

**RULES
OF
TENNESSEE DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT**

CHAPTER 0500—2—3

THE TENNESSEE ALLOCATION PLAN FOR PRIVATE ACTIVITY BONDS

TABLE OF CONTENTS

0500—2—3—.01	Authority	0500—2—3—.03	Allocation Plan
0500—2—3—.02	Purposes and Scope		

0500—2—3—.01 AUTHORITY.

Pursuant to the provisions of *T.C.A. §4—3—702(c)*, the Commissioner of the Department of Economic and Community Development may promulgate rules and regulations necessary for the operation of the department or to effectuate any of the programs or responsibilities of any of the divisions of the department. The provisions of the Tennessee Allocation Plan for Private Activity Bonds (*T.C.A. §9—20—101 et. seq.*), authorize the Commissioner to allocate the State's private activity bond authority among governmental units in the state having the authority to issue bonds under the federal internal revenue code.

Authority: *T.C.A. §§4—3—702(c), 9—20—106. Administrative History: Original rule filed October 28, 1988; effective January 29, 1989.*

0500—2—3—.02 PURPOSE AND SCOPE.

Under the provision of the Federal Tax Reform Act of 1986, each state is provided a unified volume limitation or cap covering certain tax-exempt bonds, known as private activity bonds. In order to fairly allocate this limited source of authority to fund certain governmental activities on a maximum utilization, the Commissioner will prepare a yearly allocation plan which meets the following goals:

- (1) Provides equal access to the state bond authority for large cities, small towns and rural areas; and
- (2) Provides the most benefit to the state from the bond authority available to it.

Authority: *T.C.A. §§9—20—102, 9—20—103, 9—20—104. Administrative History: Original rule filed October 28, 1988; effective January 29, 1989.*

0500—2—3—.03 ALLOCATION PLAN.

- (1) The Commissioner shall, prior to January 1 of each year, announce the system by which allocations are to be made during the ensuing calendar year. This system shall give effect to the following objectives:
 - (a) Consider the economic needs of the State including job creation, potential increase in the local and state tax revenue, and the availability of affordable and safe housing for citizens in the state;
 - (b) Provide a mechanism for evaluating requests for debt authority in order to ensure fairness of access to all areas of the state as well as maximizing the economic benefit; and

(Rule 0500-2-3-.03, continued)

- (c) Provide for reporting of use of bond authority and a schedule for recapture and reallocation of unused bond authority for purposes of carry forward elections by entities having authority to make such elections.
- (2) The allocation system shall provide for distribution of authority to issue tax exempt bonds, subject to recapture and reallocation as provided above.

Authority: T.C.A. §9—20—104. **Administrative History:** Original rule filed October 28, 1988; effective January 29, 1989. Amendment filed August 30, 1996; effective December 27, 1996.