

**\*\*\* JUSTIFICATION FOR EMERGENCY APPROVAL \*\*\***

Emergency approval of a collection of information is requested by the Commissioner of Internal Revenue under 44 U.S.C § 3507(j)(1) for the proposed IRS notice (attached) that (1) solicits applications for the reallocation of available amounts of national bond issuance authority limitation for tribal economic development bonds that were previously allocated to eligible issuers by the Internal Revenue Service (“IRS”) and that have not been used, and (2) provides related guidance on (a) the application requirements and forms for requests for volume cap allocations and (b) the method that the IRS and the Department of the Treasury will use to allocate the volume cap. As explained below, all of the requirements of section 3507(j)(1) for emergency approval are satisfied.

Background

See CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION above.

Section 3507(j)(1)(A)

The collection of information falls within both prongs of section 3507(j)(1)(A). First, as required by section 3507(j)(1)(A)(i), the collection of information is needed prior to the expiration of the normal clearance period (approximately **November** 2012). Indian tribal economies would be significantly harmed by a delay in publication. Indian tribal governments now have a unique opportunity to finance, under section 7871(f), up to \$1.8 billion of economic development projects at historically low interest rates. Tribal governments have expressed great interest in publication of this notice and have informed the IRS that significant projects can be immediately funded following publication of the notice. Construction of bond-financed projects will provide employment opportunities for members of these tribes, many of whom have suffered disproportionately from depressed local economies. Further delay in publication of this notice may postpone the start of bond-financed construction projects, many of which are located in the northern United States, until after winter, further delaying the economic benefits of these projects. Additionally, as evidenced by numerous Congressional inquiries, the date of publication of this notice is a matter of concern to members of Congress. Officials from the Department of the Treasury testified before the Senate Committee on Indian Affairs on June 14, 2012, that this notice would be published in “the very near future.” Expedited publication of the notice will also be helpful to Treasury officials and tribal finance officers who will be discussing bond financing at a conference hosted by the Native American Finance Officers Association on July 17, 2012. Second, as required by section 3507(j)(1)(A)(ii), the collection of information is essential to the IRS’ mission of efficient administration of the internal revenue laws. A tribal government’s request for reallocation of volume cap, submitted in accordance with this notice, is a key component to the IRS’ effective and efficient administration of the

exemption from income tax provided under section 7871(f) for interest paid on tribal economic development bonds.

Section 3507(j)(1)(B)

Pursuant to section 3507(j)(1)(B), the IRS cannot reasonably comply with the nonemergency procedures of section 3507. Section 3507(j)(1)(B) sets forth three criteria, at least one of which must apply: (i) public harm is reasonably likely to result if normal clearance procedures are followed; (ii) an unanticipated event has occurred; or (iii) the use of normal clearance procedures is reasonably likely to cause a statutory or court-ordered deadline to be missed. As discussed above, the first criterion, public harm, applies in this instance. Indian tribal economies would be significantly harmed by a delay in publication. Indian tribal governments now have a unique opportunity to finance, under section 7871(f), up to \$1.8 billion of economic development projects at historically low interest rates. Tribal governments have expressed great interest in publication of this notice and have informed the IRS that significant projects can be immediately funded following publication of the notice. Construction of bond-financed projects will provide employment opportunities for members of these tribes, many of whom have suffered disproportionately from depressed local economies. Further delay in publication of this notice may postpone the start of bond-financed construction projects, many of which are located in the northern United States, until after winter, further delaying the economic benefits of these projects. To avoid irreparable harm to the finance and economies of Indian tribes, the approval of the collection of information in the notice is needed as quickly as possible and before it would ordinarily be granted under the standard procedures.