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[The Quicker Picker Upper - Private Business Use Absorbed by Qualified Equity: Squire Patton Boggs](#)

Tax lawyers love when tax-exempt bond-financed projects owned by governmental entities[1] (“TEB Projects”) are also financed with qualified equity. Why you ask? Because it makes their job easier. Since you are likely interested in making your tax lawyer’s life more pleasant, keep reading, as this blog post explains what qualified equity in a TEB Project is and why it is beneficial.

What is qualified equity? Qualified equity is basically any funds that go into a TEB Project that are not from tax-advantaged bonds (the “Bonds”) - so it covers cash on hand, financing from a taxable line of credit,[2] donations, etc. Another less obvious source of qualified equity is capitalized interest (from a federal income tax standpoint)[3] paid on the Bonds from sources other than Bond proceeds.

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By Cynthia Mog on December 1, 2025

The Public Finance Tax Blog

Squire Patton Boggs

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