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"TEFRA is a Four-Letter Word"

The title of this post is taken from an observation that a client once made when the strictures of the notice, hearing, and approval requirements set forth in Internal Revenue Code Section 147(f), which with limited exceptions apply to all issues of tax-exempt private activity bonds, worked to prevent a hoped-for use of proceeds of a qualified private activity bond issue. These notice, hearing, and approval requirements were originally enacted as part of the Tax Equity and Fiscal Responsibility Tax Act of 1982, so the acronym "TEFRA" is commonly used in connection with these requirements. According to urban legend, the coarsest of the four-letter words is also an acronym, the components of which the esteemed etymologists Van Halen detailed in the title to the band's triple platinum 1991 album.[1]

If the application of the bureaucratic acronym has ever exasperated you to the point that you've uttered the vulgar one, take heart – relief is at hand. On September 28, 2017, the Treasury Department issued proposed regulations ("Proposed Regulations") that make the TEFRA rules much more manageable and that can be used before the Proposed Regulations become final. For a summary of the Proposed Regulations, hit the jump below (or, in keeping with the Van Halen references, go ahead and jump).

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The Public Finance Tax Blog

By Michael Cullers on October 2, 2017

Squire Patton Boggs

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