

(3) "CODE" MEANS THE INTERNAL REVENUE CODE OF 1986 AND INCLUDES REGULATIONS AND RULINGS ISSUED UNDER THAT CODE.

(4) "PROCEEDS" MEANS MONEYS RECEIVED FROM THE SALE OF THE DEPARTMENT'S BONDS, AND INCLUDES ANY MONEYS DEEMED TO BE PROCEEDS OF THE DEPARTMENT'S BONDS UNDER THE CODE.

(B) THE SECRETARY, THE TREASURER, AND THE COMPTROLLER SHALL ESTABLISH AND MAINTAIN FUNDS AND ACCOUNTS FOR THE ADMINISTRATION, MANAGEMENT, INVESTMENT, AND ACCOUNTING OF PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, THAT MAY BE NECESSARY OR APPROPRIATE FROM TIME TO TIME TO COMPLY WITH THE CODE AND TO ESTABLISH OR MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE DEPARTMENT'S BONDS.

(C) (1) THE SECRETARY AND THE TREASURER SHALL MANAGE AND INVEST PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, IN A MANNER SO AS TO MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE DEPARTMENT'S BONDS.

(2) THE SECRETARY AND THE TREASURER SHALL RESTRICT THE YIELDS ON INVESTMENTS OF PROCEEDS IF AND TO THE EXTENT NECESSARY TO MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE DEPARTMENT'S BONDS.

(D) THE SECRETARY, THE TREASURER, AND THE COMPTROLLER SHALL PREPARE AND MAINTAIN RECORDS OF THE RECEIPT, DEPOSIT, INVESTMENT, MANAGEMENT, DISBURSEMENT, AND APPLICATION OF PROCEEDS, INCLUDING ANY INVESTMENT EARNINGS ON PROCEEDS, THAT MAY BE NECESSARY OR APPROPRIATE FROM TIME TO TIME TO COMPLY WITH THE CODE AND TO MAINTAIN OR VERIFY THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE DEPARTMENT'S BONDS.

(E) (1) THE SECRETARY, THE TREASURER, AND THE COMPTROLLER SHALL ESTABLISH A SEPARATE REBATE FUND TO BE USED TO MAKE ANY PAYMENTS TO THE UNITED STATES WITH RESPECT TO INVESTMENT EARNINGS ON PROCEEDS THAT MAY BE REQUIRED FROM TIME TO TIME BY THE CODE.

(2) THERE MAY BE SEPARATE ACCOUNTS WITHIN THE REBATE FUND.

(3) AMOUNTS DEPOSITED TO THE REBATE FUND SHALL BE USED ONLY FOR THE PURPOSE OF MAKING REBATE PAYMENTS AND MAY NOT BE DEEMED MONEYS OF THE STATE, AND NO APPROPRIATION WILL BE REQUIRED PRIOR TO PAYMENT OF ANY REQUIRED REBATES FROM THE REBATE FUND TO THE UNITED STATES.

(4) THE SECRETARY, THE TREASURER, AND THE COMPTROLLER SHALL MAKE PAYMENTS FROM THE REBATE FUND AS MAY BE REQUIRED FROM TIME TO TIME IN ORDER TO COMPLY WITH THE CODE AND TO MAINTAIN THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE DEPARTMENT'S BONDS.