

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2035/P1dn
MES:kmg:km

February 8, 2001

Representative Wieckert:

Please review this draft to ensure that it meets your intent. As I understood your instructions, the draft was to do two things: 1) exempt from taxation interest on bonds issued by private colleges and universities located in this state; and 2) allow the Wisconsin Association of Independent Colleges and Universities (WAICU) to issue bonds for private higher educational institutions, based on WHEFA language. I was directed to contact Mr. David Dies with questions.

It occurred to me that it is likely that nothing under current law prevents private colleges and universities, or WAICU, from issuing bonds but, as a practical matter, it seems unlikely to me that there would be much of a market for such bonds because educational institutions and nonprofit organizations do not generate much of a revenue stream. I contacted Mr. Dies and he said that it was his understanding that what was wanted was a tax exemption for interest on bonds issued by WHEFA for educational facilities, as defined in s. 231.01 (4m). This is what the bill does. He also told me that, to the best of his knowledge, no private college or university in the state has issued bonds so there is no reason for a bill to exempt from taxation the interest on such bonds.

Mr. Dies also said that he's unsure what the second instruction is supposed to be. He thought that perhaps you wanted language similar to s. 231.01 (5) (a) 3. to be drafted to refer to WAICU, but I'm not sure what the purpose of such language would be. Mr. Dies did say that WAICU was interested in combining under its auspices some of the administrative functions of the private colleges and universities located in the state, but I did not gather from Scott that the bill was supposed to address that issue.

I talked to Scott and he recommended that I prepare for your review a preliminary draft that only exempts from taxation WHEFA bond interest. Please let me know if you would like any changes made to the bill.

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