



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-3259/P1  
FFK&JK:jld:rs

P2  
RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

in 11-7-11

SOON

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Regen

1 AN ACT *to repeal* 231.01 (3c), 231.01 (3m) and 231.01 (5r); *to amend* 66.0621 (1)

2 (b), 231.01 (4) (a), 231.01 (4) (b) 1., 231.01 (4) (b) 2., 231.01 (4) (b) 5., 231.01 (4)

3 (c), 231.01 (7) (a) 1., 231.01 (7) (a) 2., 231.01 (7) (a) 4., 231.01 (7) (c), 231.02 (6)

4 (b), 231.03 (5), 231.03 (6) (b), 231.03 (6) (g), 231.03 (7), 231.03 (8), 231.03 (11),

5 231.03 (13), 231.03 (14), 231.03 (15), 231.03 (16), 231.03 (17), 231.03 (18),

6 231.03 (19), 231.04, 231.05 (1), 231.06, 231.07 (1) (b), 231.07 (2) (a), 231.08 (3),

7 231.08 (5), 231.10 (1), 231.12, 231.13 (1) (intro.), 231.13 (2), 231.16 (1), 231.16

8 (3), 231.20 and 231.23; and *to create* 71.05 (1) (c) 11., 71.26 (1m) (L), 71.45 (1t)

9 (L), 231.01 (5n), 231.01 (5p), 231.01 (6m), 231.03 (6) (j) and 231.03 (6) (k) of the

10 statutes; **relating to:** authorizing the Wisconsin Health and Educational

11 Facilities Authority to issue bonds to finance projects related to nonprofit

12 facilities.

***Analysis by the Legislative Reference Bureau***

Under current law, the Wisconsin Health and Educational Facilities Authority (WHEFA) may issue bonds to finance certain projects of health, educational, or

*for the benefit of* ✓

research institutions; to refinance outstanding debt of health, educational, or research institutions; and to finance a purchase of the state's right to receive any of the payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998. Projects of health, educational, or research institutions that may be financed include, among others, the acquisition of a hospital, the construction or operation of an ambulatory surgery center or home health agency, and the construction, remodeling, furnishing, or equipping of a health, educational, or research facility or related structure.

This bill authorizes WHEFA to issue bonds to finance any project undertaken by a nonprofit institution for a nonprofit facility, or to refinance outstanding debt of a nonprofit institution. A nonprofit institution is defined in the bill as a nonprofit entity that is not a health, education, or research institution. A nonprofit facility is defined in the bill as a facility that is owned or operated by a nonprofit entity. Project activities for which WHEFA may issue bonds for a nonprofit institution include construction, acquisition, remodeling, furnishing, and equipping of nonprofit facilities, related structures, and structures or items that are useful for the operation of nonprofit facilities.

Under current law, the interest income from bonds issued by WHEFA is exempt from income taxation if the bond proceeds are used by a health facility to acquire information technology hardware or software. Under this bill, the interest income from bonds issued by WHEFA is also exempt from income taxation if the bonds are issued to a person who is eligible to receive bonds from another issuer for the same purpose and the interest income received from the other bonds is exempt from taxation. *entity* ✓

This bill also makes the following changes to WHEFA's bonding authority: *would be* ✓

1. Extends the maximum bond maturity date for bonds issued by WHEFA from 30 years from the date of issue to 50 years from the date of issue.
2. Eliminates the requirement the certain refinancing projects for health institutions be certified by the Department of Health Services.
3. Changes the working capital limits that must be included in the cost of a project to be consistent with federal law.
4. Eliminates references to WHEFA's authority to issue bonds to participating child care providers which expired on May 1, 2000.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1 SECTION 1. 66.0621 (1) (b) of the statutes is amended to read:

or under s. 66.1201(14)(a), 66.1333(5)(a) 4.c., or 66.1335(5m) ✓

1 66.0621 (1) (b) "Public utility" means any revenue producing facility or  
2 enterprise owned by a municipality and operated for a public purpose as defined in  
3 s. 67.04 (1) (b) including garbage incinerators, toll bridges, swimming pools, tennis  
4 courts, parks, playgrounds, golf links, bathing beaches, bathhouses, street lighting,  
5 city halls, village halls, town halls, courthouses, jails, schools, cooperative  
6 educational service agencies, hospitals, homes for the aged or indigent, child care  
7 centers, as defined in s. 231.01 (3e), regional projects, waste collection and disposal  
8 operations, sewerage systems, local professional baseball park facilities, local  
9 professional football stadium facilities, local cultural arts facilities, and any other  
10 necessary public works projects undertaken by a municipality. *for the benefit of*

*The proceeds of*

11 SECTION 2. 71.05 (1) (c) 11. of the statutes is created to read:

12 71.05 (1) (c) 11. The Wisconsin Health and Educational Facilities Authority  
13 under s. 231.03 (6), if the bonds or notes are issued to a person who is eligible to  
14 receive bonds or notes from another issuer *entity* for the same purpose for which the person  
15 is issued bonds or notes *are issued* under s. 231.03 (6) and the interest income received from the  
16 other bonds or notes *if so issued, would be* is exempt from taxation under this subchapter.

17 SECTION 3. 71.26 (1m) (L) of the statutes is created to read:

18 71.26 (1m) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued  
19 to a person who is eligible to receive bonds or notes from another issuer *the proceeds of* *entity* for the same  
20 purpose for which the person is issued bonds or notes under s. 231.03 (6) and the  
21 interest income received from the other bonds or notes *are issued* is exempt from taxation under ✓  
22 this subchapter. *if so issued, would be*

23 SECTION 4. 71.45 (1t) (L) of the statutes is created to read:

24 71.45 (1t) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued  
25 to a person who is eligible to receive bonds or notes from another issuer for the same

*for the benefit of* ✓

*the proceeds of* ✓

*entity*

*are issued* ✓

*, if no issued, would be* ✓

1  
2

purpose for which the person is issued bonds or notes under s. 231.03 (6) and the interest income received from the other bonds or notes is exempt from taxation under this subchapter.

**SECTION 5.** 231.01 (3c) of the statutes is repealed.

**SECTION 6.** 231.01 (3m) of the statutes is repealed.

**SECTION 7.** 231.01 (4) (a) of the statutes is amended to read:

231.01 (4) (a) "Cost" means the sum of all costs incurred by a participating health institution, participating educational institution, participating research institution, or participating ~~child care provider~~ nonprofit institution, as approved by the authority, as are reasonable and necessary to accomplish the project, exclusive of any private or federal, state, or local financial assistance received by the participating health institution, participating educational institution, participating research institution, or participating ~~child care provider~~ nonprofit institution for the payment of the project cost.

**SECTION 8.** 231.01 (4) (b) 1. of the statutes is amended to read:

231.01 (4) (b) 1. The cost incurred by or on behalf of the participating health institution, participating educational institution, participating research institution, or participating ~~child care provider~~ nonprofit institution of all necessary developmental, planning, and feasibility studies, surveys, plans, and specifications, architectural, engineering, legal, or other special services, the cost of acquisition of land and any buildings and improvements on the land, site preparation, and development including demolition or removal of existing structures, construction, reconstruction, and equipment, including machinery, fixed equipment, and personal property.

**SECTION 9.** 231.01 (4) (b) 2. of the statutes is amended to read:

25

1           231.01 (4) (b) 2. The reasonable cost of financing incurred by a participating  
2 health institution, participating educational institution, participating research  
3 institution, or participating ~~child care provider~~ nonprofit institution in the course of  
4 the development of the project to the occupancy date.

5           **SECTION 10.** 231.01 (4) (b) 5. of the statutes is amended to read:

6           231.01 (4) (b) 5. Working capital not exceeding 3% of the estimated total project  
7 ~~cost or 3% of the actual total final cost, whichever is larger~~ the amount permitted  
8 under 26 CFR 1.148-6 (d) (3). *amounts*

9           **SECTION 11.** 231.01 (4) (c) of the statutes is amended to read:

10           231.01 (4) (c) All rents and other net revenues from the operation of the real  
11 property, improvements, or personal property on the project site by a participating  
12 health institution, participating educational institution, participating research  
13 institution, or participating ~~child care provider~~ nonprofit institution on and after the  
14 date on which the contract between a participating health institution, participating  
15 educational institution, participating research institution, or participating ~~child~~  
16 ~~care provider~~ nonprofit institution and the authority was entered into, but prior to  
17 the occupancy date, shall reduce the sum of all costs in this subsection.

18           **SECTION 12.** 231.01 (5n) of the statutes is created to read:

19           231.01 (5n) "Nonprofit entity" means an entity that is described in section 501  
20 (c) (3) of the Internal Revenue Code and that is exempt from federal income tax under  
21 section 501 (a) of the Internal Revenue Code.

22           **SECTION 13.** 231.01 (5p) of the statutes is created to read:

23           231.01 (5p) "Nonprofit facility" means a facility that is owned or operated by  
24 a nonprofit entity.

25           **SECTION 14.** 231.01 (5r) of the statutes is repealed.

*was affected by 2011 Wisconsin Act 32,*

1           **SECTION 15.** 231.01 (6m) of the statutes is created to read:

2           231.01 **(6m)** "Participating nonprofit institution" means a nonprofit entity, or  
3           an affiliate of that entity, that undertakes the financing and construction or  
4           acquisition of a project or undertakes the refunding or refinancing of obligations or  
5           of a mortgage or of advances as provided in this chapter, and is not any of the  
6           following:

7           1. An entity authorized by state law to provide or operate an educational facility  
8           or an affiliate of an entity authorized by state law to provide or operate an  
9           educational facility.

10          2. An entity authorized by state law to provide or operate a health facility or  
11          an affiliate of an entity authorized by state law to provide or operate a health facility.

12          3. An entity authorized by state law to provide or operate a research facility or  
13          an affiliate of an entity authorized by state law to provide or operate a research  
14          facility.

15          **SECTION 16.** 231.01 (7) (a) 1. of the statutes is amended to read:

16          231.01 **(7)** (a) 1. A specific health facility, educational facility, research facility,  
17          or ~~child care center~~ nonprofit facility work or improvement to be refinanced,  
18          acquired, constructed, enlarged, remodeled, renovated, improved, furnished, or  
19          equipped by the authority with funds provided in whole or in part under this chapter.

20          **SECTION 17.** 231.01 (7) (a) 2. of the statutes is amended to read:

21          231.01 **(7)** (a) 2. One or more structures suitable for use as a ~~child care center~~,  
22          research facility, nonprofit facility, health facility, laboratory, laundry, nurses' or  
23          interns' residence or other multi-unit housing facility for staff, employees, patients  
24          or relatives of patients admitted for treatment or care in a health facility, physician's

1 facility, administration building, research facility, maintenance, storage, or utility  
2 facility.

3 **SECTION 18.** 231.01 (7) (a) 4. of the statutes is amended to read:

4 231.01 (7) (a) 4. Any structure useful for the operation of a health facility,  
5 educational facility, research facility, or ~~child care center~~ nonprofit facility, including  
6 facilities or supporting service structures essential or convenient for the orderly  
7 conduct of the health facility, educational facility, research facility, or ~~child care~~  
8 ~~center~~ nonprofit facility.

9 **SECTION 19.** 231.01 (7) (c) of the statutes, as affected by 2011 Wisconsin Act 32,  
10 is amended to read:

11 231.01 (7) (c) "Project" may include more than one project, and it may include  
12 any combination of projects undertaken jointly by any participating health  
13 institution, participating educational institution, participating research institution,  
14 or participating ~~child care provider~~ nonprofit institution with one or more other  
15 participating health institutions, participating educational institutions,  
16 participating research institutions, or participating ~~child care providers~~ nonprofit  
17 institutions.

18 **SECTION 20.** 231.02 (6) (b) of the statutes is amended to read:

19 231.02 (6) (b) Notwithstanding any other provision of law, it is not a conflict  
20 of interest or violation of this section or of any other law for a trustee, director, officer,  
21 or employee of a participating health institution, participating educational  
22 institution, participating research institution, or participating ~~child care provider~~  
23 nonprofit institution or for a person having the required favorable reputation for  
24 skill, knowledge, and experience in state and municipal finance or for a person  
25 having the required favorable reputation for skill, knowledge, and experience in the

1 field of health facility, educational facility, research facility, or ~~child care center~~  
2 nonprofit facility architecture to serve as a member of the authority; if in each case  
3 to which par. (a) is applicable, the trustee, director, officer, or employee of the  
4 participating health institution, participating educational institution, participating  
5 research institution, or participating ~~child care provider~~ nonprofit institution  
6 abstains from discussion, deliberation, action, and vote by the authority in specific  
7 respect to any undertaking pursuant to this chapter in which his or her participating  
8 health institution, participating educational institution, participating research  
9 institution, or participating ~~child care provider~~ nonprofit institution has an interest,  
10 or the person having the required favorable reputation for skill, knowledge, and  
11 experience in state and municipal finance abstains from discussion, deliberation,  
12 action, and vote by the authority in specific respect to any sale, purchase, or  
13 ownership of bonds of the authority in which any business of which such person is  
14 a participant, owner, officer, or employee has a past, current, or future interest, or  
15 such person having the required favorable reputation for skill, knowledge, and  
16 experience in the field of health facility, educational facility, research facility, or ~~child~~  
17 ~~care center~~ nonprofit facility architecture abstains from discussion, deliberation,  
18 action, and vote by the authority in specific respect to construction or acquisition of  
19 any project of the authority in which any business of which such person is a  
20 participant, owner, officer, or employee has a past, current, or future interest.

21 **SECTION 21.** 231.03 (5) of the statutes is amended to read:

22 231.03 (5) Determine the location and character of any project to be financed  
23 under this chapter, and construct, reconstruct, remodel, maintain, enlarge, alter, add  
24 to, repair, lease as lessee or lessor and regulate the same, enter into contracts for any  
25 such purpose, enter into contracts for the management and operation of a project or



1 other health facilities, educational facilities, research facilities, or ~~child care centers~~  
2 nonprofit facilities owned by the authority, and designate a participating health  
3 institution, participating educational institution, participating research institution,  
4 or participating ~~child care provider~~ nonprofit institution as its agent to determine the  
5 location and character of a project undertaken by the participating health  
6 institution, participating educational institution, participating research institution,  
7 or participating ~~child care provider~~ nonprofit institution under this chapter and as  
8 the agent of the authority, to construct, reconstruct, remodel, maintain, manage,  
9 enlarge, alter, add to, repair, operate, lease as lessee or lessor and regulate the same,  
10 and as the agent of the authority, to enter into contracts for any such purpose,  
11 including contracts for the management and operation of such project or other health  
12 facilities, educational facilities, research facilities, or ~~child care centers~~ nonprofit  
13 facilities owned by the authority.

14 **SECTION 22.** 231.03 (6) (b) <sup>X</sup> of the statutes, as affected by 2011 Wisconsin Act 32,  
15 is amended to read:

16 231.03 (6) (b) Refinance outstanding debt of any participating health  
17 institution if ~~the department of health services certifies that refinancing will result~~  
18 ~~in a reduction in the participating health institution's rates below the rates which~~  
19 ~~would have otherwise prevailed, except that the authority may not refinance any~~  
20 ~~office or clinic of a person licensed under ch. 446, 447, 448, 449 or 455, or the~~  
21 ~~substantially equivalent laws or rules of another state, and except that this~~  
22 ~~certification is not required for the refinancing for a participating health institution~~  
23 ~~that operates a facility as defined under s. 49.45 (6m) (a) 3, or for a participating~~  
24 ~~health institution that is located in another state.~~

25 **SECTION 23.** 231.03 (6) (g) of the statutes is amended to read:

1           231.03 (6) (g) Finance a purchase, or make a loan, under sub. (20). Bonds  
2 issued under this paragraph shall be payable from, or secured by interests in, tobacco  
3 settlement revenues and such other property pledged under the bond resolution and,  
4 notwithstanding s. 231.08 (3), are not required to mature in ~~30~~ 50 years or less from  
5 the date of issue.

6           **SECTION 24.** 231.03 (6) (j) of the statutes is created to read:

7           231.03 (6) (j) Finance any project undertaken for a nonprofit facility by a  
8 participating nonprofit institution.

9           **SECTION 25.** 231.03 (6) (k) of the statutes is created to read:

10          231.03 (6) (k) Refinance outstanding debt of any participating nonprofit  
11 institution.

12          **SECTION 26.** 231.03 (7) of the statutes is amended to read:

13          231.03 (7) Fix and revise from time to time and charge and collect rates, rents,  
14 fees, and charges for the use of and for the services furnished or to be furnished by  
15 a project or other health facilities, educational facilities, research facilities, or ~~child~~  
16 ~~care centers~~ nonprofit facilities owned by the authority or any portion thereof,  
17 contract with any person in respect thereto and coordinate its policies and  
18 procedures, and cooperate with recognized health facility, educational facility,  
19 research facility, or ~~child care center~~ nonprofit facility rate setting mechanisms.

20          **SECTION 27.** 231.03 (8) of the statutes is amended to read:

21          231.03 (8) Adopt rules for the use of a project or other health facility,  
22 educational facility, research facility, or ~~child care center~~ nonprofit facility or any  
23 portion of the project or facility owned, financed, or refinanced in whole or in part by  
24 the authority, including any property used as security for a loan secured through,  
25 from, or with the assistance of the authority. The authority may designate a

1 participating health institution, participating educational institution, participating  
2 research institution, or participating ~~child care provider~~ nonprofit institution as its  
3 agent to establish rules for the use of a project or other health facilities, educational  
4 facilities, research facilities, or ~~child care centers~~ nonprofit facilities undertaken for  
5 that participating health institution, participating educational institution,  
6 participating research institution, or participating ~~child care provider~~ nonprofit  
7 institution. The rules shall ensure that a project, health facility, educational facility,  
8 research facility, ~~child care center~~ nonprofit facility, or property may not be used  
9 primarily for sectarian instruction or study or as a place for devotional activities or  
10 religious worship.

11 **SECTION 28.** 231.03 (11) of the statutes is amended to read:

12 231.03 (11) Establish or contract with others to carry out on its behalf a health  
13 facility, educational facility, research facility, nonprofit facility, or child care center  
14 project cost estimating service, and make this service available on all projects to  
15 provide expert cost estimates and guidance to the participating health institution,  
16 participating educational institution, participating research institution, or  
17 participating ~~child care provider~~ nonprofit institution and to the authority. To  
18 implement this service and, through it, to contribute to cost containment, the  
19 authority may require such reasonable reports and documents from health facility,  
20 educational facility, research facility, or ~~child care center~~ nonprofit facility projects  
21 as are required for this service and for the development of cost reports and  
22 guidelines. The authority shall appoint a technical committee on health facility,  
23 educational facility, research facility, or ~~child care center~~ nonprofit facility project  
24 costs and cost containment.

25 **SECTION 29.** 231.03 (13) of the statutes is amended to read:

1           231.03 (13) Make loans to any participating health institution, participating  
2 educational institution, participating research institution, or, ~~before May 1, 2000,~~  
3 participating ~~child care provider~~ nonprofit institution for the cost of a project in  
4 accordance with an agreement between the authority and the participating health  
5 institution, participating educational institution, participating research institution,  
6 or participating ~~child care provider~~ nonprofit institution. The authority may secure  
7 the loan by a mortgage or other security arrangement on the health facility,  
8 educational facility, research facility, or ~~child care center~~ nonprofit facility granted  
9 by the participating health institution, participating educational institution,  
10 participating research institution, or participating ~~child care provider~~ nonprofit  
11 institution to the authority. The loan may not exceed the total cost of the project as  
12 determined by the participating health institution, participating educational  
13 institution, participating research institution, or participating ~~child care provider~~  
14 nonprofit institution and approved by the authority.

15           **SECTION 30.** 231.03 (14) of the statutes is amended to read:

16           231.03 (14) Make loans to a health facility, educational facility, research  
17 facility, or, ~~before May 1, 2000,~~ ~~child care center~~ nonprofit facility for which bonds  
18 may be issued under sub. (6) (b) ~~or, (d) or under s. 231.03 (6) (f), 1999 stats., (i), or (k),~~  
19 to refinance the health facility's, educational facility's, research facility's, or ~~child~~  
20 ~~care center's~~ nonprofit facility's outstanding debt. The authority may secure the loan  
21 or bond by a mortgage or other security arrangement on the health facility,  
22 educational facility, research facility, or ~~child care center~~ nonprofit facility granted  
23 by the participating health institution, participating educational institution,  
24 participating research institution, or participating ~~child care provider~~ nonprofit  
25 institution to the authority.

1           **SECTION 31.** 231.03 (15) of the statutes is amended to read:

2           231.03 (15) Mortgage all or any portion of a project and other health facilities,  
3 educational facilities, research facilities, or ~~child care centers~~ nonprofit facilities and  
4 the site thereof, whether owned or thereafter acquired, for the benefit of the holders  
5 of bonds issued to finance the project, health facilities, educational facilities,  
6 research facilities, or ~~child care centers~~ nonprofit facilities or any portion thereof or  
7 issued to refund or refinance outstanding indebtedness of participating health  
8 institutions, participating educational institutions, participating research  
9 institutions, or ~~child care providers~~ participating nonprofit institutions as permitted  
10 by this chapter.

11           **SECTION 32.** 231.03 (16) of the statutes is amended to read:

12           231.03 (16) Lease to a participating health institution, participating  
13 educational institution, participating research institution, or participating ~~child~~  
14 ~~care provider~~ nonprofit institution the project being financed or other health  
15 facilities, educational facilities, research facilities, or ~~child care centers~~ nonprofit  
16 facilities conveyed to the authority in connection with such financing, upon such  
17 terms and conditions as the authority deems proper, and charge and collect rents  
18 therefor, and terminate any such lease upon the failure of the lessee to comply with  
19 any of the obligations thereof; and include in any such lease, if desired, provisions  
20 that the lessee thereof shall have options to renew the term of the lease for such  
21 periods and at such rent as the authority determines or to purchase all or any part  
22 of the health facilities, educational facilities, research facilities, or ~~child care centers~~  
23 nonprofit facilities or that, upon payment of all of the indebtedness incurred by the  
24 authority for the financing of such project or health facilities, educational facilities,  
25 research facilities, or ~~child care centers~~ nonprofit facilities or for refunding

1 outstanding indebtedness of a participating health institution, participating  
2 educational institution, participating research institution, or participating ~~child~~  
3 ~~care provider~~ nonprofit institution, the authority may convey all or any part of the  
4 project or such other health facilities, educational facilities, research facilities, or  
5 ~~child care centers~~ nonprofit facilities to the lessees thereof with or without  
6 consideration.

7 **SECTION 33.** 231.03 (17) of the statutes is amended to read:

8 231.03 (17) Charge to and apportion among participating health institutions,  
9 participating educational institutions, participating research institutions, and  
10 participating ~~child care providers~~ nonprofit institutions its administrative costs and  
11 expenses incurred in the exercise of the powers and duties conferred by this chapter.

12 **SECTION 34.** 231.03 (18) of the statutes is amended to read:

13 231.03 (18) Make studies of needed health facilities, educational facilities,  
14 research facilities, and ~~child care centers~~ nonprofit facilities that could not sustain  
15 a loan were it made under this chapter and recommend remedial action to the  
16 legislature; and do the same with regard to any laws or rules that prevent health  
17 facilities, educational facilities, research facilities, and ~~child care centers~~ nonprofit  
18 facilities from benefiting from this chapter.

19 **SECTION 35.** 231.03 (19) of the statutes is amended to read:

20 231.03 (19) Obtain, or aid in obtaining, from any department or agency of the  
21 United States or of this state or any private company, any insurance or guaranty  
22 concerning the payment or repayment of, interest or principal, or both, or any part  
23 thereof, on any loan, lease, or obligation or any instrument evidencing or securing  
24 the same, made or entered into under the provisions of this chapter; and  
25 notwithstanding any other provisions of this chapter, to enter into any agreement,

1 contract, or other instrument with respect to that insurance or guaranty, to accept  
2 payment in the manner and form provided therein in the event of default by a  
3 participating health institution, participating educational institution, participating  
4 research institution, or participating ~~child care provider~~ nonprofit institution, and  
5 to assign the insurance or guaranty as security for the authority's bonds.

6 **SECTION 36.** 231.04 of the statutes is amended to read:

7 **231.04 Expenses.** All expenses of the authority incurred in carrying out this  
8 chapter shall be payable solely from funds provided under the authority of this  
9 chapter, and no liability may be incurred by the authority beyond the extent to which  
10 moneys have been provided under this chapter except that, for the purposes of  
11 meeting the necessary expenses of initial organization and operation of the authority  
12 for the period commencing on June 19, 1974 and continuing until such date as the  
13 authority derives moneys from funds provided to it under the authority of this  
14 chapter, the authority may borrow such moneys as it requires to supplement the  
15 funds provided under s. 20.440. Such moneys borrowed by the authority shall  
16 subsequently be charged to and apportioned among participating health  
17 institutions, participating educational institutions, participating research  
18 institutions, and participating ~~child care providers~~ nonprofit institutions in an  
19 equitable manner, and repaid with appropriate interest over a reasonable period of  
20 time.

21 **SECTION 37.** 231.05 (1) of the statutes is amended to read:

22 231.05 (1) By means of this chapter, it is the intent of the legislature to provide  
23 assistance and alternative methods of financing to nonprofit health institutions to  
24 aid them in providing needed health services consistent with the state's health plan,  
25 ~~to nonprofit educational institutions to aid them in providing needed educational~~

1 services, ~~to nonprofit research institutions to aid them in providing~~ needed research  
2 facilities, and ~~to nonprofit child care providers to aid them in providing~~ needed child  
3 care other needed services and facilities in this state.

4 SECTION 38. 231.06<sup>X</sup> of the statutes, as affected by 2011 Wisconsin Act 32, is  
5 amended to read:

6 **231.06 Property acquisition.** The authority may acquire, directly or by and  
7 through a participating health institution, participating educational institution,  
8 participating research institution, or participating ~~child care provider~~ nonprofit  
9 institution as its agent, by purchase or by gift or devise, such lands, structures,  
10 property, rights, rights-of-way, franchises, easements, and other interests in lands,  
11 including lands lying under water and riparian rights, as it deems necessary or  
12 convenient for the construction or operation of a project, upon such terms and at such  
13 prices as it considers reasonable and can be agreed upon between it and the owner  
14 thereof, and take title thereto in the name of the authority or in the name of a health  
15 facility, educational facility, research facility, or ~~child care center~~ nonprofit facility  
16 as its agent.

17 SECTION 39. 231.07 (1) (b) of the statutes is amended to read:

18 231.07 (1) (b) Convey to the participating health institution, participating  
19 educational institution, participating research institution, or participating ~~child~~  
20 ~~care provider~~ nonprofit institution the authority's interest in the project and in any  
21 other health facility, educational facility, research facility, or ~~child care center~~  
22 nonprofit facility leased, mortgaged, or subject to a deed of trust or any other form  
23 of security arrangement to secure the bond.

24 SECTION 40. 231.07 (2) (a) of the statutes is amended to read:



1           231.07 (2) (a) The principal of and interest on any bond issued by the authority  
2 to finance a project or to refinance or refund outstanding indebtedness of one or more  
3 participating health institutions, participating educational institutions,  
4 participating research institutions, or participating ~~child care providers~~ nonprofit  
5 institutions, including any refunding bonds issued to refund and refinance the bond,  
6 have been fully paid and the bonds retired or if the adequate provision has been made  
7 to pay fully and retire the bond; and

8           **SECTION 41.** 231.08 (3) of the statutes is amended to read:

9           231.08 (3) The bonds may be issued as serial bonds or as term bonds, or the  
10 authority may issue bonds of both types. The bonds shall be authorized by a bond  
11 resolution of the authority and shall bear such dates, mature at such times not  
12 exceeding ~~30~~ 50 years from their respective dates of issue, bear interest at such rates,  
13 be payable at such times, be in such denominations, be in such form, either coupon  
14 or fully registered, carry such registration and conversion privileges, be executed in  
15 such manner, be payable in lawful money of the United States at such places, and  
16 be subject to such terms of redemption as the bond resolution provides. The bonds  
17 or notes shall be executed by the manual or facsimile signatures of such officers of  
18 the authority as the authority designates. Coupon bonds shall have attached thereto  
19 interest coupons bearing the facsimile signature of the treasurer of the authority or  
20 such other officer as the authority designates. The bonds or notes may be sold at  
21 public or private sale for such price and in such manner and from time to time as the  
22 authority determines. Pending preparation of the definitive bonds, the authority  
23 may issue interim receipts or certificates which shall be exchanged for the definitive  
24 bonds.

25           **SECTION 42.** 231.08 (5) of the statutes is amended to read:

*participating* ✓

1 231.08 (5) In addition to the other authorizations under this section, bonds of  
2 the authority may be secured by a pooling of leases whereby the authority may assign  
3 its rights, as lessor, and pledge rents under 2 or more leases of health facilities,  
4 educational facilities, research facilities, or ~~child care centers~~ nonprofit facilities  
5 with 2 or more health institutions, educational institutions, research institutions, or  
6 ~~child care providers~~ nonprofit facilities as lessees respectively, upon such terms as  
7 may be provided for in bond resolutions of the authority. *institutions* ✓

KEEP SCORED

8 SECTION 43. 231.10 (1) of the statutes is amended to read:

9 231.10 (1) The state is not liable on notes or bonds of the authority and the notes  
10 and bonds are not a debt of the state. All notes and bonds of the authority shall  
11 contain on the face thereof a statement to this effect. The issuance of bonds under  
12 this chapter shall not, directly or indirectly or contingently, obligate the state or any  
13 political subdivision thereof to levy any form of taxation therefor or to make any  
14 appropriation for their payment. Nothing in this section prevents the authority from  
15 pledging its full faith and credit or the full faith and credit of a health institution,  
16 educational institution, research institution, or ~~child care provider~~ nonprofit  
17 institution to the payment of bonds authorized under this chapter.

18 SECTION 44. 231.12 of the statutes is amended to read:

19 231.12 Studies and recommendations. It is the intent and purpose of this  
20 chapter that the exercise by the authority of the powers granted to it shall be in all  
21 respects for the benefit of the people of this state to assist them to provide needed  
22 health facilities, educational facilities, research facilities, and ~~child care centers~~  
23 nonprofit facilities of the number, size, type, distribution, and operation that will  
24 assure admission and health care, education, research opportunities, or ~~child care~~  
25 of high quality other necessary services to all who need it. The authority shall

1 identify and study all projects which are determined by health planning agencies to  
2 be needed, but which could not sustain a loan were such to be made to it under this  
3 chapter. The authority shall formulate and recommend to the legislature such  
4 amendments to this and other laws, and such other specific measures as grants, loan  
5 guarantees, interest subsidies, or other actions the state may provide which would  
6 render the construction and operation of needed health facilities, educational  
7 facilities, research facilities, and ~~child care centers~~ nonprofit facilities feasible and  
8 in the public interest. The authority also shall identify and study any laws or rules  
9 which it finds handicaps or bars a needed health facility, educational facility,  
10 research facility, or ~~child care center~~ nonprofit facility from participating in the  
11 benefits of this chapter, and recommend to the legislature such actions as will  
12 remedy such situation.

13 **SECTION 45.** 231.13 (1) (intro.) of the statutes is amended to read:

14 231.13 (1) (intro.) The authority shall collect rents for the use of, or other  
15 revenues relating to the financing of, each project. The authority shall contract with  
16 a participating health institution, participating educational institution,  
17 participating research institution, or participating ~~child care provider~~ nonprofit  
18 institution for each issuance of bonds. The contract shall provide that the rents or  
19 other revenues payable by the health facility, educational facility, research facility,  
20 or ~~child care center~~ nonprofit facility shall be sufficient at all times to:

21 **SECTION 46.** 231.13 (2) of the statutes is amended to read:

22 231.13 (2) The authority shall pledge the revenues derived and to be derived  
23 from a project and other related health facilities, educational facilities, research  
24 facilities, or ~~child care centers~~ nonprofit facilities for the purposes specified in sub.  
25 (1), and additional bonds may be issued which may rank on a parity with other bonds

1 relating to the project to the extent and on the terms and conditions provided in the  
2 bond resolution. Such pledge shall be valid and binding from the time when the  
3 pledge is made, the revenues so pledged by the authority shall immediately be  
4 subject to the lien of such pledge without any physical delivery thereof or further act  
5 and the lien of any such pledge shall be valid and binding as against all parties  
6 having claims of any kind in tort, contract, or otherwise against the authority,  
7 irrespective of whether such parties have notice thereof. Neither the bond resolution  
8 nor any financing statement, continuation statement, or other instrument by which  
9 a pledge is created or by which the authority's interest in revenues is assigned need  
10 be filed or recorded in any public records in order to perfect the lien thereof as against  
11 3rd parties, except that a copy thereof shall be filed in the records of the authority  
12 and with the department of financial institutions.

13 **SECTION 47.** 231.16 (1) of the statutes is amended to read:

14 231.16 (1) The authority may issue bonds to refund any outstanding bond of  
15 the authority or indebtedness that a participating health institution, participating  
16 educational institution, participating research institution, or participating ~~child~~  
17 ~~care provider~~ nonprofit institution may have incurred for the construction or  
18 acquisition of a project prior to or after April 30, 1980, including the payment of any  
19 redemption premium on the outstanding bond or indebtedness and any interest  
20 accrued or to accrue to the earliest or any subsequent date of redemption, purchase,  
21 or maturity, or to pay all or any part of the cost of constructing and acquiring  
22 additions, improvements, extensions, or enlargements of a project or any portion of  
23 a project. Except for bonds to refund bonds issued under s. 231.03 (6) (g), no bonds  
24 may be issued under this section unless the authority has first entered into a new  
25 or amended agreement with a participating health institution, participating

1 educational institution, participating research institution, or participating child  
2 ~~care provider nonprofit institution~~ to provide sufficient revenues to pay the costs and  
3 other items described in s. 231.13.

4 **SECTION 48.** 231.16 (3) of the statutes is amended to read:

5 231.16 (3) All bonds issued under this section shall be subject to this chapter  
6 in the same manner and to the same extent as other bonds issued pursuant to this  
7 chapter, except that the limitations with respect to dates ~~under s. 231.03 (6) (e) and~~  
8 ~~(f), 1999 stats., and~~ under s. 231.03 (14) do not apply to bonds issued under this  
9 section, and the requirement under s. 231.08 (3) that the bonds mature in ~~30~~ 50 years  
10 or less from their date of issue does not apply to bonds issued under this section to  
11 refund bonds issued under s. 231.03 (6) (g).

12 **SECTION 49.** 231.20<sup>x</sup> of the statutes, as affected by 2011 Wisconsin Act 32, is  
13 amended to read:

14 **231.20 Waiver of construction and bidding requirements.** In exercising  
15 its powers under s. 101.12, the department of safety and professional services or any  
16 city, village, town, or county may, within its discretion for proper cause shown, waive  
17 any particular requirements relating to public buildings, structures, grounds,  
18 works, and improvements imposed by law upon projects under this chapter; the  
19 requirements of s. 101.13 may not be waived, however. If, however, the prospective  
20 lessee so requests in writing, the authority shall, through the participating health  
21 institution, participating educational institution, participating research institution,  
22 or participating ~~child care provider nonprofit institution~~ as its agent, call for  
23 construction bids in such manner as is determined by the authority with the approval  
24 of the lessee.

25 **SECTION 50.** 231.23 of the statutes is amended to read:

1           **231.23 Nonprofit institutions.** It is intended that all nonprofit health  
2 ~~institutions, educational institutions, research institutions, and child care providers~~  
3 entities in this state be enabled to benefit from and participate in this chapter. To  
4 this end, all nonprofit ~~health institutions, educational institutions, research~~  
5 ~~institutions, and child care providers~~ entities operating, or authorized to be  
6 operated, under any law of this state may undertake projects and utilize the capital  
7 financing sources and methods of repayment provided by this chapter, the provisions  
8 of any other laws to the contrary notwithstanding.

9           **SECTION 51. Initial applicability.**

10           (1) INTEREST INCOME EXEMPTION. The treatment of sections 71.05 (1) (c) 11., 71.26  
11 (1m) (L), and 71.45 (1t) (L) of the statutes first applies to taxable years beginning on  
12 January 1, 2011.

13                           (END)

D-note  
↓

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-3259/P2dn  
FFK/JK:jld:rs

Date

Representative Krug, ✓

This version of the draft is based on the mark-up of the bill I received from Jennifer Malcore and my conversations with Jennifer Powers at Quarles and Brady and Michelle Kussow.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-3259/P2dn  
JK:jld:ph

November 9, 2011

Representative Krug,

This version of the draft is based on the mark-up of the bill I received from Jennifer Malcore and my conversations with Jennifer Powers at Quarles and Brady and Michelle Kussow.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)



## Knepp, Fern

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**From:** Kreye, Joseph  
**Sent:** Wednesday, November 30, 2011 2:22 PM  
**To:** Knepp, Fern  
**Subject:** FW: LRB 11-3259

**Attachments:** WHEFA Cross-Border \_Health Facility\_.DOCX

Hi Fern,

I think the attachment involves your part of this draft.

Joe

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**From:** Trovato, Vince  
**Sent:** Wednesday, November 30, 2011 2:08 PM  
**To:** Kreye, Joseph  
**Subject:** LRB 11-3259



WHEFA

is-Border \_Health f

Hi Joseph,

It is my understanding that you are currently working on drafting LRB 11-3259 at the request of Representative Krug. Jennifer Malcore left this office and I have replaced her starting this week. The Representative asked that I send you the enclosed attachment for inclusion into the bill draft.

Thanks in advance and please do not hesitate to contact me with any questions.

Vince Trovato  
Office of Representative Scott Krug

WHEFA  
"Health Facility" Projects Located Outside of Wisconsin

The budget bill revisions to Chapter 231 allow WHEFA to issue bonds to finance a "*project*" in Wisconsin or any other state.

Chapter 231 defines a "*project*" as a specific "*health facility*", "*educational facility*" or "*research facility*".

An "*educational facility*" and a "*research facility*" are each defined very generically in Chapter 231. Therefore, those definitions did not need to be amended in connection with the budget bill revisions in order to permit WHEFA to finance projects located in other states that constitute either an "*educational facility*" or a "*research facility*".

However, a "*health facility*" is more narrowly defined in Chapter 231 and is tied to licensure or creation of such facilities under Wisconsin law.

Consequently, the definition of "*health facility*" should have been broadened in connection with the budget bill revisions in order to permit WHEFA to finance "*projects*" that constitute a "*health facility*" in other states since such facilities located in other states would not be licensed or created under Wisconsin law.

**The definition of "*health facility*" contained in Section 231.01(5)(a) should have had another category added that more generically describes a health facility located in a state other than Wisconsin as "*any hospital, ambulatory care facility, skilled nursing facility, community based residential facility, assisted living facility, home health agency, hospice, rehabilitation facility, medical offices and clinics or other similar facilities located in any other state*".**



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-3259/P2/P3  
FFK&JK:jld:ph

rmr

In 11-30-11

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

X Gen

1 AN ACT *to repeal* 231.01 (3c), 231.01 (3m) and 231.01 (5r); *to amend* 66.0621 (1)

2 (b), 231.01 (4) (a), 231.01 (4) (b) 1., 231.01 (4) (b) 2., 231.01 (4) (b) 5., 231.01 (4)

3 (c), 231.01 (7) (a) 1., 231.01 (7) (a) 2., 231.01 (7) (a) 4., 231.01 (7) (c), 231.02 (6)

4 (b), 231.03 (5), 231.03 (6) (b), 231.03 (6) (g), 231.03 (7), 231.03 (8), 231.03 (11),

5 231.03 (13), 231.03 (14), 231.03 (15), 231.03 (16), 231.03 (17), 231.03 (18),

6 231.03 (19), 231.04, 231.05 (1), 231.06, 231.07 (1) (b), 231.07 (2) (a), 231.08 (3),

7 231.08 (5), 231.10 (1), 231.12, 231.13 (1) (intro.), 231.13 (2), 231.16 (1), 231.16

8 (3), 231.20 and 231.23; and *to create* 71.05 (1) (c) 11., 71.26 (1m) (L), 71.45 (1t)

9 (L), 231.01 (5n), 231.01 (5p), 231.01 (6m), 231.03 (6) (j) and 231.03 (6) (k) of the

10 statutes; **relating to:** authorizing the Wisconsin Health and Educational

11 Facilities Authority to issue bonds to finance projects related to nonprofit

12 facilities.

***Analysis by the Legislative Reference Bureau***

Under current law, the Wisconsin Health and Educational Facilities Authority (WHEFA) may issue bonds to finance certain projects of health, educational, or

research institutions; to refinance outstanding debt of health, educational, or research institutions; and to finance a purchase of the state's right to receive any of the payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998. Projects of health, educational, or research institutions that may be financed include, among others, the acquisition of a hospital, the construction or operation of an ambulatory surgery center or home health agency, and the construction, remodeling, furnishing, or equipping of a health, educational, or research facility or related structure.

This bill authorizes WHEFA to issue bonds to finance any project undertaken by a nonprofit institution for a nonprofit facility, or to refinance outstanding debt of a nonprofit institution. A nonprofit institution is defined in the bill as a nonprofit entity that is not a health, education, or research institution. A nonprofit facility is defined in the bill as a facility that is owned or operated by a nonprofit entity. Project activities for which WHEFA may issue bonds for a nonprofit institution include construction, acquisition, remodeling, furnishing, and equipping of nonprofit facilities, related structures, and structures or items that are useful for the operation of nonprofit facilities.

Under current law, the interest income from bonds issued by WHEFA is exempt from income taxation if the bond proceeds are used by a health facility to acquire information technology hardware or software. Under this bill, the interest income from bonds issued by WHEFA is also exempt from income taxation if the bonds are issued for the benefit of a person who is eligible to receive bonds from another entity for the same purpose and the interest income received from the other bonds would be exempt from taxation.

This bill also makes the following changes to WHEFA's bonding authority:

1. Extends the maximum bond maturity date for bonds issued by WHEFA from 30 years from the date of issue to 50 years from the date of issue.
2. Eliminates the requirement the certain refinancing projects for health institutions be certified by the Department of Health Services.
3. Changes the working capital limits that must be included in the cost of a project to be consistent with federal law.
4. Eliminates references to WHEFA's authority to issue bonds to participating child care providers which expired on May 1, 2000.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 66.0621 (1) (b) of the statutes is amended to read:

1           66.0621 (1) (b) "Public utility" means any revenue producing facility or  
2 enterprise owned by a municipality and operated for a public purpose as defined in  
3 s. 67.04 (1) (b) including garbage incinerators, toll bridges, swimming pools, tennis  
4 courts, parks, playgrounds, golf links, bathing beaches, bathhouses, street lighting,  
5 city halls, village halls, town halls, courthouses, jails, schools, cooperative  
6 educational service agencies, hospitals, homes for the aged or indigent, child care  
7 centers, ~~as defined in s. 231.01 (3e)~~, regional projects, waste collection and disposal  
8 operations, sewerage systems, local professional baseball park facilities, local  
9 professional football stadium facilities, local cultural arts facilities, and any other  
10 necessary public works projects undertaken by a municipality.

11           **SECTION 2.** 71.05 (1) (c) 11. of the statutes is created to read:

12           71.05 (1) (c) 11. The Wisconsin Health and Educational Facilities Authority  
13 under s. 231.03 (6), if the bonds or notes are issued for the benefit of a person who  
14 is eligible to receive the proceeds of bonds or notes from another entity for the same  
15 purpose for which the bonds or notes are issued under s. 231.03 (6) and the interest  
16 income received from the other bonds or notes, if so issued, would be exempt from  
17 taxation under this subchapter or under s. 66.1201 (14) (a), 66.1333 (5) (a) 4. c., or  
18 66.1335 (5m).

19           **SECTION 3.** 71.26 (1m) (L) of the statutes is created to read:

20           71.26 (1m) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued  
21 for the benefit of a person who is eligible to receive the proceeds of bonds or notes from  
22 another entity for the same purpose for which the bonds or notes are issued under  
23 s. 231.03 (6) and the interest income received from the other bonds or notes, if so  
24 issued, would be exempt from taxation under this subchapter.

25           **SECTION 4.** 71.45 (1t) (L) of the statutes is created to read:

1           71.45 (1t) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued  
2 for the benefit of a person who is eligible to receive the proceeds of bonds or notes from  
3 another entity for the same purpose for which the bonds or notes are issued under  
4 s. 231.03 (6) and the interest income received from the other bonds or notes, if so  
5 issued, would be exempt from taxation under this subchapter.

6           **SECTION 5.** 231.01 (3c) of the statutes is repealed.

7           **SECTION 6.** 231.01 (3m) of the statutes is repealed.

8           **SECTION 7.** 231.01 (4) (a) of the statutes is amended to read:

9           231.01 (4) (a) “Cost” means the sum of all costs incurred by a participating  
10 health institution, participating educational institution, participating research  
11 institution, or participating ~~child care provider~~ nonprofit institution, as approved by  
12 the authority, as are reasonable and necessary to accomplish the project, exclusive  
13 of any private or federal, state, or local financial assistance received by the  
14 participating health institution, participating educational institution, participating  
15 research institution, or participating ~~child care provider~~ nonprofit institution for the  
16 payment of the project cost.

17           **SECTION 8.** 231.01 (4) (b) 1. of the statutes is amended to read:

18           231.01 (4) (b) 1. The cost incurred by or on behalf of the participating health  
19 institution, participating educational institution, participating research institution,  
20 or participating ~~child care provider~~ nonprofit institution of all necessary  
21 developmental, planning, and feasibility studies, surveys, plans, and specifications,  
22 architectural, engineering, legal, or other special services, the cost of acquisition of  
23 land and any buildings and improvements on the land, site preparation, and  
24 development including demolition or removal of existing structures, construction,

1 reconstruction, and equipment, including machinery, fixed equipment, and personal  
2 property.

3 SECTION 9. 231.01 (4) (b) 2. of the statutes is amended to read:

4 231.01 (4) (b) 2. The reasonable cost of financing incurred by a participating  
5 health institution, participating educational institution, participating research  
6 institution, or participating ~~child care provider~~ nonprofit institution in the course of  
7 the development of the project to the occupancy date.

8 SECTION 10. 231.01 (4) (b) 5. of the statutes is amended to read:

9 231.01 (4) (b) 5. Working capital not exceeding ~~3% of the estimated total project~~  
10 ~~cost or 3% of the actual total final cost, whichever is larger~~ the amounts permitted  
11 under 26 CFR 1.148-6 (d) (3).

12 SECTION 11. 231.01 (4) (c) of the statutes is amended to read:

13 231.01 (4) (c) All rents and other net revenues from the operation of the real  
14 property, improvements, or personal property on the project site by a participating  
15 health institution, participating educational institution, participating research  
16 institution, or participating ~~child care provider~~ nonprofit institution on and after the  
17 date on which the contract between a participating health institution, participating  
18 educational institution, participating research institution, or participating ~~child~~  
19 ~~care provider~~ nonprofit institution and the authority was entered into, but prior to  
20 the occupancy date, shall reduce the sum of all costs in this subsection.

Ins  
FFK

21 SECTION 12. 231.01 (5n) of the statutes is created to read:

22 231.01 (5n) "Nonprofit entity" means an entity that is described in section 501  
23 (c) (3) of the Internal Revenue Code and that is exempt from federal income tax under  
24 section 501 (a) of the Internal Revenue Code.

25 SECTION 13. 231.01 (5p) of the statutes is created to read:

1           231.01 (5p) "Nonprofit facility" means a facility that is owned or operated by  
2 a nonprofit entity.

3           **SECTION 14.** 231.01 (5r) of the statutes, as affected by 2011 Wisconsin Act 32,  
4 is repealed.

5           **SECTION 15.** 231.01 (6m) of the statutes is created to read:

6           231.01 (6m) "Participating nonprofit institution" means a nonprofit entity, or  
7 an affiliate of that entity, that undertakes the financing and construction or  
8 acquisition of a project or undertakes the refunding or refinancing of obligations or  
9 of a mortgage or of advances as provided in this chapter, and is not any of the  
10 following:

11           1. An entity authorized by state law to provide or operate an educational facility  
12 or an affiliate of an entity authorized by state law to provide or operate an  
13 educational facility.

14           2. An entity authorized by state law to provide or operate a health facility or  
15 an affiliate of an entity authorized by state law to provide or operate a health facility.

16           3. An entity authorized by state law to provide or operate a research facility or  
17 an affiliate of an entity authorized by state law to provide or operate a research  
18 facility.

19           **SECTION 16.** 231.01 (7) (a) 1. of the statutes is amended to read:

20           231.01 (7) (a) 1. A specific health facility, educational facility, research facility,  
21 or ~~child-care center~~ nonprofit facility work or improvement to be refinanced,  
22 acquired, constructed, enlarged, remodeled, renovated, improved, furnished, or  
23 equipped by the authority with funds provided in whole or in part under this chapter.

24           **SECTION 17.** 231.01 (7) (a) 2. of the statutes is amended to read:



1           231.01 (7) (a) 2. One or more structures suitable for use as a ~~child care center~~,  
2           research facility, nonprofit facility, health facility, laboratory, laundry, nurses' or  
3           interns' residence or other multi-unit housing facility for staff, employees, patients  
4           or relatives of patients admitted for treatment or care in a health facility, physician's  
5           facility, administration building, research facility, maintenance, storage, or utility  
6           facility.

7           **SECTION 18.** 231.01 (7) (a) 4. of the statutes is amended to read:

8           231.01 (7) (a) 4. Any structure useful for the operation of a health facility,  
9           educational facility, research facility, or ~~child care center~~ nonprofit facility, including  
10          facilities or supporting service structures essential or convenient for the orderly  
11          conduct of the health facility, educational facility, research facility, or ~~child care~~  
12          ~~center~~ nonprofit facility.

13          **SECTION 19.** 231.01 (7) (c) of the statutes, as affected by 2011 Wisconsin Act 32,  
14          is amended to read:

15          231.01 (7) (c) "Project" may include more than one project, and it may include  
16          any combination of projects undertaken jointly by any participating health  
17          institution, participating educational institution, participating research institution,  
18          or participating ~~child care provider~~ nonprofit institution with one or more other  
19          participating health institutions, participating educational institutions,  
20          participating research institutions, or participating ~~child care providers~~ nonprofit  
21          institutions.

22          **SECTION 20.** 231.02 (6) (b) of the statutes is amended to read:

23          231.02 (6) (b) Notwithstanding any other provision of law, it is not a conflict  
24          of interest or violation of this section or of any other law for a trustee, director, officer,  
25          or employee of a participating health institution, participating educational

1 institution, participating research institution, or participating ~~child care provider~~  
2 nonprofit institution or for a person having the required favorable reputation for  
3 skill, knowledge, and experience in state and municipal finance or for a person  
4 having the required favorable reputation for skill, knowledge, and experience in the  
5 field of health facility, educational facility, research facility, or ~~child care center~~  
6 nonprofit facility architecture to serve as a member of the authority; if in each case  
7 to which par. (a) is applicable, the trustee, director, officer, or employee of the  
8 participating health institution, participating educational institution, participating  
9 research institution, or participating ~~child care provider~~ nonprofit institution  
10 abstains from discussion, deliberation, action, and vote by the authority in specific  
11 respect to any undertaking pursuant to this chapter in which his or her participating  
12 health institution, participating educational institution, participating research  
13 institution, or participating ~~child care provider~~ nonprofit institution has an interest,  
14 or the person having the required favorable reputation for skill, knowledge, and  
15 experience in state and municipal finance abstains from discussion, deliberation,  
16 action, and vote by the authority in specific respect to any sale, purchase, or  
17 ownership of bonds of the authority in which any business of which such person is  
18 a participant, owner, officer, or employee has a past, current, or future interest, or  
19 such person having the required favorable reputation for skill, knowledge, and  
20 experience in the field of health facility, educational facility, research facility, or ~~child~~  
21 ~~care center~~ nonprofit facility architecture abstains from discussion, deliberation,  
22 action, and vote by the authority in specific respect to construction or acquisition of  
23 any project of the authority in which any business of which such person is a  
24 participant, owner, officer, or employee has a past, current, or future interest.

25 **SECTION 21.** 231.03 (5) of the statutes is amended to read:

1           231.03 (5) Determine the location and character of any project to be financed  
2 under this chapter, and construct, reconstruct, remodel, maintain, enlarge, alter, add  
3 to, repair, lease as lessee or lessor and regulate the same, enter into contracts for any  
4 such purpose, enter into contracts for the management and operation of a project or  
5 other health facilities, educational facilities, research facilities, or ~~child care centers~~  
6 nonprofit facilities owned by the authority, and designate a participating health  
7 institution, participating educational institution, participating research institution,  
8 or participating ~~child care provider~~ nonprofit institution as its agent to determine the  
9 location and character of a project undertaken by the participating health  
10 institution, participating educational institution, participating research institution,  
11 or participating ~~child care provider~~ nonprofit institution under this chapter and as  
12 the agent of the authority, to construct, reconstruct, remodel, maintain, manage,  
13 enlarge, alter, add to, repair, operate, lease as lessee or lessor and regulate the same,  
14 and as the agent of the authority, to enter into contracts for any such purpose,  
15 including contracts for the management and operation of such project or other health  
16 facilities, educational facilities, research facilities, or ~~child care centers~~ nonprofit  
17 facilities owned by the authority.

18           **SECTION 22.** 231.03 (6) (b) of the statutes, as affected by 2011 Wisconsin Act 32,  
19 is amended to read:

20           231.03 (6) (b) Refinance outstanding debt of any participating health  
21 institution ~~if the department of health services certifies that refinancing will result~~  
22 ~~in a reduction in the participating health institution's rates below the rates which~~  
23 ~~would have otherwise prevailed, except that the authority may not refinance any~~  
24 ~~office or clinic of a person licensed under ch. 446, 447, 448, 449 or 455, or the~~  
25 ~~substantially equivalent laws or rules of another state, and except that this~~

1 ~~certification is not required for the refinancing for a participating health institution~~  
2 ~~that operates a facility as defined under s. 49.45 (6m) (a) 3, or for a participating~~  
3 ~~health institution that is located in another state.~~

4 **SECTION 23.** 231.03 (6) (g) of the statutes is amended to read:

5 231.03 (6) (g) Finance a purchase, or make a loan, under sub. (20). Bonds  
6 issued under this paragraph shall be payable from, or secured by interests in, tobacco  
7 settlement revenues and such other property pledged under the bond resolution and,  
8 notwithstanding s. 231.08 (3), are not required to mature in ~~30~~ 50 years or less from  
9 the date of issue.

10 **SECTION 24.** 231.03 (6) (j) of the statutes is created to read:

11 231.03 (6) (j) Finance any project undertaken for a nonprofit facility by a  
12 participating nonprofit institution.

13 **SECTION 25.** 231.03 (6) (k) of the statutes is created to read:

14 231.03 (6) (k) Refinance outstanding debt of any participating nonprofit  
15 institution.

16 **SECTION 26.** 231.03 (7) of the statutes is amended to read:

17 231.03 (7) Fix and revise from time to time and charge and collect rates, rents,  
18 fees, and charges for the use of and for the services furnished or to be furnished by  
19 a project or other health facilities, educational facilities, research facilities, or ~~child~~  
20 ~~care centers~~ nonprofit facilities owned by the authority or any portion thereof,  
21 contract with any person in respect thereto and coordinate its policies and  
22 procedures, and cooperate with recognized health facility, educational facility,  
23 research facility, or ~~child-care center~~ nonprofit facility rate setting mechanisms.

24 **SECTION 27.** 231.03 (8) of the statutes is amended to read:

1           231.03 (8) Adopt rules for the use of a project or other health facility,  
2 educational facility, research facility, or ~~child care center~~ nonprofit facility or any  
3 portion of the project or facility owned, financed, or refinanced in whole or in part by  
4 the authority, including any property used as security for a loan secured through,  
5 from, or with the assistance of the authority. The authority may designate a  
6 participating health institution, participating educational institution, participating  
7 research institution, or participating ~~child care provider~~ nonprofit institution as its  
8 agent to establish rules for the use of a project or other health facilities, educational  
9 facilities, research facilities, or ~~child care centers~~ nonprofit facilities undertaken for  
10 that participating health institution, participating educational institution,  
11 participating research institution, or participating ~~child care provider~~ nonprofit  
12 institution. The rules shall ensure that a project, health facility, educational facility,  
13 research facility, ~~child care center~~ nonprofit facility, or property may not be used  
14 primarily for sectarian instruction or study or as a place for devotional activities or  
15 religious worship.

16           **SECTION 28.** 231.03 (11) of the statutes is amended to read:

17           231.03 (11) Establish or contract with others to carry out on its behalf a health  
18 facility, educational facility, research facility, nonprofit facility, or child care center  
19 project cost estimating service, and make this service available on all projects to  
20 provide expert cost estimates and guidance to the participating health institution,  
21 participating educational institution, participating research institution, or  
22 participating ~~child care provider~~ nonprofit institution and to the authority. To  
23 implement this service and, through it, to contribute to cost containment, the  
24 authority may require such reasonable reports and documents from health facility,  
25 educational facility, research facility, or ~~child care center~~ nonprofit facility projects

1 as are required for this service and for the development of cost reports and  
2 guidelines. The authority shall appoint a technical committee on health facility,  
3 educational facility, research facility, or ~~child care center~~ nonprofit facility project  
4 costs and cost containment.

5 **SECTION 29.** 231.03 (13) of the statutes is amended to read:

6 231.03 (13) Make loans to any participating health institution, participating  
7 educational institution, participating research institution, or, ~~before May 1, 2000,~~  
8 participating ~~child care provider~~ nonprofit institution for the cost of a project in  
9 accordance with an agreement between the authority and the participating health  
10 institution, participating educational institution, participating research institution,  
11 or participating ~~child care provider~~ nonprofit institution. The authority may secure  
12 the loan by a mortgage or other security arrangement on the health facility,  
13 educational facility, research facility, or ~~child care center~~ nonprofit facility granted  
14 by the participating health institution, participating educational institution,  
15 participating research institution, or participating ~~child care provider~~ nonprofit  
16 institution to the authority. The loan may not exceed the total cost of the project as  
17 determined by the participating health institution, participating educational  
18 institution, participating research institution, or participating ~~child care provider~~  
19 nonprofit institution and approved by the authority.

20 **SECTION 30.** 231.03 (14) of the statutes is amended to read:

21 231.03 (14) Make loans to a health facility, educational facility, research  
22 facility, or, ~~before May 1, 2000,~~ ~~child care center~~ nonprofit facility for which bonds  
23 may be issued under sub. (6) (b) ~~or~~, (d) ~~or~~ under s. 231.03 (6) (f), ~~1999 stats., (i), or (k),~~  
24 to refinance the health facility's, educational facility's, research facility's, or ~~child~~  
25 ~~care center's~~ nonprofit facility's outstanding debt. The authority may secure the loan

1 or bond by a mortgage or other security arrangement on the health facility,  
2 educational facility, research facility, or ~~child care center~~ nonprofit facility granted  
3 by the participating health institution, participating educational institution,  
4 participating research institution, or participating ~~child care provider~~ nonprofit  
5 institution to the authority.

6 **SECTION 31.** 231.03 (15) of the statutes is amended to read:

7 231.03 (15) Mortgage all or any portion of a project and other health facilities,  
8 educational facilities, research facilities, or ~~child care centers~~ nonprofit facilities and  
9 the site thereof, whether owned or thereafter acquired, for the benefit of the holders  
10 of bonds issued to finance the project, health facilities, educational facilities,  
11 research facilities, or ~~child care centers~~ nonprofit facilities or any portion thereof or  
12 issued to refund or refinance outstanding indebtedness of participating health  
13 institutions, participating educational institutions, participating research  
14 institutions, or ~~child care providers~~ participating nonprofit institutions as permitted  
15 by this chapter.

16 **SECTION 32.** 231.03 (16) of the statutes is amended to read:

17 231.03 (16) Lease to a participating health institution, participating  
18 educational institution, participating research institution, or participating ~~child~~  
19 ~~care provider~~ nonprofit institution the project being financed or other health  
20 facilities, educational facilities, research facilities, or ~~child care centers~~ nonprofit  
21 facilities conveyed to the authority in connection with such financing, upon such  
22 terms and conditions as the authority deems proper, and charge and collect rents  
23 therefor, and terminate any such lease upon the failure of the lessee to comply with  
24 any of the obligations thereof; and include in any such lease, if desired, provisions  
25 that the lessee thereof shall have options to renew the term of the lease for such

1 periods and at such rent as the authority determines or to purchase all or any part  
2 of the health facilities, educational facilities, research facilities, or ~~child care centers~~  
3 nonprofit facilities or that, upon payment of all of the indebtedness incurred by the  
4 authority for the financing of such project or health facilities, educational facilities,  
5 research facilities, or ~~child care centers~~ nonprofit facilities or for refunding  
6 outstanding indebtedness of a participating health institution, participating  
7 educational institution, participating research institution, or participating ~~child~~  
8 ~~care provider~~ nonprofit institution, the authority may convey all or any part of the  
9 project or such other health facilities, educational facilities, research facilities, or  
10 ~~child care centers~~ nonprofit facilities to the lessees thereof with or without  
11 consideration.

12 **SECTION 33.** 231.03 (17) of the statutes is amended to read:

13 231.03 (17) Charge to and apportion among participating health institutions,  
14 participating educational institutions, participating research institutions, and  
15 participating ~~child care providers~~ nonprofit institutions its administrative costs and  
16 expenses incurred in the exercise of the powers and duties conferred by this chapter.

17 **SECTION 34.** 231.03 (18) of the statutes is amended to read:

18 231.03 (18) Make studies of needed health facilities, educational facilities,  
19 research facilities, and ~~child care centers~~ nonprofit facilities that could not sustain  
20 a loan were it made under this chapter and recommend remedial action to the  
21 legislature; and do the same with regard to any laws or rules that prevent health  
22 facilities, educational facilities, research facilities, and ~~child care centers~~ nonprofit  
23 facilities from benefiting from this chapter.

24 **SECTION 35.** 231.03 (19) of the statutes is amended to read:



1           231.03 (19) Obtain, or aid in obtaining, from any department or agency of the  
2 United States or of this state or any private company, any insurance or guaranty  
3 concerning the payment or repayment of, interest or principal, or both, or any part  
4 thereof, on any loan, lease, or obligation or any instrument evidencing or securing  
5 the same, made or entered into under the provisions of this chapter; and  
6 notwithstanding any other provisions of this chapter, to enter into any agreement,  
7 contract, or other instrument with respect to that insurance or guaranty, to accept  
8 payment in the manner and form provided therein in the event of default by a  
9 participating health institution, participating educational institution, participating  
10 research institution, or participating ~~child care provider~~ nonprofit institution, and  
11 to assign the insurance or guaranty as security for the authority's bonds.

12           **SECTION 36.** 231.04 of the statutes is amended to read:

13           **231.04 Expenses.** All expenses of the authority incurred in carrying out this  
14 chapter shall be payable solely from funds provided under the authority of this  
15 chapter, and no liability may be incurred by the authority beyond the extent to which  
16 moneys have been provided under this chapter except that, for the purposes of  
17 meeting the necessary expenses of initial organization and operation of the authority  
18 for the period commencing on June 19, 1974 and continuing until such date as the  
19 authority derives moneys from funds provided to it under the authority of this  
20 chapter, the authority may borrow such moneys as it requires to supplement the  
21 funds provided under s. 20.440. Such moneys borrowed by the authority shall  
22 subsequently be charged to and apportioned among participating health  
23 institutions, participating educational institutions, participating research  
24 institutions, and participating ~~child care providers~~ nonprofit institutions in an

1 equitable manner, and repaid with appropriate interest over a reasonable period of  
2 time.

3 **SECTION 37.** 231.05 (1) of the statutes is amended to read:

4 231.05 (1) By means of this chapter, it is the intent of the legislature to provide  
5 assistance and alternative methods of financing to nonprofit health institutions to  
6 aid them in providing needed health services consistent with the state's health plan,  
7 ~~to nonprofit educational institutions to aid them in providing~~ needed educational  
8 ~~services, to nonprofit research institutions to aid them in providing~~ needed research  
9 ~~facilities, and to nonprofit child care providers to aid them in providing needed child~~  
10 ~~care~~ other needed services and facilities in this state.

11 **SECTION 38.** 231.06 of the statutes, as affected by 2011 Wisconsin Act 32, is  
12 amended to read:

13 **231.06 Property acquisition.** The authority may acquire, directly or by and  
14 through a participating health institution, participating educational institution,  
15 participating research institution, or participating ~~child care provider~~ nonprofit  
16 institution as its agent, by purchase or by gift or devise, such lands, structures,  
17 property, rights, rights-of-way, franchises, easements, and other interests in lands,  
18 including lands lying under water and riparian rights, as it deems necessary or  
19 convenient for the construction or operation of a project, upon such terms and at such  
20 prices as it considers reasonable and can be agreed upon between it and the owner  
21 thereof, and take title thereto in the name of the authority or in the name of a health  
22 facility, educational facility, research facility, or ~~child care center~~ nonprofit facility  
23 as its agent.

24 **SECTION 39.** 231.07 (1) (b) of the statutes is amended to read:

1           231.07 (1) (b) Convey to the participating health institution, participating  
2 educational institution, participating research institution, or participating ~~child~~  
3 ~~care provider~~ nonprofit institution the authority's interest in the project and in any  
4 other health facility, educational facility, research facility, or ~~child care center~~  
5 nonprofit facility leased, mortgaged, or subject to a deed of trust or any other form  
6 of security arrangement to secure the bond.

7           **SECTION 40.** 231.07 (2) (a) of the statutes is amended to read:

8           231.07 (2) (a) The principal of and interest on any bond issued by the authority  
9 to finance a project or to refinance or refund outstanding indebtedness of one or more  
10 participating health institutions, participating educational institutions,  
11 participating research institutions, or participating ~~child care providers~~ nonprofit  
12 institutions, including any refunding bonds issued to refund and refinance the bond,  
13 have been fully paid and the bonds retired or if the adequate provision has been made  
14 to pay fully and retire the bond; and

15           **SECTION 41.** 231.08 (3) of the statutes is amended to read:

16           231.08 (3) The bonds may be issued as serial bonds or as term bonds, or the  
17 authority may issue bonds of both types. The bonds shall be authorized by a bond  
18 resolution of the authority and shall bear such dates, mature at such times not  
19 exceeding ~~30~~ 50 years from their respective dates of issue, bear interest at such rates,  
20 be payable at such times, be in such denominations, be in such form, either coupon  
21 or fully registered, carry such registration and conversion privileges, be executed in  
22 such manner, be payable in lawful money of the United States at such places, and  
23 be subject to such terms of redemption as the bond resolution provides. The bonds  
24 or notes shall be executed by the manual or facsimile signatures of such officers of  
25 the authority as the authority designates. Coupon bonds shall have attached thereto

1 interest coupons bearing the facsimile signature of the treasurer of the authority or  
2 such other officer as the authority designates. The bonds or notes may be sold at  
3 public or private sale for such price and in such manner and from time to time as the  
4 authority determines. Pending preparation of the definitive bonds, the authority  
5 may issue interim receipts or certificates which shall be exchanged for the definitive  
6 bonds.

7 **SECTION 42.** 231.08 (5) of the statutes is amended to read:

8 231.08 (5) In addition to the other authorizations under this section, bonds of  
9 the authority may be secured by a pooling of leases whereby the authority may assign  
10 its rights, as lessor, and pledge rents under 2 or more leases of health facilities,  
11 educational facilities, research facilities, or ~~child care centers~~ nonprofit facilities  
12 with 2 or more participating health institutions, participating educational  
13 institutions, participating research institutions, or ~~child care providers~~  
14 participating nonprofit institutions, as lessees respectively, upon such terms as may  
15 be provided for in bond resolutions of the authority.

16 **SECTION 43.** 231.10 (1) of the statutes is amended to read:

17 231.10 (1) The state is not liable on notes or bonds of the authority and the notes  
18 and bonds are not a debt of the state. All notes and bonds of the authority shall  
19 contain on the face thereof a statement to this effect. The issuance of bonds under  
20 this chapter shall not, directly or indirectly or contingently, obligate the state or any  
21 political subdivision thereof to levy any form of taxation therefor or to make any  
22 appropriation for their payment. Nothing in this section prevents the authority from  
23 pledging its full faith and credit or the full faith and credit of a health institution,  
24 educational institution, research institution, or ~~child care provider~~ nonprofit  
25 institution to the payment of bonds authorized under this chapter.

1           **SECTION 44.** 231.12 of the statutes is amended to read:

2           **231.12 Studies and recommendations.** It is the intent and purpose of this  
3 chapter that the exercise by the authority of the powers granted to it shall be in all  
4 respects for the benefit of the people of this state to assist them to provide needed  
5 health facilities, educational facilities, research facilities, and ~~child care centers~~  
6 nonprofit facilities of the number, size, type, distribution, and operation that will  
7 assure admission and health care, education, research opportunities, or ~~child care~~  
8 ~~of high quality~~ other necessary services to all who need it. The authority shall  
9 identify and study all projects which are determined by health planning agencies to  
10 be needed, but which could not sustain a loan were such to be made to it under this  
11 chapter. The authority shall formulate and recommend to the legislature such  
12 amendments to this and other laws, and such other specific measures as grants, loan  
13 guarantees, interest subsidies, or other actions the state may provide which would  
14 render the construction and operation of needed health facilities, educational  
15 facilities, research facilities, and ~~child care centers~~ nonprofit facilities feasible and  
16 in the public interest. The authority also shall identify and study any laws or rules  
17 which it finds handicaps or bars a needed health facility, educational facility,  
18 research facility, or ~~child care center~~ nonprofit facility from participating in the  
19 benefits of this chapter, and recommend to the legislature such actions as will  
20 remedy such situation.

21           **SECTION 45.** 231.13 (1) (intro.) of the statutes is amended to read:

22           **231.13 (1) (intro.)** The authority shall collect rents for the use of, or other  
23 revenues relating to the financing of, each project. The authority shall contract with  
24 a participating health institution, participating educational institution,  
25 participating research institution, or participating ~~child care provider~~ nonprofit

1 institution for each issuance of bonds. The contract shall provide that the rents or  
2 other revenues payable by the health facility, educational facility, research facility,  
3 or ~~child care center~~ nonprofit facility shall be sufficient at all times to:

4 **SECTION 46.** 231.13 (2) of the statutes is amended to read:

5 231.13 (2) The authority shall pledge the revenues derived and to be derived  
6 from a project and other related health facilities, educational facilities, research  
7 facilities, or ~~child care centers~~ nonprofit facilities for the purposes specified in sub.  
8 (1), and additional bonds may be issued which may rank on a parity with other bonds  
9 relating to the project to the extent and on the terms and conditions provided in the  
10 bond resolution. Such pledge shall be valid and binding from the time when the  
11 pledge is made, the revenues so pledged by the authority shall immediately be  
12 subject to the lien of such pledge without any physical delivery thereof or further act  
13 and the lien of any such pledge shall be valid and binding as against all parties  
14 having claims of any kind in tort, contract, or otherwise against the authority,  
15 irrespective of whether such parties have notice thereof. Neither the bond resolution  
16 nor any financing statement, continuation statement, or other instrument by which  
17 a pledge is created or by which the authority's interest in revenues is assigned need  
18 be filed or recorded in any public records in order to perfect the lien thereof as against  
19 3rd parties, except that a copy thereof shall be filed in the records of the authority  
20 and with the department of financial institutions.

21 **SECTION 47.** 231.16 (1) of the statutes is amended to read:

22 231.16 (1) The authority may issue bonds to refund any outstanding bond of  
23 the authority or indebtedness that a participating health institution, participating  
24 educational institution, participating research institution, or participating ~~child~~  
25 ~~care provider~~ nonprofit institution may have incurred for the construction or

1 acquisition of a project prior to or after April 30, 1980, including the payment of any  
2 redemption premium on the outstanding bond or indebtedness and any interest  
3 accrued or to accrue to the earliest or any subsequent date of redemption, purchase,  
4 or maturity, or to pay all or any part of the cost of constructing and acquiring  
5 additions, improvements, extensions, or enlargements of a project or any portion of  
6 a project. Except for bonds to refund bonds issued under s. 231.03 (6) (g), no bonds  
7 may be issued under this section unless the authority has first entered into a new  
8 or amended agreement with a participating health institution, participating  
9 educational institution, participating research institution, or participating child  
10 care provider nonprofit institution to provide sufficient revenues to pay the costs and  
11 other items described in s. 231.13.

12 **SECTION 48.** 231.16 (3) of the statutes is amended to read:

13 231.16 (3) All bonds issued under this section shall be subject to this chapter  
14 in the same manner and to the same extent as other bonds issued pursuant to this  
15 chapter, except that the limitations with respect to dates ~~under s. 231.03 (6) (e) and~~  
16 ~~(f), 1999 stats., and~~ under s. 231.03 (14) do not apply to bonds issued under this  
17 section, and the requirement under s. 231.08 (3) that the bonds mature in ~~30~~ 50 years  
18 or less from their date of issue does not apply to bonds issued under this section to  
19 refund bonds issued under s. 231.03 (6) (g).

20 **SECTION 49.** 231.20 of the statutes, as affected by 2011 Wisconsin Act 32, is  
21 amended to read:

22 **231.20 Waiver of construction and bidding requirements.** In exercising  
23 its powers under s. 101.12, the department of safety and professional services or any  
24 city, village, town, or county may, within its discretion for proper cause shown, waive  
25 any particular requirements relating to public buildings, structures, grounds,

1 works, and improvements imposed by law upon projects under this chapter; the  
2 requirements of s. 101.13 may not be waived, however. If, however, the prospective  
3 lessee so requests in writing, the authority shall, through the participating health  
4 institution, participating educational institution, participating research institution,  
5 or participating ~~child care provider~~ nonprofit institution as its agent, call for  
6 construction bids in such manner as is determined by the authority with the approval  
7 of the lessee.

8 **SECTION 50.** 231.23 of the statutes is amended to read:

9 **231.23 Nonprofit institutions.** It is intended that all nonprofit health  
10 ~~institutions, educational institutions, research institutions, and child care providers~~  
11 entities in this state be enabled to benefit from and participate in this chapter. To  
12 this end, all nonprofit ~~health institutions, educational institutions, research~~  
13 ~~institutions, and child care providers~~ entities operating, or authorized to be  
14 operated, under any law of this state may undertake projects and utilize the capital  
15 financing sources and methods of repayment provided by this chapter, the provisions  
16 of any other laws to the contrary notwithstanding.

17 **SECTION 51. Initial applicability.**

18 (1) INTEREST INCOME EXEMPTION. The treatment of sections 71.05 (1) (c) 11., 71.26  
19 (1m) (L), and 71.45 (1t) (L) of the statutes first applies to taxable years beginning on  
20 January 1, 2011.

21 (END)



2011-2012 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3259/P3  
FFK:.....

FFK INS

1           **SECTION 1.** 231.01 (5) (a) 7. <sup>✓</sup> of the statutes is created to read:  
2           231.01 (5) (a) 7. Any hospital, ambulatory surgical center, <sup>✓</sup> skilled nursing  
3 facility, community <sup>⊖</sup> based residential facility, <sup>✓</sup> assisted living facility, home health  
4 agency, hospice, rehabilitation facility, medical office or clinic, or other similar  
5 facility that is located outside of this state. <sup>✓</sup>

END FFK INS

**Kreye, Joseph**

**From:** Trovato, Vince  
**Sent:** Thursday, December 15, 2011 3:09 PM  
**To:** Kreye, Joseph  
**Subject:** RE: LRB 11-3259

Hello Joseph,

We have one final revision for the WHEFA bill which you have drafted. Can you please remove the provisions in the WHEFA bill that pertain to the tax exemption we originally had asked for?

Thank you in advance.

Vince Trovato  
Office of Representative Scott Krug

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**From:** Trovato, Vince  
**Sent:** Wednesday, November 30, 2011 2:08 PM  
**To:** Kreye, Joseph  
**Subject:** LRB 11-3259

<< File: WHEFA Cross-Border \_Health Facility\_.DOCX >>

Hi Joseph,

It is my understanding that you are currently working on drafting LRB 11-3259 at the request of Representative Krug. Jennifer Malcore left this office and I have replaced her starting this week. The Representative asked that I send you the enclosed attachment for inclusion into the bill draft.

Thanks in advance and please do not hesitate to contact me with any questions.

Vince Trovato  
Office of Representative Scott Krug



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-3259/P3  
FFK&JK:jld:rs

*e RMR*

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

*[Handwritten mark]*

*in Eri. 2-16*

*due Wed 2-21*

*re gov*

*4*

1 **AN ACT to repeal** 231.01 (3c), 231.01 (3m) and 231.01 (5r); **to amend** 66.0621 (1)

2 (b), 231.01 (4) (a), 231.01 (4) (b) 1., 231.01 (4) (b) 2., 231.01 (4) (b) 5., 231.01 (4)

3 (c), 231.01 (7) (a) 1., 231.01 (7) (a) 2., 231.01 (7) (a) 4., 231.01 (7) (c), 231.02 (6)

4 (b), 231.03 (5), 231.03 (6) (b), 231.03 (6) (g), 231.03 (7), 231.03 (8), 231.03 (11),

5 231.03 (13), 231.03 (14), 231.03 (15), 231.03 (16), 231.03 (17), 231.03 (18),

6 231.03 (19), 231.04, 231.05 (1), 231.06, 231.07 (1) (b), 231.07 (2) (a), 231.08 (3),

7 231.08 (5), 231.10 (1), 231.12, 231.13 (1) (intro.), 231.13 (2), 231.16 (1), 231.16

8 (3), 231.20 and 231.23; and **to create** 71.05 (1) (c) 11., 71.26 (1m) (L), 71.45 (1t)

9 (L), 231.01 (5) (a) 7., 231.01 (5n), 231.01 (5p), 231.01 (6m), 231.03 (6) (j) and

10 231.03 (6) (k) of the statutes; **relating to:** authorizing the Wisconsin Health

11 and Educational Facilities Authority to issue bonds to finance projects related

12 to nonprofit facilities. ✓

**Analysis by the Legislative Reference Bureau**

Under current law, the Wisconsin Health and Educational Facilities Authority (WHEFA) may issue bonds to finance certain projects of health, educational, or

research institutions; to refinance outstanding debt of health, educational, or research institutions; and to finance a purchase of the state's right to receive any of the payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998. Projects of health, educational, or research institutions that may be financed include, among others, the acquisition of a hospital, the construction or operation of an ambulatory surgery center or home health agency, and the construction, remodeling, furnishing, or equipping of a health, educational, or research facility or related structure.

This bill authorizes WHEFA to issue bonds to finance any project undertaken by a nonprofit institution for a nonprofit facility, or to refinance outstanding debt of a nonprofit institution. A nonprofit institution is defined in the bill as a nonprofit entity that is not a health, education, or research institution. A nonprofit facility is defined in the bill as a facility that is owned or operated by a nonprofit entity. Project activities for which WHEFA may issue bonds for a nonprofit institution include construction, acquisition, remodeling, furnishing, and equipping of nonprofit facilities, related structures, and structures or items that are useful for the operation of nonprofit facilities.

✓ Under current law, the interest income from bonds issued by WHEFA is exempt from income taxation if the bond proceeds are used by a health facility to acquire information technology hardware or software. Under this bill, the interest income from bonds issued by WHEFA is also exempt from income taxation if the bonds are issued for the benefit of a person who is eligible to receive bonds from another entity for the same purpose and the interest income received from the other bonds would be exempt from taxation.

This bill also makes the following changes to WHEFA's bonding authority:

1. Extends the maximum bond maturity date for bonds issued by WHEFA from 30 years from the date of issue to 50 years from the date of issue.
2. Eliminates the requirement the certain refinancing projects for health institutions be certified by the Department of Health Services.
3. Changes the working capital limits that must be included in the cost of a project to be consistent with federal law.
4. Eliminates references to WHEFA's authority to issue bonds to participating child care providers which expired on May 1, 2000.

✓ Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1 SECTION 1. 66.0621 (1) (b) of the statutes is amended to read:

1           66.0621 (1) (b) "Public utility" means any revenue producing facility or  
2 enterprise owned by a municipality and operated for a public purpose as defined in  
3 s. 67.04 (1) (b) including garbage incinerators, toll bridges, swimming pools, tennis  
4 courts, parks, playgrounds, golf links, bathing beaches, bathhouses, street lighting,  
5 city halls, village halls, town halls, courthouses, jails, schools, cooperative  
6 educational service agencies, hospitals, homes for the aged or indigent, child care  
7 centers, as defined in s. 231.01 (3e), regional projects, waste collection and disposal  
8 operations, sewerage systems, local professional baseball park facilities, local  
9 professional football stadium facilities, local cultural arts facilities, and any other  
10 necessary public works projects undertaken by a municipality.

11           **SECTION 2.** 71.05 (1) (c) 11. of the statutes is created to read:

12           71.05 (1) (c) 11. The Wisconsin Health and Educational Facilities Authority  
13 under s. 231.03 (6), if the bonds or notes are issued for the benefit of a person who  
14 is eligible to receive the proceeds of bonds or notes from another entity for the same  
15 purpose for which the bonds or notes are issued under s. 231.03 (6) and the interest  
16 income received from the other bonds or notes, if so issued, would be exempt from  
17 taxation under this subchapter or under s. 66.1201 (14) (a), 66.1333 (5) (a) 4. c., or  
18 66.1335 (5m).

19           **SECTION 3.** 71.26 (1m) (L) of the statutes is created to read:

20           71.26 (1m) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued  
21 for the benefit of a person who is eligible to receive the proceeds of bonds or notes from  
22 another entity for the same purpose for which the bonds or notes are issued under  
23 s. 231.03 (6) and the interest income received from the other bonds or notes, if so  
24 issued, would be exempt from taxation under this subchapter.

25           **SECTION 4.** 71.45 (1t) (L) of the statutes is created to read:

1 ~~71.45 (1t) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued~~  
2 ~~for the benefit of a person who is eligible to receive the proceeds of bonds or notes from~~  
3 ~~another entity for the same purpose for which the bonds or notes are issued under~~  
4 ~~s. 231.03 (6) and the interest income received from the other bonds or notes, if so~~  
5 ~~issued, would be exempt from taxation under this subchapter.~~

6 SECTION 5. 231.01 (3c) of the statutes is repealed.

7 SECTION 6. 231.01 (3m) of the statutes is repealed.

8 SECTION 7. 231.01 (4) (a) of the statutes is amended to read:

9 231.01 (4) (a) "Cost" means the sum of all costs incurred by a participating  
10 health institution, participating educational institution, participating research  
11 institution, or participating ~~child care provider~~ nonprofit institution, as approved by  
12 the authority, as are reasonable and necessary to accomplish the project, exclusive  
13 of any private or federal, state, or local financial assistance received by the  
14 participating health institution, participating educational institution, participating  
15 research institution, or participating ~~child care provider~~ nonprofit institution for the  
16 payment of the project cost.

17 SECTION 8. 231.01 (4) (b) 1. of the statutes is amended to read:

18 231.01 (4) (b) 1. The cost incurred by or on behalf of the participating health  
19 institution, participating educational institution, participating research institution,  
20 or participating ~~child care provider~~ nonprofit institution of all necessary  
21 developmental, planning, and feasibility studies, surveys, plans, and specifications,  
22 architectural, engineering, legal, or other special services, the cost of acquisition of  
23 land and any buildings and improvements on the land, site preparation, and  
24 development including demolition or removal of existing structures, construction,

1 reconstruction, and equipment, including machinery, fixed equipment, and personal  
2 property.

3 **SECTION 9.** 231.01 (4) (b) 2. of the statutes is amended to read:

4 231.01 (4) (b) 2. The reasonable cost of financing incurred by a participating  
5 health institution, participating educational institution, participating research  
6 institution, or participating ~~child care provider~~ nonprofit institution in the course of  
7 the development of the project to the occupancy date.

8 **SECTION 10.** 231.01 (4) (b) 5. of the statutes is amended to read:

9 231.01 (4) (b) 5. Working capital not exceeding ~~3% of the estimated total project~~  
10 ~~cost or 3% of the actual total final cost, whichever is larger~~ the amounts permitted  
11 under 26 CFR 1.148-6 (d) (3).

12 **SECTION 11.** 231.01 (4) (c) of the statutes is amended to read:

13 231.01 (4) (c) All rents and other net revenues from the operation of the real  
14 property, improvements, or personal property on the project site by a participating  
15 health institution, participating educational institution, participating research  
16 institution, or participating ~~child care provider~~ nonprofit institution on and after the  
17 date on which the contract between a participating health institution, participating  
18 educational institution, participating research institution, or participating ~~child~~  
19 ~~care provider~~ nonprofit institution and the authority was entered into, but prior to  
20 the occupancy date, shall reduce the sum of all costs in this subsection.

21 **SECTION 12.** 231.01 (5) (a) 7. of the statutes is created to read:

22 231.01 (5) (a) 7. Any hospital, ambulatory surgical center, skilled nursing  
23 facility, community-based residential facility, assisted living facility, home health  
24 agency, hospice, rehabilitation facility, medical office or clinic, or other similar  
25 facility that is located outside of this state.

1           **SECTION 13.** 231.01 (5n) of the statutes is created to read:

2           231.01 (5n) "Nonprofit entity" means an entity that is described in section 501  
3 (c) (3) of the Internal Revenue Code and that is exempt from federal income tax under  
4 section 501 (a) of the Internal Revenue Code.

5           **SECTION 14.** 231.01 (5p) of the statutes is created to read:

6           231.01 (5p) "Nonprofit facility" means a facility that is owned or operated by  
7 a nonprofit entity.

8           **SECTION 15.** 231.01 (5r) of the statutes, as affected by 2011 Wisconsin Act 32,  
9 is repealed.

10          **SECTION 16.** 231.01 (6m) of the statutes is created to read:

11          231.01 (6m) "Participating nonprofit institution" means a nonprofit entity, or  
12 an affiliate of that entity, that undertakes the financing and construction or  
13 acquisition of a project or undertakes the refunding or refinancing of obligations or  
14 of a mortgage or of advances as provided in this chapter, and is not any of the  
15 following:

16           1. An entity authorized by state law to provide or operate an educational facility  
17 or an affiliate of an entity authorized by state law to provide or operate an  
18 educational facility.

19           2. An entity authorized by state law to provide or operate a health facility or  
20 an affiliate of an entity authorized by state law to provide or operate a health facility.

21           3. An entity authorized by state law to provide or operate a research facility or  
22 an affiliate of an entity authorized by state law to provide or operate a research  
23 facility.

24          **SECTION 17.** 231.01 (7) (a) 1. of the statutes is amended to read:



1           231.01 (7) (a) 1. A specific health facility, educational facility, research facility,  
2 or ~~child care center~~ nonprofit facility work or improvement to be refinanced,  
3 acquired, constructed, enlarged, remodeled, renovated, improved, furnished, or  
4 equipped by the authority with funds provided in whole or in part under this chapter.

5           **SECTION 18.** 231.01 (7) (a) 2. of the statutes is amended to read:

6           231.01 (7) (a) 2. One or more structures suitable for use as a ~~child care center~~,  
7 research facility, nonprofit facility, health facility, laboratory, laundry, nurses' or  
8 interns' residence or other multi-unit housing facility for staff, employees, patients  
9 or relatives of patients admitted for treatment or care in a health facility, physician's  
10 facility, administration building, research facility, maintenance, storage, or utility  
11 facility.

12           **SECTION 19.** 231.01 (7) (a) 4. of the statutes is amended to read:

13           231.01 (7) (a) 4. Any structure useful for the operation of a health facility,  
14 educational facility, research facility, or ~~child care center~~ nonprofit facility, including  
15 facilities or supporting service structures essential or convenient for the orderly  
16 conduct of the health facility, educational facility, research facility, or ~~child care~~  
17 ~~center~~ nonprofit facility.

18           **SECTION 20.** 231.01 (7) (c) of the statutes, as affected by 2011 Wisconsin Act 32,  
19 is amended to read:

20           231.01 (7) (c) "Project" may include more than one project, and it may include  
21 any combination of projects undertaken jointly by any participating health  
22 institution, participating educational institution, participating research institution,  
23 or participating ~~child care provider~~ nonprofit institution with one or more other  
24 participating health institutions, participating educational institutions,

1 participating research institutions, or participating ~~child care providers~~ nonprofit  
2 institutions.

3 **SECTION 21.** 231.02 (6) (b) of the statutes is amended to read:

4 231.02 (6) (b) Notwithstanding any other provision of law, it is not a conflict  
5 of interest or violation of this section or of any other law for a trustee, director, officer,  
6 or employee of a participating health institution, participating educational  
7 institution, participating research institution, or participating ~~child care provider~~  
8 nonprofit institution or for a person having the required favorable reputation for  
9 skill, knowledge, and experience in state and municipal finance or for a person  
10 having the required favorable reputation for skill, knowledge, and experience in the  
11 field of health facility, educational facility, research facility, or ~~child care center~~  
12 nonprofit facility architecture to serve as a member of the authority; if in each case  
13 to which par. (a) is applicable, the trustee, director, officer, or employee of the  
14 participating health institution, participating educational institution, participating  
15 research institution, or participating ~~child care provider~~ nonprofit institution  
16 abstains from discussion, deliberation, action, and vote by the authority in specific  
17 respect to any undertaking pursuant to this chapter in which his or her participating  
18 health institution, participating educational institution, participating research  
19 institution, or participating ~~child care provider~~ nonprofit institution has an interest,  
20 or the person having the required favorable reputation for skill, knowledge, and  
21 experience in state and municipal finance abstains from discussion, deliberation,  
22 action, and vote by the authority in specific respect to any sale, purchase, or  
23 ownership of bonds of the authority in which any business of which such person is  
24 a participant, owner, officer, or employee has a past, current, or future interest, or  
25 such person having the required favorable reputation for skill, knowledge, and

1 experience in the field of health facility, educational facility, research facility, or ~~child~~  
2 ~~care center~~ nonprofit facility architecture abstains from discussion, deliberation,  
3 action, and vote by the authority in specific respect to construction or acquisition of  
4 any project of the authority in which any business of which such person is a  
5 participant, owner, officer, or employee has a past, current, or future interest.

6 **SECTION 22.** 231.03 (5) of the statutes is amended to read:

7 231.03 (5) Determine the location and character of any project to be financed  
8 under this chapter, and construct, reconstruct, remodel, maintain, enlarge, alter, add  
9 to, repair, lease as lessee or lessor and regulate the same, enter into contracts for any  
10 such purpose, enter into contracts for the management and operation of a project or  
11 other health facilities, educational facilities, research facilities, or ~~child care centers~~  
12 nonprofit facilities owned by the authority, and designate a participating health  
13 institution, participating educational institution, participating research institution,  
14 or participating ~~child care provider~~ nonprofit institution as its agent to determine the  
15 location and character of a project undertaken by the participating health  
16 institution, participating educational institution, participating research institution,  
17 or participating ~~child care provider~~ nonprofit institution under this chapter and as  
18 the agent of the authority, to construct, reconstruct, remodel, maintain, manage,  
19 enlarge, alter, add to, repair, operate, lease as lessee or lessor and regulate the same,  
20 and as the agent of the authority, to enter into contracts for any such purpose,  
21 including contracts for the management and operation of such project or other health  
22 facilities, educational facilities, research facilities, or ~~child care centers~~ nonprofit  
23 facilities owned by the authority.

24 **SECTION 23.** 231.03 (6) (b) of the statutes, as affected by 2011 Wisconsin Act 32,  
25 is amended to read:

1           231.03 (6) (b) Refinance outstanding debt of any participating health  
2 institution ~~if the department of health services certifies that refinancing will result~~  
3 ~~in a reduction in the participating health institution's rates below the rates which~~  
4 ~~would have otherwise prevailed, except that the authority may not refinance any~~  
5 ~~office or clinic of a person licensed under ch. 446, 447, 448, 449 or 455, or the~~  
6 ~~substantially equivalent laws or rules of another state, and except that this~~  
7 ~~certification is not required for the refinancing for a participating health institution~~  
8 ~~that operates a facility as defined under s. 49.45 (6m) (a) 3, or for a participating~~  
9 ~~health institution that is located in another state.~~

10           **SECTION 24.** 231.03 (6) (g) of the statutes is amended to read:

11           231.03 (6) (g) Finance a purchase, or make a loan, under sub. (20). Bonds  
12 issued under this paragraph shall be payable from, or secured by interests in, tobacco  
13 settlement revenues and such other property pledged under the bond resolution and,  
14 notwithstanding s. 231.08 (3), are not required to mature in ~~30~~ 50 years or less from  
15 the date of issue.

16           **SECTION 25.** 231.03 (6) (j) of the statutes is created to read:

17           231.03 (6) (j) Finance any project undertaken for a nonprofit facility by a  
18 participating nonprofit institution.

19           **SECTION 26.** 231.03 (6) (k) of the statutes is created to read:

20           231.03 (6) (k) Refinance outstanding debt of any participating nonprofit  
21 institution.

22           **SECTION 27.** 231.03 (7) of the statutes is amended to read:

23           231.03 (7) Fix and revise from time to time and charge and collect rates, rents,  
24 fees, and charges for the use of and for the services furnished or to be furnished by  
25 a project or other health facilities, educational facilities, research facilities, or child

1 ~~care centers~~ nonprofit facilities owned by the authority or any portion thereof,  
2 contract with any person in respect thereto and coordinate its policies and  
3 procedures, and cooperate with recognized health facility, educational facility,  
4 research facility, or ~~child care center~~ nonprofit facility rate setting mechanisms.

5 **SECTION 28.** 231.03 (8) of the statutes is amended to read:

6 231.03 (8) Adopt rules for the use of a project or other health facility,  
7 educational facility, research facility, or ~~child care center~~ nonprofit facility or any  
8 portion of the project or facility owned, financed, or refinanced in whole or in part by  
9 the authority, including any property used as security for a loan secured through,  
10 from, or with the assistance of the authority. The authority may designate a  
11 participating health institution, participating educational institution, participating  
12 research institution, or participating ~~child care provider~~ nonprofit institution as its  
13 agent to establish rules for the use of a project or other health facilities, educational  
14 facilities, research facilities, or ~~child care centers~~ nonprofit facilities undertaken for  
15 that participating health institution, participating educational institution,  
16 participating research institution, or participating ~~child care provider~~ nonprofit  
17 institution. The rules shall ensure that a project, health facility, educational facility,  
18 research facility, ~~child care center~~ nonprofit facility, or property may not be used  
19 primarily for sectarian instruction or study or as a place for devotional activities or  
20 religious worship.

21 **SECTION 29.** 231.03 (11) of the statutes is amended to read:

22 231.03 (11) Establish or contract with others to carry out on its behalf a health  
23 facility, educational facility, research facility, nonprofit facility, or child care center  
24 project cost estimating service, and make this service available on all projects to  
25 provide expert cost estimates and guidance to the participating health institution,

1 participating educational institution, participating research institution, or  
2 participating ~~child care provider~~ nonprofit institution and to the authority. To  
3 implement this service and, through it, to contribute to cost containment, the  
4 authority may require such reasonable reports and documents from health facility,  
5 educational facility, research facility, or ~~child care center~~ nonprofit facility projects  
6 as are required for this service and for the development of cost reports and  
7 guidelines. The authority shall appoint a technical committee on health facility,  
8 educational facility, research facility, or ~~child care center~~ nonprofit facility project  
9 costs and cost containment.

10 **SECTION 30.** 231.03 (13) of the statutes is amended to read:

11 231.03 (13) Make loans to any participating health institution, participating  
12 educational institution, participating research institution, or, ~~before May 1, 2000,~~  
13 participating ~~child care provider~~ nonprofit institution for the cost of a project in  
14 accordance with an agreement between the authority and the participating health  
15 institution, participating educational institution, participating research institution,  
16 or participating ~~child care provider~~ nonprofit institution. The authority may secure  
17 the loan by a mortgage or other security arrangement on the health facility,  
18 educational facility, research facility, or ~~child care center~~ nonprofit facility granted  
19 by the participating health institution, participating educational institution,  
20 participating research institution, or participating ~~child care provider~~ nonprofit  
21 institution to the authority. The loan may not exceed the total cost of the project as  
22 determined by the participating health institution, participating educational  
23 institution, participating research institution, or participating ~~child care provider~~  
24 nonprofit institution and approved by the authority.

25 **SECTION 31.** 231.03 (14) of the statutes is amended to read:

1           231.03 (14) Make loans to a health facility, educational facility, research  
2 facility, or, before May 1, 2000, ~~child care center~~ nonprofit facility for which bonds  
3 may be issued under sub. (6) (b) ~~or, (d) or under s. 231.03 (6) (f), 1999 stats., (i), or (k),~~  
4 to refinance the health facility's, educational facility's, research facility's, or ~~child~~  
5 ~~care center's~~ nonprofit facility's outstanding debt. The authority may secure the loan  
6 or bond by a mortgage or other security arrangement on the health facility,  
7 educational facility, research facility, or ~~child care center~~ nonprofit facility granted  
8 by the participating health institution, participating educational institution,  
9 participating research institution, or participating ~~child care provider~~ nonprofit  
10 institution to the authority.

11           **SECTION 32.** 231.03 (15) of the statutes is amended to read:

12           231.03 (15) Mortgage all or any portion of a project and other health facilities,  
13 educational facilities, research facilities, or ~~child care centers~~ nonprofit facilities and  
14 the site thereof, whether owned or thereafter acquired, for the benefit of the holders  
15 of bonds issued to finance the project, health facilities, educational facilities,  
16 research facilities, or ~~child care centers~~ nonprofit facilities or any portion thereof or  
17 issued to refund or refinance outstanding indebtedness of participating health  
18 institutions, participating educational institutions, participating research  
19 institutions, or ~~child care providers~~ participating nonprofit institutions as permitted  
20 by this chapter.

21           **SECTION 33.** 231.03 (16) of the statutes is amended to read:

22           231.03 (16) Lease to a participating health institution, participating  
23 educational institution, participating research institution, or participating ~~child~~  
24 ~~care provider~~ nonprofit institution the project being financed or other health  
25 facilities, educational facilities, research facilities, or ~~child care centers~~ nonprofit

1 facilities conveyed to the authority in connection with such financing, upon such  
2 terms and conditions as the authority deems proper, and charge and collect rents  
3 therefor, and terminate any such lease upon the failure of the lessee to comply with  
4 any of the obligations thereof; and include in any such lease, if desired, provisions  
5 that the lessee thereof shall have options to renew the term of the lease for such  
6 periods and at such rent as the authority determines or to purchase all or any part  
7 of the health facilities, educational facilities, research facilities, or ~~child care centers~~  
8 nonprofit facilities or that, upon payment of all of the indebtedness incurred by the  
9 authority for the financing of such project or health facilities, educational facilities,  
10 research facilities, or ~~child care centers~~ nonprofit facilities or for refunding  
11 outstanding indebtedness of a participating health institution, participating  
12 educational institution, participating research institution, or participating ~~child~~  
13 ~~care provider~~ nonprofit institution, the authority may convey all or any part of the  
14 project or such other health facilities, educational facilities, research facilities, or  
15 ~~child care centers~~ nonprofit facilities to the lessees thereof with or without  
16 consideration.

17 **SECTION 34.** 231.03 (17) of the statutes is amended to read:

18 231.03 (17) Charge to and apportion among participating health institutions,  
19 participating educational institutions, participating research institutions, and  
20 participating ~~child care providers~~ nonprofit institutions its administrative costs and  
21 expenses incurred in the exercise of the powers and duties conferred by this chapter.

22 **SECTION 35.** 231.03 (18) of the statutes is amended to read:

23 231.03 (18) Make studies of needed health facilities, educational facilities,  
24 research facilities, and ~~child care centers~~ nonprofit facilities that could not sustain  
25 a loan were it made under this chapter and recommend remedial action to the



1 legislature; and do the same with regard to any laws or rules that prevent health  
2 facilities, educational facilities, research facilities, and ~~child care centers~~ nonprofit  
3 facilities from benefiting from this chapter.

4 **SECTION 36.** 231.03 (19) of the statutes is amended to read:

5 231.03 (19) Obtain, or aid in obtaining, from any department or agency of the  
6 United States or of this state or any private company, any insurance or guaranty  
7 concerning the payment or repayment of, interest or principal, or both, or any part  
8 thereof, on any loan, lease, or obligation or any instrument evidencing or securing  
9 the same, made or entered into under the provisions of this chapter; and  
10 notwithstanding any other provisions of this chapter, to enter into any agreement,  
11 contract, or other instrument with respect to that insurance or guaranty, to accept  
12 payment in the manner and form provided therein in the event of default by a  
13 participating health institution, participating educational institution, participating  
14 research institution, or participating ~~child care provider~~ nonprofit institution, and  
15 to assign the insurance or guaranty as security for the authority's bonds.

16 **SECTION 37.** 231.04 of the statutes is amended to read:

17 **231.04 Expenses.** All expenses of the authority incurred in carrying out this  
18 chapter shall be payable solely from funds provided under the authority of this  
19 chapter, and no liability may be incurred by the authority beyond the extent to which  
20 moneys have been provided under this chapter except that, for the purposes of  
21 meeting the necessary expenses of initial organization and operation of the authority  
22 for the period commencing on June 19, 1974 and continuing until such date as the  
23 authority derives moneys from funds provided to it under the authority of this  
24 chapter, the authority may borrow such moneys as it requires to supplement the  
25 funds provided under s. 20.440. Such moneys borrowed by the authority shall

1 subsequently be charged to and apportioned among participating health  
2 institutions, participating educational institutions, participating research  
3 institutions, and participating ~~child care providers~~ nonprofit institutions in an  
4 equitable manner, and repaid with appropriate interest over a reasonable period of  
5 time.

6 **SECTION 38.** 231.05 (1) of the statutes is amended to read:

7 231.05 (1) By means of this chapter, it is the intent of the legislature to provide  
8 assistance and alternative methods of financing to nonprofit ~~health~~ institutions to  
9 aid them in providing needed health services consistent with the state's health plan,  
10 ~~to nonprofit educational institutions to aid them in providing~~ needed educational  
11 services, ~~to nonprofit research institutions to aid them in providing~~ needed research  
12 facilities, and ~~to nonprofit child care providers to aid them in providing~~ needed child  
13 care other needed services and facilities in this state.

14 **SECTION 39.** 231.06 of the statutes, <sup>✓</sup> as affected by 2011 Wisconsin Act 32, is  
15 amended to read:

16 **231.06 Property acquisition.** The authority may acquire, directly or by and  
17 through a participating health institution, participating educational institution,  
18 participating research institution, or participating ~~child care provider~~ nonprofit  
19 institution as its agent, by purchase or by gift or devise, such lands, structures,  
20 property, rights, rights-of-way, franchises, easements, and other interests in lands,  
21 including lands lying under water and riparian rights, as it deems necessary or  
22 convenient for the construction or operation of a project, upon such terms and at such  
23 prices as it considers reasonable and can be agreed upon between it and the owner  
24 thereof, and take title thereto in the name of the authority or in the name of a health

1 facility, educational facility, research facility, or ~~child care center~~ nonprofit facility  
2 as its agent.

3 **SECTION 40.** 231.07 (1) (b) of the statutes is amended to read:

4 231.07 (1) (b) Convey to the participating health institution, participating  
5 educational institution, participating research institution, or participating ~~child~~  
6 ~~care provider~~ nonprofit institution the authority's interest in the project and in any  
7 other health facility, educational facility, research facility, or ~~child care center~~  
8 nonprofit facility leased, mortgaged, or subject to a deed of trust or any other form  
9 of security arrangement to secure the bond.

10 **SECTION 41.** 231.07 (2) (a) of the statutes is amended to read:

11 231.07 (2) (a) The principal of and interest on any bond issued by the authority  
12 to finance a project or to refinance or refund outstanding indebtedness of one or more  
13 participating health institutions, participating educational institutions,  
14 participating research institutions, or participating ~~child care providers~~ nonprofit  
15 institutions, including any refunding bonds issued to refund and refinance the bond,  
16 have been fully paid and the bonds retired or if the adequate provision has been made  
17 to pay fully and retire the bond; and

18 **SECTION 42.** 231.08 (3) of the statutes is amended to read:

19 231.08 (3) The bonds may be issued as serial bonds or as term bonds, or the  
20 authority may issue bonds of both types. The bonds shall be authorized by a bond  
21 resolution of the authority and shall bear such dates, mature at such times not  
22 exceeding ~~30~~ 50 years from their respective dates of issue, bear interest at such rates,  
23 be payable at such times, be in such denominations, be in such form, either coupon  
24 or fully registered, carry such registration and conversion privileges, be executed in  
25 such manner, be payable in lawful money of the United States at such places, and

1 be subject to such terms of redemption as the bond resolution provides. The bonds  
2 or notes shall be executed by the manual or facsimile signatures of such officers of  
3 the authority as the authority designates. Coupon bonds shall have attached thereto  
4 interest coupons bearing the facsimile signature of the treasurer of the authority or  
5 such other officer as the authority designates. The bonds or notes may be sold at  
6 public or private sale for such price and in such manner and from time to time as the  
7 authority determines. Pending preparation of the definitive bonds, the authority  
8 may issue interim receipts or certificates which shall be exchanged for the definitive  
9 bonds.

10 **SECTION 43.** 231.08 (5) of the statutes is amended to read:

11 231.08 (5) In addition to the other authorizations under this section, bonds of  
12 the authority may be secured by a pooling of leases whereby the authority may assign  
13 its rights, as lessor, and pledge rents under 2 or more leases of health facilities,  
14 educational facilities, research facilities, or ~~child care centers~~ nonprofit facilities  
15 with 2 or more participating health institutions, participating educational  
16 institutions, participating research institutions, or ~~child care providers~~  
17 participating nonprofit institutions, as lessees respectively, upon such terms as may  
18 be provided for in bond resolutions of the authority.

19 **SECTION 44.** 231.10 (1) of the statutes is amended to read:

20 231.10 (1) The state is not liable on notes or bonds of the authority and the notes  
21 and bonds are not a debt of the state. All notes and bonds of the authority shall  
22 contain on the face thereof a statement to this effect. The issuance of bonds under  
23 this chapter shall not, directly or indirectly or contingently, obligate the state or any  
24 political subdivision thereof to levy any form of taxation therefor or to make any  
25 appropriation for their payment. Nothing in this section prevents the authority from

1 pledging its full faith and credit or the full faith and credit of a health institution,  
2 educational institution, research institution, or ~~child care provider~~ nonprofit  
3 institution to the payment of bonds authorized under this chapter.

4 **SECTION 45.** 231.12 of the statutes is amended to read:

5 **231.12 Studies and recommendations.** It is the intent and purpose of this  
6 chapter that the exercise by the authority of the powers granted to it shall be in all  
7 respects for the benefit of the people of this state to assist them to provide needed  
8 health facilities, educational facilities, research facilities, and ~~child care centers~~  
9 nonprofit facilities of the number, size, type, distribution, and operation that will  
10 assure admission and health care, education, research opportunities, or ~~child care~~  
11 ~~of high quality~~ other necessary services to all who need it. The authority shall  
12 identify and study all projects which are determined by health planning agencies to  
13 be needed, but which could not sustain a loan were such to be made to it under this  
14 chapter. The authority shall formulate and recommend to the legislature such  
15 amendments to this and other laws, and such other specific measures as grants, loan  
16 guarantees, interest subsidies, or other actions the state may provide which would  
17 render the construction and operation of needed health facilities, educational  
18 facilities, research facilities, and ~~child care centers~~ nonprofit facilities feasible and  
19 in the public interest. The authority also shall identify and study any laws or rules  
20 which it finds handicaps or bars a needed health facility, educational facility,  
21 research facility, or ~~child care center~~ nonprofit facility from participating in the  
22 benefits of this chapter, and recommend to the legislature such actions as will  
23 remedy such situation.

24 **SECTION 46.** 231.13 (1) (intro.) of the statutes is amended to read:

1           231.13 (1) (intro.) The authority shall collect rents for the use of, or other  
2 revenues relating to the financing of, each project. The authority shall contract with  
3 a participating health institution, participating educational institution,  
4 participating research institution, or participating ~~child care provider~~ nonprofit  
5 institution for each issuance of bonds. The contract shall provide that the rents or  
6 other revenues payable by the health facility, educational facility, research facility,  
7 or ~~child care center~~ nonprofit facility shall be sufficient at all times to:

8           **SECTION 47.** 231.13 (2) of the statutes is amended to read:

9           231.13 (2) The authority shall pledge the revenues derived and to be derived  
10 from a project and other related health facilities, educational facilities, research  
11 facilities, or ~~child care centers~~ nonprofit facilities for the purposes specified in sub.  
12 (1), and additional bonds may be issued which may rank on a parity with other bonds  
13 relating to the project to the extent and on the terms and conditions provided in the  
14 bond resolution. Such pledge shall be valid and binding from the time when the  
15 pledge is made, the revenues so pledged by the authority shall immediately be  
16 subject to the lien of such pledge without any physical delivery thereof or further act  
17 and the lien of any such pledge shall be valid and binding as against all parties  
18 having claims of any kind in tort, contract, or otherwise against the authority,  
19 irrespective of whether such parties have notice thereof. Neither the bond resolution  
20 nor any financing statement, continuation statement, or other instrument by which  
21 a pledge is created or by which the authority's interest in revenues is assigned need  
22 be filed or recorded in any public records in order to perfect the lien thereof as against  
23 3rd parties, except that a copy thereof shall be filed in the records of the authority  
24 and with the department of financial institutions.

25           **SECTION 48.** 231.16 (1) of the statutes is amended to read:

1           231.16 (1) The authority may issue bonds to refund any outstanding bond of  
2 the authority or indebtedness that a participating health institution, participating  
3 educational institution, participating research institution, or participating ~~child~~  
4 ~~care provider~~ nonprofit institution may have incurred for the construction or  
5 acquisition of a project prior to or after April 30, 1980, including the payment of any  
6 redemption premium on the outstanding bond or indebtedness and any interest  
7 accrued or to accrue to the earliest or any subsequent date of redemption, purchase,  
8 or maturity, or to pay all or any part of the cost of constructing and acquiring  
9 additions, improvements, extensions, or enlargements of a project or any portion of  
10 a project. Except for bonds to refund bonds issued under s. 231.03 (6) (g), no bonds  
11 may be issued under this section unless the authority has first entered into a new  
12 or amended agreement with a participating health institution, participating  
13 educational institution, participating research institution, or participating ~~child~~  
14 ~~care provider~~ nonprofit institution to provide sufficient revenues to pay the costs and  
15 other items described in s. 231.13.

16           **SECTION 49.** 231.16 (3) of the statutes is amended to read:

17           231.16 (3) All bonds issued under this section shall be subject to this chapter  
18 in the same manner and to the same extent as other bonds issued pursuant to this  
19 chapter, except that the limitations with respect to dates under s. 231.03 (6) (e) and  
20 (f), ~~1999 stats., and~~ under s. 231.03 (14) do not apply to bonds issued under this  
21 section, and the requirement under s. 231.08 (3) that the bonds mature in ~~30~~ 50 years  
22 or less from their date of issue does not apply to bonds issued under this section to  
23 refund bonds issued under s. 231.03 (6) (g).

24           **SECTION 50.** 231.20<sup>X</sup> of the statutes, as affected by 2011 Wisconsin Act 32, is  
25 amended to read:

1           **231.20 Waiver of construction and bidding requirements.** In exercising  
2 its powers under s. 101.12, the department of safety and professional services or any  
3 city, village, town, or county may, within its discretion for proper cause shown, waive  
4 any particular requirements relating to public buildings, structures, grounds,  
5 works, and improvements imposed by law upon projects under this chapter; the  
6 requirements of s. 101.13 may not be waived, however. If, however, the prospective  
7 lessee so requests in writing, the authority shall, through the participating health  
8 institution, participating educational institution, participating research institution,  
9 or participating ~~child care provider~~ nonprofit institution as its agent, call for  
10 construction bids in such manner as is determined by the authority with the approval  
11 of the lessee.

12           **SECTION 51.** 231.23 of the statutes is amended to read:

13           **231.23 Nonprofit institutions.** It is intended that all nonprofit health  
14 ~~institutions, educational institutions, research institutions, and child care providers~~  
15 entities in this state be enabled to benefit from and participate in this chapter. To  
16 this end, all nonprofit ~~health institutions, educational institutions, research~~  
17 ~~institutions, and child care providers~~ entities operating, or authorized to be  
18 operated, under any law of this state may undertake projects and utilize the capital  
19 financing sources and methods of repayment provided by this chapter, the provisions  
20 of any other laws to the contrary notwithstanding.

21           **SECTION 52. Initial applicability.**

22           (1) INTEREST INCOME EXEMPTION. The treatment of sections 71.05 (1) (c) 11., 71.26  
23 (1m) (L), and 71.45 (1t) (L) of the statutes first applies to taxable years beginning on  
24 January 1, 2011.

25           (END)



**Godwin, Gigi**

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**From:** Trovato, Vince  
**Sent:** Thursday, January 19, 2012 3:57 PM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 11-3259/1 Topic: WHEFA bonds

Please Jacket LRB 11-3259/1 for the ASSEMBLY.