

SUPPORTING STATEMENT

Manner of making election to terminate tax-exempt bond financing
Obligations of States and Political Subdivisions (TD 8941)
OMB Control Number 1545-1730

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 142(f)(4) of the Internal Revenue Code of 1986 permits a person engaged in the local furnishing of electric energy or gas that uses facilities financed with exempt facility bonds under section 142(a)(8) and that expands its service area in a manner inconsistent with the requirements of sections 142(a)(8) and 142(f) to make an election to ensure that those bonds will continue to be treated as tax-exempt bonds. In order to make the election the person engaged in local furnishing must, among other things, agree to redeem all outstanding bonds that financed the facilities not later than 6 months after the later of the earliest date on which the bonds may be redeemed or the date of the election. The final regulations (§1.142(f)-1) set forth the required time and manner of making this statutory election. In general, the election must be made on or before the 90th day after the date of the service area expansion. The collection of information is mandatory and the likely respondents are business institutions.

2. USE OF DATA

The data collected will be used by the Internal Revenue Service as the mechanism for identifying bonds that will remain tax-exempt notwithstanding a service area expansion that is inconsistent with the requirements of sections 142(a)(8) and 142(f).

3. 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 BUSINESS OR OTHER SMALL ENTITIES

The regulations do not impose a collection of information on small business or other small entities.

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

The data collected will be used by the Internal Revenue Service as the mechanism for identifying bonds that will remain tax-exempt notwithstanding a service area expansion that is inconsistent with the requirements of sections 142(a)(8) and 142(f). The consequences are that the IRS will have to spend more taxpayer assistance resources to collect this data through other means. This will compromise the Agency's ability to enforce tax compliance. Tax compliance is a vital part of the government's ability to meet its' mission and serve the public.

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

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. 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, with contemporaneous issuance of temporary regulations, was published in the Federal Register on January 22, 1998, which afforded the public a 60-day period in which to review and provide public comments relating to any aspect of the regulations. A public hearing was held on April 28, 1998, with respect to the notice of proposed rulemaking. The final regulations (TD 8941), were published in the Federal Register on January 18, 2001 (66 FR 4661).

In response to the Federal Register notice dated September 30, 2016 (81 FR 67432), we received no comments during the comment period regarding TD 8941.

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

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

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12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Section 142(f)(4) permits a person engaged in the local furnishing of electric energy or gas that uses facilities financed with exempt facility bonds under section 142(a)(8) and that expands its service area in a manner inconsistent with the requirements of sections 142(a)(8) and 142(f) to make an election to ensure that those bonds will continue to be treated as tax-exempt bonds. The final regulations provide that the election shall be submitted in writing to the IRS and must contain the following information--

- (1) The name of the local furnisher;
- (2) The tax identification number of the local furnisher;
- (3) The complete address of the local furnisher;
- (4) The date of the service area expansion;
- (5) Identification of each bond issue subject to the election, including the complete name of each issue, the tax identification number of each issuer, the report number of the information return filed under section 149(e) for each issue, the issue date of each issue, the CUSIP number (if any) of the bond with the latest maturity of each issue, the issue price of each issue, the adjusted issue price of each issue as of the date of the election, the earliest date on which the bonds of each issue may be redeemed, and the principal amount of bonds of each issue to be redeemed on the earliest redemption date;
- (6) A statement that the local furnisher making the election agrees to the conditions stated in section 142(f)(4)(B); and
- (7) A statement that each issuer of the bonds subject to the election has received written notice of the election.

<u>of Responses</u>	<u>Estimated Number Response</u>	<u>Time per Burden</u>	<u>Total Annual</u>
1.142(f)(4)-1	15	1 hour	15 hours

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no start-up cost burden to respondents.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is no annualized cost to the federal government.

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

There are no plans for tabulation, statistical analysis, and publication.

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 regulations sunset as of the expiration date. Taxpayers are not likely to be aware that the IRS 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

There are no exceptions to the certification statement.

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.