

WISCONSIN STATE  
LEGISLATURE  
COMMITTEE HEARING  
RECORDS

2003-04

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on  
Colleges and  
Universities  
(AC-CU)

(Form Updated: 11/20/2008)

**COMMITTEE NOTICES ...**

➤ Committee Reports ... CR

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➤ Executive Sessions ... ES

\*\*

➤ Public Hearings ... PH

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➤ Record of Comm. Proceedings ... RCP

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**INFORMATION COLLECTED BY COMMITTEE  
FOR AND AGAINST PROPOSAL ...**

➤ Appointments ... Appt

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Name:

➤ Clearinghouse Rules ... CRule

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➤ Hearing Records ... HR (bills and resolutions)

**\*\*03hr\_ab0205\_AC-CU\_pt01**

➤ Miscellaneous ... Misc

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Vote Record

Committee on Colleges and Universities

Date: 205

Bill Number: \_\_\_\_\_

Moved by: Underheim Seconded by: Nass

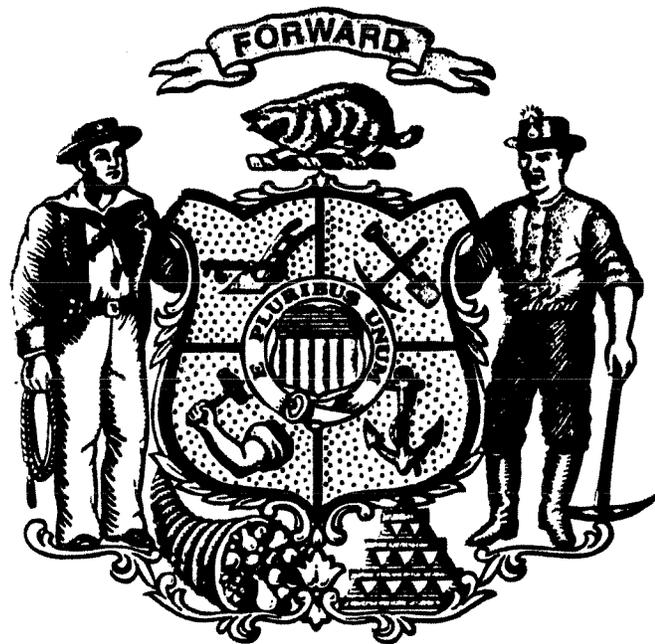
Motion: \_\_\_\_\_

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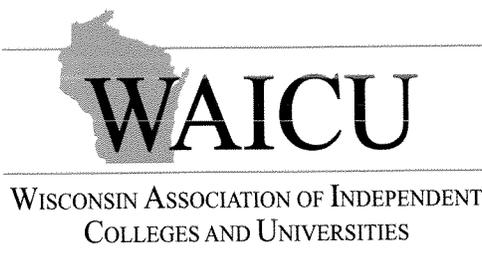
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<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Rob Kreibich	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Mark Gottlieb	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gregg Underheim	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Stephen Nass	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Suzanne Jeskewitz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Judy Krawczyk	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Debra Towns	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jennifer Shilling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Mark Pocan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Larry Balow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Spencer Black	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>X at 11</u>	<u>0</u>	<u>    </u>	<u>    </u>



ALVERNO COLLEGE  
BELOIT COLLEGE  
CARDINAL STRITCH UNIVERSITY  
CARROLL COLLEGE  
CARTHAGE COLLEGE  
CONCORDIA UNIVERSITY  
EDGEWOOD COLLEGE  
LAKELAND COLLEGE  
LAWRENCE UNIVERSITY  
MARIAN COLLEGE



MARQUETTE UNIVERSITY  
MILWAUKEE INSTITUTE OF ART & DESIGN  
MILWAUKEE SCHOOL OF ENGINEERING  
MOUNT MARY COLLEGE  
NORTHLAND COLLEGE  
RIFON COLLEGE  
ST. NORBERT COLLEGE  
SILVER LAKE COLLEGE  
VITERBO UNIVERSITY  
WISCONSIN LUTHERAN COLLEGE

## THE ASSEMBLY COLLEGES AND UNIVERSITIES COMMITTEE

### TESTIMONY

By

**Paul Nelson, Vice President for Public Policy**

**Wisconsin Association of Independent Colleges and Universities**

On

**2003 Assembly Bill 205**

**May 20, 2003**

Representative Kreibich, members of the committee, my name is Paul Nelson, and I am Vice President for Public Policy of the Wisconsin Association of Independent Colleges and Universities or WAICU. WAICU represents Wisconsin's 20 private colleges and universities educating more than 54,000 students each year.

I want to thank Representative Wieckert and the other sponsors of AB 205 for their support of this legislation and for their support of opportunity for Wisconsin citizens.

AB 205 creates a state tax exemption for bonds and notes issued by the Wisconsin Health & Educational Facilities Authority (WHEFA) for educational facilities at private, nonprofit colleges and universities. When you look at educational opportunity for Wisconsin citizens, you need to consider two sides of the equation:

First, there is student aid. Every year, my 20 members provide over \$166 million in **privately raised student aid** for our students. The State of Wisconsin provides just more than \$22 million a year through the **Wisconsin Tuition Grant**.

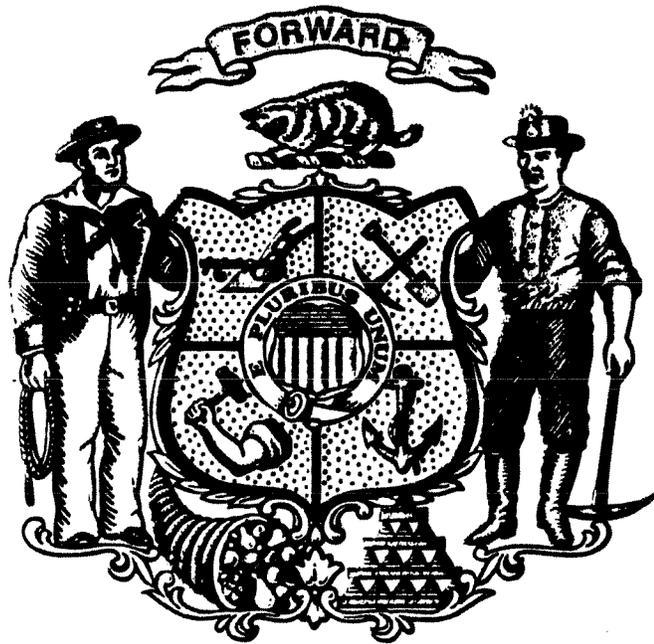
Second, there is the ongoing effort to control college costs. WAICU members were recently recognized by *Trusteeship* magazine, a national publication for board members of public and private universities, as leading the nation in the effort to control costs.

AB 205 will help us control costs. Establishing a state as well as a federal exemption for WHEFA bonds will make them more marketable, particularly for Wisconsin residents. This will reduce our cost of borrowing and make it easier to develop the kind of state-of-the-art facilities needed to offer the high-quality educational experience we provide to so many Wisconsin residents.

And there is a direct link between controlling costs and financial aid. One of our presidents recently estimated that reduced borrowing costs would enable his college to provide \$234,000 in additional financial aid to 45 students. Only the short notice for this hearing kept our presidents and Dr. Rolf Wegenke, president of WAICU, from appearing in person. However, I tell you with assurance that I speak for the 20 members of WAICU in support of this bill.

AB 205 also authorizes my association to use WHEFA financing for collaborative projects among the 20 colleges and universities. There is a precedent for this in the current WHEFA statute which allows consortia of nonprofit health care organizations to use WHEFA financing. There is no similar provision for higher education. Joint projects avoid duplication, and, because the facility is shared, the cost for each participant will be less. WAICU is named in state statutes in conjunction with the Higher Educational Aids Board, the College Savings or EdVest Board, and the Wisconsin Technology Council, and is the recognized consortial entity for all of the current collaborations among our colleges and universities.

I would be happy to answer any questions.



Testimony of  
State Representative Steve Wieckert  
Before the  
Assembly Committee on Colleges and Universities  
Regarding  
AB205-Tax Exempt Bonding for Wisconsin Universities  
May 20, 2003

Mr. Chairman and members of the Committee on Colleges and Universities, thank you for this opportunity to testify in favor of AB205.

I also sincerely appreciate the chairman's efforts to allow this bill to be heard first today. Two and a half hours from now I need to be in Appleton to talk to several hundred students about our budget conditions.

Education is a critical element in determining the quality of life of a community or state and is an integral part of the formula for economic growth. Wisconsin ranks high in education. We have the highest ACT scores in the nation, and our universities, both public and private, rank very high.

To continue this winning tradition, this legislation proposes to make construction bonding for colleges and universities double-tax exempt.

Currently, these bonds are exempt from federal income tax. This legislation would allow these bonds to be exempt from state income tax as well. This has a number of significant advantages.

First, Wisconsin would have an additional resource to continue to improve and update its educational facilities at a lesser cost to allow us to keep our high-ranking position regarding education around the nation.

Second, it will encourage Wisconsin citizens to invest in Wisconsin's assets, such as our colleges and universities. This bill encourages investment money to stay in Wisconsin instead of having this money invested in other states.

Third, this legislation encourages greater access to education by students, Wisconsin's future leaders, by incrementally reducing the cost of education through less expensive construction projects.

Schools report that they would have more money available for things

like scholarships and tuition assistance, making education more available to all.

Fourth, it's a question of quality economic growth. This legislation would allow for expansion and more construction of school projects at universities which would enhance a community's assets, provide for a better quality of life, and encourage spin-off economic growth and development.

Fifth, unfortunately, it is sometimes said that Wisconsin is not competitive with other states in terms of our business climate or investments in our economy. Many of us, including myself, feel we need to identify areas where we are not competitive and provide some solutions. This bill does exactly that. For you see, many other states around the nation already provide for this double-tax exempt bonding. In fact, 48 other states already offer this. Wisconsin is only one of two states which does not. As a result, we are at a competitive disadvantage to other states. It is one specific example of how our higher tax effort in Wisconsin serves as a disadvantage to education, our quality of life and economic growth. Today, I am

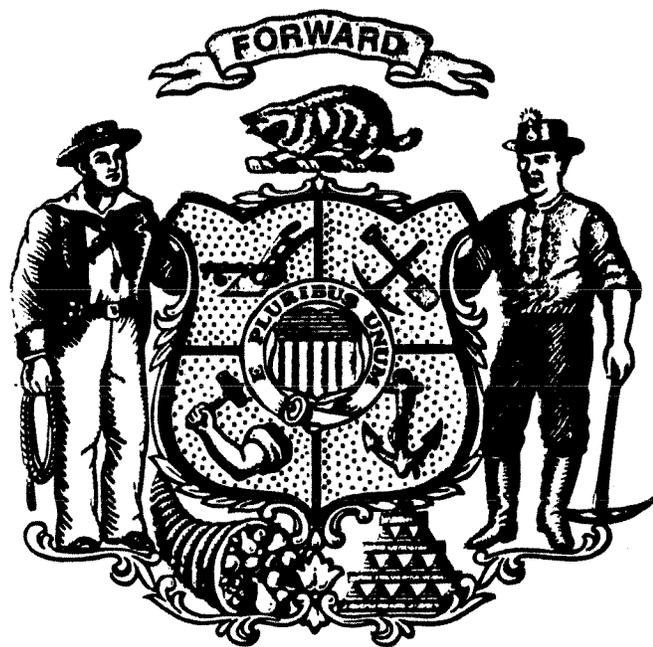
offering a solution to eliminate this excessive tax inequity, level the playing field with other states, and encourage quality higher education.

If this committee feels that on the merits this is valuable state policy, the next stop for this bill is the committee on Tax Exemptions, which will consider the tax implications in light of our budget situation.

Last session, I had introduced this bill as Assembly bill 423. On the merits, this bill was considered by this committee and approved on a vote of 10-0.

I would ask that the committee consider this bill again to allow double-tax exempt bonding for Wisconsin universities and colleges like 48 other states already have.

Thank you for this opportunity to testify. I would be happy to answer any questions.



Source: 2001 State Tax Handbook

Commerce Clearing House

### Taxability of Bond Interest

The following chart indicates the position of each state and the District of Columbia on the taxation of municipal, state and federal bond interest. Except where noted, this information applies equally to corporate and personal income taxation. Where a state treats interest income differently based on tax type, the following is used: FI= franchise tax, CI=, corporate income tax, and PI= personal income tax.

While states are prohibited from taxing federal obligations, federal law provides an exception to the prohibition for states that characterize a corporate taxing scheme as a nondiscriminatory corporate franchise tax.

State	In State Municipal or State	Other States' Bonds	U.S. Bond Interest
Alabama	Exempt	Taxable	Exempt
Alaska	(No personal or corporate income tax)		
Arizona	Exempt	Taxable	Exempt
Arkansas	Exempt	Taxable	Exempt
California	FI: Taxable CI: Exempt PI: Exempt	Taxable Taxable Taxable	Taxable <sup>1</sup> Exempt Exempt
Colorado	Exempt <sup>2</sup>	Taxable	Exempt
Connecticut	CI: Taxable PI: Exempt	Taxable Taxable	Taxable <sup>1</sup> Exempt
Delaware	Exempt	Taxable	Exempt
District of Columbia	Exempt	Taxable	Exempt
Florida	CI: Taxable	Taxable	Taxable
	(No personal income tax)		
Georgia	Exempt	Taxable	Exempt
Hawaii	Exempt	Taxable	Exempt
Idaho	Exempt	Taxable	Exempt
Illinois	Taxable <sup>3</sup>	Taxable	Exempt
Indiana	Exempt	Exempt	Exempt
Iowa	Taxable <sup>3</sup>	Taxable	Exempt
Kansas	Exempt	Taxable	Exempt
Kentucky	Exempt	Taxable	Exempt
Louisiana	Exempt	Taxable	Exempt

<sup>1</sup> Nondiscriminatory franchise tax.

<sup>2</sup> Interest income on obligations of Colorado or a political subdivision thereof issued on or after 5/01/80 is exempt. Interest from obligations issued prior thereto is exempt only if specifically made exempt by statute.

<sup>3</sup> Income from certain specified obligations is exempt. Interest from all other obligations is taxable.

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Taxability of Bond Interest

		Exempt	Taxable	Exempt
Maine		Exempt	Taxable	Exempt
Maryland		Exempt	Taxable	Exempt
Massachusetts	CI: Taxable PI: Exempt	Taxable	Taxable	Taxable <sup>1</sup> Exempt
Michigan		Exempt	Taxable	Exempt
Minnesota	CI: Taxable PI: Exempt	Taxable	Taxable	Taxable <sup>1</sup> Exempt
Mississippi		Exempt	Taxable	Exempt
Missouri		Exempt	Taxable	Exempt
Montana	CI: Taxable <sup>2</sup> PI: Exempt	Taxable	Taxable	Taxable <sup>1</sup> Exempt
Nebraska		Exempt	Taxable	Exempt
Nevada		(No personal or corporate income tax)		
New Hampshire		Exempt	Exempt <sup>4</sup>	Exempt
New Jersey	CI: Taxable PI: Exempt	Taxable	Taxable	Taxable <sup>1</sup> Exempt
New Mexico		Exempt	Taxable	Exempt
New York	CI: Taxable PI: Exempt	Taxable	Taxable	Taxable <sup>1</sup> Exempt
North Carolina		Exempt	Taxable	Exempt
North Dakota		Exempt	Taxable	Exempt
Ohio		Exempt <sup>3</sup>	Taxable	Exempt
Oklahoma		Exempt <sup>3</sup>	Taxable	Exempt
Oregon	CI: Taxable PI: Exempt	Taxable	Taxable	Taxable <sup>1</sup> Exempt
Pennsylvania	CI: Exempt PI: Exempt	Exempt	Exempt Taxable	Exempt Exempt
Rhode Island		Exempt	Taxable	Exempt
South Carolina		Exempt	Taxable	Exempt
South Dakota		(No corporate or personal income tax)		
Tennessee	CI: Taxable PI: Exempt	Taxable	Taxable	Taxable Exempt
Texas	CI: Exempt	Exempt	Exempt	Exempt
Utah	CI: Taxable <sup>5</sup> PI: Exempt	Taxable	Taxable Exempt	Taxable <sup>5</sup> Exempt

<sup>4</sup> Interest income of other states subject to Interest and Dividends tax.

<sup>5</sup> For corporate income tax purposes, a partial tax credit is allowed for interest from Utah and federal obligations.

Income Taxes

	Exempt	Taxable	Exempt
it	Exempt	Taxable	Exempt
a	Exempt	Taxable	Exempt
	(No personal or corporate income tax)		
ington	CI: Taxable	Taxable	Exempt
Virginia	PI: Exempt	Taxable	Exempt
	CI: Taxable <sup>3</sup>	Taxable	Exempt
nsia	FI: Taxable	Taxable	Taxable
	PI: Taxable <sup>3</sup>	Taxable	Exempt
ning	(No personal or corporate income tax)		

*47 states = no tax*  
*3 states = tax state banks*