

# UNDER THE DOME

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## Finance Committee to Consider DOA, Technical College, Ethics & Elections Commission Budgets

The legislature's budget writing committee will continue voting on the 2017-19 biennial budget in executive session this week. On Tuesday, the committee will consider a portion of the Department of Administration budget, funding for the state's Ethics and Elections Commissions, along with the Lower Wisconsin State Riverway Board, Kickapoo Reserve Management Board, State Fair Park, and the Department of Children and Families. Treatment services under the Department of Health Services will also be considered, including funding for mental health and juvenile treatment centers. On Thursday, they will take up the state's technical college system, along with shared revenue, the Historical Society and the Labor and Industry Review Commission. In addition to this week, JFC executive sessions are planned on May 23rd, 25th, and 30th.

## Republican Leaders to Reject Walker Administration's Self-Insurance Contracts

The Republican co-chairs of the legislature's Joint Finance Committee told reporters they intend to reject self-insurance contracts that were recently submitted by the Group Insurance Board for legislative review. Governor Walker in response criticized the move and questioned where the legislature would find the \$60 million in savings from self-insurance, dollars he has allocated in his budget for education. Walker has long been a proponent of self-insurance, in which the state takes on the risk for medical claims instead of private health plans, a model he says is more effective and efficient for providing health insurance to state and some local government employees. Sen. Alberta Darling and Rep. John Nygren told reporters they still have serious concerns with the proposal after reviewing contracts, and continue to question the estimated savings to the state, along with the impact such a move could have on the state's insurance market. Instead, they said the committee will seek to find savings elsewhere in the program, while questioning whether the Department of Employee Trust Fund's \$165 million in reserves could be tapped. The self-insurance contracts are before the JFC for an up or down vote, a review that was granted to them under legislation passed last session. The Walker Administration declined to comment on their next steps if the JFC rejects the contracts, although they previously indicated they are considering consolidating the number of health plans the state contracts with even without the self-insurance component.

## Upcoming Session Days

The next period available for session days is June 6th - June 30th.

## Joint Finance Committee Recap

The Joint Finance Committee (JFC) was in executive session to consider parts of the 2017-19 biennial budget. They signed off on Governor Walker's plan to restore the WEDC's loan program while making a slight modification to provide the agency more flexibility. That issue prompted debate over accountability at the quasi-public agency as Democratic members of the committee questioned whether they were properly tracking taxpayer dollars being used to help businesses. A series of Democratic motions were proposed but none were adopted. A motion providing funding for the modernization of 911 services was then considered by the committee and unanimously approved under the Military Affairs (DMA) budget. Under that measure, several changes are proposed concerning state interoperability functions, which are being restructured and consolidated at the Division of Emergency Management at the DMA. Under the DOJ budget, the JFC approved giving the committee oversight of settlements funds the DOJ receives. The Attorney

General would have to submit a proposed plan for spending settlement money the agency receives that is not already committed as part of the deal. The committee unanimously approved the governor's proposal to restore funding for the intervenor compensation program while nixing his plan to eliminate the state stray voltage program. The program, housed at the PSC and DATCP, is funded by nearly \$1.1 million over the biennium in assessments on some electrical utilities and cooperatives. Also under the Public Service Commission budget, they voted to approve funding for broadband expansion grants while rejecting a Democratic motion that would have authorized public water utilities to provide financial assistance to private property owners looking to replace lead pipes. Under the DSPS budget, the committee rejected the governor's plan to no longer require journeyman electricians, plumbers and automatic fire sprinkler system fitters to take an exam to become licensed if they have completed an apprenticeship. They also removed the governor's proposed creation of a council to review occupational licenses, instead opting for a study. Under the legislature's budget, \$412,600 over the next two years was provided to fund the purchase of 21 new cameras for the public affairs network WisconsinEye, along with \$50,000 to cover activities to celebrate the 100th anniversary of the state Capitol.

### **Nonpartisan Fiscal Bureau Updates Revenue Estimates**

The Legislative Fiscal Bureau (LFB) released updated revenue estimates in a memo to the co-chairs of the Finance Committee. According to LFB Director Bob Lang, their previous January estimates will not be adjusted as recent tax collections data and economic forecasts lead them to believe that the current estimates are still reasonable. In the weeks after April income tax filings get processed, the state often makes major adjustments to its budget forecasts and its spending plans. This comes at a crucial time as the legislature is currently reviewing the 2017-19 biennial budget. In the past, the estimates have freed up hundreds of millions for the legislature to spend over the governor's budget. On the other hand, there have been cycles where tax collections have fallen short of expectations by similar amounts, forcing spending cuts and tax increases. In a memo to the Joint Finance co-chairs, the LFB said tax collections this year are somewhat below the 2.7% expected but appear to be recovering and could still meet expectations. Co-Chair Nygren responded to the flat revenue estimates by saying it was good news, considering other states are currently seeing revenue downturns. Democratic JFC member Gordon Hintz knocked the GOP, arguing their refusal to invest in education and focus on providing tax cuts for the wealthy is holding the state back.

### **Walker Rejects Assembly Transportation, Tax Changes**

Significant reforms to tax policy and transportation funding proposed by Assembly Republicans appear to be on life support as Governor Walker has since rejected major components of the plan. Senate Majority Leader Scott Fitzgerald also told reporters that while some of changes have merit, his caucus is not on board with the plan as a whole. The Assembly proposal, created in large part by state Rep. Dale Kooyenga, includes applying sales tax to gas sales, reduces the gas tax and state imposed minimum mark-up on gasoline, and opens the possibility for tolling. It also reduces income taxes with the goal of moving the state towards a flat tax over the next decade. Governor Walker told reporters he is sticking to his pledge of not raising gas taxes, and will not support applying the sales tax to gasoline - a move he said will increase costs for consumers by \$433 million over the next two years. Supporters of the plan argue the minimum mark-up reduction would counteract that, however, Walker said there is no guarantee it would lead retailers to lower gas prices. Kooyenga has also argued the proposed reduction in income taxes, \$2 billion a year once fully implemented, would be more than enough to offset the increased costs a sales tax would bring. On that point, Walker said he is concerned it would raise taxes on some middle-income families. The governor also questioned the Assembly's proposed federal request to allow tolling in Wisconsin, saying he could only support that if the revenue was used to lower gas taxes. Senator Fitzgerald and Senate JFC Co-Chair Alberta Darling said this week their approach to transportation will be much different than the Assembly's, and have indicated they'll look to use General Fund dollars to fund more road projects and reduce borrowing. Assembly Minority Leader Peter Barca also weighed in, saying the plan wouldn't solve the state's transportation funding problems while knocking the GOP for attempting to cut taxes for the state's wealthiest residents.

## Senate Session Recap

The state Senate approved broadband grant expansion legislation, along with changes to processes at the Department of Transportation (DOT) and elimination of child work permits. The broadband measure previously passed the body with an amendment banning providers from collecting information on their customers use. The Assembly, however, did not include that provision in its version of the bill, requiring the Senate to reconsider it this week. The Senate also passed legislation requiring the DOT to account for inflation in future road project cost estimates, a recommendation made by the Legislative Audit Bureau following its January 2017 report on the state highway program. The legislation passed with two amendments, one that tweaks a requirement specifying which legislative bodies the DOT would annually report project updates to and another that eliminates a construction-manager general contractor provision that would have let the DOT use the hired contractor in three highway improvement projects before July 1, 2021. A similar item was removed by the Joint Finance Committee from Walker's budget. Finally, they signed-off on a bill that would eliminate the requirement that minors aged 16 or 17 obtain a child work permit. Democrats were in opposition, and proposed a series of failed amendments, arguing it would have negative effects on students and prioritizes labor and industries over children.

## Assembly Session Recap

Delivery robots would be able to travel on sidewalks in the state under a measure passed by the state Assembly. Autonomous personal delivery devices are designed for the delivery of parcels, groceries and food to customers, and are currently being used in five other states. The Assembly also approved a bill that passed the Senate in March that would add juvenile correctional officers to the list of professionals who must report suspected abuse and neglect of children. Finally, they passed a bill that would create a pilot program to add work requirements for able-bodied adults who get housing vouchers. The measure was included in Governor Walker's budget but was removed by the legislature's Joint Finance Committee as one that was identified as a policy item. Other public assistance related measures add W-2 participants whose kids are habitually truant from school to a list of those who can face sanctions from the Department of Children and Families, and a bill which looks to mitigate a benefit drop-off in the Wisconsin Shares child care subsidy program. Although the calendar was relatively non-controversial, Democrats objected to the work requirements and proposed a series of amendments that were rejected on a party-line vote. It also became contentious near the end when Democrats attempted to propose amendments relating to federal health care reform legislation, including one aimed at protecting coverage for people with preexisting conditions. That was in response to concerns they have with comments Governor Walker made indicating support for federal legislation that would leave the choice up to the states on what is covered. He later clarified he is committed to ensuring coverage remains for that population. Assembly Speaker Vos rebuked their efforts and Democrats promised to revisit the issue next time they are on the floor.

## Democrats Counter GOP Homelessness Package

A group of Democratic lawmakers unveiled a package of legislation aimed at addressing the issue of homelessness in the state. Their proposal, dubbed the Housing First Package, would triple the amount Wisconsin spends on fighting homelessness to \$10 million. The funds would be used to increase the number of Housing Choice vouchers for low-income families, increase money available for housing grants, expand the availability of case management services for formerly homeless people receiving housing vouchers. An eviction prevention program would also be created and WHEDA would be directed to study the use of social impact bonding and other mechanisms to fund the development of new affordable housing. Lead author state Rep. Lisa Subeck said her bills would do more to combat homelessness in the state than a package of legislation introduced by Assembly Republicans last month on the topic, which Subeck called anemic and insufficient. The Assembly approved several of those GOP bills, including a measure that would create a new state Interagency Council on Homelessness, prioritize chronically homeless people on a waiting list for federal housing vouchers, free up previously allocated state money for transitional housing, and connect homeless people to jobs and workforce training.