

Rev. Proc. 2002-72**SECTION 1. PURPOSE**

Pursuant to § 1397E(e)(2) of the Internal Revenue Code, this revenue procedure allocates among the States the national limitation for Qualified Zone Academy Bonds (“Bond” or “Bonds”) for the calendar year 2003. 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 for 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 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, and Rev. Proc. 2002-25, 2002-17 I.R.B. 800, allocated among the States the national limitation for 1998, 1999, 2000, 2001, and 2002, respectively.

SECTION 3. NATIONAL QUALIFIED ZONE ACADEMY BOND LIMITATION FOR 2003

The 2003 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 2003 LIMITATION (thousands of dollars)
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Alabama	7,975
Alaska	619
Arizona	8,914
Arkansas	5,408
California	49,511
Colorado	4,388
Connecticut	2,853
Delaware	607
District of Columbia	1,157
Florida	23,799
Georgia	12,249
Hawaii	1,581
Idaho	1,730
Illinois	14,311
Indiana	5,855
Iowa	2,429
Kansas	3,059
Kentucky	5,763
Louisiana	8,124
Maine	1,512
Maryland	4,411
Massachusetts	6,428
Michigan	10,622
Minnesota	4,136
Mississippi	6,176

STATE

MAXIMUM FACE AMOUNT OF BONDS THAT MAY BE
ISSUED PURSUANT TO THE CALENDAR YEAR 2003
LIMITATION (thousands of dollars)

Missouri	6,153
Montana	1,364
Nebraska	1,810
Nevada	1,742
New Hampshire	928
New Jersey	7,826
New Mexico	3,701
New York	30,524
North Carolina	11,607
North Dakota	985
Ohio	13,452
Oklahoma	5,821
Oregon	4,675
Pennsylvania	13,269
Rhode Island	1,146
South Carolina	6,909
South Dakota	710
Tennessee	9,189
Texas	35,853
Utah	2,727
Vermont	676
Virginia	6,462
Washington	7,264
West Virginia	3,334
Wisconsin	4,847
Wyoming	481
American Samoa	470
Guam	412
Northern Marianas	390
Puerto Rico	21,209
Virgin Islands	447

SECTION 4. EFFECTIVE DATE

This revenue procedure is effective as of December 9, 2002, and applies to Bonds issued pursuant to the national limitation for calendar year 2003 on or after January 1, 2003.

SECTION 5. DRAFTING
INFORMATION

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