

# Insights

## IRS Issues Tax-Exempt Bond Guidance in Response to COVID-19 Pandemic

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On May 4, 2020, the IRS provided notice of forthcoming guidance to be published in Internal Revenue Bulletin 2020-22, dated May 26, 2020.

### **Exception for Public Hearing Requirement**

Revenue Procedure 2020-21 ("RP 20-21") provides temporary guidance regarding the public approval requirement under § 147(f) of the Code for tax-exempt qualified private activity bonds. Specifically, in light of the Coronavirus Disease 2019 (COVID-19) pandemic, state and local governmental units have been seeking alternatives to in-person hearings held to meet the public approval requirement. In response, RP 20-21 provides that hearings held by teleconference accessible to interested individuals by calling a toll-free number will be treated as held in a location that is convenient for residents of the approving governmental unit for the purpose of Treas. Reg. §1.147-1(d)(2). Provided this telephonic access is provided, governmental units may provide additional hearing access via internet-based meeting technology. This change is effective beginning May 4, 2020 through December 31, 2020.

### **Extension of Permissible Purchase Without Reissuance**

In recognition of the need for liquidity and stability in the markets during the current pandemic, including the short-term tax-exempt bond market, IRS Notice 2020-25 ("Notice 20-25") expands the time periods during which governmental issuers may purchase and hold their own tax-exempt qualified tender bonds and tax-exempt commercial paper without resulting in a reissuance or retirement of the purchased obligation for purposes of § 103 and §§ 141 through 150 of the Internal Revenue Code (the "Code"). Notice 2020-25 allows for the purchase of applicable obligations by the governmental issuer without a reissuance or retirement if purchased during calendar year 2020, provided the bond is held no later than the end of calendar year 2020.

If you have questions pertaining to information found in this alert please contact **Kendall A. Schnurpel** or reach out to any member of Krieg DeVault's **Public Finance and Municipal Law team**.