

§ 102. Gifts and inheritances**(a) General rule**

Gross income does not include the value of property acquired by gift, bequest, devise, or inheritance.

(b) Income

Subsection (a) shall not exclude from gross income—

- (1) the income from any property referred to in subsection (a); or
- (2) where the gift, bequest, devise, or inheritance is of income from property, the amount of such income.

Where, under the terms of the gift, bequest, devise, or inheritance, the payment, crediting, or distribution thereof is to be made at intervals, then, to the extent that it is paid or credited or to be distributed out of income from property, it shall be treated for purposes of paragraph (2) as a gift, bequest, devise, or inheritance of income from property. Any amount included in the gross income of a beneficiary under subchapter J shall be treated for purposes of paragraph (2) as a gift, bequest, devise, or inheritance of income from property.

(c) Employee gifts**(1) In general**

Subsection (a) shall not exclude from gross income any amount transferred by or for an employer to, or for the benefit of, an employee.

(2) Cross references

For provisions excluding certain employee achievement awards from gross income, see section 74(c).

For provisions excluding certain de minimis fringes from gross income, see section 132(e).

(Aug. 16, 1954, ch. 736, 68A Stat. 28; Pub. L. 99-514, title I, § 122(b), Oct. 22, 1986, 100 Stat. 2110.)

Editorial Notes**AMENDMENTS**

1986—Subsec. (c). Pub. L. 99-514 added subsec. (c).

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE OF 1986 AMENDMENT**

Amendment by Pub. L. 99-514 applicable to prizes and awards granted after Dec. 31, 1986, see section 151(c) of Pub. L. 99-514, set out as a note under section 1 of this title.

§ 103. Interest on State and local bonds**(a) Exclusion**

Except as provided in subsection (b), gross income does not include interest on any State or local bond.

(b) Exceptions

Subsection (a) shall not apply to—

(1) Private activity bond which is not a qualified bond

Any private activity bond which is not a qualified bond (within the meaning of section 141).

(2) Arbitrage bond

Any arbitrage bond (within the meaning of section 148).

(3) Bond not in registered form, etc.

Any bond unless such bond meets the applicable requirements of section 149.

(c) Definitions

For purposes of this section and part IV—

(1) State or local bond

The term “State or local bond” means an obligation of a State or political subdivision thereof.

(2) State

The term “State” includes the District of Columbia and any possession of the United States.

(Aug. 16, 1954, ch. 736, 68A Stat. 29; Pub. L. 90-364, title I, § 107(a), June 28, 1968, 82 Stat. 266; Pub. L. 90-634, title IV, § 401(a), Oct. 24, 1968, 82 Stat. 1349; Pub. L. 91-172, title VI, § 601(a), Dec. 30, 1969, 83 Stat. 656; Pub. L. 92-178, title III, § 315(a), (b), Dec. 10, 1971, 85 Stat. 529; Pub. L. 94-164, § 7(a), Dec. 23, 1975, 89 Stat. 976; Pub. L. 94-182, title III, § 301(a), Dec. 31, 1975, 89 Stat. 1056; Pub. L. 94-455, title XIX, §§ 1901(a)(17), (b)(8)(B), 1906(b)(13)(A), title XXI, §§ 2105(a)–(c), 2137(d), Oct. 4, 1976, 90 Stat. 1765, 1766, 1794, 1834, 1902, 1931; Pub. L. 95-339, title II, § 201(a), Aug. 8, 1978, 92 Stat. 467; Pub. L. 95-600, title III, §§ 331(a), (b), 332(a), 333(a), 334(a), (b), title VII, § 703(j)(1), (q)(1), Nov. 6, 1978, 92 Stat. 2839–2841, 2941, 2944; Pub. L. 96-222, title I, § 107(a)(3)(C), Apr. 1, 1980, 94 Stat. 223; Pub. L. 96-223, title II, § 241(a), 242(a), 244(a), Apr. 2, 1980, 94 Stat. 281, 283, 286; Pub. L. 96-499, title XI, § 1103, Dec. 5, 1980, 94 Stat. 2669; Pub. L. 97-34, title VIII, §§ 811(a), (b), 812(a), Aug. 13, 1981, 95 Stat. 349, 350; Pub. L. 97-248, title II, §§ 214(a)–(e), 215(a), (b), 217(a)–(d), 219(a), 221(a), (b), (c)(1), title III, § 310(b)(1), (c)(1), (2), Sept. 3, 1982, 96 Stat. 466–469, 472–474, 477, 478, 596, 599; Pub. L. 97-424, title V, § 547(a), Jan. 6, 1983, 96 Stat. 2199; Pub. L. 97-473, title II, § 202(b)(2), Jan. 14, 1983, 96 Stat. 2609; Pub. L. 98-369, div. A, title IV, § 474(r)(4), title VI, §§ 621–624(a), (b)(2), (3), 626(a), 627, 628(a), (c)–(e), (g), 630, July 18, 1984, 98 Stat. 839, 915–922, 924, 926, 928, 931–933; Pub. L. 99-272, title XIII, § 13209(e), Apr. 7, 1986, 100 Stat. 323; Pub. L. 99-514, title XIII, § 1301(a), title XVIII, §§ 1864(a)(1), (b)–(e), 1865(a), 1869(a), (b), 1870, 1871(a)(1), (b), 1899A(2)–(4), Oct. 22, 1986, 100 Stat. 2602, 2885, 2886, 2888, 2890, 2891, 2958; Pub. L. 100-647, title I, § 1013(a)(34)(A), (c)(12)(A), Nov. 10, 1988, 102 Stat. 3544, 3547.)

Editorial Notes**AMENDMENTS**

1988—Subsec. (b)(6)(N). Pub. L. 100-647, § 1013(c)(12)(A), amended subpar. (N), as in effect on the day before the date of the enactment of Pub. L. 99-514 [Oct. 22, 1986], by redesignating cls. (ii) and (iii) as (iii) and (iv), respectively, and by striking out cl. (i) and inserting in lieu thereof the following new cls.:

“(i) IN GENERAL.—Except as provided in clause (ii), this paragraph shall not apply to any obligation issued after December 31, 1986.

“(ii) CERTAIN REFUNDINGS.—This paragraph shall apply to any obligation (or series of obligations) issued to refund an obligation issued on or before December 31, 1986, if—

“(I) the average maturity date of the issue of which the refunding obligation is a part is not later than

the average maturity date of the obligations to be refunded by such issue.

“(II) the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation, and

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

For purposes of subclause (I), average maturity shall be determined in accordance with subsection (b)(14)(B)(i).”

Subsec. (c)(7). Pub. L. 100-647, §1013(a)(34)(A), amended par. (7), as in effect on the day before the date of the enactment of Pub. L. 99-514 [Oct. 22, 1986], by substituting “necessary” for “necessary”.

1986—Pub. L. 99-514, §1301(a), in amending section generally, substituted “Interest on State and local bonds” for “Interest on certain governmental obligations” in section catchline.

Subsec. (a). Pub. L. 99-514, §1301(a), substituted “Exclusion” for “General rule” in heading and amended text generally. Prior to amendment, text read as follows: “Gross income does not include interest on—

“(1) the obligations of a State, a Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia; and

“(2) qualified scholarship funding bonds.”

Subsec. (b). Pub. L. 99-514, §1301(a), in amending section generally, substituted provision relating to exceptions for provision relating to industrial development bonds.

Subsec. (b)(11). Pub. L. 99-272 struck out par. (11) relating to pollution control facilities acquired by regional pollution control authorities.

Subsec. (b)(13), (14)(A). Pub. L. 99-514, §1871(b), substituted “and (6)” for “(6), and (7)”.

Subsec. (b)(16)(A). Pub. L. 99-514, §1870, substituted “clause (ii)” for “clause (i)”.

Subsec. (b)(17)(A). Pub. L. 99-514, §1871(b), substituted “and (6)” for “(6), and (7)”.

Subsec. (c). Pub. L. 99-514, §1301(a), in amending section generally, substituted provision relating to definitions for provision relating to arbitrage.

Subsecs. (d) to (g). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsecs. (d) to (g) which related to certain irrigation dams, qualified scholarship funding bonds, certain federally guaranteed obligations, and qualified steam-generating or alcohol-producing facilities, respectively.

Subsec. (h). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsec. (h) which provided that obligations must not be guaranteed.

Subsec. (h)(2)(A). Pub. L. 99-514, §1899A(2), substituted “guaranteed” for “guaranteed”.

Subsec. (h)(5)(A). Pub. L. 99-514, §1865(a), struck out “the United States,” after “program of”.

Subsecs. (i) to (k). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsecs. (i) to (k) which related to obligations of certain volunteer fire departments, provided that obligations must be in registered form to be tax-exempt, and required public approval for industrial development bonds, respectively.

Subsec. (l). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsec. (l) which related to information reporting requirements for certain bonds.

Subsec. (l)(2)(F). Pub. L. 99-514, §1864(d), added subpar. (F) which read: “if such obligation is a private activity bond (as defined in subsection (n)(7)), such information as the Secretary may require for purposes of determining whether the requirements of subsection (n) are met with respect to such obligation.”

Subsec. (m). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsec. (m) which related to obligations exempt other than under this title.

Subsec. (m)(1). Pub. L. 99-514, §1871(a)(1), substituted “(j), (k), (l), (n), and (o)” for “(k), (l), and (n)”.

Subsec. (m)(3)(B). Pub. L. 99-514, §1899A(3), substituted “608(a)(6)(A)” for “608(6)(A)”.

Subsec. (n). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsec. (n) which related to

limitation on aggregate amount of private activity bonds issued during any calendar year.

Subsec. (n)(6)(A), (B)(i). Pub. L. 99-514, §1864(b), substituted “governmental units or other authorities” for “governmental units”.

Subsec. (n)(7)(C)(i). Pub. L. 99-514, §1864(c), substituted “all of the property to be financed by the obligation” for “the property described in such paragraph”.

Subsec. (n)(10)(B). Pub. L. 99-514, §1864(e), substituted “identify project” for “specify project” in heading and “identify (with reasonable specificity) the project” for “specify the project” in text of subpar. (B)(i).

Subsec. (n)(10)(D). Pub. L. 99-514, §1864(e)(2), substituted “any identification or specification” for “any specification”.

Subsec. (n)(13). Pub. L. 99-514, §1864(a)(1), added par. (13).

Subsec. (o). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsec. (o) relating to consumer loan bonds.

Pub. L. 99-514, §1869(a), (b)(1), substituted “Private loan bonds” for “Consumer loan bonds” in subsection and par. (2) headings, “private loan bond” for “consumer loan bond” in text of pars. (1), (2)(A) and (B), and “subsection (c)(6)(H)(i)” for “subsection (c)(6)(G)(i)” in par. (2)(C)(ii).

Pub. L. 99-514, §1869(b)(2), redesignated subsec. (o), relating to cross references, as (p).

Subsec. (p). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsec. (p) which related to cross references.

Pub. L. 99-514, §1869(b)(2), redesignated former subsec. (o), relating to cross references, as (p).

Subsec. (p)(4). Pub. L. 99-514, §1899A(4), substituted “October 27, 1949 (48 U.S.C. 1403)” for “October 27, 1919 (48 U.S.C. 1403)”.

1984—Subsec. (b)(4). Pub. L. 98-369, §628(e), inserted “For purposes of subparagraph (A), 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.”

Subsec. (b)(6)(F)(iv). Pub. L. 98-369, §474(r)(4), substituted “section 30(b)(2)(A)” for “section 44F(b)(2)(A)”.

Subsec. (b)(6)(N). Pub. L. 98-369, §630, designated existing provisions as cl. (i) and added cls. (ii) and (iii).

Subsec. (b)(6)(P). Pub. L. 98-369, §628(c), added subpar. (P).

Subsec. (b)(7). Pub. L. 98-369, §628(g), repealed par. (7) which related to advance refunding of qualified public facilities.

Subsec. (b)(13). Pub. L. 98-369, §628(d), inserted “For purposes of this paragraph— (A) a partnership and each of its partners (and their spouses and minor children) shall be treated as related persons, and (B) an S corporation and each of its shareholders (and their spouses and minor children) shall be treated as related persons.”

Subsec. (b)(15). Pub. L. 98-369, §623, added par. (15).

Subsec. (b)(16) to (18). Pub. L. 98-369, §627, added pars. (16) to (18).

Subsec. (c). Pub. L. 98-369, §624(b)(2), struck out “bonds” after “Arbitrage” in heading.

Subsec. (c)(1). Pub. L. 98-369, §624(b)(3), inserted “to arbitrage bonds” in heading.

Subsec. (c)(6), (7). Pub. L. 98-369, §624(a), added par. (6) and redesignated former par. (6) as (7).

Subsec. (h). Pub. L. 98-369, §622, amended subsec. (h) generally, in par. (1) substituting provisions that obligations are not included in the section if they are federally guaranteed for provisions which excluded obligations guaranteed, in whole or part, by the U.S. under a program to conserve energy, or under other Federal or State programs, in par. (2) substituting provisions defining “federally guaranteed” for provisions setting forth obligations to which this subsection applies, and adding pars. (3) to (5).

Subsec. (m)(1). Pub. L. 98-369, §628(a)(1), inserted “In the case of an obligation issued after December 31, 1983,

such obligation shall not be treated as described in this paragraph unless the appropriate requirements of subsections (b), (c), (h), (k), (l), and (n) of this section and section 103A are met with respect to such obligation. For purposes of applying such requirements, a possession of the United States shall be treated as a State; except that clause (ii) of subsection (n)(4)(A) shall not apply."

Subsec. (m)(2)(B). Pub. L. 98-369, §628(a)(2), substituted "is exempt from tax under this title without regard to any provision of law which is not contained in this title and which is not contained in a revenue Act" for "is exempt from taxation under any provision of this title".

Subsec. (m)(3). Pub. L. 98-369, §628(a)(3), added par. (3).

Subsec. (n). Pub. L. 98-369, §621, added subsec. (n). Former subsec. (n), relating to cross references, redesignated (o).

Subsec. (o). Pub. L. 98-369, §626(a), added subsec. (o) relating to consumer loan bonds.

Pub. L. 98-369, §621, redesignated subsec. (n), relating to cross references, as (o).

1983—Subsec. (m). Pub. L. 97-424, §547(a), added subsec. (m). Former subsec. (m) redesignated (n).

Pub. L. 97-473 amended subsec. (m) generally, adding pars. (1) and (2), redesignating former pars. (1) to (3) as (3) to (5), respectively, and striking out par. (24) which had provided reference regarding exempt-interest dividends to section 852(b)(5)(B.) See section 722(b) of Pub. L. 98-369, set out as a note below.

Subsec. (n). Pub. L. 97-424, §547(a), redesignated former subsec. (m), relating to cross references, as (n).

1982—Subsec. (b)(2). Pub. L. 97-248, §215(b)(2), substituted "For purposes of this section" for "For purposes of this subsection".

Subsec. (b)(4). Pub. L. 97-248, §§217(a)(1), (b), 221(a), (c)(1), 310(c)(1), in subpar. (A) substituted "if at all times during the qualified project period" for "if each obligation issued pursuant to the issue is in registered form and if" after "residential rental property", and struck out "(within the meaning of section 167(k)(3)(B))" after "low or moderate income", added subpar. (J), struck out provision that for purposes of subpar. (A), "targeted area project" meant a project located in a qualified census tract (within the meaning of section 103A(k)(2)) or an area of chronic economic distress (within the meaning of section 103A(k)(3)) and, in last sentence, substituted "electric energy or gas from" for "electric energy from".

Subsec. (b)(6)(C). Pub. L. 97-248, §217(a)(3), substituted "paragraph (13)" for "paragraph (7)".

Subsec. (b)(6)(F)(iv). Pub. L. 97-248, §214(d), added cl. (iv).

Subsec. (b)(6)(K) to (O). Pub. L. 97-248, §214(a)-(c), (e), added subpars. (K) to (O).

Subsec. (b)(9)(A). Pub. L. 97-248, §217(c), inserted "ferry," after "rail car" in provisions preceding cl. (i), and in cl. (ii), inserted "(or, in the case of a ferry, mass transportation services)" after "mass commuting services".

Subsec. (b)(10). Pub. L. 97-248, §217(a)(2), added par. (10). Former par. (10) redesignated (13).

Subsec. (b)(11). Pub. L. 97-248, §217(d), added par. (11).

Subsec. (b)(12). Pub. L. 97-248, §221(b), added par. (12). [Provisions of par. (12)(A) were formerly contained, as undesignated provisions, in par. (4).]

Subsec. (b)(13). Pub. L. 97-248, §217(a)(2), redesignated former par. (10) as (13).

Subsec. (b)(14). Pub. L. 97-248, §219(a), added par. (14).

Subsec. (h). Pub. L. 97-248, §310(c)(2), substituted "must not be guaranteed or subsidized" for "must be in registered form and not guaranteed or subsidized" in heading, and in par. (1) struck out subpar. (A) reading "such obligation is not issued in registered form", and redesignated subpars. (B) and (C) as (A) and (B), respectively.

Subsec. (j). Pub. L. 97-248, §310(b)(1), added subsec. (j). Former subsec. (j), relating to cross references, redesignated (m).

Subsec. (k). Pub. L. 97-248, §215(a), added subsec. (k).

Subsec. (l). Pub. L. 97-248, §215(b)(1), added subsec. (l).

Subsec. (m). Pub. L. 97-248, §§215(a), (b)(1), 310(b)(1), redesignated former subsec. (j), relating to cross references, as (m).

1981—Subsec. (b)(4)(I). Pub. L. 97-34, §811(a), added subpar. (I).

Subsec. (b)(9), (10). Pub. L. 97-34, §811(b), added par. (9) and redesignated former par. (9) as (10).

Subsecs. (i), (j). Pub. L. 97-34, §812(a), added subsec. (i) and redesignated former subsec. (i) as (j).

1980—Subsec. (b)(4). Pub. L. 96-499, §1103(b), inserted before last sentence provisions defining "targeted area project" for purposes of subpar. (A).

Subsec. (b)(4)(A). Pub. L. 96-499, §1103(a), substituted provisions relating to low or moderate income residential rental property for provisions relating to residential real property for family units.

Subsec. (b)(4)(H). Pub. L. 96-223, §242(a)(1), added subpar. (H).

Subsec. (b)(6)(J). Pub. L. 96-499, §1103(c), added subpar. (J).

Subsec. (b)(8), (9). Pub. L. 96-223, §242(a)(2), added par. (8) and redesignated former par. (8) as (9).

Subsec. (c)(5). Pub. L. 96-222, §107(a)(3)(C), amended the directory language of Pub. L. 96-500, §703(q)(1). See 1978 Amendment note below for subsec. (c)(5).

Subsec. (g). Pub. L. 96-223, §241(a), added subsec. (g). Former subsec. (g) redesignated (i).

Subsec. (h). Pub. L. 96-223, §244(a), added subsec. (h).

Subsec. (i). Pub. L. 96-223, §§241(a), 244(a), redesignated former subsec. (g) as (i).

1978—Subsec. (b)(1). Pub. L. 95-600, §703(j)(1)(A), substituted "subsection (a)(1) or (2)" for "subsection (a)(1)" in heading.

Subsec. (b)(4). Pub. L. 95-600, §§332(a), 333(a), in subpar. (G)(i) inserted reference to electric utility, industrial, agricultural, or commercial users and added subpar. (G)(ii) and provision following subpar. (G)(ii) relating to the local furnishing of electric energy.

Subsec. (b)(6)(D). Pub. L. 95-600, §331(a), substituted in heading and cl. (i) "\$10,000,000" for "\$5,000,000".

Subsec. (b)(6)(I). Pub. L. 95-600, §331(b), added subpar. (I).

Subsec. (b)(7), (8). Pub. L. 95-600, §334(a), (b), added par. (7), redesignated former par. (7) as (8) and, as so redesignated, substituted "(6), and (7)" for "and (6)".

Subsec. (c)(1). Pub. L. 95-600, §703(j)(1)(B), substituted in heading and text "(a)(1) or (2)" for "(a)(1) or (4)".

Subsec. (c)(2)(A). Pub. L. 95-600, §703(j)(1)(C), substituted "subsection (a)(1) or (2)" for "subsection (a)(1) or (2) or (4)".

Subsec. (c)(5). Pub. L. 95-600, §703(j)(1)(D), (q)(1), as amended by Pub. L. 96-222, §107(a)(3)(C), substituted "section 438 of the Higher Education Act of 1965" for "section 2 of the Emergency Insured Student Loan Act of 1969" and "paragraph (2)(A)" for "subsection (d)(2)(A)".

Subsec. (d). Pub. L. 95-600, §703(j)(1)(E), substituted "subsection (b)(4)(G)" for "subsection (c)(4)(G)".

Subsec. (e). Pub. L. 95-339 redesignated second subsec. (e), relating to cross references, as (g).

Subsec. (f). Pub. L. 95-339 added subsec. (f).

Subsec. (g). Pub. L. 95-339 redesignated second subsec. (e), relating to cross references, as (g).

1976—Subsec. (a). Pub. L. 94-455, §§1901(a)(17)(A), 2105(a), added par. (2) relating to qualified scholarship funding bonds. Former pars. (2) and (3), relating to obligations of the United States and to the obligations of corporations organized under an Act of Congress, were struck out.

Subsec. (b). Pub. L. 94-455, §1901(a)(17)(B), (C), redesignated subsec. (c) as (b) and in par. (1) of subsec. (b) as so redesignated substituted "subsection (a)(1) or (2)" for "subsection (a)(1)". Former subsec. (b), which created an exception to the rule that gross income did not include interest on obligations of the United States, by providing that the exception did not apply to obligations of the United States (with specified exceptions) unless under the authorizing Acts such interest is whol-

ly exempt from the taxes imposed by this subtitle, was struck out.

Subsec. (c). Pub. L. 94-455, §§1901(a)(17)(B), (D), (b)(8)(B), 1906(b)(13)(A), 2105(c), redesignated subsec. (d) as (c) and, in subsec. (c) as so redesignated, substituted “(a)(1) or (4)” for “(a)(1)” in par. (1) and “(a)(1) or (2) or (4)” for “(a)(1)” in par. (2)(A), substituted “educational organization described in section 170(b)(1)(A)(ii)” for “educational institution (within the meaning of section 151(e)(4))” in par. (3)(A), added par. (5), redesignated former par. (5) as (6), and in par. (6) as so redesignated substituted “Secretary” for “Secretary or his delegate”. Former subsec. (c) redesignated (b).

Subsec. (d). Pub. L. 94-455, §1901(a)(17)(B), redesignated subsec. (e) as (d). Former subsec. (d) redesignated (c).

Subsec. (e). Pub. L. 94-455, §§1901(a)(17)(B), (E), 2105(b), 2137(d), added subsec. (e) relating to qualified scholarship funding bonds, redesignated former subsec. (f) relating to cross references as a second subsec. (e), reduced the number of cross references in subsec. (e) as so redesignated from twenty-three (which made reference to various obligations of the United States and of corporations organized under Acts of Congress) to three, relating, respectively, to Puerto Rican bonds, Virgin Islands insular and municipal bonds, and certain obligations issued under title I of the Housing Act of 1949, and inserted a fourth cross reference, designated as par. (24) relating to the treatment of exempt-interest dividends. Former subsec. (e) redesignated (d).

Subsec. (f). Pub. L. 94-455, §1901(a)(17)(B), redesignated subsec. (f), relating to cross references, as (e).

1975—Subsecs. (e), (f). Pub. L. 94-182 and Pub. L. 94-164 made identical amendments, adding subsec. (e) and redesignating former subsec. (e) as (f).

1971—Subsec. (c)(4)(E). Pub. L. 92-178, §315(a)(1), substituted “energy or gas,” for “energy, gas, or water or”.

Subsec. (c)(4)(F). Pub. L. 92-178, §315(a)(2), substituted “, or” for a period.

Subsec. (c)(4)(G). Pub. L. 92-178, §315(a)(3), added subpar. (G).

Subsec. (c)(6)(F)(iii). Pub. L. 92-178, §315(b), substituted “\$1,000,000” for “\$250,000”.

1969—Subsecs. (d), (e). Pub. L. 91-172 added subsec. (d) and redesignated former subsec. (d) as (e).

1968—Subsec. (c). Pub. L. 90-364 added subsec. (c). Former subsec. (c) redesignated (d).

Subsec. (c)(6)(D) to (H). Pub. L. 90-634 added subpars. (D) to (H).

Subsec. (d). Pub. L. 90-364 redesignated former subsec. (c) as (d).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100-647, title I, §1013(a)(34)(B), Nov. 10, 1988, 102 Stat. 3544, provided that: “Subparagraph (A) [amending this section] shall apply to obligations sold after May 2, 1978, and to which Treasury regulation section 1.103-13 (1979) was provided to apply.”

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 1301(a) of Pub. L. 99-514 applicable to bonds issued after Aug. 15, 1986, except as otherwise provided, see sections 1311 to 1318 of Pub. L. 99-514, set out as an Effective Date; Transitional Rules note under section 141 of this title.

Amendment by sections 1864(b)-(e), 1865(a), 1869(a), (b), 1870, and 1871(b) of Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.

Pub. L. 99-514, title XVIII, §1864(a)(2), Oct. 22, 1986, 100 Stat. 2885, provided that:

“(A) Except as provided in subparagraph (B), the amendment made by paragraph (1) [amending this section] shall apply to obligations issued after the date of

the enactment of this Act [Oct. 22, 1986] in taxable years ending after such date.

“(B) At the election of the issuer (made at such time and in such manner as the Secretary of the Treasury or his delegate shall prescribe), the amendment made by paragraph (1) shall apply to any obligation issued on or before the date of the enactment of this Act.”

Pub. L. 99-514, title XVIII, §1871(a)(2), Oct. 22, 1986, 100 Stat. 2891, provided that: “The amendment made by paragraph (1) [amending this section] shall apply to obligations issued after March 28, 1985, in taxable years ending after such date.”

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by section 474(r)(4) of Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, and to carrybacks from such years, see section 475(a) of Pub. L. 98-369, set out as a note under section 21 of this title.

Pub. L. 98-369, div. A, title VI, §624(c), July 18, 1984, 98 Stat. 924, as amended by Pub. L. 99-514, title XVIII, §1867(a), Oct. 22, 1986, 100 Stat. 2888, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section [amending this section and section 103A of this title] shall apply with respect to bonds issued after December 31, 1984.

“(2) EXCEPTION.—The amendments made by this section shall not apply to obligations issued for the Essex County New Jersey Resource Recovery Project authorized by the Port Authority of New York and New Jersey on November 10, 1983, as part of an agreement approved by Essex County, New Jersey, on July 7, 1981, and approved by the State of New Jersey on December 31, 1981. The aggregate face amount of bonds to which this paragraph applies shall not exceed \$350,000,000.”

Pub. L. 98-369, div. A, title VI, §626(b), July 18, 1984, 98 Stat. 927, as amended by Pub. L. 99-514, §2, title XIII, §1317(22), title XVIII, §1869(c)(5), Oct. 22, 1986, 100 Stat. 2095, 2698, 2890; Pub. L. 100-647, title I, §1013(g)(24), Nov. 10, 1988, 102 Stat. 3554, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection the amendment made by subsection (a) [amending this section] shall apply to obligations issued after the date of enactment of this Act [July 18, 1984].

“(2) EXCEPTIONS FOR CERTAIN STUDENT LOAN PROGRAMS.—

“(A) IN GENERAL.—The amendments made by this section [amending this section] shall not apply to obligations issued by a program described in the following table to the extent the aggregate face amount of such obligations does not exceed the amount of allowable obligations specified in the following table with respect to such program:

Program	Amount of Allowable Obligations
Colorado Student Obligation Bond Authority	\$60 million
Connecticut Higher Education Supplementary Loan Authority	\$15.5 million
District of Columbia	\$50 million
Illinois Higher Education Authority	\$70 million
State of Iowa	\$16 million
Louisiana Public Facilities Authority	\$75 million
Maine Health and Higher Education Facilities Authority	\$5 million
Maryland Higher Education Supplemental Loan Program	\$24 million
Massachusetts College Student Loan Authority	\$90 million
Minnesota Higher Education Coordinating Board	\$60 million
New Hampshire Higher Education and Health Facilities Authority	\$39 million
New York Dormitory Authority	\$120 million
Pennsylvania Higher Education Assistance Agency	\$300 million
Georgia Private Colleges and University Authority	\$31 million
Wisconsin State Building Commission	\$60 million
South Dakota Health and Educational Facilities Authority	\$6 million

“(B) PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY.—Subparagraph (A) shall apply to obligations

issued by the Pennsylvania Higher Education Assistance Agency only if such obligations are issued solely for the purpose of refunding student loan bonds outstanding on March 15, 1984.

“(3) CERTAIN TAX-EXEMPT MORTGAGE SUBSIDY BONDS.—For purposes of applying section 103(o) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], the term ‘consumer loan bond’ shall not include any mortgage subsidy bond (within the meaning of section 103A(b) of such Code) to which the amendments made by section 1102 of the Mortgage Subsidy Bond Tax Act of 1980 [enacting section 103A of this title] do not apply.

“(4) REFUNDING EXCEPTION.—The amendments made by this section [amending this section] shall not apply to any obligation or series of obligations the proceeds of which are used exclusively to refund obligations issued before March 15, 1984, except that—

“(A) the amount of the refunding obligations may not exceed 101 percent of the aggregate face amount of the refunded obligations, and

“(B) the maturity date of any refunding obligation may not be later than the date which is 17 years after the date on which the refunded obligation was issued (or, in the case of a series of refundings, the date on which the original obligation was issued).

“(5) EXCEPTION FOR CERTAIN ESTABLISHED PROGRAMS.—The amendments made by this section [amending this section] shall not apply to any obligation substantially all of the proceeds of which are used to carry out a program established under State law which has been in effect in substantially the same form during the 30-year period ending on the date of enactment of this Act [July 18, 1984], but only if such proceeds are used to make loans or to fund similar obligations—

“(A) in the same manner in which,

“(B) in the same (or lesser) amount per participant, and

“(C) for the same purposes for which, such program was operated on March 15, 1984. This subparagraph shall not apply to obligations issued on or after March 15, 1987.

“(6) CERTAIN BONDS FOR RENEWABLE ENERGY PROPERTY.—The amendments made by this section [amending this section] shall not apply to any obligations described in section 243 of the Crude Oil Windfall Profit Tax Act of 1980 [Pub. L. 96-223, set out as a note below].

“(7) EXCEPTION FOR CERTAIN DOWNTOWN REDEVELOPMENT PROJECT.—The amendments made by this section [amending 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.”

Pub. L. 98-369, div. A, title VI, § 631, July 18, 1984, 98 Stat. 934, as amended by Pub. L. 99-514, § 2, title XIII, §§ 1316(j), 1317(43), title XVIII, § 1872(a)-(c)(1), Oct. 22, 1986, 100 Stat. 2095, 2670, 2708, 2891, 2892; Pub. L. 100-647, title I, § 1013(f)(8), (g)(40), Nov. 10, 1988, 102 Stat. 3549, 3557, provided that:

“(a) PRIVATE ACTIVITY BOND CAP.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendment made by section 621 [amending this section] shall apply to obligations issued after December 31, 1983.

“(2) INDUCEMENT RESOLUTION BEFORE JUNE 19, 1984.—The amendment made by section 621 shall not apply to any issue of obligations if—

“(A) there was an inducement resolution (or other comparable preliminary approval) for the issue before June 19, 1984, and

“(B) the issue is issued before January 1, 1985.

“(3) CERTAIN PROJECTS PRELIMINARILY APPROVED BEFORE OCTOBER 19, 1983, GIVEN APPROVAL.—If—

“(A) there was an inducement resolution (or other comparable preliminary approval) for a project before October 19, 1983, by any issuing authority,

“(B) a substantial user of such project notifies the issuing authority within 30 days after the date of the enactment of this Act [July 18, 1984] that it intends to claim its rights under this paragraph, and

“(C) construction of such project began before October 19, 1983, or the substantial user was under a binding contract on such date to incur significant expenditures with respect to such project,

such issuing authority shall allocate its share of the limitation under section 103(n) of such Code for the calendar year during which the obligations were to be issued pursuant to such resolution (or other approval) first to such project. If the amount of obligations required by all projects which meet the requirements of the preceding sentence exceeds the issuing authority's share of the limitation under section 103(n) of such Code, priority under the preceding sentence shall be provided first to those projects for which substantial expenditures were incurred before October 19, 1983. If any issuing authority fails to meet the requirements of this paragraph, the limitation under section 103(n) of such Code for the issuing authority for the calendar year following such failure shall be reduced by the amount of obligations with respect to which such failure occurred.

“(3) [(4)] EXCEPTION FOR CERTAIN BONDS FOR A CONVENTION CENTER AND RESOURCE RECOVERY PROJECT.—In the case of any city, if—

“(A) the city council of such city authorized a feasibility study for a convention center on June 10, 1982, and

“(B) on November 4, 1983, a municipal authority acting for such city accepted a proposal for the construction of a facility that is capable of generating steam and electricity through the combustion of municipal waste,

the amendment made by section 621 shall not apply to any issue, issued during 1984, 1985, 1986, or 1987 and substantially all of the proceeds of which are to be used to finance the convention center (or access ramps and parking facilities therefor) described in subparagraph (A) or the facility described in subparagraph (B).

“(b) PROPERTY FINANCED WITH TAX-EXEMPT BONDS REQUIRED TO BE DEPRECIATED ON STRAIGHT-LINE BASIS.—

“(1) IN GENERAL.—Except as otherwise provided in this section, the amendments made by section 628(b) [amending section 168 of this title] shall apply to property placed in service after December 31, 1983, to the extent such property is financed by the proceeds of an obligation (including a refunding obligation) issued after October 18, 1983.

“(2) EXCEPTIONS.—

“(A) CONSTRUCTION OR BINDING AGREEMENT.—The amendments made by section 628(b) shall not apply with respect to facilities—

“(i) the original use of which commences with the taxpayer and the construction, reconstruction, or rehabilitation of which began before October 19, 1983, or

“(ii) with respect to which a binding contract to incur significant expenditures was entered into before October 19, 1983.

“(B) REFUNDING.—

“(i) IN GENERAL.—Except as provided in clause (ii), in the case of property placed in service after December 31, 1983, which is financed by the proceeds of an obligation which is issued solely to refund another obligation which was issued before October 19, 1983, the amendments made by section 628(b) shall apply only with respect to an amount

equal to the basis in such property which has not been recovered before the date such refunded obligation is issued.

“(ii) SIGNIFICANT EXPENDITURES.—In the case of facilities the original use of which commences with the taxpayer and with respect to which significant expenditures are made before January 1, 1984, the amendments made by section 628(b) shall not apply with respect to such facilities to the extent such facilities are financed by the proceeds of an obligation issued solely to refund another obligation which was issued before October 19, 1983.

“(C) FACILITIES.—In the case of an inducement resolution or other comparable preliminary approval adopted by an issuing authority before October 19, 1983, for purposes of applying subparagraphs (A)(i) and (B)(ii) with respect to obligations described in such resolution, the term ‘facilities’ means the facilities described in such resolution.

“(C) OTHER PROVISIONS RELATING TO TAX-EXEMPT BONDS.—

“(1) IN GENERAL.—Except as otherwise provided in this subtitle, the amendments made by sections 622, 623, 627, and 628(c), (d), and (e) (and the provisions of sections 625(c), 628(f), and 629(b)) [amending this section and enacting provisions set out as notes under this section] shall apply to obligations issued after December 31, 1983.

“(2) OBLIGATIONS INVESTED IN FEDERALLY INSURED DEPOSITS.—Notwithstanding any other provision of this section, clause (ii) of section 103(h)(2)(B) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as amended by this subtitle) shall apply to obligations issued after April 14, 1983; except that such clause shall not apply to any obligation issued pursuant to a binding contract in effect on March 4, 1983.

“(3) EXCEPTIONS.—

“(A) CONSTRUCTION OR BINDING AGREEMENT.—The amendments (and provisions) referred to in paragraph (1) shall not apply to obligations with respect to facilities—

“(i) the original use of which commences with the taxpayer and the construction, reconstruction, or rehabilitation of which began before October 19, 1983, and was completed on or after such date,

“(ii) the original use of which commences with the taxpayer and with respect to which a binding contract to incur significant expenditures for construction, reconstruction, or rehabilitation was entered into before October 19, 1983, and some of such expenditures are incurred on or after such date, or

“(iii) acquired after October 19, 1983, pursuant to a binding contract entered into on or before such date.

“(B) FACILITIES.—Subparagraph (C) of subsection (b)(2) shall apply for purposes of subparagraph (A) of this paragraph.

“(C) EXCEPTION.—Subparagraph (A) shall not apply with respect to the amendment made by section 628(e) and the provisions of sections 628(f) and 629(b) [amending this section and enacting provisions set out as notes under this section].

“(4) REPEAL OF ADVANCE REFUNDING OF QUALIFIED PUBLIC FACILITIES.—The amendment made by section 628(g) [amending this section] shall apply to refunding obligations issued after the date of the enactment of this Act [July 18, 1984]; except that if substantially all the proceeds of the refunded issue were used to provide airports or docks, such amendment shall only apply to refunding obligations issued after December 31, 1984. 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 [section 1301 of Pub. L. 99-514, enacting sections 141 to 150 and 7703 of this title, amending this section and sections 2, 22, 25, 32, 86, 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, 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 not apply. 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’ and the Internal Revenue Code of 1986 shall be applied without regard to [former] section 149(d)(2)..[sic]

“(5) SPECIAL RULE FOR HEALTH CLUB FACILITIES.—In the case of any health club facility, with respect to the amendment made by section 627(c) [amending this section]—

“(A) paragraph (1) shall be applied by substituting ‘April 12, 1984’ for ‘December 31, 1983’, and

“(B) paragraph (3) shall be applied by substituting ‘April 13, 1984’ for ‘October 19, 1983’ each place it appears.

“(d) PROVISIONS OF THIS SUBTITLE NOT TO APPLY TO CERTAIN PROPERTY.—The amendments made by this subtitle [sections 621-632 of Pub. L. 98-369, amending this section and sections 103A and 168 of this title and enacting provisions set out as notes under this section] shall not apply to any property (and shall not apply to obligations issued to finance such property) if such property is described in any of the following paragraphs:

“(1) Any property described in paragraph (5), (6), or (7) of section 31(g) of this Act [set out as an Effective Date of 1984 Amendment note under section 168 of this title].

“(2) Any property described in paragraph (4), (8), or (17) of section 31(g) of this Act [set out as an Effective Date of 1984 Amendment note under section 168 of this title] but only if the obligation is issued before January 1, 1985, and only if before June 19, 1984, the issuer had evidenced an intent to issue obligations exempt from taxation under the Internal Revenue Code of 1986 in connection with such property.

“(3) Any property described in paragraph (3) of section 216(b) of the Tax Equity and Fiscal Responsibility Act of 1982 [set out as an Effective Date of 1982 Amendment note under section 168 of this title].

“(4) Any solid waste disposal facility described in section 103(b)(4)(E) of the Internal Revenue Code of 1986 if—

“(A) a State public authority created pursuant to State legislation which took effect on June 18, 1973, took formal action before October 19, 1983, to commit development funds for such facility.

“(B) such authority issues obligations for any such facility before January 1, 1987, and

“(C) expenditures have been made for the development of any such facility before October 19, 1983.

“(5) Any solid waste disposal facility described in section 103(b)(4)(E) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] if—

“(A) a city government, by resolutions adopted on April 10, 1980, and December 27, 1982, took formal action to authorize the submission of a proposal for a feasibility study for such facility and to authorize the presentation to the Department of the Army (U.S. Army Missile Command) of a proposed agreement to jointly pursue construction and operation of such facility,

“(B) such city government (or a public authority on its behalf) issues obligations for such facility before January 1, 1988, and

“(C) expenditures have been made for the development of such facility before October 19, 1983. Notwithstanding the foregoing provisions of this subsection, the amendments made by section 624

[amending sections 103 and 103A of this title and enacting provisions set out as a note under this section] (relating to arbitrage) shall apply to obligations issued to finance property described in paragraph (5).

“(e) DETERMINATION OF SIGNIFICANT EXPENDITURE.—

“(1) IN GENERAL.—For purposes of this section, the term ‘significant expenditures’ means expenditures which equal or exceed the lesser of—

“(A) \$15,000,000, or

“(B) 20 percent of the estimated cost of the facilities.

“(2) CERTAIN GRANTS TREATED AS EXPENDITURES.—For purposes of paragraph (1), the amount of any UDAG grant preliminarily approved on May 5, 1981, or April 4, 1983, shall be treated as an expenditure with respect to the facility for which such grant was so approved.

“(f) EXCEPTIONS FOR CERTAIN OTHER AMENDMENTS.—If—

“(1) there was an inducement resolution (or other comparable preliminary approval) for an issue before June 19, 1984, by any issuing authority, and

“(2) such issue is issued before January 1, 1985, the following amendments shall not apply:

“(A) the amendments made by section 623 [amending this section],

“(B) the amendments made by subsections (a) and (b) of section 627 [amending this section] (except to the extent such amendments relate to farm land),

“(C) in the case of a race track, the amendment made by section 627(c) [amending this section], and

“(D) the amendments made by section 628(c) [amending this section].”

[Section 1872(a)(2)(B) of Pub. L. 99-514 provided that the amendment of section 631(c)(3) of Pub. L. 98-369, set out above, made by section 1872(a)(2)(B) of Pub. L. 99-514 is effective with respect to obligations issued after Mar. 28, 1985.]

EFFECTIVE DATE OF 1983 AMENDMENT

For effective date of amendment by Pub. L. 97-473, see section 204(2) of Pub. L. 97-473, set out as an Effective Date note under section 7871 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Pub. L. 97-248, title II, §214(f), Sept. 3, 1982, 96 Stat. 468, provided that:

“(1) COMPOSITE ISSUES; SMALL ISSUE EXEMPTION.—The amendments made by subsections (a) and (b) [amending this section] shall apply to obligations issued after the date of the enactment of this Act [Sept. 3, 1982].

“(2) TERMINATION.—The amendment made by subsection (c) [amending this section] shall take effect on the date of the enactment of this Act [Sept. 3, 1982].

“(3) RESEARCH EXPENDITURES.—The amendment made by subsection (d) [amending this section] shall apply with respect to expenditures made after the date of the enactment of this Act [Sept. 3, 1982].

“(4) CERTAIN FACILITIES.—The amendment made by subsection (e) [amending this section] shall apply to obligations issued after December 31, 1982.”

Pub. L. 97-248, title II, §215(c), Sept. 3, 1982, 96 Stat. 470, provided that:

“(1) PUBLIC APPROVAL.—The amendment made by subsection (a) [amending this section] shall apply to obligations issued after December 31, 1982, other than obligations issued solely to refund any obligation which—

“(A) was issued before July 1, 1982, and

“(B) has a maturity which does not exceed 3 years.

“(2) INFORMATION REPORTING.—The amendments made by subsection (b) [amending this section] shall apply to obligations issued after December 31, 1982 (including any obligation issued to refund an obligation issued before such date).”

Pub. L. 97-248, title II, §217(e), Sept. 3, 1982, 96 Stat. 474, as amended by Pub. L. 98-369, div. A, title VII, §712(h), July 18, 1984, 98 Stat. 947; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “The amendments

made by this section [amending this section] shall apply to obligations issued after the date of the enactment of this Act [Sept. 3, 1982]. For purposes of applying section 168(f)(8)(D)(v) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], the amendments made by subsection (c) [amending this section] shall apply to agreements entered into after the date of the enactment of this Act.”

Pub. L. 97-248, title II, §219(b), Sept. 3, 1982, 96 Stat. 475, provided that: “The amendment made by subsection (a) [amending this section] shall apply to obligations issued after December 31, 1982.”

Pub. L. 97-248, title II, §221(d), Sept. 3, 1982, 96 Stat. 478, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and section 1104 of Pub. L. 96-499, formerly set out as a note under section 103A of this title] shall apply to obligations issued after the date of the enactment of this Act [Sept. 3, 1982].

“(2) EXCEPTION.—The amendments made by this section shall not apply with respect to any obligation to which the amendments made by section 1103 of the Mortgage Subsidy Bond Tax Act of 1980 [section 1103 of Pub. L. 96-499, amending this section] do not apply by reason of section 1104 of such Act [section 1104 of Pub. L. 96-499, formerly set out as a note under section 103A of this title].”

Pub. L. 97-248, title III, §310(d), Sept. 3, 1982, 96 Stat. 599, as amended by Pub. L. 97-448, title III, §306(b)(2), 96 Stat. 2405; Pub. L. 98-216, §6(b), Feb. 14, 1984, 98 Stat. 8; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section [enacting section 4701 of this title and section 757c-5 of former Title 31, Money and Finance, and amending this section and sections 103A, 163, 165, 312, and 1232 of this title] shall apply to obligations issued after December 31, 1982.

“(2) [Repealed. Pub. L. 98-216, §6(b), Feb. 14, 1984, 98 Stat. 8.]

“(3) EXCEPTION FOR CERTAIN WARRANTS, ETC.—The amendments made by subsection (b) [enacting section 4701 of this title and amending this section and sections 163, 165, 312, and 1232 of this title] shall not apply to any obligations issued after December 31, 1982, on the exercise of a warrant or the conversion of a convertible obligation if such warrant or obligation was offered or sold outside the United States without registration under the Securities Act of 1933 [15 U.S.C. 77a et seq.] and was issued before August 10, 1982. A rule similar to the rule of the preceding sentence shall also apply in the case of any regulations issued under section 163(f)(2)(C) [now 163(f)(2)(B)] of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as added by this section) except that the date on which such regulations take effect shall be substituted for ‘August 10, 1982’.

“(4) [Repealed. Pub. L. 98-216, §6(b), Feb. 14, 1984, 98 Stat. 8.]”

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-34, title VIII, §811(c), Aug. 13, 1981, 95 Stat. 350, provided that: “The amendments made by this section [amending this section] shall apply to obligations issued after the date of the enactment of this Act [Aug. 13, 1981].”

Pub. L. 97-34, title VIII, §812(b)(1), Aug. 13, 1981, 95 Stat. 350, provided that: “The amendment made by subsection (a) [amending this section] shall apply to obligations issued after December 31, 1980.”

EFFECTIVE DATE OF 1980 AMENDMENT

For effective date of amendment by Pub. L. 96-499, see section 1104 of Pub. L. 96-499, set out as an Effective Date note under section 103A of this title.

Pub. L. 96-223, title II, §241(d), Apr. 2, 1980, 94 Stat. 283, provided that: “The amendments made by subsection (a) [amending this section] and the provisions

of subsections (b) and (c) [set out as notes under this section] shall apply with respect to obligations issued after October 18, 1979."

Pub. L. 96-223, title II, §242(c), Apr. 2, 1980, 94 Stat. 285, provided that: "The amendments made by subsection (a) [amending this section] and the provisions of subsection (b) [set out as a note under this section] shall apply with respect to obligations issued after October 18, 1979."

Pub. L. 96-223, title II, §244(b), Apr. 2, 1980, 94 Stat. 286, provided that: "The amendments made by subsection (a) [amending this section] shall apply to obligations issued on or after October 18, 1979."

EFFECTIVE DATE OF 1978 AMENDMENT

Pub. L. 95-339, title II, §201(c), Aug. 8, 1978, 92 Stat. 467, provided that: "The amendments made by subsection (a) [amending this section] shall apply to taxable years ending after the date of the enactment of this Act [Aug. 8, 1978]."

Pub. L. 95-600, title III, §331(c), Nov. 6, 1978, 92 Stat. 2840, provided that:

"(1) The amendments made by subsection (a) [amending this section] shall apply to—

"(A) obligations issued after December 31, 1978, in taxable years ending after such date, and

"(B) capital expenditures made after December 31, 1978, with respect to obligations issued before January 1, 1979.

"(2) The amendment made by subsection (b) [amending this section] shall apply to—

"(A) obligations issued after September 30, 1979, in taxable years ending after such date, and

"(B) capital expenditures made after September 30, 1979, with respect to obligations issued after such date."

Pub. L. 95-600, title III, §332(b), Nov. 6, 1978, 92 Stat. 2840, provided that: "The amendment made by subsection (a) [amending this section] shall apply to taxable years ending after April 30, 1968, but only with respect to obligations issued after such date."

Pub. L. 95-600, title III, §333(b), Nov. 6, 1978, 92 Stat. 2840, provided that: "The amendment made by subsection (a) [amending this section] shall apply to obligations issued after the date of the enactment of this Act [Nov. 6, 1978] in taxable years ending after such date."

Pub. L. 95-600, title III, §334(c), Nov. 6, 1978, 92 Stat. 2841, provided that: "The amendments made by this section [amending this section] shall apply to obligations issued after the date of the enactment of this Act [Nov. 6, 1978]."

Pub. L. 95-600, title VII, §703(q)(2), Nov. 6, 1978, 92 Stat. 2944, provided that: "The amendments made by paragraph (1) [amending this section] shall apply with respect to payments made by the Commissioner of Education after December 31, 1976."

Amendment by section 703(j)(1) of Pub. L. 95-600 effective on Oct. 4, 1976, see section 703(r) of Pub. L. 95-600, set out as a note under section 46 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(a)(17), (b)(8)(B) of Pub. L. 94-455 applicable with respect to taxable years ending after Oct. 4, 1976, see section 1901(d) of Pub. L. 94-455, set out as a note under section 2 of this title.

Amendment by section 1906(b)(13)(A) of Pub. L. 94-455 effective Feb. 1, 1977, see section 1906(d)(1) of Pub. L. 94-455, set out as a note under section 6013 of this title.

Pub. L. 94-455, title XXI, §2105(d), Oct. 4, 1976, 90 Stat. 1902, provided that: "The amendments made by this section [amending this section] apply to obligations issued on or after the date of the enactment of this Act [Oct. 4, 1976]."

Amendment by section 2137(d) of Pub. L. 94-455 applicable to taxable years beginning after Dec. 31, 1975, see section 2137(e) of Pub. L. 94-455, set out as a note under section 852 of this title.

EFFECTIVE DATE OF 1975 AMENDMENT

Pub. L. 94-182, title III, §301(b), Dec. 31, 1975, 89 Stat. 1056, provided that: "The amendment made by sub-

section (a) [amending this section] shall apply to obligations issued after the date of the enactment of this Act [Dec. 31, 1975]."

Pub. L. 94-164, §7(b), Dec. 23, 1975, 89 Stat. 976, provided that: "The amendments made by this section [amending this section] shall apply to obligations issued after the date of enactment of this Act [Dec. 23, 1975]."

EFFECTIVE DATE OF 1971 AMENDMENT

Pub. L. 92-178, title III, §315(c), Dec. 10, 1971, 85 Stat. 529, provided that: "The amendments made by subsection (a) [amending this section] shall apply with respect to obligations issued after January 1, 1969. The amendment made by subsection (b) [amending this section] shall apply with respect to expenditures incurred after the date of the enactment of this Act [Dec. 10, 1971]."

EFFECTIVE DATE OF 1969 AMENDMENT

Pub. L. 91-172, title VI, §601(b), Dec. 30, 1969, 83 Stat. 657, provided that: "The amendments made by subsection (a) [amending this section] shall apply with respect to obligations issued after October 9, 1969."

EFFECTIVE DATE OF 1968 AMENDMENT

Pub. L. 90-634, title IV, §401(b), Oct. 24, 1968, 82 Stat. 1351, provided that: "The amendment made by subsection (a) [amending this section] shall apply with respect to obligations issued after the date of the enactment of this Act [Oct. 24, 1968]."

Pub. L. 90-364, title I, §107(b)(1), June 28, 1968, 82 Stat. 268, provided that: "Except as provided by paragraph (2) [set out as a note below], the amendment made by subsection (a) [amending this section] shall apply to taxable years ending after April 30, 1968, but only with respect to obligations issued after such date."

TRANSFER OF FUNCTIONS

Functions of Commissioner of Education transferred to Secretary of Education by section 3441(a)(1) of Title 20, Education.

COORDINATION OF CERTAIN AMENDMENTS MADE BY PUB. L. 97-424 AND PUB. L. 97-473

Pub. L. 98-369, div. A, title VII, §722(b), July 18, 1984, 98 Stat. 973, provided that: "For purposes of applying the amendments made by section 547 of the Highway Revenue Act of 1982 [Pub. L. 97-424, amending this section] and the amendment made by section 202(b)(2) of Public Law 97-473 [amending this section], Public Law 97-473 shall be deemed to have been enacted immediately before the Highway Revenue Act of 1982."

VALIDATION OF SINKING FUND REGULATIONS

Pub. L. 100-647, title I, §1013(a)(35), Nov. 10, 1988, 102 Stat. 3544, provided that:

"(A) Treasury Regulation section 1.103-13(g) (1979) is hereby enacted into positive law.

"(B)(i) Except as provided in clause (ii), subparagraph (A) shall apply to obligations sold after May 2, 1978, and to which such regulation was provided to apply.

"(ii) Treasury Regulation section 1.103-13(g) (1979) as enacted into positive law by subparagraph (A) shall cease to apply to the extent hereafter modified by the Secretary of the Treasury or his delegate by regulations."

BONDS ISSUED TO REFUND SUBSECTION (o)(3) OBLIGATIONS

Pub. L. 100-647, title I, §1013(c)(15), Nov. 10, 1988, 102 Stat. 3548, provided that: "A bond issued to refund an obligation described in section 103(o)(3) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986 [Oct. 22, 1986]) shall not be treated as described in section 144(b) of the 1986 Code unless it is described in section 144(b)(1)(A) of the 1986 Code."

PLAN AMENDMENTS NOT REQUIRED UNTIL
JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§1101-1147 and 1171-1177] or title XVIII [§§1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

TREATMENT OF CERTAIN GUARANTEES BY FARMERS
HOME ADMINISTRATION

Pub. L. 99-514, title XVIII, §1865(b), Oct. 22, 1986, 100 Stat. 2886, provided that: "An obligation shall not be treated as federally guaranteed for purposes of section 103(h) of the Internal Revenue Code of 1954 [now 1986] by reason of a guarantee by the Farmers Home Administration if—

- "(1) such guarantee is pursuant to a commitment made by the Farmers Home Administration before July 1, 1984, and
- "(2) such obligation is issued to finance a convention center project in Carbondale, Illinois."

TREATMENT OF CERTAIN OBLIGATIONS USED TO
FINANCE SOLID WASTE DISPOSAL FACILITY

Pub. L. 99-514, title XVIII, §1865(c), Oct. 22, 1986, 100 Stat. 2886, provided that:

"(1) IN GENERAL.—Any obligation which is part of an issue a substantial portion of the proceeds of which is to be used to finance a solid waste disposal facility described in paragraph (2) shall not, for purposes of section 103(h) of the Internal Revenue Code of 1954 [now 1986], be treated as an obligation which is federally guaranteed by reason of the sale of fuel, steam, electricity, or other forms of usable energy to the Federal Government or any agency or instrumentality thereof.

"(2) SOLID WASTE DISPOSAL FACILITY.—A solid waste disposal facility is described in this paragraph if such facility is described in section 103(b)(4)(E) of such Code and—

"(A) if—

"(i) a public State authority created pursuant to State legislation which took effect on July 1, 1980, took formal action before October 19, 1983, to commit development funds for such facility,

"(ii) such authority issues obligations for such facility before January 1, 1988, and

"(iii) expenditures have been made for the development of such facility before October 19, 1983,

"(B) if—

"(i) such facility is operated by the South Eastern Public Service Authority of Virginia, and

"(ii) on December 20, 1984, the Internal Revenue Service issued a ruling concluding that a portion of the obligations with respect to such facility would not be treated as federally guaranteed under section 103(h) of such Code by reason of the transitional rule contained in section 631(c)(3)(A)(i) of the Tax Reform Act of 1984 [section 631(c)(3)(A)(i) of Pub. L. 98-369, set out as a note above],

"(C) if—

"(i) a political subdivision of a State took formal action on April 1, 1980, to commit development funds for such facility,

"(ii) such facility has a contract to sell steam to a naval base,

"(iii) such political subdivision issues obligations for such facility before January 1, 1988, and

"(iv) expenditures have been made for the development of such facility before October 19, 1983, or

"(D) if—

"(i) such facility is a thermal transfer facility,

"(ii) is to be built and operated by the Elk Regional Resource Authority, and

"(iii) is to be on land leased from the United States Air Force at Arnold Engineering Development Center near Tullahoma, Tennessee.

"(3) LIMITATIONS.—

"(A) In the case of a solid waste disposal facility described in paragraph (2)(A), the aggregate face amount of obligations to which paragraph (1) applies shall not exceed \$65,000,000.

"(B) In the case of a solid waste disposal facility described in paragraph (2)(B), the aggregate face amount of obligations to which paragraph (1) applies shall not exceed \$20,000,000. Such amount shall be in addition to the amount permitted under the Internal Revenue Service ruling referred to in paragraph (2)(B)(ii).

"(C) In the case of a solid waste disposal facility described in paragraph (2)(C), the aggregate face amount of obligations to which paragraph (1) applies shall not exceed \$75,000,000.

"(D) In the case of a solid waste disposal facility described in paragraph (2)(D), the aggregate face amount of obligations to which paragraph (1) applies shall not exceed \$25,000,000."

TRANSITIONAL RULE FOR LIMIT ON SMALL ISSUE
EXCEPTION

Pub. L. 99-514, title XVIII, §1866, Oct. 22, 1986, 100 Stat. 2887, as amended by Pub. L. 100-647, title I, §1018(m)(1)-(4), Nov. 10, 1988, 102 Stat. 3584, provided that: "The amendment made by section 623 of the Tax Reform Act of 1984 [section 623 of Pub. L. 98-369, amending this section] shall not apply to any obligation (or series of obligations) issued to refund another tax-exempt IDB to which the amendment made by such section 623 did not apply if—

"(1) the average maturity of the issue of which the refunding obligation is a part does not exceed the average maturity of the obligations to be refunded by such issue,

"(2) the amount of the refunding obligation does not exceed the amount of the refunded obligation, and

"(3) the proceeds of the refunding obligation are used to redeem the refunded obligation not later than 90 days after the date of the issuance of the refunding obligation.

For purposes of the preceding sentence, the term 'tax-exempt IDB' means any industrial development bond (as defined in section 103(b) of the Internal Revenue Code of 1954 [now 1986]) the interest on which is exempt from tax under section 103(a) of such Code. For purposes of paragraph (1), average maturity shall be determined in accordance with subsection (b)(14)(B)(i) of such Code."

[Pub. L. 100-647, title I, §1018(m)(5), Nov. 10, 1988, 102 Stat. 3584, provided that: "A refunding obligation issued before July 1, 1987, shall be treated as meeting the requirement of paragraph (1) of section 1866 of the Reform Act [Pub. L. 99-514, set out above] if such obligation met the requirement of such paragraph as enacted by the Reform Act [Pub. L. 99-514]."]

EXCEPTION FROM 1984 AMENDMENT FOR DOWNTOWN
MUSKOGEE REVITALIZATION PROJECT

Pub. L. 99-514, title XVIII, §1867(b), Oct. 22, 1986, 100 Stat. 2888, provided that: "The amendment made by section 624 of the Tax Reform Act of 1984 [amending sections 103 and 103A of this title and enacting provisions set out as a note under this section] shall not apply to obligations issued with respect to the Downtown Muskogee Revitalization Project for which a UDAG grant was preliminarily approved on May 5, 1981, if—

"(1) such obligation is issued before January 1, 1986, or

"(2) such obligation is issued after such date to provide additional financing for such project except that the aggregate amount of obligations to which this subsection applies shall not exceed \$10,000,000."

TRANSITIONAL RULES

Pub. L. 99-514, title XVIII, §1869(c)(1)-(4), Oct. 22, 1986, 100 Stat. 2889, as amended by Pub. L. 100-647, title I, §1018(n), Nov. 10, 1988, 102 Stat. 3584, provided that:

“(1) TREATMENT OF CERTAIN OBLIGATIONS ISSUED BY THE CITY OF BALTIMORE.—Obligations issued by the city of Baltimore, Maryland, after June 30, 1985, shall not be treated as private loan bonds for purposes of section 103(o) of the Internal Revenue Code of 1954 [now 1986] (or as private activity bonds for purposes of section 103 and part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986, as amended by title XIII of this Act [sections 1301 to 1318 of Pub. L. 99-514]) by reason of the use of a portion of the proceeds of such obligations to finance or refinance temporary advances made by the city of Baltimore in connection with loans to persons who are not exempt persons (within the meaning of section 103(b)(3) of such Code) if—

“(A) such obligations are not industrial development bonds (within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954 [now 1986]),

“(B) the portion of the proceeds of such obligations so used is attributable to debt approved by voter referendum on or before November 2, 1982,

“(C) the loans to such nonexempt persons were approved by the Board of Estimates of the city of Baltimore on or before October 19, 1983, and

“(D) the aggregate amount of such temporary advances financed or refinanced by such obligations does not exceed \$27,000,000.

“(2) WHITE PINE POWER PROJECT.—The amendment made by section 626(a) of the Tax Reform Act of 1984 [section 626(a) of Pub. L. 98-369, amending this section] shall not apply to any obligation issued during 1984 to provide financing for the White Pine Power Project in Nevada.

“(3) TAX INCREMENT BONDS.—The amendment made by section 626(a) of the Tax Reform Act of 1984 shall not apply to any tax increment financing obligation issued before August 16, 1986, if—

“(A) substantially all of the proceeds of the issue are to be used to finance—

“(i) sewer, street, lighting, or other governmental improvements to real property,

“(ii) the acquisition of any interest in real property (by a governmental unit having the power to exercise eminent domain), the preparation of such property for new use, or the transfer of such interest to a private developer, or

“(iii) payments of reasonable relocation costs of prior users of such real property,

“(B) all of the activities described in subparagraph (A) are pursuant to a redevelopment plan adopted by the issuing authority before the issuance of such issue,

“(C) repayment of such issue is secured exclusively by pledges of that portion of any increase in real property tax revenues (or their equivalent) attributable to the redevelopment resulting from the issue (or similar issues), and

“(D) none of the property described in subparagraph (A) is subject to a real property or other tax based on a rate or valuation method which differs from the rate and valuation method applicable to any other similar property located within the jurisdiction of the issuing authority.

“(4) EASTERN MAINE ELECTRIC COOPERATIVE.—The amendment made by section 626(a) of the Tax Reform Act of 1984 shall not apply to obligations issued by Massachusetts Municipal Wholesale Electric Company Project No. 6 if—

“(A) such obligation is issued before January 1, 1986,

“(B) such obligation is issued after such date to refund a prior obligation for such project, except that the aggregate amount of obligations to which this subparagraph applies shall not exceed \$100,000,000, or

“(C) such obligation is issued after such date to provide additional financing for such project except that the aggregate amount of obligations to which this subparagraph applies shall not exceed \$45,000,000. Subparagraph (B) shall not apply to any obligation issued for the advance refunding of any obligation.”

TREATMENT OF OBLIGATIONS TO FINANCE ST. JOHNS RIVER POWER PARK

Pub. L. 99-514, title XVIII, §1869(c)(6), Oct. 22, 1986, 100 Stat. 2890, provided that:

“(A) IN GENERAL.—The amendment made by section 626(a) of the Tax Reform Act of 1984 [section 626(a) of Pub. L. 98-369, amending this section] shall not apply to any obligation issued to finance the project described in subparagraph (B) if—

“(i) such obligation is issued before September 27, 1985,

“(ii) such obligation is issued after such date to refund a prior tax exemption obligation for such project, the amount of such obligation does not exceed the outstanding amount of the refunded obligation, and such prior tax exempt obligation is retired not later than the date 30 days after the issuance of the refunding obligation, or

“(iii) such obligation is issued after such date to provide additional financing for such project except that the aggregate amount of obligations to which this clause applies shall not exceed \$150,000,000.

Clause (ii) shall not apply to any obligation issued for the advance refunding of any obligation.

“(B) DESCRIPTION OF PROJECT.—The project described in this subparagraph in the St. Johns River Power Park system in Florida which was authorized by legislation enacted by the Florida Legislature in February of 1982.”

CERTAIN PUBLIC UTILITIES TREATED AS EXEMPTED PERSONS UNDER SECTION 103(b); SPECIAL RULES FOR CERTAIN RAILROADS

Pub. L. 98-369, div. A, title VI, §629, July 18, 1984, 98 Stat. 932, as amended by Pub. L. 99-514, §2, title XIII, §1316(g)(8)(B), Oct. 22, 1986, 100 Stat. 2095, 2670, provided that:

“(a) CERTAIN PUBLIC UTILITIES.—For purposes of applying section 103(b)(3) of the Internal Revenue Code [of 1986] with respect to—

“(1) any obligations issued after the date of enactment of this Act [July 18, 1984], and

“(2) any obligations issued after December 31, 1969, which were treated as obligations described in section 103(a) of such Code on the day on which such obligations were issued,

the term ‘exempt person’ shall include a regulated public utility having any customer service area within a State served by a public power authority which was required as a condition of a Federal Power Commission license specified by an Act of Congress enacted prior to the enactment of section 107 of the Revenue and Expenditure Control Act of 1968 (Public Law 90-364) [June 28, 1968] to contract to sell power to one such utility and which is authorized by State law to sell power to other such utilities, but only with respect to the purchase by any such utility and resale to its customers of any output of any electrical generation facility or any portion thereof or any use of any electrical transmission facility or any portion thereof financed by such power authority and owned by it or by such State, and provided that by agreement between such power authority and any such utility there shall be no markup in the resale price charged by such utility of that component of the resale price which represents the price paid by such utility for such output or use. 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.

“(b) CERTAIN RAILROADS.—Section 103(b)(1) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] shall not apply to any obligation which is described in section 103(b)(6)(A) of such Code if—

“(1) substantially all of the proceeds of such obligation are used to acquire railroad track and right-of-way from a railroad involved in a title 11 or similar proceeding (within the meaning of section 368(a)(3)(A) of such Code), and

“(2) the Federal Railroad Administration provides joint financing for such acquisitions.

“(c) SPECIAL RULES FOR SUBSECTION (a).—

“(1) OBLIGATIONS SUBJECT TO CAP.—Any obligation described in subsection (a) shall be treated as a private activity bond for purposes of section 103(n) of the Internal Revenue Code of 1986.

“(2) LIMITATION ON AMOUNT OF OBLIGATIONS TO WHICH SUBSECTION (a)(1) APPLIES.—The aggregate amount of obligations to which subsection (a)(1) applies shall not exceed \$911,000,000.

“(3) LIMITATION ON PURPOSES.—Subsection (a)(1) shall only apply to obligations issued as part of an issue substantially all the proceeds of which are used to provide 1 or more of the following:

“(A) Cable facilities.

“(B) Small hydroelectric facilities.

“(C) The acquisition of an interest in an electrical generating facility.

“(D) Improvements to existing generating facilities.

“(E) Transmission lines.

“(F) Electric generating facilities.”

TREATMENT OF CERTAIN RESIDENTIAL REAL PROPERTY AS RESIDENTIAL RENTAL PROPERTY

Treatment of Pub. L. 98-369, §631(d)(3), residential real property as residential rental property, see section 1809(a)(4)(C) of Pub. L. 99-514, set out as a note under section 168 of this title.

PUBLIC APPROVAL REQUIREMENT IN THE CASE OF PUBLIC AIRPORT

Pub. L. 98-369, div. A, title VI, §628(f), July 18, 1984, 98 Stat. 932, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “If—

“(1) the proceeds of any issue are to be used to finance a facility or facilities located on a public airport, and

“(2) the governmental unit issuing such obligations is the owner or operator of such airport, such governmental unit shall be deemed to be the only governmental unit having jurisdiction over such airport for purposes of subsection (k) of section 103 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (relating to public approval for industrial development bonds).”

SMALL ISSUE LIMIT IN CASE OF CERTAIN URBAN DEVELOPMENT ACTION GRANTS

Pub. L. 98-369, div. A, title VI, §628(h), July 18, 1984, 98 Stat. 932, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “In the case of any obligation issued on December 11, 1981, section 103(b)(6)(I) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] shall be applied by substituting ‘\$15,000,000’ for ‘\$10,000,000’ if—

“(1) such obligation is part of an issue,

“(2) substantially all of the proceeds of such issue are used to provide facilities with respect to which an urban development action grant under section 119 of the Housing and Community Development Act of 1974 [42 U.S.C. 5318] was preliminarily approved by the Secretary of Housing and Urban Development on January 10, 1980, and

“(3) the Secretary of Housing and Urban Development determines, at the time such grant is approved, that the amount of such grant will equal or exceed 5 percent of the total capital expenditures incurred with respect to such facilities.”

STUDENT LOAN BONDS

Pub. L. 98-369, div. A, title VI, §625, July 18, 1984, 98 Stat. 924, as amended by Pub. L. 99-514, §2, title XVIII, §1868, Oct. 22, 1986, 100 Stat. 2095, 2888, provided that:

“(a) ARBITRAGE REGULATIONS.—

“(1) IN GENERAL.—The Secretary shall prescribe regulations which specify the circumstances under which a qualified student loan bond shall be treated

as an arbitrage bond for purposes of section 103 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954]. Such regulations may provide that—

“(A) paragraphs (4) and (5) of section 103(c) of such Code shall not apply, and

“(B) rules similar to section 103(c)(6) shall apply, to qualified student loan bonds.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) QUALIFIED STUDENT LOAN BOND.—The term ‘qualified student loan bond’ has the meaning given to such term by section 103(o)(3) of the Internal Revenue Code of 1986 (as amended by this Act).

“(B) ARBITRAGE BOND.—The term ‘arbitrage bond’ has the meaning given to such term by section 103(c)(2).

“(3) EFFECTIVE DATE.—

“(A) IN GENERAL.—Except as otherwise provided in this paragraph, any regulations prescribed by the Secretary under paragraph (1) shall apply to obligations issued after the qualified date.

“(B) QUALIFIED DATE.—

“(i) IN GENERAL.—For purposes of this paragraph, the term ‘qualified date’ means the earlier of—

“(I) the date on which the Higher Education Act of 1965 [20 U.S.C. 1001 et seq.] expires, or

“(II) the date, after the date of enactment of this Act [July 18, 1984], on which the Higher Education Act of 1965 is reauthorized.

“(ii) PUBLICATION OF REGULATIONS.—Notwithstanding clause (i), the qualified date shall not be a date which is prior to the date that is 6 months after the date on which the regulations prescribed under paragraph (1) are published in the Federal Register.

“(C) REFUNDING OBLIGATIONS.—Regulations prescribed by the Secretary under paragraph (1) shall not apply to any obligation (or series of refunding obligations) issued exclusively to refund any qualified student loan bond which was issued before the qualified date, except that the requirements of subparagraphs (A) and (B) of section 626(b)(4) of this Act [set out in Effective Date of 1984 Amendment note above] must be met with respect to such refunding.

“(D) FULFILLMENT OF COMMITMENTS.—Regulations prescribed by the Secretary under paragraph (1) shall not apply to any obligations which are needed to fulfill written commitments to acquire or finance student loans which are originated after June 30, 1984, and before the qualified date, but only if—

“(i) such commitments are binding on the qualified date, and

“(ii) the amount of such commitments is consistent with practices of the issuer which were in effect on March 15, 1984, with respect to establishing secondary markets for student loans.

“(b) ARBITRAGE LIMITATION ON STUDENT LOAN BONDS WHICH ARE NOT QUALIFIED STUDENT LOAN BONDS.—Under regulations prescribed by the Secretary of the Treasury or his delegate, any student loan bond (other than a qualified student loan bond) issued after December 31, 1985, shall be treated as an obligation not described in subsection (a)(1) or (2) of section 103 of the Internal Revenue Code of 1986 unless the issue of which such obligation is a part meets requirements similar to those of sections 103(c)(6) and 103A(i) of such Code.

“(c) ISSUANCE OF STUDENT LOAN BONDS WHICH ARE NOT TAX-EXEMPT.—Any issuer who may issue obligations described in section 103(a) of the Internal Revenue Code of 1986 may elect to issue student loan bonds which are not described in such section 103(a) of such Code without prejudice to—

“(1) the status of any other obligations issued, or to be issued, by such issuer as obligations described in section 103(a) of such Code, or

“(2) the status of the issuer as an organization exempt from taxation under such Code.

“(d) FEDERAL EXECUTIVE BRANCH JURISDICTION OVER TAX-EXEMPT STATUS.—For purposes of Federal law, any

determination by the executive branch of the Federal Government of whether interest on any obligation is exempt from taxation under the Internal Revenue Code of 1986 shall be exclusively within the jurisdiction of the Department of the Treasury.

“(e) STUDY ON TAX-EXEMPT STUDENT LOAN BONDS.—

“(1) IN GENERAL.—The Comptroller General of the United States and the Director of the Congressional Budget Office, shall conduct studies of—

“(A) the appropriate role of tax-exempt bonds which are issued in connection with the guaranteed student loan program and the PLUS program established under the Higher Education Act of 1965 [20 U.S.C. 1001 et seq.], and

“(B) the appropriate arbitrage rules for such bonds.

“(2) REPORT.—The Comptroller General of the United States and the Director of the Congressional Budget Office, shall submit to the Committee on Finance and the Committee on Labor and Human Resources [now Committee on Health, Education, Labor, and Pensions] of the Senate and the Committee on Ways and Means and the Committee on Education and Labor of the House of Representatives reports on the studies conducted under paragraph (1) by no later than 9 months after the date of enactment of this Act [July 18, 1984].”

OBLIGATIONS ISSUED TO PROVIDE SOLID WASTE-ENERGY PRODUCING FACILITIES

Pub. L. 96-223, title II, §241(b), Apr. 2, 1980, 94 Stat. 282, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) GENERAL RULE.—For purposes of section 103 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], any obligation issued by an authority for 2 or more political subdivisions of a State which is part of an issue substantially all of the proceeds of which are to be used to provide solid waste-energy producing facilities shall be treated as an obligation of a political subdivision of a State which meets the requirements of section 103(b)(4)(E) of such Code (relating to solid waste disposal, etc., facilities). Nothing in the preceding sentence shall be construed to override the limitations of section 103(c) of such Code (relating to arbitrage bonds).

“(2) SOLID WASTE-ENERGY PRODUCING FACILITIES.—For purposes of paragraph (1), the term ‘solid waste-energy producing facilities’ means any solid waste disposal facility and any facility for the production of steam and electrical energy if—

“(A) substantially all of the fuel for the facility producing steam and electrical energy is derived from solid waste from such solid waste disposal facility,

“(B) both such solid waste disposal facility and the facility producing steam and electrical energy are owned and operated by the authority referred to in paragraph (1), and

“(C) all of the electrical energy and steam produced by the facility for producing steam and electricity which is not used by such facility is sold, for purposes other than resale, to an agency or instrumentality of the United States.

“(3) SOLID WASTE DISPOSAL FACILITY.—For purposes of paragraph (2), the term ‘solid waste disposal facility’ means any solid waste disposal facility within the meaning of section 103(b)(4)(E) of the Internal Revenue Code of 1986 (determined without regard to section 103(g) of such Code).

“(4) OBLIGATIONS MUST BE IN REGISTERED FORM.—This subsection shall not apply to any obligation which is not issued in registered form.”

ALCOHOL-PRODUCING FACILITIES

Pub. L. 96-223, title II, §241(c), Apr. 2, 1980, 94 Stat. 282, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) IN GENERAL.—Subparagraph (C) of section 103(g)(3) of the Internal Revenue Code of 1986 [formerly

I.R.C. 1954] (as added by subsection (a)) shall not apply to any facility for the production of alcohol from solid waste if—

“(A) substantially all of the solid waste derived feedstock for such facility is produced at a facility which—

“(i) went into full production in 1977,

“(ii) is located within the limits of a city, and

“(iii) is located in the same metropolitan area as the alcohol-producing facility, and

“(B) before March 1, 1980, there were negotiations between a governmental body and an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 with respect to the utilization of a special process for the production of alcohol at such alcohol-producing facility.

“(2) LIMITATION.—The aggregate amount of obligations which may be issued by reason of paragraph (1) with respect to any project shall not exceed \$30,000,000.

“(3) TERMINATION.—This subsection shall not apply to obligations issued after December 31, 1985.”

HYDROELECTRIC GENERATING FACILITIES

Pub. L. 96-223, title II, §242(b), Apr. 2, 1980, 94 Stat. 284, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) IN GENERAL.—For purposes of section 103(b)(4)(H) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (relating to qualified hydroelectric generating facilities), in the case of a hydroelectric generating facility described in paragraph (2)—

“(A) the facility shall be treated as a qualified hydroelectric generating facility (as defined in section 103(b)(8)(A) of such Code) without regard to clause (ii) of section 48(l)(13)(B) of such Code (relating to maximum generating capacity), and

“(B) the fraction referred to in subparagraph (C) of section 103(b)(8) of such Code shall be deemed to be 1.

“(2) FACILITIES TO WHICH PARAGRAPH (1) APPLIES.—A facility is described in this paragraph if—

“(A) it would be a qualified hydroelectric generating facility (as defined in section 103(b)(8)(A) of such Code) if clause (ii) of section 48(l)(13)(B) did not apply,

“(B) it constitutes an expansion of generating capacity at an existing hydroelectric generating facility,

“(C) such facility is located at 1 of 2 dams located in the same county where—

“(i) the rated capacity of the hydroelectric generating facilities at each such dam on October 18, 1979, was more than 750 megawatts,

“(ii) the construction of the first such dam began in 1956, power at such first dam was first generated in 1959, and full power production at such first dam began in 1961, and

“(iii) the construction of the second such dam began in 1959, power at such second dam was first generated in 1963, and full power production at such second dam began in 1964,

“(D) acquisition or construction of the existing facility referred to in subparagraph (B) was financed with the proceeds of an obligation described in section 103(a)(1) of such Code,

“(E) the existing facility is owned and operated by a State, political subdivision of a State, or agency or instrumentality of any of the foregoing,

“(F) no more than 60 percent of the electric power and energy produced by such existing facility and of the qualified hydroelectric generating facility is to be sold to anyone other than an exempt person (within the meaning of section 103(b)(3) of such Code), and

“(G) the agency of the State in which the facility is located which has jurisdiction over water rights had granted, before October 18, 1979, a water right under which expanded power and energy generating capacity for the facility was contemplated.”

STATE OBLIGATIONS FOR RENEWABLE ENERGY
PROPERTY

Pub. L. 96-223, title II, §243, Apr. 2, 1980, 94 Stat. 285, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(a) CERTAIN STATE OBLIGATIONS FOR RENEWABLE ENERGY PROPERTY.—

“(1) IN GENERAL.—Paragraph (1) of subsection (b) of section 103 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] shall not apply to any obligation issued as part of an issue substantially all of the proceeds of which are to be used to provide renewable energy property, if—

“(A) the obligations are general obligations of a State,

“(B) the authority for the issuance of the obligations requires that taxes be levied in sufficient amount to provide for the payment of principal and interest on such obligations,

“(C) the amount of such obligations, when added to the sum of the amounts of all such obligations previously issued by the State which are outstanding, does not exceed the smaller of—

“(i) \$500,000,000 or

“(ii) one-half of 1 percent of the value of all property in the State,

“(D) such obligations are issued pursuant to a program to provide financing for small scale energy projects which was established by a State the legislature of which, before October 18, 1979, approved a constitutional amendment to provide for such a program, and

“(E) such obligations meet the requirements of paragraph (1) of section 103(h) of the Internal Revenue Code of 1986.

“(2) RENEWABLE ENERGY PROPERTY.—For purposes of this subsection, the term ‘renewable energy property’ means property used to produce energy (including heat, electricity, and substitute fuels) from renewable energy sources (including wind, solar, and geothermal energy, waste heat, biomass, and water).

“(b) EFFECTIVE DATE.—Subsection (a) shall apply with respect to obligations issued after the date of enactment of this Act [Apr. 2, 1980].”

DISPOSITION OF AMOUNTS GENERATED BY ADVANCE
REFUNDING OF CERTAIN GOVERNMENTAL OBLIGATIONS

Pub. L. 95-600, title III, §337, Nov. 6, 1978, 92 Stat. 2842, as amended by Pub. L. 96-222, title I, §103(a)(8), Apr. 1, 1980, 94 Stat. 212; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(a) GENERAL RULE.—The payment to a charitable organization of a refund profit held in a trust fund or escrow arrangement, or held by an underwriter or other person under a qualified agreement in accordance with that agreement—

“(1) shall not cause the refunding obligations out of which the refund profit arose to be treated as arbitrage bonds (within the meaning of section 103(c) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954]) and

“(2) may be paid without penalty imposed on the issuer of such obligations.

“(b) RULE FOR GOVERNMENTS WHICH HAVE ALREADY PAID ARBITRAGE PROFITS TO THE UNITED STATES.—In the case of a State or local government which, before January 1, 1977—

“(1) requested in writing a rule by the Internal Revenue Service with respect to the tax consequences of paying refund profit to charitable organizations,

“(2) failed to receive a favorable ruling and did not pay the refund profit to a charitable organization, and

which accounted to the United States for refund profit by direct payment to the United States, or by the purchase of low-interest United States obligations, the Secretary of the Treasury shall pay, out of any amounts in the Treasury not otherwise appropriated, an amount equal to the refund profit for which the

State or local government has accounted to the United States. Amounts paid to a State or local government under this subsection shall be distributed to such charitable organizations within 90 days after the date on which the payment is received by the State or local government in the same manner as if the refund profit had not been paid to the United States and met the requirements of subsection (a).

“(c) DEFINITIONS.—For purposes of this section—

“(1) REFUND PROFIT.—The term ‘Refund profit’ means interest, profit, or other amounts generated by, or arising out of, the advance refunding, before September 24, 1976, of an obligation of a State or local government described in section 103 of such Code.

“(2) CHARITABLE ORGANIZATION.—The term ‘charitable organization’ means an organization described in section 501(c)(3) of such Code and exempt from taxation under section 501(a) of such Code other than an organization described in section 509(a) of such Code.

“(3) QUALIFIED AGREEMENT.—The term ‘qualified agreement’ means an agreement (whether or not enforceable) which provides for, or contemplates, the payment of refund profit to one or more charitable organizations.

“(4) LOW-INTEREST UNITED STATES OBLIGATIONS.—The term ‘low-interest United States obligations’ means United States obligations which bear an interest rate lower than the highest rate of interest borne by public debt securities generally available for purchase at the time such obligations were purchased.”

TRANSITIONAL PROVISIONS FOR INDUSTRIAL
DEVELOPMENT BONDS ISSUED BEFORE JANUARY 1, 1969

Pub. L. 90-364, title I, §107(b)(2), June 28, 1968, 82 Stat. 268, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “Section 103(c)(1) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], as amended by subsection (a) [subsec. (b)(1), formerly subsec. (c)(1) of this section], shall not apply with respect to any obligation issued before January 1, 1969, if before May 1, 1968—

“(A) the issuance of the obligation (or the project in connection with which the proceeds of the obligations are to be used) was authorized or approved by the governing body of the governmental unit issuing the obligation or by the voters of such governmental unit;

“(B) in connection with the issuance of such obligation or with the use of the proceeds to be derived from the sale of such obligation or the property to be acquired or improved with such proceeds, a governmental unit has made a significant financial commitment;

“(C) any person (other than a governmental unit) who will use the proceeds to be derived from the sale of such obligation or the property to be acquired or improved with such proceeds has expended (or has entered into a binding contract to expend) for purposes which are related to the use of such proceeds or property, an amount equal to or in excess of 20 percent of such proceeds; or

“(D) in the case of an obligation issued in conjunction with a project where financial assistance will be provided by a governmental agency concerned with economic development, such agency has approved the project or an application for financial assistance is pending.”

**[§ 103A. Repealed. Pub. L. 99-514, title XIII,
§ 1301(j)(1), Oct. 22, 1986, 100 Stat. 2657]**

Section, added Pub. L. 96-499, title XI, §1102(a), Dec. 5, 1980, 94 Stat. 2660; amended Pub. L. 96-595, §5(a), (b), Dec. 24, 1980, 94 Stat. 3467; Pub. L. 97-248, title II, §220(a)-(e), title III, §310(c)(3), (4), Sept. 3, 1982, 96 Stat. 475, 476, 599; Pub. L. 98-369, div. A, title I, §42(a)(2), title VI, §§611(a)-(c), 612(b), 624(b)(1), July 18, 1984, 98 Stat. 556, 901-903, 911, 924; Pub. L. 99-514, title XVIII, §1861, Oct. 22, 1986, 100 Stat. 2883, related to mortgage subsidy bonds. See section 143 of this title.