

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and Regulations
(Also Part 1, § 1397E)

Rev. Proc. 2004-72

SECTION 1. PURPOSE

Pursuant to § 1397E(e)(2) of the Internal Revenue Code, this revenue procedure sets forth the maximum face amount of Qualified Zone Academy Bonds (“Bond” or “Bonds”) that may be issued for each State for the calendar year 2005. For this purpose, “State” includes the District of Columbia and the possessions of the United States.

SECTION 2. BACKGROUND

.01 Section 226 of the Taxpayer Relief Act of 1997, Pub. L. 105-34, 111 Stat. 821 (1997), added § 1397E to the Internal Revenue Code to provide a credit to holders of Bonds under certain circumstances so that the Bonds generally can be issued without discount or interest. Ninety-five percent of Bond proceeds are to be used for qualified

purposes, as defined by § 1397E(d)(5), with respect to a qualified zone academy, as defined by § 1397E(d)(4).

.02 Section 1397E(e)(1), as amended by § 304 of the Working Families Tax Relief Act of 2004, Pub. L. 108-311, 118 Stat. 1166 (2004), provides that the national Bond limitation is \$400 million for each of the years 1998, 1999, 2000, 2001, 2002, 2003, 2004, and 2005. This amount is to be allocated among the States by the Secretary on the basis of their respective populations below the poverty level (as defined by the Office of Management and Budget) and is to be further allocated by each State to qualified zone academies within the State.

.03 Section 1397E(e)(4), as amended by § 509 of the Tax Relief Extension Act of 1999, Pub. L. 106-170, 113 Stat. 1860 (1999), provides that any carryforward of a limitation amount may be carried forward only to the first 2 years (3 years for carryforwards from 1998 or 1999) following the unused limitation year. For this purpose, a limitation amount shall be treated as used on a first-in first-out basis.

.04 Rev. Proc. 98-9, 1998-1 C.B. 341; Rev. Proc. 98-57, 1998-2 C.B. 682; Rev. Proc. 2000-10, 2000-1 C.B. 287; Rev. Proc. 2001-14, 2001-1 C.B. 343; Rev. Proc. 2002-25, 2002-1 C. B. 800; Rev. Proc. 2002-72, 2002-2 C.B. 931, and Rev. Proc. 2004-61, 2004-43 I.R.B. 707, allocated among the States the national limitation for 1998, 1999, 2000, 2001, 2002, 2003, and 2004, respectively.

SECTION 3. NATIONAL QUALIFIED ZONE ACADEMY BOND LIMITATION FOR 2004

The 2005 national limitation for Bonds is \$400 million. This amount is allocated among the States as follows:

STATE	MAXIMUM FACE AMOUNT OF BONDS THAT MAY BE ISSUED PURSUANT TO THE CALENDAR YEAR 2005 LIMITATION (thousands of dollars)
Alabama	7,004
Alaska	655
Arizona	7,913
Arkansas	5,008
California	48,956
Colorado	4,606
Connecticut	2,937
Delaware	634
District of Columbia	972
Florida	22,693
Georgia	10,713
Hawaii	1,236
Idaho	1,458
Illinois	16,819
Indiana	6,444
Iowa	2,747
Kansas	3,043
Kentucky	6,223
Louisiana	7,923
Maine	1,574
Maryland	4,986
Massachusetts	6,888
Michigan	11,885
Minnesota	3,972
Mississippi	4,817
Missouri	6,360
Montana	1,468
Nebraska	1,775
Nevada	2,578
New Hampshire	771
New Jersey	7,828
New Mexico	3,571
New York	28,598
North Carolina	13,618
North Dakota	644
Ohio	12,952

STATE	MAXIMUM FACE AMOUNT OF BONDS THAT MAY BE ISSUED PURSUANT TO THE CALENDAR YEAR 2005 LIMITATION (thousands of dollars)
Oklahoma	4,648
Oregon	4,712
Pennsylvania	13,512
Rhode Island	1,278
South Carolina	5,451
South Dakota	1,004
Tennessee	8,758
Texas	39,142
Utah	2,250
Vermont	549
Virginia	7,818
Washington	8,092
West Virginia	3,275
Wisconsin	5,578
Wyoming	507
American Samoa	373
Guam	403
Northern Marianas	381
Puerto Rico	19,627
Virgin Islands	373
Total	\$400,000

SECTION 4. EFFECTIVE DATE

This revenue procedure is effective as of December 10, 2004, and applies to Bonds issued on or after January 1, 2005.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Zoran Stojanovic of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt & Government Entities). For further information regarding this revenue procedure contact Mr. Stojanovic on (202)

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