

# Municipal Bonds, 2009

by Aaron Barnes

The municipal bond market experienced significant changes in 2009, when Congress expanded bond finance options to include: tax-exempt bonds, tax credit bonds, and direct payment bonds. Traditionally, State and local governments across the United States and its territories have been able to issue tax-exempt bonds to finance essential operations, facilities, infrastructure, and services for their constituents.<sup>1</sup> Tax credit bonds are a finance option that allows municipalities to borrow funds under certain qualifying bond programs. Direct payment bonds were created by the American Recovery and Reinvestment Act of 2009 (ARRA), in response to the financial crisis.

ARRA expanded financing options for projects by allowing State and local governments to issue direct payment bonds through the Build America Bonds (BABs) and the Recovery Zone Economic Development Bond (RZEDs) Programs.<sup>2</sup> Direct payment bonds are taxable bonds for which the issuer receives a direct subsidy at either 35 percent or 45 percent of borrowing costs, depending on the type of bond. These direct payments are generally deeper subsidies than the implicit subsidy in traditional tax-exempt bonds. Unlike tax credit bonds, the market, and not the Treasury, sets the interest rate paid on the bonds. Additionally, ARRA authorized new types of tax-exempt bonds, tax credit bonds, and an increased volume cap, or total allowable issuance amounts, for existing tax credit bonds.

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 (IRS) for bonds issued during Calendar Year 2009. The vast majority of these returns were filed in 2009 and 2010 for tax-exempt bonds.<sup>3</sup> However, for 2009, the issuers of direct payment bonds and tax credit bonds were also required to use these returns

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**Figure A**

## Total Tax-Exempt Bonds, Direct Payment Bonds Allowed Under the American Recovery and Reinvestment Act and Tax Credit Bonds, 2009

[Money amounts are in millions of dollars]

| Type of bond             | Number        | Amount         | Percentage of total amount |
|--------------------------|---------------|----------------|----------------------------|
|                          | (1)           | (2)            | (3)                        |
| <b>Total [1]</b>         | <b>26,384</b> | <b>515,283</b> | <b>100.0</b>               |
| Tax-exempt bonds         | 25,095        | 446,233        | 86.6                       |
| Direct payment bonds [2] | 911           | 65,326         | 12.7                       |
| Tax credit bonds [3]     | 378           | 3,724          | 0.7                        |

[1] Includes combined data from all governmental and private activity bond returns (Forms 8038-G and 8038).

[2] Bonds reported on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*, with a specific reference to "Build America Bond" or "Recovery Zone Economic Development Bond" in either their issue name or other description.

[3] Includes data from governmental and private activity bond returns (Forms 8038-G and 8038) that specifically reference "qualified school construction," "clean renewable energy," "qualified zone academy," or "Midwestern tax credit" bonds.

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

to report certain information to the IRS. For this reason, the article also includes separate discussions of direct payment bonds and tax credit bonds.

Figure A provides an overview of the municipal bond market in 2009. State and local governments raised \$515.3 billion in proceeds from tax-exempt, direct payment, and tax credit bonds. Tax-exempt bond proceeds totaled \$446.2 billion, or 86.6 percent, of all municipal bonds proceeds in 2009. Proceeds from newly introduced direct payment bonds totaled \$65.3 billion and made up 12.7 percent of all municipal bond proceeds in 2009. Tax credit bond proceeds were a little more than \$3.7 billion and accounted for 0.7 percent of all municipal bond proceeds in 2009.

## Tax-Exempt Bonds

Tax-exempt bonds issued by State and local governments are classified as either "governmental" or "private activity," depending on whether the proceeds are used and secured by public or private entities and resources. The total amount of tax-exempt bonds issued by State and local governments decreased by 4.9 percent between Calendar Years 2008 and

<sup>1</sup> The term "State" includes the District of Columbia and any possessions of the United States.

<sup>2</sup> Issuers had the option of either receiving a direct payment or issuing a tax credit version, such that the bondholder receives a 35-percent credit. BABs were not issued using the tax credit option.

<sup>3</sup> Bond issuers were required to file these tax-exempt bond information returns by the 15<sup>th</sup> day of the second calendar month after the close of the calendar quarter in which the bond was issued. The study includes returns processed from January 1, 2009, to April 30, 2011, for bonds issued in 2009.

2009, from \$469.4 billion in 2008 to \$446.2 billion in 2009.<sup>4</sup> For 2009, governmental bonds accounted for \$340.7 billion (76.3 percent) of total tax-exempt bond proceeds. Private activity bonds accounted for the remaining \$105.6 billion (23.7 percent).

When a bond is issued, the issuer is obligated to repay the borrowed bond proceeds, at a specified rate of interest, by some future date. For Federal income tax purposes, investors who purchase governmental bonds and certain types of private activity bonds are able to exclude the bond interest from their gross incomes.<sup>5,6</sup> This tax exemption lowers the borrowing cost incurred by tax-exempt bond issuers, since holders of tax-exempt bonds are generally willing to accept an interest rate lower than that earned on comparable taxable bonds. The interest exclusion for tax-exempt bonds is not allowed for arbitrage bonds and bonds not in registered form.<sup>7,8</sup>

Both governmental and private activity bonds are obligations issued by, or on behalf of, State and local governmental units; use of the proceeds differentiates the two. Governmental bond proceeds finance essential government operations, facilities, and services that are for general public use, and the debt service on these bonds is paid from general governmental sources. Private activity bonds are issued by, or on behalf of, State or local governments for the purpose of financing the project of a private user. Since private activity bond proceeds are used

by one or more private entities, the debt service is paid or secured by one or more private entities.<sup>9</sup> Interest income earned on most private activity bonds is taxable. However, over the years, Congress has deemed certain types of private activities necessary for the public good, and, therefore, interest income earned on “qualified private activity bonds,” as defined in Internal Revenue Code (IRC) section 141(e), is generally tax exempt.<sup>10,11</sup>

## Tax-Exempt Bond Volume, by Term of Issue

Bonds are classified as either short-term or long-term, depending on the length of time from issuance to 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. Tax-exempt governmental bond issues totaled \$340.7 billion in 2009, a 1.9-percent increase over the \$334.4 billion issued in 2008. Long-term bonds accounted for \$262.4 billion, more than 77 percent of all governmental bond proceeds. Long-term bonds are generally used to finance construction or other capital improvement projects.

The remaining \$78.2 billion of governmental bonds were issued for short-term projects. Most short-term governmental bonds are issued in the form of tax anticipation notes (TANs), revenue anticipation notes (RANs), or bond anticipation notes (BANs). TANs and RANs generally mature within 1

<sup>4</sup> Data that reference Calendar Year 2008 are available in the *Statistics of Income Bulletin*, Winter 2011, Volume 30, Number 3, “Tax-Exempt Bonds, 2008,” and do not appear in any of the tables computed for Calendar Year 2009.

<sup>5</sup> In addition, for State income tax purposes, most States allow for the exclusion of interest on bonds issued by government agencies within their own States, thus increasing the benefit to the bondholder.

<sup>6</sup> The extent of exclusion of interest income can vary with taxpayer characteristics. For example, banks and insurance companies may be limited as to how much tax-exempt interest they can exclude.

<sup>7</sup> An arbitrage bond is one in which any portion of the proceeds is used to purchase higher-yielding investments or is used to replace proceeds that have been used to purchase higher-yielding investments. Certain rules allow for arbitrage earnings with respect to tax-exempt bonds within a specified time period, as long as these earnings are rebated to the Department of the Treasury.

<sup>8</sup> A registered bond is defined as “a bond whose owner is designated on records maintained by a registrar, the ownership of which cannot be transferred without the registrar recording the transfer on its records,” according to the Municipal Securities Rulemaking Board’s Glossary of Municipal Securities Terms, <http://www.msrb.org/msrbl/glossary/>. See also Internal Revenue Code (IRC) section 149(a) for additional information.

<sup>9</sup> Section 141(a) of IRC provides that the term private activity bond means any bond issued as part of an issue that meets: 1) the private business tests set forth in the IRC section 141(b); or 2) the private loan financing test set forth in IRC section 141(c). The private business tests of IRC section 141(b) define 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. The private loan financing test of IRC section 141(c) defines a bond as a private activity bond if the amount of proceeds used to (directly or indirectly) finance loans to nongovernmental persons exceeds the lesser of \$5 million or 5 percent of the proceeds.

<sup>10</sup> Tax-exempt private activity bonds 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 of this article. Examples 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 IRC section 501(c)(3). The primary beneficiaries of these bonds are hospitals, universities, and organizations that provide low-income housing or assisted living facilities.

<sup>11</sup> The interest income from qualified private activity bonds (other than qualified section 501(c)(3) bonds) is considered a tax preference for the alternative minimum tax calculations.

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year of issuance, at which time the proceeds are paid from specific tax receipts or other revenue sources. The proceeds of a BAN are typically used to pay for startup costs associated with a future long-term, bond-financed project. A renewal BAN can be issued on maturity of an outstanding BAN, until, eventually, the proceeds of the future bond issue are used to pay off, or retire, the outstanding BAN. Short-term bonds accounted for almost \$2.8 billion, only 2.6 percent, of the total private activity bond proceeds for 2009.

## Long-Term, Tax-Exempt Bond Volume, by Type of Issue

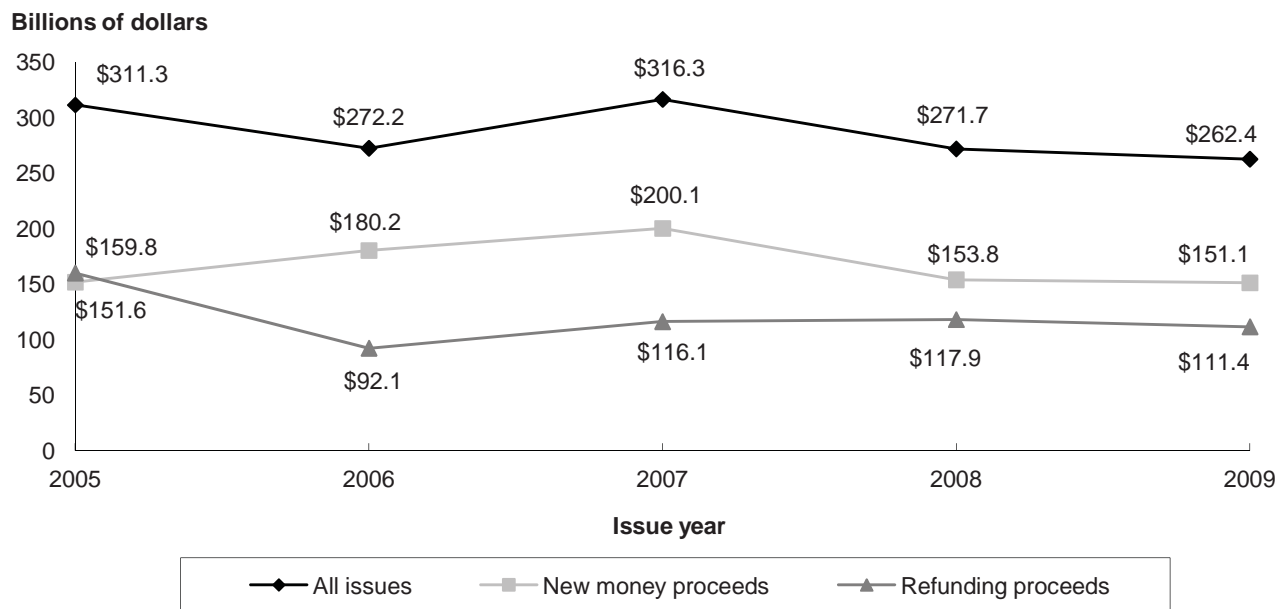
Total bond issuance is composed of both nonrefunding (“new money”) issues and refunding issues. The proceeds of new money issues finance new capital projects, while proceeds of refunding issues retire outstanding debt of prior bond issues. A bond issue can include both new and refunding proceeds.

Figures B and C show total long-term issuance, as well as its distribution between new money and refunding proceeds, for both governmental and tax-exempt private activity bonds issued between 2005 and 2009. In 2009, 57.5 percent of all long-term governmental bond proceeds were new money issues (Figure B). New money governmental bond proceeds fell 11.9 percent from its preceding 4-year average of \$171.4 billion to \$151.1 billion in 2009, while refunding proceeds fell approximately 8.3 percent from its preceding 4-year average of \$121.5 billion to \$111.4 billion in 2009.<sup>12</sup>

In 2009, 50.8 percent of all long-term private activity bond proceeds were new money issues (Figure C). New money private activity bond proceeds fell 18.8 percent from its preceding 4-year average of \$64.3 billion to \$52.2 billion in 2009, while refunding proceeds fell by 12.2 percent from its preceding 4-year average of \$57.6 billion to \$50.6 billion in 2009.

**Figure B**

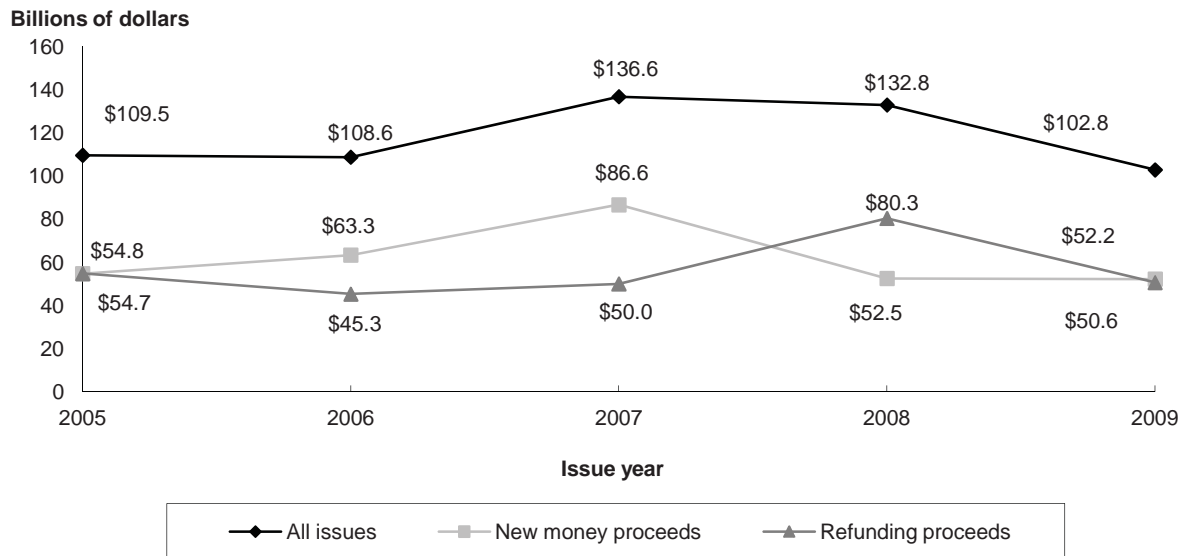
### Volume of Long-Term, Tax-Exempt Governmental Bonds Issued, by Type and Issue Year, 2005–2009



<sup>12</sup> Additional tax-exempt bond data, including data for prior years, can be found on SOI’s Tax Stats web site: <http://www.irs.gov/taxstats>. Click on “Tax-Exempt Bonds.”

Figure C

Volume of Long-Term, Tax-Exempt Private Activity Bonds Issued, by Type and Issue Year, 2005–2009



**Long-Term Bond, Tax-Exempt Volume, by Selected Purpose**

Figures D and E present the composition of long-term tax-exempt bond proceeds, by selected purpose as well as type of issue, for both governmental and private activity bond issues. Figure D shows that during 2009, \$142.0 billion of long-term governmental bond proceeds financed education, utilities, and transportation projects. “Other bond purposes” had the largest long-term governmental bond proceeds by purpose totaling \$90.3 billion.<sup>13</sup> For almost all of the governmental bond purposes shown in Figure D, more proceeds were spent financing new capital projects than were used to refund prior bond issues with the exception of utilities.

Qualified section 501(c)(3) bonds, which include total qualified hospital bonds and qualified nonhospital bonds issued to benefit entities exempt from income tax under IRC section 501(c)(3), combined,

accounted for \$65.7 billion in long-term private activity bond proceeds for 2009 (see Figure E). Private activity bonds issued to provide housing assistance were expended upon in 2009 with the creation of the Housing Assistance Tax Act of 2008 (the 2008 Housing Act) which provided a temporary increase in the annual volume cap for qualified housing issues and allowed certain issuers of qualified mortgage bonds to refinance subprime mortgage loans under IRC sections 142 and 143.<sup>14</sup> Private activity bonds issued to provide housing assistance in the form of qualified residential rental projects, qualified mortgages, and other qualified purposes under the 2008 Housing Act accounted for another 10 percent of total proceeds.<sup>15</sup> Of the total private activity bond proceeds allocated towards housing assistance, \$1.5 billion were the result of the 2008 Housing Act.

The ARRA added IRC section 1400U-3, which authorized tax-exempt recovery zone exempt facility bonds. Recovery zone exempt facilities bonds are

<sup>13</sup> Instructions for Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues*, requires a filer to enter the issue price of the bond on Line 20c and provide a description of the bond only if the bond does not apply to any other type of issue. “Other bond purposes” may also contain issues that were not separately allocated by the issuer.

<sup>14</sup> See Internal Revenue Notice 2008-79 for additional information.

<sup>15</sup> This figure does not include the relatively small amount of proceeds issued for qualified veterans’ mortgage bonds and Gulf Opportunity Zone mortgage bonds, which are excluded to avoid disclosure of information about specific bonds.

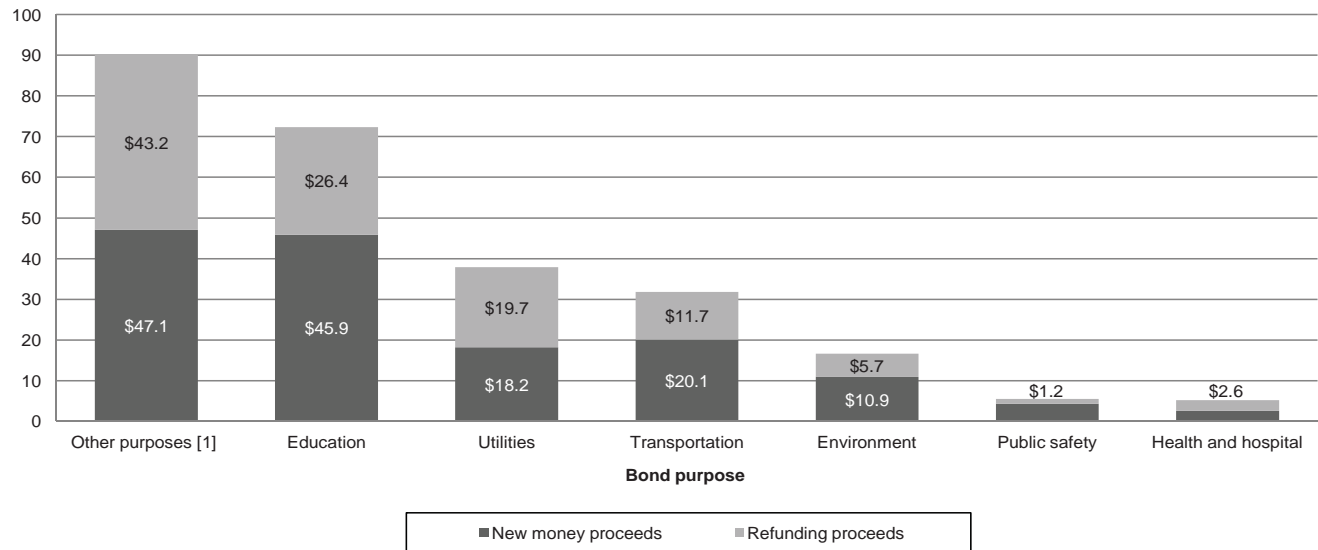
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## Figure D

Long-Term, Tax-Exempt Governmental Bonds, by Selected Bond Purpose and Type of Issue, 2009

Billions of dollars

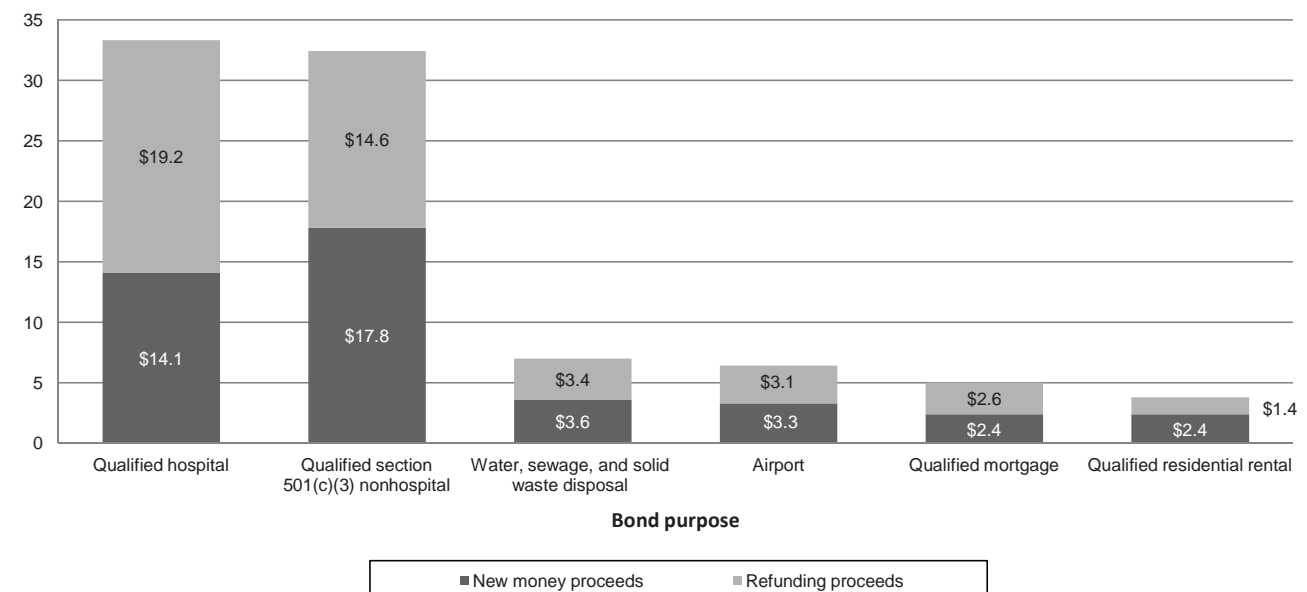


[1] "Other purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Government Obligations*.

## Figure E

Long-Term, Tax-Exempt Private Activity Bonds, by Selected Bond Purpose and Type of Issue, 2009

Billions of dollars





**Figure F**

**States with Largest Decreases and Increases in Amount of New Money Long-Term, Tax-Exempt Governmental Bonds from 2008 to 2009**

[Money amounts are in millions of dollars]

| State                        | 2008 amount    | 2009 amount    | Annual net change in amount |
|------------------------------|----------------|----------------|-----------------------------|
|                              | (1)            | (2)            | (3)                         |
| <b>All States</b>            | <b>153,771</b> | <b>151,050</b> | <b>-2,721</b>               |
| <b>States with decreases</b> |                |                |                             |
| Texas                        | 21,593         | 14,512         | -7,081                      |
| Florida                      | 10,594         | 7,224          | -3,370                      |
| Illinois                     | 5,770          | 3,521          | -2,249                      |
| Ohio                         | 3,597          | 1,826          | -1,771                      |
| Nevada                       | 2,465          | 997            | -1,468                      |
| <b>States with increases</b> |                |                |                             |
| California                   | 15,918         | 27,872         | 11,954                      |
| Oregon                       | 1,356          | 3,019          | 1,663                       |
| Connecticut                  | 2,354          | 3,453          | 1,099                       |
| New York                     | 15,310         | 16,364         | 1,054                       |
| New Mexico                   | 1,486          | 2,354          | 868                         |

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

private activity bonds that may be issued by State and local governments to finance qualified projects located in certain areas having significant poverty, unemployment, home foreclosure rates, general distress, or distress from the closure of a military installation, or those areas designated as an empowerment zone or renewal community.<sup>16</sup> For 2009, there were 17 recovery zone exempt facility bonds issued for a total of \$95 million in proceeds.

**Overview of Tax-Exempt Bond Issues, by State**

Figure F presents States with the largest absolute decreases and increases in amount of new money long-term, tax-exempt governmental bonds from 2008 to 2009. Total new money long-term governmental bond proceeds decreased \$2.7 billion (1.8 percent) from 2008 to 2009 (Figure F). Texas and Florida, whose issuance fell 32.8 percent and 31.8 percent, respectively, experienced the largest absolute decreases in new money long-term governmental bond proceeds in 2009. Illinois also experienced a decrease

(39 percent) in new money long-term governmental bond proceeds in 2009. In all, 26 States decreased the amount of new money long-term governmental bond proceeds from 2008 to 2009, by nearly \$25.9 billion.

California experienced the largest absolute increase (75.1 percent) in new money long-term governmental bond proceeds in 2009. States with significant increases in new money long-term governmental bond proceeds from 2008 to 2009 included Oregon, whose proceeds increased 122.6 percent; Connecticut, whose proceeds increased by 46.7 percent; and New York, whose proceeds grew by 6.9 percent. In all, 26 States increased the amount of new money long-term governmental bond proceeds from 2008 to 2009, by slightly less than \$23.2 billion.<sup>17</sup>

Figure G presents the amount of bonds proceeds for the top 15 States, in terms of total dollar volume of new money long-term, tax-exempt bonds issued for 2009, for governmental bonds. Combined, the top 15 States accounted for 71.8 percent of the total \$151.1 billion of new money long-term governmental bond proceeds for the year (see Figure G). About \$71.6 billion (47.4 percent) of the total proceeds were issued by authorities in the following five States: California (18.5 percent), New York (10.8 percent), Texas (9.6 percent), Florida (4.8 percent), and Pennsylvania (3.8 percent). According to 2009 Census estimates, together, these five States accounted for almost 30.6 percent of the total U.S. population.<sup>18</sup>

An examination of issuance by State reveals some differences in the allocation of proceeds by bond purpose. Overall, for 2009, 30.4 percent of the \$151.1 billion of new money long-term governmental bonds was issued for educational purposes. However, of the total amount of new money long-term bonds issued in Texas, 43.1 percent was issued for education. In contrast, 14 percent of long-term governmental bonds issued in Connecticut and 9 percent in Georgia were for this purpose.

Transportation projects accounted for 13.3 percent of States' total new money long-term proceeds. In New Jersey, however, 38.1 percent of the total amount of new money long-term governmental

<sup>16</sup> See Internal Revenue Notice 2009-50 for additional information.

<sup>17</sup> The term "State" includes the District of Columbia and any possessions of the United States.

<sup>18</sup> The resident population estimates for July 1, 2009, were produced by the U.S. Bureau of the Census and are available at <http://www.census.gov/popest/states/NST-ann-est.html>.

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**Figure G**

## New Money Long-Term, Tax-Exempt Governmental Bonds, by Selected Bond Purpose, for Top 15 States, Ranked by Total Tax-Exempt Governmental Bond Issuance, 2009

[Money amounts are in millions of dollars]

| State of issue           | Total          | Selected bond purpose |                        |               |                        |
|--------------------------|----------------|-----------------------|------------------------|---------------|------------------------|
|                          |                | Other purposes [1]    |                        | Education     |                        |
|                          | Amount         | Amount                | Percent of State total | Amount        | Percent of State total |
|                          | (1)            | (2)                   | (3)                    | (4)           | (5)                    |
| <b>Total, All States</b> | <b>151,050</b> | <b>47,072</b>         | <b>31.2</b>            | <b>45,935</b> | <b>30.4</b>            |
| California               | 27,872         | 5,109                 | 18.3                   | 10,357        | 37.2                   |
| New York                 | 16,364         | 7,826                 | 47.8                   | 2,984         | 18.2                   |
| Texas                    | 14,512         | 2,955                 | 20.4                   | 6,256         | 43.1                   |
| Florida                  | 7,224          | 2,850                 | 39.5                   | 1,847         | 25.6                   |
| Pennsylvania             | 5,674          | 1,215                 | 21.4                   | 2,158         | 38.0                   |
| Washington               | 4,582          | 1,896                 | 41.4                   | 700           | 15.3                   |
| Arizona                  | 4,221          | 653                   | 15.5                   | 1,054         | 25.0                   |
| Georgia                  | 4,167          | 1,725                 | 41.4                   | 377           | 9.0                    |
| North Carolina           | 4,011          | 952                   | 23.7                   | 1,277         | 31.8                   |
| Virginia                 | 3,740          | 1,182                 | 31.6                   | 1,608         | 43.0                   |
| Illinois                 | 3,521          | 1,546                 | 43.9                   | 1,393         | 39.6                   |
| Connecticut              | 3,453          | 2,361                 | 68.4                   | 484           | 14.0                   |
| New Jersey               | 3,274          | 902                   | 27.6                   | 885           | 27.0                   |
| Oregon                   | 3,019          | 951                   | 31.5                   | 1,160         | 38.4                   |
| Minnesota                | 2,810          | 1,738                 | 61.9                   | 406           | 14.4                   |

| State of issue           | Selected bond purpose—continued |                        |               |                        |               |                        |
|--------------------------|---------------------------------|------------------------|---------------|------------------------|---------------|------------------------|
|                          | Transportation                  |                        | Utilities     |                        | Environment   |                        |
|                          | Amount                          | Percent of State total | Amount        | Percent of State total | Amount        | Percent of State total |
|                          | (6)                             | (7)                    | (8)           | (9)                    | (10)          | (11)                   |
| <b>Total, All States</b> | <b>20,089</b>                   | <b>13.3</b>            | <b>18,169</b> | <b>12.0</b>            | <b>10,921</b> | <b>7.2</b>             |
| California               | 3,435                           | 12.3                   | 3,242         | 11.6                   | 3,720         | 13.3                   |
| New York                 | 2,861                           | 17.5                   | 878           | 5.4                    | 619           | 3.8                    |
| Texas                    | 1,520                           | 10.5                   | 3,241         | 22.3                   | 196           | 1.4                    |
| Florida                  | 531                             | 7.4                    | 1,146         | 15.9                   | 313           | 4.3                    |
| Pennsylvania             | 1,421                           | 25.0                   | 220           | 3.9                    | 426           | 7.5                    |
| Washington               | 793                             | 17.3                   | 621           | 13.6                   | 315           | 6.9                    |
| Arizona                  | 911                             | 21.6                   | 1,209         | 28.6                   | 265           | 6.3                    |
| Georgia                  | 924                             | 22.2                   | 122           | 2.9                    | 912           | 21.9                   |
| North Carolina           | 584                             | 14.6                   | 648           | 16.2                   | 124           | 3.1                    |
| Virginia                 | 68                              | 1.8                    | 225           | 6.0                    | 502           | 13.4                   |
| Illinois                 | 388                             | 11.0                   | 113           | 3.2                    | 28            | 0.8                    |
| Connecticut              | 247                             | 7.2                    | 286           | 8.3                    | 21            | 0.6                    |
| New Jersey               | 1,247                           | 38.1                   | 28            | 0.9                    | 102           | 3.1                    |
| Oregon                   | 428                             | 14.2                   | 143           | 4.7                    | 205           | 6.8                    |
| Minnesota                | 170                             | 6.0                    | 170           | 6.0                    | 117           | 4.2                    |

[1] For purposes of this figure, "other purposes" refers to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G. It does not include specific purposes identified on the tax return, such as public safety and housing, that are not shown separately in the figure. See Table 5.

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

bonds was for transportation, while in Minnesota, only 6 percent was allocated for the same purpose. Transportation bonds accounted for only 1.8 percent of Virginia's total amount of new money long-term bond issues.

Utility bond proceeds accounted for 12 percent of all new money long-term governmental bonds in 2009. Arizona and Texas each spent a large portion of their total allocation on utility projects, 28.6 percent and 22.3 percent, respectively. In contrast, New

## Figure H

### States with Largest Decreases and Increases in Amount of New Money Long-Term, Tax-Exempt Private Activity Bonds from 2008 to 2009

[Money amounts are in millions of dollars]

| State                            | 2008 amount   | 2009 amount   | Annual net change in amount |
|----------------------------------|---------------|---------------|-----------------------------|
|                                  | (1)           | (2)           | (3)                         |
| <b>All States</b>                | <b>52,488</b> | <b>52,216</b> | <b>-272</b>                 |
| <b>States with decreases [d]</b> |               |               |                             |
| Louisiana                        | 2,453         | 941           | -1,512                      |
| Missouri                         | 1,638         | 871           | -767                        |
| Maryland                         | 1,269         | 542           | -727                        |
| Arizona                          | 1,045         | 364           | -681                        |
| New Jersey                       | 2,089         | 1,523         | -566                        |
| <b>States with increases</b>     |               |               |                             |
| New York                         | 5,398         | 7,582         | 2,184                       |
| California                       | 5,488         | 7,389         | 1,901                       |
| Illinois                         | 1,902         | 3,007         | 1,105                       |
| Texas                            | 2,212         | 2,620         | 408                         |
| Wisconsin                        | 875           | 1,273         | 398                         |

[d] Data on U.S. possessions are deleted to avoid disclosure of individual issuer information. However, the data are included in the appropriate totals.

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

Jersey allocated 0.9 percent of its total amount of new money long-term bonds to utility projects.

Figure H presents States with the largest absolute decreases and increases in amount of new money long-term, tax-exempt private activity bonds from 2008 to 2009. Total new money long-term, tax-exempt private activity bond proceeds decreased by roughly \$0.3 billion (0.5 percent) of \$1.5 billion from 2008 to 2009 (Figure H). Louisiana experienced the largest absolute decrease (61.6 percent) in new money long-term, tax-exempt private activity bond proceeds in 2009. States with significant relative decreases in new money long-term, tax-exempt private activity bonds from 2008 to 2009 included Missouri, whose proceeds fell 46.8 percent; Maryland, whose proceeds fell 57.3 percent; and Arizona, whose proceeds fell 65.2 percent. For the 30 States that reduced their issuance of new money long-term, tax-exempt private activity bonds in 2009, the overall reduction in proceeds totaled \$1.1 billion.

New York experienced the largest relative increase (40.5 percent) in new money long-term, tax-exempt private activity bond proceeds. Other States with significant increases in new money long-term, tax-exempt private activity bond issues from 2008

to 2009 included California, whose proceeds increased 34.6 percent; and Illinois, whose proceeds increased 58.1 percent. In all, 22 States increased their new money long-term, tax-exempt private activity bond proceeds from 2008 to 2009, by just less than \$0.9 billion.

Figure I shows the amount of bond proceeds for the top 15 States, in terms of total dollar volume of new money long-term, tax-exempt bonds issued for 2009, for private activity bonds. Combined, the top 15 States accounted for 73.3 percent of the total \$52.2 billion of new money long-term, tax-exempt private activity bond proceeds for the year. Almost \$23.6 billion (45.1 percent) of the total proceeds was issued by authorities in the following five States: New York (14.5 percent), California (14.2 percent), Illinois (5.8 percent), Pennsylvania (5.7 percent), and Texas (5.0 percent). According to 2009 Census estimates, together, these five States accounted for almost 34.8 percent of the total U.S. population. Interestingly, with the exception of Illinois and Florida, the same States have the highest amount of proceeds of both governmental bonds and private activity bonds.

Similar to governmental bond issuance, there were differences in the composition of total new money long-term, tax-exempt private activity bond issuance, by purpose, among the States. Examining the bond allocations by purpose for 2009, overall, 34.1 percent of the amount of new money long-term private activity bond proceeds was for qualified IRC section 501(c)(3) nonhospital organizations. Another 26.9 percent was issued for qualified hospital bonds.

Of the total amount of new money long-term, tax-exempt private activity bond proceeds raised in Georgia, 67.8 percent was issued for IRC section 501(c)(3) nonhospital organizations, compared to 11.8 percent in Ohio and 10.5 percent in New Jersey for the same purpose. Qualified hospital bonds accounted for 57.3 percent of Ohio's new money long-term, tax-exempt private activity bond proceeds, compared to 10.6 percent and 6 percent Texas and Georgia, respectively. Of the top 15 States, New York had the lowest total issuance for qualified hospitals, with only 3.7 percent of its State total proceeds allocated for this purpose.

Bonds issued for airports, docks, and wharves accounted for 7.1 percent of all new money long-term, tax-exempt private activity bond proceeds in 2009, totaling \$3.7 billion. California committed



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**Figure I**

## New Money Long-Term, Tax-Exempt Private Activity Bonds, by Selected Bond Purpose, for Top 15 States, Ranked by Total Tax-Exempt Private Activity Bond Issuance, 2009

[Money amounts are in millions of dollars]

| State of issue           | Total         | Selected bond purpose                   |                        |                    |                        |
|--------------------------|---------------|---|------------------------|--------------------|------------------------|
|                          |               | Qualified section 501(c)(3) nonhospital |                        | Qualified hospital |                        |
|                          | Amount        | Amount                                  | Percent of State total | Amount             | Percent of State total |
|                          | (1)           | (2)                                     | (3)                    | (4)                | (5)                    |
| <b>Total, All States</b> | <b>52,216</b> | <b>17,830</b>                           | <b>34.1</b>            | <b>14,070</b>      | <b>26.9</b>            |
| New York                 | 7,582         | 2,557                                   | 33.7                   | 282                | 3.7                    |
| California               | 7,389         | 3,626                                   | 49.1                   | 1,793              | 24.3                   |
| Illinois                 | 3,007         | 1,674                                   | 55.7                   | 1,112              | 37.0                   |
| Pennsylvania             | 2,967         | 795                                     | 26.8                   | 1,146              | 38.6                   |
| Texas                    | 2,620         | 887                                     | 33.9                   | 278                | 10.6                   |
| Massachusetts            | 2,389         | 1,369                                   | 57.3                   | 491                | 20.6                   |
| Florida                  | 2,102         | 307                                     | 14.6                   | 528                | 25.1                   |
| Ohio                     | 1,759         | 208                                     | 11.8                   | 1,008              | 57.3                   |
| New Jersey               | 1,523         | 160                                     | 10.5                   | 625                | 41.0                   |
| Virginia                 | 1,440         | 399                                     | 27.7                   | 484                | 33.6                   |
| Wisconsin                | 1,273         | 421                                     | 33.1                   | 510                | 40.1                   |
| Indiana                  | 1,162         | 253                                     | 21.8                   | 662                | 57.0                   |
| Colorado                 | 1,099         | 277                                     | 25.2                   | d                  | d                      |
| Georgia                  | 1,014         | 687                                     | 67.8                   | 61                 | 6.0                    |
| Louisiana                | 941           | 181                                     | 19.2                   | d                  | d                      |

| State of issue           | Selected bond purpose—continued |                        |                                  |                        |  |                        |
|--------------------------|---------------------------------|------------------------|----------------------------------|------------------------|--|------------------------|
|                          | All other bonds, combined [1]   |                        | Airports, docks, and wharves [1] |                        | Water, sewage, and solid waste disposal facilities |                        |
|                          | Amount                          | Percent of State total | Amount                           | Percent of State total | Amount   | Percent of State total |
|                          | (6)                             | (7)                    | (8)                              | (9)                    | (10)   | (11)                   |
| <b>Total, All States</b> | <b>3,910</b>                    | <b>7.5</b>             | <b>3,727</b>                     | <b>7.1</b>             | <b>3,616</b>                                       | <b>6.9</b>             |
| New York                 | d                               | d                      | 442                              | 5.8                    | d  | d                      |
| California               | 0                               | 0                      | 1,342                            | 18.2                   | 163  | 2.2                    |
| Illinois                 | d                               | d                      | 0                                | 0                      | d  | d                      |
| Pennsylvania             | 0                               | 0                      | 0                                | 0                      | 614  | 20.7                   |
| Texas                    | 505                             | 19.3                   | 374                              | 14.3                   | 359  | 13.7                   |
| Massachusetts            | 0                               | 0                      | 0                                | 0                      | 0  | 0                      |
| Florida                  | d                               | d                      | 544                              | 25.9                   | 490  | 23.3                   |
| Ohio                     | 0                               | 0                      | 0                                | 0                      | 377  | 21.4                   |
| New Jersey               | d                               | d                      | d                                | d                      | d  | d                      |
| Virginia                 | d                               | d                      | 0                                | 0                      | d  | d                      |
| Wisconsin                | 0                               | 0                      | d                                | d                      | 0  | 0                      |
| Indiana                  | 0                               | 0                      | d                                | d                      | d  | d                      |
| Colorado                 | 0                               | 0                      | d                                | d                      | 0  | 0                      |
| Georgia                  | 0                               | 0                      | 0                                | 0                      | 197  | 19.4                   |
| Louisiana                | d                               | d                      | d                                | d                      | 0  | 0                      |

d—Data deleted to avoid disclosure of individual issuer information. However, the data are included in the appropriate totals.

[1] For purposes of this figure, certain bond purposes were combined. For this reason, data in this figure will differ slightly from the data in Tables 7 and 9.

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

18.2 percent of its total new money long-term private activity bond proceeds toward airports, docks, and wharves. Florida allocated 25.9 percent of its total new money long-term private activity bond proceeds toward airports, docks, and wharves.

Together, States allocated only 6.9 percent of the \$52.2 billion of new money long-term tax-exempt private activity bonds in 2009 for water, sewage, and solid waste disposal facilities. However, both Florida and Ohio directed a much larger share of their total new money long-term proceeds to this purpose, 23.3 percent and 21.4 percent, respectively. In contrast, California directed only 2.2 percent of its new money long-term bond proceeds to water, sewage, and solid waste disposal facilities.

## Tax Credit Bonds

Tax credit bonds differ from tax-exempt bonds in that they are not explicitly interest-bearing obligations. In lieu of receiving periodic interest payments from the issuer, a bondholder is generally allowed an annual income tax credit while the bond is outstanding. The amount of the credit is determined by multiplying the bond's credit rate by the face amount on the holder's bond. The credit rate on the bonds is determined by the Secretary of the Treasury and is an estimate of the rate that permits issuance of such bonds without discount and interest cost to the qualified issuer. The credit is includable in the bondholder's gross income (as if it were an interest payment on the bond), and it can be claimed against regular income tax liability and alternative minimum tax liability.

The Taxpayer Relief Act of 1997 created the first type of tax credit bond—the qualified zone academy bond. In 2005, two additional types—clean renewable energy bonds and Gulf tax credit bonds—were created. Since then, various legislation has authorized additional types of tax credit bonds, such as qualified

forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, Midwestern tax credit bonds, and qualified school construction bonds.<sup>19,20</sup> Issuers of tax credit bonds are required to submit to the IRS information filings similar to those required of tax-exempt bond issuers.<sup>21</sup>

ARRA included several provisions that affected tax credit bonds. Most notably, the Act created qualified school construction bonds. Qualified school construction bonds (QSCBs) allow schools to borrow at lower interest rates. Issuers of QSCBs must use 100 percent of available project proceeds to construct, rehabilitate, or repair a public school facility or to purchase land where a public school facility will be constructed. A State or local government must issue QSCBs within the schools jurisdiction, and the issuer of the bond must designate the bond as a QSCB. QSCBs were subject to a national volume cap of \$11 billion for 2009, and an issuer could not exceed its volume cap allocation.<sup>22</sup>

ARRA also amended various IRC sections to increase the allowable volume cap for several types of existing tax credit bonds. Specifically, IRC section 54E(c)(1) increased the national volume cap for qualified zone academy bonds from \$400 million to \$1.4 billion. ARRA legislation also increased the national volume cap for new clean renewable energy bonds, from \$800 million to \$2.4 billion, and amended IRC section 54D(d) to increase the national volume cap for qualified energy conservation bonds from \$800 million to \$3.2 billion.

ARRA created “Build America Bonds (tax credit),” which provided a subsidy through Federal tax credits to bondholders (investors).<sup>23</sup> This tax credit equaled 35 percent of the total coupon interest payable by the issuer. The bondholder was required to report the interest income associated with the Build America Bond (tax credit) as part of their

<sup>19</sup> The Food, Conservation, and Energy Act of 2008 created qualified forestry conservation bonds. The Energy Improvement and Extension Act of 2008 produced new clean renewable energy bonds and qualified energy conservation bonds. The Tax Extenders and Alternative Minimum Tax Relief Act of 2008 created Midwestern tax credit bonds.

<sup>20</sup> Different categories of tax credit bonds vary in terms of the allowable tax credit rate, maturity, and other features. For example, clean renewable energy bonds and qualified zone academy bonds have a 100-percent tax credit subsidy; however, new clean renewable energy bonds and qualified energy conservation bonds have a 70-percent subsidy. Borrowers are likely to issue at a discount or pay taxable interest in addition to the lender receiving a tax credit.

<sup>21</sup> In 2009, issuers of tax credit bonds were instructed to file Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues*. The 2009 data also include a small number of tax credit bonds that were reported on Form 8038-G, *Information Returns for Tax-Exempt Governmental Obligations*, that specifically reference “qualified school construction” bonds, “clean renewable energy” bonds, “Midwestern tax credit” bonds, or “qualified zone academy” bonds. For tax credit bonds issued after March 2010, issuers were required to file the new Form 8038-TC, *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds*.

<sup>22</sup> Section 54F(d) provides details about a national volume cap for QSCBs. See Internal Revenue Notice 2009-35 for further information on QSCB volume cap allocations.

<sup>23</sup> ARRA created two varieties of BABs, which differed based on the federal subsidy and use of proceeds. The one variety of BAB was structured as a tax credit bond and the other was a direct payment bond.

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gross income, causing a net tax subsidy of less than 35 percent. Build America Bonds (tax credit) could be issued for any purpose for which traditional tax-exempt governmental bonds were issued and were subject to the same restrictions that apply to tax-exempt governmental bonds under IRC section 103. Build America Bonds (tax credit) are interest-bearing obligations, which differentiates them from traditional tax credit bonds that provide bondholders a tax credit in lieu of any interest payment. Build America Bond (tax credit) proceeds must have been used for capital expenditures and working capital expenditures. Working capital expenditures included any costs that were not capital expenditures and allowed for bonds to refund prior obligations and issue short-term financing. No Build America Bonds (tax credit) were issued in 2009.

In 2009, State and local governments issued \$3.7 billion in tax credit bonds. This amount included nearly \$3.4 billion in qualified school construction bonds, a combined \$192 million in clean renewable energy bonds and Midwestern tax credit bonds, and \$179 million in qualified zone academy bonds.<sup>24</sup>

Figure J shows tax credit bonds classified by purpose and size of entire issue. For 2009, tax credit bond issuance had the following distribution by entire issue size: 21.7 percent of all tax credit bond issues were under \$1 million, almost 376.6 percent

were in the \$1 million to \$5 million range, and 40.7 percent were in excess of \$5 million. More than three-quarters (76.2 percent) of the total 378 tax credit bonds issued were QSCBs. Qualified zone academy bonds accounted for 17.4 percent of all tax credit bonds issued in 2009. The combined issuance of clean renewable energy bonds and Midwestern tax credit bonds were 6.4 percent of all tax credit bonds issued in 2009.

The top five States with the highest dollar issuance of tax credit bonds were California, Illinois, Texas, Florida, and Louisiana (Figure K). Combined, these States issued slightly more than \$1.4 billion (38.5 percent) of all tax credit bonds. California issued the largest amount of tax credit bonds, accounting for \$486 million (13.1 percent) of the total. Illinois and Texas had similar amounts of tax credit bond issuance, with \$280 million (7.5 percent) and \$267 million (7.2 percent), respectively.

## Direct Payment Bonds

In response to the domestic economic crisis, on February 17, 2009, the 111<sup>th</sup> Congress enacted ARRA in order to implement new programs and policies aimed at bolstering the economy. Several ARRA provisions had direct implications for the municipal bond market, through creation of the direct payment BAB program. This program, autho-

**Figure J**

### Tax Credit Bonds, by Bond Purpose and Size of Entire Issue, 2009

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

| Bond purpose   | All issues |              | Size of entire issue |           |                               |            |                     |              |
|--|------------|--------------|----------------------|-----------|-------------------------------|------------|---------------------|--------------|
|  |            |              | Under \$1,000,000    |           | \$1,000,000 under \$5,000,000 |            | \$5,000,000 or more |              |
|  | Number     | Amount       | Number               | Amount    | Number                        | Amount     | Number              | Amount       |
|  | (1)        | (2)          | (3)                  | (4)       | (5)                           | (6)        | (7)                 | (8)          |
| <b>Tax credit bonds, total [1]</b>                               | <b>378</b> | <b>3,724</b> | <b>82</b>            | <b>45</b> | <b>142</b>                    | <b>334</b> | <b>154</b>          | <b>3,345</b> |
| Qualified school construction bonds                              | 288        | 3,352        | 53                   | 29        | 100                           | 234        | 135                 | 3,090        |
| Clean renewable energy bonds and Midwestern tax credit bonds [2] | 24         | 192          | 5                    | 3         | 10                            | 25         | 9                   | 165          |
| Qualified zone academy bonds                                     | 66         | 179          | 24                   | 13        | 32                            | 76         | 10                  | 90           |

[1] Includes data from governmental and private activity bond returns (Forms 8038-G and 8038) that specifically reference "qualified school construction," "clean renewable energy," "Midwestern tax credit," or "qualified zone academy" bonds.

[2] Clean renewable energy and Midwestern tax credit bonds were combined to avoid disclosure of individual issuer information.

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

<sup>24</sup> The 2009 data combine clean renewable energy bonds and Midwestern tax credit bonds to avoid taxpayer disclosure.

**Figure K**

**Tax Credit Bonds, for All States and Top Five States, 2009**

[Money amounts are in millions of dollars]

| State                         | Total tax credit bonds [1] |              |                            |            |
|-------------------------------|----------------------------|--------------|----------------------------|------------|
|                               | Number                     | Amount       | Percentage of total amount | Rank       |
|                               | (1)                        | (2)          | (3)                        | (4)        |
| <b>All States</b>             | <b>378</b>                 | <b>3,724</b> | <b>100.0</b>               | <b>N/A</b> |
| <b>Top Five States, total</b> | <b>74</b>                  | <b>1,433</b> | <b>38.5</b>                | <b>N/A</b> |
| California                    | 13                         | 486          | 13.1                       | 1          |
| Illinois                      | 9                          | 280          | 7.5                        | 2          |
| Texas                         | 21                         | 267          | 7.2                        | 3          |
| Florida                       | 6                          | 221          | 5.9                        | 4          |
| Louisiana                     | 25                         | 179          | 4.8                        | 5          |

N/A—Not applicable. Rank applies only to individual States.

[1] Includes data from governmental and private activity bond returns (Forms 8038-G and 8038) that specifically reference "qualified school construction," "clean renewable energy," "Midwestern tax credit," or "qualified zone academy" bonds.

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

ized by IRC section 54AA, enabled State and local governments to issue Federally subsidized taxable bonds for qualified purposes to provide economic stimulus and promote employment.

The BAB program applied to certain bonds issued between February 17, 2009, and January 1, 2011. BABs provided a direct subsidy payment to the bond issuer. This direct payment to the issuer equaled 35 percent of the total coupon interest payable to bondholders. BABs must have been qualified to receive credit payments under IRC section 54AA(g)(2), which imposed a set of requirements on the issuer. Specifically, the bond must have been a BAB issued before January 1, 2011, the bond's excess proceeds over the required reserve fund are only to be used for capital expenditures, and the bond issuer must have made an irrevocable election to have these requirements apply.<sup>25</sup>

BABs may have been issued for any governmental purpose for which tax-exempt governmental

bonds were issued, but excess proceeds must have been used on capital expenditures. Capital expenditures included the costs of acquiring, constructing, or improving land, buildings, and equipment. In general, BAB proceeds could not have been used to refund prior issue or fund short-term obligations.<sup>26</sup>

ARRA under IRC section 1400U-2 authorized State and local governments to issue RZEDs (recovery zone economic development bonds). Issuers of RZEDs received a direct subsidy payment in an amount equal to 45 percent of the total coupon interest payable to the bondholders. Like BABs, RZEDs must have been qualified to receive direct subsidy payments. Specifically, the bond must have been a BAB issued before January 1, 2011, the bond's excess proceeds (as defined by IRC section 54A) over the required reserve fund are only to be used for capital expenditures, the bond proceeds are to be used for a qualified economic development purpose, and the bond's issuer designated its purpose.<sup>27</sup> Unlike BABs, RZEDs were subject to a national volume cap of \$10 billion and must finance projects in distressed areas as designated by the issuer.<sup>28</sup>

For Calendar Year 2009, issuers of direct payment bonds were required to file Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*. Direct payment bond issuers were required to attach a schedule that declared the type and purpose of the bond. Additionally, direct payment bond issuers were required to attach a debt service schedule with the following information: the type of interest rate—variable or fixed, the frequency of interest payments, the total principal outstanding on each interest payment date, the credit payment expected from the IRS, and the earliest call date of the bond.

Figure L shows direct payment bond issuance allowed under ARRA for 2009. A total of 911 direct payment bonds raised \$65.3 billion in proceeds.

<sup>25</sup> Internal Revenue Notice 2009-26 states, "100 percent of the excess of (i) the available project proceeds (as defined in section 54A to mean sale proceeds of such issue less not more than two percent of such proceeds used to pay issuance costs plus investment proceeds thereon), over (ii) the amounts in a reasonably required reserve fund (within the meaning of § 150(a)(3)) with respect to such issue, are to be used for capital expenditures."

<sup>26</sup> Internal Revenue Notice 2009-26 states, "Build America Bonds (direct payment) may be used to reimburse otherwise-eligible capital expenditures under Treas. Reg. section 1.150-2 that were paid or incurred after the effective date of ARRA and that were financed originally with temporary short-term financing issued after the effective date of ARRA, and such reimbursement will not be treated as a refunding issue under Treas. Reg. §§ 1.150-1(d) or 1.150-2(g)."

<sup>27</sup> IRC Section 1400U-2(c) defines a qualified economic development purpose as expenditures for purposes of promoting development or other economic activity in a recovery zone, including (1) capital expenditures paid or incurred with respect to property located in the recovery zone, (2) expenditures for public infrastructure and construction of public facilities, and (3) expenditures for job training and educational programs.

<sup>28</sup> See IRC section (b) for details.

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**Figure L**

## Direct Payment Bonds Allowed Under the American Recovery and Reinvestment Act by Bond Type, 2009

[Money amounts are in millions of dollars]

| Bond type                                | Number     | Amount        | Percentage of total amount |
|--|------------|---------------|----------------------------|
|  | (1)        | (2)           | (3)                        |
| <b>Total [1]</b>                         | <b>911</b> | <b>65,326</b> | <b>100.0</b>               |
| Build America Bonds                      | 862        | 64,855        | 99.3                       |
| Recovery Zone Economic Development Bonds | 49         | 471           | 0.7                        |

[1] Includes bonds reported on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*, with a specific reference to "Build America Bond" or "Recovery Zone Economic Development Bond" in either their issue name or other description.

BABs made up 99.3 percent of the total dollar amount of direct payment bonds issued under ARRA for 2009. There were 49 RZEDs, which made up less than 1 percent (nearly \$0.5 billion) of the total dollar amount of direct payment bonds issued.

The \$65.3 billion in direct payment bonds allowed under ARRA, by purpose, for 2009 are shown in Figure M. Education constituted 30 percent of

total direct payment proceeds with \$19.6 billion, followed by transportation, which accounted for 28 percent of total proceeds, or \$18.3 billion. Other significant purposes included utilities (10.7 percent) and environment (6.3 percent), with \$7.0 billion and \$4.1 billion in proceeds, respectively.

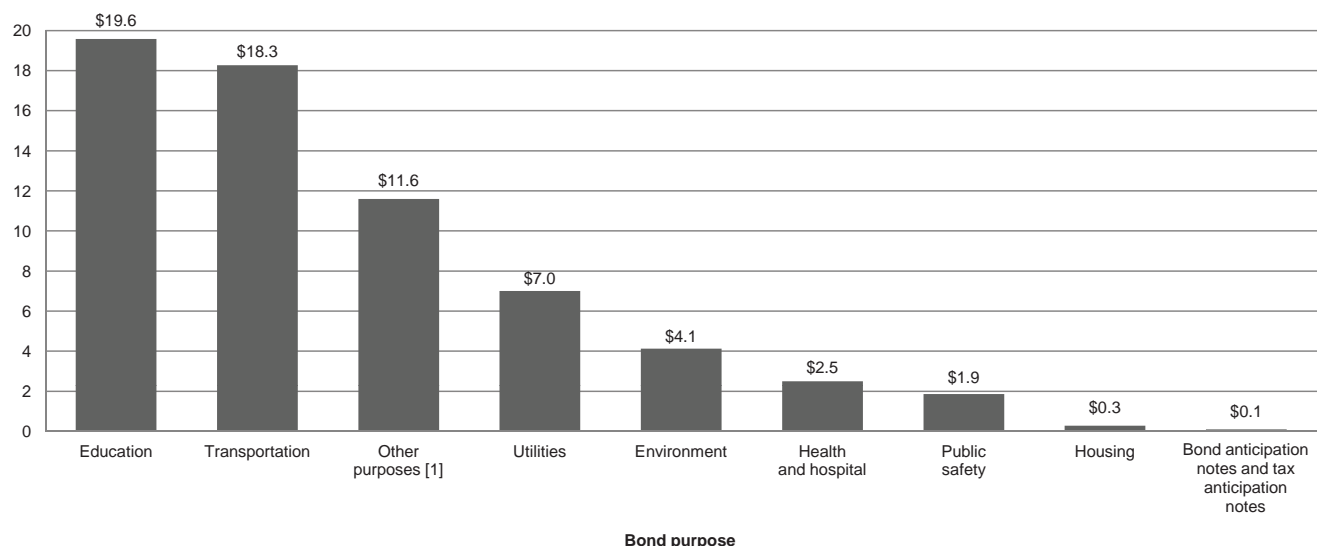
In 2009, the overwhelming majority of direct payment bonds were large issues, as shown in Figure N. Nearly \$52.5 billion (80.3 percent) of all bond proceeds were attributable to bond issues with an entire issue price in excess of \$75 million. Another \$8.5 billion (13 percent) of bond proceeds were attributable to bonds with an entire issue price ranging from \$25 million to under \$75 million. Direct payment bonds with an entire issue size of less than \$25 million accounted for just over \$4.4 billion (6.7 percent) of total issuance.

As shown in Figure O, 15 states accounted for \$50.9 billion (78 percent) of total direct payment bond issuance. The 2009 Census estimate for these 15 states, combined, was 61.2 percent of the U.S. population. California had \$15.9 billion in bond issuance, which made it the single largest issuer of direct payment ARRA bonds. Nearly one quarter (24.4 percent) of all direct payment bonds were is-

**Figure M**

## Direct Payment Bond Amounts Allowed Under the American Recovery and Reinvestment Act by Purpose, 2009

Billions of dollars

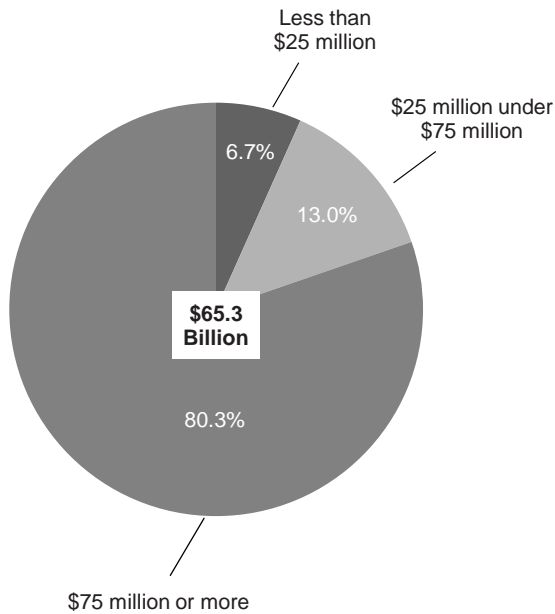


[1] "Other purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*.



**Figure N**

**Direct Payment Bonds Allowed Under the American Recovery and Reinvestment Act by Size of Entire Issue, 2009**



sued in California, while its population represents a little more than 12 percent of the U.S. population. In contrast, Florida and Pennsylvania issued \$2.2 billion (3.4 percent) and more than \$1.3 billion (2 percent) of all direct payment bonds, but their populations represent 6 percent and 4.1 percent of the U.S. population, respectively. Texas had \$7.1 billion (10.8 percent) in bond issuance in 2009, making it the second largest issuer of direct payment bonds. New York and Illinois ranked 3<sup>rd</sup> and 4<sup>th</sup> in largest amount of direct payment bond issuance, with \$5.8 billion (8.9 percent) and \$3.7 billion (5.7 percent), respectively. As Figure O shows, Massachusetts had six direct payment bonds issued for a total of almost \$2 billion in proceeds, averaging \$327.7 million per bond issued, which was significantly higher than the national average of \$71.7 million per bond issued.

Direct payment bond issuers are required to file Form 8038-CP, *Return for Credit Payments to Issuers of Qualified Bonds* in order to receive payments. Filing requirements for Form 8038-CP vary depending on whether the bond has a fixed or variable rate of interest. Issuers of direct payment bonds must file Form 8038-CP each time a credit payment is

requested. Figure P shows 152 total credit payments to issuers of direct payment bonds totaled 128.3 million in 2009. Credit payments to issuers of fixed rate direct payment bonds were \$123.3 million (96.1 percent) of the Forms 8038-CP filed in 2009.

**Summary**

The American Recovery and Reinvestment Act of 2009 changed the landscape of the municipal bonds market by introducing direct payment bonds through the Build America Bond and the Recovery Zone Economic Development Bond Programs. More than 900 direct payment bonds raised \$65.3 billion in proceeds in 2009. ARRA also created qualified school construction bonds, which raised nearly \$3.4 billion in proceeds for 288 qualifying public educational facilities. However, the market was still dominated by more than 22,000 tax-exempt governmental bonds issued in 2009, raising \$340.7 billion of proceeds

**Figure O**

**Direct Payment Bonds Allowed Under the American Recovery and Reinvestment Act for All States and Top 15 States, 2009**

[Money amounts are in millions of dollars]

| State of issue              | All issues [1] |               |                            |            |
|-----------------------------|----------------|---------------|----------------------------|------------|
|                             | Number         | Amount        | Percentage of total amount | Rank       |
|                             | (1)            | (2)           | (3)                        | (4)        |
| <b>All States</b>           | <b>911</b>     | <b>65,326</b> | <b>100.0</b>               | <b>N/A</b> |
| <b>Top 15 States, total</b> | <b>453</b>     | <b>50,934</b> | <b>78.0</b>                | <b>N/A</b> |
| California                  | 68             | 15,918        | 24.4                       | 1          |
| Texas                       | 39             | 7,072         | 10.8                       | 2          |
| New York                    | 22             | 5,787         | 8.9                        | 3          |
| Illinois                    | 86             | 3,700         | 5.7                        | 4          |
| Florida                     | 22             | 2,209         | 3.4                        | 5          |
| New Jersey                  | 13             | 2,174         | 3.3                        | 6          |
| Massachusetts               | 6              | 1,964         | 3.0                        | 7          |
| Ohio                        | 36             | 1,873         | 2.9                        | 8          |
| Washington                  | 28             | 1,851         | 2.8                        | 9          |
| Colorado                    | 22             | 1,611         | 2.5                        | 10         |
| Missouri                    | 32             | 1,380         | 2.1                        | 11         |
| Kentucky                    | 28             | 1,366         | 2.1                        | 12         |
| Virginia                    | 17             | 1,352         | 2.1                        | 13         |
| Maryland                    | 15             | 1,344         | 2.1                        | 14         |
| Pennsylvania                | 19             | 1,333         | 2.0                        | 15         |

N/A—Not applicable. Rank applies only to individual States.

[1] Bonds reported on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*, with a specific reference to "Build America Bond" or "Recovery Zone Economic Development Bond" in either their issue name or other description.

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## Figure P

### Total Credit Payments to Issuers of Direct Payment Bonds Allowed Under the American Recovery and Reinvestment Act by Interest Rate Type, 2009

[Money amounts are in millions of dollars]

| Interest rate type                                     | Number     | Amount       | Percentage of amount |
|--|------------|--------------|----------------------|
|  | (1)        | (2)          | (3)                  |
| <b>Credit payments for direct payment bonds, total</b> | <b>152</b> | <b>128.3</b> | <b>100.0</b>         |
| Credit payments for fixed rate direct payment bonds    | 129        | 123.3        | 96.1                 |
| Credit payments for variable rate direct payment bonds | 22         | 5.0          | 3.9                  |

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

for public projects such as schools, transportation infrastructure, and utilities. Of the \$262.4 billion of long-term governmental bonds issued, \$151.1 billion of proceeds were used to finance new projects, while the remaining \$111.4 billion of proceeds refunded prior governmental bond issues. In addition, more than 2,700 tax-exempt private activity bonds were issued in 2009, for a total \$105.6 billion in proceeds. These tax-exempt private activity bond proceeds financed qualified private facilities (such as residential rental facilities, single family housing, and airports), as well the facilities of IRC section 501(c)(3) organizations (such as hospitals and private universities). Of the \$102.8 billion of long-term private activity bonds issued, \$52.2 billion of proceeds were used to finance new projects, while the remaining \$50.6 billion of proceeds refunded prior tax-exempt private activity bond issues.

### Data Sources and Limitations

The data presented in this article are based on the populations of Forms 8038 and 8038-G filed with the Internal Revenue Service for bonds issued during Calendar Year 2009. Tax-exempt bond data exclude returns filed for commercial paper transactions, as well as issues that are loans from the proceeds of another tax-exempt bond issue, pooled financings. Data for taxable bonds issued under the American Recovery and Reinvestment Act of 2009 are based on Forms 8038-G with a specific reference to “Build America Bonds” or “recovery zone economic

development bonds” in either the issue name or other description. Data for tax credit bonds are based on Forms 8038 and 8038-G with a specific reference to “qualified school construction,” “clean renewable energy,” “qualified zone academy,” or “Midwestern tax credit” bonds. Data for credit payments are based on Forms 8038-CP filed for interest paid to bondholders in 2009. Bond issuers were required to file Forms 8038 and 8038-G by the 15<sup>th</sup> day of the second calendar month after the close of the calendar quarter in which the bond was issued. The filing deadline for Form 8038-CP varied based on the structure of the interest payments. In an effort to include as many applicable returns for a particular year, each of the respective study periods extended well beyond established filing deadlines. The Forms 8038-G and 8038 data include returns processed from January 1, 2009, to April 30, 2011, for bonds issued in 2009. The Form 8038-CP data include returns processed from May 2009 to May 2, 2011, for interest paid in 2009. Where possible, data from amended returns filed and processed before the cutoff dates were included. Late-filed returns processed after the respective cutoff dates were not included in the statistics.

During statistical processing, returns were subject to thorough testing and correction procedures to ensure data accuracy and validity. Additional checks were conducted to identify and exclude duplicate returns. Wherever possible, returns with incomplete information, mathematical errors, or other reporting anomalies were edited to resolve internal inconsistencies. However, in other cases, it was not possible to reconcile reporting discrepancies. Thus, some reporting and processing error may remain.

### Explanation of Selected Terms

*American Recovery and Reinvestment Act of 2009 (“ARRA”)*—An act of the 111th Congress passed on February 17, 2009, in response to the economic crisis. The passage of ARRA added to the Internal Revenue Code (IRC) sections 54AA and 1400U-1 through 1400U-3, authorizing State and local governments to issue two general types of Build America Bonds, recovery zone economic development bonds, and recovery zone exempt facility bonds.

*Arbitrage bond*—A bond where at the time of issuance, the issuer of the bond intentionally uses all

proceeds or a portion of its proceeds for the purpose of acquiring a higher yield or to replace funds which are used to acquire higher yielding investments.

*Bond anticipation note (“BAN”)*—A type of short-term Governmental bond issue, the proceeds of which are generally used to pay the startup costs associated with a future, long-term bond-financed project. A renewal BAN can be issued on maturity of an outstanding BAN, until, eventually, the proceeds of the future bond issue are used to pay off, or retire, the outstanding BAN.

*Build America Bond (“BAB”)*—The American Recovery and Reinvestment Act (ARRA) added IRC section 54AA to enable State and local governments to issue bonds for authorized purposes to promote economic recovery and job creation. These new types of bonds would be issued as taxable governmental bonds with federal subsidies to help offset a portion of issuers’ borrowing costs. The two distinct types of Build America Bonds—Build America Bond tax credit and Build America Bond direct payment subsidy—vary by the structure of federal subsidy. For calendar year 2009, issuers of Build America Bonds were required to file IRS Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*.

*Build America Bond tax credit bond*—This type of BAB provides a tax credit to investors in an amount equal to 35 percent of the total coupon interest payable by the issuer of the taxable government bonds.

*Build America Bond direct payment bond*—This type of BAB provides a refundable credit payment to state or local governmental issuers in an amount equal to 35 percent of the total coupon interest payable to investors.

*Clean renewable energy bond (“CREB”)*—A type of tax credit bond used to finance eligible clean renewable energy projects which are subject to a national volume cap. Issuers of clean renewable energy bonds under IRC Section 54 must be eligible to apply for volume cap allocations. Clean renewable energy bonds were first authorized under the Energy Tax Incentive Act of 2005. For additional information, see Internal Revenue Notice 2007-26.

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

*Enterprise zone facility bond*—Established by the passage of the Revenue Reconciliation Act of 1993, this type of exempt facility bond may be issued for certain businesses in designated “empowerment zones” or “enterprise communities.” These 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 “District of Columbia Enterprise Zone.” Qualified enterprise zone facility bonds are generally subject to the same rules as exempt facility bonds.

*Exempt facility bond*—Bond issue of which 95 percent or more of the net proceeds is used to finance a tax-exempt facility (as listed in IRC sections 142(a) (1) through (15) 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.

*Governmental bond*—Any obligation that is not a private activity bond (see below) and is issued by a State or local government unit. The interest on a governmental bond is excluded from gross income under IRC section 103.

*Gulf Opportunity Zone bond*—The Gulf Opportunity Zone Act of 2005, signed into law as Public Law 109-135 on December 21, 2005, authorized a new category of tax-exempt bonds. The proceeds of such bonds are used to finance the construction and rehabilitation of certain residential and nonresidential property located in certain localities of Alabama, Louisiana, and Mississippi, designated as the “Gulf Opportunity Zone.” This area constitutes the portion of the Hurricane Katrina disaster area, determined by the President to warrant individual or individual and public assistance from the Federal government, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

IRC section 1400N(a)(2) defines a qualified Gulf Opportunity Zone Bond as any bond issued as part of an issue if it meets the following requirements: (1) 95 percent or more of the net proceeds is to be used for qualified project costs, or such issue meets the

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requirements of a qualified mortgage issue, except as otherwise provided in IRC section 1400N(a); (2) such bond is issued by the State of Alabama, Louisiana, or Mississippi or any political subdivision thereof; (3) such bond is designated for purposes of IRC section 1400N(a) either by the Governor, or approved bond commission, of such State; (4) the bond is issued after December 21, 2005, and before January 1, 2012; and (5) no portion of the proceeds of such issue is to be used to provide any property described in IRC section 144(c)(6)(B).

Gulf Opportunity Zone bonds that meet the general requirements of a qualified mortgage bond issue, and the proceeds of such bond issues that finance residences located in the Gulf Opportunity Zone, shall be treated as qualified mortgage bonds (“Gulf Opportunity Zone Mortgage Bonds”), as described in IRC section 1400N(a)(2)(A)(ii). The Act also authorized the issuance of “Gulf Opportunity Zone Advance Refunding Bonds,” which allow for an additional advance refunding for certain bonds, issued by the States of Alabama, Louisiana, or Mississippi (or any political subdivision thereof), and outstanding on August 28, 2005. This provision was effective for bonds issued between December 21, 2005, and January 1, 2012. (See Internal Revenue Service Notice 2006-41, *Internal Revenue Bulletin* 2006-18, for additional information.)

*Midwestern tax credit bond*—A type of tax credit bond whose issuers are located in specific counties in Arkansas, Illinois, Indiana, Iowa, Missouri, Nebraska, and Wisconsin that were adversely affected by severe storms, tornadoes, or flooding (collectively referred to as “the Midwestern disaster area”). Midwestern tax credit bonds were only authorized for issuance during Calendar Year 2009. See Internal Revenue Notice 2008-109 for additional information.

*New York Liberty Zone 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. IRC 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: (1) 95 percent or more of the net proceeds of such issue must be used for qualified project costs; (2) the bond must be issued by the State of New York or any political subdivision thereof; (3) 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 (4) the bond must be issued after March 9, 2002, and before January 1, 2012. The maximum aggregate face amount of bonds that may be designated as Liberty Bonds is \$8 billion.

*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 IRC 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 IRC section 141(c)(2)) to persons other than governmental units exceeds the lesser of 5 percent of the proceeds or \$5 million.

*Qualified green building and sustainable design project*—Bond issue of which 95 percent or more of the net proceeds is used to finance qualified green building and sustainable design projects, as designated by the Secretary of the Treasury, after consultation with the Administrator of the Environmental Protection Agency. The project must be nominated by a State or local government, and the issuer must submit a detailed application to the Treasury Department for consideration, and, on approval, allocation of a specified issuance amount. Section 701 of the American Jobs Creation Act of 2004 added IRC sections 142(a)(14) and 142(1), authorizing up to \$2 billion of tax-exempt private activity bonds, not subject to the unified volume cap, for qualified green building and sustainable design projects, to be issued between December 31, 2004, and October 1, 2012. (See Internal Revenue Service Notice 2006-41, *Internal Revenue Bulletin* 2006-18, for additional information.)

*Qualified highway or surface transfer freight facility bond*—Bond issue of which 95 percent or more of the net proceeds is used to provide qualified



highway or surface freight transfer facilities. Section 11143 of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Public Law 109-59, signed into law on August 10, 2005, added IRC sections 142(a)(15) and 142(m). Section 142(m)(1) defines the term “qualified highway or surface freight transfer facilities” as: (a) any surface transportation project that receives Federal assistance under title 23, United States Code (as in effect on August 10, 2005); (b) any project for an international bridge or tunnel for which an international entity authorized under Federal or State law is responsible and that receives Federal assistance under title 23, United States Code (as so in effect); or, (c) any facility for the transfer of freight from truck to rail or rail to truck (including any temporary storage facilities directly related to such transfers) that receives Federal assistance under either title 23 or title 49, United States Code (as so in effect). This legislation authorized issuance of up to \$15 billion of such bonds, not subject to the unified volume cap, applicable to bonds issued after August 10, 2005. Allocation of the \$15-billion national limitation is under the jurisdiction of the Department of Transportation. (See Internal Revenue Service Notice 2006-45, *Internal Revenue Bulletin* 2006-20, for additional information.)

*Qualified hospital bond*—Type of qualified section 501(c)(3) bond issue of which 95 percent or more of the net proceeds are to be used to finance a hospital.

*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 IRC 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 public educational facility bond*—Bond issue of which 95 percent or more of the net proceeds is used to provide qualified public educational facilities, defined by IRC section 142(k)(1) as any school facility that is: (a) part of a public elementary or secondary school; and (b) is owned by a private, for-profit corporation under a public-private partnership agreement with a State or local educational agency. Under a “public-private partnership

agreement,” the corporation agrees to construct, rehabilitate, refurbish, or equip a school facility and, at the end of the term of the agreement, to transfer the school facility to the State or local educational agency for no additional consideration. Such bonds are not subject to the unified volume cap; rather, the annual State limit is equal to the lesser of \$10 per resident or \$5 million.

*Qualified redevelopment bond*—Bond issue of which 95 percent or more of the net proceeds is used to finance certain specified real property acquisition and redevelopment in blighted areas (see IRC 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 organizations that are tax-exempt under IRC 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 section 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 qualified hospital bond issue is one in which 95 percent or more of the net proceeds is to be used for a hospital.

*Qualified small issue bond*—Bond issue generally not exceeding \$1 million and of which 95 percent or more of the net proceeds is 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 is used to make or finance student loans under a program of general application subject to the Higher Education Act of 1965 (see IRC section 144(b)(1)(A) for additional requirements) or of which 95 percent or more of the net proceeds is used to make or finance



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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 is used to finance the purchase, improvement, or rehabilitation of owner-occupied 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 IRC 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.

**Qualified zone academy bond ("QZAB")**—A type of tax credit bond issued by a State or local government to finance certain eligible public school purposes authorized under IRC section 54E. QZABs are subject to a national volume cap to be allocated by the Treasury among the States. See Internal Revenue Notice 2009-30 for additional information.

**Recovery zone bond**—The American Recovery and Reinvestment Act (ARRA) added IRC Sections 1400U-1 through 1400U-3 authorizing State and local governments to issue recovery zone bonds. These bonds provide tax incentives through lower borrowing costs and are intended to promote job creation and economic recovery in targeted areas particularly affected by employment declines. See Internal Revenue Notice 2009-50 for additional information.

**Recovery zone economic development bond**—Authorized under IRC section 1400U-2, this type of bond provides for a deeper Federal subsidy through a refundable credit payment to state or local governmental issuers in an amount equal to 45 percent of the total coupon interest payable to investors. A recovery zone economic development bond must be

a Build America Bond, the proceeds of which must be used for one or more qualified economic development purposes. Recovery zone economic development bonds are allocated under a \$10 billion national bond volume cap. For Calendar Year 2009, issuers of recovery zone exempt facility bonds were required to file IRS Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*.

**Recovery zone exempt facility bond**—Authorized under IRC section 1400U-3, which expanded the definition of the term "exempt facility bond" to include any recovery zone facility bond. A recovery zone exempt facility bond must be a qualified private activity bond under IRC Section 142, the proceeds of which may be used to finance certain "recovery zone property." Recovery zone exempt facility bonds are allocated under a \$15 billion national bond volume cap. For Calendar Year 2009, issuers of recovery zone exempt facility bonds were required to file IRS Form 8038, *Information Return for Tax-Exempt Private Activity Bonds*.

**Tax credit bond**—Tax credit bonds are not interest-bearing obligations. The holder of a tax credit bond is generally allowed an annual Federal income tax credit while the bond is outstanding. The amount of the credit is equal to the face amount of the bond multiplied by the credit rate of the bond. For additional information, see Internal Revenue Notice 2009-15.

**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 such items 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.

NOTE: Additional tax-exempt bond data, including data for prior years, can be found on the SOI's Tax Stats web site: <http://www.irs.gov/taxstats>. Click on "Tax-Exempt Bonds."

**Table 1. Tax-Exempt Governmental Bonds, by Type and Term of Issue, 2009**

[Money amounts are in millions of dollars]

| Type and term of issue         | Number        | Amount         |
|--------------------------------|---------------|----------------|
| <b>All issues, total [1]</b>   | <b>22,363</b> | <b>340,658</b> |
| Short-term                     | 6,462         | 78,217         |
| Long-term                      | 15,901        | 262,441        |
| <b>New money issues, total</b> | <b>16,892</b> | <b>215,319</b> |
| Short-term                     | 4,771         | 64,269         |
| Long-term                      | 12,121        | 151,050        |
| <b>Refunding issues, total</b> | <b>7,703</b>  | <b>125,339</b> |
| Short-term                     | 2,406         | 13,948         |
| Long-term                      | 5,297         | 111,391        |

[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 sometimes exceed the total number of issues. However, the money amounts add to the totals.

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

**Table 2. Long-Term, Tax-Exempt Governmental Bonds, by Bond Purpose and Type of Issue, 2009**

[Money amounts are in millions of dollars]

| Bond purpose                            | All issues    |                | New money issues |                | Refunding issues |                |
|---|---------------|----------------|------------------|----------------|------------------|----------------|
|   | Number        | Amount         | Number           | Amount         | Number           | Amount         |
|   | (1)           | (2)            | (3)              | (4)            | (5)              | (6)            |
| <b>Total [1]</b>                        | <b>15,901</b> | <b>262,441</b> | <b>12,121</b>    | <b>151,050</b> | <b>5,297</b>     | <b>111,391</b> |
| Education                               | 5,455         | 72,365         | 4,005            | 45,935         | 1,884            | 26,430         |
| Health and hospital                     | 333           | 5,272          | 264              | 2,637          | 96               | 2,635          |
| Transportation                          | 1,014         | 31,784         | 791              | 20,089         | 384              | 11,696         |
| Public safety                           | 1,864         | 5,505          | 1,712            | 4,291          | 277              | 1,214          |
| Environment                             | 1,238         | 16,637         | 944              | 10,921         | 510              | 5,715          |
| Housing                                 | 100           | 757            | 71               | 326            | 40               | 432            |
| Utilities                               | 2,149         | 37,919         | 1,546            | 18,169         | 953              | 19,749         |
| Bond and tax/revenue anticipation notes | 275           | 1,903          | 246              | 1,612          | 54               | 291            |
| Other purposes [2]                      | 4,613         | 90,300         | 3,383            | 47,072         | 1,844            | 43,228         |

[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 add to the totals.

[2] "Other purposes" refers to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*.

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

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**Table 3. Computation of Lendable Proceeds for Long-Term, Tax-Exempt Governmental Bonds, by Bond Purpose, 2009**

[Money amounts are in millions of dollars]

| Bond purpose                            | Entire issue price |                | Bond issuance costs |              | Credit enhancement |            | Allocation to reserve fund |
|---|--------------------|----------------|---------------------|--------------|--------------------|------------|----------------------------|
|   | Number             | Amount         | Number              | Amount       | Number             | Amount     | Number                     |
|   | (1)                | (2)            | (3)                 | (4)          | (5)                | (6)        | (7)                        |
| <b>Total [1]</b>                        | <b>15,901</b>      | <b>262,441</b> | <b>10,485</b>       | <b>2,458</b> | <b>1,786</b>       | <b>403</b> | <b>1,132</b>               |
| Education                               | 5,455              | 72,365         | 3,718               | 731          | 875                | 124        | 213                        |
| Health and hospital                     | 333                | 5,272          | 192                 | 48           | 22                 | 6          | 27                         |
| Transportation                          | 1,014              | 31,784         | 753                 | 244          | 90                 | 72         | 96                         |
| Public safety                           | 1,864              | 5,505          | 692                 | 68           | 73                 | 9          | 58                         |
| Environment                             | 1,238              | 16,637         | 892                 | 140          | 112                | 10         | 118                        |
| Housing                                 | 100                | 757            | 69                  | 10           | 3                  | [2]        | 14                         |
| Utilities                               | 2,149              | 37,919         | 1,804               | 428          | 312                | 73         | 330                        |
| Bond and tax/revenue anticipation notes | 275                | 1,903          | 205                 | 14           | 0                  | 0          | 3                          |
| Other purposes [3]                      | 4,613              | 90,300         | 3,228               | 775          | 440                | 110        | 302                        |

| Bond purpose                            | Allocation to reserve fund—continued | Total lendable proceeds |                | Proceeds used to refund prior issues |                | Nonrefunding proceeds |                |
|---|--------------------------------------|-------------------------|----------------|--------------------------------------|----------------|-----------------------|----------------|
|   | Amount                               | Number                  | Amount         | Number                               | Amount         | Number                | Amount         |
|   | (8)                                  | (9)                     | (10)           | (11)                                 | (12)           | (13)                  | (14)           |
| <b>Total [1]</b>                        | <b>2,898</b>                         | <b>15,901</b>           | <b>256,682</b> | <b>5,297</b>                         | <b>109,143</b> | <b>12,121</b>         | <b>147,540</b> |
| Education                               | 254                                  | 5,455                   | 71,257         | 1,884                                | 26,061         | 4,005                 | 45,195         |
| Health and hospital                     | 82                                   | 333                     | 5,136          | 96                                   | 2,594          | 264                   | 2,542          |
| Transportation                          | 698                                  | 1,014                   | 30,770         | 384                                  | 11,231         | 791                   | 19,539         |
| Public safety                           | 78                                   | 1,864                   | 5,350          | 277                                  | 1,181          | 1,712                 | 4,169          |
| Environment                             | 328                                  | 1,238                   | 16,158         | 510                                  | 5,548          | 944                   | 10,610         |
| Housing                                 | 7                                    | 100                     | 740            | 40                                   | 424            | 71                    | 316            |
| Utilities                               | 769                                  | 2,149                   | 36,648         | 953                                  | 19,138         | 1,546                 | 17,511         |
| Bond and tax/revenue anticipation notes | 7                                    | 275                     | 1,882          | 54                                   | 283            | 246                   | 1,600          |
| Other purposes [3]                      | 674                                  | 4,613                   | 88,740         | 1,844                                | 42,683         | 3,383                 | 46,058         |

[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 add to the totals.

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

[3] "Other purposes" refers to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*.

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

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**Table 4. New Money Long-Term, Tax-Exempt Governmental Bonds, by Bond Purpose and Size of Entire Issue, 2009**

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

| Bond purpose                            | 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)          |
| <b>Total [2]</b>                        | <b>12,121</b> | <b>151,050</b> | <b>4,423</b>         | <b>1,042</b> | <b>1,390</b>                | <b>953</b> | <b>2,982</b>                  | <b>6,612</b> |
| Education                               | 4,005         | 45,935         | 1,379                | 332          | 405                         | 281        | 912                           | 2,065        |
| Health and hospital                     | 264           | 2,637          | 67                   | 18           | 37                          | 27         | 61                            | 110          |
| Transportation                          | 791           | 20,089         | 238                  | 50           | 68                          | 44         | 188                           | 303          |
| Public safety                           | 1,712         | 4,291          | 1,029                | 237          | 217                         | 143        | 235                           | 449          |
| Environment                             | 944           | 10,921         | 234                  | 54           | 109                         | 74         | 308                           | 564          |
| Housing                                 | 71            | 326            | d                    | d            | 6                           | 4          | 26                            | 55           |
| Utilities                               | 1,546         | 18,169         | 288                  | 69           | 192                         | 124        | 533                           | 1,149        |
| Bond and tax/revenue anticipation notes | 246           | 1,612          | d                    | d            | 36                          | 25         | 124                           | 272          |
| Other purposes [3]                      | 3,383         | 47,072         | 1,173                | 268          | 346                         | 231        | 821                           | 1,644        |

| Bond purpose                            | 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)          |
| <b>Total [2]</b>                        | <b>1,192</b>                   | <b>7,461</b> | <b>1,007</b>                    | <b>13,331</b> | <b>658</b>                      | <b>23,282</b> | <b>469</b>           | <b>98,370</b> |
| Education                               | 431                            | 2,733        | 398                             | 5,197         | 319                             | 10,886        | 161                  | 24,442        |
| Health and hospital                     | 37                             | 224          | 27                              | 386           | 16                              | 473           | 19                   | 1,399         |
| Transportation                          | 98                             | 380          | 60                              | 534           | 51                              | 1,466         | 88                   | 17,312        |
| Public safety                           | 95                             | 408          | 70                              | 672           | 42                              | 843           | 24                   | 1,539         |
| Environment                             | 114                            | 512          | 92                              | 863           | 43                              | 1,005         | 44                   | 7,849         |
| Housing                                 | 5                              | 35           | 6                               | 79            | 4                               | 96            | d                    | d             |
| Utilities                               | 217                            | 1,158        | 149                             | 1,659         | 86                              | 2,416         | 81                   | 11,593        |
| Bond and tax/revenue anticipation notes | 27                             | 158          | 14                              | 214           | 7                               | 229           | d                    | d             |
| Other purposes [3]                      | 353                            | 1,854        | 332                             | 3,726         | 198                             | 5,869         | 160                  | 33,480        |

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

[1] Forms 8038-G, *Information Return for Tax-Exempt Governmental Obligations*, 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 add to the totals.

[3] "Other purposes" refers to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligation Bonds*.

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

# Municipal Bonds, 2009

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**Table 5. New Money Long-Term, Tax-Exempt Governmental Bonds, by State of Issue and Bond Purpose, 2009**

[Money amounts are in millions of dollars]

| State of issue       | Total [1]     |                | Bond purpose |               |                     |              |                |               |
|----------------------|---------------|----------------|--------------|---------------|---------------------|--------------|----------------|---------------|
|                      |               |                | Education    |               | Health and hospital |              | Transportation |               |
|                      | Number        | Amount         | Number       | Amount        | Number              | Amount       | Number         | Amount        |
|                      | (1)           | (2)            | (3)          | (4)           | (5)                 | (6)          | (7)            | (8)           |
| <b>All States</b>    | <b>12,121</b> | <b>151,050</b> | <b>4,005</b> | <b>45,935</b> | <b>264</b>          | <b>2,637</b> | <b>791</b>     | <b>20,089</b> |
| Alabama              | 210           | 1,200          | 47           | 460           | 4                   | 21           | 9              | 14            |
| Alaska               | 19            | 591            | 4            | 23            | 0                   | 0            | d              | d             |
| Arizona              | 192           | 4,221          | 86           | 1,054         | 0                   | 0            | 15             | 911           |
| Arkansas             | 188           | 799            | 85           | 496           | 3                   | 13           | 3              | 21            |
| California           | 691           | 27,872         | 296          | 10,357        | 28                  | 1,120        | 29             | 3,435         |
| Colorado             | 196           | 1,893          | 58           | 1,035         | 4                   | 2            | 9              | 56            |
| Connecticut          | 126           | 3,453          | 63           | 484           | d                   | d            | 25             | 247           |
| Delaware             | 16            | 507            | 4            | 184           | 0                   | 0            | 3              | 118           |
| District of Columbia | 5             | 1,278          | 0            | 0             | 0                   | 0            | d              | d             |
| Florida              | 255           | 7,224          | 47           | 1,847         | 4                   | 262          | 19             | 531           |
| Georgia              | 286           | 4,167          | 49           | 377           | 6                   | 12           | 5              | 924           |
| Hawaii               | 10            | 914            | d            | d             | d                   | d            | 0              | 0             |
| Idaho                | 46            | 381            | 10           | 142           | d                   | d            | 5              | 180           |
| Illinois             | 677           | 3,521          | 353          | 1,393         | d                   | d            | 23             | 388           |
| Indiana              | 333           | 1,832          | 127          | 860           | 5                   | 134          | 27             | 86            |
| Iowa                 | 329           | 1,806          | 113          | 775           | 11                  | 83           | 36             | 39            |
| Kansas               | 282           | 1,214          | 78           | 462           | 16                  | 34           | 32             | 66            |
| Kentucky             | 200           | 1,532          | 86           | 383           | 8                   | 43           | 6              | 95            |
| Louisiana            | 163           | 1,239          | 35           | 244           | 15                  | 36           | 11             | 349           |
| Maine                | 128           | 494            | 48           | 81            | 0                   | 0            | 18             | 207           |
| Maryland             | 116           | 2,687          | 30           | 813           | 8                   | 88           | 14             | 341           |
| Massachusetts        | 186           | 2,573          | 76           | 722           | 3                   | 2            | 32             | 143           |
| Michigan             | 344           | 982            | 101          | 418           | 6                   | 3            | 20             | 34            |
| Minnesota            | 446           | 2,810          | 90           | 406           | 4                   | 20           | 34             | 170           |
| Mississippi          | 207           | 805            | 41           | 375           | 7                   | 69           | 9              | 47            |
| Missouri             | 312           | 1,739          | 112          | 608           | 6                   | 29           | 37             | 332           |
| Montana              | 85            | 130            | d            | d             | 0                   | 0            | d              | d             |
| Nebraska             | 336           | 1,654          | 69           | 410           | 9                   | 36           | 25             | 20            |
| Nevada               | 47            | 997            | 10           | 137           | d                   | d            | 3              | 143           |
| New Hampshire        | 55            | 177            | 18           | 29            | d                   | d            | 7              | 11            |
| New Jersey           | 334           | 3,274          | 175          | 885           | d                   | d            | 13             | 1,247         |
| New Mexico           | 163           | 2,354          | 57           | 499           | d                   | d            | 6              | 86            |
| New York             | 645           | 16,364         | 322          | 2,984         | d                   | d            | 36             | 2,861         |
| North Carolina       | 336           | 4,011          | 53           | 1,277         | 7                   | 93           | 16             | 584           |
| North Dakota         | 143           | 271            | 24           | 42            | 0                   | 0            | 8              | 7             |
| Ohio                 | 297           | 1,826          | 96           | 761           | 5                   | 46           | 23             | 37            |
| Oklahoma             | 320           | 1,605          | 217          | 912           | 7                   | 52           | 13             | 107           |
| Oregon               | 137           | 3,019          | 41           | 1,160         | d                   | d            | 10             | 428           |
| Pennsylvania         | 578           | 5,674          | 196          | 2,158         | d                   | d            | 23             | 1,421         |
| Rhode Island         | 48            | 507            | 13           | 164           | 0                   | 0            | 5              | 194           |
| South Carolina       | 203           | 1,573          | 51           | 482           | 5                   | 76           | 3              | 7             |
| South Dakota         | 72            | 201            | 20           | 37            | 0                   | 0            | 4              | 2             |
| Tennessee            | 165           | 1,242          | 20           | 265           | 4                   | 2            | 10             | 20            |
| Texas                | 1,097         | 14,512         | 272          | 6,256         | 19                  | 128          | 41             | 1,520         |
| Utah                 | 127           | 1,846          | 27           | 547           | 4                   | 21           | 14             | 926           |
| Vermont              | 74            | 194            | 16           | 65            | 0                   | 0            | d              | d             |
| Virginia             | 176           | 3,740          | 56           | 1,608         | d                   | d            | 10             | 68            |
| Washington           | 204           | 4,582          | 59           | 700           | 13                  | 46           | 15             | 793           |
| West Virginia        | 80            | 282            | 8            | 126           | 3                   | 4            | d              | d             |
| Wisconsin            | 378           | 1,185          | 112          | 289           | 4                   | 4            | 75             | 201           |
| Wyoming              | 48            | 129            | 28           | 31            | 3                   | 51           | d              | d             |
| U.S. Possessions [2] | 10            | 1,966          | d            | d             | 0                   | 0            | d              | d             |

Footnotes at end of table.



**Table 5. New Money Long-Term, Tax-Exempt Governmental Bonds, by State of Issue and Bond Purpose, 2009—Continued**

[Money amounts are in millions of dollars]

| State of issue       | Bond purpose—continued |              |             |               |           |            |              |               |
|----------------------|------------------------|--------------|-------------|---------------|-----------|------------|--------------|---------------|
|                      | Public safety          |              | Environment |               | Housing   |            | Utilities    |               |
|                      | Number                 | Amount       | Number      | Amount        | Number    | Amount     | Number       | Amount        |
|                      | (9)                    | (10)         | (11)        | (12)          | (13)      | (14)       | (15)         | (16)          |
| <b>All States</b>    | <b>1,712</b>           | <b>4,291</b> | <b>944</b>  | <b>10,921</b> | <b>71</b> | <b>326</b> | <b>1,546</b> | <b>18,169</b> |
| Alabama              | 29                     | 43           | 4           | 6             | d         | d          | 44           | 339           |
| Alaska               | d                      | d            | 0           | 0             | 0         | 0          | d            | d             |
| Arizona              | 39                     | 128          | 8           | 265           | 0         | 0          | 15           | 1,209         |
| Arkansas             | 11                     | 37           | 27          | 94            | 0         | 0          | 42           | 98            |
| California           | 64                     | 645          | 33          | 3,720         | 8         | 91         | 63           | 3,242         |
| Colorado             | 29                     | 35           | 7           | 92            | 3         | 4          | 20           | 262           |
| Connecticut          | 31                     | 32           | 19          | 21            | d         | d          | 9            | 286           |
| Delaware             | 6                      | 5            | 3           | 62            | d         | d          | d            | d             |
| District of Columbia | 0                      | 0            | d           | d             | 0         | 0          | 0            | 0             |
| Florida              | 42                     | 247          | 13          | 313           | 4         | 8          | 50           | 1,146         |
| Georgia              | 55                     | 87           | 71          | 912           | d         | d          | 20           | 122           |
| Hawaii               | 0                      | 0            | d           | d             | 0         | 0          | d            | d             |
| Idaho                | 8                      | 3            | 6           | 22            | 0         | 0          | d            | d             |
| Illinois             | 53                     | 36           | 20          | 28            | d         | d          | 46           | 113           |
| Indiana              | 63                     | 90           | 27          | 208           | d         | d          | 18           | 249           |
| Iowa                 | 17                     | 22           | 22          | 185           | 0         | 0          | 34           | 28            |
| Kansas               | 25                     | 18           | 31          | 34            | 0         | 0          | 47           | 222           |
| Kentucky             | 18                     | 60           | 7           | 2             | 0         | 0          | 34           | 229           |
| Louisiana            | 48                     | 43           | 11          | 214           | 0         | 0          | 19           | 50            |
| Maine                | 27                     | 11           | 6           | 2             | 0         | 0          | 5            | 2             |
| Maryland             | 28                     | 96           | 37          | 475           | 5         | 39         | 10           | 86            |
| Massachusetts        | 46                     | 29           | 36          | 338           | d         | d          | 36           | 57            |
| Michigan             | 48                     | 22           | 70          | 194           | d         | d          | 28           | 119           |
| Minnesota            | 29                     | 102          | 38          | 117           | 6         | 45         | 62           | 170           |
| Mississippi          | 44                     | 74           | d           | d             | 0         | 0          | 6            | 16            |
| Missouri             | 50                     | 95           | 15          | 15            | 0         | 0          | 33           | 372           |
| Montana              | 10                     | 16           | 18          | 24            | 0         | 0          | 30           | 23            |
| Nebraska             | 24                     | 93           | 5           | 2             | 0         | 0          | 33           | 974           |
| Nevada               | 4                      | 25           | 10          | 352           | 0         | 0          | d            | d             |
| New Hampshire        | 9                      | 5            | 8           | 13            | 0         | 0          | d            | d             |
| New Jersey           | 56                     | 101          | 10          | 102           | d         | d          | 6            | 28            |
| New Mexico           | 44                     | 45           | 9           | 32            | d         | d          | 13           | 973           |
| New York             | 89                     | 383          | 30          | 619           | d         | d          | 23           | 878           |
| North Carolina       | 117                    | 292          | 16          | 124           | d         | d          | 29           | 648           |
| North Dakota         | 3                      | 3            | 7           | 4             | 3         | 7          | 68           | 183           |
| Ohio                 | 62                     | 37           | 20          | 50            | d         | d          | 16           | 105           |
| Oklahoma             | 18                     | 151          | d           | d             | 0         | 0          | 23           | 261           |
| Oregon               | 25                     | 92           | 11          | 205           | d         | d          | 13           | 143           |
| Pennsylvania         | 61                     | 180          | 112         | 426           | d         | d          | 27           | 220           |
| Rhode Island         | 8                      | 8            | 7           | 60            | d         | d          | 4            | 15            |
| South Carolina       | 47                     | 44           | 10          | 83            | 0         | 0          | 24           | 614           |
| South Dakota         | 8                      | 46           | d           | d             | 5         | 4          | 14           | 79            |
| Tennessee            | 27                     | 54           | 3           | 8             | 3         | 16         | 49           | 180           |
| Texas                | 117                    | 214          | 26          | 196           | d         | d          | 329          | 3,241         |
| Utah                 | 16                     | 15           | 11          | 35            | 0         | 0          | 15           | 68            |
| Vermont              | 12                     | 2            | 16          | 8             | 0         | 0          | 18           | 32            |
| Virginia             | 31                     | 95           | 21          | 502           | d         | d          | 17           | 225           |
| Washington           | 28                     | 115          | 9           | 315           | 3         | 3          | 29           | 621           |
| West Virginia        | 28                     | 8            | 6           | 29            | 0         | 0          | 10           | 4             |
| Wisconsin            | 52                     | 48           | 52          | 101           | 3         | 1          | 96           | 124           |
| Wyoming              | d                      | d            | 4           | 6             | 0         | 0          | 5            | 34            |
| U.S. Possessions [2] | d                      | d            | d           | d             | d         | d          | d            | d             |

Footnotes at end of table.

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**Table 5. New Money Long-Term, Tax-Exempt Governmental Bonds, by State of Issue and Bond Purpose, 2009—Continued**

[Money amounts are in millions of dollars]

| State of issue       | Bond purpose—continued                  |                |                    |                |
|----------------------|---|----------------|--------------------|----------------|
|                      | Bond and tax/revenue anticipation notes |                | Other purposes [3] |                |
|                      | Number<br>(17)                          | Amount<br>(18) | Number<br>(19)     | Amount<br>(20) |
| <b>All States</b>    | <b>246</b>                              | <b>1,612</b>   | <b>3,383</b>       | <b>47,072</b>  |
| Alabama              | d                                       | d              | 74                 | 314            |
| Alaska               | 0                                       | 0              | 11                 | 135            |
| Arizona              | 0                                       | 0              | 40                 | 653            |
| Arkansas             | 0                                       | 0              | 23                 | 40             |
| California           | 8                                       | 153            | 179                | 5,109          |
| Colorado             | 0                                       | 0              | 66                 | 407            |
| Connecticut          | 0                                       | 0              | 63                 | 2,361          |
| Delaware             | 0                                       | 0              | 5                  | 134            |
| District of Columbia | 0                                       | 0              | d                  | d              |
| Florida              | 3                                       | 20             | 79                 | 2,850          |
| Georgia              | d                                       | d              | 85                 | 1,725          |
| Hawaii               | 0                                       | 0              | 4                  | 775            |
| Idaho                | 8                                       | 15             | d                  | d              |
| Illinois             | 0                                       | 0              | 193                | 1,546          |
| Indiana              | d                                       | d              | 62                 | 185            |
| Iowa                 | 12                                      | 55             | 101                | 620            |
| Kansas               | 13                                      | 22             | 93                 | 356            |
| Kentucky             | 7                                       | 33             | 34                 | 686            |
| Louisiana            | 3                                       | 3              | 21                 | 301            |
| Maine                | 12                                      | 42             | 25                 | 150            |
| Maryland             | 4                                       | 13             | 57                 | 736            |
| Massachusetts        | d                                       | d              | 101                | 1,272          |
| Michigan             | d                                       | d              | 66                 | 188            |
| Minnesota            | 18                                      | 42             | 177                | 1,738          |
| Mississippi          | d                                       | d              | 95                 | 221            |
| Missouri             | 0                                       | 0              | 60                 | 290            |
| Montana              | 5                                       | 7              | 17                 | 58             |
| Nebraska             | 17                                      | 16             | 161                | 103            |
| Nevada               | 0                                       | 0              | 13                 | 331            |
| New Hampshire        | 3                                       | 12             | 12                 | 98             |
| New Jersey           | 3                                       | 3              | 80                 | 902            |
| New Mexico           | 0                                       | 0              | 31                 | 705            |
| New York             | 10                                      | 735            | 133                | 7,826          |
| North Carolina       | d                                       | d              | 112                | 952            |
| North Dakota         | 0                                       | 0              | 30                 | 23             |
| Ohio                 | d                                       | d              | 91                 | 764            |
| Oklahoma             | d                                       | d              | 55                 | 118            |
| Oregon               | 4                                       | 21             | 28                 | 951            |
| Pennsylvania         | 18                                      | 49             | 146                | 1,215          |
| Rhode Island         | d                                       | d              | 17                 | 64             |
| South Carolina       | 0                                       | 0              | 65                 | 268            |
| South Dakota         | d                                       | d              | 18                 | 23             |
| Tennessee            | 23                                      | 67             | 47                 | 630            |
| Texas                | d                                       | d              | 297                | 2,955          |
| Utah                 | 0                                       | 0              | 47                 | 233            |
| Vermont              | d                                       | d              | 10                 | 82             |
| Virginia             | 6                                       | 47             | 47                 | 1,182          |
| Washington           | 14                                      | 91             | 46                 | 1,896          |
| West Virginia        | d                                       | d              | 19                 | 26             |
| Wisconsin            | 13                                      | 85             | 124                | 334            |
| Wyoming              | 0                                       | 0              | 7                  | 4              |
| U.S. Possessions [2] | 0                                       | 0              | 7                  | 1,870          |

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 add to the totals.

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

[3] "Other purposes" refers to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*.

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

**Table 6. Tax-Exempt Private Activity Bonds, by Type and Term of Issue, 2009**

[Money amounts are in millions of dollars]

| Type and term of issue         | Number       | Amount         |
|--------------------------------|--------------|----------------|
| <b>All issues, total [1]</b>   | <b>2,732</b> | <b>105,575</b> |
| Short-term                     | 66           | 2,790          |
| Long-term                      | 2,666        | 102,785        |
| <b>New money issues, total</b> | <b>1,662</b> | <b>52,425</b>  |
| Short-term                     | 36           | 209            |
| Long-term                      | 1,626        | 52,216         |
| <b>Refunding issues, total</b> | <b>1,421</b> | <b>53,150</b>  |
| Short-term                     | 36           | 2,581          |
| Long-term                      | 1,385        | 50,569         |

[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 sometimes exceed the total number of issues. However, the money amounts add to the totals.

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

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**Table 7. Long-Term, Tax-Exempt Private Activity Bonds, by Bond Purpose and Type of Issue, 2009**

[Money amounts are in millions of dollars]

| Bond purpose   | All issues   |                | New money issues |               | Refunding issues |               |
|--|--------------|----------------|------------------|---------------|------------------|---------------|
|  | Number       | Amount         | Number           | Amount        | Number           | Amount        |
|  | (1)          | (2)            | (3)              | (4)           | (5)              | (6)           |
| <b>Total [1]</b>   | <b>2,666</b> | <b>102,785</b> | <b>1,626</b>     | <b>52,216</b> | <b>1,385</b>     | <b>50,569</b> |
| Airports   | 65           | 6,474          | 38               | 3,341         | 38               | 3,133         |
| Docks and wharves  | 16           | 931            | 9                | 385           | 8                | 546           |
| Water, sewage, and solid waste disposal facilities                       | 128          | 6,983          | 61               | 3,616         | 70               | 3,367         |
| Qualified residential rental facilities                                  | 193          | 3,832          | 121              | 2,407         | 80               | 1,425         |
| Local electricity or gas furnishing facilities                           | 6            | 247            | 3                | 230           | 3                | 17            |
| Tax Reform Act of 1986 transition property bonds                         | 57           | 3,668          | 3                | 61            | 56               | 3,606         |
| Qualified enterprise zone facility bonds                                 | 5            | 44             | d                | d             | d                | d             |
| District of Columbia Enterprise Zone facility bonds                      | d            | d              | d                | d             | 0                | 0             |
| Qualified highway or surface freight transfer facilities                 | d            | d              | d                | d             | 0                | 0             |
| Qualified New York Liberty bonds   | d            | d              | d                | d             | 0                | 0             |
| 2008 Housing Act bonds issued under IRC section 142 or 143               | 42           | 1,493          | 39               | 1,274         | 11               | 219           |
| Qualified Gulf Opportunity Zone and Gulf Opportunity Zone mortgage bonds | 39           | 1,600          | 25               | 1,130         | 15               | 469           |
| Local district heating or cooling facilities                             | 7            | 30             | d                | d             | d                | d             |
| Environmental enhancements of hydroelectric generating facilities        | d            | d              | d                | d             | d                | d             |
| Midwest disaster area exempt facility bonds                              | d            | d              | d                | d             | d                | d             |
| Hurricane Ike disaster area exempt facility bonds                        | d            | d              | d                | d             | d                | d             |
| Recovery zone exempt facility bonds                                      | 17           | 95             | 17               | 95            | 0                | 0             |
| Qualified mortgage bonds   | 84           | 5,003          | 61               | 2,404         | 50               | 2,600         |
| Qualified veterans' mortgage bonds                                       | d            | d              | d                | d             | 0                | 0             |
| Qualified small issue bonds  | 422          | 720            | 315              | 446           | 111              | 274           |
| Qualified student loan bonds   | 12           | 1,890          | 12               | 1,309         | 4                | 581           |
| Qualified hospital facilities  | 402          | 33,292         | 247              | 14,070        | 240              | 19,222        |
| Qualified section 501(c)(3) nonhospital bonds                            | 1,203        | 32,470         | 689              | 17,830        | 729              | 14,640        |
| Nongovernmental output property bonds                                    | d            | d              | d                | d             | d                | d             |
| Other purposes [2]   | 11           | 668            | 7                | 260           | 4                | 408           |

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 add to the totals.

[2] For this table, "other purposes" refers to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues*.

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

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**Table 8. Computation of Lendable Proceeds for Long-Term, Tax-Exempt Private Activity Bonds, by Selected Bond Purpose, 2009**

[Money amounts are in millions of dollars]

| Selected bond purpose  | Entire issue price |                | Bond issuance costs |            | Credit enhancement |            | Allocation to reserve fund |
|--|--------------------|----------------|---------------------|------------|--------------------|------------|----------------------------|
|  | Number             | Amount         | Number              | Amount     | Number             | Amount     | Number                     |
|  | (1)                | (2)            | (3)                 | (4)        | (5)                | (6)        | (7)                        |
| <b>Total [1]</b>   | <b>2,666</b>       | <b>102,785</b> | <b>1,326</b>        | <b>754</b> | <b>246</b>         | <b>113</b> | <b>314</b>                 |
| Airports   | 65                 | 6,474          | 52                  | 52         | 9                  | 4          | 26                         |
| Docks and wharves  | 16                 | 931            | d                   | d          | d                  | d          | 6                          |
| Water, sewage, and solid waste disposal facilities                       | 128                | 6,983          | 48                  | 31         | 8                  | 12         | 9                          |
| Qualified residential rental facilities                                  | 193                | 3,832          | 47                  | 8          | 13                 | 4          | 9                          |
| 2008 Housing Act bonds issued under IRC section 142 or 143               | 42                 | 1,493          | d                   | d          | d                  | d          | 9                          |
| Qualified Gulf Opportunity Zone and Gulf Opportunity Zone mortgage bonds | 39                 | 1,600          | 16                  | 11         | d                  | d          | d                          |
| Recovery Zone exempt facility bonds                                      | 17                 | 95             | d                   | d          | d                  | d          | 0                          |
| Qualified mortgage bonds   | 84                 | 5,003          | 27                  | 17         | 3                  | 1          | 19                         |
| Qualified small issue bonds  | 422                | 720            | 86                  | 6          | d                  | d          | d                          |
| Qualified student loan bonds   | 12                 | 1,890          | d                   | d          | d                  | d          | 9                          |
| Qualified hospital facilities  | 402                | 33,292         | 278                 | 318        | 75                 | 56         | 69                         |
| Qualified section 501(c)(3) nonhospital bonds                            | 1,203              | 32,470         | 733                 | 273        | 123                | 32         | 158                        |
| All other bonds, combined [3]  | 96                 | 8,003          | 28                  | 18         | 3                  | [2]        | 10                         |

| Selected bond purpose  | Allocation to reserve fund—continued | Total lendable proceeds |                | Proceeds used to refund prior issues |               | Nonrefunding proceeds |               |
|--|--------------------------------------|-------------------------|----------------|--------------------------------------|---------------|-----------------------|---------------|
|  | Amount                               | Number                  | Amount         | Number                               | Amount        | Number                | Amount        |
|  | (8)                                  | (9)                     | (10)           | (11)                                 | (12)          | (13)                  | (14)          |
| <b>Total [1]</b>   | <b>1,549</b>                         | <b>2,666</b>            | <b>100,369</b> | <b>1,385</b>                         | <b>49,773</b> | <b>1,681</b>          | <b>50,596</b> |
| Airports   | 249                                  | 65                      | 6,168          | 38                                   | 3,026         | 39                    | 3,143         |
| Docks and wharves  | 25                                   | 16                      | 899            | 8                                    | 536           | 9                     | 364           |
| Water, sewage, and solid waste disposal facilities                       | 52                                   | 128                     | 6,888          | 70                                   | 3,362         | 62                    | 3,527         |
| Qualified residential rental facilities                                  | 4                                    | 193                     | 3,815          | 80                                   | 1,423         | 121                   | 2,393         |
| 2008 Housing Act bonds issued under IRC section 142 or 143               | 10                                   | 42                      | 1,479          | 11                                   | 216           | 39                    | 1,263         |
| Qualified Gulf Opportunity Zone and Gulf Opportunity Zone mortgage bonds | d                                    | 39                      | 1,580          | 15                                   | 469           | 25                    | 1,110         |
| Recovery Zone exempt facility bonds                                      | 0                                    | 17                      | 93             | 0                                    | 0             | 17                    | 93            |
| Qualified mortgage bonds   | 26                                   | 84                      | 4,960          | 50                                   | 2,587         | 61                    | 2,373         |
| Qualified small issue bonds  | d                                    | 422                     | 713            | 111                                  | 274           | 317                   | 439           |
| Qualified student loan bonds   | 63                                   | 12                      | 1,817          | 4                                    | 570           | 12                    | 1,247         |
| Qualified hospital facilities  | 625                                  | 402                     | 32,292         | 240                                  | 18,802        | 263                   | 13,490        |
| Qualified section 501(c)(3) nonhospital bonds                            | 480                                  | 1,203                   | 31,685         | 729                                  | 14,425        | 725                   | 17,260        |
| All other bonds, combined [3]  | 5                                    | 96                      | 7,980          | 71                                   | 4,085         | 28                    | 3,895         |

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 add 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, *Information Return for Tax-Exempt Private Activity Bond Issues*, as well as bonds issued for: local electricity or gas furnishing facilities, facilities issued under a transitional rule of the Tax Reform Act of 1986, qualified enterprise zone facilities, new empowerment zone facilities, District of Columbia Enterprise Zone facilities, qualified public educational facilities, qualified green building and sustainable design projects, qualified highway or surface freight transfer facilities, New York Liberty Zone bonds, mass commuting facilities, local district heating and cooling facilities, hazardous waste facilities, high-speed intercity rail facilities, environmental enhancements of hydroelectric generating facilities, Midwestern disaster exempt facilities, Hurricane Ike disaster exempt facilities, Midwestern disaster mortgage bonds, Hurricane Ike disaster mortgage bonds, qualified veterans' mortgage bonds, qualified redevelopment bonds, nongovernmental output property bonds, Gulf Opportunity Zone advanced refunding bonds, and New York Liberty Zone advanced refunding bonds.

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



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**Table 9. New Money Long-Term, Tax-Exempt Private Activity Bonds, by Selected Bond Purpose and Size of Entire Issue, 2009**

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

| Selected bond purpose  | All issues   |               | Size of entire issue |           |                               |            |                                |              |
|--|--------------|---------------|----------------------|-----------|-------------------------------|------------|--------------------------------|--------------|
|  |              |               | Under \$1,000,000    |           | \$1,000,000 under \$5,000,000 |            | \$5,000,000 under \$10,000,000 |              |
|  | Number       | Amount        | Number               | Amount    | Number                        | Amount     | Number                         | Amount       |
|  | (1)          | (2)           | (3)                  | (4)       | (5)                           | (6)        | (7)                            | (8)          |
| <b>Total [1]</b>   | <b>1,626</b> | <b>52,216</b> | <b>268</b>           | <b>70</b> | <b>319</b>                    | <b>892</b> | <b>254</b>                     | <b>1,608</b> |
| Airports   | 38           | 3,341         | 0                    | 0         | 3                             | 8          | 6                              | 44           |
| Docks and wharves  | 9            | 385           | 0                    | 0         | d                             | d          | 0                              | 0            |
| Water, sewage, and solid waste   | 61           | 3,616         | 5                    | 2         | 8                             | 26         | 9                              | 61           |
| Qualified residential rental facilities                                  | 121          | 2,407         | d                    | d         | 23                            | 89         | 28                             | 199          |
| 2008 Housing Act bonds issued under IRC section 142 or 143               | 39           | 1,274         | 0                    | 0         | d                             | d          | 5                              | 38           |
| Qualified Gulf Opportunity Zone and Gulf Opportunity Zone mortgage bonds | 25           | 1,130         | 0                    | 0         | 3                             | 9          | d                              | d            |
| Recovery Zone exempt facility bonds                                      | 17           | 95            | d                    | d         | d                             | d          | 5                              | 36           |
| Qualified mortgage bonds   | 61           | 2,404         | d                    | d         | d                             | d          | 0                              | 0            |
| Qualified small issue bonds  | 315          | 446           | 222                  | 46        | 59                            | 154        | 26                             | 167          |
| Qualified student loan bonds   | 12           | 1,309         | 0                    | 0         | 0                             | 0          | 0                              | 0            |
| Qualified hospital facilities  | 247          | 14,070        | 4                    | 3         | 32                            | 107        | 27                             | 158          |
| Qualified section 501(c)(3) nonhospital bonds                            | 689          | 17,830        | 25                   | 14        | 169                           | 420        | 145                            | 863          |
| All other bonds, combined [2]  | 28           | 3,910         | 4                    | 3         | 6                             | 22         | d                              | d            |

| Selected bond purpose  | Size of entire issue—continued  |              |                                 |              |                                  |              |                       |               |
|--|---------------------------------|--------------|---------------------------------|--------------|----------------------------------|--------------|-----------------------|---------------|
|  | \$10,000,000 under \$25,000,000 |              | \$25,000,000 under \$50,000,000 |              | \$50,000,000 under \$100,000,000 |              | \$100,000,000 or more |               |
|  | Number                          | Amount       | Number                          | Amount       | Number                           | Amount       | Number                | Amount        |
|  | (9)                             | (10)         | (11)                            | (12)         | (13)                             | (14)         | (15)                  | (16)          |
| <b>Total [1]</b>   | <b>282</b>                      | <b>3,580</b> | <b>154</b>                      | <b>4,517</b> | <b>160</b>                       | <b>9,117</b> | <b>189</b>            | <b>32,430</b> |
| Airports   | 7                               | 97           | 6                               | 248          | 3                                | 188          | 13                    | 2,756         |
| Docks and wharves  | d                               | d            | d                               | d            | 3                                | 212          | d                     | d             |
| Water, sewage, and solid waste disposal facilities                       | 4                               | 66           | 8                               | 235          | 13                               | 900          | 14                    | 2,325         |
| Qualified residential rental facilities                                  | 43                              | 641          | 14                              | 435          | d                                | d            | 6                     | 763           |
| 2008 Housing Act bonds issued under IRC section 142 or 143               | 7                               | 119          | 9                               | 299          | 7                                | 359          | d                     | d             |
| Qualified Gulf Opportunity Zone and Gulf Opportunity Zone mortgage bonds | 7                               | 118          | d                               | d            | 6                                | 416          | 3                     | 550           |
| Recovery Zone exempt facility bonds                                      | 3                               | 30           | 0                               | 0            | 0                                | 0            | 0                     | 0             |
| Qualified mortgage bonds   | 4                               | 86           | 17                              | 336          | 22                               | 904          | 12                    | 1,074         |
| Qualified small issue bonds  | 8                               | 80           | 0                               | 0            | 0                                | 0            | 0                     | 0             |
| Qualified student loan bonds   | 0                               | 0            | d                               | d            | d                                | d            | 6                     | 1,004         |
| Qualified hospital facilities  | 38                              | 477          | 27                              | 727          | 41                               | 2,170        | 78                    | 10,428        |
| Qualified section 501(c)(3) nonhospital bonds                            | 157                             | 1,780        | 71                              | 2,025        | 62                               | 3,301        | 60                    | 9,426         |
| All other bonds, combined [2]  | d                               | d            | d                               | d            | 4                                | 231          | 8                     | 3,565         |

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 add 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, *Information Return for Tax-Exempt Private Activity Bond Issues*, as well as bonds issued for: local electricity or gas furnishing facilities, facilities issued under a transitional rule of the Tax Reform Act of 1986, qualified enterprise zone facilities, new empowerment zone facilities, District of Columbia Enterprise Zone facilities, qualified public educational facilities, qualified green building and sustainable design projects, qualified highway or surface freight transfer facilities, New York Liberty Zone bonds, mass commuting facilities, local district heating and cooling facilities, hazardous waste facilities, high-speed intercity rail facilities, environmental enhancements of hydroelectric generating facilities, Midwestern disaster exempt facilities, Hurricane Ike disaster exempt facilities, Midwestern disaster mortgage bonds, Hurricane Ike disaster mortgage bonds, qualified veterans' mortgage bonds, qualified redevelopment bonds, nongovernmental output property bonds, Gulf Opportunity Zone advanced refunding bonds, and New York Liberty Zone advanced refunding bonds.

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

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**Table 10. New Money Long-Term, Tax-Exempt Private Activity Bonds, by State of Issue and Selected Bond Purpose, 2009**

[Money amounts are in millions of dollars]

| State of issue       | Total [1]     |               | Selected bond purpose            |               |  |               |   |               |
|----------------------|---------------|---------------|----------------------------------|---------------|--|---------------|---|---------------|
|                      |               |               | Airports, docks, and wharves [2] |               | Water, sewage, and solid waste disposal facilities |               | Qualified residential rental facilities |               |
|                      | Number<br>(1) | Amount<br>(2) | Number<br>(3)                    | Amount<br>(4) | Number<br>(5)                                      | Amount<br>(6) | Number<br>(7)                           | Amount<br>(8) |
| <b>All States</b>    | <b>1,626</b>  | <b>52,216</b> | <b>47</b>                        | <b>3,727</b>  | <b>61</b>  | <b>3,616</b>  | <b>121</b>                              | <b>2,407</b>  |
| Alabama              | 30            | 613           | d                                | d             | 4  | 49            | d                                       | d             |
| Alaska               | d             | d             | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| Arizona              | 14            | 364           | d                                | d             | d  | d             | 0                                       | 0             |
| Arkansas             | 9             | 181           | 0                                | 0             | d  | d             | 0                                       | 0             |
| California           | 117           | 7,389         | 9                                | 1,342         | 5  | 163           | 33                                      | 401           |
| Colorado             | 35            | 1,099         | d                                | d             | 0  | 0             | 0                                       | 0             |
| Connecticut          | 10            | 338           | d                                | d             | d  | d             | d                                       | d             |
| Delaware             | d             | d             | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| District of Columbia | 9             | 437           | d                                | d             | 0  | 0             | d                                       | d             |
| Florida              | 54            | 2,102         | 9                                | 544           | 5  | 490           | 6                                       | 56            |
| Georgia              | 44            | 1,014         | 0                                | 0             | 4  | 197           | d                                       | d             |
| Hawaii               | 4             | 407           | 0                                | 0             | d  | d             | d                                       | d             |
| Idaho                | 7             | 210           | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| Illinois             | 97            | 3,007         | 0                                | 0             | d  | d             | 5                                       | 44            |
| Indiana              | 24            | 1,162         | d                                | d             | d  | d             | 0                                       | 0             |
| Iowa                 | 135           | 470           | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| Kansas               | 44            | 394           | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| Kentucky             | 22            | 493           | 0                                | 0             | d  | d             | 0                                       | 0             |
| Louisiana            | 29            | 941           | d                                | d             | 0  | 0             | d                                       | d             |
| Maine                | 10            | 260           | 0                                | 0             | d  | d             | 0                                       | 0             |
| Maryland             | 31            | 542           | 0                                | 0             | 0  | 0             | 3                                       | 35            |
| Massachusetts        | 73            | 2,389         | 0                                | 0             | 0  | 0             | 6                                       | 131           |
| Michigan             | 22            | 797           | d                                | d             | 0  | 0             | d                                       | d             |
| Minnesota            | 58            | 511           | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| Mississippi          | 18            | 517           | 0                                | 0             | 0  | 0             | d                                       | d             |
| Missouri             | 40            | 871           | d                                | d             | d  | d             | 3                                       | 47            |
| Montana              | 6             | 47            | d                                | d             | 0  | 0             | d                                       | d             |
| Nebraska             | 26            | 118           | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| Nevada               | d             | d             | d                                | d             | 0  | 0             | 0                                       | 0             |
| New Hampshire        | 11            | 417           | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| New Jersey           | 41            | 1,523         | d                                | d             | d  | d             | d                                       | d             |
| New Mexico           | 11            | 462           | 0                                | 0             | 0  | 0             | d                                       | d             |
| New York             | 90            | 7,582         | 4                                | 442           | d  | d             | 25                                      | 1,194         |
| North Carolina       | 21            | 931           | 0                                | 0             | d  | d             | d                                       | d             |
| North Dakota         | 12            | 136           | d                                | d             | 0  | 0             | 0                                       | 0             |
| Ohio                 | 50            | 1,759         | 0                                | 0             | 3  | 377           | 4                                       | 43            |
| Oklahoma             | 10            | 216           | d                                | d             | 0  | 0             | 0                                       | 0             |
| Oregon               | 18            | 337           | 3                                | 37            | d  | d             | 5                                       | 61            |
| Pennsylvania         | 109           | 2,967         | 0                                | 0             | 6  | 614           | 0                                       | 0             |
| Rhode Island         | 5             | 245           | 0                                | 0             | 0  | 0             | 0                                       | 0             |
| South Carolina       | 16            | 350           | 0                                | 0             | 0  | 0             | d                                       | d             |
| South Dakota         | 12            | 133           | 0                                | 0             | d  | d             | 0                                       | 0             |
| Tennessee            | 32            | 537           | 0                                | 0             | 0  | 0             | 3                                       | 18            |
| Texas                | 53            | 2,620         | 4                                | 374           | 4  | 359           | 3                                       | 44            |
| Utah                 | 10            | 375           | 0                                | 0             | d  | d             | d                                       | d             |
| Vermont              | 13            | 70            | 0                                | 0             | 0  | 0             | d                                       | d             |
| Virginia             | 26            | 1,440         | 0                                | 0             | d  | d             | 0                                       | 0             |
| Washington           | 41            | 906           | d                                | d             | d  | d             | 4                                       | 25            |
| West Virginia        | 16            | 407           | 0                                | 0             | d  | d             | 0                                       | 0             |
| Wisconsin            | 48            | 1,273         | d                                | d             | 0  | 0             | d                                       | d             |
| Wyoming              | 3             | 161           | 0                                | 0             | d  | d             | 0                                       | 0             |
| U.S. Possessions [4] | d             | d             | 0                                | 0             | d  | d             | 0                                       | 0             |

Footnotes at end of table.

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**Table 10. New Money Long-Term, Tax-Exempt Private Activity Bonds, by State of Issue and Selected Bond Purpose, 2009—Continued**

[Money amounts are in millions of dollars]

| State of issue       | Selected bond purpose—continued                            |                |  |                |                                     |                |                          |                |                             |
|----------------------|--|----------------|--|----------------|-------------------------------------|----------------|--------------------------|----------------|-----------------------------|
|                      | 2008 Housing Act bonds issued under IRC section 142 or 143 |                | Qualified Gulf Opportunity Zone bonds and Gulf Opportunity Zone mortgage bonds |                | Recovery Zone exempt facility bonds |                | Qualified mortgage bonds |                | Qualified small issue bonds |
|                      | Number<br>(9)  | Amount<br>(10) | Number<br>(11)   | Amount<br>(12) | Number<br>(13)                      | Amount<br>(14) | Number<br>(15)           | Amount<br>(16) | Number<br>(17)              |
| <b>All States</b>    | <b>39</b>  | <b>1,274</b>   | <b>25</b>  | <b>1,130</b>   | <b>17</b>                           | <b>95</b>      | <b>61</b>                | <b>2,404</b>   | <b>315</b>                  |
| Alabama              | 0  | 0              | 4  | 172            | d                                   | d              | 0                        | 0              | d                           |
| Alaska               | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| Arizona              | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | d                           |
| Arkansas             | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | d                           |
| California           | 3  | 42             | 0  | 0              | d                                   | d              | d                        | d              | d                           |
| Colorado             | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 10                          |
| Connecticut          | d  | d              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| Delaware             | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| District of Columbia | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 0                           |
| Florida              | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | d                           |
| Georgia              | 0  | 0              | 0  | 0              | d                                   | d              | d                        | d              | d                           |
| Hawaii               | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 0                           |
| Idaho                | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| Illinois             | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 42                          |
| Indiana              | 0  | 0              | 0  | 0              | d                                   | d              | 0                        | 0              | d                           |
| Iowa                 | d  | d              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 103                         |
| Kansas               | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | d                           |
| Kentucky             | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 0                           |
| Louisiana            | 0  | 0              | 11   | 511            | d                                   | d              | d                        | d              | d                           |
| Maine                | d  | d              | 0  | 0              | 0                                   | 0              | 4                        | 79             | 0                           |
| Maryland             | d  | d              | 0  | 0              | 0                                   | 0              | d                        | d              | d                           |
| Massachusetts        | d  | d              | 0  | 0              | 0                                   | 0              | d                        | d              | 6                           |
| Michigan             | 0  | 0              | 0  | 0              | d                                   | d              | d                        | d              | 0                           |
| Minnesota            | 0  | 0              | 0  | 0              | d                                   | d              | 0                        | 0              | 4                           |
| Mississippi          | d  | d              | 10   | 447            | 0                                   | 0              | d                        | d              | d                           |
| Missouri             | 5  | 122            | 0  | 0              | d                                   | d              | 3                        | 9              | 8                           |
| Montana              | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 0                           |
| Nebraska             | 0  | 0              | 0  | 0              | 0                                   | 0              | 5                        | 1              | 13                          |
| Nevada               | d  | d              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| New Hampshire        | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| New Jersey           | d  | d              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 11                          |
| New Mexico           | 0  | 0              | 0  | 0              | 0                                   | 0              | 5                        | 184            | 0                           |
| New York             | 3  | 187            | 0  | 0              | 0                                   | 0              | d                        | d              | 3                           |
| North Carolina       | 0  | 0              | 0  | 0              | d                                   | d              | 0                        | 0              | d                           |
| North Dakota         | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | d                           |
| Ohio                 | 0  | 0              | 0  | 0              | d                                   | d              | 3                        | 84             | d                           |
| Oklahoma             | 0  | 0              | 0  | 0              | 0                                   | 0              | 3                        | 84             | d                           |
| Oregon               | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | d                           |
| Pennsylvania         | d  | d              | 0  | 0              | d                                   | d              | d                        | d              | 23                          |
| Rhode Island         | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| South Carolina       | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 0                           |
| South Dakota         | d  | d              | 0  | 0              | 0                                   | 0              | d                        | d              | 7                           |
| Tennessee            | d  | d              | 0  | 0              | 0                                   | 0              | 3                        | 130            | 4                           |
| Texas                | d  | d              | 0  | 0              | 0                                   | 0              | d                        | d              | 3                           |
| Utah                 | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| Vermont              | 3  | 9              | 0  | 0              | 0                                   | 0              | 0                        | 0              | d                           |
| Virginia             | 3  | 131            | 0  | 0              | 0                                   | 0              | 0                        | 0              | d                           |
| Washington           | 5  | 82             | 0  | 0              | d                                   | d              | d                        | d              | d                           |
| West Virginia        | 0  | 0              | 0  | 0              | 0                                   | 0              | d                        | d              | 0                           |
| Wisconsin            | d  | d              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 8                           |
| Wyoming              | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 0                           |
| U.S. Possessions [4] | 0  | 0              | 0  | 0              | 0                                   | 0              | 0                        | 0              | 0                           |

Footnotes at end of table.

**Table 10. New Money Long-Term, Tax-Exempt Private Activity Bonds, by State of Issue and Selected Bond Purpose, 2009—Continued**

[Money amounts are in millions of dollars]

| State of issue       | Selected bond purpose—continued       |                              |              |                               |               |   |               |                               |              |
|----------------------|---------------------------------------|------------------------------|--------------|-------------------------------|---------------|---|---------------|-------------------------------|--------------|
|                      | Qualified small issue bonds—continued | Qualified student loan bonds |              | Qualified hospital facilities |               | Qualified section 501(c)(3) nonhospital bonds |               | All other bonds, combined [3] |              |
|                      | Amount                                | Number                       | Amount       | Number                        | Amount        | Number  | Amount        | Number                        | Amount       |
| (18)                 | (19)                                  | (20)                         | (21)         | (22)                          | (23)          | (24)  | (25)          | (26)                          |              |
| <b>All States</b>    | <b>446</b>                            | <b>12</b>                    | <b>1,309</b> | <b>247</b>                    | <b>14,070</b> | <b>689</b>                                    | <b>17,830</b> | <b>28</b>                     | <b>3,910</b> |
| Alabama              | d                                     | 0                            | 0            | 7                             | 273           | 8   | 34            | 0                             | 0            |
| Alaska               | 0                                     | 0                            | 0            | d                             | d             | 0   | 0             | d                             | d            |
| Arizona              | d                                     | 0                            | 0            | 3                             | 100           | 6   | 229           | 0                             | 0            |
| Arkansas             | d                                     | 0                            | 0            | d                             | d             | 4   | 45            | 0                             | 0            |
| California           | d                                     | 0                            | 0            | 18                            | 1,793         | 44  | 3,626         | 0                             | 0            |
| Colorado             | 22                                    | 0                            | 0            | d                             | d             | 21  | 277           | 0                             | 0            |
| Connecticut          | 0                                     | d                            | d            | d                             | d             | d   | d             | 0                             | 0            |
| Delaware             | 0                                     | 0                            | 0            | d                             | d             | 0   | 0             | d                             | d            |
| District of Columbia | 0                                     | 0                            | 0            | d                             | d             | d   | d             | d                             | d            |
| Florida              | d                                     | 0                            | 0            | 6                             | 528           | 23  | 307           | d                             | d            |
| Georgia              | d                                     | 0                            | 0            | 5                             | 61            | 29  | 687           | 0                             | 0            |
| Hawaii               | 0                                     | 0                            | 0            | 0                             | 0             | d   | d             | d                             | d            |
| Idaho                | 0                                     | 0                            | 0            | d                             | d             | d   | d             | 0                             | 0            |
| Illinois             | 36                                    | d                            | d            | 16                            | 1,112         | 33  | 1,674         | d                             | d            |
| Indiana              | d                                     | 0                            | 0            | 7                             | 662           | 11  | 253           | 0                             | 0            |
| Iowa                 | 19                                    | d                            | d            | 6                             | 117           | d   | d             | 6                             | 183          |
| Kansas               | d                                     | 0                            | 0            | 3                             | 131           | 11  | 137           | 0                             | 0            |
| Kentucky             | 0                                     | 0                            | 0            | 3                             | 263           | d   | d             | 0                             | 0            |
| Louisiana            | d                                     | 0                            | 0            | d                             | d             | 8   | 181           | d                             | d            |
| Maine                | 0                                     | d                            | d            | 0                             | 0             | 3   | 105           | 0                             | 0            |
| Maryland             | d                                     | 0                            | 0            | d                             | d             | 22  | 388           | 0                             | 0            |
| Massachusetts        | 19                                    | d                            | d            | 15                            | 491           | 43  | 1,369         | 0                             | 0            |
| Michigan             | 0                                     | 0                            | 0            | 11                            | 575           | 8   | 63            | 0                             | 0            |
| Minnesota            | 6                                     | 0                            | 0            | 3                             | 70            | 50  | 426           | d                             | d            |
| Mississippi          | d                                     | 0                            | 0            | 0                             | 0             | 6   | 35            | 0                             | 0            |
| Missouri             | 6                                     | 0                            | 0            | 5                             | 231           | 16  | 307           | d                             | d            |
| Montana              | 0                                     | 0                            | 0            | d                             | d             | d   | d             | 0                             | 0            |
| Nebraska             | 8                                     | 0                            | 0            | 3                             | 16            | 5   | 93            | 0                             | 0            |
| Nevada               | 0                                     | 0                            | 0            | 0                             | 0             | 0   | 0             | d                             | d            |
| New Hampshire        | 0                                     | 0                            | 0            | 6                             | 211           | d   | d             | 0                             | 0            |
| New Jersey           | 40                                    | d                            | d            | 5                             | 625           | 18  | 160           | d                             | d            |
| New Mexico           | 0                                     | d                            | d            | d                             | d             | d   | d             | 0                             | 0            |
| New York             | 8                                     | d                            | d            | 16                            | 282           | 35  | 2,557         | d                             | d            |
| North Carolina       | d                                     | 0                            | 0            | 8                             | 579           | 8   | 319           | 0                             | 0            |
| North Dakota         | d                                     | 0                            | 0            | 0                             | 0             | d   | d             | 0                             | 0            |
| Ohio                 | d                                     | 0                            | 0            | 15                            | 1,008         | 19  | 208           | 0                             | 0            |
| Oklahoma             | d                                     | 0                            | 0            | 0                             | 0             | 4   | 79            | 0                             | 0            |
| Oregon               | d                                     | 0                            | 0            | d                             | d             | 5   | 52            | d                             | d            |
| Pennsylvania         | 44                                    | 0                            | 0            | 18                            | 1,146         | 58  | 795           | 0                             | 0            |
| Rhode Island         | 0                                     | d                            | d            | d                             | d             | d   | d             | 0                             | 0            |
| South Carolina       | 0                                     | d                            | d            | 3                             | 105           | 10  | 122           | 0                             | 0            |
| South Dakota         | 5                                     | 0                            | 0            | d                             | d             | 0   | 0             | 0                             | 0            |
| Tennessee            | 17                                    | 0                            | 0            | d                             | d             | 20  | 189           | d                             | d            |
| Texas                | 16                                    | d                            | d            | 8                             | 278           | 26  | 887           | 3                             | 505          |
| Utah                 | 0                                     | 0                            | 0            | d                             | d             | 5   | 275           | 0                             | 0            |
| Vermont              | d                                     | 0                            | 0            | d                             | d             | 5   | 33            | 0                             | 0            |
| Virginia             | d                                     | 0                            | 0            | 5                             | 484           | 14  | 399           | d                             | d            |
| Washington           | d                                     | 0                            | 0            | 6                             | 497           | 13  | 162           | d                             | d            |
| West Virginia        | 0                                     | 0                            | 0            | 9                             | 151           | 3   | 48            | d                             | d            |
| Wisconsin            | 36                                    | 0                            | 0            | 13                            | 510           | 27  | 421           | 0                             | 0            |
| Wyoming              | 0                                     | 0                            | 0            | 0                             | 0             | d   | d             | 0                             | 0            |
| U.S. Possessions [4] | 0                                     | 0                            | 0            | 0                             | 0             | 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 add 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 Tables 7 and 9.

[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, *Information Return for Tax-Exempt Private Activity Bond Issues*, as well as bonds issued for: local electricity or gas furnishing facilities, facilities issued under a transitional rule of the Tax Reform Act of 1986, qualified enterprise zone facilities, new empowerment zone facilities, District of Columbia Enterprise Zone facilities, qualified public educational facilities, qualified green building and sustainable design projects, qualified highway or surface freight transfer facilities, New York Liberty Zone bonds, mass commuting facilities, local district heating and cooling facilities, hazardous waste facilities, high-speed intercity rail facilities, environmental enhancements of hydroelectric generating facilities, Midwestern disaster exempt facilities, Hurricane Ike disaster exempt facilities, Midwestern disaster mortgage bonds, Hurricane Ike disaster mortgage bonds, qualified veterans' mortgage bonds, qualified redevelopment bonds, nongovernmental output property bonds, Gulf Opportunity Zone advanced refunding bonds, and New York Liberty Zone advanced refunding bonds.

[4] U.S. Possessions include Guam.

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

# Municipal Bonds, 2009

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**Table 11. Direct Payment Bonds Allowed Under the American Recovery and Reinvestment Act by Bond Purpose and Size of Entire Issue, 2009**

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

| Bond purpose                            | All issues |               | Size of entire issue |           |                               |            |                                |
|---|------------|---------------|----------------------|-----------|-------------------------------|------------|--------------------------------|
|   |            |               | Under \$1,000,000    |           | \$1,000,000 under \$5,000,000 |            | \$5,000,000 under \$10,000,000 |
|   | Number     | Amount        | Number               | Amount    | Number                        | Amount     | Number                         |
|   | (1)        | (2)           | (3)                  | (4)       | (5)                           | (6)        | (7)                            |
| <b>Total [1, 2]</b>                     | <b>911</b> | <b>65,326</b> | <b>40</b>            | <b>28</b> | <b>194</b>                    | <b>510</b> | <b>138</b>                     |
| Education                               | 315        | 19,575        | 8                    | 5         | 43                            | 107        | 44                             |
| Health and hospital                     | 31         | 2,499         | d                    | d         | 6                             | 13         | d                              |
| Transportation                          | 137        | 18,270        | 10                   | 5         | 28                            | 52         | 18                             |
| Public safety                           | 78         | 1,863         | 9                    | 4         | 23                            | 38         | 15                             |
| Environment                             | 95         | 4,132         | 5                    | 1         | 16                            | 31         | 15                             |
| Housing                                 | 15         | 286           | 0                    | 0         | d                             | d          | d                              |
| Utilities                               | 107        | 7,011         | d                    | d         | d                             | d          | 11                             |
| Bond and tax/revenue anticipation notes | 4          | 88            | 0                    | 0         | d                             | d          | 0                              |
| Other purposes [3]                      | 300        | 11,602        | 18                   | 11        | 84                            | 207        | 56                             |

| Bond purpose                            | Size of entire issue—continued         |                                 |              |                                 |              |                      |               |
|---|--|---------------------------------|--------------|---------------------------------|--------------|----------------------|---------------|
|   | 5,000,000 under \$10,000,000—continued | \$10,000,000 under \$25,000,000 |              | \$25,000,000 under \$75,000,000 |              | \$75,000,000 or more |               |
|   | Amount                                 | Number                          | Amount       | Number                          | Amount       | Number               | Amount        |
|   | (8)                                    | (9)                             | (10)         | (11)                            | (12)         | (13)                 | (14)          |
| <b>Total [1, 2]</b>                     | <b>1,003</b>                           | <b>176</b>                      | <b>2,823</b> | <b>197</b>                      | <b>8,495</b> | <b>166</b>           | <b>52,468</b> |
| Education                               | 325                                    | 75                              | 1,223        | 93                              | 3,495        | 52                   | 14,419        |
| Health and hospital                     | d                                      | 3                               | 48           | 6                               | 145          | 11                   | 2,263         |
| Transportation                          | 91                                     | 12                              | 150          | 23                              | 761          | 46                   | 17,210        |
| Public safety                           | 82                                     | 11                              | 100          | 10                              | 86           | 10                   | 1,552         |
| Environment                             | 63                                     | 17                              | 247          | 28                              | 890          | 14                   | 2,899         |
| Housing                                 | d                                      | d                               | d            | d                               | d            | 4                    | 237           |
| Utilities                               | 56                                     | 16                              | 228          | 22                              | 944          | 30                   | 5,736         |
| Bond and tax/revenue anticipation notes | 0                                      | d                               | d            | d                               | d            | 0                    | 0             |
| Other purposes [3]                      | 347                                    | 54                              | 785          | 56                              | 2,102        | 32                   | 8,151         |

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

[1] Bonds reported on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*, with a specific reference to "Build America Bond" or "Recovery Zone Economic Development Bond" in either their issue name or other description.

[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 add to the totals.

[3] "Other purposes" refers to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*.

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