

## Subpart

## AMENDMENTS

1986—Pub. L. 99-514, title XIII, §1301(b), Oct. 22, 1986, 100 Stat. 2603, in amending part IV generally, substituted “TAX EXEMPTION REQUIREMENTS FOR STATE AND LOCAL BONDS” for “DETERMINATION OF MARITAL STATUS” as heading for part IV and added part analysis.

1977—Pub. L. 95-30, title I, §101(e)(2), May 23, 1977, 91 Stat. 134, substituted “DETERMINATION OF MARITAL STATUS” for “STANDARD DEDUCTION FOR INDIVIDUALS” as heading for part IV.

## SUBPART A—PRIVATE ACTIVITY BONDS

Sec.	
141.	Private activity bond; qualified bond.
142.	Exempt facility bond.
143.	Mortgage revenue bonds: qualified mortgage and qualified veterans' mortgage bond. <sup>1</sup>
144.	Qualified small issue bond; qualified student loan bond; qualified redevelopment bond.
145.	Qualified 501(c)(3) bond.
146.	Volume cap.
147.	Other requirements applicable to certain private activity bonds.

## AMENDMENTS

1986—Pub. L. 99-514, title XIII, §1301(b), Oct. 22, 1986, 100 Stat. 2603, in amending part IV generally, added subpart heading and analysis and struck out item 143 “Determination of marital status”.

1977—Pub. L. 95-30, title I, §101(e)(2), May 23, 1977, 91 Stat. 134, struck out items 141 “Standard deduction”, 142 “Individuals not eligible for standard deduction”, 144 “Election of standard deduction”, and 145 “Cross reference”.

**§ 141. Private activity bond; qualified bond****(a) Private activity bond**

For purposes of this title, the term “private activity bond” means any bond issued as part of an issue—

- (1) which meets—
  - (A) the private business use test of paragraph (1) of subsection (b), and
  - (B) the private security or payment test of paragraph (2) of subsection (b), or

- (2) which meets the private loan financing test of subsection (c).

**(b) Private business tests****(1) Private business use test**

Except as otherwise provided in this subsection, an issue meets the test of this paragraph if more than 10 percent of the proceeds of the issue are to be used for any private business use.

**(2) Private security or payment test**

Except as otherwise provided in this subsection, an issue meets the test of this paragraph if the payment of the principal of, or the interest on, more than 10 percent of the proceeds of such issue is (under the terms of such issue or any underlying arrangement) directly or indirectly—

- (A) secured by any interest in—
  - (i) property used or to be used for a private business use, or
  - (ii) payments in respect of such property, or

(B) to be derived from payments (whether or not to the issuer) in respect of property, or borrowed money, used or to be used for a private business use.

**(3) 5 percent test for private business use not related or disproportionate to government use financed by the issue****(A) In general**

An issue shall be treated as meeting the tests of paragraphs (1) and (2) if such tests would be met if such paragraphs were applied—

- (i) by substituting “5 percent” for “10 percent” each place it appears, and
- (ii) by taking into account only—

(I) the proceeds of the issue which are to be used for any private business use which is not related to any government use of such proceeds,

(II) the disproportionate related business use proceeds of the issue, and

(III) payments, property, and borrowed money with respect to any use of proceeds described in subclause (I) or (II).

**(B) Disproportionate related business use proceeds**

For purposes of subparagraph (A), the disproportionate related business use proceeds of an issue is an amount equal to the aggregate of the excesses (determined under the following sentence) for each private business use of the proceeds of an issue which is related to a government use of such proceeds. The excess determined under this sentence is the excess of—

- (i) the proceeds of the issue which are to be used for the private business use, over
- (ii) the proceeds of the issue which are to be used for the government use to which such private business use relates.

**(4) Lower limitation for certain output facilities**

An issue 5 percent or more of the proceeds of which are to be used with respect to any output facility (other than a facility for the furnishing of water) shall be treated as meeting the tests of paragraphs (1) and (2) if the non-qualified amount with respect to such issue exceeds the excess of—

- (A) \$15,000,000, over
- (B) the aggregate nonqualified amounts with respect to all prior tax-exempt issues 5 percent or more of the proceeds of which are or will be used with respect to such facility (or any other facility which is part of the same project).

There shall not be taken into account under subparagraph (B) any bond which is not outstanding at the time of the later issue or which is to be redeemed (other than in an advance refunding) from the net proceeds of the later issue.

**(5) Coordination with volume cap where non-qualified amount exceeds \$15,000,000**

If the nonqualified amount with respect to an issue—

- (A) exceeds \$15,000,000, but
- (B) does not exceed the amount which would cause a bond which is part of such

<sup>1</sup> So in original. Does not conform to section catchline.