



UVM Officials and Delegates

PRIVATE BUSINESS USE

- ▶ **Space Usage Monitoring Guide
for Bond-financed Spaces**



Why Tracking Private Business Use is Important

- **To comply with post-issuance bond compliance to keep bond funds tax-exempt!** Tax-exempt bonds (TEB) receive preferential tax treatment but then are subject to **federal tax requirements** for as long as the bonds remain outstanding. The tax savings are substantial!
- Private Business Use (PBU) is usage of TEB-financed property in trade or business by a “non-governmental person” such as nonprofit organizations, profit business entities, and federal or foreign governments. Note that state and local government usage does not constitute PBU.
- PBU can occur from usage in a TEB-financed space by a **non-UVM user**. A UVM user is any student, paid staff, or paid faculty; everyone else needs to be assessed. UVM complies with this requirement by tracking all usage arrangements in TEB-financed spaces.

Why Tracking Private Business Use is Important

- PBU triggers can be transfers of ownership, leases, rentals, management or service contracts, sponsored research, naming rights, or substantial economic benefits to the non-UVM user.
- PBU may also arise from TEB-financed equipment or energy output from a TEB-financed plant.
- Bond-financed space usage must remain below 10% PBU per bond to retain its tax-exempt status. See website for regulations and more information:
<https://www.uvm.edu/finance/private-business-use>.
- BLX Group assists UVM with PBU by evaluating the questionnaires and contracts and completing the yearly complex PBU calculations. BLX Group is registered with the Securities Exchange Commission and Municipal Securities Rulemaking Board as a municipal advisor.

➤ Responsibilities for Officials and Delegates - Year-round Monitoring and Yearly Reporting

- Monitor all non-UVM space usage contracts, agreements, leases, and non-contract/informal space usage arrangements in bond-financed spaces for your area, as designated in the space survey.
- Create methods to review, oversee, and collect space usage data for yearly PBU questionnaires, such as having all space usage arrangements flowing through your office.
- Record, update, and retain all documentation of any private business use.
- Forward all usage arrangements (new, amended, terminated) pertaining to bond-financed spaces to Treasury.Management@uvm.edu throughout the year.
- Advise individuals responsible for the specific space usage arrangements not processed by SPA (non-SPA) to **track buildings, room numbers, and days of usage**.
- Supply information regarding any *Non-institutional Agency (not UVM paid)* designations made in the space survey under your purview to Treasury Management.
- Collect data and complete yearly questionnaire and biennial training.



PBU is an Ongoing Campus-wide Collaboration

- **PBU FY21 Summary:**
 - There were 60 officials and delegates, and Treasury Management collected 46 contracts and 34 PBU questionnaires.
 - This information was evaluated and assembled for the BLX Group to complete the complex PBU calculations, which are currently in review.
 - Stay tuned for increased guidance with post-issuance bond compliance.

Thank you!

Keeping the University's bond tax-exempt status is a campus-wide group effort. We couldn't do this compliance reporting without you!

Please let Treasury Management know if you have any questions:

Treasury.Management@uvm.edu