

HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY13 Adjusted Base	FY14 Recommended	% Change Over FY13	FY15 Recommended	% Change Over FY14
TOTAL	0	0	0.0	0	0.0

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY13 Adjusted Base	FY14 Recommended	FTE Change Over FY13	FY15 Recommended	FTE Change Over FY14
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 Wisconsin nonprofit 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, the authority's charter was further expanded to include the issuance of bonds for the benefit of private, nonprofit elementary or secondary educational institutions. In 2009, the authority's charter was again expanded to include the issuance of bonds for the benefit of nonprofit research facilities. Interest cost savings from authority financing 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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RECOMMENDATIONS

1. Bond Issuance on Behalf of All 501(c)(3) Nonprofit Organizations
2. State Tax Exemption for Certain Bonds Issued by the Authority

Health and Educational Facilities Authority

1. Bond Issuance on Behalf of All 501(c)(3) Nonprofit Organizations

The Governor recommends granting the authority the ability to issue bonds to finance any project undertaken by a nonprofit institution for a nonprofit facility and to refinance the outstanding debt of a nonprofit institution. This change will support the advancement of all 501(c)(3) nonprofit organizations by providing access to another low-cost financing option.

2. State Tax Exemption for Certain Bonds Issued by the Authority

The Governor recommends creating a state income tax exemption for interest income earned from bonds issued by the authority 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, private educational institutions and nonprofit organizations by removing administrative barriers. There is no increase in state costs because these projects already qualify for state tax exempt financing.

