

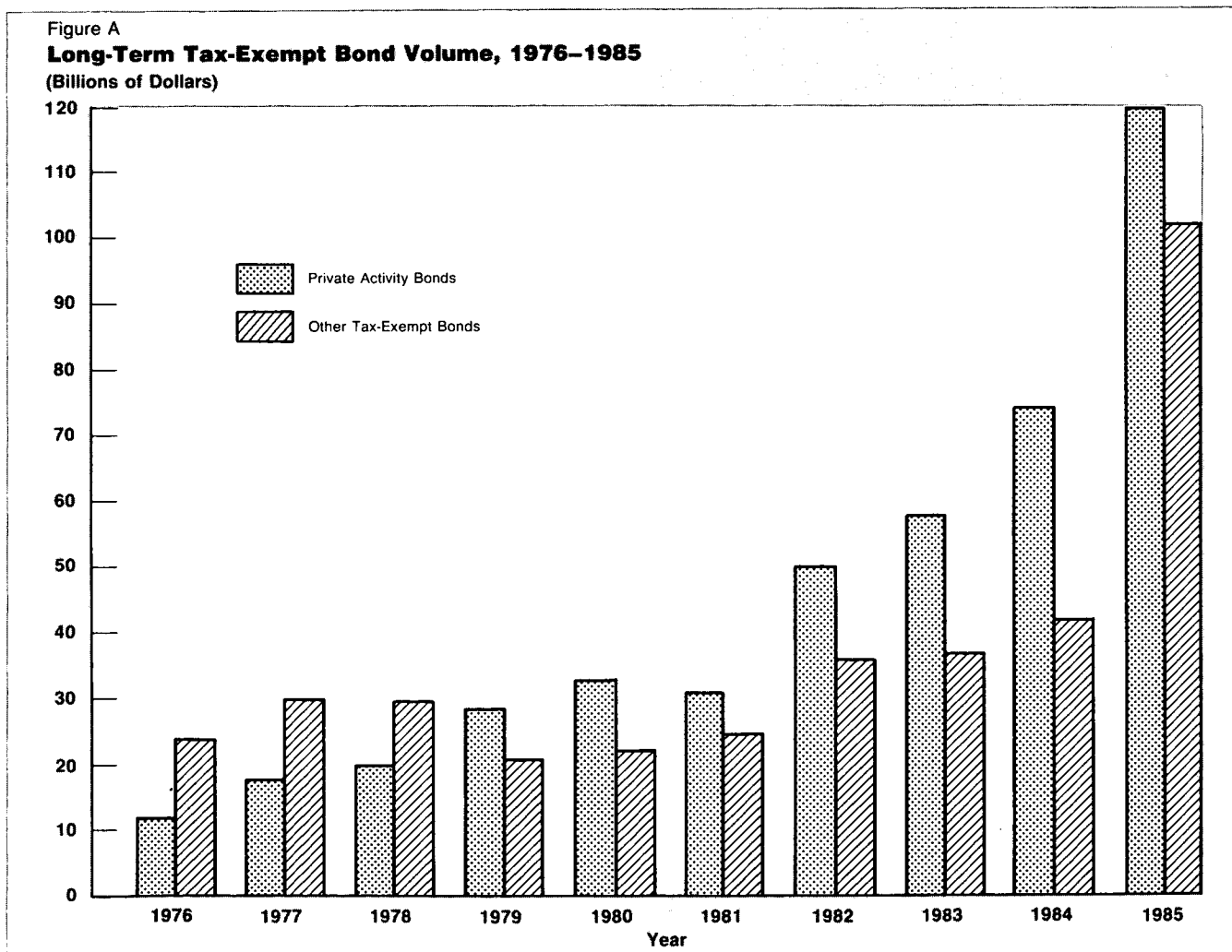
# Private Activity Tax-Exempt Bonds, 1985

By Phil Clark\*

Continuing a trend observable throughout the 1980's, the dollar volume of long-term private activity tax-exempt bonds issued in 1985 increased to \$119.4 billion [1]. This represents an increase of over 61 percent from 1984, and a ninefold increase over the last 10 years. These bonds, which were issued for the direct benefit of private businesses, organizations, and individuals, accounted for 54 percent of the total long-term tax-exempt bond volume in 1985 [2]. Interestingly, despite the large increase in dollar volume, the percentage of the long-term bond market accounted for by private activity bonds dropped slightly from its 64 percent share in 1984. The relative decline in private activity bonds compared to public-purpose bonds resulted from an unprecedented jump in the volume of public-purpose tax-exempt bonds in 1985, which in turn was due to

uncertainty about the direction of pending tax legislation. The growth of both private activity and public-purpose bond volume is illustrated in Figure A.

This article provides information on four types of private activity bonds: industrial development bonds (IDB's), private exempt entity bonds, student loan bonds, and qualified mortgage bonds. Since 1983, issuers of the first three types of private activity bonds were required to file detailed information reports with the Internal Revenue Service (IRS), providing data on the types and uses of those bonds. The U.S. Congress, as part of the Deficit Reduction Act of 1984, extended the reporting requirement to qualified mortgage bonds issued in 1985 or later. Each of these bond types is described in the Definitions section of this article.



\*Foreign Special Projects Section. Prepared under the direction of Michael Alexander, Chief.

During the 3-year reporting period, the total long-term volume of private activity bonds (including mortgage bonds) increased from \$57.1 billion to \$119.4 billion. Prior to 1985, the largest category of private activity bond (by volume) was that of IDB's issued for private businesses under the small-issue exemption. In 1985, however, small-issue IDB's ranked a distant third in volume, at \$17.7 billion. The highest volume of private activity bonds was attributable to private exempt entity bonds (issued for certain medical and educational facilities), which amounted to \$38.2 billion, and IDB's issued to fund multi-family rental housing, which amounted to \$25.0 billion.

Short- and long-term private activity bond volume issued in 1985 totaled \$127.6 billion. Of that total, \$99.4 billion was new issue volume. New issue volume is defined as the purchase price of a bond less any portion of the proceeds used to retire existing obligations. Thus new issue volume represents the net increase in outstanding obligations (excluding non-refunded retirements). New issue volume reached its highest levels ever in 1985, increasing by about 50 percent from 1984 to 1985, and nearly doubling during the 3-year period from 1983 to 1985. The most dramatic gains were shown by private exempt entity bonds (which nearly tripled in volume from 1984 to 1985) and multi-family rental housing bonds (which more than quadrupled). Figure B shows the new issue volume for the various types of private activity bonds over the 3-year reporting period [3].

## BACKGROUND

The Federal income tax exemption for interest on State and local bonds was originally intended to provide a subsidy for Government projects, such as highways, by enabling State and local Governments to obtain funding at lower interest costs. As these bonds began to be issued increasingly for nongovernment uses, the Federal Government was prompted to re-examine its policies in this area. Private-purpose bonds serve a legitimate purpose by allow-

ing State and local Governments to promote economic development and housing in their jurisdictions while incurring little or no costs themselves. Nevertheless, these bonds shift investment dollars away from other revenue-producing alternatives, which results in a significant loss of Federal tax revenue.

It is estimated that the exemption from taxation of the interest from private-purpose bonds issued in 1985 alone will result in revenue losses amounting to \$58 billion over the term of the bonds [4]. This revenue loss is, in effect, the cost of a Federal subsidy for State and local activities. Recent studies, however, suggest that this may not be the most efficient method of promoting these activities.

The savings in interest costs to the bond-issuing State or local authority is believed to be less than the revenue loss to the Federal Government [5]. The difference goes not to the targeted activity, but to Federal taxpayers (usually those in the upper income brackets) or other entities who hold the bonds. As a point of comparison, grants-in-aid, another common Federal subsidy for State and local activity, are more efficient, with only a small fraction of the subsidy going to administrative costs.

In addition to the loss of Federal tax revenue, the use of tax-exempt bonds for private purposes may also have other undesirable effects. By increasing the total supply of tax-exempt obligations, the proliferation of private activity bonds causes interest rates on all tax-exempt instruments to rise in order to attract potential investors. These higher interest rates raise the cost of financing traditional Government activities such as constructing schools, roads, and sewers [6].

Concern over these issues, coupled with the dramatic increase in private activity bond volume, prompted the U.S. Congress to place a number of limitations on such bonds in the 1980's. Originally, the Tax Equity and Fiscal Responsibility Act of 1982 required issuers of IDB's, private exempt entity bonds, and student loan bonds to file a report with the

**Figure B.—New Issue Private Activity Bond Volume, 1983-85**

[Millions of dollars]

Type of bond	New issue volume			Percentage change, 1983-1985
	1983	1984	1985	
	(1)	(2)	(3)	(4)
Total	\$49,910	\$65,816	\$99,404	99.2%
Student loan bonds	3,086	1,370	2,822	-8.5
Private exempt entity bonds	8,202	9,037	26,081	218.0
Qualified mortgage bond <sup>1</sup>	10,800	13,900	13,446	24.5
Industrial development bonds, total	27,823	41,509	57,056	105.1
Small issue	13,791	16,967	16,493	19.6
Multi-family rental housing	5,349	5,346	24,756	362.8
Airports, docks, etc.	2,109	3,713	3,538	67.8
Sewage and waste disposal	1,442	6,314	5,107	254.2
Pollution control	3,411	7,599	5,496	59.7
Other	1,721	1,570	1,666	-3.2

<sup>1</sup> Qualified mortgage bond figures for 1983 and 1984 are based on estimates developed by the U.S. Treasury Department.

r — Revised.

IRS beginning in 1983. The Deficit Reduction Act of 1984 extended the reporting requirement to cover qualified mortgage bonds issued after 1984, and established a State-by-State volume limitation on certain obligations issued after December 31, 1983. This cap covered all private activity bonds except private exempt entity bonds; multi-family rental housing bonds; and certain airport, dock, convention facility and refunding bonds. Each State's limit was the greater of \$150 per capita (\$100 per capita after 1986) or \$200 million. Because issuers were permitted to carry forward certain unused portions of their volume caps, the 1985 bond volume figures included in this article do not necessarily reflect amounts subject to the 1985 volume cap.

A number of proposals to curtail tax-exempt bonds were considered during the development of the Tax Reform Act of 1986. The original Treasury Department proposal, for example, called for the elimination of the tax exemption for all private activity bonds, and placed restrictions on public-purpose bonds as well. Concern over the direction of pending legislation caused a "rush-to-market" which led to sharply increased volume levels for both private- and public-purpose bonds in 1985. Another factor contributing to the high volume of tax-exempt bond issues was the anticipation that the pending Tax Reform Act would eliminate preferential treatment of capital gains (as, in fact, it did), thereby further increasing the attractiveness of investment in the tax-exempt bond market. Nevertheless, early data on 1986 tax-exempt bond volume suggest a return to 1984 levels. Thus, it seems probable that much of the 1985 increase in activity was attributable to an effort to issue bonds before January 1, 1986.

The Tax Reform Act of 1986, as passed, contained no such sweeping changes with respect to tax-exempt bonds, although it did repeal, as of 1987, the tax exemptions of several types of IDB's. Included in these were pollution control bonds, of which \$9.5 billion were issued in 1985. The Act also extended the information reporting requirement to cover public-purpose tax-exempt bonds as well as private activity bonds, beginning with bonds issued in 1987.

#### DATA ANALYSIS

A total of 16,842 information returns were filed for private activity bonds issued in 1985. This article concentrates on the dollar volume of the bonds issued, rather than the number of returns filed, because the number of returns does not accurately reflect the number of private activities financed with tax-exempt bonds. Multiple returns may be filed for a single activity when a bond is refunded, especially in the case of short-term obligations that have maturities of as little as 1 day. On the other hand, some returns include descriptions of many activities (multiple-lot issues), thereby reducing the number of returns filed.

Table 1 shows the face amount and new-issue volume by type of private activity bond. Industrial development bonds are shown by type of activity. The bonds are further categorized into short-term obligations (obligations that have average maturities of a year or less) and long-term obligations. Shown in columns 4, 5, and 6 is the new-issue volume. For instance, a bond issue with a \$100 million purchase price sold to refund a \$95 million outstanding obligation would constitute \$5 million of new issues. New-issue volume, therefore, represents the net increase in private activity bonds (excluding non-refunded retirements). Approximately 18 percent of the total face amount of long-term private activity bonds went to refund prior issues in 1985.

Table 2 shows the aggregate face amount, purchase price, and lendable proceeds for long-term private activity bonds, as well as the issuance costs and the amounts allocated to reserve or replacement funds. Amounts used to refund outstanding issues are excluded from the non-refunding lendable proceeds, which are required to be used primarily to purchase land and depreciable property. Refunding proceeds accounted for over one-third of the total lendable proceeds for student loan bonds and private exempt entity bonds. A minor portion of the lendable proceeds can be used for other purposes, such as working capital.

Table 3 shows, for long-term IDB's and private exempt entity bonds, the allocation of non-refunding lendable proceeds. Of the proceeds, almost 90 percent was used to finance purchases of depreciable property, while 6 percent went for land purchases, and under 5 percent went for other uses.

Issuers of private exempt entity bonds and IDB's were required to provide information on the industrial classification of the initial principal users of the projects being financed. As Table 4 shows, private hospitals and educational facilities accounted for 93 percent of the total exemption entity bond volume on those returns for which the industrial activity was reported. Small-issue IDB's were used most frequently for manufacturing (34 percent), followed by real estate (22 percent), and services (19 percent). The proceeds of IDB's not categorized as small issues were used primarily for real estate (50 percent), and for facilities engaged in the provision of electricity, gas, and sanitary services (25 percent).

Figure C shows the percentage of the total face amount for small-issue IDB's in each of the four largest industrial classifications for 1983, 1984, and 1985. Only those returns that reported an industry are included in the computations.

By law, small issue IDB's were limited to \$1 million per user per county or \$10 million, if capital expenditures on the

**Figure C.—Industrial Classification of Small Issue IDB's, 1983-85**

Industry	Percentage of total face amount		
	1983	r1984	1985
	(1)	(2)	(3)
All industries .....	100.0%	100.0%	100.00%
Manufacturing .....	31.6	35.2	34.9
Trade .....	16.8	14.9	13.9
Real estate .....	20.5	23.0	22.5
Services .....	23.9	18.4	19.3
Other .....	7.2	8.5	9.4

r — Revised.

project did not exceed \$10 million over a 6-year period (\$25 million in the case of Urban Development Action Grant-assisted projects). The \$10 million limit was increased from \$5 million in 1979. It has been speculated that raising the limit sparked the rapid growth of small-issue IDB's.

Table 5 shows the size distribution of small-issue IDB's. Twenty-nine percent of small-issue IDB volume (6.5 percent of the returns) was from bond issues with face amounts of \$5 million to \$10 million. Only 16.6 percent of the volume (but 56.2 percent of the returns) was from issues of \$1 million or less. The mean size of the face amounts on small-issue IDB's issued in 1985 was \$1.6 million.

Table 6 shows the total new-issue volume by type of bond for each State. Every State issued at least \$35 million in new private exempt entity bonds, while every State except Hawaii issued a small-issue IDB. Idaho, Vermont, and Wyoming were the only States that did not issue IDB's for multi-family housing.

Figure D shows the percentage change in new-issue volume from 1983 to 1985 for each of the nine Census divisions that make up the United States. Overall, new-issue volume increased by 130 percent, with above average growth occurring in the Northeast and on the West Coast.

**DATA SOURCES AND LIMITATIONS**

Form 8038, Information Return for Private Activity Bond Issues, is required to be filed with the Internal Revenue Service for all student loan, private exempt entity, industrial development, and qualified mortgage bonds. The return is due within 45 days after the end of the calendar quarter in which the bond is issued. All of the 1985 data in this article were extracted from the 16,842 returns filed for 1985.

Because the entire population of Forms 8038 was used for this study, there was no sampling error. The data may, however, reflect a certain amount of filer and processing error. Throughout the processing of the forms, a number of checks were performed to ensure that each return was internally consistent, and to exclude duplicate and amended returns. Both automatic and manual correction routines were performed to balance return data and to supply data missing from the returns. Despite these efforts, a small number of returns remained with missing or inconsistent data. This necessitated that a portion of the data (for example in Table 3) be expressed in percentages rather than as aggregate figures.

**DEFINITIONS**

**Private Activity Bonds.**—Consists of four types of tax-exempt, State or local Government bonds issued for non-public-purpose uses: industrial development bonds, private exempt entity bonds, student loan bonds, and qualified mortgage bonds. Private activity bonds were classified as short-term if their final maturity was 1 year or less from their date of issue.

**Industrial Development Bonds (IDB's).**—State or local Government obligations, all or a major portion of the proceeds of which are used in a private trade or business, with payments of principal and interest secured by the property used in a private trade or business. In general, IDB's can

**Figure D.—New Issue Private Activity Bond Volume, by Region, 1983-85**

[Millions of dollars]

Region	1983	r1984	1985	Percentage change, 1983-1985
	(1)	(2)	(3)	
Total <sup>1</sup> .....	\$39,110	\$51,916	\$85,958	130.0%
New England .....	2,387	2,754	5,854	145.2
Middle Atlantic .....	5,578	8,717	14,094	152.7
East North Central .....	5,109	6,545	12,713	148.8
West North Central .....	3,536	3,832	6,549	85.2
South Atlantic .....	7,014	11,889	14,604	108.2
East South Central .....	2,404	3,466	5,466	127.4
West South Central .....	5,035	6,355	7,473	48.4
Mountain .....	3,538	3,468	5,438	53.7
Pacific .....	4,429	4,782	12,864	190.4
Other areas .....	—	113	902	N/A

N/A — Not applicable.

<sup>1</sup> Qualified mortgage bonds are excluded from figure D because no State-by-State distribution is available for 1983 or 1984.

r — Revised.

finance certain specified activities in unlimited amounts. In addition, under the small-issue exemption, almost any private trade or business can finance depreciable property or land purchases with an IDB if the bond's face amount does not exceed \$1 million (\$10 million if capital expenditures did not exceed \$10 million over a 6-year period).

**Residential Rental Housing Industrial Development Bonds.**—These are IDB's issued to finance multi-family residential rental projects. In general, at least 20 percent of the units in the project financed (15 percent in certain targeted areas) must be occupied by individuals or families in the lower income ranges.

**Student Loan Bonds.**—State or local Government obligations issued to finance the education expenses of individuals.

**Private Exempt Entity Bonds.**—State or local Government obligations, issued for tax-exempt charitable, religious, education, and similar organizations (described in Internal Revenue Code section 501(c)(3)), but which are primarily issued for private, nonprofit medical facilities and colleges.

**Qualified Mortgage Bonds.**—These are State and local obligations issued to finance mortgages for owner-occupied residences. In general, the mortgages must be loaned to new homeowners, and there are certain restrictions on the purchase price of the residences financed, as well as the location of the residences.

## NOTES AND REFERENCES

- [1] The term "private activity bonds," as used in this article, refers to industrial development bonds, student loan bonds, private exempt entity bonds, qualified mortgage subsidy bonds, and qualified veterans' general obligation bonds.
- [2] Total long-term volume is derived from data available from *Bond Buyer*, as adjusted for privately-placed small issue IDB's.
- [3] Figure B, as well as in other tables in this article which present data for 1984 issuances, reflects minor revisions to previously published 1984 figures due to the inclusion of late-filed and amended returns.
- [4] Estimate provided by the Office of Tax Analysis, U.S. Department of Treasury.
- [5] Empirical estimates suggest that the Federal deficit increases by \$1.12 to \$1.31 for each dollar of cost savings to the tax-exempt issuers. See Toder, Eric and Neubig, Thomas S., "Revenue Cost Estimates of Tax Expenditures: The Case of Tax-Exempt Bonds," *National Tax Journal*, Volume XXXVIII, Number 3, September 1985.
- [6] Empirical estimates of the effect of an additional \$1 billion of tax-exempt obligations range from 1 basis point (0.01 percent) to 7 basis points. For a summary of the econometric estimates, see Peterson, G.E., Tuccillo, J.A., and Weichler, J.C., "The Impact of Local Mortgage Revenue Bonds on Securities Markets and Housing Policy Objectives," *Efficiency in the Municipal Bond Market*, G.C. Kaufman, ed., JAI Press, 1981.

## Private Activity Tax-Exempt Bonds, 1985

Table 1.—Volume of Private Activity Bonds by Type of Activity, 1985

[Millions of dollars]

Type of activity	All issues <sup>1</sup>			New issues <sup>2</sup>		
	Total	Short-term	Long-term	Total	Short-term	Long-term
	(1)	(2)	(3)	(4)	(5)	(6)
Total	127,599	8,247	119,352	99,404	1,675	97,729
Student loan bonds	4,469	435	4,034	2,822	30	2,792
Private exempt entity bonds	42,676	4,453	38,223	26,081	847	25,234
Qualified mortgage bonds <sup>3</sup>	14,514	180	14,334	13,446	180	13,265
Industrial development bonds:						
Industrial park	139	1	139	131	1	130
Small issue	17,778	74	17,704	16,493	51	16,442
Multi-family rental housing	25,074	114	24,960	24,756	69	24,688
Sports facilities	442	—	422	432	—	432
Convention facilities	100	2	98	76	—	76
Airports, docks, etc. <sup>4</sup>	5,169	581	4,587	3,538	31	3,508
Sewage and waste disposal facilities	6,290	348	5,941	5,107	104	5,003
Pollution control facilities	9,523	1,801	7,722	5,496	360	5,135
Water furnishing facilities	89	9	80	72	2	70
Hydroelectric generating facilities	50	3	47	45	( <sup>5</sup> )	45
Mass commuting vehicles	11	—	11	11	—	11
Local heating and cooling facilities	13	—	13	13	—	13
Electric energy and gas facilities	1,262	244	1,018	886	—	886

<sup>1</sup> Volume for all issues is the face amount of the bond.<sup>2</sup> Volume for new issues is the purchase price of the bond minus any amount used to refund earlier obligations.<sup>3</sup> Includes qualified veterans' mortgage bonds.<sup>4</sup> Includes wharves, mass commuting facilities, parking facilities, or storage facilities directly related to any of the preceding.<sup>5</sup> Less than \$500,000.

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

Table 2.—Computation of Nonrefunding Lendable Proceeds for Long-Term Private Activity Bonds, by Type, 1985

[Millions of dollars]

Item	Type of bond					
	Total	Student loan	Private exempt entity	Qualified mortgage bonds <sup>1</sup>	Industrial development bonds	
					Small issue	Other
(1)	(2)	(3)	(4)	(5)	(6)	
Face amount	119,352	4,034	38,223	14,334	17,704	45,058
Purchase price	119,301	4,025	38,184	14,320	17,690	45,083
Bond issuance costs	3,337	64	1,107	245	474	1,447
Allocations to reserve or replacement funds	5,838	328	2,805	1,042	88	1,575
Lendable proceeds	110,193	3,633	34,272	13,032	17,141	42,115
Proceeds used to refund prior issues	21,639	1,233	12,950	1,054	1,261	5,140
Nonrefunding lendable proceeds	88,554	2,400	21,322	11,978	15,880	36,975

<sup>1</sup> Includes qualified veterans' mortgage bonds.

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

Table 3.—Long-Term Private Activity Bonds: Percentage Distribution of Nonrefunding Lendable Proceeds, by Type of Property Financed, 1985

Type of property financed	Type of industrial development bond							
	Total	Private exempt entity	Small issue	Multi-family rental housing	Sports and convention	Airport and dock <sup>1</sup>	Sewage, waste disposal and pollution control	Other exempt activity <sup>2</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Depreciable property:								
3-year ACRS	0.8	1.6	1.1	0.4	0.2	0.2	0.2	1.8
5-year ACRS	16.6	21.0	20.9	3.7	6.0	15.1	34.1	4.6
10-year ACRS	6.9	3.1	1.7	1.4	2.7	0.5	36.7	2.4
15-year ACRS	13.6	11.0	10.5	14.5	14.1	11.4	14.8	76.1
18-year ACRS	51.6	51.3	56.2	66.7	64.6	62.0	11.1	6.2
Land	6.1	3.3	7.3	10.0	4.1	6.1	0.5	4.4
Other property	3.0	7.0	1.8	1.9	4.0	2.6	0.8	3.6
Other uses	1.4	1.7	0.6	1.4	4.3	2.1	1.8	1.0

<sup>1</sup> Includes wharves, mass commuting facilities, parking facilities, or storage facilities directly related to any of the preceding.<sup>2</sup> Consists of industrial parks, water furnishing facilities, hydroelectric generating facilities, mass commuting vehicles, local heating and cooling facilities, and facilities for the local furnishing of electrical energy or gas.

NOTES: Detail may not add to total because of rounding.

ACRS is the Accelerated Cost Recovery System of depreciating property for tax purposes.

**Table 4.—Volume<sup>1</sup> of Industrial Development Bonds and Private Exempt Entity Bonds, by Industry, 1985**

[Millions of dollars]

Industry	Industrial development bonds				Private exempt entity bonds	
	Small issue		Other		Amount	Percent
	Amount	Percent	Amount	Percent		
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	15,880	100.00	36,975	100.00	21,322	100.00
Agriculture, forestry, and fishing	278	1.75	73	.20	13	.06
Mining	61	.38	140	.38	35	.16
Construction	157	.99	1,179	3.19	91	.43
Manufacturing	5,332	33.57	1,257	3.40	31	.15
Food and kindred products	632	3.98	64	.17	—	—
Textile products	249	1.57	—	—	—	—
Lumber, wood products, and furniture	305	1.92	28	.08	1	(?)
Paper and allied products	209	1.32	226	.61	—	—
Printing and publishing	548	3.45	(?)	(?)	(?)	(?)
Chemicals and allied products	311	1.96	391	1.06	—	—
Rubber and misc. plastics products	492	3.10	(?)	(?)	—	—
Stone, clay, and glass products	186	1.17	16	.04	3	.01
Primary metal industries	192	1.21	28	.08	—	—
Fabricated metal products	650	4.09	12	.03	1	.01
Machinery, exc. electrical	389	2.45	2	.01	3	.02
Electrical and electronic equipment	429	2.70	12	.03	7	.03
Transportation equipment	320	2.02	338	.91	—	—
Other manufacturing	420	2.64	137	.37	15	.07
Transportation	437	2.75	2,057	5.56	6	.02
Trucking and warehousing	361	2.27	21	.06	(?)	(?)
Transportation by air	7	.04	1,780	4.81	—	—
Other transportation	70	.44	257	.70	5	.02
Electric, gas, and sanitary service	60	.38	9,060	24.50	57	.27
Wholesale trade	1,086	6.84	237	.64	15	.07
Durable goods	513	3.23	44	.12	15	.07
Nondurable goods	573	3.61	192	.52	—	—
Retail trade	1,033	6.51	9	.02	4	.02
General merchandise stores	251	1.58	(?)	(?)	4	.02
Food stores	252	1.59	2	.01	(?)	(?)
Other retail trade	530	3.34	6	.02	(?)	(?)
Finance and insurance	374	2.36	94	.25	472	2.21
Real estate	3,444	21.69	18,435	49.86	180	.85
Services	2,953	18.59	1,606	4.34	19,373	90.86
Hotels and other lodging places	1,010	6.36	397	1.07	20	.09
Personal and business services	220	1.39	16	.04	40	.19
Medical and health services	1,271	8.00	809	2.19	14,814	69.48
Educational services	32	.20	—	—	4,177	19.59
Other services	420	2.64	384	1.04	322	1.51
Other industries	68	.43	81	.22	157	.74
Industry not reported	599	3.77	2,748	7.43	887	4.16

<sup>1</sup> Consists of the nonrefunding lendable proceeds of the bonds.

<sup>2</sup> Less than 0.005 percent.

<sup>3</sup> Less than \$500,000.

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

**Table 5.—Number and Volume of Small Issue Industrial Development Bonds, by Size of Face Amount, 1985**

[Millions of dollars]

Size of face amount	Returns		Face amount	
	Number	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)
Total	11,123	100.0	17,736	100.0
\$1 to \$100,000	935	8.4	51	0.3
\$100,001 to \$250,000	1,105	9.9	198	1.1
\$250,001 to \$500,000	1,612	14.5	632	3.6
\$500,001 to \$750,000	1,230	11.1	790	4.5
\$750,001 to \$1,000,000	1,371	12.3	1,262	7.1
\$1,000,001 to \$2,500,000	2,735	24.6	4,594	25.9
\$2,500,001 to \$5,000,000	1,417	12.7	5,095	28.7
\$5,000,001 to \$10,000,000	718	6.5	5,115	28.8

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

## Private Activity Tax-Exempt Bonds, 1985

Table 6.—Volume of New Issue Private Activity Bonds by State, 1985<sup>1</sup>

[Millions of dollars]

State	Type of activity										
	Total	Student loan bonds	Exempt entity bonds	Qualified mortgage bonds <sup>2</sup>	Industrial development bonds						
					Small issue and industrial park	Multi-family housing	Sports and convention	Airport and dock <sup>3</sup>	Sewage and waste disposal	Pollution control	Other exempt activities <sup>4</sup>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
<b>Total</b> .....	<b>99,404</b>	<b>2,822</b>	<b>26,081</b>	<b>13,446</b>	<b>16,624</b>	<b>24,756</b>	<b>507</b>	<b>3,538</b>	<b>5,107</b>	<b>5,496</b>	<b>1,026</b>
Alabama .....	1,379	—	416	200	336	241	—	5	56	125	—
Alaska .....	636	—	80	341	158	10	—	43	3	—	—
Arizona .....	2,072	96	652	76	217	768	13	92	91	2	65
Arkansas .....	719	30	180	201	84	87	—	7	56	74	—
California .....	13,511	710	2,387	2,359	519	5,409	154	323	935	603	114
Colorado .....	2,320	147	383	387	192	857	1	344	—	8	—
Connecticut .....	2,045	15	144	225	283	343	—	32	855	144	2
Delaware .....	975	—	547	156	163	95	1	4	( <sup>5</sup> )	9	( <sup>5</sup> )
Florida .....	5,057	—	1,312	490	601	1,994	116	203	214	123	5
Georgia .....	3,129	31	345	181	631	1,099	15	58	178	590	—
Hawaii .....	405	—	71	29	—	83	—	—	175	—	46
Idaho .....	133	—	49	45	27	—	—	—	( <sup>5</sup> )	12	—
Illinois .....	5,853	65	1,732	487	885	1,658	16	451	51	304	204
Indiana .....	2,317	—	522	190	518	592	—	109	157	229	—
Iowa .....	661	46	228	70	200	104	—	—	—	12	—
Kansas .....	818	—	208	39	165	191	—	—	80	136	—
Kentucky .....	1,209	109	256	146	304	245	22	41	( <sup>5</sup> )	83	3
Louisiana .....	1,768	2	737	196	275	230	2	49	58	218	—
Maine .....	495	—	49	130	99	38	1	—	177	2	—
Maryland .....	2,490	—	530	488	443	903	11	57	50	8	—
Massachusetts .....	2,839	306	1,310	149	622	368	—	14	71	—	—
Michigan .....	2,187	—	439	150	883	169	—	101	100	346	—
Minnesota .....	2,469	—	452	176	468	1,243	14	7	66	21	22
Mississippi .....	578	84	55	—	168	151	—	13	36	70	—
Missouri .....	2,165	35	544	199	584	706	4	30	7	56	—
Montana .....	173	—	82	40	38	8	3	—	—	—	1
Nebraska .....	639	143	133	197	94	70	2	—	—	—	—
Nevada .....	296	—	35	79	37	64	—	—	—	7	74
New Hampshire .....	638	39	312	55	85	73	6	—	67	—	2
New Jersey .....	2,493	—	710	445	931	246	—	68	61	20	11
New Mexico .....	473	44	43	195	40	91	5	2	( <sup>5</sup> )	53	—
New York .....	7,089	95	2,766	600	1,032	953	2	200	607	398	435
North Carolina .....	1,397	—	424	224	257	137	—	203	15	137	—
North Dakota .....	251	125	38	28	17	18	1	4	—	20	—
Ohio .....	2,694	—	636	410	893	117	—	131	18	488	1
Oklahoma .....	613	—	163	—	119	165	—	129	34	4	—
Oregon .....	727	—	124	435	72	26	13	8	7	36	6
Pennsylvania .....	5,964	36	2,888	407	1,156	346	9	216	566	322	20
Rhode Island .....	281	—	100	100	74	1	—	—	—	5	—
South Carolina .....	714	10	113	194	224	152	—	—	7	14	—
South Dakota .....	454	120	84	199	38	13	—	—	—	—	—
Tennessee .....	2,829	—	467	183	451	1,494	13	144	—	78	—
Texas .....	6,004	336	1,739	1,234	654	1,088	9	314	107	520	5
Utah .....	608	—	159	—	168	270	12	—	—	—	—
Vermont .....	305	84	54	90	43	—	14	3	18	—	( <sup>5</sup> )
Virginia .....	2,636	—	442	460	618	951	10	52	27	77	—
Washington .....	835	45	125	86	164	274	40	60	3	38	—
West Virginia .....	569	—	206	170	130	40	—	—	12	10	—
Wisconsin .....	1,205	19	249	306	426	156	( <sup>5</sup> )	—	7	32	10
Wyoming .....	185	—	110	—	15	—	—	—	—	60	—
Others <sup>6</sup> .....	1,102	50	252	200	24	419	—	22	134	—	—

<sup>1</sup> Volume for new issues is the purchase price of the bond minus the amount used to refund earlier obligations.<sup>2</sup> Consists of qualified mortgage bonds and qualified veterans' mortgage bonds.<sup>3</sup> Includes wharves, mass commuting facilities, parking facilities, or storage facilities directly related to any of the preceding.<sup>4</sup> Consists of water furnishing facilities, hydroelectric facilities, mass commuting vehicles, local district heating and cooling facilities, and facilities for local furnishing of electric energy or gas.<sup>5</sup> Less than \$500,000.<sup>6</sup> Includes District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

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