

# **Bond Case Briefs**

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## **BDA Submits Comment Letter: IRS Proposed Regulations Affecting Issue Price.**

The BDA believes that the Proposed Rules are unworkable, will result in higher interest costs for issuers of tax-exempt bonds, and should be substantially revised and repropose. We offered workable solutions for the IRS to consider should they decide to revisit and repropose these rules.

Today the BDA submitted a comment letter to the IRS regarding proposed regulations affecting issue price.

Highlights of the letter include discussion of the following:

The rules must take into account the reality that municipal securities are bought and sold within the context of a fluid marketplace with capital at risk;

The IRS must identify its policy goals and weigh the costs of any solution to issuers of municipal bonds;

The Proposed Rules do not offer a workable means of determining issue price if the “safe harbor” is not satisfied; and

The proposed safe harbor rule for determining issue price will lead to unnecessarily higher interest rates as market participants are compelled to use the safe harbor to establish the issue price in each transaction.

You can find the final letter here:

<http://origin.library.constantcontact.com/download/get/file/1105697510106-326/Final.BDA.Issue.Price.12.16.13.pdf>

Referenced enclosure here:

<http://origin.library.constantcontact.com/download/get/file/1105697510106-327/08.05.10.letter.Issue.Price.pdf>