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House Tax Reform Plan Threatens Higher Education Financing

SEATTLE — A key financial tool used by the state’s nonprofit colleges and universities would disappear if the House Republicans’ tax-reform plan, currently under debate in Congress, becomes law.

Private-activity bonds, which the current plan eliminates, have financed new buildings and renovations on college campuses statewide, while saving schools almost \$88 million (present value) in interest on construction loans.

“By allowing schools to borrow at lower interest rates, tax-exempt bond financing lets them put more of their funds into educating and serving their students,” said Jerome Cohen, chair of the Washington Higher Education Facilities Authority (WHEFA).

WHEFA issues private-activity bonds on behalf of 14 nonprofit, private colleges and universities throughout Washington.

Campus improvements financed by WHEFA include new student housing, science buildings, libraries, administrative space and more.

According to a March 2017 economic impact study, these improvements have also generated 582 jobs each year over the past 20 years, contributing \$34.6 million annually in labor income—plus almost \$50 million annual in gross domestic product.

“Even during more economically challenging times for our state, tax-exempt bonds have been a valuable tool used to finance new construction projects and living-wage jobs,” said Cohen.

Tax-exempt private-activity bonds finance a wide range of nonprofit facilities, such as senior centers, museums, and schools, throughout the state. They have also financed almost 55,000 affordable apartments in tandem with housing tax credits.

“We hope our members of Congress will agree that private-activity bonds are a critical financial tool for the communities of Washington state,” said Cohen.

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Since 1983, the [Washington Higher Education Facilities Authority](http://www.wshfc.org) has helped the state’s private, nonprofit colleges access more than \$2 billion in tax-exempt financing for campus improvements. WHEFA’s ability to obtain lower interest rates through the sale of tax-exempt bonds has benefitted thousands of students in Washington state by improving the quality of their educational experiences. WHEFA receives no regular state funding for its operations.