

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.601 Rules and regulations.
(Also: §§ 147, 1.147(f)-1)

Rev. Proc. 2020-21

SECTION 1. PURPOSE

This revenue procedure provides temporary guidance regarding the public approval requirement under § 147(f) of the Internal Revenue Code (Code) for tax-exempt qualified private activity bonds. Specifically, in light of the Coronavirus Disease 2019 (COVID-19) pandemic, this revenue procedure provides that hearings held by teleconference as described in section 4.01 of this revenue procedure will be treated as held in a location that, based on the facts and circumstances, is convenient for residents of the approving governmental unit for the purpose of § 1.147-1(d)(2) of the Income Tax Regulations.

SECTION 2. BACKGROUND

.01 Pursuant to § 147(f), tax-exempt qualified private activity bonds are subject to a public approval requirement. Except for refunding bonds described in § 147(f)(2)(D), a bond issue must be approved by the governmental unit issuing the bonds (or on behalf of which such bonds are issued) and by the governmental unit having jurisdiction over the area in which any facility to be financed by the issue is located. Under § 147(f)(2)(B), an issue will be treated as having been approved by any governmental unit if the issue is approved by the applicable elective representative of the governmental unit after a public hearing following reasonable public notice, or by voter referendum of the governmental unit.

.02 Section 1.147(f)-1(d)(1) provides that public hearing means a forum providing a reasonable opportunity for interested individuals to express their views, orally or in writing, on the proposed issue of bonds and the location and nature of the proposed project to be financed. Section 1.147(f)-1(d)(2) provides that the public hearing must be held in a location that, based on the facts and circumstances, is convenient for residents of the approving governmental unit. The location is presumed convenient for residents of the governmental unit if it is located in the approving governmental unit's capital or seat of government. Further, if more than one governmental unit is required to hold a public hearing, the hearings may be combined as long as the combined hearing affords the residents of all of the participating governmental units a reasonable opportunity to be heard. The location of any combined hearing is presumed convenient for residents of each participating governmental unit if it is no farther than 100 miles from the seat of

government of each participating governmental unit beyond whose geographic jurisdiction the hearing is conducted.

.03 In light of the COVID-19 pandemic, state and local governmental units are currently seeking alternatives to in-person hearings held to meet the public approval requirement. Comments received by the Internal Revenue Service have requested guidance on the use of telephone or internet-based meeting technology to hold hearings. Section 4 of this revenue procedure provides this guidance.

SECTION 3. SCOPE

This revenue procedure applies to hearings held telephonically for the purpose of satisfying the public approval requirement under § 147(f).

SECTION 4. APPLICATION

.01 Telephonic hearings permitted. A hearing conducted during the period described in section 4.02 of this revenue procedure that is held by teleconference accessible to the residents of the approving governmental unit by calling a toll-free telephone number will be treated as held in a location that, based on the facts and circumstances, is convenient for residents of the approving governmental unit for the purpose of § 1.147(f)-1(d)(2). Provided the requirements of the preceding sentence are satisfied, governmental units are not precluded from offering additional access to the hearing by other telephone numbers or by internet-based meeting technology.

.02 Time period. The period described in this section 4.02 is the period beginning on May 4, 2020 and ending on December 31, 2020.

.03 Supplemental public notice. Solely for a public hearing for which public notice that meets the requirements of § 1.147(f)-1(d)(4) was provided on or before May 11,

2020, the public notice will continue to meet the requirements of § 1.147(f)-1(d)(4) if (1) the hearing is held in the manner described in section 4.01 of this revenue procedure and (2) the toll-free telephone number required under section 4.01 of this revenue procedure is provided at least 48 hours prior to the hearing by a governmental website posting that meets the requirements of § 1.147(f)-1(d)(4)(iii).

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective May 4, 2020. Issuers may apply this revenue procedure retroactively to public hearings held telephonically before May 4, 2020, in response to the COVID-19 pandemic.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Johanna Som de Cerff of the Office of the Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Ms. Som de Cerff at 202-317-6980 (not a toll-free number).