

Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, DC 20515-6453

MAR 25 2014

Honorable Sander M. Levin
 U.S. House of Representatives
 1236 Longworth House Office Building
 Washington, D.C. 20515

Dear Mr. Levin:

At the Committee on Ways and Means Members meeting on Thursday, March 13, 2014, you asked me for certain information related to private activity bonds as affected by the Chairman’s Discussion Draft, the “Tax Reform Act of 2014.” Specifically, you asked for what purposes private activity bonds have been issued in recent times. The table below provides information on new issuance of private activity bonds over the five year period 2007 through 2011, the most recent year for which detailed data are available.

Total Private Activity Bond New Issuances, 2007-2011¹

Purpose	New Issue Volume (\$millions)	Percentage of All Private Activity Bond New Issuance
Qualified 501(c)(3) Nonhospital.....	\$93,324	34.1%
Qualified 501(c)(3) Hospital.....	74,828	27.4%
Qualified Mortgage.....	32,771	12.0%
Qualified Residential Rental.....	23,027	8.4%
Airport.....	17,372	6.4%
Water, Sewage, and Solid Waste.....	13,279	4.9%
Qualified Student Loan.....	8,705	3.2%
Qualified Small Issue.....	4,985	1.8%
Other.....	5,063	1.8%
Total All Private Activity Bond New Issuance²....	\$273,354	100.0%

¹ Totals may not add due to rounding.

² Total private activity bond new issuance does not include private activity bonds issued for the Gulf Opportunity Zone, New York Liberty Zone, 2008 Housing Act, Hurricane Ike Disaster, Midwestern Disaster, or Recovery Zone. Source: Internal Revenue Service, Statistics of Income Division.

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Total private activity bond new issuance from 2007 through 2011 is over \$273 billion. The largest category of new issuance over this period is for qualified section 501(c)(3) nonhospital bonds. More than one-third of new issuance of private activity bonds are issued to finance property other than hospitals that is to be owned by a section 501(c)(3) organization or a governmental unit. Charitable hospitals account for about one-quarter of new issuance volume. Housing finance, both owner-occupied mortgage bonds (12.0 percent) and residential rental bonds (8.4 percent), accounts for about one-fifth of all private activity bond new issuance during this period. Approximately \$17.4 billion of private activity bonds were issued to finance airports. No other category represents more than five percent of new issuance volume.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold
Chief of Staff

cc: Members, Committee on Ways and Means
Karen McAfee
Dave Olander