

bonds; qualified mortgage bond and qualified veterans' mortgage bond" for "Mortgage revenue bonds: qualified mortgage and qualified veterans' mortgage bond" in item 143.

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 nonqualified 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 nonqualified 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 issue to be treated as a private activity bond without regard to this paragraph,

such bond shall nonetheless be treated as a private activity bond unless the issuer allocates a portion of its volume cap under section 146 to such issue in an amount equal to the excess of such nonqualified amount over \$15,000,000.

#### (6) Private business use defined

##### (A) In general

For purposes of this subsection, the term "private business use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit. For purposes of the preceding sentence, use as a member of the general public shall not be taken into account.

##### (B) Clarification of trade or business

For purposes of the 1st sentence of subparagraph (A), any activity carried on by a person other than a natural person shall be treated as a trade or business.

**(C) Clarification relating to qualified carbon dioxide capture facilities**

For purposes of this subsection, the sale of carbon dioxide produced by a qualified carbon dioxide capture facility (as defined in section 142(o)) which is owned by a governmental unit shall not constitute private business use.

**(7) Government use**

The term “government use” means any use other than a private business use.

**(8) Nonqualified amount**

For purposes of this subsection, the term “nonqualified amount” means, with respect to an issue, the lesser of—

- (A) the proceeds of such issue which are to be used for any private business use, or
- (B) the proceeds of such issue with respect to which there are payments (or property or borrowed money) described in paragraph (2).

**(9) Exception for qualified 501(c)(3) bonds**

There shall not be taken into account under this subsection or subsection (c) the portion of the proceeds of an issue which (if issued as a separate issue) would be treated as a qualified 501(c)(3) bond if the issuer elects to treat such portion as a qualified 501(c)(3) bond.

**(c) Private loan financing test**

**(1) In general**

An issue meets the test of this subsection if the amount of the proceeds of the issue which are to be used (directly or indirectly) to make or finance loans (other than loans described in paragraph (2)) to persons other than governmental units exceeds the lesser of—

- (A) 5 percent of such proceeds, or
- (B) \$5,000,000.

**(2) Exception for tax assessment, etc., loans**

For purposes of paragraph (1), a loan is described in this paragraph if such loan—

- (A) enables the borrower to finance any governmental tax or assessment of general application for a specific essential governmental function,
- (B) is a nonpurpose investment (within the meaning of section 148(f)(6)(A)), or
- (C) is a qualified natural gas supply contract (as defined in section 148(b)(4)).

**(d) Certain issues used to acquire nongovernmental output property treated as private activity bonds**

**(1) In general**

For purposes of this title, the term “private activity bond” includes any bond issued as part of an issue if the amount of the proceeds of the issue which are to be used (directly or indirectly) for the acquisition by a governmental unit of nongovernmental output property exceeds the lesser of—

- (A) 5 percent of such proceeds, or
- (B) \$5,000,000.

**(2) Nongovernmental output property**

Except as otherwise provided in this subsection, for purposes of paragraph (1), the term “nongovernmental output property” means

any property (or interest therein) which before such acquisition was used (or held for use) by a person other than a governmental unit in connection with an output facility (within the meaning of subsection (b)(4)) (other than a facility for the furnishing of water). For purposes of the preceding sentence, use (or the holding for use) before October 14, 1987, shall not be taken into account.

**(3) Exception for property acquired to provide output to certain areas**

For purposes of paragraph (1)—

**(A) In general**

The term “nongovernmental output property” shall not include any property which is to be used in connection with an output facility 95 percent or more of the output of which will be consumed in—

- (i) a qualified service area of the governmental unit acquiring the property, or
- (ii) a qualified annexed area of such unit.

**(B) Definitions**

For purposes of subparagraph (A)—

**(i) Qualified service area**

The term “qualified service area” means, with respect to the governmental unit acquiring the property, any area throughout which such unit provided (at all times during the 10-year period ending on the date such property is acquired by such unit) output of the same type as the output to be provided by such property. For purposes of the preceding sentence, the period before October 14, 1987, shall not be taken into account.

**(ii) Qualified annexed area**

The term “qualified annexed area” means, with respect to the governmental unit acquiring the property, any area if—

- (I) such area is contiguous to, and annexed for general governmental purposes into, a qualified service area of such unit,
- (II) output from such property is made available to all members of the general public in the annexed area, and
- (III) the annexed area is not greater than 10 percent of such qualified service area.

**(C) Limitation on size of annexed area not to apply where output capacity does not increase by more than 10 percent**

Subclause (III) of subparagraph (B)(ii) shall not apply to an annexation of an area by a governmental unit if the output capacity of the property acquired in connection with the annexation, when added to the output capacity of all other property which is not treated as nongovernmental output property by reason of subparagraph (A)(ii) with respect to such annexed area, does not exceed 10 percent of the output capacity of the property providing output of the same type to the qualified service area into which it is annexed.

**(D) Rules for determining relative size, etc.**

For purposes of subparagraphs (B)(ii) and (C)—

(i) The size of any qualified service area and the output capacity of property serving such area shall be determined as the close of the calendar year preceding the calendar year in which the acquisition of nongovernmental output property or the annexation occurs.

(ii) A qualified annexed area shall be treated as part of the qualified service area into which it is annexed for purposes of determining whether any other area annexed in a later year is a qualified annexed area.

**(4) Exception for property converted to non-output use**

For purposes of paragraph (1)—

**(A) In general**

The term “nongovernmental output property” shall not include any property which is to be converted to a use not in connection with an output facility.

**(B) Exception**

Subparagraph (A) shall not apply to any property which is part of the output function of a nuclear power facility.

**(5) Special rules**

In the case of a bond which is a private activity bond solely by reason of this subsection—

(A) subsections (c) and (d) of section 147 (relating to limitations on acquisition of land and existing property) shall not apply, and

(B) paragraph (8) of section 142(a) shall be applied as if it did not contain “local”.

**(6) Treatment of joint action agencies**

With respect to nongovernmental output property acquired by a joint action agency the members of which are governmental units, this subsection shall be applied at the member level by treating each member as acquiring its proportionate share of such property.

**(7) Exception for qualified electric and natural gas supply contracts**

The term “nongovernmental output property” shall not include any contract for the prepayment of electricity or natural gas which is not investment property under section 148(b)(2).

**(e) Qualified bond**

For purposes of this part, the term “qualified bond” means any private activity bond if—

**(1) In general**

Such bond is—

- (A) an exempt facility bond,
- (B) a qualified mortgage bond,
- (C) a qualified veterans’ mortgage bond,
- (D) a qualified small issue bond,
- (E) a qualified student loan bond,
- (F) a qualified redevelopment bond, or
- (G) a qualified 501(c)(3) bond.

**(2) Volume cap**

Such bond is issued as part of an issue which meets the applicable requirements of section 146, and<sup>1</sup>

**(3) Other requirements**

Such bond meets the applicable requirements of each subsection of section 147.

(Added Pub. L. 99-514, title XIII, §1301(b), Oct. 22, 1986, 100 Stat. 2603; amended Pub. L. 100-203, title X, §10631(a), Dec. 22, 1987, 101 Stat. 1330-453; Pub. L. 100-647, title I, §1013(a)(38), Nov. 10, 1988, 102 Stat. 3544; Pub. L. 109-58, title XIII, §1327(b), (c), Aug. 8, 2005, 119 Stat. 1019; Pub. L. 117-58, div. H, title IV, §80402(d), Nov. 15, 2021, 135 Stat. 1334.)

**Editorial Notes**

**PRIOR PROVISIONS**

A prior section 141, acts Aug. 16, 1954, ch. 736, 68A Stat. 40; Feb. 26, 1964, Pub. L. 88-272, title I, §112(a), 78 Stat. 23; Dec. 30, 1969, Pub. L. 91-172, title VIII, §802(a), (c)(4), (e), 83 Stat. 676, 678; Dec. 10, 1971, Pub. L. 92-178, title II, §§202, 203(a)-(c), title III, §301(a), 85 Stat. 511, 520; Mar. 29, 1975, Pub. L. 94-12, title II, §§201(a), 202(a), 89 Stat. 28, 29; Dec. 23, 1975, Pub. L. 94-164, §2(a)(1), (b)(1), 89 Stat. 970, 971; Oct. 4, 1976, Pub. L. 94-455, title IV, §401(b)(1), (2), title XIX, §1906(b)(13)(A), 90 Stat. 1556, 1834, provided for standard deduction, prior to repeal by Pub. L. 95-30, title I, §101(d)(1), May 23, 1977, 91 Stat. 133, applicable to taxable years beginning after Dec. 31, 1976.

**AMENDMENTS**

2021—Subsec. (b)(6)(C). Pub. L. 117-58 added subpar. (C).

2005—Subsec. (c)(2)(C). Pub. L. 109-58, §1327(b), added subpar. (C).

Subsec. (d)(7). Pub. L. 109-58, §1327(c), added par. (7).

1988—Subsec. (b)(5)(B). Pub. L. 100-647 substituted “cause a bond” for “cause bond”.

1987—Subsecs. (d), (e). Pub. L. 100-203 added subsec. (d) and redesignated former subsec. (d) as (e).

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 2021 AMENDMENT**

Amendment by Pub. L. 117-58 applicable to obligations issued after Dec. 31, 2021, see section 80402(f) of Pub. L. 117-58, set out as a note under section 45Q of this title.

**EFFECTIVE DATE OF 2005 AMENDMENT**

Pub. L. 109-58, title XIII, §1327(d), Aug. 8, 2005, 119 Stat. 1019, provided that: “The amendments made by this section [amending this section and section 148 of this title] shall apply to obligations issued after the date of the enactment of this Act [Aug. 8, 2005].”

**EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by 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.

**EFFECTIVE DATE OF 1987 AMENDMENT**

Pub. L. 100-203, title X, §10631(c), Dec. 22, 1987, 101 Stat. 1330-455, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section [amending this section and sections 142 and 146 of this title] shall apply to bonds issued after October 13, 1987 (other than bonds issued to refund bonds issued on or before such date).

“(2) BINDING AGREEMENTS.—The amendments made by this section shall not apply to bonds (other than advance refunding bonds) with respect to a facility acquired after October 13, 1987, pursuant to a binding contract entered into on or before such date.

“(3) TRANSITIONAL RULE.—The amendments made by this section shall not apply to bonds issued—

<sup>1</sup> So in original. Probably should end with a period after “146”.

“(A) after October 13, 1987, by an authority created by a statute—

“(i) approved by the State Governor on July 24, 1986, and

“(ii) sections 1 through 10 of which became effective on January 15, 1987, and

“(B) to provide facilities serving the area specified in such statute on the date of its enactment.”

#### EFFECTIVE DATE; TRANSITIONAL RULES

Pub. L. 99-514, title XIII, subtitle B, Oct. 22, 1986, 100 Stat. 2659, as amended by Pub. L. 100-647, title I, § 1013(b), (c)(1), (2)(A), (3)-(11)(D), (13), (14)(A), (d), (e)(1), (2)(A), (f)(1)(A), (2)-(7)(A), (8), (9), (11), (g), (h), Nov. 10, 1988, 102 Stat. 3545-3550, 3558; Pub. L. 101-239, title VII, § 7831(e), Dec. 19, 1989, 103 Stat. 2427, provided that:

#### “SEC. 1311. GENERAL EFFECTIVE DATES.

“(a) IN GENERAL.—Except as otherwise provided in this subtitle, the amendments made by section 1301 [enacting sections 141 to 150 and 7703 of this title, amending sections 2, 22, 25, 32, 86, 103, 105, 152, 153, 163, 194, 269A, 414, 879, 1398, 3402, 4701, 4940, 4942, 4988, 6362, 6652, and 7871 of this title, repealing section 103A of this title, omitting former section 143 of this title, enacting provisions set out as notes under sections 141 and 148 of this title, and amending provisions set out as a note under section 103A of this title] shall apply to bonds issued after August 15, 1986.

“(b) SECTION 1301(f).—

“(1) INCREASE IN TRADE-IN RATE.—The amendments made by paragraph (1) of section 1301(f) [amending section 25 of this title] shall apply to nonissued bond amounts elected after August 15, 1986.

“(2) CERTIFICATES.—The amendments made by paragraph (2) of section 1301(f) [amending section 25 of this title] shall apply to certificates issued with respect to non-issued bond amounts elected after August 15, 1986.

“(c) CHANGES IN USE, ETC., OF FACILITIES FINANCED WITH PRIVATE ACTIVITY BONDS.—Subsection (b) of section 150 of the 1986 Code shall apply to changes in use (and ownership) after August 15, 1986, but only with respect to financing (including refinancings) provided after such date.

“(d) PUBLIC APPROVAL AND INFORMATION REPORTING.—Sections 147(f) and 149(e) of the 1986 Code shall apply to bonds issued after December 31, 1986.

“(e) REBATE REQUIREMENT FOR QUALIFIED SCHOLARSHIP FUNDING BONDS.—Section 150(d) of the 1986 Code shall apply to payments made after August 15, 1986.

“(f) SECTION 1303.—The amendments made by section 1303 [amending sections 172, 1016, and 3402 of this title and repealing sections 1391 to 1397 and 6039B of this title] shall take effect on the date of the enactment of this Act [Oct. 22, 1986].

#### “SEC. 1312. TRANSITIONAL RULES FOR CONSTRUCTION OR BINDING AGREEMENTS AND CERTAIN GOVERNMENT BONDS ISSUED AFTER AUGUST 15, 1986.

“(a) EXCEPTION FOR CONSTRUCTION OR BINDING AGREEMENTS.—

“(1) IN GENERAL.—The amendments made by section 1301 [for classification see section 1311(a) of this note] shall not apply to bonds (other than a refunding bond) with respect to a facility—

“(A)(i) the original use of which commences with the taxpayer, and the construction, reconstruction, or rehabilitation of which began before September 26, 1985, and was completed on or after such date,

“(ii) the original use of which begins with the taxpayer and with respect to which a binding contract to incur significant expenditures for construction, reconstruction, or rehabilitation was entered into before September 26, 1985, and some of such expenditures are incurred on or after such date, or

“(iii) acquired on or after September 26, 1985, pursuant to a binding contract entered into before such date, and

“(B) described in an inducement resolution or other comparable preliminary approval adopted by an issuing authority (or by a voter referendum) before September 26, 1985.

“(2) SIGNIFICANT EXPENDITURES.—For purposes of paragraph (1)(A), the term ‘significant expenditures’ means expenditures greater than 10 percent of the reasonably anticipated cost of the construction, reconstruction, or rehabilitation of the facility involved.

“(b) CERTAIN AMENDMENTS TO APPLY TO BONDS UNDER SUBSECTION (a) TRANSITIONAL RULE.—

“(1) IN GENERAL.—In the case of a bond issued after August 15, 1986, and to which subsection (a) of this section applies, the requirements of the following provisions shall be treated as included in section 103 and section 103A (as appropriate) of the 1954 Code:

“(A) The requirement that 95 percent or more of the net proceeds of an issue are to be used for a purpose described in section 103(b)(4) or (5) of such Code in order for section 103(b)(4) or (5) of such Code to apply, including the application of section 142(b)(2) of the 1986 Code (relating to limitation on office space).

“(B) The requirement that 95 percent or more of the net proceeds of an issue are to be used for a purpose described in section 103(b)(6)(A) of the 1954 Code in order for section 103(b)(6)(A) of such Code to apply.

“(C) The requirements of section 143 of the 1986 Code (relating to qualified mortgage bonds and qualified veterans’ mortgage bonds) in order for section 103A(b)(2) of the 1954 Code to apply.

“(D) The requirements of section 144(a)(11) of the 1986 Code (relating to limitation on acquisition of depreciable farm property) in order for section 103(b)(6)(A) of the 1954 Code to apply.

“(E) The requirements of section 147(b) of the 1986 Code (relating to maturity may not exceed 120 percent of economic life).

“(F) The requirements of section 147(f) of the 1986 Code (relating to public approval required for private activity bonds).

“(G) The requirements of section 147(g) of the 1986 Code (relating to restriction on issuance costs financed by issue).

“(H) The requirements of section 148 of the 1986 Code (relating to arbitrage).

“(I) The requirements of section 149(e) of the 1986 Code (relating to information reporting).

“(J) The provisions of section 150(b) of the 1986 Code (relating to changes in use).

“(2) CERTAIN REQUIREMENTS APPLY ONLY TO BONDS ISSUED AFTER DECEMBER 31, 1986.—In the case of subparagraphs (F) and (I) of paragraphs (1), paragraph (1) shall be applied by substituting ‘December 31, 1986’ for ‘August 15, 1986’.

“(3) APPLICATION OF VOLUME CAP.—Except as provided in section 1315, any bond to which this subsection applies shall be treated as a private activity bond for purposes of section 146 of the 1986 Code if such bond would have been taken into account under section 103(n) or 103A(g) of the 1954 Code (determined without regard to any carryforward election) were such bond issued before August 16, 1986.

“(4) APPLICATION OF PROVISIONS.—For purposes of applying the requirements referred to in any subparagraph of paragraph (1) or of subsection (a)(3) or (b)(3) of section 1313 to any bond, such bond shall be treated as described in the subparagraph of section 141(d)(1) of the 1986 Code to which the use of the proceeds of such bond most closely relates.

“(c) SPECIAL RULES FOR CERTAIN GOVERNMENT BONDS ISSUED AFTER AUGUST 15, 1986.—

“(1) IN GENERAL.—In the case of any bond described in paragraph (2)—

“(A) section 1311(a) and (c) and subsection (b) of this section shall be applied by substituting ‘August 31, 1986’ for ‘August 15, 1986’ each place it appears,

“(B) subsection (b)(1) shall be applied without regard to subparagraphs (F), (G), and (J), and

“(C) such bond shall not be treated as a private activity bond for purposes of applying the requirements referred to in subparagraphs (H) and (I) of subsection (b)(1).

“(2) BOND DESCRIBED.—A bond is described in this paragraph if such bond is not—

“(A) an industrial development bond, as defined in section 103(b)(2) of the 1954 Code but determined—

“(i) by inserting ‘directly or indirectly’ after ‘is’ in the material preceding clause (i) of subparagraph (B) thereof, and

“(ii) without regard to subparagraph (B) of section 103(b)(3) of such Code,

“(B) a mortgage subsidy bond (as defined in section 103A(b)(1) of such Code, without regard to any exception from such definition), or

“(C) a private loan bond (as defined in section 103(o)(2)(A) of such Code, without regard to any exception from such definition other than section 103(o)(2)(C) of such Code).

“(d) ELECTION OUT.—This section shall not apply to any issue with respect to which the issuer elects not to have this section apply.

“SEC. 1313. TRANSITIONAL RULES RELATING TO REFUNDINGS.

“(a) CERTAIN CURRENT REFUNDINGS.—

“(1) IN GENERAL.—Except as provided in paragraph (3), the amendments made by section 1301 [for classification see section 1311(a) of this note] shall not apply to any bond the proceeds of which are used exclusively to refund (other than to advance refund) a qualified bond (or a bond which is part of a series of refundings of a qualified bond) if—

“(A) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

“(B)(i) the average maturity of the issue of which the refunding bond is a part does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the net proceeds of such issue (determined under section 147(b) of the 1986 Code), or

“(ii) the refunding bond has a maturity date not later than the date which is 17 years after the date on which the qualified bond was issued.

In the case of a qualified bond which was (when issued) a qualified mortgage bond or a qualified veterans’ mortgage bond, subparagraph (B)(i) shall not apply and subparagraph (B)(ii) shall be applied by substituting ‘32 years’ for ‘17 years’.

“(2) QUALIFIED BOND.—For purposes of paragraph (1), the term ‘qualified bond’ means any bond (other than a refunding bond)—

“(A) issued before August 16, 1986, or

“(B) issued after August 15, 1986, if section 1312(a) applies to such bond.

“(3) CERTAIN AMENDMENTS TO APPLY.—The following provisions of the 1986 Code shall be treated as included in section 103 and section 103A (as appropriate) of the 1954 Code and shall apply to refunding bonds described in paragraph (1):

“(A) The requirements of section 147(f) (relating to public approval required for private activity bonds) but only if the maturity date of the refunding bond is later than the maturity date of the refunded bond.

“(B) The requirements of section 147(g) (relating to restriction on issuance costs financed by issue).

“(C) The requirements of sections 143(g) and 148 (relating to arbitrage).

“(D) The requirements of section 149(e) (relating to information reporting).

“(E) The provisions of section 150(b) (relating to changes in use).

Subparagraphs (A) and (D) shall apply only if the refunding bond is issued after December 31, 1986. In the

case of a refunding bond described in paragraph (1) with respect to a qualified bond described in paragraph (2)(B), the requirements of section 1312(b)(1) which applied to such qualified bond shall be treated as specified in this paragraph with respect to such refunding bond.

“(4) SPECIAL RULES FOR CERTAIN GOVERNMENT BONDS ISSUED AFTER AUGUST 15, 1986.—In the case of any bond described in section 1312(c)(2)—

“(A) paragraph (2) of this subsection shall be applied by substituting ‘August 31, 1986’ for ‘August 15, 1986’ and by substituting ‘September 1, 1986’ for ‘August 16, 1986’,

“(B) paragraph (3) shall be applied without regard to subparagraphs (A), (B), and (E), and

“(C) such bond shall not be treated as a private activity bond for purposes of applying the requirements referred to in subparagraphs (C) and (D) of paragraph (3).

“(b) CERTAIN ADVANCE REFUNDINGS.—

“(1) IN GENERAL.—Except as provided in paragraph (3), the amendments made by section 1301 [for classification see section 1311(a) of this note] shall not apply to any bond the proceeds of which are used exclusively to advance refund a bond if—

“(A) the refunded bond is described in paragraph (2), and

“(B) the requirements of subsection (a)(1)(B) are met.

“(2) NON-IDB’S, ETC.—A bond is described in this paragraph if such bond is not described in subsection (b)(2) or (o)(2)(A) of section 103 of the 1954 Code and was issued (or was issued to refund a bond issued) before August 16, 1986. For purposes of the preceding sentence, the determination of whether a bond is described in such subsection (o)(2)(A) shall be made without regard to any exception other than section 103(o)(2)(C) of such Code.

“(3) CERTAIN AMENDMENTS TO APPLY.—The following provisions of the 1986 Code shall be treated as included in section 103 and section 103A (as appropriate) of the 1954 Code and shall apply to refunding bonds described in paragraph (1):

“(A) The requirements of section 147(f) (relating to public approval required for private activity bonds).

“(B) The requirements of section 147(g) (relating to restriction on issuance costs financed by issue).

“(C) The requirements of section 148 (relating to arbitrage), except that section 148(d)(3) shall not apply to proceeds of such bonds to be used to discharge the refunded bonds.

“(D) The requirements of [former] paragraphs (3) and (4) of section 149(d) (relating to advance refundings).

“(E) The requirements of section 149(e) (relating to information reporting).

“(F) The provisions of section 150(b) (relating to changes in use).

“(G) Except as provided in the last sentence of subsection (c)(2) of this section, the requirements of section 145(b) (relating to \$150,000,000 limitation on bonds other than hospital bonds).

Subparagraphs (A) and (E) shall apply only if the refunding bond is issued after December 31, 1986.

“(4) SPECIAL RULE FOR CERTAIN GOVERNMENT BONDS ISSUED AFTER AUGUST 15, 1986.—In the case of any bond described in section 1312(c)(2)—

“(A) paragraph (2) of this subsection shall be applied by substituting ‘September 1, 1986’ for ‘August 16, 1986’,

“(B) paragraph (3) shall be applied without regard to subparagraphs (A), (B), and (F), and

“(C) such bond shall not be treated as a private activity bond for purposes of applying the requirements referred to in subparagraphs (C) and (E).

“(5) CERTAIN REFUNDING BONDS SUBJECT TO VOLUME CAP.—Any refunding bond described in paragraph (1) the proceeds of which are used to refund a bond issued as part of an issue 5 percent or more of the net

proceeds of which are or will be used to provide an output facility (within the meaning of section 141(b)(4) of the 1986 Code) shall be treated as a private activity bond for purposes of section 146 of the 1986 Code (to the extent of the nongovernmental use of such issue, under rules similar to the rules of section 146(m)(2) of such Code). For purposes of the preceding sentence, use by a 501(c)(3) organization with respect to its activities which do not constitute unrelated trades or businesses (determined by applying section 513(a) of the 1986 Code) shall not be taken into account.

“(c) TREATMENT OF CERTAIN REFUNDINGS OF CERTAIN IDB’S AND 501(c)(3) BONDS.—

“(1) \$40,000,000 LIMIT FOR CERTAIN SMALL ISSUE BONDS.—Paragraph (10) of section 144(a) of the 1986 Code shall not apply to any bond (or series of bonds) the proceeds of which are used exclusively to refund a tax-exempt bond to which such paragraph and the corresponding provision of prior law did not apply if—

“(A) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

“(B) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

“(C) the net proceeds of the refunding bond are used to redeem the refunded bond not later than 90 days after the date of the issuance of the refunding bond.

For purposes of subparagraph (A), average maturity shall be determined in accordance with section 147(b)(2)(A) of the 1986 Code.

“(2) \$150,000,000 LIMITATION FOR CERTAIN 501(c)(3) BONDS.—Subsection (b) of section 145 of the 1986 Code (relating to \$150,000,000 limitation for nonhospital bonds) shall not apply to any bond (or series of bonds) the proceeds of which are used exclusively to refund a tax-exempt bond to which such subsection did not apply if—

“(A)(i) the average maturity of the issue of which the refunding bond is a part does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the net proceeds of such issue (determined under section 147(b) of the 1986 Code), or

“(ii) the refunding bond has a maturity date not later than the later of the date which is 17 years after the date on which the qualified bond (as defined in subsection (a)(2)) was issued, and

“(B) the requirements of subparagraphs (B) and (C) of paragraph (1) are met with respect to the refunding bond.

Subsection (b) of section 145 of the 1986 Code shall not apply to the 1st advance refunding after March 14, 1986, of a bond issued before January 1, 1986.

“(3) APPLICATION TO LATER ISSUES.—Any bond to which section 144(a)(10) or 145(b) of the 1986 Code does not apply by reason of this section shall be taken into account in determining whether such section applies to any later issue.

“(d) MORTGAGE AND STUDENT LOAN TARGETING RULES TO APPLY TO LOANS MADE MORE THAN 3 YEARS AFTER THE DATE OF THE ORIGINAL ISSUE.—Subsections (a)(3) and (b)(3) shall be treated as including the requirements of subsections (e) and (f) of section 143 and paragraphs (3) and (4) of section 144(b) of the 1986 Code with respect to bonds the proceeds of which are used to finance loans made more than 3 years after the date of the issuance of the original bond.

“SEC. 1314. SPECIAL RULES WHICH OVERRIDE OTHER RULES IN THIS SUBTITLE.

“(a) ARBITRAGE RESTRICTION ON INVESTMENTS IN ANNUITIES.—In the case of a bond issued after September 25, 1985, section 103(c) of the 1954 Code shall be applied by treating the reference to securities in paragraph (2) thereof as including a reference to an annuity contract. The preceding sentence shall not apply to the first ad-

vance refunding after September 25, 1985, if a bond issued before September 26, 1985.

“(b) TEMPORARY PERIOD FOR ADVANCE REFUNDINGS.—In the case of a bond issued after December 31, 1985, to advance refund a bond, the initial temporary period under section 103(c) of the 1954 Code with respect to the proceeds of the refunding bond shall end not later than 30 days after the date of issue of the refunding bond.

“(c) DETERMINATION OF YIELD.—In the case of a bond issued after December 31, 1985, for purposes of section 103(c) of the 1954 Code, the yield on an issue shall be determined on the basis of the issue price (within the meaning of sections 1273 and 1274 of the 1986 Code).

“(d) ARBITRAGE REBATE REQUIREMENT.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, in the case of a bond issued after December 31, 1985, section 103 of the 1954 Code shall be treated as including the requirements of section 148(f) of the 1986 Code in order for section 103(a) of the 1954 Code to apply.

“(2) GOVERNMENT BONDS.—In the case of a bond described in section 1312(c)(2) (and not described in paragraph (3) of this subsection), paragraph (1) shall be applied by substituting ‘August 31, 1986’ for ‘December 31, 1985’.

“(3) CERTAIN POOLS.—

“(A) IN GENERAL.—In the case of a bond described in section 1312(c)(2) and issued as part of an issue described in subparagraph (B), (C), (D), or (E), paragraph (1) shall be applied by substituting ‘3 p.m. E.D.T., July 17, 1986’ for ‘December 31, 1985’. Such a bond shall not be treated as a private activity bond for purposes of applying section 148(f) of the 1986 Code.

“(B) LOANS TO UNRELATED GOVERNMENTAL UNITS.—An issue is described in this subparagraph if any portion of the proceeds of the issue is to be used to make or finance loans to any governmental unit other than any governmental unit which is subordinate to the issuer and the jurisdiction of which is within—

“(i) the jurisdiction of the issuer, or

“(ii) the jurisdiction of the governmental unit on behalf of which such issuer issued the issue.

“(C) LESS THAN 75 PERCENT OF PROJECTS IDENTIFIED.—An issue is described in this subparagraph if less than 75 percent of the proceeds of the issue is to be used to make or finance loans to initial borrowers to finance projects identified (with specificity) by the issuer, on or before the date of issuance of the issue, as projects to be financed with the proceeds of the issue.

“(D) LESS THAN 25 PERCENT OF FUNDS COMMITTED TO BE BORROWED.—An issue is described in this subparagraph if, on or before the date of issuance of the issue, commitments have not been entered into by initial borrowers to borrow at least 25 percent of the proceeds of the issue.

“(E) CERTAIN LONG MATURITY ISSUES.—An issue is described in this subparagraph if—

“(i) the maturity date of any bond issued as part of such issue exceeds 30 years, and

“(ii) any principal payment on any loan made or financed by the proceeds of the issue is to be used to make or finance additional loans.

“(F) SPECIAL RULES.—

“(i) EXCEPTION FROM SUBPARAGRAPHS (C) AND (D) WHERE SIMILAR POOLS ISSUED BY ISSUER.—An issue shall not be treated as described in subparagraph (C) or (D) with respect to any issue to make or finance loans to governmental units if—

“(I) the issuer, before 1986, issued 1 or more similar issues to make or finance loans to governmental units, and

“(II) the aggregate face amount of such issues issued during 1986 does not exceed 250 percent of the average of the annual aggregate face amounts of such similar issues issued during 1983, 1984, or 1985.

“(ii) DETERMINATION OF ISSUANCE.—For purposes of subparagraph (A), an issue shall not be treated as issued until—

“(I) the bonds issued as part of such issue are offered to the public (pursuant to final offering materials), and

“(II) at least 25 percent of such bonds is sold to the public.

For purposes of the preceding sentence, the sale of a bond to a securities firm, broker, or other person acting in the capacity of an underwriter or wholesaler shall not be treated as a sale to the public.

“(e) INFORMATION REPORTING.—In the case of a bond issued after December 31, 1986, nothing in section 103(a) of the 1986 Code or any other provision of law shall be construed to provide an exemption from Federal income tax for interest on any bond unless such bond satisfies the requirements of section 149(e) of the 1986 Code. A bond described in section 1312(c)(2) shall not be treated as a private activity bond for purposes of applying such requirements.

“(f) ABUSIVE TRANSACTION LIMITATION ON ADVANCE REFUNDINGS TO APPLY.—In the case of a bond issued after August 31, 1986, nothing in section 103(a) of the 1986 Code or any other provision of law shall be construed to provide an exemption from Federal income tax for interest on any bond if the issue of which such bond is a part is described in [former] paragraph (4) of section 149(d) of the 1986 Code (relating to abusive transactions).

“(g) TERMINATION OF MORTGAGE BOND POLICY STATEMENT REQUIREMENT.—Paragraph (5) of section 103A(j) of the 1954 Code (relating to policy statement) shall not apply to any bond issued after August 15, 1986, and shall not apply to nonissued bond amounts elected under section 25 of the 1986 Code after such date.

“(h) ARBITRAGE RESTRICTION ON INVESTMENTS IN INVESTMENT-TYPE PROPERTY.—In the case of a bond issued before August 16, 1986 (September 1, 1986 in the case of a bond described in section 1312(c)(2)), section 103(c) of the 1954 Code shall be applied by treating the reference to securities in paragraph (2) thereof as including a reference to investment-type property but only for purposes of determining whether any bond issued after October 16, 1987, to advance refund such bond (or a bond which is part of a series of refundings of such bond) is an arbitrage bond (within the meaning of section 148(a) of the 1986 Code).

“(i) SECTION TO OVERRIDE OTHER RULES.—Except as otherwise expressly provided by reference to a provision to which a subsection of this section applies, nothing in any other section of this subtitle shall be construed as exempting any bond from the application of such provision.

“SEC. 1315. TRANSITIONAL RULES RELATING TO VOLUME CAP.

“(a) IN GENERAL.—Except as otherwise provided in this section, section 146(f) of the 1986 Code shall not apply with respect to an issuing authority's volume cap under section 103(n) of the 1954 Code, and no carryforward under such section 103(n) shall be recognized for bonds issued after August 15, 1986.

“(b) CERTAIN BONDS FOR CARRYFORWARD PROJECTS OUTSIDE OF VOLUME CAP.—Bonds issued pursuant to an election under section 103(n)(10) of the 1954 Code (relating to elective carryforward of unused limitation for specified project) made before November 1, 1985, shall not be taken into account under section 146 of the 1986 Code if the carryforward project is a facility to which the amendments made by section 1301 [for classification see section 1311(a) of this note] do not apply by reason of section 1312(a) of this Act.

“(c) VOLUME CAP NOT TO APPLY WITH RESPECT TO CERTAIN FACILITIES AND PURPOSES.—Section 146 of the 1986 Code shall not apply to any bond issued with respect to any facility or purpose described in a paragraph of subsection (d) if—

“(1) such bond would not have been taken into account under section 103(n) of the 1954 Code for calendar year 1986 (determined without regard to any carryforward election) were such bond issued on August 15, 1986, or

“(2) such bond would not have been taken into account under section 103(n) of the 1954 Code for calendar year 1986 (determined with regard to any carryforward election made before January 1, 1986) were such bond issued on August 15, 1986.

The preceding sentence shall not apply to the extent section 1313(b)(5) treats any bond as a private activity bond for purposes of section 146 of the 1986 Code.

“(d) FACILITIES AND PURPOSES DESCRIBED.—

“(1) A facility is described in this paragraph if the amendments made by section 201 of this Act [amending sections 46, 167, 168, 178, 179, 280F, 291, 312, 465, 467, 514, 751, 1245, 4162, 6111, and 7701 of this title] (relating to depreciation) do not apply to such facility by reason of section 204(a)(8) of this Act [set out as a note under section 168 of this title] (or, in the case of a facility which is governmentally owned, would not apply to such facility were it owned by a nongovernmental person).

“(2) A facility or purpose is described in this paragraph if the facility or purpose is described in a paragraph of section 1317.

“(3) A facility is described in this paragraph if the facility—

“(A) serves Los Osos, California, and

“(B) would be described in paragraph (1) were it a solid waste disposal facility.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$35,000,000.

“(4) A facility is described in this paragraph if it is a sewage disposal facility with respect to which—

“(A) on September 13, 1985, the State public facilities authority took official action authorizing the issuance of bonds for such facility, and

“(B) on December 30, 1985, there was an executive order of the State Governor granting allocation of the State ceiling under section 103(n) of the 1954 Code in the amount of \$250,000,000 to the Industrial Development Board of the Parish of East Baton Rouge, Louisiana.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$98,500,000.

“(5) A facility is described in this paragraph if—

“(A) such facility is a solid waste disposal facility in Charleston, South Carolina, and

“(B) a State political subdivision took formal action on April 1, 1980, to commit development funds for such facility.

For purposes of determining whether a bond issued as part of an issue for a facility described in the preceding sentence is an exempt facility bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code, ‘90 percent’ shall be substituted for ‘95 percent’ in section 142(a) of the 1986 Code.

“The aggregate face amount of bonds to which this paragraph applies shall not exceed \$75,000,000.

“(6) A facility is described in this paragraph if—

“(A) such facility is a wastewater treatment facility for which site preparation commenced before September 1985, and

“(B) a parish council approved a service agreement with respect to such facility on December 4, 1985.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$120,000,000.

“(e) TREATMENT OF REDEVELOPMENT BONDS.—Any bond to which section 1317(6) of this Act applies shall be treated for purposes of this section as described in subsection (c)(1). The preceding sentence shall not apply to any bond which (if issued on August 15, 1986) would have been an industrial development bond (as defined in section 103(b)(2) of the 1954 Code).

“SEC. 1316. PROVISIONS RELATING TO CERTAIN ESTABLISHED STATE PROGRAMS.

“(a) CERTAIN LOANS TO VETERANS FOR THE PURCHASE OF LAND.—

“(1) IN GENERAL.—A bond described in paragraph (2) shall be treated as described in section 141(d)(1) of the 1986 Code and as having a carryforward purpose de-

scribed in section 146(f)(5) of such Code, but subsections (a), (b), (c), and (d) of section 147 of such Code shall not apply to such bond.

“(2) BOND DESCRIBED.—A bond is described in this paragraph if—

“(A) such bond is a private activity bond solely by reason of section 141(c) of such Code, and

“(B) such bond is issued as part of an issue 95 percent or more of the net proceeds of which are to be used to carry out a program established under State law to provide loans to veterans for the purchase of land and which has been in effect in substantially the same form during the 30-year period ending on July 18, 1984, but only if such proceeds are used to make loans or to fund similar obligations—

“(i) in the same manner in which,

“(ii) in the same (or lesser) amount or multiple of acres per participant, and

“(iii) for the same purposes for which,

such program was operated on March 15, 1984.

“(b) RENEWABLE ENERGY PROPERTY.—

“(1) IN GENERAL.—A bond described in paragraph (2) shall be treated as described in section 141(d)(1) of the 1986 Code and as having a carryforward purpose described in section 146(f)(5) of such Code.

“(2) BOND DESCRIBED.—A bond is described in this paragraph if paragraph (1) of section 103(b) of the 1954 Code would not (without regard to the amendments made by this title) have applied to such bond by reason of section 243 of the Crude Oil Windfall Profit Tax Act of 1980 [section 243 of Pub. L. 96-223, set out as a note under section 103 of this title] if—

“(A) such section 243 were applied by substituting ‘95 percent or more of the net proceeds’ for ‘substantially all of the proceeds’ in subsection (a)(1) thereof, and

“(B) subparagraph (E) of subsection (a)(1) thereof referred to section 149(b) of the 1986 Code.

“(c) CERTAIN STATE PROGRAMS.—

“(1) IN GENERAL.—A bond described in paragraph (2) shall be treated as described in section 141(d)(1) of the 1986 Code and as having a carryforward purpose described in section 146(f)(5) of such Code.

“(2) BOND DESCRIBED.—A bond is described in this paragraph if such bond is issued as part of an issue 95 percent or more of the net proceeds of which are to be used to carry out a program established under sections 280A, 280B, and 280C of the Iowa Code, but only if—

“(A) such program has been in effect in substantially the same form since July 1, 1983, and

“(B) such proceeds are to be used to make loans or fund similar obligations for the same purposes as permitted under such program on July 1, 1986.

“(3) \$100,000,000 LIMITATION.—The aggregate face amount of outstanding bonds to which this subsection applies shall not exceed \$100,000,000.

“(4) APPLICATION OF SECTION 147(b).—A bond to which this subsection applies (other than a refunding bond) shall be treated as meeting the requirements of section 147(b) of the 1986 Code if the average maturity (determined in accordance with section 147(b)(2)(A) of such Code) of the issue of which such bond is a part does not exceed 20 years. A bond issued to refund (or which is part of a series of bonds issued to refund) a bond described in the preceding sentence shall be treated as meeting the requirements of such section if the refunding bond has a maturity date not later than the date which is 20 years after the date on which the original bond was issued.

“(d) USE BY CERTAIN FEDERAL INSTRUMENTALITIES TREATED AS USE BY GOVERNMENTAL UNITS.—Use by an instrumentality of the United States shall be treated as use by a State or local governmental unit for purposes of section 103, and part IV of subchapter B of chapter 1, of the 1986 Code with respect to a program approved by Congress before August 3, 1972, but only if—

“(1) a portion of such program has been financed by bonds issued before such date, to which section 103(a)

of the 1954 Code applied pursuant to a ruling issued by the Commissioner of the Internal Revenue Service, and

“(2) construction of 1 or more facilities comprising a part of such program commenced before such date.

“(e) REFUNDING PERMITTED OF CERTAIN BONDS INVESTED IN FEDERALLY INSURED DEPOSITS.—

“(1) IN GENERAL.—Section 149(b)(2)(B)(ii) of the 1986 Code (and section 103(h)(2)(B)(ii) of the 1954 Code) shall not apply to any bond issued to refund a bond—

“(A) which, when issued, would have been treated as federally guaranteed by reason of being described in clause (i) of section 103(h)(2)(B) of the 1954 Code if such section had applied to such bond, and

“(B)(i) which was issued before April 15, 1983, or

“(ii) to which such clause did not apply by reason of the except clause in section 631(c)(2) of the Tax Reform Act of 1984 [section 631(c)(2) of Pub. L. 98-369, set out as a note under section 103 of this title].

Section 147(c) of the 1986 Code (and section 103(b)(16) of the 1954 Code) shall not apply to any refunding bond permitted under the preceding sentence if section 103(b)(16) of the 1954 Code did not apply to the refunded bond when issued.

“(2) REQUIREMENTS.—A refunding bond meets the requirements of this paragraph if—

“(A) the refunding bond has a maturity date not later than the maturity date of the refunded bond,

“(B) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond,

“(C) the weighted average interest rate on the refunding bond is lower than the weighted average interest rate on the refunded bond, and

“(D) the net proceeds of the refunding bond are used to redeem the refunded bond not later than 90 days after the date of the issuance of the refunding bond.

“(f) CERTAIN HYDROELECTRIC GENERATING PROPERTY.—

“(1) IN GENERAL.—A bond described in paragraph (2) shall be treated as described in section 141(d)(1) of the 1986 Code and as having a carryforward purpose described in section 146(f)(5) of such Code.

“(2) DESCRIPTION.—A bond is described in this paragraph if such bond is issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide a facility described in section 103(b)(4)(H) of the 1954 Code determined—

“(A) by substituting ‘an application for a license’ for ‘an application’ in section 103(b)(8)(E)(ii) of the 1954 Code, and

“(B) by applying the requirements of section 142(b)(2) of the 1986 Code.

“(g) TREATMENT OF BONDS SUBJECT TO TRANSITIONAL RULES UNDER TAX REFORM ACT OF 1984.—

“(1) Subsections (d)(3) and (f) of section 148 of the 1986 Code shall not apply to any bond described in section 624(c)(2) of the Tax Reform Act of 1984 [section 624(c)(2) of Pub. L. 98-369, set out as a note under section 103 of this title].

“(2)(A) There shall not be taken into account under section 146 of the 1986 Code any bond issued to provide a facility described in paragraph (3) of section 631(a) of the Tax Reform Act of 1984 [section 631(a)(3) of Pub. L. 98-369, set out as a note under section 103 of this title] relating to exception for certain bonds for a convention center and resource recovery project.

“(B) If a bond issued as part of an issue substantially all of the proceeds of which are used to provide the convention center to which such paragraph (3) applies, such bond shall be treated as an exempt facility bond as defined in section 142(a) of the 1986 Code.

“(C) If a bond which is issued as part of an issue substantially all of the proceeds of which are used to provide the resource recovery project to which such paragraph (3) applies, such bond shall be treated as an exempt facility bond as defined in section 142(a) of



the 1986 Code and section 149(b) of such Code shall not apply.

“(3) The amendments made by section 1301 [for classification see section 1311(a) of this note] shall not apply to bonds issued to finance any property described in section 631(d)(4) of the Tax Reform Act of 1984 [section 631(d)(4) of Pub. L. 98-369, set out as a note under section 103 of this title].

“(4) The amendments made by section 1301 [for classification see section 1311(a) of this note] shall not apply to—

“(A) any bond issued to finance property described in section 631(d)(5) of the Tax Reform Act of 1984 [section 631(d)(5) of Pub. L. 98-369, set out as a note under section 103 of this title],

“(B) any bond described in paragraph (2), (3), (4), (5), (6), or (7) of section 632(a), or section 632(b), of such Act [Pub. L. 98-369, div. A, title VI, § 632, July 18, 1984, 98 Stat. 937], and

“(C) any bond to which section 632(g)(2) of such Act applies.

In the case of bonds to which this paragraph applies, the requirements of sections 148 and 149(d) shall be treated as included in section 103 of the 1954 Code and shall apply to such bonds.

“(5) The preceding provisions of this subsection shall not apply to any bond issued after December 31, 1988.

“(6) The amendments made by section 1301 [for classification see section 1311(a) of this note] (and the provisions of section 1314) shall not apply to any bond issued to finance property described in section 216(b)(3) of the Tax Equity and Fiscal Responsibility Act of 1982 [section 216(b)(3) of Pub. L. 97-248, set out as a note under section 168 of this title].

“(7) In the case of a bond described in section 632(d) of the Tax Reform Act of 1984 [Pub. L. 98-369, div. A, title VI, § 632(d), July 18, 1984, 98 Stat. 938]—

“(A) section 141 of the 1986 Code shall be applied without regard to subsection (a)(2) and paragraphs (4) and (5) of subsection (b),

“(B) paragraphs (1) and (2) of section 141(b) of the 1986 Code shall be applied by substituting ‘25 percent’ for ‘10 percent’ each place it appears, and

“(C) section 149(b) of the 1986 Code shall not apply.

This paragraph shall not apply to any bond issued after December 31, 1990.

“(8)(A) The amendments made by section 1301 [for classification see section 1311(a) of this note] shall not apply to any bond to which section 629(a)(1) of the Tax Reform Act of 1984 [section 629(a)(1) of Pub. L. 98-369, set out as a note under section 103 of this title] applies, but such bond shall be treated as a private activity bond for purposes of section 146 of the 1986 Code and as having a carryforward purpose described in section 146(f)(5) of such Code.

“(B) Section 629 of the Tax Reform Act of 1984 [section 629 of Pub. L. 98-369, set out as a note under section 103 of this title] is amended—

“(i) in subsection (c)(2), by striking out ‘\$625,000,000’ and inserting in lieu thereof ‘\$911,000,000’,

“(ii) in subsection (c)(3), by adding at the end thereof the following new subparagraphs:

“(D) Improvements to existing generating facilities.

“(E) Transmission lines.

“(F) Electric generating facilities.’, and

“(iii) in subsection (a), by adding at the end thereof the following new sentence: ‘The preceding sentence shall be applied by inserting “and a rural electric cooperative utility” after “regulated public utility” but only if not more than 1 percent of the load of the public power authority is sold to such rural electric cooperative utility.’

“(h) CERTAIN POLLUTION BONDS.—Any bond which is treated as described in section 103(b)(4)(F) of the 1954 Code by reason of section 13209 of the Consolidated Omnibus Budget Reconciliation Act of 1985 [Pub. L. 99-272,

title XIII, § 13209, Apr. 7, 1986, 100 Stat. 322] shall be treated as an exempt facility bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code, and section 147(d) of the 1986 Code shall not apply to such bond.

“(i) TRANSITION RULE FOR AGGREGATE LIMIT PER TAXPAYER.—For purposes of section 144(a)(10) of the 1986 Code, tax increment bonds described in section 1869(c)(3) of this Act [set out as a note under section 103 of this title] which are issued before August 16, 1986, shall not be taken into account under subparagraph (B)(ii) thereof.

“(j) EXTENSION OF ADVANCE REFUNDING EXCEPTION FOR QUALIFIED PUBLIC FACILITY.—Paragraph (4) of section 631(c) of the Tax Reform Act of 1984 [section 631(c)(4) of Pub. L. 98-369, set out as a note under section 103 of this title] is amended—

“(1) by striking out ‘or the Dade County, Florida, airport’ in the last sentence, and

“(2) by adding at the end thereof the following new sentence: ‘In the case of refunding obligations not to exceed \$100,000,000 issued after October 21, 1986, by Dade County, Florida, for the purpose of advance refunding its Aviation Revenue Bonds (Series J), the first sentence of this paragraph shall be applied by substituting “the date which is 1 year after the date of the enactment of the Technical and Miscellaneous Revenue Act of 1988” [Nov. 10, 1988] for “December 31, 1984” and the amendments made by section 1301 of the Tax Reform Act of 1986 shall not apply.’

“(k) EXPANSION OF EXCEPTION FOR RIVER PLACE PROJECT.—Section 1104 of the Mortgage Subsidy Bond Tax Act of 1980 [section 1104 of Pub. L. 96-499, formerly set out as a note under section 103A of this title], as added by the Tax Reform Act of 1984, is amended—

“(1) by striking out ‘December 31, 1984,’ in subsection (p) and inserting in lieu thereof ‘December 31, 1984 (other than obligations described in subsection (r)(1)),’ and

“(2) by striking out ‘\$55,000,000,’ in subsection (r)(1)(B) and inserting in lieu thereof ‘\$110,000,000 of which no more than \$55,000,000 shall be outstanding later than November 1, 1987’.

“SEC. 1317. TRANSITIONAL RULES FOR SPECIFIC FACILITIES.

“(1) DOCKS AND WHARVES.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide any dock or wharf (within the meaning of section 103(b)(4)(D) of the 1954 Code) shall be treated as an exempt facility bond (for a facility described in section 142(a)(2) of the 1986 Code) for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such dock or wharf is described in any of the following subparagraphs:

“(A) A dock or wharf is described in this subparagraph if—

“(i) the issue to finance such dock or wharf was approved by official city action on September 3, 1985, and by voters on November 5, 1985, and

“(ii) such dock or wharf is for a slack water harbor with respect to which a Corps of Engineers grant of approximately \$2,000,000 has been made under section 107 of the Rivers and Harbors Act [33 U.S.C. 577].

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$2,500,000.

“(B) A dock or wharf is described in this subparagraph if—

“(i) inducement resolutions were adopted on May 23, 1985, September 18, 1985, and September 24, 1985, for the issuance of the bonds to finance such dock or wharf,

“(ii) a harbor dredging contract with respect thereto was entered into on August 2, 1985, and

“(iii) a construction management and joint venture agreement with respect thereto was entered into on October 1, 1984.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$625,000,000.

“(C) A facility is described in this subparagraph if—  
 “(i) the legislature first authorized on June 29, 1981, the State agency issuing the bond to issue at least \$30,000,000 of bonds,

“(ii) the developer of the facility was selected on April 26, 1985, and

“(iii) an inducement resolution for the issuance of such issue was adopted on October 9, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$200,000,000.

“(D) A facility is described in this subparagraph if—

“(i) an inducement resolution was adopted on October 17, 1985, for such issue, and

“(ii) the city council for the city in which the facility is to be located approved on July 30, 1985, an application for an urban development action grant with respect to such facility.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$36,500,000. A facility shall be treated as described in this subparagraph if it would be so described if ‘90 percent’ were substituted for ‘95 percent’ in the material preceding subparagraph (A) of this paragraph.

“(2) POLLUTION CONTROL FACILITIES.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide air or water pollution control facilities (within the meaning of section 103(b)(4)(F) of the 1954 Code) shall be treated as an exempt facility bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such facility is described in any of the following subparagraphs:

“(A) A facility is described in this subparagraph if—

“(i) inducement resolutions with respect to such facility were adopted on September 23, 1974, and on April 5, 1985,

“(ii) a bond resolution for such facility was adopted on September 6, 1985, and

“(iii) the issuance of the bonds to finance such facility was delayed by action of the Securities and Exchange Commission (file number 70-7127).

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$120,000,000.

“(B) A facility is described in this subparagraph if—

“(i) there was an inducement resolution for such facility on November 19, 1985, and

“(ii) design and engineering studies for such facility were completed in March of 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$25,000,000.

“(C) A facility is described in this subparagraph if—

“(i) a resolution was adopted by the county board of supervisors pertaining to an issuance of bonds with respect to such facility on April 10, 1974, and

“(ii) such facility was placed in service on June 12, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$90,000,000. For purposes of this subparagraph, a pollution control facility includes a sewage or solid waste disposal facility (within the meaning of section 103(b)(4)(E) of the 1954 Code).

“(D) A facility is described in this subparagraph if—

“(i) the issuance of the bonds for such facility was approved by a State agency on August 22, 1979, and

“(ii) the authority to issue such bonds was scheduled to expire (under terms of the State approval) on August 22, 1989.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$198,000,000.

“(E) A facility is described in this subparagraph if—

“(i) such facility is 1 of 4 such facilities in 4 States with respect to which the Ball Corporation transmitted a letter of intent to purchase such facilities on February 26, 1986, and

“(ii) inducement resolutions were issued on December 30, 1985, January 15, 1986, January 22, 1986, and March 17, 1986 with respect to bond issuance in the 4 respective States.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$6,000,000.

“(F) A facility is described in this subparagraph if—

“(i) inducement resolutions for bonds with respect to such facility were adopted on September 27, 1977, May 27, 1980, and October 8, 1981, and

“(ii) such facility is located at a geothermal power complex owned and operated by a single investor-owned utility.

For purposes of this subparagraph and section 103 of the 1986 Code, all hydrogen sulfide air and water pollution control equipment, together with functionally related and subordinate equipment and structures, located or to be located at such power complex shall be treated as a single pollution control facility. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$600,000,000.

“(G) A facility is described in this subparagraph if—

“(i) such facility is an air pollution control facility approved by a State bureau of pollution control on July 10, 1986, and by a State board of economic development on July 17, 1986, and

“(ii) on August 15, 1986, the State bond attorney gave notice to the clerk to initiate validation proceedings with respect to such issue and on August 28, 1986, the validation decree was entered.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$900,000.

“(I) A facility is described in this subparagraph if—

“(i) a private company met with a State air control board on November 14, 1985, to propose construction of a sulfaten unit, and

“(ii) the sulfaten unit is being constructed under a letter of intent to construct which was signed on April 8, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$11,000,000.

“(J) A facility is described in this subparagraph if it is part of a 250 megawatt coal-fired electric plant in northeastern Nevada on which the Sierra Pacific Power Company, a subsidiary of Sierra Pacific Resources, began in 1980 work to design, finance, construct, and operate. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$200,000,000.

“(K) A facility is described in this subparagraph if—

“(i) there was an inducement resolution adopted by a State industrial development authority on January 14, 1976, and

“(ii) such facility is named in a resolution of such authority relating to carryforward of the State’s unused 1985 private activity bond limit passed by such industrial development authority on December 18, 1985.

This subparagraph shall apply only to obligations issued at the request of the party pursuant to whose request the January 14, 1976, inducement was given. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$75,000,000.

“(L) A facility is described in this subparagraph if a city council passed an ordinance (ordinance number 4626) agreeing to issue bonds for such project, December 16, 1985. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$45,000,000.

“(3) SPORTS FACILITIES.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide sports facilities (within the meaning of section 103(b)(4)(B) of the 1954 Code) shall be treated as an exempt facility bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such facilities are described in any of the following subparagraphs:

“(A) A facility is described in this subparagraph if it is a stadium—

“(i) which was the subject of a city ordinance passed on September 23, 1985,

“(ii) for which a loan of approximately \$4,000,000 for land acquisition was approved on October 28, 1985, by the State Controlling Board, and

“(iii) a stadium operating corporation with respect to which was incorporated on March 20, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$200,000,000.

“(B) A facility is described in this subparagraph if—

“(i) it is a stadium with respect to which a lease agreement for the ground on which the stadium is to be built was entered into between a county and the stadium corporation for such stadium on July 3, 1984,

“(ii) there was a resolution approved on November 14, 1984, by an industrial development authority setting forth the terms under which the bonds to be issued to finance such stadium would be issued, and

“(iii) there was an agreement for consultant and engineering services for such stadium entered into on September 28, 1984.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$90,000,000.

“(C) A facility is described in this subparagraph if—

“(i) it is one or more stadiums to be used either by an American League baseball team or a National Football League team currently using a stadium in a city having a population in excess of 2,500,000 and described in section 146(d)(3) of the 1986 Code,

“(ii) the bonds to be used to provide financing for one or more such stadiums are issued by a political subdivision or a State agency pursuant to a resolution approving an inducement resolution adopted by a State agency on November 20, 1985, as it may be amended (whether or not the beneficiaries of such issue or issues are the beneficiaries (if any) specified in such inducement resolution and whether or not the number of such stadiums and the locations thereof are as specified in such inducement resolution) or pursuant to P.A. 84-1470 of the State in which such city is located (and by an agency created thereby), and

“(iii) such stadium or stadiums are located in the city described in (i).

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$250,000,000. In the case of any carryforward of volume cap for one or more stadiums described in the first sentence of this subparagraph, such carryforward shall be valid with respect to bonds issued for such stadiums notwithstanding any other provision of the 1986 Code or the 1954 Code, and whether or not (i) there is a change in the number of stadiums or the beneficiaries or sites of the stadium or stadiums and (ii) the bonds are issued by either of the state agencies described in the first sentence of this subparagraph.

“(D) A facility is described in this subparagraph if—

“(i) such facility is a stadium or sports arena for Memphis, Tennessee,

“(ii) there was an inducement resolution adopted on November 12, 1985, for the issuance of bonds to expand or renovate an existing stadium and sports arena and/or to construct a new arena, and

“(iii) the city council for such city adopted a resolution on April 19, 1983, to include funds in the capital budget of the city for such facility or facilities.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$35,000,000.

“(E) A facility is described in this subparagraph if such facility is a baseball stadium located in Bergen, Essex, Union, Middlesex, or Hudson County, New Jersey with respect to which governmental action occurred on November 7, 1985. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$150,000,000.

“(F) A facility is described in this subparagraph if—

“(i) it is a facility with respect to which—

“(I) an inducement resolution dated December 24, 1985, was adopted by the county industrial development authority,

“(II) a public hearing of the county industrial development authority was held on February 6, 1986, regarding such facility, and

“(III) a contract was entered into by the county, dated February 19, 1986, for engineering serv-

ices for a highway improvement in connection with such project, or

“(ii) it is a domed football stadium adjacent to Cervantes Convention Center in St. Louis, Missouri, with respect to which a proposal to evaluate market demand, financial operations, and economic impact was dated May 9, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$175,000,000.

“(G) A project to provide a roof or dome for an existing sports facility is described in this subparagraph if—

“(i) in December 1984 the county sports complex authority filed a carryforward election under section 103(n) of the 1954 Code with respect to such project,

“(ii) in January 1985, the State authorized issuance of \$30,000,000 in bonds in the next 3 years for such project, and

“(iii) an 11-member task force was appointed by the county executive in June 1985, to further study the feasibility of the project.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$30,000,000.

“(H) A sports facility renovation or expansion project is described in this subparagraph if—

“(i) an amendment to the sports team's lease agreement for such facility was entered into on May 23, 1985, and

“(ii) the lease agreement had previously been amended in January 1976, on July 6, 1984, on April 1, 1985, and on May 7, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$20,000,000.

“(I) A facility is described in this subparagraph if—

“(i) an appraisal for such facility was completed on March 6, 1985,

“(ii) an inducement resolution was adopted with respect to such facility on June 7, 1985, and

“(iii) a State bond commission granted preliminary approval for such project on September 3, 1985. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$3,200,000.

“(J) A sports facility renovation or expansion project is described in this subparagraph if—

“(i) such facility is a domed stadium which commenced operations in 1965,

“(ii) such facility has been the subject of an ongoing construction, expansion, or renovation program of planned improvements,

“(iii) part 1 of such improvements began in 1982 with a preliminary renovation program financed by tax-exempt bonds,

“(iv) part 2 of such program was previously scheduled for a bond election on February 25, 1986, pursuant to a Commissioners Court Order of November 5, 1985, and

“(v) the bond election for improvements to such facility was subsequently postponed on December 10, 1985, in order to provide for more comprehensive construction planning.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$60,000,000.

“(K) A facility is described in this subparagraph if—

“(i) the 1985 State legislature appropriated a maximum sum of \$22,500,000 to the State urban development corporation to be made available for such project, and

“(ii) a development and operation agreement was entered into among such corporation, the city, the State budget director, and the county industrial development agency, as of March 1, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$28,000,000.

“(L) A facility is described in this subparagraph if—

“(i) it is to consist of 1 or 2 stadiums appropriate for football games and baseball games with related structures and facilities,

“(ii) governmental action was taken on August 7, 1985, by the county commission, and on December

19, 1985, by the city council, concerning such facility, and

“(iii) such facility is located in a city having a National League baseball team.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$200,000,000.

“(M) A facility is described in this subparagraph if—

“(i) such facility consists of 1 or 2 stadium projects (1 of which may be a stadium renovation or expansion project) with related structures and facilities,

“(ii) a special advisory commission commissioned a study by a national accounting firm with respect to a project for such facility, which study was released in September 1985, and recommended construction of either a new multipurpose or a new baseball-only stadium,

“(iii) a nationally recognized design and architectural firm released a feasibility study with respect to such project in April 1985, and

“(iv) the metropolitan area in which the facility is located is presently the home of an American League baseball team.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$200,000,000.

“(N) A facility is described in this subparagraph if—

“(i) it is to consist of 1 or 2 stadiums appropriate for football games and baseball games with related structures and facilities,

“(ii) the site for such facility was approved by the council of the city in which such facility is to be located on July 9, 1985, and

“(iii) the request for proposals process was authorized by the council of the city in which such facility is to be located on November 5, 1985, and such requests were distributed to potential developers on November 15, 1985, with responses due by February 14, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$200,000,000.

“(O) A facility is described in this subparagraph if—

“(i) such facility is described in a feasibility study dated September 1985, and

“(ii) resolutions were adopted or other actions taken on February 21, 1985, July 18, 1985, August 8, 1985, October 17, 1985, and November 7, 1985, by the Board of Supervisors of the county in which such facility will be located with respect to such feasibility study, appropriations to obtain land for such facility, and approving the location of such facility in the county.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$20,000,000.

“(P) A facility is described in this subparagraph if such facility constructed on a site acquired with the sale of revenue bonds authorized by a city council on December 2, 1985, (Ordinances No. 669 and 670, series 1985). The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$90,000,000.

“(Q) A facility is described in this subparagraph if—

“(i) resolutions were adopted approving a ground lease dated June 27, 1983, by a sports authority (created by a State legislature) with respect to the land on which the facility will be erected,

“(ii) such facility is described in a market study dated June 13, 1983, and

“(iii) such facility was the subject of an Act of the State legislature which was signed on July 1, 1983.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$81,000,000.

“(R) A facility is described in this subparagraph if such facility is a baseball stadium and adjacent parking facilities with respect to which a city made a carryforward election of \$52,514,000 on February 25, 1985. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$50,000,000.

“(S) A facility is described in this subparagraph if—

“(i) such facility is to be used by both a National Hockey League team and a National Basketball Association team,

“(ii) such facility is to be constructed on a platform using air rights over land acquired by a State authority and identified as site B in a report dated May 30, 1984, prepared for a State urban development corporation, and

“(iii) such facility is eligible for real property tax (and power and energy) benefits pursuant to State legislation approved and effective as of July 7, 1982. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$225,000,000.

“(T) A facility is described in this subparagraph if—

“(i) a resolution authorizing the financing of the facility through an issuance of revenue bonds was adopted by the City Commission on August 5, 1986, and

“(ii) the metropolitan area in which the facility is to be located is currently the spring training home of an American league baseball team located during the regular season in a city described in subparagraph (C).

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$10,000,000.

“(U) A facility is described in this subparagraph if it is a football stadium located in Oakland, California, with respect to which a design was completed by a nationally recognized architectural firm for a stadium seating approximately 72,000, to be located on property adjacent to an existing coliseum complex, or is a renovation of an existing stadium located in Oakland, California, and used by an American League baseball team. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$100,000,000.

“(V) A facility is described in this subparagraph if it is a sports arena (and related parking facility) for Grand Rapids, Michigan. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$80,000,000.

“(W) A facility is described in this subparagraph if such facility is located adjacent to the Anacostia River in the District of Columbia. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$25,000,000.

“(X) A facility is described in this subparagraph if it is a spectator sports facility for the City of San Antonio, Texas. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$125,000,000.

“(Y) A facility is described in this subparagraph if it will be part of, or adjacent to, an existing stadium which has been owned and operated by a State university and if—

“(i) the stadium was the subject of a feasibility report by a certified public accounting firm which is dated December 28, 1984, and

“(ii) a report by an independent research organization was prepared in December 1985 demonstrating support among donors and season ticket holders for the addition of a dome to the stadium. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$50,000,000.

“(Z) A facility is described in this subparagraph if—

“(i) such facility was a redevelopment project that was approved in concept by the city council sitting as the redevelopment agency in October 1984, and

“(ii) \$20,000,000 in funds for such facility was identified in a 5-year budget approved by the city redevelopment agency on October 25, 1984.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$80,000,000.

“(4) RESIDENTIAL RENTAL PROPERTY.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to finance a residential rental project within the meaning of section 103(b)(4) of the 1954 Code shall be treated as an exempt facility bond within the meaning of section 142(a)(7) of the 1986 Code if the facility with respect to the bond is issued satisfies all low-income occupancy requirements applicable to such bonds before August 15, 1986, and the bonds are issued pursuant to—

“(A) a contract to purchase such property dated August 12, 1985;

“(B) the county housing authority approved the property and the financing thereof on September 24, 1985, and

“(C) there was an inducement resolution adopted on October 10, 1985, by the county industrial development authority.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$25,400,000.

“(5) AIRPORTS.—A bond issued as a part of an issue 95 percent or more of the net proceeds of which are to be used to provide an airport (within the meaning of section 103(b)(4)(D) of the 1954 Code) shall be treated as an exempt facility bond (for facilities described in section 142(a)(1) of the 1986 Code) for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if the facility is described in any of the following subparagraphs:

“(A) A facility is described in this subparagraph if such facility is a hotel at an airport facility serving a city described in section 631(a)(3) of the Tax Reform Act of 1984 [section 631(a)(3) of Pub. L. 98-369, set out as a note under section 103 of this title] (relating to certain bonds for a convention center and resource recovery project). The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$40,000,000.

“(B) A facility is described in this subparagraph if such facility is the primary airport for a city described in paragraph (3)(C). The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$500,000,000. Section 148(d)(2) of the 1986 Code shall not apply to any issue to which this subparagraph applies. A facility shall be described in this subparagraph if it would be so described if ‘90 percent’ were substituted for ‘95 percent’ in the material preceding subparagraph (A).

“(C) A facility is described in this subparagraph if such facility is a hotel at Logan airport and such hotel is located on land leased from a State authority under a lease contemplating development of such hotel dated May 1, 1983, or under an amendment, renewal, or extension of such a lease. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$40,000,000.

“(D) A facility is described in this subparagraph if such facility is the airport for the County of Sacramento, California. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$150,000,000.

“(6) REDEVELOPMENT PROJECTS.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to finance redevelopment activities as part of a project within a specific designated area shall be treated as a qualified redevelopment bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such project is described in any of the following subparagraphs:

“(A) A project is described in this subparagraph if it was the subject of a city ordinance numbered 82-115 and adopted on December 2, 1982, or numbered 9590 and adopted on April 6, 1983. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$9,000,000.

“(B) A project is described in this subparagraph if it is a redevelopment project for an area in a city described in paragraph (3)(C) which was designated as commercially blighted on November 14, 1975, by the city council and the redevelopment plan for which will be approved by the city council before January 31, 1987. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$20,000,000.

“(C) A project is described in this subparagraph if it is a redevelopment project for an area in a city described in paragraph (3)(C) which was designated as commercially blighted on March 28, 1979, by the city council and the redevelopment plan for which was approved by the city council on June 20, 1984. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$100,000,000.

“(D) A project is described in this subparagraph if it is any one of three redevelopment projects in areas in a city described in paragraph (3)(C) designated as blighted by a city council before January 31, 1987 and with respect to which the redevelopment plan is approved by the city council before January 31, 1987. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$20,000,000.

“(E) A project is described in this subparagraph if such project is for public improvements (including street reconstruction and improvement of underground utilities) for Great Falls, Montana, with respect to which engineering estimates are due on October 1, 1986. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$3,000,000.

“(F) A project is described in this subparagraph if—

“(i) such project is located in an area designated as blighted by the governing body of the city on February 15, 1983 (Resolution No. 4573), and

“(ii) such project is developed pursuant to a redevelopment plan adopted by the governing body of the city on March 1, 1983 (Ordinance No. 15073).

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$5,000,000.

“(G) A project is described in this subparagraph if—

“(i) such project is located in an area designated by the governing body of the city in 1983,

“(ii) such project is described in a letter dated August 8, 1985, from the developer’s legal counsel to the development agency of the city, and

“(iii) such project consists primarily of retail facilities to be built by the developer named in a resolution of the governing body of the city on August 30, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$75,000,000.

“(H) A project is described in this subparagraph if—

“(i) such project is a project for research and development facilities to be used primarily to benefit a State university and related hospital, with respect to which an urban renewal district was created by the city council effective October 11, 1985, and

“(ii) such project was announced by the university and the city in March 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$40,000,000.

“(I) A project is described in this subparagraph if such project is a downtown redevelopment project with respect to which—

“(i) an urban development action grant was made, but only if such grant was preliminarily approved on November 3, 1983, and received final approval before June 1, 1984, and

“(ii) the issuer of bonds with respect to such facility adopted a resolution indicating the issuer’s intent to adopt such redevelopment project on October 6, 1981, and the issuer adopted an ordinance adopting such redevelopment project on December 13, 1983.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$10,000,000.

“(J) A project is described in this subparagraph if—

“(i) with respect to such project the city council adopted on December 16, 1985, an ordinance directing the urban renewal authority to study blight and produce an urban renewal plan,

“(ii) the blight survey was accepted and approved by the urban renewal authority on March 20, 1986, and

“(iii) the city planning board approved the urban renewal plan on May 7, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$60,000,000.

“(K) A project is described in this subparagraph if—

“(i) the city redevelopment agency approved resolutions authorizing issuance of land acquisition and public improvements bonds with respect to such project on August 8, 1978,

“(ii) such resolutions were later amended in June 1979, and

“(iii) the State Supreme Court upheld a lower court decree validating the bonds on December 11, 1980.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$380,000,000.

“(L) A project is described in this subparagraph if it is a mixed use redevelopment project either—

“(i) in an area (known as the Near South Development Area) with respect to which the planning department of a city described in paragraph 3(C) promulgated a draft development plan dated March 1986, and which was the subject of public hearings held by a subcommittee of the plan commission of such city on May 28, 1986, and June 10, 1986, or

“(ii) in an area located within the boundaries of any 1 or more census tracts which are directly adjacent to a river whose course runs through such city. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$75,000,000.

“(M) A project is described in this subparagraph if it is a redevelopment project for an area in a city described in paragraph 3(C) and such area—

“(i) was the subject of a report released in May 1986, prepared by the National Park Service, and

“(ii) was the subject of a report released January 1986, prepared by a task force appointed by the Mayor of such city.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$75,000,000.

“(N) A project is described in this subparagraph if it is a city-university redevelopment project approved by a city ordinance No. 152-0-84 and the development plan for which was adopted on January 28, 1985. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$23,760,000.

“(O) A project is described in this subparagraph if—

“(i) an inducement resolution was passed on March 9, 1984, for issuance of bonds with respect to such project,

“(ii) such resolution was extended by resolutions passed on August 14, 1984, April 2, 1985, August 13, 1985, and July 8, 1986,

“(iii) an urban development action grant was preliminarily approved for part or all of such project on July 3, 1986, and

“(iv) the project is located in a district designated as the Peabody-Gayoso District.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$140,000,000.

“(P) A project is described in this subparagraph if the project is a 1-block area of a central business district containing a YMCA building with respect to which—

“(i) the city council adopted a resolution expressing an intent to issue bonds for the project on September 27, 1985,

“(ii) the city council approved project guidelines for the project on December 20, 1985, and

“(iii) the city council by resolution (adopted on July 30, 1986) directed completion of a development agreement.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$26,000,000.

“(Q) A project is described in this subparagraph if the project is a 2-block area of a central business district designated as blocks E and F with respect to which—

“(i) the city council adopted guidelines and criteria and authorized a request for development proposals on July 22, 1985,

“(ii) the city council adopted a resolution expressing an intent to issue bonds for the project on September 27, 1985, and

“(iii) the city issued requests for development proposals on March 28, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$47,000,000.

“(R) A project is described in this subparagraph if the project is an urban renewal project covering ap-

proximately 5.9 acres of land in the Shaw area of the northwest section of the District of Columbia and the 1st portion of such project was the subject of a District of Columbia public hearing on June 2, 1986. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$10,000,000.

“(S) A project is described in this subparagraph if such project is a hotel, commercial, and residential project on the east bank of the Grand River in Grand Rapids, Michigan, with respect to which a developer was selected by the city in June 1985 and a planning agreement was executed in August 1985. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$39,000,000.

“(T) A project is described in this subparagraph if such project is the Wurzburg Block Redevelopment Project in Grand Rapids, Michigan. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$60,000,000.

“(U) A project is described in this subparagraph if such project is consistent with an urban renewal plan adopted or ordered prepared before August 28, 1986, by the city council of the most populous city in a state which entered the Union on February 14, 1859. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$83,000,000.

“(V) A project is described in this subparagraph if such project is consistent with an urban renewal plan which was adopted (or ordered prepared) before August 13, 1985, by an appropriate jurisdiction of a state which entered the Union on February 14, 1859. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$135,000,000 and the limitation on the period during which bonds under this section may be issued shall not apply to such bonds.

“(W) A project is described in this subparagraph if such project is—

“(i) a part of the Kenosha Downtown Redevelopment project, and

“(ii) located in an area bounded—

“(I) on the east by the east wall of the Army Corps of Engineers Confined Disposal Facility (extended),

“(II) on the north by 48th Street (extended),

“(III) on the west by the present Chicago & Northwestern Railroad tracks, and

“(IV) on the south by the north line of Eichelman Park (60th Street) (extended).

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$105,000,000.

“(X) A project is described in this subparagraph if a redevelopment plan for such project was approved by the city council of Bell Gardens, California, on June 12, 1979. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$10,000,000.

“(Y) Nothing in this paragraph shall be construed as having the effect of exempting from tax interest on any bond issued after June 10, 1987, if such interest would not have been exempt from tax were such bond issued on August 15, 1986.

“(Z) Any designated area with respect to which a project is described in any subparagraph of this paragraph shall be taken into account in applying section 144(c)(4)(C) of the 1986 Code in determining whether other areas (not so described) may be designated.

“(7) CONVENTION CENTERS.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide any convention or trade show facility (within the meaning of section 103(b)(4)(C) of the 1954 Code) shall be treated as an exempt facility bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such facility is described in any of the following subparagraphs:

“(A) A facility is described in this subparagraph if—

“(i) a feasibility consultant and a design consultant were hired on April 3, 1985, with respect to such facility, and

“(ii) a draft feasibility report with respect to such facility was presented on November 3, 1985, to the

Mayor of the city in which such facility is to be located.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$190,000,000. For purposes of this subparagraph, not more than \$20,000,000 of bonds issued to advance refund existing convention facility bonds sold on May 12, 1978, shall be treated as bonds described in this subparagraph and [former] section 149(d)(2) of the 1986 Code shall not apply to bonds so treated.

“(B) A facility is described in this subparagraph if—

“(i) an application for a State loan for such facility was approved by the city council on March 4, 1985, and

“(ii) the city council of the city in which such facility is to be located approved on March 25, 1985, an application for an urban development action grant.

The aggregate face amount of bonds which this subparagraph applies shall not exceed \$10,000,000.

“(C) A facility is described in this subparagraph if—

“(i) on November 1, 1983, a convention development tax took effect and was dedicated to financing such facility,

“(ii) the State supreme court of the State in which the facility is to be located validated such tax on February 8, 1985, and

“(iii) an agreement was entered into on November 14, 1985, between the city and county in which such facility is to be located on the terms of the bonds to be issued with respect to such facility.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$66,000,000.

“(D) A facility is described in this subparagraph if—

“(i) it is a convention, trade, or spectator facility,

“(ii) a regional convention, trade, and spectator facilities study committee was created before March 19, 1985, with respect to such facility, and

“(iii) feasibility and preliminary design consultants were hired on May 1, 1985, and October 31, 1985, with respect to such facility.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed the excess of \$175,000,000 over the amount of bonds to which paragraph (48)(B) applies.

“(E) A facility is described in this subparagraph if—

“(i) such facility is meeting rooms for a convention center, and

“(ii) resolutions and ordinances were adopted with respect to such meeting rooms on January 17, 1983, July 11, 1983, December 17, 1984, and September 23, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$75,000,000.

“(F) A facility is described in this subparagraph if it is an international trade center which is part of the 125th Street redevelopment project in New York, New York. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$165,000,000.

“(G) A facility is described in this subparagraph if—

“(i) such facility is located in a city which was the subject of a convention center market analysis or study dated March 1983, and prepared by a nationally recognized accounting firm,

“(ii) such facility’s location was approved in December 1985 by a task force created jointly by the Governor of the State within which such facility will be located and the mayor of the capital city of such State, and

“(iii) the size of such facility is not more than 200,000 square feet.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$70,000,000.

“(H) A facility is described in this subparagraph if an analysis of operations and recommendations of utilization of such facility was prepared by a certified public accounting firm pursuant to an engagement authorized on March 6, 1984, and presented on June 11, 1984, to officials of the city in which such facility is

located. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$75,000,000.

“(I) A facility is described in this subparagraph if—

“(i) voters approved a bond issue to finance the acquisition of the site for such facility on May 4, 1985,

“(ii) title of the property was transferred from the Illinois Center Gulf Railroad to the city on September 30, 1985, and

“(iii) a United States judge rendered a decision regarding the fair market value of the site of such facility on December 30, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$131,000,000.

“(J) A facility is described in this subparagraph if—

“(i) such facility is to be used for an annual aquafestival,

“(ii) a referendum was held on April 6, 1985, in which voters permitted the city council to lease 130 acres of dedicated parkland for the purpose of constructing such facility, and

“(iii) the city council passed an inducement resolution on June 19, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$10,000,000.

“(K) A facility is described in this subparagraph if—

“(i) voters approved a bond issued to finance a portion of the cost of such facility on December 1, 1984, and

“(ii) such facility was the subject of a market study and financial projections dated March 21, 1986, prepared by a nationally recognized accounting firm.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$5,000,000.

“(L) A facility is described in this subparagraph if—

“(i) on July 12, 1984, the city council passed a resolution increasing the local hotel and motel tax to 7 percent to assist in paying for such facility,

“(ii) on October 25, 1984, the city council selected a consulting firm for such facility, and

“(iii) with respect to such facility, the city council appropriated funds for additional work on February 7, 1985, October 3, 1985, and June 26, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$120,000,000.

“(M) A facility is described in this subparagraph if—

“(i) a board of county commissioners, in an action dated January 21, 1986, supported an application for official approval of the facility, and

“(ii) the State economic development commission adopted a resolution dated February 25, 1986, determining the facility to be an eligible facility pursuant to State law and the rules adopted by the commission.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$7,500,000.

“(8) SPORTS OR CONVENTION FACILITIES.—A bond issued as a part of an issue 95 percent or more of the net proceeds of which are to be used to provide either a sports facility (within the meaning of section 103(b)(4)(B) of the 1954 Code) or a convention facility (within the meaning of section 103(b)(4)(C) of the 1954 Code) shall be treated as an exempt facility bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such facility is described in any of the following subparagraphs:

“(A) A combined convention and arena facility, or any part thereof (whether on the same or different sites), is described in this subparagraph if—

“(i) bonds for the expansion, acquisition, or construction of such combined facility are payable from a tax and are issued under a plan initially approved by the voters of the taxing authority on April 25, 1978, and

“(ii) such bonds were authorized for expanding a convention center, for acquiring an arena site, and for building an arena or any of the foregoing pursuant to a resolution adopted by the governing body

of the bond issuer on March 17, 1986, and superseded by a resolution adopted by such governing body on May 27, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$160,000,000.

“(B) A sports or convention facility is described in this subparagraph if—

“(i) on March 4, 1986, county commissioners held public hearings on creation of a county convention facilities authority, and

“(ii) on March 7, 1986, the county commissioners voted to create a county convention facilities authority and to submit to county voters a ½ cent sales and use tax to finance such facility.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$150,000,000.

“(C) A sports or convention facility is described in this subparagraph if—

“(i) a feasibility consultant and a design consultant were hired prior to October 1980 with respect to such facility,

“(ii) a feasibility report dated October 1980 with respect to such facility was presented to a city or county in which such facility is to be located, and

“(iii) on September 7, 1982, a joint city/county resolution appointed a committee which was charged with the task of independently reviewing the studies and present need for the facility.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$60,000,000.

“(D) A sports or convention facility is described in this subparagraph if—

“(i) such facility is a multipurpose coliseum facility for which, before January 1, 1985, a city, an auditorium district created by the State legislature within which such facility will be located, and a limited partnership executed an enforceable contract,

“(ii) significant governmental action regarding such facility was taken before May 23, 1983, and

“(iii) inducement resolutions were passed for issuance of bonds with respect to such facility on May 26, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$25,000,000.

“(9) PARKING FACILITIES.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide a parking facility (within the meaning of section 103(b)(4)(D) of the 1954 Code) shall be treated as an exempt facility bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such facility is described in any of the following subparagraphs:

“(A) A facility is described in this subparagraph if—

“(i) there was an inducement resolution on March 9, 1984, for the issuance of bonds with respect to such facility, and

“(ii) such resolution was extended by resolutions passed on August 14, 1984, April 2, 1985, August 13, 1985, and July 8, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$30,000,000.

“(B) A facility is described in this subparagraph if—

“(i) such facility is for a university medical school,

“(ii) the last parcel of land necessary for such facility was purchased on February 4, 1985, and

“(iii) the amount of bonds to be issued with respect to such facility was increased by the State legislature of the State in which the facility is to be located as part of its 1983–1984 general appropriations act.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$9,000,000.

“(C) A facility is described in this subparagraph if—

“(i) the development agreement with respect to the project of which such facility is a part was entered into during May 1984, and

“(ii) an inducement resolution was passed on October 9, 1985, for the issuance of bonds with respect to the facility.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$35,000,000.

“(D) A facility is described in this subparagraph if the city council approved a resolution of intent to issue tax-exempt bonds (Resolution 34083) for such facility on April 30, 1986. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$8,000,000. Solely for purposes of this subparagraph, a heliport constructed as part of such facility shall be deemed to be functionally related and subordinate to such facility.

“(E) A facility is described in this subparagraph if—

“(i) resolutions were adopted by a public joint powers authority relating to such facility on March 6, 1985, May 1, 1985, October 2, 1985, December 4, 1985, and February 5, 1986; and

“(ii) such facility is to be located at an exposition park which includes a coliseum and sports arena.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$150,000,000.

“(F) A facility is described in this subparagraph if—

“(i) it is to be constructed as part of an overall development that is the subject of a development agreement dated October 1, 1983, between a developer and an organization described in section 501(c)(3) of the 1986 Code, and

“(ii) an environmental notification form with respect to the overall development was filed with a State environmental agency on February 28, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$60,000,000.

“(G) A facility is described in this subparagraph if—

“(i) an inducement resolution was passed by the city redevelopment agency on December 3, 1984, and a resolution to carryforward the private activity bond limit was passed by such agency on December 21, 1984, with respect to such facility, and

“(ii) the owner participation agreement with respect to such facility was entered into on July 30, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$18,000,000.

“(H) A facility is described in this subparagraph if—

“(i) an application (dated August 28, 1986) for financial assistance was submitted to the county industrial development agency with respect to such facility, and

“(ii) the inducement resolution for such facility was passed by the industrial development agency on September 10, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$8,000,000.

“(I) A facility is described in this subparagraph if—

“(i) it is located in a city the parking needs of which were comprehensively described in a ‘Downtown Parking Plan’ dated January 1983, and approved by the city’s City Plan Commission on June 1, 1983, and

“(ii) obligations with respect to the construction of which are issued on behalf of a State or local governmental unit by a corporation empowered to issue the same which was created by the legislative body of a State by an Act introduced on May 21, 1985, and thereafter passed, which Act became effective without the governor’s signature on June 26, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$50,000,000.

“(J) A facility is described in this subparagraph if—

“(i) such facility is located in a city which was the subject of a convention center market analysis or study dated March 1983 and prepared by a nationally recognized accounting firm,

“(ii) such facility is intended for use by, among others, persons attending a convention center located within the same town or city, and

“(iii) such facility’s location was approved in December 1985 by a task force created jointly by the governor of the State within which such facility will be located and the mayor of the capital city of such State.



The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$30,000,000.

“(K) A facility is described in this subparagraph if—

“(i) scale and components for the facility were determined by a city downtown plan adopted October 31, 1984 (resolution number 3882), and

“(ii) the site area for the facility is approximately 51,200 square feet.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$5,000,000.

“(L) A facility is described in this subparagraph if—

“(i) the property for such facility was offered for development by a city renewal agency on March 19, 1986 (resolution number 920), and

“(ii) the site area for the facility is approximately 25,600 square feet.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$5,000,000.

“(M) A facility is described in this subparagraph if such facility was approved by official action of the city council on July 26, 1984 (resolution number 33718), and is for the Moyer Theatre. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$8,000,000.

“(N) A facility is described in this subparagraph if it is part of a renovation project involving the Outlet Company building in Providence, Rhode Island. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$6,000,000.

“(10) CERTAIN ADVANCE REFUNDINGS.—

“(A) [Former] Section 149(d)(3) of the 1986 Code shall not apply to a bond issued by a State admitted to the Union on November 16, 1907, for the advance refunding of not more than \$186,000,000 State turnpike obligations.

“(B) A refunding of the Charleston, West Virginia Town Center Garage Bonds shall not be treated for purposes of part IV of subchapter A of chapter 1 of the 1986 Code as an advance refunding if it would not be so treated if ‘100’ were substituted for ‘90’ in section 149(d)(5) [now 149(d)(2)] of such Code.

“(11) PRINCIPAL USER PROVISIONS.—

“(A) In the case of a bond issued as part of an issue the proceeds of which are to be used to provide a facility described in subparagraph (B) or (C), the determination of whether such bond is an exempt facility bond shall be made by substituting ‘90 percent’ for ‘95 percent’ in section 142(a) of the 1986 Code.

“(B) A facility is described in this subparagraph if—

“(i) it is a waste-to-energy project for which a contract for the sale of electricity was executed in September 1984, and

“(ii) the design, construction, and operation contract for such project was signed in March 1985 and the order to begin construction was issued on March 31, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$29,100,000.

“(C) A facility is described in this subparagraph if it is described in section 1865(c)(2)(C) of this Act [set out as a note under section 103 of this title].

“(12) QUALIFIED SCHOLARSHIP FUNDING BONDS.—Subsections (d)(3) and (f) of section 148 of the 1986 Code shall not apply to any bond or series of bonds the proceeds of which are used exclusively to refund qualified scholarship funding bonds (as defined in section 150 of the 1986 Code) issued before January 1, 1986, if—

“(A) the amount of the refunding bonds does not exceed the aggregate face amount of the refunded bonds,

“(B) the maturity date of such refunding bond is not later than later of—

“(i) the maturity date of the bond to be refunded, or

“(ii) the date which is 15 years after the date on which the refunded bond was issued (or, in the case of a series of refundings, the date on which the original bond was issued),

“(C) the bonds to be refunded were issued by the California Student Loan Finance Corporation, and

“(D) the face amount of the refunding bonds does not exceed \$175,000,000.

“(13) RESIDENTIAL RENTAL PROPERTY PROJECTS.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide a project for residential rental property which satisfies the requirements of section 103(b)(4)(A) of the 1954 Code shall be treated as an exempt facility bond (for projects described in section 142(a)(7) of the 1986 Code) for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if the project is described in any of the following subparagraphs:

“(A) A residential rental property project is described in this subparagraph if—

“(i) a public building development corporation was formed on June 6, 1984, with respect to such project,

“(ii) a partnership of which the corporation is a general partner was formed on June 8, 1984, and

“(iii) the partnership entered into a preliminary agreement with the State public facilities authority effective as of May 4, 1984, with respect to the issuance of the bonds for such project.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$6,200,000.

“(B) A residential rental property project is described in this subparagraph if—

“(i) the Board of Commissioners of the city housing authority officially selected such project’s developer on December 19, 1985,

“(ii) the Board of the City Redevelopment Commission agreed on February 13, 1986, to conduct a public hearing with respect to the project on March 6, 1986,

“(iii) an official action resolution for such project was adopted on March 6, 1986, and

“(iv) an allocation of a portion of the State ceiling was made with respect to such project on July 29, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$10,000,000.

“(C) A residential rental property project is described in this subparagraph if—

“(i) the issuance of \$1,289,882 of bonds for such project was approved by a State agency on September 11, 1985, and

“(ii) the authority to issue such bonds was scheduled to expire (under the terms of the State approval) on September 9, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$1,300,000.

“(D) A residential rental property project is described in this subparagraph if—

“(i) the issuance of \$7,020,000 of bonds for such project was approved by a State agency on October 10, 1985, and

“(ii) the authority to issue such bonds was scheduled to expire (under the terms of the State approval) on October 9, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$7,020,000.

“(E) A residential rental property project is described in this subparagraph if—

“(i) it is to be located in a city urban renewal project area which was established pursuant to an urban renewal plan adopted by the city council on May 17, 1960,

“(ii) the urban renewal plan was revised in 1972 to permit multifamily dwellings in areas of the urban renewal project designated as a central business district,

“(iii) an inducement resolution was adopted for such project on December 14, 1984, and

“(iv) the city council approved on November 6, 1985, an agreement which provides for conveyance to the city of fee title to such project site.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$60,000,000.

“(F) A residential rental property project is described in this subparagraph if—

“(i) such project is to be located in a city urban renewal project area which was established pursuant to an urban renewal plan adopted by the city council on May 17, 1960,

“(ii) the urban renewal plan was revised in 1972 to permit multifamily dwellings in areas of the urban renewal project designated as a central business district,

“(iii) the amended urban renewal plan adopted by the city council on May 19, 1972, also provides for the conversion of any public area site in Block J of the urban renewal project area for the development of residential facilities, and

“(iv) acquisition of all of the parcels comprising the Block J project site was completed by the city on December 28, 1984.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$60,000,000.

“(G) A residential rental property project is described in this subparagraph if—

“(i) such project is to be located on a city-owned site which is to become available for residential development upon the relocation of a bus maintenance facility,

“(ii) preliminary design studies for such project site were completed in December 1985, and

“(iii) such project is located in the same State as the projects described in subparagraphs (E) and (F). The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$100,000,000.

“(H) A residential rental property project is described in this subparagraph if—

“(i) at least 20 percent of the residential units in such project are to be utilized to fulfill the requirements of a unilateral agreement date July 21, 1983, relating to the provision of low- and moderate-income housing,

“(ii) the unilateral agreement was incorporated into ordinance numbers 83-49 and 83-50, adopted by the city council and approved by the mayor on August 24, 1983, and

“(iii) an inducement resolution was adopted for such project on September 25, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$8,000,000.

“(I) A residential rental property project is described in this subparagraph if—

“(i) a letter of understanding was entered into on December 11, 1985, between the city and county housing and community development office and the project developer regarding the conveyance of land for such project, and

“(ii) such project is located in the same State as the projects described in subparagraphs (E), (F), (G), and (H).

The aggregate face amount of bonds to which this subparagraph applies shall not exceed an amount which, together with the amounts allowed under subparagraphs (E), (F), (G), and (H), does not exceed \$250,000,000.

“(J) A residential rental property project is described in this subparagraph if it is a multifamily residential development located in Arrowhead Springs, within the county of San Bernardino, California, and a portion of the site of which currently is owned by the Campus Crusade for Christ. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$350,000,000.

“(K) A residential rental property project is described in this subparagraph if—

“(i) it is a new residential development with approximately 309 dwelling units located in census tract No. 3202, and

“(ii) there was an inducement ordinance for such project adopted by a city council on November 20, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$32,000,000.

“(L) A residential rental property project is described in this subparagraph if—

“(i) it is a new residential development with approximately 70 dwelling units located in census tract No. 3901, and

“(ii) there was an inducement ordinance for such project adopted by a city council on August 14, 1984. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$4,000,000.

“(M) A residential rental property project is described in this subparagraph if—

“(i) it is a new residential development with approximately 98 dwelling units located in census tract No. 4701, and

“(ii) there was an inducement ordinance for such project adopted by a city council on August 14, 1984. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$7,000,000.

“(N) A project or projects are described in this subparagraph if they are part of the Willow Road residential improvement plan in Menlo Park, California. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$9,000,000.

“(O) A residential rental property project is described in this subparagraph if—

“(i) an inducement resolution for such project was approved on July 18, 1985, by the city council,

“(ii) such project was approved by such council on August 11, 1986, and

“(iii) such project consists of approximately 22 duplexes to be used for housing qualified low and moderate income tenants.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$1,500,000.

“(P) A residential rental property project is described in this subparagraph if—

“(i) an inducement resolution for such project was approved on April 22, 1986, by the city council,

“(ii) such project was approved by such council on August 11, 1986, and

“(iii) such project consists of a unit apartment complex (having approximately 60 units) to be used for housing qualified low and moderate income tenants.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$1,625,000.

“(Q) A residential rental property project is described in this subparagraph if—

“(i) a State housing authority granted a notice of official action for the project on May 24, 1985, and

“(ii) a binding agreement was executed for such project with the State housing finance authority on May 14, 1986, and such agreement was accepted by the State housing authority on June 5, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$7,800,000.

“(R) A residential rental property project is described in this subparagraph if such project is either of 2 projects (located in St. Louis, Missouri) which received commitments to provide construction and permanent financing through the issuance of bonds in principal amounts of up to \$242,130 and \$654,045, on July 16, 1986. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$1,000,000.

“(S) A residential rental property project is described in this subparagraph if—

“(i) a local housing authority approved an inducement resolution for such project on January 28, 1985, and

“(ii) a suit relating to such project was dismissed without right of further appeal on April 4, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$13,200,000.

“(T) A residential rental property project is described in this subparagraph if—

“(i) such project is the renovation of a hotel for residents for senior citizens,

“(ii) an inducement resolution for such project was adopted on November 20, 1985, by the State Development Finance Authority, and

“(iii) such project is to be located in the metropolitan area of the city described in paragraph (3)(C).

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$9,500,000.

“(U) A residential rental property project is described in this subparagraph if—

“(i) such project is the renovation of apartment housing,

“(ii) an inducement resolution for such project was adopted on December 20, 1985, by the State Housing Development Authority, and

“(iii) such project is to be located in the metropolitan area of the city described in paragraph (3)(C).

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$12,000,000.

“(V) A residential rental project is described in this subparagraph if it is a renovation and construction project for low-income housing in central Louisville, Kentucky, and local board approval for such project was granted April 22, 1986. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$500,000.

“(W) A residential rental project is described in this subparagraph if—

“(i) such project is 1 of 6 residential rental projects having in the aggregate approximately 1,010 units,

“(ii) inducement resolutions for such projects were adopted by the county residential finance authority on November 21, 1985, and

“(iii) a public hearing of the county residential finance authority was held by such authority on December 19, 1985, regarding such projects to be constructed by an in-commonwealth developer.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$62,000,000.

“(X) A residential rental project is described in this subparagraph if—

“(i) an inducement resolution with respect to such project was adopted by the State housing development authority on January 25, 1985, and

“(ii) the issuance of bonds for such project was the subject of a law suit filed on October 25, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$64,000,000.

“(Y) A project or projects are described in this subparagraph if they are financed with bonds issued by the Tulare, California, County Housing Authority. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$8,000,000.

“(Z) A residential rental project is described in this subparagraph if such project is a multifamily mixed-use housing project located in a city described in paragraph (3)(C), the zoning for which was changed to residential-business planned development on November 26, 1985, and with respect to which both the city on December 4, 1985, and the state housing finance agency on December 20, 1985, adopted inducement resolutions. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$90,000,000.

“(AA) A residential rental property project is described in this subparagraph if it is the Carriage Trace residential rental project in Clinton, Tennessee. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$10,000,000.

“(BB) A residential rental property project is described in this subparagraph if—

“(i) a contract to purchase such property was dated as of August 9, 1985,

“(ii) there was an inducement resolution adopted on September 27, 1985, for the issuance of obligations to finance such property,

“(iii) there was a State court final validation of such financing on November 15, 1985, and

“(iv) the certificate of nonappeal from such validation was available on December 15, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$27,750,000.

“(14) QUALIFIED STUDENT LOANS.—The amendments made by section 1301 [for classification see section

1311(a) of this note] shall not apply to any qualified student loan bonds (as defined in section 144 of the 1986 Code) issued by the Volunteer State Student Assistance Corporation incorporated on February 20, 1985. The aggregate face amount of bonds to which this paragraph applies shall not exceed \$130,000,000. In the case of bonds to which this paragraph applies, the requirements of sections 148 and 149(d) of the 1986 Code shall be treated as included in section 103 of the 1954 Code and shall apply to such bonds.

“(15) ANNUITY CONTRACTS.—The treatment of annuity contracts as investment property under section 148(b)(2) of the 1986 Code shall not apply to any bond described in any of the following subparagraphs:

“(A) A bond is described in this subparagraph if such bond is issued by a city located in a noncontiguous State if—

“(i) the authority to acquire such a contract was approved on September 24, 1985, by city ordinance A085-176, and

“(ii) formal bid requests for such contracts were mailed to insurance companies on September 6, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$57,000,000.

“(B) A bond is described in this subparagraph if—

“(i) on or before May 12, 1985, the governing board of the city pension fund authorized an agreement with an underwriter to provide planning and financial guidance for a possible bond issue, and

“(ii) the proceeds of the sale of such bond issue are to be used to purchase an annuity to fund the unfunded liability of the City of Berkeley, California's Safety Members Pension Fund.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$40,000,000.

“(C) A bond is described in this subparagraph if such bond is issued by the South Dakota Building Authority if on September 18, 1985, representatives of such authority and its underwriters met with bond counsel and approved financing the purchase of an annuity contract through the sale and leaseback of State properties. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$175,000,000.

“(D) A bond is described in this subparagraph if—

“(i) such bond is issued by Los Angeles County, and

“(ii) such county, before September 25, 1985, paid or incurred at least \$50,000 of costs related to the issuance of such bonds.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$500,000,000.

“(16) SOLID WASTE DISPOSAL FACILITY.—The amendments made by section 1301 [for classification see section 1311(a) of this note] shall not apply to any solid waste disposal facility if—

“(A) construction of such facility was approved by State law I.C. 36-9-31,

“(B) there was an inducement resolution on November 19, 1984, for the bonds with respect to such facility, and

“(C) a carryforward election of unused 1984 volume cap was made for such project on February 25, 1985.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$120,000,000.

“(17) REFUNDING OF BOND ANTICIPATION NOTES.—There shall not be taken into account under section 146 of the 1986 Code any refunding of bond anticipation notes—

“(A) issued in December of 1984 by the Rhode Island Housing and Mortgage Finance Corporation,

“(B) which mature in December of 1986,

“(C) which is not an advance refunding within the meaning of section 149(d)(5) [now 149(d)(2)] of the 1986 Code (determined by substituting ‘180 days’ for ‘90 days’ therein), and

“(D) the aggregate face amount of the refunding bonds does not exceed \$25,500,000.

“(18) CERTAIN AIRPORTS.—The amendments made by section 1301 [for classification see section 1311(a) of this

note] shall not apply to a bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide any airport (within the meaning of section 103(b)(4)(D) of the 1954 Code) if such airport is a mid-field airport terminal and accompanying facilities at a major air carrier airport which during April 1980 opened a new precision instrument approach runway 10R28L. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$425,000,000.

“(19) MASS COMMUTING FACILITIES.—A bond issued as a part of an issue 95 percent or more of the net proceeds of which are to be used to provide a mass commuting facility (within the meaning of section 103(b)(4)(D) of the 1954 Code) shall be treated as an exempt facility bond (for facilities described in section 142(a)(3) of the 1986 Code) for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such facility is described in 1 of the following subparagraphs:

“(A) A facility is described in this subparagraph if—

“(i) such facility provides access to an international airport,

“(ii) a corporation was formed in connection with such project in September 1984,

“(iii) the Board of Directors of such corporation authorized the hiring of various firms to conduct a feasibility study with respect to such project in April 1985, and

“(iv) such feasibility study was completed in November 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$150,000,000.

“(B) A facility is described in this subparagraph if—

“(i) enabling legislation with respect to such project was approved by the State legislature in 1979,

“(ii) a 1-percent local sales tax assessment to be dedicated to the financing of such project was approved by the voters on August 13, 1983, and

“(iii) a capital fund with respect to such project was established upon the issuance of \$90,000,000 of notes on October 22, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$200,000,000 and such bonds must be issued before January 1, 1996.

“(C) A facility is described in this subparagraph if—

“(i) bonds issued therefor are issued by or on behalf of an authority organized in 1979 pursuant to enabling legislation originally enacted by the State legislature in 1973, and

“(ii) such facility is part of a system connector described in a resolution adopted by the board of directors of the authority on March 27, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$400,000,000. Notwithstanding the last paragraph of this subsection, this subparagraph shall apply to bonds issued before January 1, 1996.

“(D) A facility is described in this subparagraph if—

“(i) the facility is a fixed guideway project,

“(ii) enabling legislation with respect to the issuing authority was approved by the State legislature in May 1973,

“(iii) on October 28, 1985, a board issued a request for consultants to conduct a feasibility study on mass transit corridor analysis in connection with the facility, and

“(iv) on May 12, 1986, a board approved a further binding contract for expenditures of approximately \$1,494,963, to be expended on a facility study.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$250,000,000. Notwithstanding the last paragraph of this subsection, this subparagraph shall apply to bonds issued before January 1, 1996.

“(20) PRIVATE COLLEGES.—Subsections (c)(2) and (f) of section 148 of the 1986 Code shall not apply to any bond which is issued as part of an issue if such bond—

“(A) is issued by a political subdivision pursuant to home rule and interlocal cooperation powers con-

ferred by the constitution and laws of a State to provide funds to finance the costs of the purchase and construction of educational facilities for private colleges and universities, and

“(B) was the subject of a resolution of official action by such political subdivision (Resolution No. 86-1039) adopted by the governing body of such political subdivision on March 18, 1986.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$100,000,000.

“(21) POOLED FINANCING PROGRAMS.—

“(A) Section 147(b) of the 1986 Code shall not apply to any hospital pooled financing program with respect to which—

“(i) a formal presentation was made to a city hospital facilities authority on January 14, 1986, and

“(ii) such authority passed a resolution approving the bond issue in principle on February 5, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$95,000,000.

“(B) Subsections (c)(2) and (f) of section 148 of the 1986 Code shall not apply to bonds for which closing occurred on July 16, 1986, and for which a State municipal league served as administrator for use in a State described in section 103A(g)(5)(C) of the Internal Revenue Code of 1954. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$585,000,000.

“(22) DOWNTOWN REDEVELOPMENT PROJECT.—Subsection (b) of section 626 of the Tax Reform Act of 1984 [section 626(b) of Pub. L. 98-369, set out as a note under section 103 of this title] is amended by adding at the end thereof the following new paragraph:

“(7) EXCEPTION FOR CERTAIN DOWNTOWN REDEVELOPMENT PROJECT.—The amendments made by this section shall not apply to any obligation which is issued as part of an issue 95 percent or more of the proceeds of which are to be used to provide a project to acquire and redevelop a downtown area if—

“(A) on August 15, 1985, a downtown redevelopment authority adopted a resolution to issue obligations for such project,

“(B) before September 26, 1985, the city expended, or entered into binding contracts to expend, more than \$10,000,000 in connection with such project, and

“(C) the State supreme court issued a ruling regarding the proposed financing structure for such project on December 11, 1985.

The aggregate face amount of obligations to which this paragraph applies shall not exceed \$85,000,000 and such obligations must be issued before January 1, 1992.

“(23) MASS COMMUTING AND PARKING FACILITIES.—A bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide any mass commuting facility or parking facility (within the meaning of section 103(b)(4)(D) of the 1954 Code) shall be treated as an exempt facility bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if such facility is provided in connection with the rehabilitation, renovation, or other improvement to an existing railroad station owned on the date of the enactment of this Act [Oct. 22, 1986] by the National Railroad Passenger Corporation in the Northeast Corridor and which was placed in partial service in 1934 and was placed in the National Register of Historic Places in 1978. The aggregate face amount of bonds to which this paragraph applies shall not exceed \$30,000,000.

“(24) TAX-EXEMPT STATUS OF BONDS OF CERTAIN EDUCATIONAL ORGANIZATIONS.—

“(A) IN GENERAL.—For purposes of section 103 and part IV of subchapter B of chapter 1 of the 1986 Code, a qualified educational organization shall be treated as a governmental unit, but only with respect to a trade or business carried on by such organization which is not an unrelated trade or business (determined by applying section 513(a) of such Code to such organization). The last paragraph of this section shall not apply to the treatment under the preceding sentence.

“(B) QUALIFIED EDUCATIONAL ORGANIZATION.—For purposes of subparagraph (A), the term ‘qualified edu-

cational organization' means a college or university—

“(i) which was reincorporated and renewed with perpetual existence as a corporation by specific act of the legislature of the State within which such college or university is located on March 19, 1913, or

“(ii) which—

“(I) was initially incorporated or created on February 28, 1787, on April 29, 1854, or on May 14, 1888, and

“(II) as an instrumentality of the State, serves as a ‘State-related’ university by a specific act of the legislature of the State within which such college or university is located.

“(25) TAX-EXEMPT STATUS OF BONDS OF CERTAIN PUBLIC UTILITIES.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a bond shall be treated as a qualified bond for purposes of section 103 of the 1986 Code if such bond is issued after the date of the enactment of this Act [Oct. 22, 1986] with respect to a public utility facility if such facility is—

“(i) located at any non-federally owned dam (or on project waters or adjacent lands) located wholly or partially in 1 or more of 3 counties, 2 of which are contiguous to the third, where the rated capacity of the hydroelectric generating facilities at 5 of such dams on October 18, 1979, was more than 650 megawatts each,

“(ii) located at a dam (or on the project waters or adjacent lands) at which hydroelectric generating facilities were financed with the proceeds of tax-exempt obligations before December 31, 1968,

“(iii) owned and operated by a State, political subdivision of a State, or any agency or instrumentality of any of the foregoing, and

“(iv) located at a dam (or on project waters or adjacent lands) where the general public has access for recreational purposes to such dam or to such project waters or adjacent lands.

“(B) SPECIAL RULES FOR SUBPARAGRAPH (A).—

“(i) BONDS SUBJECT TO CAP.—Section 146 of the 1986 Code shall apply to any bond described in subparagraph (A) which (without regard to subparagraph (A)) is a private activity bond. For purposes of applying section 146(k) of the 1986 Code, the public utility facility described in subparagraph (A) shall be treated as described in paragraph (2) of such section and such paragraph shall be applied without regard to the requirement that the issuer establish that a State’s share of the use of a facility (or its output) will equal or exceed the State’s share of the private activity bonds issued to finance the facility.

“(ii) LIMITATION ON AMOUNT OF BONDS TO WHICH SUBPARAGRAPH (A) APPLIES.—The aggregate face amount of bonds to which subparagraph (A) applies shall not exceed \$750,000,000, not more than \$350,000,000 of which may be issued before January 1, 1992.

“(iii) LIMITATION ON PURPOSES.—Subparagraph (A) shall only apply to bonds issued as part of an issue 95 percent or more of the net proceeds of which are used to provide 1 or more of the following:

“(I) A fish by-pass facility or fisheries enhancement facility.

“(II) A recreational facility or other improvement which is required by Federal licensing terms and conditions or other Federal, State, or local law requirements.

“(III) A project of repair, maintenance, renewal, or replacement, and safety improvement.

“(IV) Any reconstruction, replacement, or improvement, including any safety improvement, which increases, or allows an increase in, the capacity, efficiency, or productivity of the existing generating equipment.

“(26) CONVENTION AND PARKING FACILITIES.—A bond shall not be treated as a private activity bond for purposes of section 103 and part IV of subchapter B of chapter 1 of the 1986 Code if—

“(A) such bond is issued to provide a sports or convention facility described in section 103(b)(4)(B) or (C) of the 1954 Code,

“(B) such bond is not described in section 103(b)(2) or (o)(2)(A) of such Code,

“(C) legislation by a State legislature in connection with such facility was enacted on July 19, 1985, and was designated Chapter 375 of the Laws of 1985, and

“(D) legislation by a State legislature in connection with the appropriation of funds to a State public benefit corporation for loans in connection with the construction of such facility was enacted on April 17, 1985, and was designated Chapter 41 of the Laws of 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$35,000,000.

“(27) SMALL ISSUE TERMINATION.—Section 144(a)(12) of the 1986 Code shall not apply to any bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide a facility described in any of the following subparagraphs:

“(A) A facility is described in this subparagraph if—

“(i) the facility is a hotel and office facility located in a State capital,

“(ii) the economic development corporation of the city in which the facility is located adopted an initial inducement resolution on October 30, 1985, and

“(iii) a feasibility consultant was retained on February 21, 1986, with respect to such facility.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$10,000,000.

“(B) A facility is described in this subparagraph if such facility is financed by bonds issued by a State finance authority which was created in April 1985 by Act 1062 of the State General Assembly, and the Bond Guarantee Act (Act 505 of 1985) allowed such authority to pledge the interest from investment of the State’s general fund as a guarantee for bonds issued by such authority. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$75,000,000.

“(C) A facility is described in this subparagraph if such facility is a downtown mall and parking project for Holland, Michigan, with respect to which an initial agreement was formulated with the city in May 1985 and a formal memorandum of understanding was executed on July 2, 1986. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$18,200,000.

“(D) A facility is described in this subparagraph if such facility is a downtown mall and parking ramp project for Traverse City, Michigan, with respect to which a final development agreement was signed in June 1986. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$21,500,000.

“(E) A facility is described in this subparagraph if such facility is the rehabilitation of the Heritage Hotel in Marquette, Michigan. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$5,000,000.

“(F) A facility is described in this subparagraph if it is the Lakeland Center Hotel in Lakeland, Florida. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$10,000,000.

“(G) A facility is described in this subparagraph if it is the Marble Arcade office building renovation project in Lakeland, Florida. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$5,900,000.

“(H) A facility is described in this subparagraph if it is a medical office building in Bradenton, Florida, with respect to which—

“(i) a memorandum of agreement was entered into on October 17, 1985, and

“(ii) the city council held a public hearing and approved issuance of the bonds on November 13, 1985. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$8,500,000.

“(I) A facility is described in this subparagraph if it consists of the rehabilitation of the Andover Town Hall in Andover, Massachusetts. The provisions of section 149(b) of the 1986 Code (relating to federally guaranteed obligations) shall not apply to obligations to finance such project solely as a result of the occupation of a portion of such building by a United States Post Office. For purposes of determining whether any bond to which this subparagraph applies is a qualified small issue bond, there shall not be taken into account under section 144(a) of the 1986 Code capital expenditures with respect to any facility of the United States Government and there shall not be taken into account any bond allocable to the United States Government.

“(J) A facility is described in this subparagraph if it is the Central Bank Building renovation project in Grand Rapids, Michigan. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$1,000,000.

“(28) CERTAIN PRIVATE LOANS NOT TAKEN INTO ACCOUNT.—For purposes of determining whether any bond is a private activity bond, an amount of loans (but not in excess of \$75,000,000) provided from the proceeds of 1 or more issues shall not be taken into account if such loans are provided in furtherance of—

“(A) a city Emergency Conservation Plan as set forth in an ordinance adopted by the city council of such city on February 17, 1983, or

“(B) a resolution adopted by the city council of such city on March 10, 1983, committing such city to a goal of reducing the peak load of such city’s electric generation and distribution system by 553 megawatts in 15 years.

“(29) CERTAIN PRIVATE BUSINESS USE NOT TAKEN INTO ACCOUNT.—

“(A) The nonqualified amount of the proceeds of an issue shall not be taken into account under section 141(b)(5) of the 1986 Code or in determining whether a bond described in subparagraph (B) (which is part of such issue) is a private activity bond for purposes of section 103 and part IV of subchapter B of chapter 1 of the 1986 Code.

“(B) A bond is described in this subparagraph if—

“(i) such bond is issued before January 1, 1993, by the State of Connecticut, and

“(ii) such bond is issued pursuant to a resolution of the State Bond Commission adopted before September 26, 1985.

“(C) The nonqualified amount to which this paragraph applies shall not exceed \$150,000,000.

“(D) For purposes of this paragraph, the term ‘nonqualified amount’ has the meaning given such term by section 141(b)(8) of the 1986 Code, except that such term shall include the amount of the proceeds of an issue which is to be used (directly or indirectly) to make or finance loans (other than loans described in section 141(c)(2) of the 1986 Code) to persons other than governmental units.

“(30) VOLUME CAP NOT TO APPLY TO CERTAIN FACILITIES.—For purposes of section 146 of the 1986 Code, any exempt facility bond for the following facility shall not be taken into account: The facility is a facility for the furnishing of water which was authorized under Public Law 90-537 [43 U.S.C. 1501 et seq.] of the United States if—

“(A) construction of such facility began on May 6, 1973, and

“(B) forward funding will be provided for the remainder of the project pursuant to a negotiated agreement between State and local water users and the Secretary of the Interior signed April 15, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$391,000,000.

“(31) CERTAIN HYDROELECTRIC GENERATING PROPERTY.—A bond shall be treated as described in paragraph (2) of section 1316(f) of this Act if—

“(A) such bond would be so described but for the substitution specified in such paragraph,

“(B) on January 7, 1983, an application for a preliminary permit was filed for the project for which such bond is issued and received docket no. 6986, and

“(C) on September 20, 1983, the Federal Energy Regulatory Commission issued an order granting the preliminary permit for the project.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$12,000,000.

“(32) VOLUME CAP.—The State ceiling applicable under section 146 of the 1986 Code for calendar year 1987 for the State which ratified the United States Constitution on May 29, 1790, shall be \$150,000,000 higher than the State ceiling otherwise applicable under such section for such year.

“(33) APPLICATION OF \$150,000,000 LIMITATION FOR CERTAIN QUALIFIED 501(C)(3) BONDS.—Proceeds of an issue described in any of the following subparagraphs shall not be taken into account under section 145(b) of the 1986 Code.

“(A) Proceeds of an issue are described in this subparagraph if—

“(i) such proceeds are used to provide medical school facilities or medical research and clinical facilities for a university medical center,

“(ii) such proceeds are of—

“(I) a \$21,550,000 issue dated August 1, 1980,

“(II) a \$84,400,000 issue dated September 1, 1984, and

“(III) a \$48,500,000 issue (Series 1985 A and 1985 B) dated on December 1, 1985, and

“(iii) the issuer of all such issues is the same.

“(B) Proceeds of an issue are described in this subparagraph if such proceeds are for use by Yale University and—

“(i) the bonds are issued after August 8, 1986, by the State of Connecticut Health and Educational Facilities Authority, or

“(ii) the bonds are the 1st or 2nd refundings (including advance refundings) of the bonds described in clause (i) or of original bonds issued before August 7, 1986, by such Authority.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$90,000,000.

“(C) Proceeds of an issue are described in this subparagraph if—

“(i) such issue is issued on behalf of a university established by Charter granted by King George II of England on October 31, 1754, to accomplish a refunding (including an advance refunding) of bonds issued to finance 1 or more projects, and

“(ii) the application or other request for the issuance of the issue to the appropriate State issuer was made by or on behalf of such university before February 26, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$250,000,000.

“(D) Proceeds of an issue are described in this subparagraph if—

“(i) such proceeds are to be used for finance construction of a new student recreation center,

“(ii) a contract for the development phase of the project was signed by the university on May 21, 1986, with a private company for 5 percent of the costs of the project, and

“(iii) a committee of the university board of administrators approved the major program elements for the center on August 11, 1986.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$25,000,000.

“(E) Proceeds of an issue are described in this subparagraph if—

“(i) such proceeds are to be used in the construction of new life sciences facilities for a university for medical research and education,

“(ii) the president of the university authorized a faculty/administration planning committee for such facilities on September 17, 1982,

“(iii) the trustees of such university authorized site and architect selection on October 30, 1984, and

“(iv) the university negotiated a \$2,600,000 contract with the architect on August 9, 1985.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$47,500,000.

“(F) Proceeds of an issue are described in this subparagraph if such proceeds are to be used to renovate undergraduate chemistry and engineering laboratories, and to rehabilitate other basic science facilities, for an institution of higher education in Philadelphia, Pennsylvania, chartered by legislative Acts of the Commonwealth of Pennsylvania, including an Act dated September 30, 1791. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$6,500,000.

“(G) Proceeds of an issue are described in this subparagraph if such proceeds are of bonds which are the first advance refunding of bonds issued during 1985 for the development of a computer network, and construction and renovation or rehabilitation of other facilities, for an institution of higher education described in subparagraph (F). The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$80,000,000.

“(H) Proceeds of an issue are described in this subparagraph if—

“(i) the issue is issued on behalf of a university founded in 1789, and

“(ii) the proceeds of the issue are to be used to finance projects (to be determined by such university and the issuer) which are similar to those projects intended to be financed by bonds that were the subject of a request transmitted to Congress on November 7, 1985[.]

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$200,000,000. Bonds to which this subparagraph applies shall be treated as qualified 501(c)(3) bonds if such bonds would not (if issued on August 15, 1986) be industrial development bonds (as defined in section 103(b)(2) of the 1954 Code), and section 147(f) of the 1986 Code shall not apply to the issue of which such bonds are a part. Bonds issued to finance facilities described in this subparagraph shall be treated as issued to finance such facilities notwithstanding the fact that a period in excess of 1 year has expired since the facilities were placed in service.

“(I) Proceeds of an issue are described in this subparagraph if the issue is issued on behalf of a university established on August 6, 1872, for a project approved by the trustees thereof on November 1, 1985. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$100,000,000.

“(J) Proceeds of an issue are described in this subparagraph if—

“(i) the issue is issued on behalf of a university for which the founding grant was signed on November 11, 1885, and

“(ii) such bond is issued for the purpose of providing a Near West Campus Redevelopment Project and a Student Housing Project.

The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$105,000,000.

“(K) Proceeds of an issue are described in this subparagraph if—

“(i) they are the proceeds of advance refunding obligations issued on behalf of a university established on April 21, 1831, and

“(ii) the application or other request for the issuance of such obligations was made to the appropriate State issuer before July 12, 1986.

The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$175,000,000.

“(L) Proceeds of an issue are described in this subparagraph if—

“(i) the issue or issues are for the purpose of financing or refinancing costs associated with university facilities including at least 900 units of housing for students, faculty, and staff in up to two buildings and an office building containing up to 245,000 square feet of space, and

“(ii) a bond act authorizing the issuance of such bonds for such project was adopted on July 8, 1986, and such act under Federal law was required to be transmitted to Congress.

The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$112,000,000.

“(M) Proceeds of an issue are described in this subparagraph if such issue is for Cornell University in an aggregate face amount of not more than \$150,000,000.

“(N) Proceeds of an issue are described in this subparagraph if such issue is issued on behalf of the Society of the New York Hospital to finance completion of a project commenced by such hospital in 1981 for construction of a diagnostic and treatment center or to refund bonds issued on behalf of such hospital in connection with the construction of such diagnostic and treatment center or to finance construction and renovation projects associated with an inpatient psychiatric care facility. The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$150,000,000.

“(O) Any bond to which section 145(b) of the 1986 Code does not apply by reason of this paragraph (other than subparagraph (A) thereof) shall be taken into account in determining whether such section applies to any later issue.

“(P) In the case of any refunding bond—

“(i) to which any subparagraph of this paragraph applies, and

“(ii) to which the last sentence of section 1313(c)(2) applies,

such bond shall be treated as having such subparagraph apply (and the refunding bond shall be treated for purposes of such section as issued before January 1, 1986, and as not being an advance refunding) unless the issuer elects the opposite result.

“(34) ARBITRAGE REBATE.—Section 148(f) of the 1986 Code shall not apply to any period before October 1, 1990, with respect to any bond the proceeds of which are to be used to provide a high-speed rail system for the State of Ohio. The aggregate face amount of bonds to which this paragraph applies shall not exceed \$2,000,000,000.

“(35) EXTENSION OF CARRYFORWARD PERIOD.—

“(A) In the case of a carryforward under section 103(n)(10) of the 1954 Code of \$170,000,000 of bond limit for calendar year 1984 for a project described in subparagraph (B), clause (1) of section 103(n)(10)(C) of the 1954 Code shall be applied by substituting ‘6 calendar years’ for ‘3 calendar years’, and such carryforward may be used by any authority designated by the State in which the facility is located.

“(B) A project is described in this subparagraph if—

“(i) such project is a facility for local furnishing of electricity described in section 645 of the Tax Reform Act of 1984 [Pub. L. 98-369, div. A, title VI, § 645, July 18, 1984, 98 Stat. 940], and

“(ii) construction of such facility commenced within the 3-year period following the calendar year in which the carryforward arose.

“(36) POWER PURCHASE BONDS.—A bond issued to finance purchase of power from a power facility at a dam being renovated pursuant to P.L. 98-381 [43 U.S.C. 619 et seq.] shall not be treated as a private activity bond if it would not be such under section 141(b)(1) and (2) of the 1986 Code if 25 percent were substituted for 10 percent and the provisions of section 141(b)(3), (4), and (5) of the 1986 Code did not apply. The aggregate face amount of bonds to which this paragraph applies shall not exceed \$400,000,000.

“(37) QUALIFIED MORTGAGE BONDS.—A bond issued as part of either of 2 issues no later than September 8, 1986, shall be treated as a qualified mortgage bond within the meaning of section 141(d)(1)(B) of the 1986 Code if it satisfies the requirements of section 103A of the 1954 Code and if the issues are issued by the two most populous cities in the Tar Heel State. The aggregate face amount of bonds to which this paragraph applies shall not exceed \$4,000,000.

“(38) EXEMPT FACILITY BONDS.—A bond shall be treated as an exempt facility bond within the meaning of section 142(a) of the 1986 Code if it is issued to fund residential, office, retail, light industrial, recreational and

parking development known as Tobacco Row. Such bond shall be subject to section 146 of the 1986 Code. The aggregate face amount of bonds to which this paragraph applies shall not exceed \$100,000,000.

“(39) CERTAIN BONDS TREATED AS QUALIFIED 501(c)(3) BONDS.—A bond issued as part of an issue shall be treated for purposes of part IV of subchapter B of chapter 1 of the 1986 Code as a qualified 501(c)(3) bond if—

“(A) such bond would not (if issued on August 15, 1986) be an industrial development bond (as defined in section 103(b)(2) of the 1954 Code), and

“(B) such issue was approved by city voters on January 19, 1985, for construction or renovation of facilities for the cultural and performing arts.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$5,000,000.

“(40) CERTAIN LIBRARY BONDS.—In the case of a bond issued before January 1, 1986, by the City of Los Angeles Community Redevelopment Agency to provide the library and related structures associated with the City of Los Angeles Central Library Project, the ownership and use of the land and facilities associated with such project by persons which are not governmental units (or payments from such persons) shall not adversely affect the exclusion from gross income under section 103 of the 1954 Code of interest on such bonds.

“(41) CERTAIN REFUNDING OBLIGATIONS FOR CERTAIN POWER FACILITIES.—With respect to 2 net billed nuclear power facilities located in the State of Washington on which construction has been suspended, the requirements of section 147(b) of the 1986 Code shall be treated as satisfied with respect to refunding bonds issued before 1992 if—

“(A) each refunding bond has a maturity date not later than the maturity date of the refunded bond, and

“(B) the facilities have not been placed in service as of the date of issuance of the refunding bond.

The aggregate face amount of bonds to which this paragraph applies shall not exceed \$2,000,000,000. Section 146 of the 1986 Code and the last paragraph of this section shall not apply to bonds to which this paragraph applies.

“(42) RESIDENTIAL RENTAL PROPERTY.—A bond issued to finance a residential rental project within the meaning of 103(b)(4) of the 1954 Code shall be treated as an exempt facility bond within the meaning of section 142(a)(7) of the 1986 Code if the county housing finance authority adopted an inducement resolution with respect to the project on May 8, 1985, and the project is located in Polk County, Florida. The aggregate face amount of bonds to which this paragraph applies shall not exceed \$4,100,000.

“(43) EXTENSION OF ADVANCE REFUNDING FOR CERTAIN FACILITIES.—Paragraph (4) of section 631(c) of the Tax Reform Act of 1984 [section 631(c)(4) of Pub. L. 98-369, set out as a note under section 103 of this title] is amended—

“(A) by striking out the second sentence thereof,

“(B) by adding at the end thereof the following new sentence: ‘In the case of refunding obligations not exceeding \$100,000,000 issued by the Alabama State Docks Department, the first sentence of this paragraph shall be applied by substituting “December 31, 1987” for “December 31, 1984”.’

“(44) POOL BONDS.—The following amounts of pool bonds are exempt from the arbitrage rebate requirement of section 148(f) of the 1986 Code and the temporary period limitation of section 148(c)(2) of the 1986 Code:

<b>Pool</b>	<b>Maximum Bond Amount</b>
Tennessee Utility Districts Pool .....	\$80,000,000
New Mexico Hospital Equipment Loan Council .....	\$35,000,000
Pennsylvania Local Government Investment Trust Pool .....	\$375,000,000
Indiana Bond Bank Pool .....	\$240,000,000

**Pool**

Hernando County, Florida Bond Pool	\$300,000,000
Utah Municipal Finance Cooperative Pool .....	\$262,000,000
North Carolina League of Municipalities Pool .....	\$200,000,000
Kentucky Municipal League Bond Pool .....	\$170,000,000
Kentucky Association of Counties Bond Pool .....	\$200,000,000
Homewood Municipal Bond Pool .....	\$50,000,000
Colorado Association of School Boards Pool .....	\$300,000,000
Tennessee Municipal League Pooled Bonds .....	\$75,000,000
Georgia Municipal Association Pool ...	\$130,000,000

“(45) CERTAIN CARRYFORWARD ELECTIONS.—Notwithstanding any other provision of this title [enacting this section and sections 142 to 150 and 7703 of this title, amending sections 2, 22, 25, 32, 86, 103, 105, 152, 153, 163, 172, 194, 269A, 414, 879, 1016, 1398, 3402, 4701, 4940, 4942, 4988, 6362, 6652, and 7871 of this title, repealing sections 103A, 1391 to 1397, and 6039B of this title, omitting former section 143 of this title, enacting provisions set out as notes under this section and sections 148 and 501 of this title, and amending provisions set out as a note under section 103A of this title]—

“(A) In the case of a metropolitan service district created pursuant to State revised statutes, chapter 268, up to \$100,000,000 unused 1985 bond authority may be carried forward to any year until 1989 (regardless of the date on which such carryforward election is made).

“(B) If—

“(i) official action was taken by an industrial development board on September 16, 1985, with respect to the issuance of not more than \$98,500,000, of waste water treatment revenue bonds, and

“(ii) an executive order of the governor granted a carryforward of State bond authority for such project on December 30, 1985, such carryforward election shall be valid for any year through 1988. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$98,500,000.

“(46) TREATMENT OF CERTAIN OBLIGATIONS TO FINANCE HYDROELECTRIC GENERATING FACILITY.—If—

“(A) obligations are issued in an amount not exceeding \$5,000,000 to finance the construction of a hydroelectric generating facility located on the North Fork of Cache Creek in Lake County, California, which was the subject of a preliminary resolution of the issuer of the obligations on June 29, 1982, or are issued to refund any of such obligations,

“(B) substantially all of the electrical power generated by such facility is to be sold to a nongovernmental person pursuant to a long-term power sales agreement in accordance with the Public Utility Regulatory Policies Act of 1978 [Pub. L. 95-617, see Short Title note set out under 16 U.S.C. 2601], and

“(C) the initially issued obligations are issued on or before December 31, 1986, and any of such refunding obligations are issued on or before December 31, 1996, then the person referred to in subparagraph (B) shall not be treated as a principal user of such facilities by reason of such sales for purposes of subparagraphs (D) and (E) of section 103(b)(6) of the 1954 Code.

“(47) TREATMENT OF CERTAIN OBLIGATIONS TO FINANCE STEAM AND ELECTRIC COGENERATION FACILITY.—If—

“(A) obligations are issued on or before December 31, 1986, in an amount not exceeding \$4,400,000 to finance a facility for the generation and transmission of steam and electricity having a maximum electrical capacity of approximately 5.3 megawatts and located within the City of San Jose, California, or are issued to refund any of such obligations,

“(B) substantially all of the electrical power generated by such facility that is not sold to an institu-



tion of higher education created by statute of the State of California is to be sold to a nongovernmental person pursuant to a long-term power sales agreement in accordance with the Public Utility Regulatory Policies Act of 1978 [Pub. L. 95-617, see Short Title note set out under 16 U.S.C. 2601], and

“(C) the initially issued obligations are issued on or before December 31, 1986, and any of such refunding obligations are issued on or before December 31, 1996, then the nongovernmental person referred to in subparagraph (B) shall not be treated as a principal user of such facilities by reason of such sales for purposes of subparagraphs (D) and (E) of section 103(b)(6) of the Internal Revenue Code of 1954.

“(48) TREATMENT OF CERTAIN OBLIGATIONS.—A bond which is not an industrial development bond under section 103(b)(2) of the Internal Revenue Code of 1954 shall not be treated as a private activity bond for purposes of part IV of subchapter B of chapter 1 of the 1986 Code if 95 percent or more of the net proceeds of the issue of which such bond is a part are used to provide facilities described in any of the following subparagraphs:

“(A) A facility is described in this subparagraph if it is a governmentally-owned and operated State fair and exposition center with respect to which—

“(i) the 1985 session of the State legislature authorized revenue bonds to be issued in a maximum amount of \$10,000,000, and

“(ii) a market feasibility study dated June 30, 1986, relating to a major capital improvement program at the facility was prepared for the advisory board of the State fair and exposition center by a certified public accounting firm.

The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$10,000,000.

“(B) A facility is described in this subparagraph if it is a convention, trade, or spectator facility which is to be located in the State with respect to which paragraph (6)(U) applies and with respect to which feasibility and preliminary design consultants were hired on May 1, 1985 and October 31, 1985. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$175,000,000.

“(C) A facility which is part of a project described in paragraph (6)(O). The aggregate face amount of bonds to which this subparagraph applies shall not exceed \$20,000,000.

“(49) TRANSITION RULE FOR REFUNDING CERTAIN HOUSING BONDS.—Sections 146 and [former] 149(d)(2) of the 1986 Code shall not apply to the refunding of any bond issued under section 11(b) of the United States Housing Act of 1937 [42 U.S.C. 1437i(b)] before December 31, 1983, if—

“(A) the bond has an original term to maturity of at least 40 years,

“(B) the maturity date of the refunding bonds does not exceed the maturity date of the refunded bonds,

“(C) the amount of the refunding bonds does not exceed the outstanding amount of the refunded bonds,

“(D) the interest rate on the refunding bonds is lower than the interest rate of the refunded bonds, and

“(E) the refunded bond is required to be redeemed not later than the earliest date on which such bond could be redeemed at par.

“(50) TRANSITIONED BONDS SUBJECT TO CERTAIN RULES.—In the case of any bond to which any provision of this section applies, except as otherwise expressly provided, sections 103 and 103A of the 1954 Code shall be applied as if the requirements of sections 147(g), 148, and 149(d) of the 1986 Code were included in each such section.

“(51) CERTAIN ADDITIONAL PROJECTS.—Section 141(b) of the 1986 Code shall be applied by substituting ‘25’ for ‘10’ each place it appears and by not applying sections 141(b)(3) and 141(c)(1)(B) to bonds substantially all of the proceeds are used for—

“(A) A project is described in this subparagraph if it consists of a capital improvements program for a metropolitan sewer district, with respect to which a

proposition was submitted to voters on August 7, 1984. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$60,000,000.

“(B) Facilities described in this subparagraph if it consists of additions, extensions, and improvements to the wastewater system for Lakeland, Florida. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$20,000,000.

“(C) A project is described in this subparagraph if it is the Central Valley Water Reclamation Project in Utah. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$100,000,000.

“(D) A project is described in this subparagraph if it is a project to construct approximately 26 miles of toll expressways, with respect to which any appeal to validation was filed July 11, 1986. The aggregate face amount of obligations to which this subparagraph applies shall not exceed \$450,000,000.

“(52) TERMINATION.—Except as otherwise provided in this section, this section shall not apply to any bond issued after December 31, 1990.

“SEC. 1318. DEFINITIONS, ETC., RELATING TO EFFECTIVE DATES AND TRANSITIONAL RULES.

“(a) DEFINITIONS.—For purposes of this subtitle—

“(1) 1954 CODE.—The term ‘1954 Code’ means the Internal Revenue Code of 1954 as in effect on the day before the date of the enactment of this Act [Oct. 22, 1986].

“(2) 1986 CODE.—The term ‘1986 Code’ means the Internal Revenue Code of 1986 as amended by this Act [see Tables for classification].

“(3) BOND.—The term ‘bond’ includes any obligation.

“(4) ADVANCE REFUND.—A bond shall be treated as issued to advance refund another bond if it is issued more than 90 days before the redemption of the refunded bond.

“(5) NET PROCEEDS.—The term ‘net proceeds’ has the meaning given such term by section 150(a) of the 1986 Code.

“(6) CONTINUED APPLICATION OF THE 1954 CODE.—Nothing in this subtitle shall be construed to exempt any bond from any provision of the 1954 Code by reason of a delay in (or exemption from) the application of any amendment made by subtitle A [sections 1301 to 1303 of Pub. L. 99-514, enacting this section and sections 142 to 150 and 7703 of this title, amending sections 2, 22, 25, 32, 86, 103, 105, 152, 153, 163, 172, 194, 269A, 414, 879, 1016, 1398, 3402, 4701, 4940, 4942, 4988, 6362, 6652, and 7871 of this title, repealing sections 103A, 1391 to 1397, and 6039B of this title, omitting former section 143 of this title, enacting provisions set out as notes under this section and sections 148 and 501 of this title, and amending provisions set out as a note under section 103A of this title].

“(7) TREATMENT AS EXEMPT FACILITY.—Any bond which is treated as an exempt facility bond by section 1316 or 1317 shall not fail to be so treated by reason of subsection (b) of section 142 of the 1986 Code.

“(8) APPLICATION OF FUTURE LEGISLATION TO TRANSITIONED BONDS.—In the case of any bond to which the amendments made by section 1301 [for classification see section 1311(a) of this note] do not apply by reason of a provision of this Act [see Tables for classification], any amendment of the 1986 Code (and any other provision applicable to such Code) included in any law enacted after October 22, 1986, shall be treated as included in section 103 and section 103A (as appropriate) of the 1954 Code with respect to such bond unless—

“(A) such law expressly provides that such amendment (or other provision) shall not apply to such bond, or

“(B) such amendment (or other provision) applies to a provision of the 1986 Code—

“(i) for which there is no corresponding provision in section 103 and section 103A (as appropriate) of the 1954 Code, and

“(ii) which is not otherwise treated as included in such sections 103 and 103A with respect to such bond.

“(b) MINIMUM TAX TREATMENT.—

“(1) IN GENERAL.—Any bond described in paragraph (2) shall not be treated as a private activity bond for purposes of section 57 of the 1986 Code unless such bond would (if issued on August 7, 1986) be—

“(A) an industrial development bond (as defined in section 103(b)(2) of the 1954 Code), or

“(B) a private loan bond (as defined in section 103(o)(2)(A) of the 1954 Code, without regard to any exception from such definition other than section 103(o)(2)(C) of such Code).

“(2) BONDS DESCRIBED.—For purposes of paragraph (1), a bond is described in this paragraph if—

“(A) the amendments made by section 1301 [for classification see section 1311(a) of this note] do not apply to such bond by reason of section 1312 or 1316(g),

“(B) any provision of section 1317 applies to such bond, or

“(C) the proceeds of such bond are used to refund any bond referred to in subparagraph (A) or (B) (or any bond which is part of a series of refundings of such a bond) if the requirements of paragraphs (1), (2), and (3) of subsection (c) are met with respect to the refunding bond.

“(c) CURRENT REFUNDINGS NOT TAKEN INTO ACCOUNT IN APPLYING AGGREGATE LIMIT ON BONDS TO WHICH TRANSITIONAL RULES APPLY.—The limitation on the aggregate face amount of bonds to which any provision of section 1316(g) or 1317 applies shall not be reduced by the face amount of any bond the proceeds of which are to be used exclusively to refund any bond to which such provision applies (or any bond which is part of a series of refundings of such bond) if—

“(1) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

“(2) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

“(3) the net proceeds of the refunding bond are used to redeem the refunded bond not later than 90 days after the date of the issuance of the refunding bond. For purposes of paragraph (1), average maturity shall be determined in accordance with section 147(b)(2)(A) of the 1986 Code. No limitation in section 1316(g) or 1317 on the period during which bonds may be issued under such section shall apply to any refunding bond which meets the requirements of this subsection.

“(d) SPECIAL RULE PERMITTING CARRYFORWARD OF VOLUME CAP FOR CERTAIN TRANSITIONED PROJECTS.—A bond to which section 1312 or 1317 applies shall be treated as having a carryforward purpose described in section 146(f)(5) of the 1986 Code, and the requirement of section 146(f)(2)(A) of the 1986 Code shall be treated as met if such project is identified with reasonable specificity. The preceding sentence shall not apply so as to permit a carryforward with respect to any qualified small issue bond.”

[Pub. L. 100-647, title I, §1013(c)(2)(B), Nov. 10, 1988, 102 Stat. 3545, provided that: “The amendment made by subparagraph (A) [amending section 1313(a)(3)(C) of Pub. L. 99-514, set out above] shall apply to bonds issued after June 30, 1987.”]

[Pub. L. 100-647, title I, §1013(c)(11)(E), Nov. 10, 1988, 102 Stat. 3547, provided that: “A refunding bond issued before July 1, 1987, shall be treated as meeting the requirement of subparagraph (A) of section 1313(c)(1) of the Reform Act [Pub. L. 99-514, set out above] if such bond met the requirement of such subparagraph as in effect before the amendments made by this paragraph [amending section 1313(c) of Pub. L. 99-514, set out above].”]

[Pub. L. 100-647, title I, §1013(c)(14)(B), Nov. 10, 1988, 102 Stat. 3547, provided that: “The amendment made by subparagraph (A) [amending section 1313 of Pub. L.

99-514, set out above] shall apply with respect to refunding bonds issued after October 16, 1987.”]

[Pub. L. 100-647, title I, §1013(e)(2)(B), Nov. 10, 1988, 102 Stat. 3548, provided that: “The amendment made by subparagraph (A) [amending section 1315(e) of Pub. L. 99-514, set out above] shall apply to bonds issued after June 10, 1987.”]

[Pub. L. 100-647, title I, §1013(f)(1)(B), Nov. 10, 1988, 102 Stat. 3549, provided that: “The amendment made by subparagraph (A) [amending section 1316 of Pub. L. 99-514, set out above] shall apply only with respect to carryforwards of volume cap for years after 1986.”]

[Pub. L. 100-647, title I, §1013(f)(7)(B), Nov. 10, 1988, 102 Stat. 3549, provided that: “The amendment made by subparagraph (A) [amending section 1316(g)(8) of Pub. L. 99-514, set out above] shall apply only with respect to carryforwards of volume cap for years after 1986.”]

#### REGULATIONS

Pub. L. 99-514, title XIII, §1301(i), Oct. 22, 1986, 100 Stat. 2657, provided that: “The Secretary of the Treasury or his delegate shall amend the provision in the Federal income tax regulations relating to when use pursuant to certain output contracts is considered to satisfy the private business tests of paragraphs (1) and (2) of section 141(b) of the Internal Revenue Code of 1986 to eliminate the requirement of a 3 percent guaranteed minimum payment.”

#### APPLICATION OF SECURITY INTEREST TEST TO BOND FINANCING OF HAZARDOUS WASTE CLEAN-UP ACTIVITIES

Pub. L. 100-647, title VI, §6179, Nov. 10, 1988, 102 Stat. 3727, provided that: “Before January 1, 1989, the Secretary of the Treasury or his delegate shall issue guidance concerning the application of the private security or payment test under section 141(b)(2) of the Internal Revenue Code of 1986 to tax-exempt bond financing by State and local governments of hazardous waste clean-up activities conducted by such governments where some of the activities occur on privately owned land.”

#### STATE AND LOCAL GOVERNMENT SERIES MODIFICATIONS

Pub. L. 99-514, title XIII, §1301(d), Oct. 22, 1986, 100 Stat. 2654, provided that: “Notwithstanding any other provision of law or any regulations promulgated thereunder (including the provisions of 31 CFR part 344) the Secretary of the Treasury shall extend by January 1, 1987, the State and Local Government Series program to provide—

“(1) instruments allowing flexible investment of bond proceeds in a manner eliminating the earning of rebatable arbitrage,

“(2) demand deposits under such program by eliminating advance notice and minimum maturity requirements related to the purchase of bonds,

“(3) operation of such program at no net cost to the Federal Government, and

“(4) deposits for a stated maturity under reasonable advance notice requirements.”

#### MANAGEMENT CONTRACTS

Pub. L. 99-514, title XIII, §1301(e), Oct. 22, 1986, 100 Stat. 2655, provided that: “The Secretary of the Treasury or his delegate shall modify the Secretary’s advance ruling guidelines relating to when use of property pursuant to a management contract is not considered a trade or business use by a private person for purposes of section 141(a) of the Internal Revenue Code of 1986 to provide that use pursuant to a management contract generally shall not be treated as trade or business use as long as—

“(1) the term of such contract (including renewal options) does not exceed 5 years,

“(2) the exempt owner has the option to cancel such contract at the end of any 3-year period,

“(3) the manager under the contract is not compensated (in whole or in part) on the basis of a share of net profits, and

“(4) at least 50 percent of the annual compensation of the manager under such contract is based on a periodic fixed fee.”

## § 142. Exempt facility bond

### (a) General rule

For purposes of this part, the term “exempt facility bond” means any bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide—

- (1) airports,
- (2) docks and wharves,
- (3) mass commuting facilities,
- (4) facilities for the furnishing of water,
- (5) sewage facilities,
- (6) solid waste disposal facilities,
- (7) qualified residential rental projects,
- (8) facilities for the local furnishing of electric energy or gas,
- (9) local district heating or cooling facilities,
- (10) qualified hazardous waste facilities,
- (11) high-speed intercity rail facilities,
- (12) environmental enhancements of hydroelectric generating facilities,
- (13) qualified public educational facilities,
- (14) qualified green building and sustainable design projects,
- (15) qualified highway or surface freight transfer facilities,
- (16) qualified broadband projects, or
- (17) qualified carbon dioxide capture facilities.

### (b) Special exempt facility bond rules

For purposes of subsection (a)—

#### (1) Certain facilities must be governmentally owned

##### (A) In general

A facility shall be treated as described in paragraph (1), (2), (3), or (12) of subsection (a) only if all of the property to be financed by the net proceeds of the issue is to be owned by a governmental unit.

##### (B) Safe harbor for leases and management contracts

For purposes of subparagraph (A), property leased by a governmental unit shall be treated as owned by such governmental unit if—

- (i) the lessee makes an irrevocable election (binding on the lessee and all successors in interest under the lease) not to claim depreciation or an investment credit with respect to such property,
- (ii) the lease term (as defined in section 168(i)(3)) is not more than 80 percent of the reasonably expected economic life of the property (as determined under section 147(b)), and
- (iii) the lessee has no option to purchase the property other than at fair market value (as of the time such option is exercised).

Rules similar to the rules of the preceding sentence shall apply to management contracts and similar types of operating agreements.

#### (2) Limitation on office space

An office shall not be treated as described in a paragraph of subsection (a) unless—

- (A) the office is located on the premises of a facility described in such a paragraph, and

(B) not more than a de minimis amount of the functions to be performed at such office is not directly related to the day-to-day operations at such facility.

### (c) Airports, docks and wharves, mass commuting facilities and high-speed intercity rail facilities

For purposes of subsection (a)—

#### (1) Storage and training facilities

Storage or training facilities directly related to a facility described in paragraph (1), (2), (3) or (11) of subsection (a) shall be treated as described in the paragraph in which such facility is described.

#### (2) Exception for certain private facilities

Property shall not be treated as described in paragraph (1), (2), (3) or (11) of subsection (a) if such property is described in any of the following subparagraphs and is to be used for any private business use (as defined in section 141(b)(6)).

(A) Any lodging facility.

(B) Any retail facility (including food and beverage facilities) in excess of a size necessary to serve passengers and employees at the exempt facility.

(C) Any retail facility (other than parking) for passengers or the general public located outside the exempt facility terminal.

(D) Any office building for individuals who are not employees of a governmental unit or of the operating authority for the exempt facility.

(E) Any industrial park or manufacturing facility.

### (d) Qualified residential rental project

For purposes of this section—

#### (1) In general

The term “qualified residential rental project” means any project for residential rental property if, at all times during the qualified project period, such project meets the requirements of subparagraph (A) or (B), whichever is elected by the issuer at the time of the issuance of the issue with respect to such project:

##### (A) 20–50 test

The project meets the requirements of this subparagraph if 20 percent or more of the residential units in such project are occupied by individuals whose income is 50 percent or less of area median gross income.

##### (B) 40–60 test

The project meets the requirements of this subparagraph if 40 percent or more of the residential units in such project are occupied by individuals whose income is 60 percent or less of area median gross income.

For purposes of this paragraph, any property shall not be treated as failing to be residential rental property merely because part of the building in which such property is located is used for purposes other than residential rental purposes.

#### (2) Definitions and special rules

For purposes of this subsection—