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Treasury Responds to McDermott's Request for Updated Tax-Exempt Bond Guidance.

Treasury Assistant Secretary for Legislative Affairs Alastair Fitzpayne has thanked Rep. Jim McDermott, D-Wash., for suggesting an update of Rev. Proc. 97-13, which describes the conditions under which a management contract does not result in private business use under section 141(b) for tax-exempt bond purposes.

July 31, 2013

The Honorable Jim McDermott

U.S. House of Representatives

Washington, DC 20515

Dear Representative McDermott:

Thank you for your letter regarding the desirability of updating Revenue Procedure 97-13 to recognize new types of arrangements encouraged by the Affordable Care Act (ACA). In your letter, you state that Revenue Procedure 97-13 should be updated because the existing safe harbors it provides may not cover the types of arrangements contemplated by the ACA. This results in uncertainty as to whether these arrangements will result in “private business use” in tax-exempt bond financed facilities.

The Administration shares your interest in advancing coordinated care among hospitals, physicians, and other health care professionals, and in successfully implementing the ACA. Treasury is carefully considering the concerns expressed in your letter as well as all comments we receive on the subject as we develop our plans for future guidance.

Should you have any additional questions, please contact Sandra Salstrom, Office of Legislative Affairs, at (202) 622-1900.

Sincerely

Alastair M. Fitzpayne

Assistant Secretary for

Legislative Affairs

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