

SUPPORTING STATEMENT

Re: Notice 2009-26, Build America Bonds and Direct Payment Subsidy Implementation

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 1531 of Division B of the American Recovery and Reinvestment Act of 2009 (Recovery Act) added new section 54AA to the Internal Revenue Code which provides State and local governments with the option to issue taxable "Build America Bonds" to finance governmental purposes. Issuers of these bonds can elect to receive a refundable credit from the Federal government equal to a percentage of the interest payable on these bonds on each interest payment date. We are asking State and local governmental issuers of Build America Bonds to report the issuance of the bonds on an existing IRS form 8038-G and to provide debt service schedules that show the expected dates and amounts of interest that the issuers expect to receive from the Federal government over the life of the bonds.

2. USE OF DATA

The information that is collected will be used to provide an estimate of the payments that the Federal government will be required to make over the life of the bonds.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

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**

We will publish a notice in the Federal Register in the near future to solicit public comments on this Notice.

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**

The Notice requests issuers of Build America Bonds to report the issuance of the bonds on an existing IRS Form 8038-G and to attach debt service schedules if issuers elect to receive direct payments of the refundable credit from the Federal government.

We estimate the total number of respondents to be 1,000 and the total annual responses to be 5,000.

We estimate it will take 3 hours to comply, with a total burden of 15,000 hours.

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

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

Not applicable.

15. REASONS FOR CHANGE IN BURDEN

Not applicable.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS 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.

EMERGENCY SUBMISSION

This request is submitted for emergency processing. The information collection in this Notice is necessary to quickly implement the foregoing provisions of the Recovery Act. This Notice must be issued immediately in order to provide the procedures for the issuance of Build America Bonds, including the procedures that must be followed to elect to receive payments of refundable credits directly from the Federal government. We have taken all practicable steps to consult with interested agencies and members of the public in order to minimize the burden of the collection of information.