



State of Oklahoma
Office of Management and Enterprise Services

Date: February 22, 2017

To: OCIA Lease Paying Entity

From: Angela Pierce, OCIA Director

Subject: Tax-exempt Bond Private Use Survey – UPDATE

Federal tax law generally requires that property financed by tax-exempt bonds be owned by the entity for which the bonds were issued and used to further the governmental, educational or other exempt purposes expressed in the associated bond resolution. OCIA post-issuance compliance procedures require regular monitoring of the facilities and equipment financed through the issuance of tax-exempt bonds to ensure compliance with federal law. The attached survey will assist you in determining if a property constructed with tax-exempt bonds is within the IRS imposed limits on “private business use”.

Private business use, generally speaking, is the use of a facility by a person in a private trade or business where the construction or renovation of the facility (or equipment) was financed with tax-exempt bond proceeds. Excessive private use (including use by the federal government) may require refinancing of a debt issuance and may put in jeopardy OCIA ability to issue tax-exempt bonds.

Any time there is a potential change in the use of a tax-exempt bond funded facility, the recipient entity and OCIA must discuss the change in advance to ensure that there is no impact on maintenance of the tax-exempt status of the bonds.

Potential areas of concern include: research agreements (including federal government sponsors), museum gift shops, naming rights, management/service contracts, rental or lease to private parties, food service and parking contracts to name a few. The brief survey will assist you in determining if there may be a potential private use issue that we should discuss.

Please let us know if there have been any changes with regard to your OCIA bond financed facilities in the past year by reviewing the attached survey. If more than one project or institution has received funds from the same bond issue, you may choose to provide a single response covering the entire issue. Please return your completed survey by March 22, 2017.

For help please contact me at 405.522.0366