

SUPPORTING STATEMENT
IRS NOTICE
NOT-122281-12

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 7871(f) provides that the interest on tribal economic development bonds issued by Indian tribal governments is exempt from income tax under section 103. Under section 7871(f)(1), this exemption from income tax cannot apply to more than \$2 billion of such bonds, and the Secretary of the Treasury must allocate this volume cap among the tribal governments. Notice 2009-51 solicited applications for allocation of volume cap, and provided that volume cap allocated but not used by December 31, 2010 would be forfeited and available for allocation by the IRS. Announcement 2010-88 extended this deadline by six months to June 30, 2011, and Announcement 2011-71 further extended the deadline by three months to March 31, 2012. Approximately \$1.8 billion of the volume cap allocated by the Secretary was not used by the deadline and, therefore, forfeited. This notice provides procedures for tribal governments to apply for an allocation of the \$1.8 billion of forfeited volume cap. This collection of information is necessary to track and allocate volume cap among the tribal governments.

2. USE OF DATA

The information to be collected is necessary to allocate and track volume cap among the tribal governments.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide online applications for requests for volume cap allocation because online processing may not be appropriate for the collection of this information. The application is attached to the notice as Appendix A, and the entire notice will be available for download under the "TEB Published Guidance" link at www.irs.gov/bonds.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible. The IRS will make all reasonable efforts to identify and eliminate duplication in the collection of information from tribal governments.

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

The notice does not impose any collection-of-information burden on small businesses or other small entities. Information is being collected only from tribal governments and not from businesses or other small entities.

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

Not applicable.

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

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, the information collected is confidential as required by 26 U.S.C. 6103. The IRS seeks the consent of applicants to the disclosure by the IRS of the name of the issuer, the type of project that is reasonably expected to be financed by the Tribal Economic Development Bonds, the reservation on which the project is to be located, the reasonably expected cost of the project, and the amount of volume cap allocation awarded to that applicant. This consent to disclosure of certain information about allocations, however, is optional for applicants. An applicant is not required to consent to disclosure to receive an allocation. The IRS will not publish identifying information with respect to applications that are not awarded an allocation of volume cap or pending applications.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The estimated total annual reporting burden is 1,001 total hours for allocation requests for calendar year 2012. The estimated annual burden per respondent/recordkeeper varies, depending on individual circumstances, with an estimated average of 7 hours. We estimated 6 minutes for recordkeeping, consisting of maintaining a copy of the information submitted for the respondent's records. The estimated number of respondents and/or recordkeepers is 143 for allocation requests for calendar year 2012. The estimated annual frequency of responses (used for reporting requirements only) is no more than once per respondent.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Estimates of the annualized cost to respondents for applying for volume cap allocation are not available at this time but it is expected that these costs should be de minimis because they generally should be limited to the cost of paper and postage.

14. ESTIMATED ANNUAL COST TO THE FEDERAL GOVERNMENT

The estimated annual cost to the Federal government of this collection of information is not available at this time but is not expected to be significant.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS, AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

Displaying the expiration date of an OMB control number is inappropriate because it could cause confusion by leading tribal governments and the public to believe that the notice is not applicable beyond the expiration date. Tribal governments and the general public are unlikely to be aware that the IRS intends to request renewal of the OMB approval and to obtain a new expiration date before the approval expires. However, an OMB control number will be displayed on the application attached to the notice as Appendix A.

18. EXCEPTIONS TO THE CERTIFICATION REQUIREMENT OF OMB FORM 83-I

Not applicable.

Note: The following paragraph applies to 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 information are confidential, as required by 26 U.S.C. 6103.