

Internal Revenue Service

Memorandum

Date: March __, 2009

To: Shagufta Ahmed, OIRA Desk Officer

From: R. Joseph Durbala, IRS, Reports Clearance Officer

Subject: Emergency Justification Statement for Notice 2009-26, Build America Bonds and Direct Payment Subsidy Implementation

This request is submitted for emergency processing.

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.

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. State and local governmental issuers are not able to issue Build America Bonds without the guidance contained in Notice 2009-26.

Thus, we are requesting an emergency Paperwork Reduction Act review by March 26, 2009.

Please advise me whether this Emergency request will be accepted by OMB by March 25, 2009. If you have any questions or concerns, please let me know. I can be reached at (202) 622-3634 or by e-mail at RJoseph.Durbala@irs.gov.

Your assistance in this matter is appreciated.