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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Colleges and Universities...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (November 2012)

Present: (12) Representatives Kreibich, Ballweg, Underheim,
Nass, Jeskewitz, Towns, Lamb, Shilling,
Schneider, Black, Boyle and Molepske.
Absent: (0) None.

Moved by Representative Underheim, seconded by Representative
Towns that **Assembly Substitute Amendment 1** be recommended
for adoption.

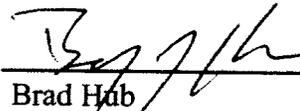
Ayes: (12) Representatives Kreibich, Ballweg,
Underheim, Nass, Jeskewitz, Towns, Lamb,
Shilling, Schneider, Black, Boyle and
Molepske.
Noes: (0) None.

ASSEMBLY SUBSTITUTE AMENDMENT 1 ADOPTION
RECOMMENDED, Ayes 12, Noes 0

Moved by Representative Underheim, seconded by Representative
Ballweg that **Assembly Bill 641** be recommended for passage as
amended.

Ayes: (12) Representatives Kreibich, Ballweg,
Underheim, Nass, Jeskewitz, Towns, Lamb,
Shilling, Schneider, Black, Boyle and
Molepske.
Noes: (0) None.

PASSAGE AS AMENDED RECOMMENDED, Ayes 12, Noes 0



Brad Hub
Committee Clerk

Vote Record

Committee on Colleges and Universities

Date: 1-27-24 AB 641

Moved by: Underheim ADY Seconded by: Towns

AB _____ SB _____ Clearinghouse Rule _____

AJR _____ SJR _____ Appointment _____

AR _____ SR _____ Other _____

Underheim Jalluca

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

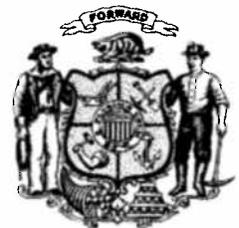
- Be recommended for:
- Passage Adoption Confirmation Concurrence Indefinite Postponement
 - Introduction Rejection Tabling Nonconcurrence

Committee Member	<i>Pass</i>	<i>306</i> Aye	No	Absent	Not Voting
Representative Rob Kreibich, Chair	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Joan Ballweg	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Gregg Underheim	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Stephen Nass	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Suzanne Jeskewitz	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Debra Towns	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Andy Lamb	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jennifer Shilling	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Marlin Schneider	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Spencer Black	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Frank Boyle	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Louis Molepske	X	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:		_____	_____	_____	_____

Motion Carried Motion Failed



WISCONSIN STATE LEGISLATURE



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



WISCONSIN ASSOCIATION OF INDEPENDENT
COLLEGES AND UNIVERSITIES

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

October 3, 2005

The Honorable Steve Wieckert
Wisconsin State Assembly
P.O. Box 8953
Madison, WI 53708

Dear Representative  Wieckert:

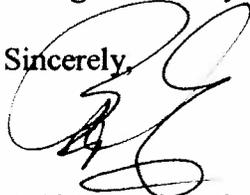
The Wisconsin Association of Independent Colleges and Universities (WAICU) enthusiastically supports 2005 Assembly Bill 641. This bill creates a state tax income credit for interest earned on bonds and notes issued by the Wisconsin Health & Educational Facilities Authority (WHEFA) for educational facilities at Wisconsin private, nonprofit colleges and universities. Establishing a state tax credit for WHEFA bonds will make them more marketable for Wisconsin residents. This will reduce WAICU members' cost of borrowing and make it easier to develop the kind of start-of-the-art facilities needed to offer the high-quality educational experience we provide to over 56,000 students in Wisconsin.

Cost reduction translates directly into expanded educational opportunity for students. One of our college presidents has estimated that reduced borrowing costs would enable his college to provide \$234,000 in additional financial aid to 45 students. Last year, WAICU members raised and distributed \$216 million in privately funded student aid, an increase of \$16 million from the year before. Therefore, this bill is directly tied to helping more Wisconsin students attending college. The bill also authorizes my association to use WHEFA financing for collaborative projects among Wisconsin's 20 private colleges and universities. WAICU members have been recognized by the *New York Times* as leading the nation in collaborative efforts to control college costs. There is a precedent for this type of collaboration in the current WHEFA statutes that 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 facilities are shared, the cost for each participant will be less.

This bill provides an important tool for WAICU members to use in reducing costs and expanding educational opportunity for Wisconsin students. I applaud your foresight in developing this legislation and I encourage all members to support it.

I am grateful for your willingness to sponsor this bill.

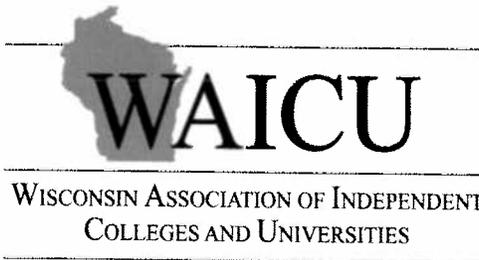
Sincerely,



Rolf Wegenke, Ph.D.
President



ALVERNO COLLEGE
BELCOT COLLEGE
CARDINAL STRITCH UNIVERSITY
CARROLL COLLEGE
CARTHAGE COLLEGE
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
LAKE LAND COLLEGE
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WISCONSIN LUTHERAN COLLEGE

ASSEMBLY COLLEGES AND UNIVERSITIES COMMITTEE

TESTIMONY

By

Dr. Rolf Wegenke, President

Wisconsin Association of Independent Colleges and Universities

on

2005 Assembly Bill 641

October 4, 2005

Representative Kreibich, members of the committee, my name is Rolf Wegenke, and I am the president of the Wisconsin Association of Independent Colleges and Universities or WAICU. WAICU represents Wisconsin's 20 private colleges and universities educating more than 56,000 students each year.

I want to thank Representative Wieckert and the other sponsors of AB 641 for their support of this legislation and for their support of educational opportunity for Wisconsin citizens.

AB 641 creates a state tax credit on the interest earned on 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, and this bill will help advance both.

First, there is student aid. Every year, my 20 members provide over \$216 million in **privately raised student aid** for our students. The State of Wisconsin this year provided just more than \$22 million through the **Wisconsin Tuition Grant**.

Second, there is the ongoing effort to control college costs. WAICU has been recognized by the U.S. Congress in its report, *The College Cost Crisis*, for its groundbreaking administrative collaborations that are leading the nation in the effort to control college costs.

AB 641 will help us control costs. Establishing a state income tax credit for WHEFA bonds will make them more marketable, particularly for Wisconsin residents. This will reduce our members' 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. Multiply that opportunity by our 20 members and I can assure you that each one of them understands the importance of this legislation.

AB 641 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 costs are shared, each participant will pay 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 official representative of Wisconsin's private colleges and universities, and the primary entity for managing collaborations among our colleges and universities.

I would be happy to answer any questions you may have.





State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708 8933
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.dor.state.wi.us>

Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Assembly Colleges and Universities Committee Hearing, October 4, 2005

AB 641 – Nonrefundable Individual and Corporate Income Tax Credit on Interest Income of WHEFA Bonds (Rep. Wieckert)

Description of Current Law and Proposed Change

The bill would create an income and franchise tax credit for the amount of state individual income tax and corporate income and franchise taxes paid on the interest earnings of bonds issued by the Wisconsin Health and Educational Facilities Authority (WHEFA) to finance any project undertaken by an educational institution for an educational facility.

Fairness/Tax Equity

- The bill would provide a credit equal to the tax on interest earnings from WHEFA bonds that would not be available for interest earnings on other bonds.

Impact on Economic Development

- The credit would make WHEFA bonds more attractive and thereby encourage educational facility investment. It is unclear what impact that would have on economic development.

Administrative Impact/Fiscal Effect

- Assuming that \$40 million of bonds with an average interest rate of 5% would be held by Wisconsin taxpayers, and that half would be held by individuals and half by corporations, the estimated revenue loss would be \$134,000 in the first year. The revenue loss would increase each year as new bonds were issued. WHEFA estimates that the average life of a bond is ten years. At that point, it is assumed that the issuance of new bonds would be matched by the retirement of old bonds through repayment and refinancing, and equilibrium would be achieved. The fiscal effect after ten years would be an estimated revenue loss of \$1,340,000, including individual and corporate revenue effects.
- Since AB 641 allows a credit for certain state interest income but no credit is allowed for federal interest income, it is likely to be subject to court challenges that could result in invalidation of Wisconsin's corporate franchise tax.
- Under current federal law, U.S. government obligations are exempt from all state and local taxes except nondiscriminatory franchise taxes. If, as a result of this bill, Wisconsin's franchise tax was determined to be discriminatory, the franchise tax could be invalidated and the fiscal effect of the bill would increase substantially.

- The bill would allow the credit for nonresidents. Interest income of nonresidents is not taxable to Wisconsin. The Department suggests allowing the credits to part-year residents, but not to nonresidents, based on the interest income from the bonds that is taxable to Wisconsin so that prorating the credit would not be necessary.
- The bill would add complexity to the tax forms. After determining the amount of interest taxable for Wisconsin, taxpayers would then have to refer to schedules to determine their marginal tax rate and then multiply that times the taxable interest to compute the credit. In addition, part-year residents would be required to prorate tax rates based on Wisconsin adjusted gross income to federal adjusted gross income when determining marginal tax rates. A more simple alternative to allowing a credit for taxes paid on interest income is to provide a subtraction for interest income. With a credit, the taxpayer must include the amount of the interest and the credit in taxable income, and a credit could also lower the taxpayer's standard deduction.
- The bill requires a pass-through entity to compute the amount of credit allowable to its partners, members, or shareholders. Since these entities are not subject to tax, they do not have a marginal tax rate and therefore cannot compute the amount of the credit. In addition, the marginal tax rate may not be the same for all of the entity's partners, members, or shareholders. As a result, the Department suggests that the language be amended to require the pass-through entity to inform its partners, members, or shareholders of their share of the interest income in proportion to their ownership interest. The partner, member, or shareholder would then multiply the pro rata share of interest by the person's own marginal tax rate.
- The title for the credit, "WHEFA Information Technology Bond Tax Credit," seems to be inappropriate since the credit would apply to bonds issues to finance any project undertaken for an educational facility.

DOR Position

- Oppose

Prepared by: Pam Walgren, (608) 266-7817

October 3, 2005

PW:skr

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**Testimony of State Representative
Steve Wieckert**

**Assembly Bill 641 – WHEFA Educational Tax
Credit**

*Assembly Committee on Colleges & Universities
225 Northwest – October 4, 2005*

Good morning Chairman Rob Kreibich and committee members. I am pleased to come before you today to talk about Assembly Bill 641, the WHEFA Educational Tax Credit.

Wisconsin has long been known for providing high-quality educational opportunities for our young people. This bill will further advance the goal of creating higher education opportunities throughout Wisconsin's colleges and universities.

Under current law, the Wisconsin Health and Educational Facilities Authority (WHEFA) may issue bonds to finance any project undertaken by an educational institution for an educational facility. This bill creates a nonrefundable individual income tax credit for the amount of interest received by a claimant, on bonds issued by WHEFA to finance any project undertaken for an educational facility.

This bill also creates a nonrefundable corporate income and franchise tax credit, for 7.9 percent of the interest income received by corporations on bonds to which the individual income tax credit applies.

In addition, an educational institution is currently defined to mean a corporation, agency, or association that is authorized by state law to provide or operate an educational facility. The bill expands that definition to include the Wisconsin Association of Independent Colleges and Universities (WAICU).

An educational facility is currently defined to mean a private, nonprofit, regionally accredited, postsecondary educational institution. The bill expands that definition to include an institution, place, building, or other structure used by the Wisconsin Association of Independent Colleges and Universities (WAICU) solely for providing one or more supporting services to one or more educational institutions.

Establishing an exemption for WHEFA bonds will make them more marketable to Wisconsin's residents. This will reduce WAICU members' 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 they provide to over 56,000 students in Wisconsin. Currently only two states, Wisconsin and Illinois, do not have tax exemptions for these types of bonds.

Cost reduction will translate directly into expanded educational opportunities for Wisconsin's students. One college president has estimated that the reduced borrowing costs would enable his college to provide \$234,000 in additional financial aid to 45 students. Last year, WAICU members raised and distributed \$216 million in privately funded student aid, an increase of \$16 million from the year before. Therefore, this bill is directly tied to helping more Wisconsin students attending college.

This bill provides an important tool for WAICU members to use in reducing costs and expanding educational opportunity for Wisconsin students.

At this time I would be happy to answer any questions of the committee.





STEVE WIECKERT

STATE REPRESENTATIVE

November 21, 2005

The Honorable Rob Kreibich
State Representative
107 West; State Capitol

A handwritten signature in black ink, appearing to read "Rob Kreibich", with a horizontal line underneath.

Dear Rob,

I would like to request that you and the members of the Committee on Colleges & Universities consider holding an executive session on a bill I have authored that is in your committee.

AB 641 relates to providing tax exempt bonding for private colleges. This is the bill that received favorable consideration last session, but failed to completely pass before the session ended. The hearing on this bill was held on October 4, 2005.

Thank you for your assistance and consideration on AB 641.

Sincerely,

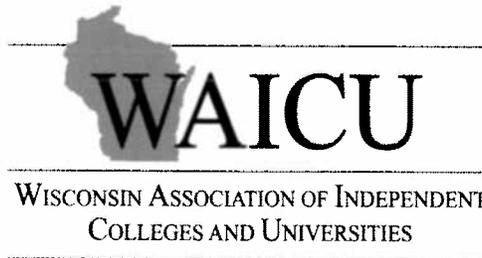
A handwritten signature in black ink, appearing to read "Steve Wieckert", with a horizontal line underneath.

Steve Wieckert
State Representative
57th Assembly District

IDEALS, PRINCIPLES, PATRIOTISM



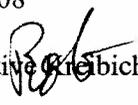
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VITERBO UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

January 9, 2006

The Honorable Robin Kreibich
Wisconsin State Assembly
PO Box 8952
Madison WI 53708

Dear Representative  Kreibich:

The Wisconsin Association of Independent Colleges and Universities (WAICU) enthusiastically supports 2005 Assembly Bill 641, scheduled for executive action at the January 10 hearing of the Assembly Committee on Colleges and Universities. This bill creates state tax incentives for interest earned on bonds and notes issued by the Wisconsin Health & Educational Facilities Authority (WHEFA) for capital projects at Wisconsin private, nonprofit colleges and universities.

Establishing state tax incentives for WHEFA bonds will make them more marketable for Wisconsin residents. This leads to reduced borrowing costs through lower interest rates for WAICU members, and would make it easier to develop the kind of start-of-the-art facilities needed to offer the high-quality educational experience Wisconsin's private colleges and universities provide to more than 56,000 students in Wisconsin.

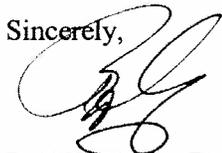
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The bill also authorizes my association to use WHEFA financing for collaborative projects among Wisconsin's 20 private colleges and universities. There is a precedent for this type of collaboration in the current WHEFA statutes that allows consortia of nonprofit health care organizations to use WHEFA financing. There is no similar provision for higher education. Joint projects avoid duplication, and, because costs are shared, the cost for each participant will be less.

This bill provides an important tool for WAICU members to use in reducing costs and expanding educational opportunity for Wisconsin students, and I encourage all members of the Committee on Colleges and Universities to support it. Please call on me or Mr. Paul Nelson, WAICU Senior Vice President for Public Policy if we can help in any way.

With warm wishes,

Sincerely,



Rolf Wegenke, Ph.D.
President

122 W. Washington Avenue, Suite 700
Madison, WI 53703-2718
www.waicuweb.org

ROLF WEGENKE, Ph.D.
President

Telephone 608.256.7761
FAX 608.256.7065
mail@waicuweb.org