



# New York State Bar Association

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September 12, 2003

The Honorable Pamela F. Olson  
Assistant Secretary (Tax Policy)  
Department of the Treasury  
Room 3120 MT  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

Mark W. Everson  
Commissioner  
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George K. Yin  
Chief of Staff  
U.S. House of Representatives  
Joint Committee on Taxation  
1015 Longworth  
Washington, DC 20515

Dear Assistant Secretary Olson, Commissioner Everson  
and Chairman Yin:

I am pleased to enclose New York State Bar Association Tax Section Report No. 1038 relating to simplification of IRS rules relating to Tax Exempt Bonds issued by state and local governments. This Report is part of the Tax Section's continuing effort to identify and comment on areas of the federal income tax laws that warrant simplification.

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In April 2001, the Staff of the Joint Committee on Taxation published an excellent comprehensive “Study of the Overall State of the Federal Tax System and Recommendations for Simplification”. We support many of the recommendations made by the Joint Committee Staff with respect to Tax Exempt Bonds and also make certain additional comments herein.

This report is divided into three parts. The first part describes simplification that can be attained in the law governing private activity bonds. This portion of the report will detail why consolidation of certain duplicative provisions should be considered, while continuing to maintain an effective set of standards controlling the use of tax-exempt bond proceeds.

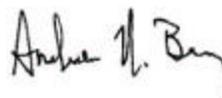
The second part of the report focuses on the revision of the rules intended to limit arbitrage associated with the investment of tax-exempt bond proceeds. These rules, which present a very complex set of compliance requirements, are in need of meaningful simplification.

The third part of the report concentrates on simplification of the Code by removing or revising provisions which, because of the passage of time or because of intervening events, have become outdated or “deadwood” provisions.

September 12, 2003

Please feel free to contact the undersigned if you wish to discuss any of our suggestions or any other issues relating to the Report.

Respectfully submitted,

A handwritten signature in black ink that reads "Andrew N. Berg". The signature is written in a cursive style with a large, stylized initial 'A'.

Andrew N. Berg  
Chair

cc: Eric Solomon (Deputy Assistant Secretary for Regulatory Affairs)  
Emily Parker (Acting Chief Counsel)  
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