Supporting Statement

Internal Revenue Service
Information Return of Nontaxable Energy Grants or Subsidized Energy Financing Form 6497
OMB Control Number 1545-0232

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Internal Revenue Code (IRC), section 6050D requires an information return to be made by any person who administers a Federal, State, or local program providing nontaxable grants or subsidized energy financing with a principle purpose the conservation or production of energy. The legislation (the Crude Oil Windfall Profit Tax Act of 1980), which established section 6050D prohibits tax credits or other tax benefits with respect to the grant or financing, preventing receiving two tax benefits for the same financial action or referred to “double dipping”.

Form 6497 is used to report nontaxable energy grants or subsidized energy financing made under government programs whose principal purpose is to conserve or produce energy. This reporting is required only for recipients that are businesses (including sole proprietors).

2. USE OF DATA

The Internal Revenue Service (IRS) uses the information collected from Form 6497 to determine if the nontaxable grant or subsidized energy financing meets the requirement imposed by the IRC 6050D.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There is no plan to offer electronic filing for this collection due to the low volume of filers.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

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

Small businesses and small entities should not be disadvantaged as the form has been structured to request the least amount of information while still satisfying the requirements of the statute and the needs of the IRS.

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

The consequences of less frequent collection would be less compliance oversight of the filers. 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

We received no comments during the comment period in response to the Federal Register notice (91 FR 8057), dated February 19, 2026.

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 return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Business Master File (BMF)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under: IRS-24.046 – Customer Account Data Engine (CADE) Business Master File (BMF) and Treas./IRS 34.037 IRS Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA.

Title 26 U.S.C. 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The agency estimates that 250 respondents will file the form annually to report nontaxable energy grants or subsidized energy financing made for energy property (as defined in section 48 and the regulations under section 48). Estimates are based on most recent filing data, and it is estimated that it will take 3 hours and 14 minutes to complete the collection of information for a total of 810 annual burden hours.

The burden estimate is as follows:

Authority	Description	# of Respondents	# of Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6050D	Form 6497	250	1	250	3.23	810
Totals		250		250		810

The following regulation imposes no additional burden. Please continue to assign OMB number 1545-0232 to this regulation.

1.6050D-1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

From our Federal Register notice, dated February 19, 2026, no public comments on the estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information were received. The IRS does not anticipate any annual cost burden outside of hourly burden to compile information kept as part of customary and usual business practices to complete the applications.

The IRS currently estimates the cost burden on respondents to be nominal. There are no start-up or maintenance costs for this collection. The collection does not require respondents to obtain specialized equipment or professional services.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized startup expenses, operating and maintenance expenses, and distribution of the product that collects the information. These costs do not include any activities such as taxpayer assistance and enforcement.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables, such as complexity, number of pages, type of product, and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries, and other outlets. The result is the government cost estimate per product.

The government cost estimate per product for this collection is summarized in the table below.

Product	Aggregate Cost per Product (factor applied)		Printing and Distribution		Government Cost Estimate per Product
Form 6497	$26,017	+	$0	=	$26,017
Grand Total	$26,017	+	$0	=	$26,017
Table costs are based on 2024 actuals obtained from IRS Chief Financial Office and Media and Publications					

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

The IRS believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form expires as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of 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 for this collection.