Colorado Department of Local Affairs

PRIVATE ACTIVITY BOND USE / CARRYFORWARD OPTIONS
By September 15th:

(1) Issue your volume cap for a specific PAB project and, if more is needed, make application for a portion of the statewide balance to use in your qualified project.

(2) Assign your volume cap to another local government to assist their qualified project, perhaps in return for having them assign their volume cap to you the following year. The recipient must either issue or carryforward that cap by September 15th.

(3) Assign your cap to another issuing authority such as CHFA or the Metro Mayors Caucus. Again, the recipient must either issue or carryforward that cap by September 15th.

(4) Relinquish bond volume cap to the Statewide balance. If you intend to do this, please send a letter or email to us to that effect. In this situation, all relinquished bond cap will be awarded to other projects in the state through a competitive process.

(5) Carryforward your volume cap for up to the next three years until you have accumulated a sufficient quantity of bond cap to issue it for a qualified project. You must have a specific project in mind. Please note that bond cap may only be carried forward for three years, and the oldest bond cap allocation will be used first. Specifically, you must:

> (a) by September 15th – notify the Colorado Department of Local Affairs, Division of Housing in writing of your election to carryforward, and the intended purpose. Please see the attached for a complete list of required documentation, including an inducement resolution from your governing body.
>
> (b) by February 15th of the following year – file with the Internal Revenue Service form 8328, "Carryforward Election of Unused Private Activity Bond Volume Cap." Once this is filed, you will not be able to assign the bond cap to another issuer, and you will not be able to use it for any purpose except what is indicated on the form.
>
> *Lack of notification to the State by 9/15 will cause the bonds to be relinquished to the Statewide Balance.
>
> *If you do not file IRS Form 8328 by February 15th of the following year, the bonds will revert to the Federal Government.
>
> *Industrial development projects cannot use bond cap that was carried forward.