

Supporting Statement (Form 990)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC section 6033 requires organizations exempt under section 501(c) to file an annual return. Form 990 is required by the Income Tax Regulations under Code section 6033. Exemptions from filing are provided in 26 CFR 1.6033-2(g). IRS has liberalized these exemptions by raising the \$5,000 limit to \$25,000. The content of Form 990 is largely specified by 26 CFR 1.6033-2.

Schedule A (Form 990) is filed by all Form 990 filers who are exempt under Code section 501(c)(3). The contents of Schedule A, Parts I, II, III, VI, and VII are specified in Code section 6033(b). Part V of Schedule A is required by section 501(c)(3). Part IV of Schedule A is required to determine that the organization is not a private foundation (which would subject it to certain excise taxes).

Schedule B was requested by the Ogden Service Center (TEGE) because it was no longer possible to process the existing attached schedule of contributors within the requirements of Code section 6104(b). This section mandates that IRS not disclose to the public the schedule of contributors (the information on Schedule B). With the previous attachment, the contributors were often inadvertently disclosed along with the other (disclosable) attachments to Form 990. Schedule B places this non-disclosable information on its own distinct form, enabling the IRS to quickly and consistently distinguish it from all the other attachments to the form and thus withhold it from public disclosure. The schedule also contains a section 527 box which allows IRS to distinguish and disclose the contributors list of political organizations (section 527), which are required by new law to be released to the public.

2. USE OF DATA

The IRS uses the information from Form 990 to assure that tax-exempt organizations are operating within the limitations of their tax exemption.

The IRS uses the information on Schedule A (Form 990) to determine whether or not the filing organization is operated according to the rules of Code section 501(c)(3).

The IRS uses the information on Schedule B (Form 990) to determine whether or not the people who make large contributions have undue influence over the operation of the organization. The Schedule B is also used to distinguish and disclose the section 527 contributors list of political organizations, which are required by new law to be released to the public.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering for the first time this year electronic filing on Form 990, Schedules A and B; however, it cannot be predicted how many will be filed electronically.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 990 and Schedules A and B (Form 990).

We received no responses to the January 25, 2007, Federal Register Notice (72 FR 3487), regarding Form 990.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

<u>Form</u>	<u>Number of Responses</u>	<u>Time per Response</u>	<u>Total Hours</u>
990			287,769
			152.37
			43,847,363
SCH A			126,800
			100.31
SCH B			12,719,308
			<u>20,000</u>
			7.70

434,569

154,000

56,720,671

Estimates of annualized cost to respondents for the hour burdens shown above are not available at this time.

The following regulations impose no additional burden. Please continue to assign OMB number 1545-0047 to these regulations.

1.501(c)(9)-5(a)	1.501(c)(17)-3(c)
1.503(c)-1	1.509(a)-3
1.509(a)-5(a)(3)	1.512(a)-4
1.1388-1	1.6012-2
1.6012-3	1.6033-2
1.6043-3	

We have reviewed these regulations and have determined that the reporting requirements contained in them are entirely reflected on the form. The justification appearing in item 1 of the supporting statement applies both to these regulations and to the form.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated January 25, 2007, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing this form. We estimate that the cost of printing the form and schedules is \$20,000.

15. REASONS FOR CHANGE IN BURDEN

The following items reflect changes made by the Pension Protection Act of 2006.

- Item K has been revised to reflect the requirement that a section 509(a)(3) supporting organization must generally file Form 990 (or Form 990-EZ, if applicable), even if its gross receipts are normally \$25,000 or less.
- Sponsoring organizations and controlling organizations as defined in section 512(b)(13) cannot file Form 990-EZ. These organizations must file their return on Form 990.
- The definitions for disqualified persons and excess benefit transactions have been revised. See General Instruction P.
- New lines 1a and 22a were added to Form 990 to show the total contributions to, and grants made from, donor advised funds for the year. The change reflects section 6033(k) requirements for sponsoring organizations (defined in section 4966(d)(1)). Prior year's lines 1a – 1d were renumbered 1b – 1e.
- New lines 25a, 25b, and 25c replace the prior year's line 25 on Form 990. New lines 25a and 25b reflect compensation of current and former officers, directors, trustees, and key employees and line 25c reflects compensation and distributions to certain disqualified and other persons. Also, the descriptions for lines 26 through 28 were clarified to reflect the changes to line 25.
- New line 50b was added to Form 990 to reflect the amount of receivables from certain disqualified and other persons.
- New lines 54a and 54b were added to Form 990 to separate investments in

publicly traded securities from investments in other securities. See the instructions for lines 54a and 54b for more information.

- New line 88b and new Part XI were added to reflect section 6033(h) which requires controlling organizations, within the meaning of section 512(b)(13), filing Form 990 after August 17, 2006, to report the information requested.
- New line 89f was added to Form 990 to ask if the organization acquired a direct or indirect interest in an applicable insurance contract after August 17, 2006.
- New line 89g was added to Form 990 to ask if supporting organizations and sponsoring organizations maintaining donor advised funds had any excess business holdings at any time during the tax year.
- Section 501(c)(3) organizations that file Form 990-T after August 17, 2006, to report unrelated business income must make that Form 990-T available for public inspection under section 6104(d)(1)(A)(ii).

The following item reflects changes made by Act section 516 of the Taxpayer Increase Prevention and Reconciliation Act of 2005.

- Form 990, line 89e and Form 990-EZ, line 40e have been added to ask if the organization was a party to any prohibited tax shelter transactions. See new General Instruction for more information.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment

18. EXCEPTION TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.