

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and Regulations  
(Also Part 1, § 1397E)

Rev. Proc. 2007-18

#### SECTION 1. PURPOSE

Pursuant to § 1397E(e)(2) of the Internal Revenue Code, this revenue procedure sets forth the maximum face amount of Qualified Zone Academy Bonds (“Bond” or “Bonds”) that may be issued for each State for each of the calendar years 2006 and 2007. For this purpose, “State” includes the District of Columbia and the possessions of the United States.

#### SECTION 2. BACKGROUND

.01 Section 226 of the Taxpayer Relief Act of 1997, Pub. L. 105-34, 111 Stat. 821 (1997), added § 1397E to the Internal Revenue Code to provide a credit to holders of Bonds under certain circumstances so that the Bonds generally can be issued without discount or interest. Ninety-five percent of Bond proceeds are to be used for qualified

purposes, as defined by § 1397E(d)(5), with respect to a qualified zone academy, as defined by § 1397E(d)(4).

.02 Section 1397E(e)(1), as amended by § 107 of the Tax Relief and Health Care Act of 2006, Pub. L. 109-432, 120 Stat. 2922 (2006), provides that the national Bond limitation is \$400 million for each of the years 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, and 2007. This amount is to be allocated among the States by the Secretary on the basis of their respective populations below the poverty level (as defined by the Office of Management and Budget) and is to be further allocated by each State to qualified zone academies within the State.

.03 Section 1397E(e)(4), as amended by § 509 of the Tax Relief Extension Act of 1999, Pub. L. 106-170, 113 Stat. 1860 (1999), provides that any carryforward of a limitation amount may be carried forward only to the first 2 years (3 years for carryforwards from 1998 or 1999) following the unused limitation year. For this purpose, a limitation amount shall be treated as used on a first-in, first-out basis.

.04 Rev. Proc. 98-9, 1998-1 C.B. 341; Rev. Proc. 98-57, 1998-2 C.B. 682; Rev. Proc. 2000-10, 2000-1 C.B. 287; Rev. Proc. 2001-14, 2001-1 C.B. 343; Rev. Proc. 2002-25, 2002-1 C.B. 800; Rev. Proc. 2002-72, 2002-2 C.B. 931; Rev. Proc. 2004-61, 2004-2 C.B. 707; and Rev. Proc. 2004-72, 2004-2 C.B. 1033, allocated among the States the national limitation for 1998, 1999, 2000, 2001, 2002, 2003, 2004, and 2005, respectively.

SECTION 3. NATIONAL QUALIFIED ZONE ACADEMY BOND LIMITATION  
FOR 2006 AND 2007

The national limitation for Bonds for each of the calendar years 2006 and 2007 is \$400 million. This amount is allocated among the States as follows:

<u>STATE</u>	<u>MAXIMUM FACE AMOUNT OF BONDS THAT MAY BE ISSUED FOR EACH OF THE CALENDAR YEARS 2006 AND 2007 (thousands of dollars)</u>
Alabama	7,698
Alaska	677
Arizona	9,412
Arkansas	3,921
California	48,404
Colorado	5,440
Connecticut	3,346
Delaware	801
District of Columbia	1,180
Florida	20,271
Georgia	13,322
Hawaii	1,129
Idaho	1,468
Illinois	14,790
Indiana	7,944
Iowa	3,356
Kansas	3,459
Kentucky	6,148
Louisiana	7,677
Maine	1,704
Maryland	5,563
Massachusetts	6,579
Michigan	12,275
Minnesota	4,229
Mississippi	5,861
Missouri	6,764
Montana	1,314
Nebraska	1,714
Nevada	2,669
New Hampshire	749

New Jersey	6,076
New Mexico	3,562
New York	28,328
North Carolina	11,444
North Dakota	718
Ohio	14,287
Oklahoma	5,573
Oregon	4,475
Pennsylvania	14,082
Rhode Island	1,304
South Carolina	6,425
South Dakota	924
Tennessee	8,950
Texas	37,781
Utah	2,381
Vermont	482
Virginia	7,020
Washington	6,528
West Virginia	2,833
Wisconsin	5,676
Wyoming	554
American Samoa	363
Guam	397
Northern Marianas	380
Puerto Rico	19,230
Virgin Islands	363
Total	\$400,000

#### SECTION 4. EFFECTIVE DATE

This revenue procedure is effective for Bonds issued pursuant to the national limitation for calendar year 2006 on or after January 1, 2006, and Bonds issued pursuant to the national limitation for calendar year 2007 on or after January 1, 2007.

#### SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is David White of the Office of

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