TAX EXEMPT BONDS

Conduit Issuers of Tax Exempt Financings

Part I, Overview

Speaker

John Blakley, Tax Law Specialist

TEB, Compliance & Program Management

Disclaimer

- The information contained in this presentation is current as of the date it was prepared
- It should not be considered official guidance

Overview

- Part I, Overview for Conduit Issuers of tax exempt financings
  - Conduit Issuers defined
    - Responsibilities
    - Compliance periods
  - Types of qualified bonds
  - Conduit Issuer responsibilities
  - Policy and procedural considerations
  - Resources

Conduit Issuer Defined

State or local governments who issue tax exempt financings for purposes of making loans to non-governmental entities for a qualified purpose.

Who Conduit Issuers Are

- Conduit Issues - ensure compliance with applicable federal tax laws as long as the bonds remain outstanding
- Conduit Borrowers - compliance responsibilities spelled out in contracts
- Responsibilities for both - generally spelled out in the bond documents

Compliance Period

- Compliance:
  - Starts on or before the issue date
  - Ends on final maturity, or early redemption

Qualified Bonds

- Qualification requirements per type:
  - Exempt Facility Bonds under IRC section 142(a)
  - Mortgage Revenue Bonds under IRC section 143
  - Small Issue Bonds under IRC section 144(a)
  - Student Loan Bonds under IRC section 144(b)
  - Redevelopment Bonds under IRC section 144(c)
  - 501(c)(3) Bonds under IRC section 145

(List - Internal Revenue Code section 141(e))

Other Requirements

- 95% Test in IRC section 141
- Additional Code and Treas. Regs. Sections:
  - IRC 146 - Volume Cap
  - IRC 147 - Other Requirements applicable to Private Activity Bonds
  - IRC 148 - Arbitrage Rebate
  - IRC 149 - Other Requirements
  - Treas. Regs. 1.150-2(d) - Proceeds of Bonds Used for Reimbursement

Considerations

- Policy and Procedural Considerations
  - Elections
  - Reissuances
  - Voluntary Closing Agreement Program
  - Private Letter Rulings
  - Contact Us

Resources

- Resources – IRS.gov/bonds
  - Forms and Publications
  - Internal Revenue Manual (IRM)
  - Private Letter Rulings
- Feedback – TEGE.Outreach@irs.gov
- News – Tax Exempt Bond Community News
  - Subscribe under “About Us”
  - IRS.gov/Tax-Exempt-Bonds/Subscription-to-Tax-Exempt-Bond-Community-News

Thank You

- This completes Part I of this series
- We hope this information helps you to understand your responsibilities for tax-advantaged financings
- Please review the other two modules:
  - Part II, Conduit Issuer Responsibilities
  - Part III, Policy and Procedural Considerations