



June 7, 2019

VIA www.regulations.gov (IRS-2019-0019)

Internal Revenue Service

Attn: CC:PA:LPD:PR (Notice 2019-30)

Washington, DC 20044

President
DEE P. WISOR
DENVER, CO

President-Elect
RICHARD J. MOORE
SAN FRANCISCO, CA

Treasurer
TERI M. GUARNACCIA
BALTIMORE, MD

Secretary
ANN D. FILLINGHAM
LANSING, MI

*Immediate Past
President*
ALEXANDRA M.
MACLENNAN
TAMPA, FL

Directors:

M. JASON AKERS
NEW ORLEANS, LA

MICHAEL G. BAILEY
CHICAGO, IL

PERRY E. ISRAEL
SACRAMENTO, CA

STACEY C. LEWIS
SEATTLE, WA

CAROL J. MCCOOG
PORTLAND, OR

JOSEPH E. SMITH
BIRMINGHAM, AL

Chief Operating Officer
LINDA H. WYMAN
WASHINGTON, DC

*Director of Governmental
Affairs*
JESSICA R. GIROUX
WASHINGTON, DC

RE: 2019-2020 Priority Guidance Plan

Ladies and Gentlemen:

The National Association of Bond Lawyers (NABL) respectfully suggests the following items for inclusion in the 2019-2020 Priority Guidance Plan. Unless otherwise indicated, section references are to the Internal Revenue Code of 1986 (the "Code"). These items are listed in order of priority.

1. Provide guidance regarding when tax-exempt and other tax advantaged debt obligations are treated as "reissued" for certain tax purposes, by finalizing proposed regulations (with appropriate modifications) and by issuing guidance regarding the phase-out of LIBOR.

Currently, issuers look to a patchwork of guidance to determine whether a tax-advantaged bond is treated as "reissued." On December 31, 2018, Treasury released proposed regulations (REG-141739-08) that would synthesize much of the existing guidance. The proposed regulations omit several helpful aspects of the existing guidance, which should be maintained and incorporated into the final regulations because issuers have come to rely on these helpful rules and the tax-exempt bond community can still benefit from them. In addition, the IRS should issue guidance providing that altering the terms of tax-exempt and tax-advantaged obligations, and any interest rate swaps hedging such obligations, to replace an index utilizing LIBOR with one based on the Secured Overnight Financing Rate ("SOFR"), or other index, to address the phase-out of LIBOR, will not result in a reissuance or termination, as applicable, of the obligations or swaps.

NABL has provided specific comments to the IRS and Treasury regarding these matters in a letter dated March 1, 2019 (which we also submitted officially on <http://regulations.gov>), and we would be pleased to discuss them.

2. Revise and supplement Revenue Procedure 2018-26 to clarify, simplify, and expand the application of the remedial action rules.

On April 11, 2018, the Internal Revenue Service released Rev. Proc. 2018-26, 2018-18 IRB 546, which expanded the availability of certain remedial actions under Treas. Reg. §1.141-12. Rev. Proc. 2018-26 was a step in the right direction and provides much needed relief in this area. However, there are several ways that the IRS could improve this guidance through additional guidance promulgated under Treasury's authority in Treas. Reg. §1.141-12(h) (i.e., guidance that need not take the form of

additional regulations issued after notice and comment). NABL has provided specific comments to the IRS and Treasury regarding these matters in a letter dated February 1, 2019, and we would be pleased to discuss them.

3. Provide clarifying guidance concerning the application of the final allocation and accounting regulations in section 1.141-6 of the Treasury Regulations.

On October 27, 2015, the Department of the Treasury published final regulations (T.D. 9741) relating to the definition of “private activity bonds” (the “Final Regulations”). The Final Regulations address four areas: (i) allocating and accounting for projects financed with tax-advantaged bonds, especially focused on projects financed both with proceeds of bonds and with moneys not derived from tax-advantaged borrowings; (ii) the treatment of certain partnerships; (iii) remedial actions, including “anticipatory remedial actions,” and (iv) qualification for multipurpose issue allocations under Treas. Reg. § 1.141-13(d). These regulations provide a workable framework, but there are still some areas that merit clarification. NABL has provided specific comments to the IRS and Treasury regarding these matters in a letter dated September 26, 2018, and we would be pleased to discuss them.

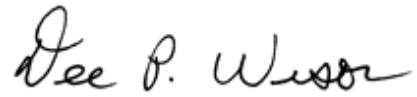
4. Provide guidance that the current refunding of a taxable direct-pay bond (such as a build America bond) does not cause the bond to lose its subsidy prior to redemption, even if it is legally defeased.

The IRS treats a taxable bond (such as a build America bond) that is eligible for interest subsidy payments under Section 6431 of the Code as reissued for tax purposes when it is legally defeased, under Chief Counsel Advice Memorandum 2014-009. The reissued direct-pay bond is ineligible for interest subsidy payments under Section 6431 of the Code because direct-pay bonds can no longer be issued. In the case of a tax-exempt current refunding of a direct-pay bond that involves an escrow period between the issue date of the current refunding bonds and the redemption date of the refunded direct-pay bonds, the issuer will lose the benefit of the interest subsidy for interest that accrues on the refunded direct-pay bonds during the escrow period.

We ask the IRS to issue additional guidance that develops the rule in Chief Counsel Advice Memorandum 2014-009 to allow issuers to continue to request interest subsidy payments on current refunded direct-pay bonds for interest accruing on the refunded direct-pay bonds through their redemption date, even if the direct-pay bonds are legally defeased. Because this allowance would apply only to current refundings, which cannot have an escrow period of more than 90 days, the amount of interest subsidy payments allowed would be inherently limited.

This list of suggested priority items was compiled by members of NABL’s Tax Law Committee. If you have any questions concerning this submission, please contact Jessica Giroux, NABL’s Director of Governmental Affairs, at 202-503-3290 or jgiroux@nabl.org.

Sincerely,

A handwritten signature in cursive script that reads "Dee P. Wisor".

Dee P. Wisor
President, National Association of Bond Lawyers

cc: John J. Cross III, Associate Tax Legislative Counsel, Office of Tax Policy, U.S.
Department of the Treasury
Johanna Som de Cerff, Acting Chief, Branch 5, Financial Institutions and
Products, Internal Revenue Service