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Colleges' Bond Tax Break at Risk From GOP Goal to Punish Schools.

- **Private colleges viewed as 'more vulnerable' sector: Barclays**
- **Nonprofit education exemption costs about $3 billion annually**

A Republican sweep in November's US election threatens a niche tax break that helps American colleges to upgrade dorms and academic buildings on their campuses for cheap.

There are more than 1,700 private, nonprofit colleges and universities in the US which can sell tax-free bonds for infrastructure projects, providing a lower cost of debt than a traditional loan. After the GOP took the US House, Senate and White House, colleges' tax-exempt benefit is at risk as lawmakers look for ways to offset the cost of extending tax cuts, according to muni analysts.

"The private higher-education sector is probably one of the more vulnerable muni sectors," as policymakers will likely have it in their sights, said Mikhail Foux, a strategist at Barclays Plc, in a November research note.

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