

Tax-Exempt Bonds, 2003-2004

by Cynthia Belmonte

State and local governmental units issued over \$872 billion of tax-exempt bonds during Calendar Years 2003 and 2004. In 2003, over 28,000 Governmental bonds were issued, which raised a total of \$354.0 billion of proceeds for public projects (such as schools, streets, and utilities). In addition, over 4,100 tax-exempt private activity bonds were issued, for a total \$94.0 billion in proceeds used to finance qualified private facilities (such as airports, docks and wharves, and solid waste disposal facilities), as well as to benefit Internal Revenue Code section 501(c)(3) organizations (such as hospitals and private universities). Approximately 26,000 Governmental bonds were issued in 2004, totaling \$330.4 billion. In the same year, over 3,600 tax-exempt private activity bonds were issued; despite this 12.9-percent decrease in the number of bonds issued over the last year, the total dollar volume of tax-exempt private activity bonds held at \$94.0 billion.

A bond is an interest-bearing security of indebtedness, i.e., an obligation by the issuer to repay a certain sum of money by a future date, with interest payable at a specified rate. State and local governments issue bonds to raise capital for essential public facilities, services, infrastructure, and general capital improvements. These bonds are classified as either “Governmental” or “private activity,” depending on whether the proceeds are used and secured by public or private entities and resources. For Federal income tax purposes, investors who purchase Governmental bonds and certain types of private activity bonds are allowed to exclude the bond interest from their gross incomes [1]. This tax exemption effectively lowers the borrowing cost of tax-exempt debt issuers, since bondholders are generally willing to accept an interest rate lower than that earned on comparable taxable bonds.

More than \$684 billion of tax-exempt Governmental bonds were issued during 2003 and 2004. The majority of this amount (over 80 percent) was for long-term bonds (i.e., having maturities of 13 months or more). New money issues--bonds whose proceeds are used to finance new capital projects--accounted for 56.6 percent of the \$552.1 billion of long-term tax-exempt Governmental bond proceeds

issued during this period, while refunding issues--bonds issued to retire outstanding debt--made up the difference (43.4 percent). More than half (54.7 percent) of the dollar volume of all long-term Governmental bonds issued during this period was used to finance projects related to education, utilities, and transportation.

Almost \$188 billion of tax-exempt private activity bonds were issued during 2003 and 2004. The majority of this amount, \$185.7 billion, was long-term and was split almost equally between new money issues and refunding issues. Qualified Section 501(c)(3) bonds, which include qualified hospital bonds and other qualified bonds issued to benefit entities exempt from income tax under Internal Revenue Code section 501(c)(3), accounted for 43.2 percent of the dollar amount of long-term private activity bonds issued in 2003 and 2004. Private activity bonds issued to provide housing assistance in the form of qualified residential rental projects and qualified mortgages accounted for another 28.7 percent.

The annual Budget of the United States Government includes estimates of revenue losses associated with various income tax exclusions, deductions, credits, and special tax rates. The exclusion from gross income of the interest earned on bonds issued by State and local governmental units represents foregone revenue to the U.S. Treasury. For Fiscal Year 2007, the U.S. Treasury Department estimate of this revenue loss was \$36.8 billion--\$29.6 billion of which was for tax-exempt Governmental bonds and another \$7.2 billion of which was for tax-exempt private activity bonds [2]. This article includes data on both tax-exempt Governmental and private activity bonds issued during 2003 and 2004, with particular emphasis on those bonds issued in 2004.

Background

Since the inception of the modern-day Federal income tax in 1913, interest received by holders of debt obligations (i.e., bonds) of States and their political subdivisions has been excludable from gross income for Federal income tax purposes [3]. This exclusion, set forth in section 103 of the Internal Revenue Code of 1986, only applies to Governmental bonds and “qualified bonds” (as defined by Internal Revenue Code section 141(e)). The exclu-

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sion is not allowed for arbitrage bonds and bonds not in registered form [4,5].

Both Governmental and private activity bonds are obligations issued by or on behalf of State and local governmental units; it is the use of proceeds that differentiates the two. Governmental bond proceeds finance essential government operations, facilities, and services that are for general public use. Private activity bond proceeds are used by a private entity. Internal Revenue Code section 141 defines a bond as a private activity bond if both of the following criteria are met: 1) more than 10 percent of the bond proceeds are used for a private business purpose; and 2) more than 10 percent of the bond debt service is derived from private business use and is secured by privately used property. A private activity bond's tax-exempt status then depends on whether it is deemed a qualified bond.

Qualified bonds, termed tax-exempt private activity bonds in this article, include "exempt facility bonds," qualified mortgage bonds, qualified veterans' mortgage bonds, qualified small issue bonds, qualified student loan bonds, qualified redevelopment bonds, and qualified section 501(c)(3) bonds (all of which are defined in the "Explanation of Terms" section at the end of this article). Several types of exempt facilities include airports; docks and wharves; sewage facilities; solid waste disposal facilities; qualified residential rental projects; and facilities for the local furnishing of electricity or gas. Qualified section 501(c)(3) bonds are issued by State and local governments to finance the activities of charitable and similar organizations that are tax-exempt under Code section 501(c)(3). The primary beneficiaries of these bonds are hospitals, universities, and organizations that provide low-income housing or assisted living facilities.

Bonds can be characterized as either new money issues or refunding issues. A new money issue refers to a bond issued to finance a new capital project. A refunding issue refers to any bond used to pay debt service on and retire an outstanding issue. Generally, this is done to reduce interest payments, extend the maturity of the debt, or ease certain restrictions in the original bond contract. Refunding issues are classified as either "current" or "advanced," depending on the time between the issuance of the new bonds and the maturity date (or specified call date) of the outstanding issue [6]. Current refunding occurs when

the new bond is issued within 90 days of the final payment of principal or interest (redemption) on the prior issue. Advance refunding occurs when the new bond is issued more than 90 days before the final payment of principal or interest (redemption) on the prior issue. Generally, for advance refundings, the proceeds of the new ("refunding") issue are invested in Government securities, which are placed in escrow, and the interest and principal repayments on these securities are then used to repay the refunded bonds over time.

Advanced refundings result in two sets of bond proceeds outstanding for one particular project, for an extended period of time. Not only is this an inefficient allocation of bond proceeds, but the increase in the total amount of outstanding tax-exempt debt represents additional foregone revenue to the U.S. Treasury. To limit this, there are restrictions on advance refundings of both Governmental and tax-exempt private activity bonds. Generally, tax-exempt Governmental bonds are limited to one advance refunding [7]. Advance refundings are prohibited with respect to most types of tax-exempt private activity bonds. Two exceptions to this rule are qualified section 501(c)(3) bonds and private activity bonds designated as "liberty advance refunding bonds," both of which are allowed one advance refunding [8].

Tax-exempt private activity bonds are subject to State volume limitations (i.e., volume caps). Most types of tax-exempt private activity bonds are subject to the unified volume cap, which limits the aggregate dollar amount of bonds that each State can issue annually. The unified State volume cap is adjusted annually for population growth, and, effective January 1, 2003, the volume cap was indexed for inflation [9]. Other tax-exempt private activity bonds are subject to separate volume limitations based on the types of projects being financed. Refunding bonds are not subject to volume cap limitations, as long as there is no increase in the principal amount of the outstanding bond. States are allowed to carry over any unused portion of the volume cap of a particular year for up to 3 years.

Tax-Exempt Governmental Bonds

Total Governmental Bond Volume

Figure A tracks the year-to-year changes in the total dollar volume of tax-exempt Governmental bond

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issuances over the last 10 years. The total dollar volume of bonds issued annually more than doubled between 1995 and 2004, with the largest increases occurring between 2000 and 2002. Over \$1 trillion of tax-exempt Governmental bonds were issued from 2002 to 2004, compared to the \$1.3 trillion combined total for the 7 preceding years. For 2003, a total of \$354.0 billion of Governmental bonds was issued, which marked the highest observed volume since SOI began compiling tax-exempt bond data in 1995. Issuance volume then decreased 6.7 percent, to \$330.4 billion, in 2004. This article will primarily focus on tax-exempt bond issuances for 2003 and 2004.

The annual amount of new money issues of Governmental bonds was fairly constant between 2002 and 2004. For 2003, a total of \$216.5 billion of new money Governmental bonds was issued, an increase of 5.9 percent over the 2002 level. The dollar volume of new money issuances then decreased 3.8 percent, to \$208.2 billion, in 2004.

Refunding issues of Governmental bonds increased slightly in 2003 (from \$135.7 billion to \$137.5 billion) and decreased 11.1 percent in 2004 (to \$122.2 billion). Refundings tend to be more

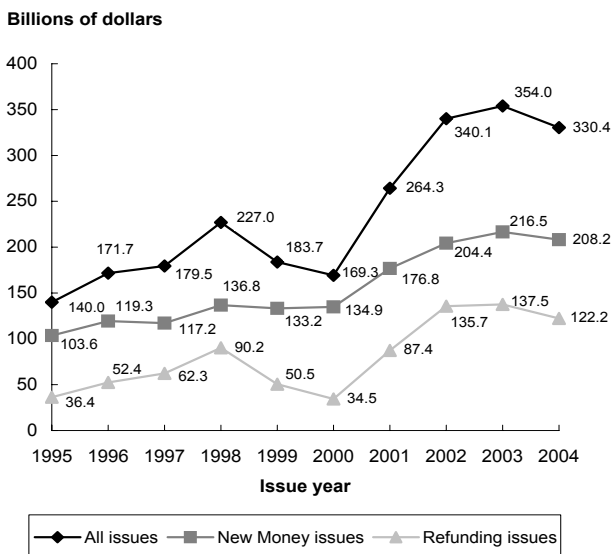
common when interest rates are falling, as borrowers seek to reduce interest payments over the life of the bond. Refunding issues remained at historically high levels for 2003 and 2004 (both in nominal dollars and as a percentage of all Governmental bond issues), and average interest rates remained at historically low levels. Average annual State and local bond interest rates fell slightly during this time, from 5.04 percent in 2002 to 4.75 percent in 2003 and 4.68 percent in 2004 (Figure A) [10].

Uses of Governmental Bond Proceeds

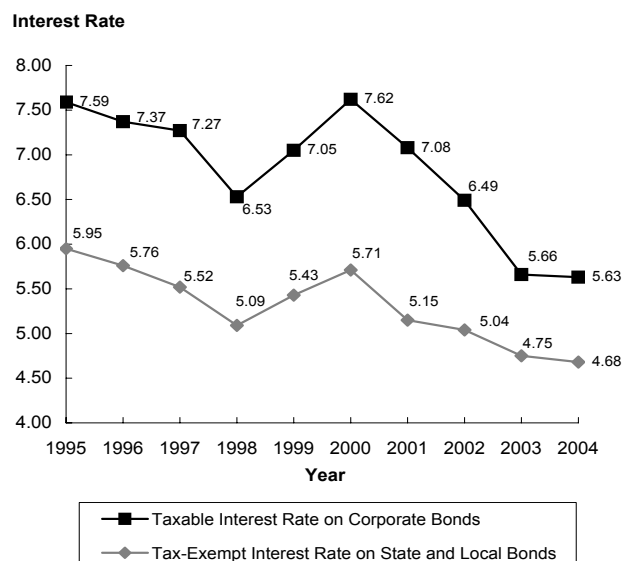
Bonds can be classified as either short-term or long-term, depending on the length of time between issuance and maturity. Bonds having maturities of less than 13 months are typically classified as short-term, while those having maturities of 13 months or more are classified as long-term. The dollar volume of long-term tax-exempt Governmental bond issues increased 2.5 percent between 2002 and 2003, from \$275.7 billion to \$282.6 billion, then decreased 4.6 percent, to \$269.5 billion, for 2004. The dollar volume of short-term tax-exempt Governmental bond issues increased 10.9 percent between 2002

Figure A

Volume of Governmental Bonds Issued, by Type and Issue Year, 1995-2004



Average Annual Interest Rate, 1995-2004 [1]



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and 2003, from \$64.4 billion to \$71.4 billion, then decreased 14.7 percent, to \$60.9 billion, for 2004.

Of the \$354.0 billion of tax-exempt Governmental bonds issued for 2003, about \$282.6 billion (79.8 percent) were long-term issues, while the remaining \$71.4 billion (20.2 percent) were short-term issues (Figure B). For 2004, short-term issues totaled \$60.9 billion, which comprised an even smaller share of the total dollar volume (18.4 percent).

Most short-term Governmental bonds are issued as revenue anticipation notes (RANs), tax anticipation notes (TANs), or bond anticipation notes (BANs). RANs and TANs generally mature within 1 year of issuance, at which time the proceeds are paid from intergovernmental revenue or specific tax receipts. BANs are often used to cover certain upfront costs associated with a long-term project for which a future bond will be issued. A BAN is later paid off from the proceeds of the sale of the future bond or of a renewal BAN. Combined, RANs, TANs, and BANs, comprised 89.5 percent of the \$71.4 billion of short-term tax-exempt Governmental bond proceeds for 2003, and 89.6 percent of the \$60.9 billion issued in 2004. Figure C presents the various purposes for which these short-term bonds were issued in 2003 and 2004.

Most of this article focuses on long-term issues, since they comprise the majority of the total dollar volume of tax-exempt bonds issued in 2003 and 2004. Table 2 shows the annual distribution of long-term Governmental bond proceeds, by purpose of bond issue. Together, bonds used for education, transportation, and utilities annually account for more than half of total long-term Governmental issuances. Education bonds alone comprised 29.1 percent of the total \$282.6 billion in long-term bonds issued for 2003 and 29.9 percent of the \$269.5 billion for 2004. Bonds issued for transportation projects accounted for 12.0 percent and 11.9 percent of the annual dollar volume of long-term Governmental bond issues for 2003 and 2004, respectively. Utility bonds accounted for 15.8 percent of long-term Governmental issues in 2003, before dropping to only 10.7 percent of the total in 2004. Also for 2004, there were \$18.7 billion in long-term Governmental bonds issued for environmental purposes accounting for 7.0 percent of the total. Environmental bonds include those issued for drainage, sanitation, and wastewater projects. Bonds issued for public safety (e.g., fire and police services) and health and hospital comprised, on average, 2.5 percent and 2.0 percent of annual long-term Governmental bond issues, respectively. Annually, a large share of bond issuances is reported as being used for “other purposes” (i.e., specific purpose(s) did not apply or were not separately allocated by the issuer). For 2003 and 2004, “other bond purposes” accounted for 30.0 percent and 35.4 percent of the dollar volume of long-term Governmental bonds, respectively.

For 2003, total new money proceeds exceeded refunding proceeds, accounting for 54.8 percent of the total \$282.6 billion of total long-term Governmental bond proceeds. Figure D illustrates the split between the new money and refunding proceeds of long-term Governmental bonds, by selected purpose. Refunding proceeds exceeded new money proceeds for three bond purposes--utilities, environment, and health and hospital--accounting for 61.6 percent, 56.5 percent, and 54.0 percent of the total amount of long-term bonds issued for each purpose, respectively. For 2004, total new money proceeds exceeded refunding proceeds, accounting for 58.5 percent of the total \$269.5 billion of long-term Governmental bond proceeds. Refunding proceeds issued for utility

Figure B

Tax-Exempt Governmental Bonds, by Term of Issue, 2003-2004

[Money amounts in billions of dollars]

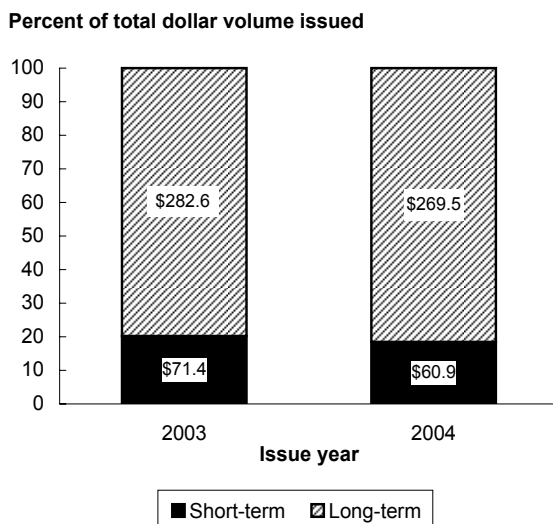


Figure C

Distribution of Proceeds from Short-Term Revenue Anticipation Notes, Tax Anticipation Notes, and Bond Anticipation Notes, by Purpose of Bond, 2003-2004

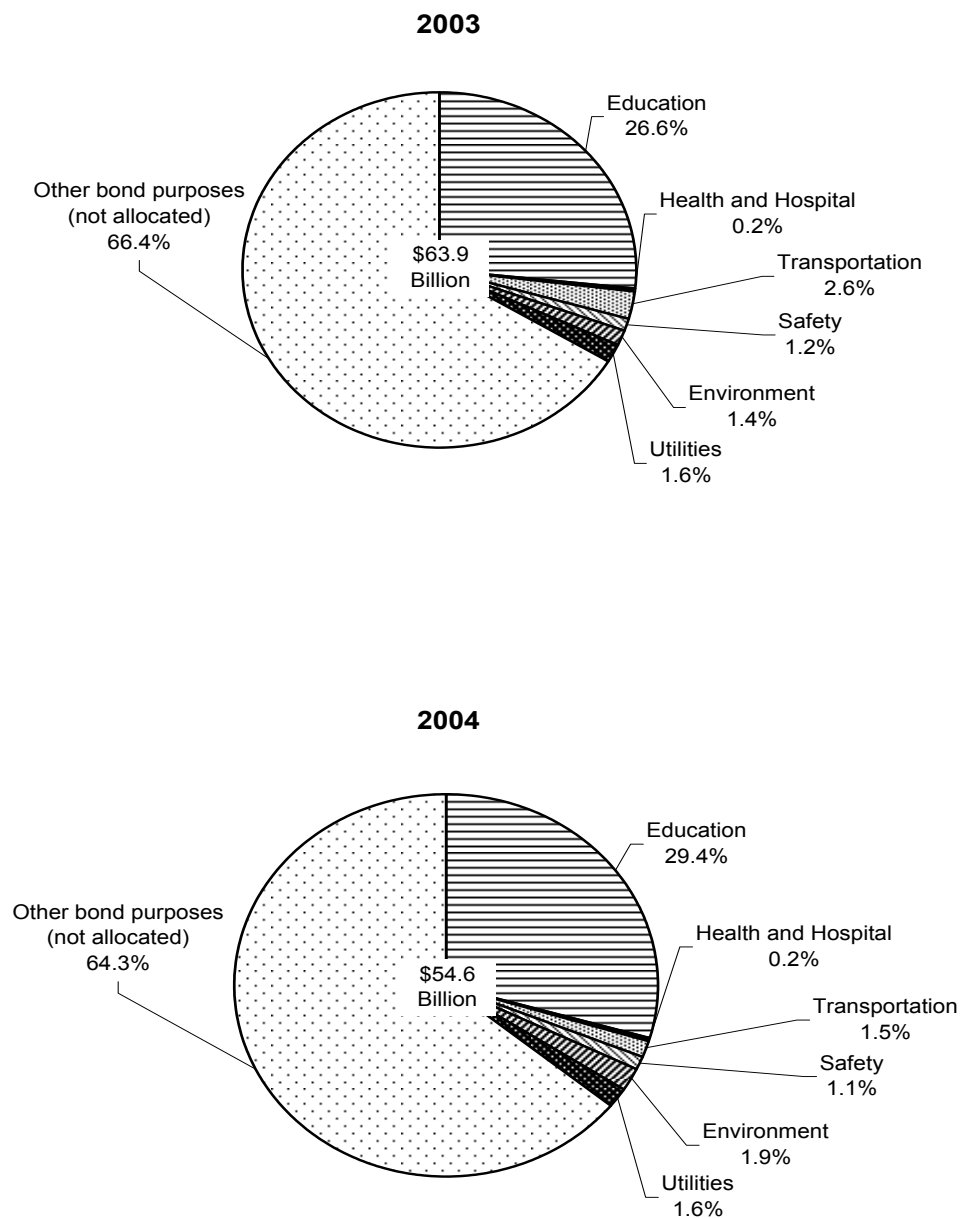
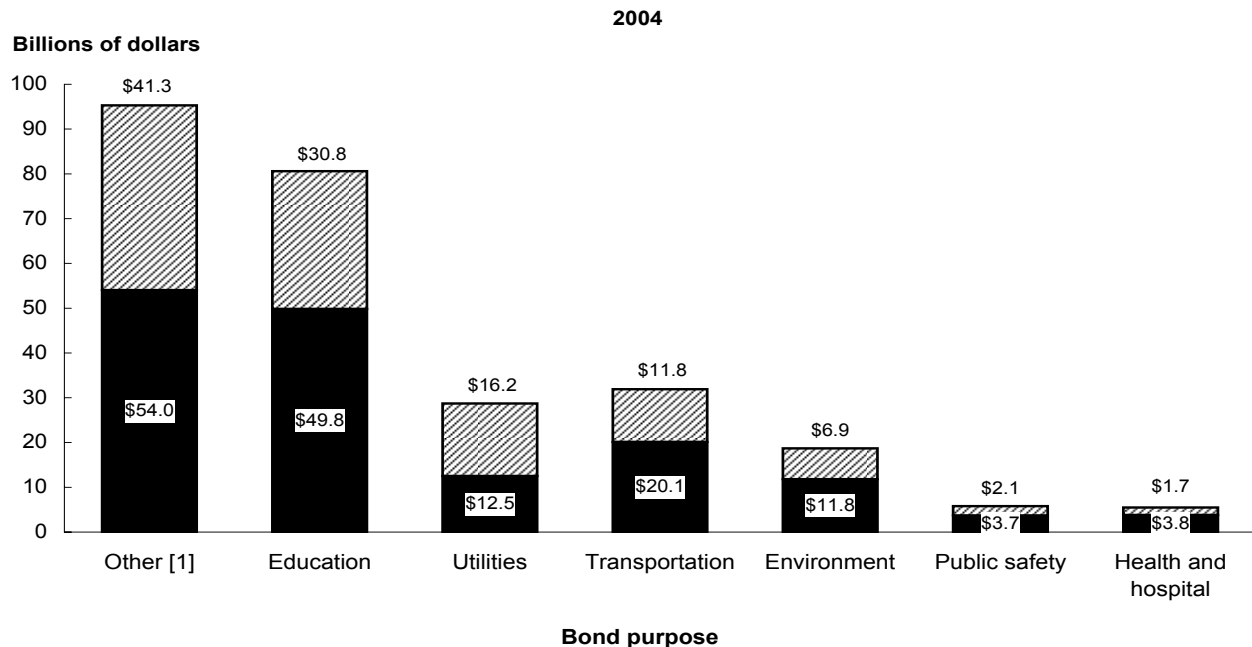
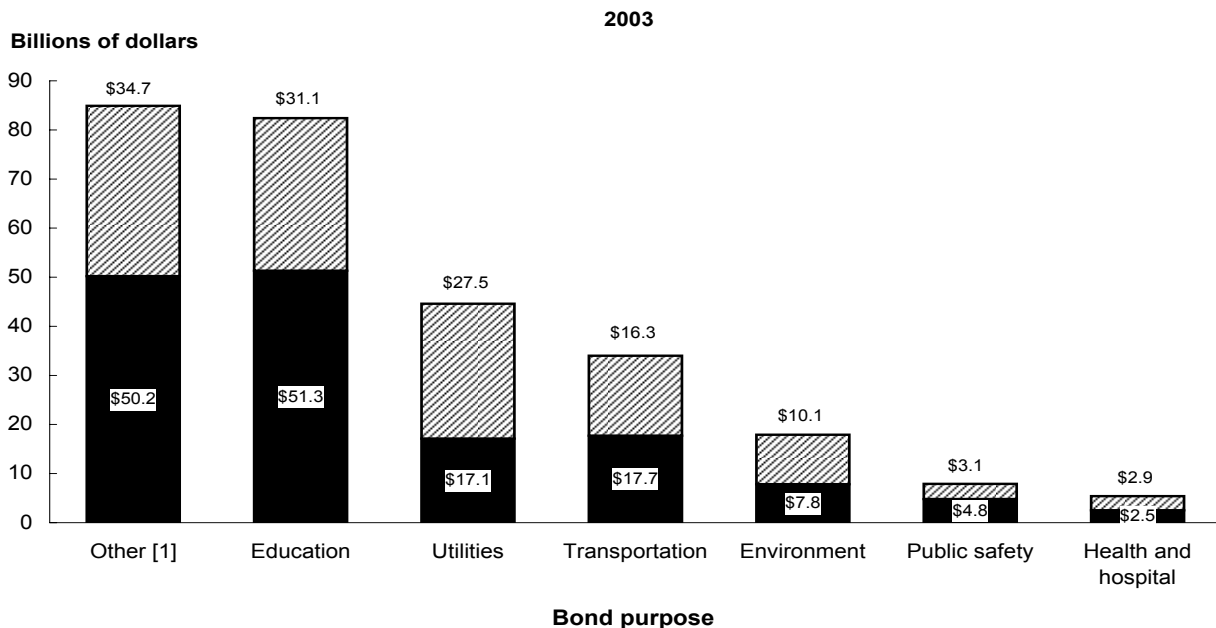


Figure D

Long-Term Governmental Bonds, by Selected Bond Purpose and Type of Issue, 2003-2004



■ New money issues ▨ Refunding issues

[1] "Other bonds" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G return.

Tax-Exempt Bonds, 2003-2004

bonds accounted for 56.6 percent of the total amount of long-term bonds issued for that purpose. For all other bond purposes, the majority of the long-term bond proceeds were new money.

Table 3 presents uses of tax-exempt long-term Governmental bond proceeds. A portion of bond proceeds is often used to pay for associated issuance costs (e.g., fees paid to trustees and bond counsel), fund reserve accounts, and refund prior bond issues. For 2003, of the \$282.6 billion of long-term tax-exempt Governmental bonds issued, issuers used \$2.6 billion (0.9 percent) of the bond proceeds for bond issuance costs, \$1.2 billion (0.4 percent) for credit enhancement, and \$3.5 billion (1.2 percent) for reserve fund allocations. The remaining \$275.3 billion (97.4 percent) represented lendable proceeds, \$125.4 billion of which were used to refund or retire prior bond issues, leaving \$149.9 billion to be used for new project costs. For 2004, of the \$269.5 billion of long-term tax-exempt Governmental bonds issued, issuers used \$2.4 billion (0.9 percent) of the bond proceeds for bond issuance costs, \$1.0 billion (0.4 percent) for credit enhancement, and \$2.6 billion (1.0 percent) for reserve fund allocations. The remaining \$263.5 billion (97.8 percent) represented lendable proceeds, \$110.0 billion of which were used to refund or retire prior bond issues, leaving \$153.8 billion to be used for new project costs.

New Money Issues of Long-Term Governmental Bonds, Classified by Size of Issue

For 2004, a total of 14,419 new money long-term tax-exempt Governmental bonds was issued, with proceeds totaling \$157.7 billion (Table 4). Almost half of the total number of new money long-term Governmental bond issues was for small bonds with an entire issue price of less than \$1 million [11]. However, in dollar terms, these bonds comprised only 1.5 percent of the total bond proceeds. Bonds with an entire issue price of less than \$5 million accounted for almost three-quarters of the total number of bond issues, but only 6.7 percent of total bond proceeds. There were 437 bonds (3.0 percent) with an entire issue price in excess of \$75 million. The combined proceeds of these bonds comprised 59.1 percent of the total money issued.

Bonds with an issue price less than \$1 million were generally issued by smaller towns for purposes such as school buses, fire trucks, municipal improve-

ments, and other unspecified expenditures. Of the issues exceeding \$75 million, the top specified uses of the proceeds were for education (\$22.7 billion), transportation (\$16.7 billion), and the environment (\$8.2 billion). In addition, bonds issued for “other purposes” accounted for \$36.1 billion of the total new money long-term Governmental bond issues in excess of \$75 million for 2004. For these largest issues, the average bond issue for transportation projects was \$203.8 million, while those issued for educational purposes averaged \$156.7 million. The distribution of bonds by size of issue followed a similar pattern in 2003.

New Money Issues of Long-Term Governmental Bonds, Classified by State

Table 5 shows how the volume of new money long-term Governmental bond issues varied across the States during 2003 and 2004. Total new money long-term bond volume increased \$6.7 billion (4.5 percent) from 2002 to 2003, and grew by another \$3.0 billion (1.9 percent) from 2003 to 2004. Despite this seemingly modest increase in overall bond issuance, for several States, there were more pronounced changes in the dollar amount of bonds issued. These changes in year-to-year issuance reflect the timing of particular infrastructure projects (and the associated financing of such projects) within each State. New York issued \$8.0 billion more new money long-term bonds in 2003 than in 2002--the largest increase (in dollar value terms) of any State--before cutting total issuance 31.9 percent to \$12.1 billion in 2004. In 2003, California's issuances increased \$5.0 billion, a 21.1-percent increase over the previous year, and grew by another \$4.9 billion in 2004. In 2003, bond issuances in Tennessee, Maryland, and Pennsylvania all increased by over \$1.0 billion each, representing 88.6 percent, 58.1 percent, and 26.7-percent growth over 2002 levels, respectively; however, each of the three States experienced declines in 2004 that largely negated the 2003 growth.

Several States, including Illinois, Massachusetts, Texas, Georgia, and Wisconsin, decreased new money long-term bond issuances by over \$1.0 billion from 2002 to 2003. During 2003, Texas's issuances decreased \$3.1 billion (25.0 percent) from the previous year, and then, in 2004, partially rebounded with a \$2.0-billion increase. New money long-term issuances in Illinois declined \$2.3 billion (26.4 percent)

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in 2003, before slightly rebounding in 2004. Issuances in Massachusetts decreased \$1.5 billion (34.8 percent) from 2002 to 2003, only to increase \$0.5 billion in 2004.

Figure E presents a State-by-State ranking of new money long-term bond issuances and per capita issuance, for 2004. About \$78.5 billion (nearly 50.0 percent) of the \$157.7 billion of new money long-term bonds issued for 2004 were issued in the following 6 States: California (21.2 percent), New York (7.7 percent), Texas (7.2 percent), New Jersey (5.2 percent), Illinois (4.3 percent), and Florida (4.3 percent). According to 2004 Census estimates, together, these 6 States accounted for 40.0 percent of the total U.S. population [12].

On a per capita basis, however, New Mexico (\$1,038), Alaska (\$990), New Jersey (\$946), California (\$944), Colorado (\$818), Nevada (\$700), and Connecticut (\$662) accounted for the largest amounts of new long-term tax-exempt Governmental bond issues. Wyoming issued the least amount of bonds, with only \$71 million of new money long-term tax-exempt Governmental bonds. On a per capita basis, this amounted to \$142 per resident. Idaho issued the least new money long-term bonds per capita (\$129).

Unlike private activity bonds, Governmental bonds are generally not subject to the volume cap; however, if more than \$15 million of the proceeds are used in private use or disproportionate use, then the amount in excess of \$15 million is subject to the volume cap, and issuers are required to report the amount of the State volume cap allocated to the Governmental issue [13]. For 2004, issuers reported allocating a combined \$153.5 million of State volume cap to the total \$330.4 billion of total Governmental bond issues.

Figure F presents the amount of bonds issued by selected purpose, for the top 15 States in terms of total dollar volume of new long-term Governmental bonds issued for 2004. Combined, these 15 States accounted for 72.5 percent of the total new money long-term bond issues for the year. Overall, for 2004, about 31.6 percent of the amount of new money long-term Governmental bonds were issued for educational purposes. However, there was some variance in the purposes for which States issued bonds. For example, of the total amount of new money long-term bonds issued in Michigan, 58.4 percent were issued for education, compared to 39.4

percent in New Jersey and 12.1 percent in New York, for the same purpose. Transportation projects accounted for 12.8 percent of States' total amount of new money long-term bond issues overall. In New York, however, 29.4 percent of the total new money long-term bonds issued were for transportation, followed by Arizona, which allocated 26.3 percent for the same purpose. Transportation bonds accounted for only 4.2 percent of Virginia's total amount of new money long-term bond issues. Georgia devoted a larger portion of its total amount of new money long-term bonds (35.4 percent) to environmental projects, considerably more than the national average, 7.5 percent. Michigan and Ohio also spent large portions of their totals on environmental projects--17.1 percent and 17.0 percent, respectively.

Tax-Exempt Private Activity Bonds

Total Private Activity Bond Volume

Figure G illustrates the dollar volume of tax-exempt private activity bond issuances during the 10-year period extending from 1995 through 2004. During the 10-year period, combined, a total of \$789.3 billion of tax-exempt private activity bonds was issued. Generally, the overall pattern in annual issuances follows that of Governmental bonds. For 1995, about \$52.4 billion of tax-exempt private activity bonds were issued. Issuances climbed to \$91.6 billion in 1998, before dropping off and then rising to \$93.0 billion in 2002. Since then, there has been minimal change in the total dollar volume of tax-exempt private activity bonds issued annually, with \$93.9 billion issued in 2003 and \$94.0 billion issued in 2004.

In all but one of the 10 years depicted, the dollar volume of new money tax-exempt private activity bonds issued exceeded refunding issues. In 2003, refunding issues of tax-exempt private activity bonds totaled \$47.9 billion, an increase of 13.1 percent over the 2002 level, while new money issues totaled \$46.0 billion, a decrease of 9.1 percent over the 2002 level. The decline in average interest rates between 2000 and 2004 (from 5.71 percent to 4.68 percent) contributed to the increase in the level of refunding bonds over the same time period (from \$28.3 billion for 2000 to \$45.9 billion for 2004). (Average annual interest rates for the period covered are presented in Figure A).

Tax-Exempt Bonds, 2003-2004

Figure E

New Money Long-Term Governmental Bonds, by State of Issue, 2004

[Money amounts are in millions of dollars, except where noted otherwise]

State of issue	Amount of bonds issued		State population (in millions) [2]	Per capita amount of bonds (whole dollars)	
	Total	Rank		Total	Rank
	(1)	(2)	(3)	(4)	(5)
Total [1]	157,717	n.a.	290.8	542	n.a.
Alabama.....	1,708	25	4.5	380	29
Alaska.....	594	39	0.6	990	2
Arizona.....	3,572	15	5.6	638	8
Arkansas.....	1,043	32	2.7	386	28
California.....	33,501	1	35.5	944	4
Colorado.....	3,765	11	4.6	818	5
Connecticut.....	2,317	19	3.5	662	7
Delaware.....	395	42	0.8	494	18
District of Columbia.....	d	d	0.6	d	d
Florida.....	6,734	6	17.0	396	27
Georgia.....	4,163	9	8.7	479	21
Hawaii.....	639	38	1.3	492	19
Idaho.....	180	47	1.4	129	50
Illinois.....	6,773	5	12.7	533	14
Indiana.....	3,001	18	6.2	484	20
Iowa.....	970	34	2.9	334	36
Kansas.....	1,587	27	2.7	588	12
Kentucky.....	1,262	30	4.1	308	38
Louisiana.....	1,689	26	4.5	375	31
Maine.....	303	43	1.3	233	43
Maryland.....	2,087	21	5.5	379	30
Massachusetts.....	3,403	16	6.4	532	15
Michigan.....	4,050	10	10.1	401	26
Minnesota.....	3,142	17	5.1	616	10
Mississippi.....	661	37	2.9	228	44
Missouri.....	1,714	24	5.7	301	39
Montana.....	131	48	0.9	146	48
Nebraska.....	465	41	1.7	274	41
Nevada.....	1,540	28	2.2	700	6
New Hampshire.....	282	44	1.3	217	46
New Jersey.....	8,137	4	8.6	946	3
New Mexico.....	1,973	22	1.9	1,038	1
New York.....	12,076	2	19.2	629	9
North Carolina.....	3,636	14	8.4	433	22
North Dakota.....	219	45	0.6	365	32
Ohio.....	4,916	7	11.4	431	23
Oklahoma.....	1,184	31	3.5	338	35
Oregon.....	999	33	3.6	278	40
Pennsylvania.....	4,332	8	12.4	349	34
Rhode Island.....	470	40	1.1	427	24
South Carolina.....	2,190	20	4.1	534	13
South Dakota.....	181	46	0.8	226	45
Tennessee.....	1,480	29	5.8	255	42
Texas.....	11,318	3	22.1	512	16
Utah.....	843	35	2.4	351	33
Vermont.....	d	d	0.6	d	d
Virginia.....	3,677	12	7.4	497	17
Washington.....	3,654	13	6.1	599	11
West Virginia.....	739	36	1.8	411	25
Wisconsin.....	1,804	23	5.5	328	37
Wyoming.....	71	50	0.5	142	49

d - Data deleted to avoid disclosure of information for specific bonds. However, the data are included in the appropriate totals.

[1] Includes amounts for Puerto Rico and U.S. possessions.

[2] Resident population estimates released by the Bureau of the Census on December 18, 2003, in Press Release CB03-197 and published in *Internal Revenue Bulletin* No. 2004-11 (Notice 2004-21). These are the population figures used to calculate the private activity volume cap for Calendar Year 2004.

Figure F

New Money Long-Term Governmental Bonds by Selected Purpose of Bond, for Top 15 States, Ranked by Issuance Volume, 2004

[Money amounts are in millions of dollars]

State	Total amount of bonds issued	Selected purpose of bond									
		Education		Transportation		Utilities		Environment		Public safety	
		Amount	Percent of total amount issued	Amount	Percent of total amount issued	Amount	Percent of total amount issued	Amount	Percent of total amount issued	Amount	Percent of total amount issued
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
All States	157,717	49,837	31.6	20,148	12.8	12,467	7.9	11,798	7.5	3,715	2.4
California.....	33,501	9,623	28.7	2,036	6.1	2,398	7.2	2,182	6.5	672	2.0
New York.....	12,076	1,457	12.1	3,554	29.4	365	3.0	277	2.3	149	1.2
Texas.....	11,318	6,303	55.7	586	5.2	1,758	15.5	426	3.8	121	1.1
New Jersey.....	8,137	3,207	39.4	1,300	16.0	24	0.3	230	2.8	80	1.0
Illinois.....	6,773	1,598	23.6	801	11.8	173	2.6	232	3.4	174	2.6
Florida.....	6,734	1,957	29.1	894	13.3	878	13.0	108	1.6	127	1.9
Ohio.....	4,916	1,915	39.0	501	10.2	136	2.8	836	17.0	103	2.1
Pennsylvania.....	4,332	1,977	45.6	427	9.9	240	5.5	284	6.6	72	1.7
Georgia.....	4,163	980	23.5	589	14.1	236	5.7	1,472	35.4	119	2.9
Michigan.....	4,050	2,364	58.4	241	6.0	145	3.6	691	17.1	61	1.5
Colorado.....	3,765	1,296	34.4	608	16.1	622	16.5	17	0.5	160	4.2
Virginia.....	3,677	1,471	40.0	155	4.2	247	6.7	239	6.5	107	2.9
Washington.....	3,654	720	19.7	596	16.3	515	14.1	204	5.6	31	0.8
North Carolina.....	3,636	1,525	41.9	352	9.7	393	10.8	204	5.6	328	9.0
Arizona.....	3,572	1,054	29.5	939	26.3	301	8.4	286	8.0	126	3.5

Uses of Long-Term Private Activity Bond Proceeds

From 2002 to 2003, the dollar volume of long-term tax-exempt private activity bonds increased 1.7 percent, from \$91.1 billion to \$92.6 billion, and increased only slightly (0.5 percent) in 2004, to \$93.1 billion. Similar to previous years, the vast majority of tax-exempt private activity bond issues were long-term (Figure H). Short-term issues are rare, since private activity bonds are used primarily to finance capital improvement projects, which are generally long-term in nature. Also, private-activity bond issuers typically do not issue bonds in the form of RANs, TANs, or BANs. Of the about \$93.9 billion of tax-exempt private activity bonds issued for 2003, \$92.6 billion (98.6 percent) were long-term issues. For 2004, about \$93.1 billion (99.0 percent) of the \$94.0 billion total tax-exempt private activity bonds issued were long-term.

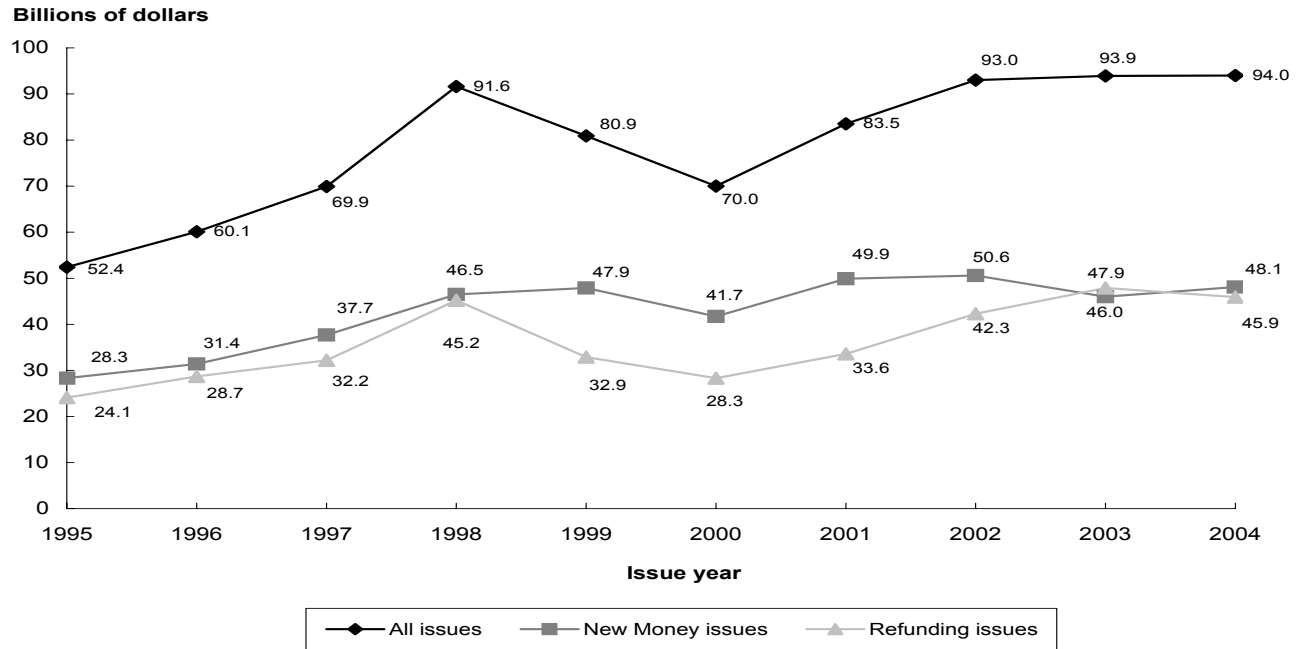
Table 7 shows the annual distribution of long-term private activity bond proceeds, by purpose of bond issue, for 2003 and 2004. For 2003 and 2004, on average, qualified section 501(c)(3) bonds, including qualified hospital bonds, accounted for 43.2

percent of the dollar volume of all long-term private activity bond issues. These bonds help finance construction of facilities and other property used by charitable, educational, religious, and similar organizations recognized as tax-exempt under section 501(c)(3) of the Internal Revenue Code. Combined, bonds issued for qualified mortgages and qualified residential rental projects accounted for 28.6 percent of the total \$92.6 billion in long-term bonds issued for 2003 and 28.8 percent of the \$93.1 billion for 2004. Qualified residential rental bonds (also referred to as multifamily housing bonds) help developers finance construction, acquisition, and/or rehabilitation of affordable housing projects, and qualified mortgage bond programs assist prospective first-time homebuyers with low-to-moderate incomes by providing below-market interest rate loans and down payment assistance. Combined, bonds used for these four purposes accounted for almost three-quarters of the total long-term tax-exempt private activity bond issuances in 2003 and 2004.

For 2003, other important types of tax-exempt private activity bonds issued were airport bonds (9.1 percent) and student loan bonds (4.7 percent). Uses of

Figure G

Volume of Tax-Exempt Private Activity Bonds Issued, by Type and Issue Year, 1995-2004



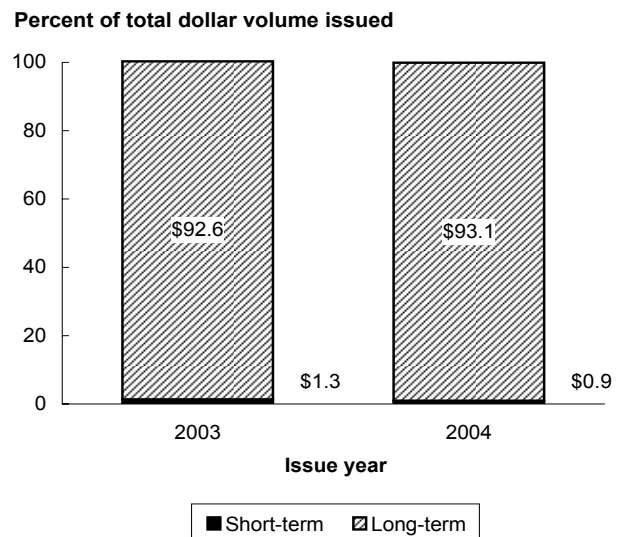
long-term bond proceeds in 2004 included certain Tax Reform Act transition property (8.1 percent), airports (5.4 percent), and student loan programs (5.1 percent).

For 2003, total refunding proceeds slightly exceeded new money proceeds, accounting for 50.7 percent of the total \$92.6 billion of long-term private activity bond proceeds. Figure I illustrates the split between the new money and refunding proceeds of long-term private activity bonds, by selected purpose. Of the selected bond purposes shown in Figure I, refunding proceeds exceeded new money proceeds for only one bond purpose--mortgage bonds--which accounted for 79.7 percent of the total \$16.8 billion of long-term bonds issued for that purpose in 2003. For 2004, total new money proceeds exceeded refunding proceeds, accounting for 51.4 percent of the total \$93.1 billion of long-term private activity bond proceeds. Refunding proceeds exceeded new money proceeds for three bond purposes--mortgages, airports, and solid waste disposal facilities--accounting for 72.6 percent, 50.5 percent, and 59.2 percent of the total amount of long-term bonds issued for each purpose, respectively. For all other private activity bond purposes, the majority of the long-term bond proceeds were new money.

Figure H

Tax-Exempt Private Activity Bonds, by Term of Issue, 2003-2004

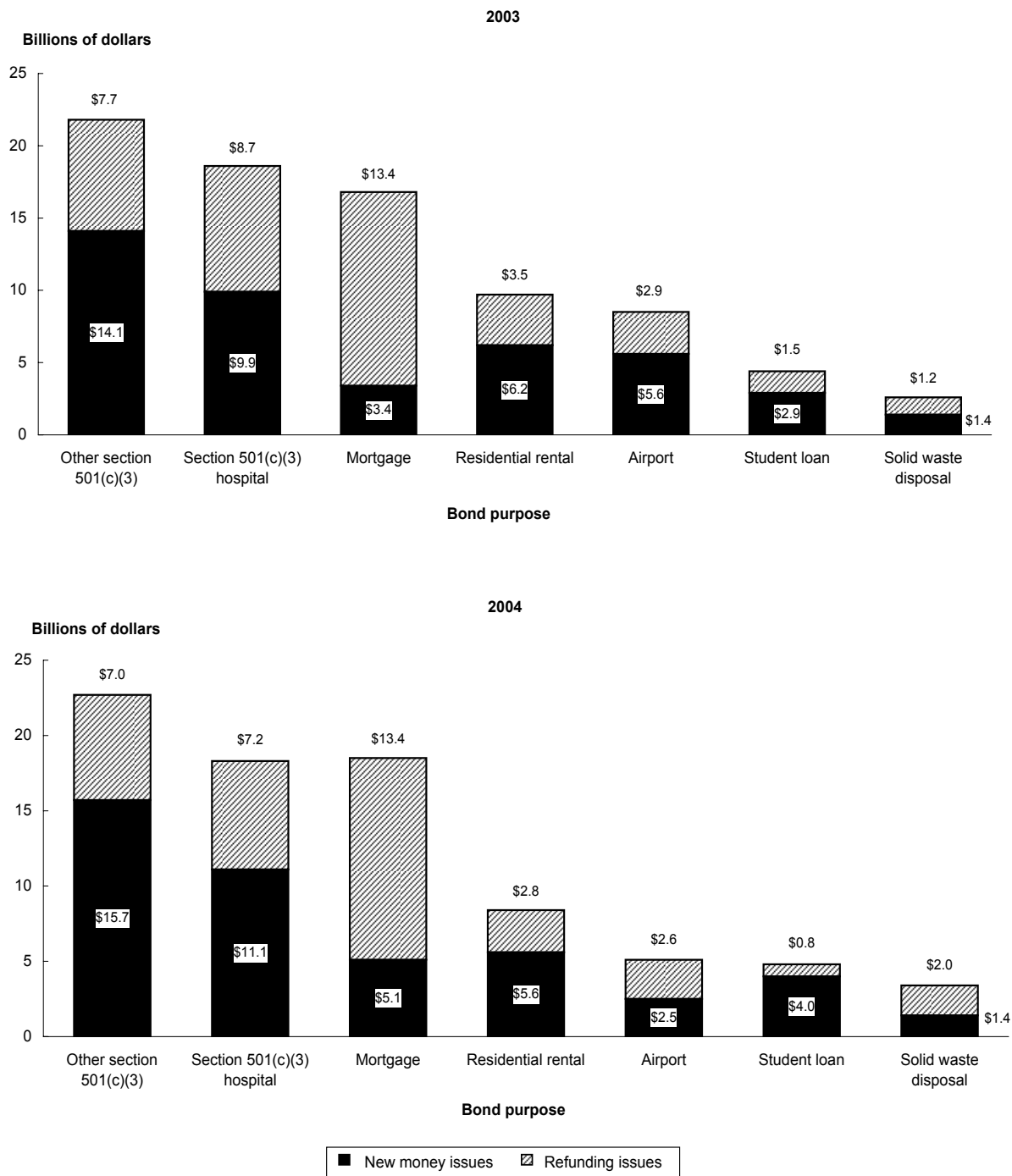
[Money amounts are in billions of dollars]



Tax-Exempt Bonds, 2003-2004

Figure I

Long-Term Tax-Exempt Private Activity Bonds, by Selected Bond Purpose and Type of Issue, 2003-2004



For 2003, of the \$92.6 billion of long-term tax-exempt private activity bonds issued, issuers used \$0.6 billion (0.7 percent) of the bond proceeds for bond issuance costs, \$0.6 billion (0.6 percent) for credit enhancement, and \$1.3 billion (1.4 percent) for reserve fund allocations (Table 8). The remaining \$90.2 billion (97.3 percent) represented lendable proceeds, \$46.1 billion of which were used to refund or retire prior bond issues, leaving \$44.0 billion to be used for new project costs. Of the \$93.1 billion of long-term tax-exempt private activity bonds issued in 2004, issuers used nearly \$0.6 billion (0.6 percent) of the proceeds for bond issuance costs, almost \$0.6 billion (0.6 percent) for credit enhancement, and \$1.2 billion (1.3 percent) for reserve fund allocations. The remaining \$90.7 billion (97.5 percent) of lendable proceeds were used to refund or retire prior bond issues (\$44.4 billion) and to finance new projects (\$46.3 billion).

New Money Issues of Long-Term Private Activity Bonds, Classified by Size of Issue

For 2004, a total of 2,544 new money long-term tax-exempt private activity bonds was issued, with proceeds totaling \$47.9 billion (Table 9). Bonds with an issue price of less than \$10 million, including 399 qualified small issue bonds (or industrial development bonds), accounted for 57.4 percent of the total number of bond issues, but only 10.9 percent of total bond proceeds. Over 60 percent of the total proceeds were attributable to the 12 percent of bonds with an issue price in excess of \$50 million. Approximately \$8.9 billion in proceeds were raised by 165 bond issues priced between \$50 million and \$100 million, while another \$20.1 billion were raised by 146 bond issues, each of which exceeded \$100 million. Of the issues exceeding \$100 million, the top uses of the proceeds were for qualified section 501(c)(3) bonds, including those issued for qualified hospitals, (\$10.9 billion), student loan bonds (\$3.0 billion), and mortgage bonds (\$2.3 billion).

There was a 6.5-percent decrease in the number of new money long-term tax-exempt private activity bonds issued in 2004, as compared to 2003. However, the total dollar amount of new money long-term tax-exempt private activity bonds increased 4.9 percent, from \$45.6 billion to \$47.9 billion. The average new money long-term bond issue in 2003 was \$16.8 million, compared to \$18.8 million in

2004. The increase was mainly limited to bond issues worth \$100 million or more. In 2004, for bonds in this size category, there was an overall increase of \$2.9 billion over the 2003 amount (\$17.3 billion).

New Money Issues of Long-Term Private Activity Bonds, Classified by State

Unlike Governmental bonds, most types of new money private activity bond issues were subject to State volume cap limitations determined by population [9]. States had leeway in allocating the cap among the various qualified purposes subject to the cap. Private activity bonds not subject to the unified State volume cap included all new money issues for airports, docks and wharves, Governmentally-owned solid waste facilities, hydroelectric generating facilities, and Governmentally-owned high-speed intercity rail facilities [14]. Refunding issues are not figured into the total for the cap, as long as there is no increase in the principal amount of the outstanding bond. In addition, carryforward rules allow States to apply any unused amount of the cap to certain types of new money issues up to 3 years into the future. For this reason, it is legitimately possible for a State to issue new money private activity bonds in an amount that exceeds its cap for a given year. Qualified public educational facility bonds were subject to their own special volume limitations, as were liberty bonds, empowerment zone facility bonds, qualified veterans' mortgage bonds, and qualified section 501(c)(3) bonds [15].

Figure J shows the amount of total new money long-term issuance, new issues subject to the volume cap, and volume cap allocations, by State, for 2003 and 2004. Overall bond capacity (the total amount of bonds allowed to be issued under the unified State volume cap) grew by 6.5 percent, from \$24.2 billion to \$25.8 billion from 2003 to 2004. Despite across the board increases in bond capacity from 2003 to 2004, some States scaled back issuances of new money long-term private activity bonds in 2004. Examining only the types of bond purposes subject to the volume cap, Florida issued \$133 billion less of new money long-term bonds in 2004 than in 2003 [16]. New money issues subject to the volume cap decreased \$130 million in New Jersey, and \$66 million in California, from 2003 to 2004. Texas increased issuance volume by \$137 million.

Tax-Exempt Bonds, 2003-2004

Figure J

New Money Long-Term Tax-Exempt Private Activity Bonds and Volume Cap, by State of Issue, 2003 and 2004

[Money amounts are in millions of dollars]

State of issue	2003			2004		
	Amount of bonds issued		Total volume cap [3]	Amount of bonds issued		Total volume cap [3]
	Total	Subject to volume cap [2]		Total	Subject to volume cap [2]	
	(1)	(2)	(3)	(4)	(5)	(6)
All States [1].....	45,633	14,753	24,198.4	47,877	16,802	25,766.4
Alabama.....	210	94	336.5	150	39	360.1
Alaska.....	99	0	228.6	165	32	233.8
Arizona.....	578	318	409.2	744	253	446.5
Arkansas.....	137	73	228.6	257	217	233.8
California.....	4,252	1,912	2,633.7	5,859	1,846	2,838.8
Colorado.....	775	224	338.0	1,214	251	364.1
Connecticut.....	746	238	259.5	287	109	278.7
Delaware.....	151	55	228.6	189	69	233.8
District of Columbia.....	560	113	228.6	360	47	233.8
Florida.....	2,512	626	1,253.5	1,626	493	1,361.5
Georgia.....	1,508	412	642.0	2,008	481	694.8
Hawaii.....	d	d	228.6	d	d	233.8
Idaho.....	118	88	228.6	131	124	233.8
Illinois.....	2,103	480	945.0	2,023	436	1,012.3
Indiana.....	1,298	300	461.9	1,340	425	495.7
Iowa.....	476	143	228.6	303	114	235.5
Kansas.....	169	110	228.6	300	111	233.8
Kentucky.....	732	161	307.0	487	253	329.4
Louisiana.....	473	271	336.2	613	208	359.7
Maine.....	298	168	228.6	141	117	233.8
Maryland.....	838	157	409.4	1,150	221	440.7
Massachusetts.....	2,116	481	482.1	1,671	520	514.7
Michigan.....	1,050	379	753.8	1,114	698	806.4
Minnesota.....	1,004	340	376.5	954	297	404.8
Mississippi.....	134	53	228.6	308	128	233.8
Missouri.....	955	242	425.4	854	403	456.4
Montana.....	268	249	228.6	193	139	233.8
Nebraska.....	134	30	228.6	234	129	233.8
Nevada.....	411	73	228.6	587	68	233.8
New Hampshire.....	391	232	228.6	343	205	233.8
New Jersey.....	1,438	379	644.3	1,039	249	691.1
New Mexico.....	163	148	228.6	329	128	233.8
New York.....	3,796	1,143	1,436.8	4,748	1,295	1,535.2
North Carolina.....	974	328	624.0	1,189	591	672.6
North Dakota.....	126	100	228.6	121	113	233.8
Ohio.....	1,395	201	856.6	2,003	408	914.9
Oklahoma.....	274	183	262.0	286	153	280.9
Oregon.....	643	200	264.1	844	252	284.8
Pennsylvania.....	1,907	583	925.1	2,110	930	989.2
Rhode Island.....	346	127	228.6	357	189	233.8
South Carolina.....	541	166	308.0	917	332	331.8
South Dakota.....	127	56	228.6	170	48	233.8
Tennessee.....	932	634	434.8	1,106	655	467.3
Texas.....	3,623	1,094	1,633.5	2,418	1,231	1,769.5
Utah.....	513	197	228.6	220	220	233.8
Vermont.....	286	215	228.6	466	231	233.8
Virginia.....	1,518	203	547.0	1,175	460	590.9
Washington.....	1,013	314	455.2	1,209	418	490.5
West Virginia.....	200	60	228.6	264	89	233.8
Wisconsin.....	1,008	250	408.1	1,040	223	437.8
Wyoming.....	d	d	228.6	d	d	233.8

d- Data deleted to avoid disclosure of information for specific bonds when compared to other published data. However, the data are included in the appropriate totals.

[1] Excluding U.S. possessions.

[2] These calculations are based on the data reported on Part II of Form 8038 for type of issue, and include the following: mass commuting facilities, water furnishing facilities, sewage facilities, solid waste disposal facilities, qualified residential rental projects, local furnishing of electric energy or gas, local district heating and cooling facilities, qualified hazardous waste facilities, high-speed intercity rail facilities, qualified mortgage bonds, qualified small issue bonds, qualified student loan bonds, and qualified redevelopment bonds. No distinction was made for Governmentally-owned solid waste facilities (which are not subject to the volume cap). As a result, figures could be slightly overstated.

[3] The amount of volume cap is based on State population. For 2003, the volume cap was equal to the greater of \$75 per capita or \$228.6 million. For 2004, the volume cap was the greater of \$80 per capita or \$233.8 million. The resident population estimates were released by the U.S. Bureau of the Census and published in Internal Revenue Bulletins No. 2003-10 (Notice 2003-16) and No. 2004-11 (Notice 2004-21).

Tax-Exempt Bonds, 2003-2004

Of the total \$24.2 billion in total volume cap for 2003, only \$14.8 billion in new money private activity bonds were issued, leaving \$9.4 billion to carry forward to future years. Of the total \$25.8 billion in total volume cap for 2004, only \$16.8 billion in new money private activity bonds were issued, leaving \$9.0 billion to carry forward to future years. Unused volume cap amounts that are carried forward are often already earmarked for designated projects slated to commence within the next few years. The large amount of unused volume cap can also be attributed to the relatively low interest rates in 2003 and 2004, which applied not only to tax-exempt bonds, but also extended to taxable bonds. The narrowing gap between the interest rate on taxable bonds and that of tax-exempt State and local bonds for the period between 2000 and 2004 may have made taxable bond financing a more feasible option for some private borrowers who otherwise might have employed tax-exempt bond financing.

Figure K presents the top 15 States, ranked by the total dollar volume of new money long-term issues for 2004. These 15 States accounted for 66.3 percent of the total new money long-term bond issues during the specified time period. About \$24.5 billion (51.1 percent) of the \$47.9 billion of new money long-term bonds issued for 2004 were issued in the following nine States: California (12.2 percent), New York (9.9 percent), Texas (5.0 percent), Pennsylvania (4.4 percent), Illinois (4.2 percent), Georgia (4.2 percent), Ohio (4.2 percent), Massachusetts (3.5 percent), and Florida (3.4 percent).

Combined, California and New York accounted for slightly more than one-third (35.6 percent) of the \$5.6 billion of new money long-term residential rental bonds and 31.5 percent of the section 501(c)(3) bonds (excluding hospital bonds). Texas accounted for another 8.8 percent of the amount issued for residential rental projects. Table 10 shows all States' new money long-term private activity bond issuances, classified by selected purpose of bond for 2003 and 2004. For a majority of States, more than half of all new money long-term issues were used to finance section 501(c)(3) projects, including hospitals.

Summary

For 2003, a total of \$354.0 billion of Governmental bonds was issued, compared to the \$340.1 billion issued in 2002. This marked the highest issuance

volume to date. Issuance volume then decreased 7 percent, to \$330.4 billion, in 2004. Long-term new money issues, bonds with maturities of 13 months or more used to finance new projects, made up 43.7 percent of the total dollar volume in 2003 and 47.7 percent of the total in 2004. Bonds to refund prior Governmental issues accounted for 38.8 percent of the total \$354.0 billion issued in 2003 and 37.0 percent of the total \$330.4 billion in 2004. Similar to past years, projects related to education, transportation, and utilities received the bulk of Governmental bond financing for 2003 and 2004. Projects to fund educational purposes received 33.2 percent of total new money long-term Governmental bond proceeds in 2003, and 31.6 percent in 2004.

Since 2002, there has been little growth in the total issuance of tax-exempt private activity bonds. Total tax-exempt private activity bond issuance averaged \$93.6 billion annually over the last 3 years. Of the \$93.1 billion in long-term tax-exempt private activity bonds issued in 2004, new money issues accounted for 51.4 percent of the total amount issued. This was an increase over 2003, where new money issues accounted for slightly less than half (49.3 percent) of the total amount of long-term tax-exempt private activity bonds issued. Bonds issued for use by qualified section 501(c)(3) organizations (including qualified hospitals) and those to promote the development and purchase of affordable housing (through residential rental and single-family mortgage bonds) accounted for just over 70 percent of all long-term private activity bonds issued during 2003 and 2004.

Data Sources and Limitations

The data presented in this article are based on the populations of Forms 8038, *Information Return for Tax-Exempt Private Activity Bond Issues*, and Forms 8038-G, *Information Return for Tax-Exempt Governmental Obligations*, filed with the Internal Revenue Service for bonds issued during Calendar Years 2003 and 2004. The data presented in this article exclude returns filed for commercial paper transactions, as well as issues that are loans from the proceeds of other tax-exempt issues (pooled financings).

Bond issuers were required to file these tax-exempt bond returns by the 15th day of the 2nd calendar month after the close of the calendar quarter in which the bond was issued. However, in an effort

Tax-Exempt Bonds, 2003-2004

Figure K

New Money Long-Term Tax-Exempt Private Activity Bonds by Selected Purpose of Bond, for Top 15 States, Ranked by Issuance Volume, 2004

[Money amounts are in millions of dollars]

State	Total amount of bonds issued	Selected purpose of bond							
		Other section 501(c)(3)	Percent of total amount issued	Section 501(c)(3) hospital	Percent of total amount issued	Residential rental	Percent of total amount issued	Mortgage	Percent of total amount issued
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All States.....	47,877	15,654	32.7	11,074	23.1	5,551	11.6	5,063	10.6
California.....	5,859	3,163	54.0	616	10.5	1,055	18.0	511	8.7
New York.....	4,748	1,763	37.1	452	9.5	923	19.4	284	6.0
Texas.....	2,418	367	15.2	486	20.1	489	20.2	304	12.6
Pennsylvania.....	2,110	684	32.4	468	22.2	d	d	311	14.7
Illinois.....	2,023	822	40.6	657	32.5	287	14.2	d	d
Georgia.....	2,008	704	35.1	275	13.7	388	19.3	d	d
Ohio.....	2,003	752	37.5	843	42.1	102	5.1	d	d
Massachusetts.....	1,671	861	51.5	280	16.8	218	13.0	127	7.6
Florida.....	1,626	579	35.6	359	22.1	276	17.0	39	2.4
Indiana.....	1,340	302	22.5	155	11.6	45	3.4	d	d
Colorado.....	1,214	321	26.4	551	45.4	31	2.6	d	d
Washington.....	1,209	257	21.3	266	22.0	237	19.6	64	5.3
North Carolina.....	1,189	136	11.4	376	31.6	34	2.9	106	8.9
Virginia.....	1,175	313	26.6	386	32.9	56	4.8	d	d
Maryland.....	1,150	739	64.3	190	16.5	106	9.2	90	7.8

d - Data deleted to avoid disclosure of information for specific bonds when compared to other published data. However, the data are included in the appropriate totals.

to include as many applicable returns for a particular issue year as possible, the study period extended well beyond this timeframe. The study includes returns processed from January 1, 2003, to December 31, 2005, for bonds issued in 2003, and returns processed from January 1, 2004, to May 13, 2006, for bonds issued in 2004. Returns received after the cutoff date for each study year were not included in the statistics.

During statistical processing, returns were subject to thorough testing and correction procedures to ensure accuracy and validity. Further checks were conducted to identify and exclude duplicate and amended returns. In some instances, returns with incomplete information, mathematical errors, or other reporting anomalies were edited to resolve internal inconsistencies. In other cases, it was not possible to reconcile reporting discrepancies. Thus, a certain amount of nonsampling error may remain.

Explanation of Selected Terms

Allocation to Reserve Fund.--Proceeds that are placed in reserve to be used to pay debt service if

pledged revenues are insufficient to satisfy the debt service requirements. The amount deposited into a reserve or replacement fund may not exceed 10 percent of the proceeds of an issue.

Bond Anticipation Note (BAN).--Obligation that is issued in anticipation of a later issuance of bonds, payable from the proceeds of the sale of the bonds or of renewal notes. BANs typically have maturities of 3 years or less.

Bond Issuance Costs.--Issuance costs include fees paid for trustees, bond counsel, and underwriters. Issuance costs paid out of private activity bond proceeds generally may not exceed 2 percent of the proceeds.

Commercial Paper.--Commercial paper consists of short-term notes that are continually rolled over. Maturities range up to 270 days but average about 30 days. Many localities use commercial paper to raise cash needed for current transactions.

Credit Enhancement.--Fees paid for items such as bond insurance premiums, letters-of-credit fees, and other additional forms of guaranty, all of which provide additional security in a bond financing.

Tax-Exempt Bonds, 2003-2004

Exempt Facility Bond.--Bond issue of which 95 percent or more of the net proceeds are used to finance a tax-exempt facility (as listed in Code sections 142(a)(1) through (13) and 142(k)). These facilities include airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, qualified residential rental projects, facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, qualified hazardous waste facilities, high-speed intercity rail facilities, environmental enhancements of hydroelectric generating facilities, and qualified public educational facilities. The Revenue Reconciliation Act of 1993 created a new category of bonds, qualified enterprise zone facility bonds, that may be issued for certain businesses in "empowerment zones" or "enterprise communities." Empowerment Zone and Enterprise Community designations are made by the Secretaries of Agriculture and Housing and Urban Development, and last for a 10-year period. The Taxpayer Relief Act of 1997 provided certain economically depressed census tracts within the District of Columbia designation as the "D.C. Enterprise Zone." Qualified enterprise zone facility bonds are generally subject to the same rules as exempt facility bonds. The Job Creation and Worker Assistance Act of 2002 created section 1400L of the Internal Revenue Code of 1986 to provide various tax benefits for the area of New York City damaged or affected by the terrorist attack on September 11, 2001. Section 1400L(d) authorizes the issuance of an additional type of exempt facility bond, namely, "Liberty Bonds." Liberty Bonds are subject to the following additional requirements: (a) 95 percent or more of the net proceeds of such issue must be used for qualified project costs; (b) the bond must be issued by the State of New York or any political subdivision thereof; (c) the Governor of the State of New York or the Mayor of the City of New York must designate the bond for purposes of section 1400L(d); and (d) the bond must be issued after March 9, 2002, and before January 1, 2005. The maximum aggregate face amount of bonds that may be designated as Liberty Bonds is \$8 billion.

Governmental Bond.--Any obligation issued by a State or local government unit that is not a private activity bond (see below). The interest on a Govern-

mental bond is excluded from gross income under section 103 of the Internal Revenue Code.

Nongovernmental Output Property Bond.--Bonds used to finance the acquisition of property used by a nongovernmental entity in connection with an output facility (such as an electric or gas power project). This bond must meet additional tests under Internal Revenue Code section 141(d).

Pooled Financing.--An arrangement whereby a portion of the proceeds of a Governmental bond issue is used to make loans to other Governmental units.

Private Activity Bond.--Bond issue of which more than 10 percent of the proceeds is used for any private business use, and more than 10 percent of the payment of the principal or interest is either secured by an interest in property to be used for private business use (or payment for such property), or is derived from payments for property (or borrowed money) used for a private business use. A bond is also considered a private activity bond if the amount of the proceeds used to make or finance loans (other than loans described in Internal Revenue Code section 141(c)(2)) to persons other than Governmental units exceeds the lesser of 5 percent of the proceeds or \$5 million.

Qualified Mortgage Bond.--Bond issue of which the proceeds (except issuance costs and reasonably required reserves) are used to provide financing assistance for single-family residential property, and which meets the additional requirements in Internal Revenue Code section 143. Bond proceeds can be applied toward the purchase, improvement, or rehabilitation of owner-occupied residences, as well as to finance qualified home-improvement loans.

Qualified Redevelopment Bond.--Bond issue of which 95 percent or more of the net proceeds are used to finance certain specified real property acquisition and redevelopment in blighted areas (see Internal Revenue Code section 144(c) for additional requirements).

Qualified Section 501(c)(3) Bond.--Bonds issued by State and local governments to finance the activities of charitable, educational, hospital, and similar organizations that are tax-exempt under Internal Revenue Code section 501(c)(3). A bond must meet the following conditions to be classified as a section 501(c)(3) bond: 1) all property financed by the net proceeds of the bond issue is to be owned by a sec-

Tax-Exempt Bonds, 2003-2004

tion 501(c)(3) organization or a governmental unit, and 2) the bond would not be a private activity bond if section 501(c)(3) organizations were treated as governmental units with respect to their activities that are not related trades or businesses, and the private activity bond definition was applied using a 5-percent threshold rather than a 10-percent threshold. The primary beneficiaries of these bonds are private, nonprofit hospitals, colleges, and universities. A section 501(c)(3) hospital bond issue is one in which 95 percent or more of the net proceeds are to be used for a hospital. The category of bond issues referred to as “other section 501(c)(3)” includes bond issues that are not related to hospitals.

Qualified Small Issue Bond.--Bond issue generally not exceeding \$1 million, and of which 95 percent or more of the net proceeds are used to finance the acquisition of land and depreciable property or to refund such issues. In certain instances, an election to take certain capital expenditures into account can increase the limit on bond size, from \$1 million to \$10 million. These bonds may only be used to finance manufacturing facilities and to benefit certain first-time farmers.

Qualified Student Loan Bond.--Bond issue of which 90 percent or more of the net proceeds are used to make or finance student loans under a program of general application to which the Higher Education Act of 1965 applies (see Internal Revenue Code section 144(b)(1)(A) for additional requirements), or of which 95 percent or more of the net proceeds are used to make or finance student loans under a program of general application approved by the State (see Code section 144(b)(1)(B) for additional requirements).

Qualified Veterans' Mortgage Bond.--In general, a bond issue of which 95 percent or more of the net proceeds are used to provide residences for veterans who: 1) served prior to January 1, 1977; and 2) applied for such a mortgage prior to the date 30 years after leaving active service or January 31, 1985, whichever is later. The payment of interest and principal must be secured by a general obligation of the State, and the bond must meet certain of the requirements of Internal Revenue Code section 143. The issuance of qualified veterans' mortgage bonds was limited to the following five States: Alaska, California, Oregon, Texas, and Wisconsin, each of

which had a veterans' mortgage bond program in effect prior to June 22, 1984.

Tax Reform Act Transition Property Bond.-- A bond issued under transitional rules contained in the Tax Reform Act of 1986. Proceeds from bonds issued under these rules include issues used to fund items such as pollution control facilities, parking facilities, industrial parks, sports stadiums, and convention facilities. Proceeds from other bonds issued under the transitional rules are included in this category only if they could not be identified as another issue type.

Notes and References

Additional tax-exempt bond data, including data by type of issue, State, size of issue, and uses of proceeds, for various years can be found on the SOI Web site: <<http://www.irs.gov/taxstats>> (click on “Tax-Exempt Bonds”).

- [1] In addition, for State income tax purposes, some States allow for the exclusion of interest on bonds issued by government agencies within their own State, thus increasing the benefit to bondholders.
- [2] This estimate is based on tax-exempt bonds that will bear interest in Fiscal Year 2007, regardless of when the bonds were originally issued. Revenue loss estimates are from the annual Budget of the United States Government, Fiscal Year 2007, Analytical Perspectives, Table 19-1: Estimates of Total Income Tax Expenditures <<http://www.whitehouse.gov/omb/budget/fy2007/pdf/spec.pdf>>.
- [3] The term “State” includes the District of Columbia and any possession of the United States.
- [4] An arbitrage bond is one in which any portion of the proceeds is intentionally invested in higher-yielding investments, or is used to replace proceeds which have been intentionally invested in higher-yielding investments. Certain rules allow for arbitrage earnings with respect to tax-exempt bonds within a specified time period, so long as these earnings are rebated to the Department of the Treasury.
- [5] A registered bond is defined as: “a bond whose owner is designated on records maintained by

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a registrar, the ownership of which cannot be transferred without the registrar recording the transfer on its records.” (From the Municipal Securities Rulemaking Board’s Glossary of Municipal Securities Terms <<http://www.msrb.org/msrb1/glossary/>>.) See also Internal Revenue Code section 149(a) for additional information.

- [6] Call provisions allow the issuer to retire all or a portion of the bonds prior to the stated maturity date. Many State and local bonds were issued with call provisions that allowed the issuer to retire the bonds beginning 10 years from the date of issue, usually at par (face value) or at a small premium above par.
- [7] A transition rule allows bonds issued before the effective date of the Tax Reform Act of 1986 to be advance refunded twice (once if they had already been advance refunded one or more times before that date).
- [8] The Job Creation and Worker Assistance Act of 2002 (Public Law 107-47) included changes to tax-exempt bond law intended to provide recovery assistance to businesses in the New York City area in the aftermath of the terrorist attacks of September 11, 2001. Specifically, the new law allowed for an additional advance refunding for certain bonds that had already been advance refunded prior to September 12, 2001. The refunding bonds must have been outstanding on September 11, 2001, and at least 90 percent (95 percent for 501(c)(3) bonds) of the facilities financed under the original issue must have been located within the area designated as the “New York Liberty Zone.” (Certain facilities located outside New York City were also deemed eligible.) Qualified bonds were designated by the Governor of New York or the Mayor of New York City as “liberty advance refunding bonds.” The provision was effective for bonds issued after March 9, 2002, and before January 1, 2005. See Internal Revenue Service Notice 2002-42, 2002-27 Internal Revenue Bulletin 36, for additional information.
- [9] For 2003, the volume cap was equal to the greater of \$75 per capita or \$228.6 million. For 2004, the volume cap was the greater of \$80 per capita or \$233.8 million. Volume caps for U.S.

possessions, with the exception of Puerto Rico, are determined under Internal Revenue Code section 146(d)(4).

- [10] Obtained from the Federal Reserve Board, “Federal Statistical Release H.15: Selected Interest Rates, Historical Data” <<http://www.federalreserve.gov/releases/H15/data/m/slbond.txt>>.
- [11] Form 8038-G returns with a total issue price less than \$100,000 are excluded from the study. Issuers of these bonds are instructed to file Form 8038-GC, *Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales*. Statistics of Income (SOI) does not process data from Forms 8038-GC filed with the Internal Revenue Service.
- [12] The resident population estimates were released by the U.S. Bureau of the Census and published in Internal Revenue Bulletin No. 2004-11 (Notice 2004-21).
- [13] Internal Revenue Code section 141(b)(5) states that a Governmental bond will be treated as a private activity bond if: 1) the “nonqualified amount” exceeds \$15 million, but is less than the amount needed to meet any of the private activity bond tests; and 2) the issuer does not allocate a portion of its volume cap to the issue in an amount equal to the excess of such non-qualified amount over \$15 million.
- [14] For privately-owned high-speed intercity rail facilities, only 25 percent of the bonds issued are included in the volume cap calculation.
- [15] Educational facility bonds are limited to the greater of \$10 per capita or \$5 million. Liberty bonds are subject to an \$8-billion aggregate issuance limitation. Section 501(c)(3) bonds (other than qualified hospital bonds) were subject to a cap of \$150 million per organization.
- [16] Amounts subject to the volume cap were calculated using the data reported on Part II of Form 8038 for type of issue, prorated according to the percent of the issue that was new money. The types of bonds include the following: mass commuting facilities, water furnishing facilities, sewage facilities, solid waste disposal facilities, qualified residential rental projects,

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local furnishing of electric energy or gas, local district heating and cooling facilities, qualified hazardous waste facilities, high-speed inter-city rail facilities, qualified mortgage bonds, qualified small issue bonds, qualified student loan bonds, qualified redevelopment bonds, and “other bonds” (i.e., obligations for which

a specific purpose either did not apply or was not clearly indicated on the Form 8038 return). No distinction was made for Governmentally-owned solid waste facilities (which are not subject to the volume cap), and, as a result, estimated amounts subject to the cap could be slightly overstated.

Tax-Exempt Bonds, 2003-2004

Table 1.--Volume of Governmental Bonds by Type and Term of Issue, 2003 and 2004

[Money amounts are in millions of dollars]

Type and term of issue	Issue year			
	2003		2004	
	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)
All issues, total [1].....	28,085	353,994	25,889	330,413
Short-term.....	7,485	71,380	6,992	60,931
Long-term.....	20,600	282,614	18,897	269,481
New money issues, total.....	20,600	216,503	19,649	208,201
Short-term.....	5,753	61,751	5,230	50,484
Long-term.....	14,847	154,752	14,419	157,717
Refunding issues, total.....	10,086	137,491	8,424	122,212
Short-term.....	2,341	9,629	2,372	10,448
Long-term.....	7,745	127,862	6,052	111,764

[1] A given bond issue can include both new money and refunding proceeds. Thus, the number of new money issues plus the number of refunding issues will not always equal the number of total issues. However, the money amounts are additive to the totals.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 2.--Long-Term Governmental Bonds, by Purpose of Bond and Type of Issue, 2003 and 2004

[Money amounts are in millions of dollars]

Purpose of bond	2003								
	All issues			New money issues			Refunding issues		
	Number	Amount	Percent of total amount	Number	Amount	Percent of total amount	Number	Amount	Percent of total amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total [1].....	20,600	282,614	100.0	14,847	154,752	100.0	7,745	127,862	100.0
Education.....	6,672	82,368	29.1	4,653	51,309	33.2	2,626	31,060	24.3
Health and hospital.....	505	5,386	1.9	403	2,478	1.6	147	2,908	2.3
Transportation.....	1,254	33,973	12.0	983	17,660	11.4	430	16,313	12.8
Public safety.....	2,358	7,877	2.8	2,082	4,754	3.1	421	3,123	2.4
Environment.....	1,717	17,944	6.3	1,121	7,800	5.0	836	10,145	7.9
Housing.....	203	2,572	0.9	156	1,809	1.2	69	763	0.6
Utilities.....	2,721	44,601	15.8	1,673	17,132	11.1	1,437	27,468	21.5
Bond and tax/revenue anticipation notes.....	335	2,981	1.1	292	1,585	1.0	99	1,397	1.1
Other bond purposes [2].....	6,087	84,912	30.0	4,415	50,225	32.5	2,433	34,687	27.1

Purpose of bond	2004								
	All issues			New money issues			Refunding issues		
	Number	Amount	Percent of total amount	Number	Amount	Percent of total amount	Number	Amount	Percent of total amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Total [1].....	18,897	269,481	100.0	14,419	157,717	100.0	6,052	111,764	100.0
Education.....	6,154	80,630	29.9	4,553	49,837	31.6	2,064	30,793	27.6
Health and hospital.....	471	5,481	2.0	396	3,788	2.4	113	1,693	1.5
Transportation.....	1,244	31,934	11.9	995	20,148	12.8	420	11,786	10.5
Public safety.....	2,180	5,819	2.2	1,933	3,715	2.4	380	2,104	1.9
Environment.....	1,501	18,746	7.0	1,062	11,798	7.5	649	6,948	6.2
Housing.....	184	1,293	0.5	138	931	0.6	67	362	0.3
Utilities.....	2,309	28,701	10.7	1,537	12,467	7.9	1,047	16,234	14.5
Bond and tax/revenue anticipation notes.....	312	1,593	0.6	295	1,024	0.6	40	569	0.5
Other bond purposes [2].....	5,814	95,285	35.4	4,403	54,008	34.2	2,003	41,276	36.9

[1] A given issue can include more than one purpose and can include both new money and refunding proceeds. Thus, the summation of number of issues by purpose or by type of issue will sometimes exceed the total number of issues. However, the money amounts are additive to the totals.

[2] For purposes of this table, "other bond purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G return.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 3.--Computation of Lendable Proceeds for Long-Term Governmental Bonds, by Purpose of Bond, 2003 and 2004

[Money amounts are in millions of dollars]

Issue year	Purpose of bond	Entire issue price		Bond issuance costs		Credit enhancement		Allocation to reserve fund	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2003	Total [1].....	20,600	282,614	13,661	2,577	5,562	1,213	1,563	3,499
	Education.....	6,672	82,368	4,595	717	2,211	223	244	304
	Health and hospital.....	505	5,386	246	47	d	d	d	d
	Transportation.....	1,254	33,973	893	256	346	215	101	403
	Public safety.....	2,358	7,877	822	82	297	28	57	64
	Environment.....	1,717	17,944	1,261	174	484	74	153	196
	Housing.....	203	2,572	141	32	39	14	40	91
	Utilities.....	2,721	44,601	2,242	435	955	228	399	633
	Bond and tax/revenue anticipation notes....	335	2,981	261	13	d	d	d	d
Other bonds [2].....	6,087	84,912	4,385	821	1,679	376	575	1,753	
2004	Total [1].....	18,897	269,481	12,330	2,363	5,148	1,007	1,458	2,568
	Education.....	6,154	80,630	4,122	729	2,146	198	280	325
	Health and hospital.....	471	5,481	226	50	80	48	35	106
	Transportation.....	1,244	31,934	901	243	369	168	106	436
	Public safety.....	2,180	5,819	749	56	294	26	50	45
	Environment.....	1,501	18,746	1,091	165	396	49	157	347
	Housing.....	184	1,293	119	19	d	d	d	d
	Utilities.....	2,309	28,701	1,878	308	785	149	307	364
	Bond and tax/revenue anticipation notes....	312	1,593	229	6	d	d	d	d
Other bonds [2].....	5,814	95,285	4,183	787	1,596	358	518	917	

Issue year	Purpose of bond	Total lendable proceeds		Proceeds used to refund prior issues		Nonrefunding proceeds	
		Number	Amount	Number	Amount	Number	Amount
		(9)	(10)	(11)	(12)	(13)	(14)
2003	Total [1].....	20,600	275,326	7,745	125,379	14,847	149,946
	Education.....	6,672	81,124	2,626	30,633	4,653	50,491
	Health and hospital.....	505	5,233	147	2,840	403	2,393
	Transportation.....	1,254	33,098	430	15,929	983	17,169
	Public safety.....	2,358	7,703	421	3,074	2,082	4,629
	Environment.....	1,717	17,500	836	9,939	1,121	7,562
	Housing.....	203	2,435	69	744	156	1,691
	Utilities.....	2,721	43,304	1,437	26,874	1,673	16,429
	Bond and tax/revenue anticipation notes....	335	2,967	99	1,391	292	1,576
Other bonds [2].....	6,087	81,961	2,433	33,956	4,415	48,006	
2004	Total [1].....	18,897	263,543	6,052	109,772	14,419	153,771
	Education.....	6,154	79,378	2,064	30,416	4,553	48,961
	Health and hospital.....	471	5,276	113	1,643	396	3,634
	Transportation.....	1,244	31,087	420	11,525	995	19,561
	Public safety.....	2,180	5,692	380	2,064	1,933	3,629
	Environment.....	1,501	18,185	649	6,751	1,062	11,435
	Housing.....	184	1,239	67	350	138	889
	Utilities.....	2,309	27,881	1,047	15,919	1,537	11,962
	Bond and tax/revenue anticipation notes....	312	1,583	40	565	295	1,019
Other bonds [2].....	5,814	93,222	2,003	40,540	4,403	52,682	

d - Data were deleted to avoid disclosure of information for specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose and can include both new money and refunding proceeds. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts are additive to the totals.

[2] For purposes of this table, "other bonds" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G return.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 4.--New Money Long-Term Governmental Bonds, by Purpose of Bond and Size of Entire Issue, 2003 and 2004

[Money amounts are in millions of dollars, except for size of entire issue, which is in whole dollars]

Issue year	Purpose of bond	All issues		Size of entire issue					
				Under \$500,000 [1]		\$500,000 under \$1,000,000		\$1,000,000 under \$5,000,000	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2003	Total [2].....	14,847	154,752	5,373	1,268	1,849	1,245	3,744	8,257
	Education.....	4,653	51,309	1,531	367	514	355	1,061	2,340
	Health and hospital.....	403	2,478	141	32	55	38	105	215
	Transportation.....	983	17,660	332	71	114	72	257	435
	Public safety.....	2,082	4,754	1,284	288	274	183	279	498
	Environment.....	1,121	7,800	296	69	157	95	353	665
	Housing.....	156	1,809	d	d	15	9	58	137
	Utilities.....	1,673	17,132	371	90	218	131	589	1,185
	Bond and tax/revenue anticipation notes.....	292	1,585	d	d	43	30	120	308
Other bond purposes [3].....	4,415	50,225	1,406	333	510	331	1,215	2,474	
2004	Total [2].....	14,419	157,717	5,279	1,249	1,753	1,181	3,613	8,180
	Education.....	4,553	49,837	1,530	354	457	314	1,023	2,375
	Health and hospital.....	396	3,788	127	33	47	31	118	246
	Transportation.....	995	20,148	293	64	127	73	260	467
	Public safety.....	1,933	3,715	1,204	270	232	153	292	512
	Environment.....	1,062	11,798	308	76	142	86	278	473
	Housing.....	138	931	23	6	17	10	67	154
	Utilities.....	1,537	12,467	322	84	209	127	547	1,159
	Bond and tax/revenue anticipation notes.....	295	1,024	55	16	52	33	136	308
Other bond purposes [3].....	4,403	54,008	1,459	346	538	354	1,158	2,486	

Issue year	Purpose of bond	Size of entire issue--continued							
		\$5,000,000 under \$10,000,000		\$10,000,000 under \$25,000,000		\$25,000,000 under \$75,000,000		\$75,000,000 or more	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
		(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
2003	Total [2].....	1,454	9,000	1,194	15,817	788	27,413	445	91,751
	Education.....	507	3,257	543	7,129	348	12,273	149	25,589
	Health and hospital.....	34	178	23	274	27	858	18	883
	Transportation.....	96	442	73	728	38	1,041	73	14,870
	Public safety.....	97	486	78	593	40	840	30	1,866
	Environment.....	132	560	79	579	58	1,611	46	4,220
	Housing.....	19	93	d	d	12	315	10	1,084
	Utilities.....	204	1,040	131	1,378	85	2,537	75	10,772
	Bond and tax/revenue anticipation notes.....	37	234	d	d	23	469	5	265
Other bond purposes [3].....	496	2,710	401	4,706	250	7,468	137	32,203	
2004	Total [2].....	1,378	8,977	1,182	16,279	777	28,694	437	93,158
	Education.....	502	3,380	507	6,958	389	13,738	145	22,718
	Health and hospital.....	25	155	30	351	24	753	25	2,220
	Transportation.....	95	447	69	652	69	1,733	82	16,711
	Public safety.....	82	420	58	569	40	601	25	1,190
	Environment.....	117	574	95	838	65	1,559	57	8,191
	Housing.....	7	48	14	169	d	d	d	d
	Utilities.....	182	1,027	123	1,515	103	3,246	51	5,308
	Bond and tax/revenue anticipation notes.....	36	220	12	126	d	d	d	d
Other bond purposes [3].....	468	2,704	418	5,102	223	6,961	139	36,056	

d - Data were deleted to avoid disclosure of information for specific bonds. However, the data are included in the appropriate totals.

[1] Form 8038-G returns with an entire issue price less than \$100,000 are excluded from the study. Issuers of these bonds are instructed to file Form 8038-GC, *Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales*. Statistics of Income (SOI) does not process data from the Forms 8038-GC filed with the Internal Revenue Service.

[2] A given bond issue can include more than one "purpose." Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts are additive to the totals.

[3] For purposes of this table, "other bond purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G return.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 5.--New Money Long-Term Governmental Bonds, by State of Issue and Selected Purpose of Bond, 2003 and 2004

[Money amounts are in millions of dollars]

State of issue	Total [1]				Selected purpose of bond			
	2003		2004		2003		2004	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All States.....	14,847	154,752	14,419	157,717	4,653	51,309	4,553	49,837
Alabama.....	283	1,623	257	1,708	55	665	53	1,151
Alaska.....	36	945	32	594	8	559	7	159
Arizona.....	241	3,046	262	3,572	89	1,281	108	1,054
Arkansas.....	250	759	210	1,043	131	437	95	577
California.....	1,185	28,580	1,096	33,501	480	11,870	503	9,623
Colorado.....	289	2,791	334	3,765	70	906	62	1,296
Connecticut.....	117	2,114	131	2,317	52	440	62	320
Delaware.....	20	501	36	395	5	187	5	133
District of Columbia.....	6	866	d	d	0	0	0	0
Florida.....	501	9,016	497	6,734	73	2,950	55	1,957
Georgia.....	272	2,683	264	4,163	66	788	60	980
Hawaii.....	20	592	14	639	d	d	0	0
Idaho.....	125	317	101	180	29	207	20	91
Illinois.....	761	6,299	732	6,773	338	2,034	319	1,598
Indiana.....	410	2,900	381	3,001	181	1,843	140	1,229
Iowa.....	378	925	320	970	93	262	84	395
Kansas.....	259	846	238	1,587	47	301	53	231
Kentucky.....	212	921	295	1,262	89	440	163	692
Louisiana.....	246	1,839	218	1,689	45	322	39	508
Maine.....	140	280	130	303	66	71	63	57
Maryland.....	143	2,885	154	2,087	49	1,046	43	512
Massachusetts.....	221	2,867	229	3,403	65	392	81	633
Michigan.....	582	4,263	543	4,050	163	1,941	170	2,364
Minnesota.....	596	2,403	642	3,142	86	413	110	757
Mississippi.....	173	526	235	661	45	134	43	274
Missouri.....	313	2,205	325	1,714	107	896	94	457
Montana.....	70	138	53	131	13	32	13	66
Nebraska.....	465	1,417	498	465	52	326	29	77
Nevada.....	77	1,684	68	1,540	16	583	22	633
New Hampshire.....	69	651	72	282	16	247	16	66
New Jersey.....	458	6,940	370	8,137	209	2,001	159	3,207
New Mexico.....	127	763	139	1,973	52	219	42	205
New York.....	688	17,744	691	12,076	321	2,151	304	1,457
North Carolina.....	397	3,567	424	3,636	65	1,531	71	1,525
North Dakota.....	124	266	98	219	35	41	25	75
Ohio.....	403	3,103	395	4,916	145	1,687	125	1,915
Oklahoma.....	280	1,252	308	1,184	197	422	214	548
Oregon.....	145	1,478	113	999	36	316	32	199
Pennsylvania.....	629	5,622	599	4,332	238	2,659	244	1,977
Rhode Island.....	39	543	46	470	9	86	14	133
South Carolina.....	269	2,035	259	2,190	66	865	75	643
South Dakota.....	64	194	78	181	19	75	29	89
Tennessee.....	181	2,399	182	1,480	27	185	28	271
Texas.....	1,154	9,358	1,151	11,318	366	4,424	376	6,303
Utah.....	188	956	143	843	41	390	31	317
Vermont.....	46	143	d	d	10	47	d	d
Virginia.....	292	2,624	252	3,677	69	1,074	88	1,471
Washington.....	284	3,809	225	3,654	80	979	61	720
West Virginia.....	101	240	105	739	22	91	22	563
Wisconsin.....	469	2,157	377	1,804	100	481	74	275
Wyoming.....	37	37	44	71	d	d	22	32
U.S. Possessions [2].....	12	2,636	8	1,376	0	0	d	d

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 5.--New Money Long-Term Governmental Bonds, by State of Issue and Selected Purpose of Bond, 2003 and 2004--Continued

[Money amounts are in millions of dollars]

State of issue	Selected purpose of bond--continued							
	Health and hospital				Transportation			
	2003		2004		2003		2004	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
All States.....	403	2,478	396	3,788	983	17,660	995	20,148
Alabama.....	11	73	13	45	10	31	18	52
Alaska.....	d	d	3	31	10	158	6	64
Arizona.....	d	d	3	17	37	599	16	939
Arkansas.....	13	43	11	17	7	30	10	100
California.....	59	97	45	911	43	1,816	43	2,036
Colorado.....	10	209	14	234	18	200	51	608
Connecticut.....	3	150	0	0	8	9	13	227
Delaware.....	d	d	0	0	3	236	16	108
District of Columbia.....	0	0	0	0	d	d	0	0
Florida.....	5	140	d	d	35	1,271	42	894
Georgia.....	8	36	12	145	6	445	7	589
Hawaii.....	9	7	9	20	0	0	0	0
Idaho.....	9	18	6	5	26	5	24	8
Illinois.....	11	42	11	81	34	977	29	801
Indiana.....	6	151	11	161	28	384	27	474
Iowa.....	12	35	12	29	39	100	29	23
Kansas.....	9	10	12	6	51	46	48	735
Kentucky.....	4	1	4	15	6	7	6	17
Louisiana.....	18	109	20	115	20	121	8	82
Maine.....	d	d	d	d	18	80	12	101
Maryland.....	9	30	5	11	15	493	23	709
Massachusetts.....	d	d	9	15	13	32	32	403
Michigan.....	14	49	8	69	53	153	28	241
Minnesota.....	12	50	10	30	33	110	46	247
Mississippi.....	8	37	10	48	5	21	16	21
Missouri.....	10	155	18	26	22	407	41	148
Montana.....	d	d	0	0	11	13	3	1
Nebraska.....	7	5	9	22	19	6	24	46
Nevada.....	d	d	d	d	9	342	4	383
New Hampshire.....	0	0	d	d	5	10	10	9
New Jersey.....	5	41	4	13	12	1,313	15	1,300
New Mexico.....	d	d	7	292	d	d	6	779
New York.....	16	12	14	353	40	3,419	55	3,554
North Carolina.....	10	219	7	21	11	485	16	352
North Dakota.....	d	d	d	d	7	18	d	d
Ohio.....	16	96	8	34	24	33	31	501
Oklahoma.....	7	23	3	1	9	57	12	58
Oregon.....	3	5	3	1	13	22	6	305
Pennsylvania.....	5	5	d	d	32	932	22	427
Rhode Island.....	0	0	d	d	3	292	d	d
South Carolina.....	16	251	6	195	9	22	12	607
South Dakota.....	0	0	d	d	9	3	16	5
Tennessee.....	6	141	6	34	9	4	9	38
Texas.....	24	70	15	157	55	589	52	586
Utah.....	4	14	4	8	14	232	5	56
Vermont.....	0	0	0	0	d	d	0	0
Virginia.....	10	14	8	21	19	93	9	155
Washington.....	11	35	31	449	19	768	14	596
West Virginia.....	d	d	4	12	d	d	d	d
Wisconsin.....	6	7	5	4	103	514	67	385
Wyoming.....	d	d	3	7	d	d	d	d
U.S. Possessions [2].....	d	d	0	0	d	d	d	d

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 5.--New Money Long-Term Governmental Bonds, by State of Issue and Selected Purpose of Bond, 2003 and 2004--Continued

[Money amounts are in millions of dollars]

State of issue	Selected purpose of bond--continued							
	Public safety				Environment			
	2003		2004		2003		2004	
	Number (17)	Amount (18)	Number (19)	Amount (20)	Number (21)	Amount (22)	Number (23)	Amount (24)
All States.....	2,082	4,754	1,933	3,715	1,121	7,800	1,062	11,798
Alabama.....	48	82	34	83	10	120	8	9
Alaska.....	4	2	4	1	0	0	d	d
Arizona.....	36	46	32	126	12	195	8	286
Arkansas.....	19	26	16	71	12	10	18	62
California.....	102	1,053	86	672	41	1,030	50	2,182
Colorado.....	49	53	61	160	7	15	10	17
Connecticut.....	24	20	26	21	13	27	18	13
Delaware.....	d	d	10	9	7	14	5	33
District of Columbia.....	d	d	d	d	d	d	d	d
Florida.....	100	118	65	127	16	489	22	108
Georgia.....	52	155	44	119	61	403	66	1,472
Hawaii.....	0	0	0	0	0	0	0	0
Idaho.....	15	7	14	7	17	17	11	26
Illinois.....	53	162	57	174	36	232	29	232
Indiana.....	71	117	69	195	23	92	28	499
Iowa.....	23	15	19	11	41	101	29	131
Kansas.....	32	45	20	21	33	13	33	163
Kentucky.....	30	22	33	41	15	10	5	109
Louisiana.....	46	50	51	84	24	180	22	195
Maine.....	21	7	27	18	8	11	7	12
Maryland.....	38	105	25	89	26	248	37	251
Massachusetts.....	38	35	39	27	46	355	40	515
Michigan.....	65	74	43	61	91	1,007	101	691
Minnesota.....	39	116	19	57	40	96	48	214
Mississippi.....	16	21	22	6	5	1	7	1
Missouri.....	47	90	55	75	26	176	23	290
Montana.....	4	8	3	[3]	16	18	13	15
Nebraska.....	21	9	23	17	13	64	8	6
Nevada.....	7	40	d	d	13	110	10	320
New Hampshire.....	12	24	19	19	6	10	9	13
New Jersey.....	56	163	85	80	20	210	16	230
New Mexico.....	32	23	31	29	8	16	11	11
New York.....	121	357	119	149	25	415	25	277
North Carolina.....	138	317	131	328	23	139	18	204
North Dakota.....	3	1	d	d	4	29	5	3
Ohio.....	80	95	66	103	25	212	26	836
Oklahoma.....	16	62	d	d	3	5	d	d
Oregon.....	24	28	16	25	6	211	8	185
Pennsylvania.....	108	183	98	72	105	321	85	284
Rhode Island.....	d	d	15	11	10	105	9	119
South Carolina.....	69	71	63	56	19	187	20	55
South Dakota.....	6	12	6	6	5	9	4	42
Tennessee.....	34	47	24	33	4	6	10	71
Texas.....	123	353	126	121	60	264	41	426
Utah.....	24	27	26	31	15	18	8	5
Vermont.....	d	d	d	d	6	2	d	d
Virginia.....	67	282	52	107	22	63	9	239
Washington.....	41	45	25	31	12	13	13	204
West Virginia.....	40	34	41	69	13	74	8	32
Wisconsin.....	63	65	46	68	71	338	66	335
Wyoming.....	4	1	4	20	4	3	d	d
U.S. Possessions [2].....	0	0	d	d	d	d	d	d

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 5.--New Money Long-Term Governmental Bonds, by State of Issue and Selected Purpose of Bond, 2003 and 2004--Continued
 [Money amounts are in millions of dollars]

State of issue	Selected purpose of bond--continued							
	Utilities				All other bonds, combined [4]			
	2003		2004		2003		2004	
	Number (25)	Amount (26)	Number (27)	Amount (28)	Number (29)	Amount (30)	Number (31)	Amount (32)
All States	1,673	17,132	1,537	12,467	4,863	53,619	4,836	55,964
Alabama.....	48	175	22	129	119	478	117	239
Alaska.....	0	0	d	d	13	176	10	300
Arizona.....	16	270	11	301	63	656	84	849
Arkansas.....	53	151	44	102	25	63	25	115
California.....	104	3,014	69	2,398	366	9,699	306	15,678
Colorado.....	31	438	52	622	109	970	119	827
Connecticut.....	7	175	7	36	53	1,293	68	1,700
Delaware.....	d	d	0	0	5	58	4	112
District of Columbia.....	0	0	0	0	d	d	d	d
Florida.....	67	1,840	55	878	209	2,208	264	2,652
Georgia.....	19	384	21	236	74	472	63	622
Hawaii.....	0	0	d	d	10	585	3	509
Idaho.....	8	9	5	7	21	55	21	36
Illinois.....	65	98	44	173	242	2,755	262	3,714
Indiana.....	26	84	18	209	75	230	89	235
Iowa.....	50	66	44	74	166	346	140	307
Kansas.....	64	127	42	198	89	306	83	233
Kentucky.....	38	81	49	101	32	361	38	286
Louisiana.....	20	64	31	243	78	993	54	463
Maine.....	7	7	9	5	37	103	28	112
Maryland.....	9	59	14	122	73	903	71	393
Massachusetts.....	25	30	26	81	138	2,017	119	1,730
Michigan.....	47	507	45	145	149	531	149	478
Minnesota.....	75	224	89	433	327	1,394	343	1,404
Mississippi.....	9	17	9	79	85	294	128	232
Missouri.....	42	77	38	298	67	403	59	421
Montana.....	3	5	3	3	23	61	18	47
Nebraska.....	47	829	43	92	315	178	367	205
Nevada.....	5	159	d	d	25	424	17	137
New Hampshire.....	7	48	7	10	30	313	27	162
New Jersey.....	21	1,611	8	24	178	1,602	105	3,282
New Mexico.....	d	d	14	154	30	493	32	502
New York.....	27	372	27	365	161	11,018	189	5,921
North Carolina.....	35	153	42	393	141	722	175	813
North Dakota.....	50	97	45	111	23	75	15	19
Ohio.....	21	163	21	136	113	816	143	1,390
Oklahoma.....	19	165	28	230	34	519	39	327
Oregon.....	16	131	10	62	48	765	38	222
Pennsylvania.....	36	78	27	240	138	1,444	137	1,330
Rhode Island.....	d	d	d	d	9	46	16	135
South Carolina.....	24	193	15	369	74	446	78	265
South Dakota.....	10	73	4	5	15	21	18	33
Tennessee.....	54	1,630	47	281	72	386	82	752
Texas.....	256	2,017	272	1,758	282	1,641	286	1,967
Utah.....	51	154	32	209	46	121	41	217
Vermont.....	6	3	d	d	16	70	d	d
Virginia.....	10	26	17	247	133	1,072	99	1,437
Washington.....	44	652	30	515	84	1,317	55	1,138
West Virginia.....	d	d	d	d	19	34	25	57
Wisconsin.....	85	176	81	193	217	576	163	543
Wyoming.....	4	4	d	d	5	10	9	8
U.S. Possessions [2].....	d	d	0	0	d	d	3	899

d - Data deleted to avoid disclosure of information about specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts are additive to the totals.

[2] U.S. Possessions include Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands

[3] Indicates an amount less than \$500,000.

[4] For purposes of this table, certain bond purposes were combined. For this reason, data in this table will differ slightly from the data in Figure D. The "all other bonds, combined" category here includes housing bonds, bond anticipation notes, and tax and revenue anticipation notes, as well as those obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G return.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 6.--Volume of Tax-Exempt Private Activity Bonds by Type and Term of Issue, 2003 and 2004

[Money amounts are in millions of dollars]

Type and term of issue	Issue year			
	2003		2004	
	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)
All issues, total [1].....	4,159	93,908	3,621	94,032
Short-term.....	97	1,278	72	934
Long-term.....	4,062	92,630	3,549	93,098
New money issues, total.....	2,773	46,022	2,586	48,099
Short-term.....	52	389	42	222
Long-term.....	2,721	45,633	2,544	47,877
Refunding issues, total.....	1,931	47,886	1,535	45,933
Short-term.....	49	889	35	712
Long-term.....	1,882	46,997	1,500	45,221

[1] A given bond issue can include both new money and refunding proceeds. Thus, the number of new money issues plus the number of refunding issues will not always equal the number of total issues. However, the money amounts are additive to the totals.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 7.--Long-Term Tax-Exempt Private Activity Bonds, by Purpose of Bond and Type of Issue, 2003 and 2004

[Money amounts are in millions of dollars]

Purpose of bond	2003								
	All issues			New money issues			Refunding issues		
	Number	Amount	Percent of total amount	Number	Amount	Percent of total amount	Number	Amount	Percent of total amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total [1].....	4,062	92,630	100.0	2,721	45,633	100.0	1,882	46,997	100.0
Airport.....	104	8,445	9.1	58	5,588	12.3	61	2,858	6.1
Docks and wharves.....	28	1,343	1.5	15	292	0.6	14	1,051	2.2
Mass commuting.....	d	d	d	d	d	d	d	d	d
Water.....	22	231	0.3	13	97	0.2	11	134	0.3
Sewage.....	30	153	0.2	18	113	0.3	14	40	0.1
Solid waste disposal.....	134	2,693	2.9	94	1,445	3.2	44	1,248	2.7
Residential rental.....	645	9,671	10.4	486	6,190	13.6	182	3,480	7.4
Local furnishing of electricity/gas.....	12	720	0.8	4	175	0.4	9	545	1.2
Local heating/cooling facilities.....	3	16	[2]	3	16	[2]	0	0	0
Hazardous waste facilities.....	d	d	d	d	d	d	d	d	d
Tax Reform Act of 1986 transition property.....	106	6,503	7.0	d	d	d	d	d	d
Enterprise zone.....	0	0	0	0	0	0	0	0	0
New empowerment zone.....	5	33	[2]	5	33	0.1	0	0	0
District of Columbia Enterprise Zone.....	d	d	d	d	d	d	0	0	0
Liberty.....	5	561	0.6	5	561	1.2	0	0	0
Mortgage.....	291	16,863	18.2	110	3,421	7.5	257	13,441	28.6
Veterans' mortgage.....	5	306	0.3	d	d	d	d	d	d
Small issue.....	728	955	1.0	484	628	1.4	256	327	0.7
Student loan.....	55	4,344	4.7	37	2,858	6.3	39	1,486	3.2
Redevelopment.....	d	d	d	0	0	0	d	d	d
Section 501(c)(3) hospital.....	434	18,421	19.9	297	9,896	21.7	239	8,689	18.5
Other Section 501(c)(3).....	1,493	21,250	22.9	1,117	14,112	30.9	676	7,673	16.3
Nongovernmental output property.....	d	d	d	0	0	0	d	d	d
Other bonds [3].....	8	7	[2]	5	3	[2]	3	4	[2]

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 7.--Long-Term Tax-Exempt Private Activity Bonds, by Purpose of Bond and Type of Issue, 2003 and 2004--Continued

[Money amounts are in millions of dollars]

Purpose of bond	2004								
	All issues			New money issues			Refunding issues		
	Number	Amount	Percent of total amount	Number	Amount	Percent of total amount	Number	Amount	Percent of total amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Total [1].....	3,549	93,098	100.0	2,544	47,877	100.0	1,500	45,221	100.0
Airport.....	71	5,062	5.4	37	2,507	5.2	42	2,555	5.7
Docks and wharves.....	25	838	0.9	13	287	0.6	12	551	1.2
Mass commuting.....	0	0	0	0	0	0	0	0	0
Water.....	24	362	0.4	10	156	0.3	14	206	0.5
Sewage.....	19	227	0.2	9	64	0.1	10	163	0.4
Solid waste disposal.....	111	3,322	3.6	67	1,355	2.8	52	1,966	4.4
Residential rental.....	637	8,351	9.0	477	5,551	11.6	173	2,799	6.2
Local furnishing of electricity/gas.....	11	751	0.8	3	77	0.2	9	674	1.5
Local heating/cooling facilities.....	0	0	0	0	0	0	0	0	0
Hazardous waste facilities.....	0	0	0	0	0	0	0	0	0
Tax Reform Act of 1986 transition property.....	93	7,580	8.1	d	d	d	d	d	d
Enterprise zone.....	d	d	d	d	d	d	0	0	0
New empowerment zone.....	5	41	[2]	5	41	0.1	0	0	0
District of Columbia Enterprise Zone.....	d	d	d	d	d	d	0	0	0
Liberty.....	8	1,214	1.3	8	1,214	2.5	0	0	0
Mortgage.....	269	18,471	19.8	146	5,063	10.6	223	13,408	29.7
Veterans' mortgage.....	3	130	0.1	d	d	d	d	d	d
Small issue.....	531	921	1.0	399	657	1.4	147	264	0.6
Student loan.....	42	4,782	5.1	35	3,955	8.3	24	827	1.8
Redevelopment.....	d	d	d	d	d	d	d	d	d
Section 501(c)(3) hospital.....	380	18,224	19.6	298	11,074	23.1	176	7,229	16.0
Other Section 501(c)(3).....	1,349	22,386	24.1	1,050	15,654	32.7	555	7,027	15.5
Nongovernmental output property.....	d	d	d	d	d	d	d	d	d
Other bonds [3].....	11	353	0.4	8	13	[2]	4	339	0.8

d - Data deleted to avoid disclosure of information about specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose and can include both new money and refunding proceeds. Thus, the summation of number of issues by purpose or by type of issue will sometimes exceed the total number of issues. However, the money amounts are additive to the totals.

[2] Less than 0.05.

[3] For purposes of this table, "other bonds" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038 return.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 8.--Computation of Lendable Proceeds for Long-Term Tax-Exempt Private Activity Bonds, by Selected Purpose of Bond, 2003 and 2004

[Money amounts are in millions of dollars]

Issue year	Selected purpose of bond	Entire issue price		Bond issuance costs		Credit enhancement		Allocation to reserve fund	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2003	Total [1].....	4,062	92,630	2,086	609	873	582	562	1,276
	Airport.....	104	8,445	93	83	59	167	35	334
	Docks and wharves.....	28	1,343	17	5	9	3	8	10
	Water.....	22	231	d	d	6	1	3	1
	Sewage.....	30	153	20	2	3	[2]	3	1
	Solid waste disposal.....	134	2,693	91	23	16	3	5	22
	Residential rental.....	645	9,671	145	26	50	8	48	24
	Mortgage.....	291	16,863	43	13	5	[2]	29	63
	Veterans' mortgage.....	5	306	d	d	0	0	0	0
	Small issue.....	728	955	171	10	68	3	3	1
	Student loan.....	55	4,344	26	15	9	2	21	15
	Section 501(c)(3) hospital.....	434	18,421	303	170	158	213	103	416
	Other Section 501(c)(3).....	1,493	21,250	1,173	248	494	174	307	384
All other bonds [3].....	148	7,953	26	12	10	8	7	7	
2004	Total [1].....	3,549	93,098	1,874	581	828	567	527	1,201
	Airport.....	71	5,062	60	45	52	52	20	148
	Docks and wharves.....	25	838	17	6	11	3	6	10
	Water.....	24	362	16	3	11	2	4	1
	Sewage.....	19	227	d	d	d	d	5	1
	Solid waste disposal.....	111	3,322	67	22	16	5	9	12
	Residential rental.....	637	8,351	125	23	53	8	40	14
	Mortgage.....	269	18,471	43	20	8	[2]	49	95
	Veterans' mortgage.....	3	130	d	d	0	0	0	0
	Small issue.....	531	921	162	9	46	2	6	2
	Student loan.....	42	4,782	26	18	4	[2]	16	30
	Section 501(c)(3) hospital.....	380	18,224	302	172	161	307	100	489
	Other Section 501(c)(3).....	1,349	22,386	1,047	239	467	180	279	387
All other bonds [3].....	133	10,024	d	d	d	d	8	10	

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 8.--Computation of Lendable Proceeds for Long-Term Tax-Exempt Private Activity Bonds, by Selected Purpose of Bond, 2003 and 2004--Continued

[Money amounts are in millions of dollars]

Issue year	Selected purpose of bond	Total lendable proceeds		Proceeds used to refund prior issues		Nonrefunding proceeds	
		Number	Amount	Number	Amount	Number	Amount
		(9)	(10)	(11)	(12)	(13)	(14)
2003	Total [1].....	4,062	90,162	1,882	46,146	2,795	44,016
	Airport.....	104	7,862	61	2,680	62	5,181
	Docks and wharves.....	28	1,325	14	1,050	15	275
	Water.....	d	d	d	d	d	d
	Sewage.....	30	150	14	39	18	111
	Solid waste disposal.....	134	2,646	44	1,217	96	1,428
	Residential rental.....	645	9,612	182	3,458	490	6,154
	Mortgage.....	291	16,786	257	13,394	116	3,393
	Veterans' mortgage.....	d	d	d	d	d	d
	Small issue.....	728	942	256	327	485	615
	Student loan.....	55	4,312	39	1,480	37	2,831
	Section 501(c)(3) hospital.....	434	17,623	239	8,216	307	9,407
	Other Section 501(c)(3).....	1,493	20,444	676	6,894	1,165	13,550
All other bonds [3].....	148	7,926	122	7,049	28	876	
2004	Total [1].....	3,549	90,747	1,500	44,406	2,637	46,341
	Airport.....	71	4,817	42	2,483	41	2,335
	Docks and wharves.....	25	818	12	540	16	279
	Water.....	24	356	14	204	12	152
	Sewage.....	19	223	d	d	d	d
	Solid waste disposal.....	111	3,282	52	1,957	68	1,325
	Residential rental.....	637	8,306	173	2,796	478	5,509
	Mortgage.....	269	18,354	223	13,354	152	5,001
	Veterans' mortgage.....	3	130	d	d	d	d
	Small issue.....	531	907	147	263	400	644
	Student loan.....	42	4,734	24	822	35	3,911
	Section 501(c)(3) hospital.....	380	17,255	176	6,739	312	10,517
	Other Section 501(c)(3).....	1,349	21,579	555	6,517	1,109	15,062
All other bonds [3].....	133	9,986	105	8,540	34	1,446	

d - Data deleted to avoid disclosure of information for specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts are additive to the totals.

[2] Indicates an amount less than \$500,000.

[3] For purposes of this table, this category includes all issues for which a specific purpose either did not apply or was not clearly indicated on the Form 8038 return, as well as bonds for: mass commuting facilities, local furnishing of energy or gas, local district heating or cooling facilities, hazardous waste facilities, facilities issued under a transitional rule of the Tax Reform Act of 1986, qualified enterprise zone facility bonds, qualified empowerment zone facility bonds, District of Columbia Enterprise Zone facility bonds, Liberty bonds, redevelopment bonds, and nongovernmental output property bonds.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 9.--New Money Long-Term Tax-Exempt Private Activity Bonds, by Selected Purpose of Bond and Size of Entire Issue, 2003 and 2004

[Money amounts are in millions of dollars, except for size of entire issue, which is in whole dollars]

Issue year	Selected purpose of bond	All issues		Size of entire issue			
				Under \$1,000,000		\$1,000,000 under \$10,000,000	
		Number (1)	Amount (2)	Number (3)	Amount (4)	Number (5)	Amount (6)
2003	Total [1].....	2,721	45,633	411	122	1,218	5,160
	Airport.....	58	5,588	5	3	15	68
	Docks and wharves.....	15	292	0	0	9	37
	Water.....	13	97	d	d	d	d
	Sewage.....	18	113	0	0	7	24
	Solid waste disposal.....	94	1,445	0	0	d	d
	Residential rental.....	486	6,190	d	d	257	1,506
	Liberty.....	5	561	0	0	0	0
	Mortgage.....	110	3,421	0	0	3	17
	Small issue.....	484	628	296	49	188	580
	Student loan.....	37	2,858	0	0	0	0
	Section 501(c)(3) hospital.....	297	9,896	12	8	90	362
	Other Section 501(c)(3).....	1,117	14,112	80	53	607	2,333
All other bonds [2].....	25	431	d	d	7	28	
2004	Total [1].....	2,544	47,877	315	94	1,145	5,108
	Airport.....	37	2,507	d	d	10	28
	Docks and wharves.....	13	287	d	d	5	21
	Water.....	10	156	d	d	d	d
	Sewage.....	9	64	0	0	6	29
	Solid waste disposal.....	67	1,355	0	0	22	105
	Residential rental.....	477	5,551	15	8	254	1,525
	Liberty.....	8	1,214	0	0	d	d
	Mortgage.....	146	5,063	0	0	5	30
	Small issue.....	399	657	218	37	181	620
	Student loan.....	35	3,955	0	0	0	0
	Section 501(c)(3) hospital.....	298	11,074	6	4	95	406
	Other Section 501(c)(3).....	1,050	15,654	69	41	552	2,287
All other bonds [2].....	24	339	d	d	12	37	

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 9.--New Money Long-Term Tax-Exempt Private Activity Bonds, by Selected Purpose of Bond and Size of Entire Issue, 2003 and 2004--Continued

[Money amounts are in millions of dollars, except for size of entire issue, which is in whole dollars]

Issue year	Selected purpose of bond	Size of entire issue--continued					
		\$10,000,000 under \$50,000,000		\$50,000,000 under \$100,000,000		\$100,000,000 or more	
		Number (7)	Amount (8)	Number (9)	Amount (10)	Number (11)	Amount (12)
2003	Total [1].....	796	14,428	165	8,666	131	17,257
	Airport.....	12	256	7	401	19	4,859
	Docks and wharves.....	d	d	d	d	d	d
	Water.....	4	68	0	0	0	0
	Sewage.....	11	89	0	0	0	0
	Solid waste disposal.....	52	909	4	259	d	d
	Residential rental.....	202	3,525	15	985	d	d
	Liberty.....	d	d	d	d	d	d
	Mortgage.....	55	885	29	937	23	1,582
	Small issue.....	0	0	0	0	0	0
	Student loan.....	10	226	12	651	15	1,981
	Section 501(c)(3) hospital.....	106	2,230	39	1,938	50	5,358
Other Section 501(c)(3).....	354	5,993	53	3,104	23	2,629	
All other bonds [2].....	8	137	4	228	d	d	
2004	Total [1].....	773	13,651	165	8,886	146	20,139
	Airport.....	10	259	d	d	13	2,113
	Docks and wharves.....	4	60	d	d	d	d
	Water.....	6	139	0	0	0	0
	Sewage.....	3	35	0	0	0	0
	Solid waste disposal.....	39	743	d	d	d	d
	Residential rental.....	196	3,138	7	385	5	495
	Liberty.....	d	d	d	d	3	889
	Mortgage.....	72	1,219	39	1,550	30	2,264
	Small issue.....	0	0	0	0	0	0
	Student loan.....	4	110	13	802	18	3,044
	Section 501(c)(3) hospital.....	101	1,943	50	2,814	46	5,906
Other Section 501(c)(3).....	349	5,888	46	2,407	34	5,030	
All other bonds [2].....	d	d	4	224	0	0	

d - Data deleted to avoid disclosure of information for specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts are additive to the totals.

[2] For purposes of this table, this category includes all issues for which a specific purpose either did not apply or was not clearly indicated on the Form 8038 return, as well as bonds for: mass commuting facilities, local furnishing of energy or gas, local district heating or cooling facilities, hazardous waste facilities, facilities issued under a transitional rule of the Tax Reform Act of 1986, qualified enterprise zone facility bonds, qualified empowerment zone facility bonds, District of Columbia Enterprise Zone facility bonds, veterans' mortgage bonds, redevelopment bonds, and nongovernmental output property bonds.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.

Tax-Exempt Bonds, 2003-2004

Table 10.--New Money Long-Term Tax-Exempt Private Activity Bonds, by State of Issue and Selected Purpose of Bond, 2003 and 2004

[Money amounts are in millions of dollars]

State of issue	Total [1]				Selected purpose of bond			
	2003		2004		2003		2004	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All States.....	2,721	45,633	2,544	47,877	73	5,880	50	2,794
Alabama.....	37	210	28	150	0	0	0	0
Alaska.....	4	99	5	165	d	d	0	0
Arizona.....	33	578	34	744	d	d	0	0
Arkansas.....	20	137	16	257	0	0	d	d
California.....	197	4,252	200	5,859	d	d	5	224
Colorado.....	70	775	64	1,214	5	156	3	91
Connecticut.....	17	746	18	287	0	0	0	0
Delaware.....	9	151	6	189	0	0	0	0
District of Columbia.....	18	560	17	360	d	d	d	d
Florida.....	121	2,512	88	1,626	11	585	5	189
Georgia.....	94	1,508	88	2,008	d	d	d	d
Hawaii.....	d	d	d	d	0	0	0	0
Idaho.....	13	118	6	131	d	d	0	0
Illinois.....	187	2,103	122	2,023	d	d	d	d
Indiana.....	58	1,298	61	1,340	d	d	d	d
Iowa.....	166	476	146	303	0	0	0	0
Kansas.....	54	169	67	300	d	d	0	0
Kentucky.....	39	732	29	487	3	391	0	0
Louisiana.....	27	473	38	613	d	d	d	d
Maine.....	9	298	12	141	0	0	0	0
Maryland.....	38	838	56	1,150	d	d	0	0
Massachusetts.....	106	2,116	87	1,671	d	d	0	0
Michigan.....	71	1,050	60	1,114	d	d	0	0
Minnesota.....	111	1,004	93	954	0	0	0	0
Mississippi.....	15	134	18	308	0	0	d	d
Missouri.....	59	955	74	854	d	d	0	0
Montana.....	10	268	12	193	0	0	d	d
Nebraska.....	43	134	37	234	d	d	d	d
Nevada.....	19	411	13	587	d	d	d	d
New Hampshire.....	22	391	15	343	d	d	0	0
New Jersey.....	76	1,438	55	1,039	3	183	0	0
New Mexico.....	8	163	15	329	0	0	d	d
New York.....	156	3,796	179	4,748	d	d	d	d
North Carolina.....	41	974	36	1,189	d	d	d	d
North Dakota.....	15	126	9	121	0	0	0	0
Ohio.....	81	1,395	80	2,003	d	d	0	0
Oklahoma.....	24	274	28	286	d	d	d	d
Oregon.....	17	643	23	844	d	d	0	0
Pennsylvania.....	149	1,907	152	2,110	d	d	d	d
Rhode Island.....	14	346	20	357	0	0	0	0
South Carolina.....	17	541	25	917	0	0	0	0
South Dakota.....	25	127	20	170	0	0	d	d
Tennessee.....	44	932	35	1,106	0	0	0	0
Texas.....	120	3,623	115	2,418	5	1,595	5	223
Utah.....	21	513	13	220	0	0	0	0
Vermont.....	18	286	16	466	d	d	0	0
Virginia.....	73	1,518	53	1,175	3	70	3	15
Washington.....	67	1,013	71	1,209	3	450	3	208
West Virginia.....	16	200	15	264	0	0	0	0
Wisconsin.....	67	1,008	64	1,040	d	d	d	d
Wyoming.....	d	d	5	101	0	0	0	0
U.S. Possessions [3].....	d	d	d	d	d	d	0	0

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 10.--New Money Long-Term Tax-Exempt Private Activity Bonds, by State of Issue and Selected Purpose of Bond, 2003 and 2004--Continued

[Money amounts are in millions of dollars]

State of issue	Selected purpose of bond--Continued							
	Water, sewage, and solid waste disposal [2]				Residential rental			
	2003		2004		2003		2004	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
All States.....	125	1,655	86	1,575	486	6,190	477	5,551
Alabama.....	5	10	d	d	7	48	d	d
Alaska.....	0	0	0	0	0	0	0	0
Arizona.....	d	d	0	0	11	124	14	108
Arkansas.....	d	d	d	d	3	16	4	21
California.....	14	131	9	78	108	1,348	103	1,055
Colorado.....	d	d	d	d	8	89	3	31
Connecticut.....	d	d	0	0	0	0	d	d
Delaware.....	d	d	0	0	d	d	0	0
District of Columbia.....	0	0	0	0	6	73	d	d
Florida.....	5	53	6	143	42	487	24	276
Georgia.....	d	d	4	41	30	349	26	388
Hawaii.....	0	0	0	0	0	0	0	0
Idaho.....	d	d	0	0	0	0	0	0
Illinois.....	5	51	d	d	23	170	23	287
Indiana.....	7	133	3	215	4	30	5	45
Iowa.....	0	0	0	0	4	20	0	0
Kansas.....	d	d	d	d	d	d	d	d
Kentucky.....	10	70	d	d	0	0	d	d
Louisiana.....	d	d	d	d	5	114	d	d
Maine.....	d	d	d	d	d	d	0	0
Maryland.....	0	0	d	d	8	133	9	106
Massachusetts.....	d	d	d	d	12	260	12	218
Michigan.....	d	d	d	d	5	161	6	115
Minnesota.....	d	d	d	d	23	179	12	128
Mississippi.....	d	d	d	d	3	26	4	24
Missouri.....	0	0	0	0	14	121	22	163
Montana.....	0	0	0	0	0	0	d	d
Nebraska.....	d	d	0	0	d	d	0	0
Nevada.....	0	0	d	d	8	73	3	51
New Hampshire.....	d	d	0	0	3	21	d	d
New Jersey.....	0	0	4	45	d	d	d	d
New Mexico.....	0	0	0	0	5	33	8	48
New York.....	d	d	d	d	26	926	44	923
North Carolina.....	d	d	d	d	6	44	5	34
North Dakota.....	0	0	0	0	0	0	d	d
Ohio.....	d	d	5	203	11	158	11	102
Oklahoma.....	3	85	d	d	3	18	3	19
Oregon.....	d	d	0	0	5	31	8	97
Pennsylvania.....	d	d	5	213	3	37	d	d
Rhode Island.....	0	0	d	d	3	49	d	d
South Carolina.....	5	47	d	d	d	d	8	54
South Dakota.....	0	0	d	d	0	0	0	0
Tennessee.....	d	d	0	0	7	46	8	47
Texas.....	22	361	d	d	41	491	42	489
Utah.....	d	d	0	0	4	27	d	d
Vermont.....	0	0	0	0	4	13	d	d
Virginia.....	6	72	d	d	9	113	6	56
Washington.....	d	d	d	d	17	136	24	237
West Virginia.....	d	d	0	0	0	0	d	d
Wisconsin.....	d	d	0	0	5	40	d	d
Wyoming.....	0	0	0	0	0	0	0	0
U.S. Possessions [3].....	d	d	d	d	0	0	0	0

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 10.--New Money Long-Term Tax-Exempt Private Activity Bonds, by State of Issue and Selected Purpose of Bond, 2003 and 2004--Continued

[Money amounts are in millions of dollars]

State of issue	Selected purpose of bond--Continued									
	Mortgage				Small issue				Section 501(c)(3) hospital	
	2003		2004		2003		2004		2003	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	
All States.....	110	3,421	146	5,063	484	628	399	657	297	9,896
Alabama.....	d	d	0	0	5	11	7	16	7	73
Alaska.....	0	0	0	0	0	0	0	0	d	d
Arizona.....	d	d	d	d	0	0	0	0	4	71
Arkansas.....	d	d	d	d	3	8	0	0	4	31
California.....	4	272	3	511	5	15	9	33	11	986
Colorado.....	d	d	d	d	18	9	16	13	9	212
Connecticut.....	d	d	d	d	d	d	0	0	0	0
Delaware.....	d	d	d	d	0	0	0	0	d	d
District of Columbia.....	d	d	0	0	0	0	d	d	0	0
Florida.....	4	49	4	39	13	37	8	36	16	922
Georgia.....	d	d	d	d	12	37	9	40	12	478
Hawaii.....	0	0	0	0	0	0	0	0	0	0
Idaho.....	4	85	4	120	0	0	d	d	d	d
Illinois.....	4	191	d	d	90	50	36	40	14	309
Indiana.....	3	108	d	d	8	28	5	13	10	659
Iowa.....	3	96	3	86	118	23	100	28	7	75
Kansas.....	6	63	7	68	31	24	37	22	d	d
Kentucky.....	0	0	d	d	3	8	d	d	3	119
Louisiana.....	6	76	8	103	d	d	4	13	0	0
Maine.....	0	0	d	d	0	0	3	14	d	d
Maryland.....	d	d	4	90	d	d	d	d	0	0
Massachusetts.....	d	d	4	127	9	29	10	35	14	356
Michigan.....	0	0	0	0	21	66	d	d	12	256
Minnesota.....	3	143	4	131	7	7	5	9	7	154
Mississippi.....	d	d	3	10	d	d	d	d	d	d
Missouri.....	4	108	d	d	13	14	19	26	5	416
Montana.....	d	d	3	134	0	0	0	0	4	13
Nebraska.....	d	d	3	124	19	6	12	5	5	20
Nevada.....	0	0	0	0	0	0	d	d	4	107
New Hampshire.....	3	88	4	86	d	d	0	0	d	d
New Jersey.....	d	d	d	d	13	34	9	23	18	560
New Mexico.....	d	d	d	d	0	0	0	0	0	0
New York.....	d	d	3	284	3	12	8	27	14	356
North Carolina.....	d	d	3	106	7	24	4	16	8	327
North Dakota.....	d	d	d	d	0	0	d	d	d	d
Ohio.....	d	d	d	d	d	d	d	d	24	636
Oklahoma.....	3	36	3	30	5	13	10	13	d	d
Oregon.....	d	d	d	d	0	0	d	d	4	375
Pennsylvania.....	d	d	7	311	18	32	19	36	19	413
Rhode Island.....	0	0	d	d	d	d	d	d	d	d
South Carolina.....	d	d	d	d	d	d	0	0	3	270
South Dakota.....	3	51	d	d	15	5	8	4	d	d
Tennessee.....	3	98	d	d	d	d	3	8	3	60
Texas.....	6	76	10	304	d	d	d	d	11	393
Utah.....	9	167	8	109	3	9	0	0	d	d
Vermont.....	d	d	3	93	0	0	0	0	d	d
Virginia.....	0	0	d	d	5	18	5	11	7	132
Washington.....	d	d	5	64	7	17	d	d	d	d
West Virginia.....	d	d	3	85	0	0	0	0	4	124
Wisconsin.....	3	108	3	144	18	51	14	50	15	425
Wyoming.....	0	0	d	d	0	0	0	0	0	0
U.S. Possessions [3].....	d	d	0	0	0	0	0	0	0	0

Footnotes at end of table.

Tax-Exempt Bonds, 2003-2004

Table 10.--New Money Long-Term Tax-Exempt Private Activity Bonds, by State of Issue and Selected Purpose of Bond, 2003 and 2004--Continued

[Money amounts are in millions of dollars]

State of issue	Selected purpose of bond--Continued									
	Section 501(c)(3) hospital--Continued		Other section 501(c)(3)				All other bonds, combined [2]			
	2004		2003		2004		2003		2004	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	
All States.....	298	11,074	1,117	14,112	1,050	15,654	67	3,850	67	5,508
Alabama.....	3	30	12	36	13	81	d	d	0	0
Alaska.....	d	d	0	0	d	d	0	0	d	d
Arizona.....	5	313	11	188	10	179	3	104	d	d
Arkansas.....	4	21	7	33	d	d	0	0	d	d
California.....	9	616	50	1,327	62	3,163	4	150	d	d
Colorado.....	4	551	27	184	34	321	d	d	d	d
Connecticut.....	8	76	10	509	7	103	d	d	0	0
Delaware.....	d	d	d	d	d	d	d	d	d	d
District of Columbia.....	0	0	7	120	8	53	d	d	d	d
Florida.....	9	359	33	379	31	579	0	0	d	d
Georgia.....	11	275	34	607	34	704	d	d	0	0
Hawaii.....	d	d	d	d	d	d	0	0	0	0
Idaho.....	0	0	4	5	d	d	0	0	0	0
Illinois.....	9	657	50	809	52	822	d	d	0	0
Indiana.....	4	155	25	199	38	302	0	0	d	d
Iowa.....	4	20	31	256	34	161	3	5	5	9
Kansas.....	4	76	11	20	15	112	0	0	0	0
Kentucky.....	5	207	18	60	17	26	d	d	d	d
Louisiana.....	4	115	10	168	14	221	d	d	d	d
Maine.....	d	d	6	123	5	23	d	d	0	0
Maryland.....	8	190	25	444	32	739	0	0	0	0
Massachusetts.....	14	280	67	1,229	45	861	d	d	d	d
Michigan.....	11	202	30	199	22	212	d	d	3	526
Minnesota.....	6	280	69	503	64	377	d	d	d	d
Mississippi.....	d	d	6	63	3	14	d	d	d	d
Missouri.....	5	81	22	219	24	370	0	0	d	d
Montana.....	d	d	d	d	4	41	d	d	0	0
Nebraska.....	d	d	13	84	16	86	0	0	0	0
Nevada.....	d	d	5	84	d	d	d	d	d	d
New Hampshire.....	d	d	9	151	6	58	d	d	d	d
New Jersey.....	10	443	37	304	28	339	d	d	d	d
New Mexico.....	3	160	d	d	d	d	0	0	0	0
New York.....	29	452	103	1,122	81	1,763	7	689	9	1,231
North Carolina.....	8	376	16	284	10	136	d	d	d	d
North Dakota.....	0	0	11	18	5	9	0	0	0	0
Ohio.....	20	843	39	551	37	752	0	0	0	0
Oklahoma.....	d	d	6	68	7	51	d	d	d	d
Oregon.....	6	446	5	68	6	145	0	0	0	0
Pennsylvania.....	20	468	99	798	94	684	4	275	3	341
Rhode Island.....	4	22	7	168	11	147	d	d	d	d
South Carolina.....	4	471	6	88	9	114	d	d	d	d
South Dakota.....	d	d	6	71	7	86	0	0	0	0
Tennessee.....	5	222	27	238	15	229	d	d	d	d
Texas.....	7	486	33	433	33	367	d	d	7	362
Utah.....	0	0	3	8	0	0	d	d	d	d
Vermont.....	5	179	9	58	7	56	d	d	d	d
Virginia.....	5	386	43	1,114	30	313	0	0	0	0
Washington.....	6	266	31	198	28	257	3	100	d	d
West Virginia.....	6	156	6	16	d	d	0	0	0	0
Wisconsin.....	14	390	30	316	32	382	0	0	0	0
Wyoming.....	0	0	d	d	0	0	0	0	d	d
U.S. Possessions [3].....	0	0	0	0	d	d	0	0	0	0

d - Data deleted to avoid disclosure of information about specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts are additive to the totals.

[2] For purposes of this table, certain bond purposes were combined. For this reason, data in this table will differ slightly from the data in Table 7. The "all other bonds, combined" category here includes all issues for which a specific purpose either did not apply or was not clearly indicated on the Form 8038 return, as well as bonds for: local furnishing of energy or gas, local district heating or cooling facilities, hazardous waste facilities, facilities issued under a transitional rule of the Tax Reform Act of 1986, mass commuting facilities, qualified enterprise zone facility bonds, qualified empowerment zone facility bonds, District of Columbia Enterprise Zone facility bonds, Liberty bonds, veterans' mortgage bonds, student loan bonds, redevelopment bonds, and nongovernmental output property bonds.

[3] U.S. Possessions include Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, September 2006.