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# HOWARD MARKLEIN

STATE SENATOR • 17<sup>TH</sup> SENATE DISTRICT

## **Senator Howard Marklein Testimony in Support of Senate Bill 62**

Good morning Senators, and thank you for the opportunity to testify in favor of Senate Bill 62.

I greatly appreciate the efforts of my friends and neighbors who are called to serve in our local communities, whether it be on the school board or our local government's boards and councils. In fact, some individuals choose not to accept the minimal salary for these jobs.

Under current law, a city, village, town or county elected official may decline their salary, and subsequently are not responsible for the tax liability had they accepted it. School board members cannot refuse their salary. A local school attorney brought this disparity to my attention.

Senate Bill 62 simply revises state law, so that school board members are treated the same as other local elected officials, when they refuse to accept their salary.

### Amendment:

It has been brought to our attention that there may be an issue with the 30-day notice requirement specified in the bill. It is likely that we will be drafting an amendment that shortens the 30-day notice window. The notice requirement needs to occur before the school board member "performs duties." Since school board members are certified on the fourth Monday of April, the notice will need to be filed before that date.

Thank you again for allowing me the opportunity to testify in support of this bill, and I would be welcome any questions.



# TODD NOVAK

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March 14, 2017

Thank you Chairman Feyen and members of the committee for holding a hearing on SB62/AB95, which allows a school board member to refuse to take their salary.

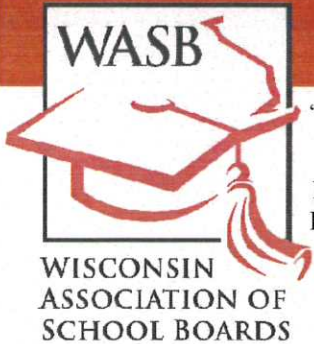
Current law allows a city, village, town or county board members to file a waiver to refuse to take their salary or only take a partial salary. There is no provision in the law to allow a school board member to do the same.

It is common for school board members, especially in the rural areas, to give their salary back to the school district. However, the only option available to a school board member is to receive their paycheck and sign it back over to the school district. The school board member still must report their salary as income and pay taxes on this income even though they returned the money.

This bill allows them the option to file a waiver as other elected officials are allowed to do and not receive a paycheck at all. This bill was put forward by Senator Marklein and myself at the request of school board members and school superintendents. It is essentially a technical fix by adding school board members to existing law.

Thank you.

Todd Novak  
State Representative – 51<sup>st</sup> District Assembly District



"Leadership in Public School Governance"

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TO: Members, Senate Committee on Economic Development, Commerce and Local Government  
FROM: Dan Rossmiller, WASB Government Relations Director  
DATE: March 14, 2017  
RE: SUPPORT for Senate Bill 62, relating to authorizing a school board member to refuse his or her salary.

Mr. Chairman, members of the committee, my name is Dan Rossmiller. I am the Government Relations Director for the Wisconsin Association of School Boards (WASB). I am here on behalf of the 422 locally elected school boards in our state. Thank you for the opportunity to testify in support of Senate Bill 62.

Senate Bill 62 authorizes a school board member or school board member-elect to refuse the salary that he or she is entitled to receive for his or her service as a school board member with no adverse income tax consequences.

Currently, a school board member can refuse his or her salary but is responsible for paying state and federal income taxes associated with the salary even though the board member does not actually receive the money. Senate Bill 62 would provide a mechanism to allow a school board member to officially refuse the salary and not be responsible for paying taxes on that salary. Other local government elected officials (i.e., city, village, town or county elected officials) were provided with such a mechanism as the result of [2007 Wisconsin Act 49](#).

Under the bill, to refuse his or her salary, a school board member or member-elect must send written notification to the school district clerk and treasurer. To be valid, the school board member or member-elect must send the notification within 30 days after the certification of the individual's election or at least 30 days before the start of the individual's next taxable year.

Senate Bill 62 operates on the legal principle that as long as the elected official does not receive the salary, or constructively receive the salary, there is no income tax consequence. Constructive receipt is when a person can direct the money be sent elsewhere (e.g., donated to a charity). Currently, the only option available to a school board member who refuses his or her salary is to donate the salary. In such cases, the board member must include the amount of the salary in their income and then take an itemized deduction, to the extent possible, for the donation, on their federal tax return.

Passing Senate Bill 62 would eliminate the need for taking those extra steps for school board members who wish to refuse their salary and avoid income tax consequences. The school board member would neither receive the salary nor be able to direct where the salary amount should be sent. The money would simply remain within the school district, simplifying matters for all involved.

We encourage you to support Senate Bill 62.