

Part III—Administrative, Procedural, and Miscellaneous

Credit Rates on Tax Credit Bonds

Notice 2009-15

SECTION 1. Purpose

This Notice provides guidance regarding how the Treasury Department and the Internal Revenue Service (IRS) will determine and announce credit rates on certain tax credit bonds described in this Notice.

SECTION 2. Background

Section 54A provides for the issuance of certain qualified tax credit bonds in which investors are eligible to receive Federal tax credits in lieu of the payment of all or a portion of the interest on the tax credit bonds. Qualified tax credit bonds under § 54A include qualified forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, and qualified zone academy bonds. Section 54A(b)(3) provides that the applicable credit rate for a qualified tax credit bond is the rate which the Secretary of the Treasury estimates will permit the issuance of the qualified tax credit bond with a specified maturity or redemption date without discount and without interest cost to the qualified issuer. Section 54A(b)(3) further provides that the applicable credit rate with respect to any qualified tax credit bond shall be determined as of the first day on which there is a binding written contract for the sale or exchange of the bond. In addition, §§ 54 and 1400N(l) provide for the issuance of certain tax

credit bonds known as clean renewable energy bonds and Midwestern tax credit bonds, respectively, which have similar credit rate-setting procedures. Unless otherwise provided, references in this Notice to tax credit bonds include qualified tax credit bonds under § 54A, clean renewable energy bonds under § 54, and Midwestern tax credit bonds under § 1400N(I).

SECTION 3. Credit Rates

Pending further notice in a manner described in this Notice, the Treasury Department will determine and announce credit rates for tax credit bonds daily for purposes of §§ 54, 54A, 1400N(I), and other similar provisions, based on its estimate of the yields on outstanding bonds from market sectors selected by the Treasury Department in its discretion that have an investment grade rating of between A and BBB for bonds of a similar maturity for the business day immediately preceding the sale date of the tax credit bonds. The applicable credit rate for a tax credit bond on its sale date is the credit rate published for that date by the Bureau of Public Debt on its Internet site for State and Local Government Series securities at: <https://www.treasurydirect.gov>. The Treasury Department and the IRS will set forth future refinements in the manner for determining credit rates on tax credit bonds in regulations, public notices, forms, instructions, or public notice directly on the above-referenced Internet site on which credit rates on tax credit bonds presently are published.

SECTION 4. Effect on Other Documents

Notice 99-35, 1999-2 C.B. 26 (July 12, 1999) is obsolete. Notice 2007-26, 2007-14 I.R.B. 870 (April 2, 2007) is modified.

SECTION 5. Effective Date.

This Notice is effective as of January 22, 2009.