

1989—Subsec. (c)(3). Pub. L. 101-239 inserted a comma after “mass commuting facility” in introductory provisions and in subparagraph. (A).

1988—Subsec. (c)(3). Pub. L. 100-647, § 6180(b)(4), inserted “high-speed intercity rail facility” after “mass commuting facility” in introductory text and in subparagraph. (A).

Subsec. (e). Pub. L. 100-647, § 1013(a)(11), struck out “treated as” after “shall not be”.

Subsec. (f)(2)(D). Pub. L. 100-647, § 1013(a)(29), substituted “the average maturity date of the issue of which the refunding bond is a part is later than the average maturity date of the bonds to be refunded by such issue. For purposes of the preceding sentence, average maturity shall be determined in accordance with subsection (b)(2)(A)” for “the maturity date of such bond is later than the maturity date of the bond to be refunded”.

Subsec. (f)(2)(E)(i). Pub. L. 100-647, § 1013(a)(36), inserted sentence at end relating to treatment of an individual appointed to fill a vacancy in the office of an elected official.

Subsec. (f)(3). Pub. L. 100-647, § 6180(b)(5), inserted “or high-speed intercity rail facilities” after “airports” in heading and after “airport” in subpars. (A) and (B) and in last sentence.

Subsec. (f)(4). Pub. L. 100-647, § 1013(a)(12), added paragraph (4).

Subsec. (g)(1). Pub. L. 100-647, § 1013(a)(13)(A), substituted “proceeds” for “aggregate face amount”.

Subsec. (g)(2). Pub. L. 100-647, § 1013(a)(13)(B), substituted “proceeds” for “aggregate authorized face amount” and “do” for “does”.

#### EFFECTIVE DATE OF 2017 AMENDMENT

Amendment by Pub. L. 115-97 applicable to taxable years beginning after Dec. 31, 2017, see section 11002(e) of Pub. L. 115-97, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 2012 AMENDMENT

Pub. L. 112-95, title XI, § 1105(b), Feb. 14, 2012, 126 Stat. 152, provided that: “The amendment made by this section [amending this section] shall apply to obligations issued after the date of the enactment of this Act [Feb. 14, 2012].”

#### EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

Pub. L. 110-234, title XV, § 15341(e), May 22, 2008, 122 Stat. 1517, and Pub. L. 110-246, § 4(a), title XV, § 15341(e), June 18, 2008, 122 Stat. 1664, 2279, provided that: “The amendments made by this section [amending this section] shall apply to bonds issued after the date of the enactment of this Act [June 18, 2008].”

[Pub. L. 110-234 and Pub. L. 110-246 enacted identical provisions. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246, set out as a note under section 8701 of Title 7, Agriculture.]

#### EFFECTIVE DATE OF 2001 AMENDMENT

Amendment by Pub. L. 107-16 applicable to bonds issued after Dec. 31, 2001, see section 422(f) of Pub. L. 107-16, set out as a note under section 142 of this title.

#### EFFECTIVE DATE OF 1996 AMENDMENT

Pub. L. 104-188, title I, § 1117(c), Aug. 20, 1996, 110 Stat. 1764, provided that: “The amendments made by this section [amending this section] shall apply to bonds issued after the date of the enactment of this Act [Aug. 20, 1996].”

#### EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-508 applicable to property placed in service after Dec. 31, 1990, but not applicable

to any transition property (as defined in section 49(e) of this title), any property with respect to which qualified progress expenditures were previously taken into account under section 46(d) of this title, and any property described in section 46(b)(2)(C) of this title, as such sections were in effect on Nov. 4, 1990, see section 11813(c) of Pub. L. 101-508, set out as a note under section 45K of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 effective, except as otherwise provided, as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100-647, to which such amendment relates, see section 7817 of Pub. L. 101-239, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100-647, title I, § 1013(a)(13)(C), Nov. 10, 1988, 102 Stat. 3539, provided that: “The amendments made by this paragraph [amending this section] shall apply to bonds issued after June 30, 1987.”

Amendment by section 1013(a)(11), (12), (29), (36) of Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

Amendment by section 6180(b)(4), (5) of Pub. L. 100-647 applicable to bonds issued after Nov. 10, 1988, see section 6180(c) of Pub. L. 100-647, set out as a note under section 142 of this title.

#### EFFECTIVE DATE

Subsec. (f) applicable to bonds issued after Dec. 31, 1986, see section 1311(d) of Pub. L. 99-514, as amended, set out as an Effective Date; Transitional Rules note under section 141 of this title.

#### SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 101-508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

#### SUBPART B—REQUIREMENTS APPLICABLE TO ALL STATE AND LOCAL BONDS

Sec.

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| 148. | Arbitrage.   |
| 149. | Bonds must be registered to be tax exempt; other requirements. |

#### **§ 148. Arbitrage**

##### (a) Arbitrage bond defined

For purposes of section 103, the term “arbitrage bond” means any bond issued as part of an issue any portion of the proceeds of which are reasonably expected (at the time of issuance of the bond) to be used directly or indirectly—

(1) to acquire higher yielding investments, or

(2) to replace funds which were used directly or indirectly to acquire higher yielding investments.

For purposes of this subsection, a bond shall be treated as an arbitrage bond if the issuer intentionally uses any portion of the proceeds of the issue of which such bond is a part in a manner described in paragraph (1) or (2).

##### (b) Higher yielding investments

For purposes of this section—