



Private Activity Bonds

A private activity bond, in general terms, is a municipal bond a significant portion of the proceeds of which (or the facility constructed or acquired with those proceeds) is used by an entity that is not classified as a governmental unit (e.g., a state, political subdivision, municipal corporation or other type of governmental body).

Private activity bonds may be tax exempt due to specific provisions of the Internal Revenue Code allowing tax-exempt financing for certain approved purposes.

Private activity bonds include exempt facility bonds (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, qualified public educational facilities, qualified green building and sustainable design projects), qualified mortgage revenue bonds, qualified small issue manufacturing facility bonds, qualified student loan bonds, qualified redevelopment bonds and qualified 501(c)(3) bonds.

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