

**Bond Dealers of America
Government Finance Officers Association
National Association of Bond Lawyers
Securities Industry and Financial Markets Association**

August 16, 2012

Mr. Mark Mazur
Assistant Secretary for Tax Policy
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Mr. William Wilkins
Chief Counsel
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Assistant Secretary Mazur and Chief Counsel Wilkins:

The organizations listed above have been eagerly anticipating the release of regulations related to the determination of the issue price of tax exempt, tax credit and direct subsidy bonds. Over the past few years, we have met numerous times with Treasury officials in an effort to address the significant uncertainty in the determination of the issue price of bonds – tax-exempt, tax-credit and direct-subsidy - which needs to be relied upon for tax law purposes.

Clear guidance is needed to help all market participants avoid unnecessary tax audits, and to be able to address issue price matters in IRS questionnaires and other inquiries without the confusion that exists under the current regulations. Not a week goes by when this topic does not come to the attention of our organizations. Our members need to know what they – and the IRS - can rely upon as the criteria to determine a bond's issue price, and are anxiously awaiting Treasury's action. This is especially true due to the IRS's attention to this matter in the audit context and allegations that issuers and their counsel have not properly determined the issue price of a bond.

We have offered suggestions about how to address these concerns (see attached August 5, 2010 letter), and respectfully request that Treasury release the guidance at the earliest possible opportunity. While there may be additional regulations related to municipal securities that are also important to the market and awaiting Treasury's action, the need for guidance on issue price is most pressing to all market participants and their counsel and should not be delayed any longer.

Thank you very much for your attention to this important matter.

Sincerely,

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cc: Erik Corwin, Steve Larson, Emily McMahon, Lisa Zarlenga, Jessica Houser, John Cross