

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Refer Reply To:  
CC:TEGE:EOEG:TEB - PLR-147955-03  
Date:  
December 17, 2003

Legend

Issuer =  
Program =  
State =  
Date 1 =  
Year 1 =  
Provision =

Dear \_\_\_\_\_ :

This letter responds to the Issuer's request for a ruling that certain bonds to be issued pursuant to the Program (the "Program Bonds"), as administered under State law effective on Date 1, will be described in the Provision.

Facts and Representations:

The Issuer is an agency of State, established in Year 1 by State constitutional amendment (the "Amendment"). The Amendment established the Program for the purpose of \_\_\_\_\_ .

the Issuer obtained private letter rulings concluding that the bonds to be issued under the Program would be described in the Provision. Neither of these rulings mentioned the amendments to

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the State legislature amended State law

, the Issuer obtained a private letter ruling that the  
would not cause bonds to be issued under  
the Program to fail to be described in the Provision.

#### Law and Analysis:

Interest from state or local bonds generally is excluded from gross income under § 103(a) of the Internal Revenue Code (the "Code"). Section 103(b)(1) 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) provides that the term "private activity bond" means any bond issued as part of an issue which meets the (1) private business use test of § 141(b)(1) and the private security or payment test of § 141(b)(2), or (2) the private loan financing test of § 141(c).

Section 141(c) provides generally that an issue meets the private loan financing test if the amount of the proceeds of the issue which are to be used (directly or indirectly) to make or finance loans to persons other than governmental units exceeds the lesser of 5 percent of such proceeds, or \$ 5,000,000.

Section 141(e) provides that a private activity bond may be a qualified bond if the bond is issued as part of an issue that meets the applicable requirements of section 146 and each subsection of section 147.

Conclusion:

We conclude that the Program Bonds to be issued pursuant to the Program, as administered under State law effective Date 1, will be described in the Provision.

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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.

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

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

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.

Sincerely,

Assistant Chief Counsel  
(Exempt Organizations/Employment  
Tax/Government Entities)

By: \_\_\_\_\_

Johanna Som de Cerff  
Assistant Branch Chief  
Tax Exempt Bond Branch

cc: