Private Activity Bonds

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Description

Private Activity Bonds are tax-exempt bonding authority, used either to create a loan for a project at a tax-exempt interest rate, or to create a mortgage credit certificate. The federal government grants annual allocations of this bonding authority to states under the Tax Reform Act of 1986. The State of Colorado established its Private Activity Bond (PAB) allocation program by statute (24-32-1701 et seq, C.R.S.) to provide for the allocation of Colorado's PAB authority.

Eligible Grantees:
Local governments not receiving a direct allocation, state authorities, and designated local governments that need additional allocation.

Eligible Activities:

- Qualified residential rental projects*
- Single-family mortgage revenue bonds (SFMRB)
- Mortgage Credit Certificates (MCC)
- Student loans
- Manufacturing "small issue" industrial development bonds (not to exceed $10,000,000)
- Qualified redevelopment bonds
- Exempt facility bonds
- Qualified 501(c) (3) bonds.

How to use the information

Go to the Division of Housing's web site for more information on the Private Activity Bond program and learn whether you are eligible to apply and when the application cycle occurs.

Why this is important

Colorado's PAB program encourages private investment in housing, higher education, jobs, solid and hazardous waste treatment, and water and sewer facilities; development in areas of the state where housing, higher education, jobs, and certain infrastructure improvements are most needed; the increase or maintenance of the local tax base, and maximizes the use of the state's tax-exempt PAB allocation.