

INSIGHTS

Bracewell & Giuliani and Schwartz Page & Harding Receive Favorable Private Letter Ruling Regarding Tax-Exempt Bonds from Internal Revenue Service

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Acting as special tax counsel to a governmental entity that sells raw water at wholesale to governmental and nongovernmental customers (the “Issuer”), Bracewell & Giuliani LLP, together with bond counsel Schwartz, Page & Harding LLP, recently obtained a favorable private letter ruling (the “Ruling”) from the Internal Revenue Service regarding the allocation of proceeds of governmental bonds and exempt facility bonds to expenditures for costs of projects benefiting Issuer facilities. The Ruling treats Issuer facilities for the collection, storage and distribution of water from distinct supply sources as separate facilities for the purpose of measuring the private use limitation requirement for governmental bonds and the public use requirement for exempt facility bonds issued to finance “facilities for the furnishing of water.” Further, the Ruling permits costs of certain improvements that benefit both facilities to be allocated such that a portion of the costs may be financed with governmental bonds and a portion of the costs may be financed with exempt facility bonds.

For more information, please contact [Charlie Almond](#).