical to the department's operations. My veto restores the intent of the provision.

## **61. Unfunded Pension Liability Payments**

### *Sections 293d, 293h and 293p*

These sections seek to clarify that the secretary of the Department of Administration may require any state agency, including authorities, to make payments related to debt service payments on pension obligation bonds that were issued to cover unfunded pension liabilities. Section 293p explicitly states that the obligation related to unfunded pension liabilities for former University of Wisconsin Hospital and Clinics Board employees is the responsibility of the University of Wisconsin Hospital and Clinics Authority now that the board has been dissolved.

I am vetoing these sections because I do not believe that current law needs to be clarified. Consistent with the current law payment methodology as administered by the Department of Administration, the University of Wisconsin Hospital and Clinics Authority should continue to honor its legal obligation to pay the board's unfunded pension liability obligation in order to avoid shifting these costs to other state agencies and authorities and therefore, unfairly and disproportionately, to state taxpayers.

## **62. County and Municipal Levy Limit Adjustment for Transferred Services**

### *Section 1986j*

This provision creates a new adjustment under the county and municipal levy limits allowing a municipality or county to make an adjustment to its levy limit authority related to savings realized as the result of a service transfer between political subdivisions. The amount of the adjustment is an increase of up to one-half of the amount of the savings realized, subject to an apportionment of those savings agreed upon by the political subdivisions. This adjustment first applies to levies set in 2015.

I am vetoing this section because I object to allowing counties and municipalities to turn savings from service consolidation into a property tax increase. While I support the objective of savings through service consolidation, those savings should be the incentive for consolidation and a benefit to the residents of the county or municipality, rather than an additional tax burden.

## **63. Alcoholic Beverage License Modifications**

### *Sections 3432d, 3432e, 3432g, 3432i, 3432k, 3432m, 3432o, 3432q, 3432r, 3432s, 3432t, 3432u and 3432w*

These sections permit a municipality that has reached its "Class B" alcohol license quota (for licenses for on-premises sales of liquor) to obtain another license by paying a nonrefundable fee of \$10,000 to a contiguous municipality that has not reached its quota. The transferred license would then remain under the jurisdiction of the receiving municipality.

These sections allow, but do not require, municipalities with available licenses to transfer a license. A municipality that has not issued any "Class B" license would be prohibited from transferring a license under these sections.

These sections further specify that the \$10,000 fee paid for a reserve "Class B" license may not be rebated or refunded to the recipient of the reserve "Class B" license by the municipality that issued the reserve license.

In addition, these sections delete a current law provision that permits municipalities that have reached their liquor license quota to issue a "Class B" liquor license to a restaurant that seats at least 300 people.

Finally, these sections prohibit a winery from holding a Class "B" alcohol license which permits the on-premises consumption of beer unless it was issued a Class "B" license before the effective date of the bill.

I am vetoing these sections because they will have unintended consequences, including significant negative impacts on many tourist areas across the state. While some of these provisions may have merit, the Legislature should review the impact further and forward legislation when the full impact has been analyzed and such issues have been resolved.

**64. Lafayette County Sheriff's Department**

*Sections 481 [as it relates to s. 20.455 (2) (kd)] and 9126 (1q)*

This provision appropriates \$50,000 PR in each year of the biennium to award a law enforcement grant to the Lafayette County Sheriff's Department.

I am vetoing section 9126 (1q) and partially vetoing section 481 [as it relates to s. 20.455 (2) (kd)] by lining out the amounts under s. 20.455 (2) (kd) and writing in smaller amounts that reduce the appropriation by \$50,000 in each year of the biennium because I object to providing a grant to one specific recipient. I encourage the Lafayette County Sheriff to work with the Attorney General to pursue funding to address law enforcement needs in the county.

## **D. INVESTING IN INFRASTRUCTURE**

### **65. State Broadband Office Funding**

#### *Section 9136 (2q)*

This section limits expenditure authority provided to the Public Service Commission for operations of the State Broadband Office to the 2015-17 biennium only. Funding would not be included in the base year for purposes of developing the 2017-19 biennial budget.

I am vetoing this section because I object to providing this funding on a one-time basis. The work of the State Broadband Office is ongoing; therefore, its funding should be as well. The office continues to perform duties vital to broadband expansion in this state, including maintenance of the state's broadband map, coordination with telecommunications providers, and outreach to communities and other stakeholders. With this veto, the office can continue to perform these important duties.

### **66. Environmental Impact Statement – East Arterial Highway**

#### *Section 2551u*

This section requires the Department of Transportation to conduct an environmental impact statement in the 2015-17 fiscal biennium for a proposed major east arterial highway that begins at the intersection of STH 54 and STH 73 in the village of Port Edwards and extends to the intersection of STH 54 and CTH W in the city of Wisconsin Rapids with funding from the department's major highway development program. This section requires the department to conduct the environmental impact statement notwithstanding the current law requirement that the Transportation Projects Commission recommend the preparation of an environmental impact statement or environmental assessment for a proposed major highway development project before the department undertakes such an action.

I am vetoing this section because this requirement is premature. The conditions to be evaluated by the environmental impact statement may change significantly before the project is enumerated. Consequently, a second environmental impact study may be needed before the project advances, leading to unnecessary and inefficient department expenditures.

### **67. State Highway Program Audit**

#### *Section 9145 (1d)*

This section requests the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a performance evaluation audit of the Department of Transportation's state highway program and provide a report of its findings by January 1, 2017. The audit would be required to examine and provide recommendations on topics including: evaluating the department's traffic forecasting methodologies; assessing the processes and factors the department uses to select the timing, type and scope of highway

improvements; determining if the department can reduce safety-related highway expenditures without significantly decreasing public safety; evaluating the department's compliance with federal and state minimum highway design and construction standards between fiscal year 2005-06 and fiscal year 2014-15; and auditing the department's compliance with state bidding laws between fiscal year 2005-06 and fiscal year 2014-15.

I am vetoing this section because the Joint Legislative Audit Committee already has the authority to request such an audit under current law.

## **68. Bicycle and Pedestrian Facilities on State Highway Projects**

### *Section 9345 (6j)*

This section specifies the initial applicability of provisions in the bill that change the requirements for constructing bicycle and pedestrian facilities on state highway projects. Under the bill, current law is replaced with a requirement that the Department of Transportation give due consideration to establishing bicycle and pedestrian facilities on all new highway construction and reconstruction projects using state or federal funds. Under one of the provisions, the department is prevented from constructing bicycle or pedestrian facilities using state funds in whole or in part unless it received approval from each municipality in which a highway project is located.

I am partially vetoing this section so that the requirement for municipal approval to expend state funds on bicycle and pedestrian facilities does not apply to projects that are already underway. I object to the potential delay of these existing projects that applying the new process of municipal approval may create.

## **69. Rail Fixed Guideway Transportation Systems**

### *Section 2574 [as it pertains to counties with a first class city]*

This provision directs that a county with a first class city may not incur any direct or indirect expenses, or forfeit revenue, related to the operation or accommodation of a rail fixed guideway transportation system in the first class city unless those expenses or revenues are reimbursed by the first class city.

I am partially vetoing this provision to remove the phrase "or accommodation" because I object to the inclusion of ambiguous language that may have unintended consequences. I am also removing this phrase because it is unnecessary as the intention of the provision may be achieved without the inclusion of this ambiguous phrase.

## **70. Freight Optimization Modeling Consultant Contract**

### *Sections 481 [as it relates to ss. 20.395 (4) (bk) and 20.865 (4) (a)], 655e, 2547d and 9145 (4f)*

These provisions allocate \$1,600,000 GPR in the Joint Committee on Finance's general purpose revenue funds general program supplementation appropriation in fiscal

year 2015-16 for the purpose of funding a consultant contract for freight optimization modeling services and establish a new Department of Transportation GPR appropriation to expend these funds. Prior to any such expenditures, the Wisconsin Economic Development Corporation and the department are required to conduct a joint study of the effects of freight optimization modeling on economic development and transportation infrastructure prioritization and submit a report by June 30, 2016, to the Joint Committee on Finance. The department may submit a s. 13.10 request along with the report to supplement the new GPR appropriation to contract with a consultant for freight optimization modeling. If the request is approved by the Committee, the department may amend an existing contract without needing a request for proposal or may issue a new request for proposal.

I am vetoing these provisions because they infringe on the authority of the Wisconsin Economic Development Corporation and the department to determine the appropriate use of resources related to their statutory duties. In addition, I am partially vetoing section 481 [as it relates to s. 20.395 (4) (bk)] to delete the GPR appropriation for freight optimization modeling. In addition, by lining out the appropriation under s. 20.865 (4) (a) and writing in a smaller amount that deletes \$1,600,000 in fiscal year 2015-16, I am vetoing the portion of the bill that funds these provisions. Finally, I am requesting the Department of Administration secretary not to allot these funds.

## **71. Amortization Schedule for Commercial Paper**

### *Section 239r*

This section requires the Department of Administration to establish a planned amortization schedule for the repayment of principal on the State's short-term, general obligation commercial paper programs, so that a uniform portion of the principal amount of such obligations is planned to be retired annually. This section defines the short-term commercial paper program as a short-term debt obligation issued in lieu of long-term state general obligation debt.

I am vetoing this section because it is unnecessary and will impede the ability of the executive branch to administer state government debt management in the most efficient and effective way possible. The department will ensure that the State's general obligation commercial paper program continues to be administered consistent with current practices and in the best interest of the State's overall debt management.

## **72. General Transportation Aids Appeals Process**

### *Sections 648r and 2595k*

Section 2595k establishes an appeals process for counties and municipalities to challenge general transportation aid payments if a county or municipality believes that a reporting error resulted in an incorrect aid payment. If an error under this appeals process is substantiated, section 648r gives the Department of Transportation the authority to make a corrected aid payment out of the existing sum sufficient appropriation for correction of transportation aid payments. Section 2595k also requires

the department to promulgate administrative rules that establish submission requirements and arbitration procedures for the appeals process.

I am partially vetoing section 648r and vetoing section 2595k in its entirety because this provision is unnecessary and redundant. The department already has procedures in place for local governments to request a corrected aid payment from the existing sum sufficient appropriation.

## **E. REFORMING HEALTH CARE ENTITLEMENTS**

### **73. Family Care and IRIS Programs**

#### *Section 9118 (9)*

Broadly, this provision requires the Department of Health Services to submit two waiver requests to the federal Centers for Medicare and Medicaid Services. The first waiver expands Family Care statewide by January 1, 2017, or upon approval of the waiver, whichever is later. The second makes a variety of reforms to the Family Care and Include, Respect, I Self-Direct (IRIS) programs, including requiring integrated health agencies to offer to long-term care participants both acute care and long-term care services. Integrated health agencies are required to offer all of the services currently offered in the current IRIS program to maintain a self-direction program for consumers.

In addition, the provision requires the waiver to meet certain benchmark requirements and the department is required to hold a specified number of public hearings and to consult with stakeholders in the waiver development process. Further, the department is required to report to the Joint Committee on Finance with progress reports as well as for approval or disapproval of the final waiver package.

Further, the provision requires the department to include in its 2017-19 biennial budget request, any proposed statutory changes necessary to conform statutes to the approved waiver or state plan amendment.

I believe these reforms to our state's long-term care programs will help improve outcomes for the state's elderly and disabled residents by offering consumers integrated health, behavioral and long-term care under a single provider. These reforms not only improve outcomes for the state's most vulnerable residents, but help to ensure that these vital safety net programs are run in a more efficient, equitable and sustainable manner.

However, I am partially vetoing this provision to make several common sense changes in order to best serve the consumers of long-term care services. First, I am vetoing the requirement that there be no less than five long-term care regions because I object to creating a fixed number of regions. Allowing the department to define the number of long-term care regions in the state gives it the flexibility to create the number of regions that makes the most sense for consumers.

Secondly, I am vetoing the requirement that rates paid to integrated health agencies are set through a separate actuarial study because it is unnecessary. The state and federal government already require the rates paid through the long-term care programs be actuarially sound.

Lastly, I am partially vetoing the requirement that the open enrollment period coincide with the Medicare open enrollment period because I object to specifying the timing of the open enrollment period in the bill. The department will set an open enrollment period which makes the most sense for Wisconsin consumers as part of its waiver submission.

**74. Labor Region Methodology Study**

*Section 9118 (4u)*

This provision requires the Department of Health Services to study the labor region methodology used to assist with the determination of Medical Assistance reimbursement rates. The department is also required to propose, to the Legislature no later than July 1, 2016, any necessary changes to the methodology such that the proposed labor region methodology results in adjustments to direct care costs that reflect labor costs for nursing homes in each county. This section also prohibits the department from implementing any proposed changes to the methodology without enactment of legislation.

I am vetoing this provision to eliminate the labor region methodology requirements, as these requirements are administratively burdensome and duplicative. The department already regularly evaluates the labor region methodology and may recommend changes if needed.

**75. Dispute Resolution Process Relating Health Insurance Coverage of Chiropractic Treatment**

*Sections 4590r and 9122*

The provision requires the Commissioner of Insurance to promulgate rules that provide for an independent process for resolving disputes related to insurer conduct with respect to statutory requirements for chiropractic coverage, access and reimbursement. The provision also specifies the criteria that must be included in the rules and authorizes the Commissioner of Insurance to promulgate emergency rules for the period before the effective date of permanent rules without being required to provide evidence that an emergency rule is necessary for the preservation of public peace, health, safety or welfare, or being required to provide a finding of emergency.

I am vetoing this provision because it would establish a unique method for dispute resolution for a single profession, which may result in administrative challenges and consumer confusion.

**76. FoodShare Employment and Training Drug Testing**

*Section 1833*

This provision requires the Department of Health Services to promulgate rules to develop and implement a drug screening, testing and treatment program that incorporates the provisions of 2015 Assembly Bill 191, as passed by the Assembly, that relate to screening and testing of FoodShare Employment and Training participants who are able-bodied adults without dependent children and are subject to FoodShare work requirements.

The department is required to include the following elements in its administrative rules:  
(a) only participants for whom there is a reasonable suspicion of use of a controlled

substance without a valid prescription may be subject to testing; (b) if a person tests negative for use of a controlled substance, or tests positive but possesses a valid prescription, the individual will have satisfactorily completed the requirements of the provision; (c) if a participant tests positive and does not have a valid prescription, the individual must participate in state-sponsored substance abuse treatment to remain eligible for the employment and training program; and (d) while participating in state-sponsored treatment, the individual must submit to random testing in order to remain eligible for the employment and training program, and if an individual tests positive, the individual may begin treatment again, one time, and remain eligible for the program.

Subject to the promulgation of rules, the department shall screen and, if indicated, test and treat participants in an employment and training program who are able-bodied adults for illegal use of a controlled substance without a valid prescription for the controlled substance.

I am partially vetoing this provision in two ways. First, I am partially vetoing the requirement that treatment be state-sponsored because I object to requiring the state to cover all treatment costs, if the person has other coverage. This partial veto provides access to treatment while ensuring that the state is the payer of last resort.

Further, I am vetoing the requirement that testing is based on reasonable suspicion because I object to limiting the department's ability to determine which program participants will be screened and, if indicated, tested for illegal use of a controlled substance.

#### **77. Grants to an Organization that Provides Advanced Life Support Training**

*Sections 481 [as it relates to appropriation s. 20.435 (1) (ch)], 668r, 668s, 9118 (3q) and 9418 (7q)*

These provisions appropriate \$20,000 GPR in each year of the 2015-17 biennium for a grant to an entity that provides or facilitates advanced life support training to doctors, physician's assistants, nurse practitioners, registered nurses and paramedics who work in rural areas in Wisconsin. The provisions specify that the funding is only to be provided in the 2015-17 biennium.

I am partially vetoing section 481 [as it relates to s. 20.435 (1) (ch)] and vetoing sections 668r, 668s, 9118 (3q) and 9418 (7q) because I object to earmarking these funds. By lining out the appropriation under s. 20.435 (1) (ch) and writing in smaller amounts that delete \$20,000 in each fiscal year, I am vetoing the part of the bill that funds this provision. I am also requesting the Department of Administration secretary not to allot these funds.

#### **78. Repeal Health Care Provider Fees for Data Collection and Dissemination**

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

This provision establishes the funding level for the Joint Committee on Finance general purpose revenue funds general program supplementation appropriation

under s. 20.865 (4) (a) for the 2015-17 biennium. Included in that amount is an unreserved amount of \$1,000,000 in fiscal year 2015-16, which was placed in the appropriation through the Committee's actions which required the Department of Health Services to lapse \$1,000,000 from the program revenue balance of the general program operations; health care information appropriation to the general fund in fiscal year 2015-16.

I am partially vetoing section 481 [as it relates to s. 20.865 (4) (a)] by lining out the amount under s. 20.865 (4) (a) and writing in a smaller amount that reduces the appropriation by \$1,000,000 in fiscal year 2015-16 because I object to increasing the Committee's supplemental appropriation without sufficient detail as to how these funds are intended to be used. I am also requesting the Department of Administration secretary not to allot these funds.

**79. County-to-County Nursing Home Bed Transfers**

*Section 9118 (7g)*

This section requires the Department of Health Services to develop a policy that specifies procedures for applying for, and receiving approval of, the transfer of available, licensed nursing home beds among counties and requires the department to report to the Joint Committee on Finance no later than July 1, 2016.

I am vetoing this section because it is unnecessary. Current law already specifies the requirements that must be met for a transfer of licensed beds. However, I am directing the department to review current procedures and prepare a plan to address any issues that arise from that review.

**80. Exempt Institutions for Mental Disease and County-Operated Nursing Homes from Bed Assessment**

*Sections 481 [as it relates to s. 20.435 (2) (a)], 1875d, 1875e and 1875f*

This provision exempts county government-owned institutions for mental disease and state-only licensed facilities from the nursing home bed assessment, unless the Centers for Medicare and Medicaid Services determines that exempting these facilities would not be permissible under federal statutes or rules relating to state health care provider assessments.

I am vetoing this provision because I object to exempting county-owned and state-only licensed institutions for mental disease from the nursing home bed assessment. This provision creates an additional financial burden on private facilities, thus risking access to care for some of our most vulnerable citizens. By lining out s. 20.435 (2) (a) and writing in a smaller amount that reduces the appropriation by \$320,300 in each fiscal year, I am vetoing the part of the bill that funds this provision. I am also requesting the Department of Administration secretary not to allot these funds.

## **81. Nonemergency Medical Transportation**

### *Section 9118 (11f)*

This provision requires the Department of Health Services, to the extent permitted by contract, to modify the current nonemergency medical transportation contract and exclude the following counties: Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha. In addition, the provision requires that, if the contract is modified, the department must make alternative arrangements with counties, health maintenance organizations or transportation providers to provide nonemergency medical transportation services to Medical Assistance recipients who reside in the excluded counties, no later than January 1, 2016.

I am vetoing this provision because I object to excluding specific counties from the current nonemergency medical transportation contract. All counties should be served by the same contract in order to provide uniform, equitable and cost-effective transportation services under the Medical Assistance program to all eligible program recipients.

## **82. Healthy Aging Grants**

### *Sections 703r and 9118 (4f)*

This provision provides one-time funding in each year of the 2015-17 biennium for grants to a private, nonprofit entity that will use these funds to conduct the following activities: coordinate the implementation of evidence-based health promotion programs in healthy aging; coordinate with academic and research institutes regarding research on healthy aging; serve as a statewide clearinghouse on evidence-based disease prevention and health promotion programs; provide training and technical assistance to the staff of county departments, administering agencies and other providers of services to aging populations; collect and disseminate information on disease prevention and health promotion in healthy aging; coordinate public awareness activities related to disease prevention and health promotion in aging; and advise the Department of Health Services on public policy issues concerning disease prevention and health promotion in aging. In addition, the provision creates an annual GPR appropriation, entitled "Healthy aging; evidence-based training and prevention" among the department's programs for disability and elder services.

I am partially vetoing this provision to remove the overly restrictive grant administration requirements. Instead, I am allowing the department more flexibility to best address healthy aging issues.

## **83. Enhanced Dental Services Reimbursement Pilot Program**

### *Sections 1798 [as it relates to setting the rates in statute, specifying the length of the pilot program, and requiring an evaluation and report to the Joint Committee on Finance] and 9318 (2)*

This provision requires the Department of Health Services to request a waiver from the federal government to conduct a pilot program to provide an enhanced Medicaid

payment for pediatric and adult emergency dental services in Brown, Polk, Racine and Marathon counties. The reimbursement is specified at 80 percent of the median fee for each procedure, or the usual and customary charge, whichever is less. In addition, the department is required to work collaboratively with the American Dental Association's Health Policy Institute to prepare an evaluation of the pilot program on a quarterly basis, beginning at the end of the first quarter in which the pilot program becomes effective. Further, the department is required to submit a report to the Joint Committee on Finance regarding dental care utilization, the number of Medicaid participating dentists in the state, the fiscal impact of the pilot program, a comparison of the pilot program as administered under a fee-for-service system and under a health maintenance organization system, and the impact of the pilot program on oral health outcomes.

These requirements apply to claims by providers for services provided on or after the effective date of the waiver or state plan amendment. Lastly, the pilot program is discontinued on the first day of the 37th month after the enhanced reimbursement rates take effect.

While I believe this dental reimbursement pilot program will allow eligible Medicaid recipients to have greater access to vital dental care, I am partially vetoing the provision in several ways. First, I am vetoing the inclusion of specific rates in statute because I object to limiting the department's ability to negotiate the rate methodology with the federal government.

I am also vetoing the requirement that the department work collaboratively with the American Dental Association's Health Policy Institute and the requirement to submit quarterly evaluation reports to the Committee. While I understand the importance of program evaluation and ensuring the effectiveness of this pilot program, I object to the overly prescriptive requirement placed on the department. The department should have flexibility to determine the appropriate timing of reports and the appropriate entities with whom to consult on a review of the pilot program to ensure it is an effective use of taxpayer funding.

I am vetoing the discontinuation of the pilot program on the first day of the 37th month after the enhanced reimbursement rates take effect because I object to specifying the length of the pilot program in statutes.

Lastly, I am vetoing the requirement to apply these changes to claims by providers for services provided on or after the effective date of the waiver or state plan amendment because I object to limiting the department's ability to negotiate the parameters of this dental reimbursement pilot program with the federal government.

#### **84. BadgerCare Plus Coverage for Childless Adults**

##### *Section 1797*

This section requires the Department of Health Services to submit two reports to the Joint Committee on Finance regarding changes to the BadgerCare Plus coverage for childless adults. The first report must be submitted to the Committee prior to submitting a waiver amendment to the federal Centers for Medicare and Medicaid Services and must summarize the provisions of the waiver and estimate the fiscal impact of any

changes. The second report is required to be submitted to the Committee summarizing any provision approved by the federal government and must estimate the fiscal impact of those approved provisions.

I am partially vetoing this section because I object to these administratively burdensome requirements. In addition, these requirements may have the unintended consequence of limiting the administration's ability to negotiate the waiver amendment with the federal government.

**85. Consolidate Community Mental Health Programs**

*Section 9118 (1q)*

This section requires the Department of Health Services to consult with the Wisconsin Counties Association and mental health stakeholders before developing a method for distributing community mental health services funds from a new consolidated community mental health program in 2016 and beyond. In addition, this provision requires the department to submit the proposed distribution to the Joint Committee on Finance under 14-day passive review and use the proposed distribution method as approved, or modified and approved by the Committee.

I am vetoing this section because it is overly prescriptive and unnecessarily limits the flexibility of the department to balance the interests of counties and other stakeholders while providing services in the most programmatically and financially sound manner.

**86. Children's Community Options Program Technical Modification**

*Section 1535*

This section defines which individuals are eligible for the newly created Children's Community Options Program as a person under 22 years of age who is not eligible to receive services in, or be on a waiting list for, an adult long-term care program.

I am partially vetoing this section because the language, as drafted, could lead to uncertainty regarding eligibility for the program. My partial veto clarifies that individuals up to 22 years of age, as long as they are not otherwise able to access services through the adult long-term care system, are eligible for the newly created Children's Community Options Program.

**87. Division of Medicaid Services**

*Sections 3665r, 3665s and 9418 (7p)*

These sections reduce the number of division administrator unclassified positions authorized for the Department of Health Services to reflect the newly created Division of Medicaid Services.

I am vetoing these sections because I object to reducing the current number of unclassified positions in the department at this time. Staffing levels will continue to be reviewed by the department as the new division is implemented and these changes to the unclassified position authority are premature.

## **F. PROTECTING WISCONSIN CITIZENS AND OUR MOST VULNERABLE**

### **88. Pedestrians Crossing Railroads**

#### *Section 3527m*

This section allows a person to walk directly across the tracks or right-of-way of any railroad without being considered to be trespassing on the railroad property.

I am vetoing this section because I am concerned that allowing people to walk across railroad tracks outside of a designated crossing impairs public safety.

### **89. Expanded Payday Lender Authority**

#### *Sections 3443f, 3443h, 3443j and 3443m*

These sections expand the types of financial products and services a payday lending company may provide to include sales of insurance, annuities and related products, and any financial or consumer financial services subject to regulation by statute or rule. These sections also specify that a payday loan licensee may conduct, or permit others to conduct, at the place of business specified in its license, services commonly offered by a currency exchange. Finally, these sections allow a payday loan licensee to sell merchandise and conduct other business provided it possesses any applicable license, permit or other approval required by law.

I am vetoing these sections because the expanded scope of business provided for payday lenders is overly broad and significantly exceeds that of any other financial institutions. In addition, the expanded scope could create regulatory ambiguity and consumer uncertainty. Changes of this magnitude should be addressed as separate legislation where the implications can be more carefully explored.

### **90. Nonprofit Voluntary Host Families Report**

#### *Section 9106 (2e)*

This section requires the Department of Children and Families to establish a plan for engaging and utilizing nonprofit volunteer programs to place, with temporary host families, children whose parents or guardians have agreed to participate as an alternative to foster care. The department must submit a report on this plan to the Joint Committee on Finance on or before November 1, 2015.

I am partially vetoing this section to remove the requirement that a report be submitted because it is unnecessary. The department will evaluate the proposal and determine how to best serve the children involved.

**91. Increase Part-time District Attorneys to Full-time**

*Sections 481 [as it relates to s. 20.475 (1) (d)], 4735d, 4735r, 4740e, 4740n and 9410 (1c)*

This provision provides \$83,500 GPR and 1.2 FTE district attorney positions for Florence, Buffalo and Pepin counties on January 2, 2017, which will be the first day of the new four-year term of office. Currently, Florence County has a 0.5 FTE district attorney position, Buffalo County has a 0.5 FTE district attorney position and Pepin County has a 0.8 FTE district attorney position.

I am vetoing sections 4735d, 4735r, 4740e, 4740n and 9410 (1c), and partially vetoing section 481 [as it relates to s. 20.475 (1) (d)] by lining out the amount under s. 20.475 (1) (d) and writing in a smaller amount that reduces the appropriation by \$83,500 in fiscal year 2016-17 because I object to the inclusion of these positions when there is not a uniform demonstrated need across all three counties. With this veto, I am reducing the 1.2 FTE positions in the appropriation under s. 20.475 (1) (d) in each year of the biennium. I am requesting the Department of Administration secretary not to allot these funds or authorize the additional position authority.

**92. Reference to the Department of Children and Families**

*Section 4699f*

This section would allow the Department of Corrections or the Department of Children and Families to review and inspect certain court records concerning a juvenile who is required to register as a sex offender. It would further allow the Department of Corrections to disclose certain information obtained.

I am partially vetoing this section to eliminate the reference to the Department of Children and Families because the department was erroneously included. Only the Department of Corrections should be authorized to make a request to review and inspect these records.

## **G. SUPPORTING OUR VETERANS**

### **93. Commercial Driver License Fee Waiver**

#### *Section 4334t*

This section waives the fees, at the point of initial issuance, for a commercial driver license for persons holding a military commercial driver license.

I am partially vetoing this section because I object to limiting the commercial driver license fee waiver for a person with a military commercial driver license to the initial issuance of these licenses. By partially vetoing this section, I am ensuring that the fee waiver will apply to the fees for initial license issuance as well as the fees for license renewal.

## **H. PRESERVING WISCONSIN'S HERITAGE**

### **94. PECFA Program Sunset**

*Section 4213 [as it relates to s. 292.63 (3) (ac)]*

This provision requires the Department of Natural Resources to deny any claim for PECFA reimbursement if the department has not been notified of the discharge of petroleum and potential claim before July 1, 2017. The provision also specifies that the department must deny reimbursement of a PECFA claim if the claim is not submitted by July 1, 2020. Finally, the provision requires that a claim for reimbursement must be submitted within 180 days after incurring the eligible costs, or by the first day of the seventh month after the effective date of the budget, whichever is later.

I am partially vetoing this provision to specify that notification must be received by the department before July 20, 2015, because I object to further extending the amount of time for claimants to submit notices of claims to the department. The program was intended to pay for removal of petroleum tanks installed before 1991 that did not meet certain federal standards and cleanup petroleum discharges from these tanks. The program was extended to include cleanup of discharges from certain tanks installed before 2001. The program has existed for sufficient time that its primary purpose has been completed.

### **95. Frank Lloyd Wright Heritage Trail**

*Sections 641m, 641n, 1422m, 2564m and 2595g*

Section 2564m requires the Department of Transportation to create a Frank Lloyd Wright Heritage Trail commencing at I-94 in Kenosha County at the Illinois state border; extending through STH 30, USH 151 and USH 14 in Dane County; extending through USH 14 West in Iowa County; extending through USH 14 West in Sauk County; and ending at the junction of USH 14 West and CTH Q in the city of Richland Center in Richland County. Section 2564m also requires the department to erect signage at various points along the route denoting the Frank Lloyd Wright Heritage Trail, and section 2595g gives the department the authority to erect additional markers to denote specific buildings designed by Frank Lloyd Wright along the route.

In addition, sections 641m and 1422m require an additional \$500,000 GPR be provided to the Department of Tourism in its tourism marketing; general purpose revenue appropriation under s. 20.380 (1) (b) to be spent on promoting the trail in the 2015-17 fiscal biennium, and section 641n exempts this amount from the spending requirements for the appropriation under s. 20.380 (1) (kg).

I am vetoing these sections because I object to requiring the Department of Transportation to mark a Frank Lloyd Wright Heritage Trail, thus circumventing the established application and administrative process for determining the placement and approval of highway signage. I further object to the addition of another specific spending earmark to be made from the Department of Tourism's marketing appropriations. Rather than a statutory earmark, I am directing the Department of Tourism to include, as part of

the statewide marketing strategy, promotion of buildings constructed or designed by Frank Lloyd Wright that are open to the public throughout the state.

**96. 100th Anniversary of the State Capitol**

*Section 9127*

This section requires the Joint Committee on Legislative Organization to appoint a 100th Anniversary State Capitol Commemoration Commission composed of nine members with one member each nominated by: the Speaker of the Assembly, Minority Leader of the Assembly, President of the Senate, Senate Minority Leader, Governor, Supreme Court, Secretary of the Department of Administration, State Capitol and Executive Residence Board, and Director of the State Historical Society.

The commission is required to plan events, including educational programs for children and students, to celebrate the 100th anniversary of the State Capitol. The commission may request individuals and entities with knowledge of the history, construction and renovation of the Capitol to assist the commission.

I am vetoing this section because it is unnecessary. While I support the intent, the Legislature has the authority to create this commission without requiring it in this bill. The 100th anniversary of the State Capitol is an important milestone in Wisconsin's history and should be celebrated.

**97. Proceeds from Sale of Stewardship Lands**

*Sections 481 [as it relates to s. 20.370 (7) (iv)], 639m, 640d, 980b and 980bm*

This provision specifies that the net proceeds (after repayment of debt on the specific parcel, applicable federal law compliance or other restrictions) of Department of Natural Resources land sales from land required to be offered for sale under current law be used as follows: (a) 50 percent to pay principal on outstanding public debt issued under the Stewardship Program; and (b) 50 percent to be deposited in a new, continuing, conservation fund SEG appropriation to be used for the department to acquire land in the manner specified under s. 23.09 (2) (d), with priority given to the current law Stewardship purposes.

I am vetoing this provision because I object to using proceeds from land sales for additional property acquisition. Rather, these proceeds should be utilized to reduce existing debt related to the acquisition of property.

**98. Northern State Forests Master Plans**

*Sections 9132 (4vw) and 9132 (4vx)*

This provision requires the Department of Natural Resources to update master plans for all the northern state forests, except for Governor Knowles State Forest, by March 1, 2017. The provision also requires that the department propose a statewide

variance to all northern state forests master plans by June 30, 2016, not including Governor Knowles State Forest. The provision further requires the department to change the percentage of forest land open for timber harvest from 66 percent to 75 percent, except in the Governor Knowles State Forest.

I am partially vetoing this provision to remove the required dates because I object to limiting the flexibility of the department to perform a thorough review of the master plans. Instead, I am directing the department to update the master plans and propose the variance no later than June 30, 2017.

**99. Audit of the Forestry Account**

*Section 9132 (3f)*

This provision requests that the Joint Legislative Audit Committee require the Legislative Audit Bureau to conduct an audit of the forestry account of the conservation fund.

I am vetoing this provision because the Legislature does not need statutory authority to direct one of its own service agencies to conduct a study.

**100. Car-Killed Deer Report**

*Section 9132 (1q)*

This provision requires the Department of Natural Resources to conduct a study to be submitted to the Joint Committee on Finance, the Governor and appropriate standing committees by January 1, 2017, on the cost-effectiveness of the car-killed deer program, the number of deer collected and any program recommendations.

I am vetoing this provision because it is unnecessary. The department will continue to work with the counties and other stakeholders to appropriately manage the program.

**101. Snowmobile Supplemental Trail Aids Requests to Joint Committee on Finance**

*Section 4359m*

This section requires the Department of Natural Resources to submit a request to the Joint Committee on Finance for the distribution of supplemental snowmobile trail aids from the departments appropriation under s. 20.370 (5) (cr), in excess of the available trail pass revenue. It also limits the appropriations from which the department may pay supplemental trail aids to the appropriations under s. 20.370 (5) (cr) or (cs). The request would be subject to 14-day passive review under s. 16.515.

I am vetoing this section because it is overly prescriptive and unnecessary. Section 350.12 (4) (br) provides a process to allow for payments of supplemental trail aids in excess of available trail pass revenue and ensures that supplemental snowmobile trail aids are distributed in a timely fashion.

## 102. Grants to Nonprofit Conservation Organizations

*Section 481 [as it relates to ss. 20.370 (5) (at), (aw), (ax), (ay), (bw), (cx), 20.370 (6) (ar), (aw), and 20.370 (9) (mu)]*

This provision funds grants to various nonprofit conservation organizations, as follows: (a) section 481 [as it relates to s. 20.370 (5) (at)] provides \$66,800 annually to the Ice Age Trail Alliance; (b) section 481 [as it relates to s. 20.370 (5) (aw)] provides \$124,500 annually to the Gathering Waters Conservancy and \$75,700 to the Natural Resources Foundation; (c) section 481 [as it relates to s. 20.370 (5) (ax)] provides \$75,000 annually to the Great Lakes Timber Professionals Association for a Master Logger program; (d) section 481 [as it relates to s. 20.370 (5) (ay)] provides \$66,800 annually for urban forest protection; (e) section 481 [as it relates to s. 20.370 (5) (bw)] provides \$50,000 annually for up to 50 percent of costs of dues to the Wisconsin County Forest Association; (f) section 481 [as it relates to s. 20.370 (5) (cx)] provides \$297,000 annually for off-road safety programs; (g) section 481 [as it relates to s. 20.370 (6) (ar)] provides \$180,000 annually to Wisconsin Lakes; (h) section 481 [as it relates to s. 20.370 (6) (aw)] provides \$62,300 annually to the River Alliance of Wisconsin; and (i) section 481 [as it relates to s. 20.370 (9) (mu)] provides \$22,800 annually for the Wild River Interpretive Center.

I am lining out the amounts under ss. 20.370 (5) (at), (aw), (ax), (ay), (bw), (cx), 20.370 (6) (ar), (aw), and 20.370 (9) (mu) and writing in smaller amounts because I object to earmarking these funds for specific conservation organizations without requiring accountability in the use of the funds. With this veto, I am reducing the appropriations by a total of \$1,020,900. I am also requesting the Department of Administration secretary not to allot these funds.

## 103. Areawide Water Quality Management Plan

*Section 4203m*

This provision makes a number of changes to the areawide water quality management process for Dane County. The changes include utilizing a statewide water quality standard for Dane County, establishing limits on the ability of Dane County to require information on proposed revisions to the plan, setting a timeline for applications and revisions to the Dane County water quality management plan, and establishing the conditions under which Dane County or any of its subunits may develop or provide advisory services relating to the areawide water quality management plan. Further, the provision prohibits the Governor from designating, under 33 USC 1288 (a) (2), Dane County or any of its subunits, including the Dane County Lakes and Watershed Commission, to develop the areawide water quality management plan for Dane County, or to review proposed revisions to the plan.

Under federal law, the Governor is required to designate a single representative organization, including elected officials from local governments or their designees, capable of developing effective areawide water quality management plans for an area. In addition, the Governor may identify any additional area (or modify an existing area) for which he determines areawide water quality management to be appropriate, designate

the boundaries of such area, and designate an organization capable of developing effective water quality management plans for such area.

I am partially vetoing this provision to remove the restriction on the Governor's designation authority because I object to the infringement on gubernatorial powers and duties. In addition, the prohibition on the Governor designating Dane County or any of its subunits to develop the areawide water quality management plan for Dane County, or to review proposed revisions to the plan, may prevent the Governor from complying with federal law.

#### **104. Well Compensation Grant Appropriation**

*Sections 481 [as it relates to s. 20.370 (6) (cr)], 639g and 9232 (1q)*

This provision specifies that the Department of Natural Resources must lapse \$320,000 from the balance of the environmental aids – compensation for well contamination and abandonment appropriation under s. 20.370 (6) (cr) to the segregated environmental fund. The provision also converts the environmental aids – compensation for well contamination and abandonment appropriation from continuing to biennial. Finally, the provision deletes \$76,000 SEG annually from the appropriation, to reduce the appropriation level to \$200,000 annually for grants.

I am partially vetoing this provision because I object to requiring this appropriation to lapse funds at the end of each biennium on an ongoing basis. Costs related to well compensation fluctuate over time and allowing the appropriation to remain continuing will allow the department to reserve funds for times when grant payments are higher than expected.