

Part III
Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and regulations.
(Also Part I, § 1397E)

Rev. Proc. 2002-25

SECTION 1. PURPOSE

Pursuant to § 1397E(e)(2) of the Internal Revenue Code, this revenue procedure allocates among the States the 2002 national limitation amount of Qualified Zone Academy Bonds ("Bond" or "Bonds") that may be issued for the calendar year 2002. 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 § 608 of the Job Creation and Worker Assistance Act of 2002, Pub. L. 107-147, 116 Stat. 21 (2002), provides that the national limitation amount of Bonds that may be issued is \$400 million for each of the years 1998, 1999, 2000, 2001, 2002, and 2003. 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 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, 2000-2 I.R.B. 287, and Rev. Proc. 2001-14, 2001-3 I.R.B. 343, respectively, allocated the national limitation for 1998, 1999, 2000, and 2001 among the States.

SECTION 3. NATIONAL QUALIFIED ZONE ACADEMY BOND LIMITATION FOR

2002

The 2002 national limitation amount for Bonds is \$400 million. This amount is allocated among the States as follows:

STATE	MAXIMUM FACE AMOUNT OF BONDS THAT MAY BE ISSUED DURING 2002 (thousands of dollars)
ALABAMA	\$ 7,683
ALASKA	634
ARIZONA	7,061
ARKANSAS	5,589
CALIFORNIA	53,149
COLORADO	4,105
CONNECTICUT	2,621
DELAWARE	862
DISTRICT OF COLUMBIA	898
FLORIDA	19,196
GEORGIA	10,400
HAWAII	1,376
IDAHO	1,927
ILLINOIS	16,827
INDIANA	6,032
IOWA	2,465
KANSAS	3,004
KENTUCKY	5,637
LOUISIANA	8,736

MAXIMUM FACE AMOUNT OF
BONDS THAT MAY BE
ISSUED DURING 2001

STATE	(thousands of dollars)
MAINE	\$ 1,269
MARYLAND	4,632
MASSACHUSETTS	7,528
MICHIGAN	11,884
MINNESOTA	3,411
MISSISSIPPI	4,284
MISSOURI	5,266
MONTANA	1,628
NEBRASKA	1,771
NEVADA	2,035
NEW HAMPSHIRE	766
NEW JERSEY	7,970
NEW MEXICO	3,578
NEW YORK	29,441
NORTH CAROLINA	10,903
NORTH DAKOTA	730
OHIO	13,847
OKLAHOMA	6,032
OREGON	4,572
PENNSYLVANIA	12,710
RHODE ISLAND	1,017
SOUTH CAROLINA	4,787
SOUTH DAKOTA	802

MAXIMUM FACE AMOUNT OF
BONDS THAT MAY BE
ISSUED DURING 2001

STATE	(thousands of dollars)
TENNESSEE	\$ 9,814
TEXAS	36,059
UTAH	2,537
VERMONT	850
VIRGINIA	6,391
WASHINGTON	7,097
WEST VIRGINIA	2,968
WISCONSIN	6,199
WYOMING	646
AMERICAN SAMOA	418
GUAM	426
NORTHERN MARIANAS	381
PUERTO RICO	26,727
VIRGIN ISLANDS	422

SECTION 4. EFFECTIVE DATE

This revenue procedure is effective April 29, 2002, and applies to Bonds issued after March 9, 2002.

DRAFTING INFORMATION

The principal author of this revenue procedure is Zoran Stojanovic of the Office of Assistant Chief Counsel (Tax Exempt/Employment Tax/Government Entities). For further information regarding this revenue procedure contact Mr. Stojanovic on (202) 622-3980 (not a toll-free call).