



"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.