

## **SUPPORTING STATEMENT**

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

Section 148 requires state and local governmental issuers of tax-exempt bonds to rebate certain arbitrage profits earned on nonpurpose investments acquired with bond proceeds. Issuers are required to submit a form with the rebate. The regulation explains how the arbitrage calculations are to be made. The regulation provides for several elections, all of which involve recordkeeping.

### **2. USE OF DATA**

The information required will be used to verify that issuers of tax-exempt bonds are properly rebating to the United States the amount of arbitrage as determined by the regulation.

### **USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

IRS Publications, Regulations, Notices and Letters are to be electronically enabled on an as practicable basis in accordance with the IRS Reform and Restructuring Act of 1998.

### **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**

This collection of information relates to one final regulation that incorporates three notices of proposed rulemaking (FI-91-86, FI-90-91, and (FI-1-90) and a temporary regulation (FI-90-86). Each notice of proposed rulemaking was published in the **Federal Register** to provide the public a 60-day period in which to review and provide public comments relating to any aspect of the proposed regulations. A public hearing for FI-91-86 was held on December 13, 1989, and a public hearing for FI-90-91 and FI-1-90 was held on April 3, 1992. The final regulations were published in the **Federal Register** on May 18, 1992.

We received no comments during the comment period in response to the Federal Register notice (77 FR 63422), dated October 16, 2012.

**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**

Section 1.148-1(b)(3)(v) of the regulation requires issuers to file Form 8038-T with their rebate payments. The burden of this requirement is reflected in the burden of Form 8038-T.

In addition, sections 1.148-6(p) and 1.148-8(h) of the

regulation require issuers to prepare and maintain written statements for the several elections and revocations provided in sections 1.148-0(b)(2)(ii)(C), 1.148-0(b)(6)(ii), 1.148-3(b)(1)(ii), 1.148-3(b)(2)(ii)(B), 1.148-3(b)(3)(ii), 1.148-3(c)(5), 1.148-6(e)(2), 1.148-6(h)(2), 1.148-6(h)(3)(iii), 1.148-6(j)(2)(i), 1.148-6(1)(1), 1.148-6(m)(1), 1.148-6(m)(2), and 1.148-6(o)(2). The taxpayers affected are states and political subdivisions that issue bonds and entities that issue bonds on behalf of states or political subdivisions.

The total burden for these requirements is estimated to be 8,550 hours, as follows:

Reporting respondents:	100
Time per response:	<u>1.5 hrs.</u>
Burden:	150 hrs.
Recordkeepers:	3,000
Time per record:	<u>2.8 hrs.</u>
Burden:	8,400 hrs.

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**

As suggested by OMB, our **Federal Register Notice** dated **October 16, 2012**, 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 responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available at this time.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

Not applicable.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

**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 regulation sunsets 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.