

ITEM 152-102-R0112

Tax-Exempt Debt Compliance

THAT

The Board of Regents of Higher Education hereby adopts Policy 950.3, Tax-Exempt Debt Compliance, which establishes the procedures that units of the Montana University System are required to follow with respect to tax-exempt borrowings.

EXPLANATION

The Internal Revenue Service (IRS) limits the extent of private (non tax-exempt) activities that may be conducted in facilities constructed with tax-exempt debt proceeds, and also limits the private use of property and equipment acquired with tax-exempt debt proceeds.

The IRS requires that the expenditure of tax exempt debt proceeds be monitored for timeliness, and that the issuer's earnings from unexpended tax exempt debt proceeds fall within certain limits. Amounts earned above those limits are subject to repayment to the IRS.

This policy establishes procedures to ensure that the units of the Montana University System appropriately monitor and report such private activities, expenditures and earnings over the life of all tax-exempt borrowings.

ATTACHMENTS

Proposed Policy 950.3