

HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY11 Adjusted Base	FY12 Recommended	% Change Over FY11	FY13 Recommended	% Change Over FY12
TOTAL	0.00	0.00	0.00	0.00	0.00

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY11 Adjusted Base	FY12 Recommended	FTE Change From FY11	FY13 Recommended	FTE Change From FY12
TOTAL	0.00	0.00	0.00	0.00	0.00

AGENCY DESCRIPTION

The authority, created by the Legislature in 1973, has been providing active capital financing assistance to tax-exempt Wisconsin health care institutions since 1979. In 1987, the authority's charter was expanded to include the issuance of bonds for the benefit of independent colleges and universities and certain continuing care facilities. In 1994, legislative approval was received to include institutions that have health education as a primary purpose. In 2004, legislative approval was received to include accredited K-12 private schools, and in 2009, further eligibility was given to research institutions. Interest cost savings from authority financings are reflected in lower costs to the consumer through the rates, fees and tuitions established by the borrowing institution. The authority receives no state tax support to finance bond issuances or for general operating expenses. Bonds issued by the authority are exempt from federal tax only and are not guaranteed by the state or any other political subdivision.

The authority is governed by a seven-member board of directors appointed by the Governor with the advice and consent of the Senate for staggered seven-year terms. Members of the authority must be residents of the state and not more than four may be members of the same political party.

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GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. State Tax Exempt Financing for Otherwise Eligible Projects
2. Federal Tax Exempt Financing of Out-of-State Projects

1. State Tax Exempt Financing for Otherwise Eligible Projects

The Governor recommends creating a state income tax exemption for interest income earned from bonds issued by the authority for projects that are otherwise eligible for state tax exempt financing issued by another entity, such as a local economic development authority. The creation of this exemption will improve access to capital for health care providers and private educational institutions by removing administrative barriers. There is no increase in state costs because these projects already qualify for state tax exempt financing.

2. Federal Tax Exempt Financing of Out-of-State Projects

The Governor recommends authorizing the authority to issue federal tax exempt bonds to finance projects located out-of-state provided that such projects are owned, operated or managed by an eligible borrower, located within the state, and the projects have an in-state component. This change will improve the efficiency of the financing process for large, multistate projects, and will make Wisconsin's policies consistent with many other states.