

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201128008**
Release Date: 7/15/2011
Index Number: 385.03-00

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:CORP:B06
PLR-112002-11
See Appendix for additional Taxpayers
and Control Numbers subject to this
letter
Date:
April 07, 2011

Legend

Fund 1 =

Fund 2 =

Fund 3 =

Fund 4 =

Fund 5 =

Fund 6 =

Fund 7 =

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Fund 8 =

Fund 9 =

Fund 10 =

Fund 11 =

Fund 12 =

Fund 13 =

Fund 14 =

Fund 15 =

Fund 16 =

Fund 17 =

Fund 18 =

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Fund 19 =

Fund 20 =

Fund 21 =

Fund 22 =

Fund 23 =

Fund 24 =

Fund 25 =

Fund 26 =

Fund 27 =

Fund 28 =

Fund 29 =

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Fund 30 =

Fund 31 =

Fund 32 =

Fund 33 =

Fund 34 =

Fund 35 =

Fund 36 =

Fund 37 =

Fund 38 =

Fund 39 =

Fund 40 =

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Fund 41 =

Fund 42 =

Fund 43 =

Fund 44 =

x =

y =

z =

Dear :

This letter responds to the letter from your authorized representatives, dated March 21, 2011, requesting a ruling that the Shares, as described below, constitutes equity for Federal income tax purposes.

Each of Fund 1 through Fund 44 is a closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act") (individually, each of Fund 1 through Fund 44 is known as a "Fund"). Each Fund has elected and qualifies to be taxed as a regulated investment company (a "RIC") under subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). Each Fund invests substantially all of its assets in tax-exempt municipal securities.

Each Fund has two classes of stock currently outstanding: auction market preferred shares (the "AMPS") and common shares. Each Fund's AMPS were outstanding on

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February 12, 2008 and have remained outstanding at all times since February 12, 2008. In the proposed transaction, each Fund would replace all or a significant portion of the outstanding AMPS with the Shares, which is a class of preferred stock that is eligible to be held by money-market funds in accordance with the 1940 Act (In the absence of the Liquidity Facility described below, the Shares in a Fund would not qualify as an eligible security for purchase by money-market funds under the Securities and Exchange Commission's Rule 2a-7 under the 1940 Act).

Each Fund's Shares will be supported by a liquidity facility under which an unrelated third-party bank or other financial institution (each, a "Liquidity Provider") agrees to buy the Shares from investors in certain circumstances, as summarized below (Each such liquidity facility, and each liquidity facility that renews, replaces or extends such liquidity facility (either directly or in a series of liquidity facilities), is hereinafter referred to as a "Liquidity Facility," and collectively as the "Liquidity Facilities.")

The board of directors of each Fund has determined that it is advisable to seek to replace all or a significant portion of the outstanding AMPS of that Fund with the Shares, each as supported by a Liquidity Facility, subject to the market conditions described in the next sentence. The optimal time for each such refinancing will depend on a variety of factors, such as the availability of, and obtaining favorable pricing for, a Liquidity Facility, the willingness of money market funds to invest in the Shares, obtaining the necessary credit ratings for the Shares, the cost of other financial leverage and other market conditions (including interest rates), and each Fund expects to complete its refinancing within x months of the date of issuance by the Internal Revenue Service of that Fund's requested ruling set forth herein.

The Shares will be designated in the Fund's governing documents as a series of preferred stock. The Fund, the Fund's investment adviser and all of the Fund's other "related parties" (within the meaning of section 267(b) or 707(b) of the Code) will treat the Shares as equity of the Fund for all purposes of U.S. federal, state and local tax laws, applicable state law and the 1940 Act (other than financial reporting).

The Shares will have a variable dividend rate that is set through a remarketing process. The dividend rate will generally be re-set every seven days, although the Fund's board of directors has the authority to designate special rate-setting periods of longer than seven days. In general, the dividend rate will be set at the lowest rate necessary to ensure, under then-existing market conditions, that the market value of the Shares equals the liquidation preference of the Shares (plus accumulated but unpaid dividends, if any). This variable rate is, however, subject to a cap. Dividends on the Shares will be cumulative but will be payable only if they are declared by the Fund's board of directors and only out of funds legally available therefor in accordance with applicable state law. Dividends are to be declared daily by the board of the Fund.

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Holders of Shares generally will have the option of tendering their Shares for remarketing on any business day with seven days' notice. In addition, upon the occurrence of certain events (each, a "Mandatory Tender Event"), holders of Shares will be automatically deemed to tender their Shares for remarketing. The Mandatory Tender Events are expected to include (i) a failure by the Fund to make a scheduled dividend payment, (ii) a downgrade in the credit rating of the Liquidity Provider, (iii) with the consent of the Liquidity Provider, a failure by the Fund to pay the Liquidity Provider its fees, (iv) an "extraordinary corporate event" with respect to the Liquidity Provider (generally, a merger or dissolution of the Liquidity Provider or a transfer of substantially all of its assets), (v) the Fund's entering into an alternate liquidity facility with another liquidity provider, (vi) the Fund's designation of a special rate-setting period (referred to above) of longer than seven days and (vii) with the consent of the Liquidity Provider, a breach by the Fund of its effective leverage ratio. The effective leverage ratio of the Fund is, very generally and with certain modifications not addressed herein, (i) the aggregate liquidation preference of the Fund's outstanding preferred stock plus the aggregate principal amount of the Fund's outstanding debt securities (including accrued but unpaid dividends or interest thereon), divided by (ii) the value of the Fund's assets minus the Fund's accrued liabilities (other than its outstanding debt securities).

Based on its experience and discussions with potential money-market fund investors, the Fund believes that the Mandatory Tender Events represent situations in which holders of Shares will want to dispose of their Shares and will ordinarily do so through the remarketing mechanism. By making these situations Mandatory Tender Events, the Fund is assuring the investors that their Shares will be remarketed in these situations whether or not the investors are aware that these situations have occurred. Thus, Mandatory Tender Events might also include other situations (in addition to those described above) in which holders of Shares will want to dispose of their Shares and will ordinarily do so through the remarketing mechanism. Investors will be free to reacquire Shares tendered in connection with a Mandatory Tender Event in the remarketing.

Dividends on the Shares will be designated as "exempt-interest dividends," as defined in section 852(b)(5) of the Code, to the extent permitted for U.S. federal income tax purposes. If the Fund designates any dividends paid on the Shares as taxable dividends (i.e., non-exempt-interest dividends) and gives timely notice of such designation, the applicable maximum dividend rate on the Shares will be increased to reflect such taxable portion of the dividends. If the Fund makes such a designation without giving prior notice, the holders of the Shares will be entitled to a gross-up payment that is designed to compensate them for the regular U.S. federal income tax owed on the taxable portion of the dividends. Like regular dividends paid by the Fund, gross-up payments will be payable only if declared by the board and only out of funds legally available therefor in accordance with applicable state law.

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Holders of Shares will be entitled to vote on any matter that is submitted to a vote of the Fund's stockholders. In general, the Fund's preferred stockholders (including the holders of the Shares) and common stockholders will vote as a single class. However, the Fund's preferred stockholders (including the holders of the Shares), without the participation of the Fund's common stockholders, will be entitled to elect two directors to the board (with the remainder being elected by all stockholders as a single class). In general, if the Fund fails to pay dividends on the Shares for a specified period (typically two years), the holders of the Shares will become entitled to vote, to the exclusion of the Fund's common stockholders, for a majority of the Fund's board. In addition, the holders of the Shares will be entitled to vote as a separate class on certain matters that affect their rights and preferences, such as the creation of a new class of shares ranking senior to the Shares. The Fund's operative documents will state that the only remedy for nonpayment of dividends on the Shares is the right to vote on directors of the Fund, as described above, although, of course, preferred stockholders will retain any rights granted to them under the 1940 Act or applicable state law.

With respect to dividends paid by the Fund, the Shares will rank ahead of the common shares of the Fund. Thus, the Fund may not declare or pay any dividend (other than in additional shares of common stock) on the common shares, or redeem any common shares, unless (i) the Fund has paid all cumulative dividends on the Shares, (ii) the Fund has redeemed all the Shares subject to mandatory redemption (as described below) and (iii) the Fund has met its asset-coverage requirements (as described below). The Shares will rank equally with any other preferred shares issued by the Fund with respect to dividends. Thus, if there are dividend arrearages on the Shares, the Shares and any other preferred shares issued by the Fund will be entitled to dividends on a pari passu basis. The Shares will be subordinated to all of the Fund's creditors (whether secured or unsecured) with respect to dividends. Dividends may be paid on the Shares only if they are declared by the Fund's board of directors and only out of funds legally available therefor in accordance with applicable state law.

Each Share will have a liquidation preference of a stated dollar amount. Upon a liquidation of the Fund, the Shares will rank ahead of the common shares of the Fund. Thus, holders of the Shares will be entitled to receive their liquidation preference (plus all accumulated but unpaid dividends, if any) before any liquidating distribution is made on any common shares. The Shares will rank equally with any other preferred shares issued by the Fund with respect to liquidation proceeds. Thus, if the Fund's assets are insufficient to satisfy the full liquidation preference of the Shares, liquidating distributions will be pro rata among the Shares and other preferred shares of the Fund. The Shares will be subordinate to all of the Fund's creditors (whether secured or unsecured) with respect to liquidation proceeds. Upon liquidation, holders of the Shares will be entitled to be paid only out of those assets that are legally available for distribution to stockholders and otherwise in accordance with applicable state law.

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Holders of the Shares are not entitled to participate in Fund earnings beyond their preferences for dividends and liquidating distributions with respect to the Shares.

The Fund, at its option, may redeem the Shares generally at any time. In addition, the Fund will be required to redeem the Shares in certain circumstances, subject to state law restrictions on the redemption of stock. First, the Fund must redeem all outstanding Shares, out of funds legally available therefor and otherwise in accordance with applicable state law, at the end of their term (generally, y years). Second, the Fund must redeem certain Shares, out of funds legally available therefor and otherwise in accordance with applicable state law, if it fails to meet certain asset-coverage requirements (as described below). Third, the Fund must redeem the Liquidity Provider's Shares, out of funds legally available therefor and otherwise in accordance with applicable state law, if certain holding-period and other requirements are met, as described below. All redemptions are to be made at the Shares' liquidation preference plus accumulated but unpaid dividends.

Notwithstanding the foregoing, there will be various limitations on the Fund's right or obligation to redeem the Shares. For example, if any dividends on the Shares are in arrears, no Shares may be redeemed unless all other Shares are simultaneously redeemed. In addition to applicable state law restrictions on redemptions, the Fund may not redeem any Shares except in accordance with the 1940 Act.

As long as the Shares are outstanding, the Fund will be required to meet certain asset-coverage requirements. Under the 1940 Act, the Fund must maintain 200% asset coverage with respect to the Fund's preferred stock (including the Shares). Under the terms of the Shares and the Liquidity Facility described below, the Fund must maintain an asset coverage test with respect to the Fund's preferred stock (including the Shares), which is typically between 200% and 250% (The method of computation of the 200% asset-coverage test imposed under the 1940 Act will differ somewhat from the asset-coverage test under the Liquidity Facility. The Liquidity Facility will also require that the Fund's effective leverage ratio not exceed a certain percentage, which is typically approximately $z\%$). The value of the Fund's rating-agency-approved assets must equal or exceed the amount specified by the applicable rating agency, and the Fund cannot engage in certain actions prohibited by applicable rating agency guidelines.

Under the Liquidity Facility, the Liquidity Provider will agree to purchase the Shares if, and only if, (1) no remarketing occurs on or before the date set for purchase of tendered Shares or, pursuant to an attempted remarketing, Shares remain unsold (*i.e.*, there is a failed remarketing) or (2) the Fund fails to extend or replace the Liquidity Facility by the 15th day prior to the termination of the Liquidity Facility.

Any Shares purchased by the Liquidity Provider under the Liquidity Facility must be tendered by the Liquidity Provider for remarketing on each business day occurring while

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the Liquidity Provider holds its Shares. The Fund will be obligated to redeem, out of funds legally available therefor and in accordance with applicable state law, Shares that the Liquidity Provider purchases under the Liquidity Facility and holds for a minimum continuous holding period of at least six months. Except for a mandatory redemption that is necessary to restore the asset-coverage ratios described above, a mandatory redemption at the end of the term of the Shares (generally, y years), or an optional redemption (in the case of any of the foregoing, which redemption would be made from all outstanding Shares, not just Shares held by the Liquidity Provider), the Liquidity Provider will hold the Shares for a minimum continuous holding period of at least six months (unless the Liquidity Provider is able to resell the Shares in a remarketing before the end of the six-month period, in which case the Fund would not be obligated to redeem such Shares resold in a remarketing).

If the Liquidity Provider purchases Shares pursuant to the Liquidity Facility, the Fund will be obligated to periodically segregate, based on a certain schedule, certain of its liquid assets into a so-called "liquidity account." Until the actual redemption, such segregated assets will continue to be assets of the Fund for all purposes.

The Liquidity Facility is generally expected to have a term of one to two years. In addition, the Liquidity Facility will terminate earlier if the Liquidity Provider's credit rating drops below a certain threshold or if the Liquidity Provider becomes "related" to the Fund within the meaning of section 267(b) or section 707(b) of the Code. The Fund will pay fees to the Liquidity Provider for the Liquidity Provider's undertakings pursuant to the Liquidity Facility.

Each Fund makes the following representations with respect to its respective Shares and Liquidity Facility:

1. Except for the special redemption right provided to the Liquidity Provider to require the Fund to redeem or repurchase the Shares that it has held for a continuous period of six months, neither the Liquidity Provider nor any subsequent holder of the Shares will have any greater rights with respect to the Shares than other holders of the Shares under the terms of the Liquidity Facility, the terms of the Shares, or state law.
2. The Fund is an "eligible issuer," as defined in § 2.1 of IRS Notice 2008-55, 2008-27 I.R.B. 11, as modified by IRS Notice 2010-3, 2010-2 I.R.B. 253. The AMPS have been outstanding since before February 12, 2008.
3. The Fund may pay dividends on the Shares only if the Fund duly declares the dividends and pays them out of legally available funds, as provided under applicable state law.

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4. Before the Liquidity Provider purchases any Shares under the liquidity facility, it will not be related to the Fund such that any loss realized on a sale of property by the Liquidity Provider to the Fund will not be disallowed under section 267(b) or section 707(b) of the Code.

5. The Liquidity Provider provides the holders of the Shares a tender option or right to sell their stock to the Liquidity Provider only if one of the following two trigger events occurs: (1) a failed auction or remarketing occurs or no remarketing occurs before the date set for the purchase of tendered Shares; or (2) a failure to renew, replace, or extend the existing liquidity facility then in place with the Liquidity Provider or another liquidity provider by a date that occurs at least 15 days before the termination date of the existing Liquidity Facility.

6. The contractual rights that the Liquidity Provider has to require the Fund to redeem or repurchase stock purchased by the Liquidity Provider under the Liquidity Facility are limited by applicable state law restrictions on redemptions of stock that apply to any holder of the Shares.

7. The Liquidity Facility will provide for a higher asset coverage ratio than the 1940 Act (between 200% and 250%, inclusive, depending on market conditions at the time the Shares are issued). Except for a mandatory redemption that is necessary to restore the asset-coverage ratios described above, a mandatory redemption at the end of the term of the Shares (generally, y years), or an optional redemption (in the case of any of the foregoing, which redemption would be made from all outstanding Shares, not just Shares held by the Liquidity Provider), the Liquidity Provider will hold the Shares for a minimum continuous holding period of at least six months (unless the Liquidity Provider is able to resell the Shares in a remarketing before the end of the six-month period, in which case the Fund would not be obligated to redeem such Shares resold in a remarketing).

8. An optional redemption will occur only in compliance with state law, which requires the board to determine that such redemption is in the best interest of the Fund, and the 1940 Act, which, among other things, requires, pursuant to Rule 23c-2 adopted by the SEC, that any redemption by a registered closed-end investment company, such as the Fund, be made by lot, on a pro rata basis, or in such other manner as will not discriminate unfairly against any holder of the securities of the class or series.

9. Based on its experience and discussions with investors, the Fund believes that the Mandatory Tender Events represent situations in which holders of the Shares will

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want to dispose of their Shares and will ordinarily do so through the remarketing mechanism. Based on market conditions and investment conditions, other Mandatory Tender Events may be included in the terms of the Shares at the time they are issued. By making these situations Mandatory Tender Events, the Fund is assuring the investors that their Shares will be remarketed in these situations whether or not the investors are aware that situations have occurred. Investors will be free to reacquire Shares tendered in connection with a Mandatory Tender Event in the remarketing.

10. In each case, the remarketing agent will use its best efforts to remarket any Shares tendered through the mandatory tender mechanism.

11. All current and future holders of the Shares will be designated third-party beneficiaries of the Liquidity Facility and will have the right to enforce the Liquidity Facility directly against the Liquidity Provider.

Based on the information submitted and the representations provided, we rule the Shares of each Fund, as supported by the initial Liquidity Facility and any Liquidity Facility that renews, replaces or extends the initial Liquidity Facility (either directly or in a series of Liquidity Facilities), will be treated as equity of that Fund for U.S. federal income tax purposes.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

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A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Alfred C. Bishop, Jr.
Branch Chief, Branch 6
(Corporate)

cc:

Appendix

Multi-file Lead:

PLR-112002-11

Multi-file subordinate cases:

PLR-112003-11
PLR-112004-11
PLR-112005-11
PLR-112006-11
PLR-112007-11
PLR-112008-11
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PLR-112040-11

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PLR-112042-11

PLR-112043-11

PLR-112044-11

PLR-112045-11

PLR-112046-11