

**Internal Revenue Service**

Department of the Treasury

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CC:TEGE:EOEG:TEB-PLR-133918-01  
Date:  
October 22, 2001

LEGEND:

Issuer

Program

Bonds

Provision

State

Year 1

Year 2

Dear

This is in response to your request on behalf of the Issuer for a ruling that the Issuer's change \* \* \* in the Program will not cause the Bonds to fail to be described in the Provision.

FACTS AND REPRESENTATIONS

The Issuer is an agency of State established pursuant to the State constitution in Year 1. The Issuer administers three programs, including the Program. The Program was established under State law in Year 1, for the purpose of providing loans \* \* \* .

\* \* \*

\* \* \*

\* \* \*

Bonds issued to provide funds for loans under the Program may be treated as \* \* \* if they are described in the Provision. Since the enactment of the Provision, certain changes were made in the operation of the Program. These changes were \* \* \* . After

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each of these changes to the Program, respectively, the Issuer obtained a private letter ruling concluding that bonds to be issued for the Program would be described in the Provision. Except as described below, no other changes have been made to the Program.

In Year 2, the State legislature amended State law to allow the Issuer \* \* \*.

\* \* \*

LAW AND ANALYSIS

Section 103(a) of the Internal Revenue Code (the "Code") provides generally that gross income does not include interest on any state or local bond. Section 103(b) provides, in part, that § 103(a) shall not apply to any private activity bond which is not a qualified bond (within the meaning of § 141). Section 141(a) defines a private activity bond as any bond issued as part of an issue that (1) meets the private business use test in § 141(b)(1) and the private security or payment test in § 141(b)(2), or (2) meets the private loan financing test in § 141(c).

\* \* \*

\* \* \*

We conclude that the proceeds of the Bonds \* \* \*.

\* \* \*

CONCLUSION

The change \* \* \* in the Program will not cause the Bonds to fail to be described in the Provision.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, no opinion is expressed concerning whether interest on the Bonds is excludable from gross income under § 103(a).

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

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In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to the taxpayer and to the other representative listed.

Sincerely,  
Assistant Chief Counsel  
(Exempt Organizations/Employment  
Tax/Government Entities)  
By: Bruce M. Serchuk  
Senior Technician Reviewer  
Tax Exempt Bond Branch

cc: