

**SUPPORTING STATEMENT  
(REG-121475-03)  
OMB No. 1545-1908**

**26736. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

This regulation provides guidance to state and local governments that issue qualified zone academy bonds and to banks, issuance companies, and other taxpayers that hold those bonds on the program requirements for qualified zone academy bonds. The regulations implement the amendments to section 1397E of the Internal Revenue Code and provides guidance on the maximum term, permissible use of proceeds, and remedial action for qualified zone academy bonds.

Section 1.1397E-1(h) of the regulations state that in order to maintain the qualified status of its bonds, a state or local government that issued qualified zone academy bonds may establish a defeasance escrow for the purpose of paying such bonds as they mature. Under the same regulation, investment earnings derived from the investment of funds in the defeasance escrow must be paid over (rebated) to the United States.

**26737. USE OF DATA**

In order to ensure compliance with the rebate requirement, the issuers of qualified zone academy bonds must send a notice of the establishment of the defeasance escrow to the IRS, which will ensure that the rebate is paid as it becomes due.

**26738. 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.

**26739. EFFORTS TO IDENTIFY DUPLICATION**

We have attempted to eliminate duplication within the agency wherever possible.

**26740. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

Not applicable.

**26741. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES**

Not applicable.

**26742. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

Not applicable.

**26743. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

A notice of proposed rulemaking was published in the *Federal Register* on July 16, 2007 (72 FR 38802), soliciting comments and requests for a public hearing. No comments were received associated with the information collection burden, nor a public hearing requested.

A *Federal Register* notice requesting public comment on the extension of the currently approved collection was published on July 8, 2013 (78 FR 40831) and no comments were received.

**26744. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

Not applicable.

**26745. ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns, tax return information and closing agreements are confidential as required by 26 U.S.C. 6103.

**26746. JUSTIFICATION OF SENSITIVE QUESTIONS**

Not applicable.

**26747. ESTIMATED BURDEN OF INFORMATION COLLECTION**

The collection of information is in §1.1397E-1(h). This requirement comprised of notifying the IRS that the respondent established a defeasance escrow, information sufficient to identify the escrow, the respondent, and the issue of bonds for the payment of which the escrow is established. We estimate that approximately 6 respondents will provide this notice, and that it will take 30 minutes to prepare the notice. The total reporting burden is 3 hours.

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

**26748. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our *Federal Register* notice dated July 8, 2013, 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 response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

**26749. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

Not applicable.

**15. REASONS FOR CHANGE IN BURDEN**

There are no changes to 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 revenue procedure 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.