

96-222, title I, § 101(a)(3), Apr. 1, 1980, 94 Stat. 195; Pub. L. 96-589, § 6(i)(1), Dec. 24, 1980, 94 Stat. 3410; renumbered § 129, renumbered § 130, Pub. L. 97-34, title I, § 124(e)(1), title III, § 301(a), Aug. 13, 1981, 95 Stat. 198, 267; renumbered § 131, renumbered § 132, Pub. L. 97-473, title I, §§ 101(b)(1), 102(a), Jan. 14, 1983, 96 Stat. 2605, 2606; renumbered § 133, renumbered § 134 and amended Pub. L. 98-369, div. A, title V, §§ 531(a)(1), 543(a), div. B, title VI, § 2661(o)(2), July 18, 1984, 98 Stat. 877, 891, 1159; renumbered § 135, Pub. L. 99-514, title XI, § 1168(a), Oct. 22, 1986, 100 Stat. 2512; renumbered § 136, Pub. L. 100-647, title VI, § 6009(a), Nov. 10, 1988, 102 Stat. 3688; Pub. L. 102-40, title IV, § 402(d)(2), May 7, 1991, 105 Stat. 239; Pub. L. 102-83, § 5(c)(2), Aug. 6, 1991, 105 Stat. 406; renumbered § 137, Pub. L. 102-486, title XIX, § 1912(a), Oct. 24, 1992, 106 Stat. 3014; renumbered § 138, Pub. L. 104-188, title I, § 1807(b), Aug. 20, 1996, 110 Stat. 1901; renumbered § 139, Pub. L. 105-33, title IV, § 4006(a), Aug. 5, 1997, 111 Stat. 331; renumbered § 140, Pub. L. 107-134, title I, § 111(a), Jan. 23, 2002, 115 Stat. 2432; Pub. L. 109-304, § 17(e)(2), Oct. 6, 2006, 120 Stat. 1708.)

REFERENCES IN TEXT

Section 9 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1742), referred to in subsec. (a)(2), is section 9 of act Mar. 8, 1946, ch. 82, 60 Stat. 46, which was repealed by Pub. L. 94-412, title V, § 501(g), Sept. 14, 1976, 90 Stat. 1258.

AMENDMENTS

2006—Subsec. (a)(4). Pub. L. 109-304 substituted “section 53507 of title 46, United States Code” for “section 607(d) of the Merchant Marine Act, 1936 (46 U.S.C. 1177)”.

2002—Pub. L. 107-134 renumbered section 139 of this title as this section.

1997—Pub. L. 105-33 renumbered section 138 of this title as this section.

1996—Pub. L. 104-188 renumbered section 137 of this title as this section.

1992—Pub. L. 102-486 renumbered section 136 of this title as this section.

1991—Subsec. (a)(3). Pub. L. 102-40 substituted “5301” for “3101”.

Subsec. (a)(6). Pub. L. 102-83 substituted “1562(a)-(c)” for “562(a)-(c)”.

1988—Pub. L. 100-647 renumbered section 135 of this title as this section.

1986—Pub. L. 99-514 renumbered section 134 of this title as this section.

1984—Pub. L. 98-369, §§ 531(a)(1), 543(a), successively renumbered sections 132 and 133 of this title as this section.

Subsec. (a)(6) to (8). Pub. L. 98-369, § 2661(o)(2), struck out par. (6) relating to railroad retirement annuities and pensions, struck out par. (7) relating to railroad unemployment benefits, and redesignated par. (8) as (6).

1983—Pub. L. 97-473 successively renumbered sections 130 and 131 of this title as this section.

1981—Pub. L. 97-34 successively renumbered sections 128 and 129 of this title as this section.

1980—Subsec. (a). Pub. L. 96-589 redesignated pars. (2) to (9) as (1) to (8), respectively. Former par. (1), relating to section 1079 of title 11 for adjustments of indebtedness under wage earners’ plans, was struck out.

Subsec. (a)(8). Pub. L. 96-222 substituted “benefits which are not includible in gross income under section 85,” for “benefits, see”.

1978—Pub. L. 95-600 successively renumbered sections 125, 126, and 127 of this title as this section.

Pub. L. 95-618 renumbered section 124 of this title as this section.

1976—Subsec. (a). Pub. L. 94-455, § 1901(a)(21), struck out pars. (4), (5), (6), (9), (10), (11), (12), (13), and (17) re-

lating to: benefits under World War Adjustment Compensation Act; benefits under World War Veteran’s Act 1924; dividends and interest derived from certain preferred stock by Reconstruction Finance Corporation; income derived from Ogdensburg bridge; income derived from Owensburg bridge and ferries; income from Saint Clair River bridge and ferries; leave compensation payments under section 6 of Armed Forces Leave Act of 1946; mustering-out payments under Mustering-Out Payment Act of 1944; and gain derived from sale or other disposition of Treasury Bills issued after June 17, 1930, under the Second Liberty Bond Act, respectively, renumbered pars. (7), (8), (14), (15), (16), and (18) as pars. (5), (6), (7), (8), (9), and (4), respectively, struck out references to Statutes at Large, and updated cross references to the United States Code.

Subsec. (b). Pub. L. 94-455, § 1901(a)(21), struck out “58 Stat. 689;” after “Health Service Act”.

1969—Pub. L. 91-172 renumbered section 123 of this title as this section.

1966—Pub. L. 89-365 renumbered section 122 of this title as this section.

1964—Pub. L. 88-272 renumbered section 121 of this title as this section.

1958—Subsec. (a)(18). Pub. L. 85-857 substituted “section 3101 of title 38, United States Code” for “section 1001 of the Veterans’ Benefits Act of 1957”.

1957—Subsec. (a)(18). Pub. L. 85-56 substituted provisions relating to benefits under laws administered by Veterans’ Administration, for provisions which related to dependency and indemnity compensation.

1956—Subsec. (a). Act Aug. 1, 1956, added par. (18) relating to dependency and indemnity compensation.

CHANGE OF NAME

Reference to Veterans’ Administration deemed to refer to Department of Veterans Affairs pursuant to section 10 of Pub. L. 100-527, set out as a Department of Veterans Affairs Act note under section 301 of Title 38, Veterans’ Benefits.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by section 2661(o)(2) of Pub. L. 98-369 effective as though included in the enactment of the Social Security Amendments of 1983, Pub. L. 98-21, see section 2664(a) of Pub. L. 98-369, set out as a note under section 401 of Title 42, The Public Health and Welfare.

EFFECTIVE DATE OF 1980 AMENDMENTS

Amendment by Pub. L. 96-589 effective Oct. 1, 1979, but not to apply to proceedings under Title 11 commenced before Oct. 1, 1979, see section 7 of Pub. L. 96-589, set out as a note under section 108 of this title.

Amendment by Pub. L. 96-222 effective, except as otherwise provided, as if it had been included in the provisions of the Revenue Act of 1978, Pub. L. 95-600, to which such amendment relates, see section 201 of Pub. L. 96-222, set out as a note under section 32 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 applicable with respect to taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as a note under section 2 of this title.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by Pub. L. 85-857 effective Jan. 1, 1959, see section 2 of Pub. L. 85-857, set out as an Effective Date note preceding Part I of Title 38, Veterans’ Benefits.

PART IV—TAX EXEMPTION REQUIREMENTS FOR STATE AND LOCAL BONDS

Subpart

- A. Private activity bonds.
- B. Requirements applicable to all State and local bonds.
- C. Definitions and special rules.

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. ¹
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

¹ So in original. Does not conform to section catchline.