



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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CONEX-107109-08

The Honorable Mary L. Landrieu
United States Senator
300 Fannin Street, Suite 2240
Shreveport, LA 71101

Attention:

Dear Senator Landrieu:

I am responding to your letter dated February 14, 2008, on behalf of your constituent,

is constructing the . A Commercial Revitalization Deduction (CRD) under section 1400I of the Internal Revenue Code is available for such revitalizations. In 2006, the commercial revitalization agency for made a "carryover allocation" of a CRD to . To obtain the tax benefits of this CRD, is required by law to place the property in service no later than the end of the second calendar year following the year in which the allocation was made. Thus, must place the property in service by December 31, 2008, to obtain the tax benefits of the CRD. states that the project is more than one year behind schedule, and he asks for a 12 to 18 month extension of the carryover allocation.

As we discussed by telephone with of your staff, the authority for allocating a CRD rests with the commercial revitalization agency, and not with the Internal Revenue Service. should contact the commercial revitalization agency to apply for a new CRD allocation from that agency. I am enclosing a copy of Revenue Procedure 2003-38, which provides the time and manner for state revitalization agencies to make CRD allocations.

We have considered whether there is any action the Internal Revenue Service can take

to remedy _____ problem, including extending the December 31, 2008 deadline by which _____ must place the property in service. Unfortunately, because this 2-year placed-in-service date requirement for a carryover allocation is statutory, we lack the authority to extend it.

If you have any questions, please contact me at (_____) _____ or _____ at (_____) _____ .

Sincerely,

George J. Blaine

George J. Blaine
Associate Chief Counsel
(Income Tax and Accounting)

Enclosure