

¹⁹ Licensees paying fees under 7.B., 7.B.1, or 7.B.2 are not subject to paying fees under 7.C., 7.C.1, or 7.C.2 for broad scope licenses issued under parts 30, 35, 40, and 70 of this chapter for human use of byproduct material, source material, and/or special nuclear material, except licenses for byproduct material, source material, or special nuclear material in sealed sources contained in teletherapy devices authorized on the same license.

²⁰ No annual fee is charged for a materials license (or part of a materials license) that has transitioned to this fee category because the decommissioning costs will be recovered through 10 CFR part 170 fees, but annual fees may be charged for other activities authorized under the license that are not in decommissioning status.

²¹ Licensees paying fees under 4.A., 4.B., or 4.C. are not subject to paying fees under 3.N. licenses that authorize services for other licensees authorized on the same license.

Dated: March 2, 2026.

For the Nuclear Regulatory Commission.

Christopher Carroll,
Chief Financial Officer.

[FR Doc. 2026-04823 Filed 3-11-26; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-117298-21]

RIN 1545-BQ20

Guidance on Tax-Exempt Refunding Bonds

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations that would update certain arbitrage rules and definitions applicable to tax-exempt and other tax-advantaged bonds by clarifying the time and manner for requesting refunds of overpayment of rebate to the United States, the special transition rule for transferred proceeds, the limitation on allocations to expenditures, and the IRS address for filing defeasance notices. These proposed regulations would also revise the provision addressing certain perpetual State guarantee funds, the definition of tax-exempt bond, and the definition of refunding issue. The proposed regulations would affect issuers of tax-advantaged bonds.

DATES: Electronic or written comments and requests for a public hearing must be received by May 11, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-117298-21) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the “Comments and Requests for a Public Hearing” section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury

Department) and the IRS will publish for public availability any comment submitted to the IRS’s public docket. Send paper submissions to: CC:PA:01:PR (REG-117298-21), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Brian Choi of the Office of Associate Chief Counsel (Financial Institutions and Products), (202) 317-3154 (not a toll-free number); concerning submission of comments or request for a public hearing, Publications and Regulations Section at (202) 317-6901 (not a toll-free number) or by email at publichearings@irs.gov (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This document contains proposed regulations under sections 148 and 150 of the Internal Revenue Code (Code) that would amend the Income Tax Regulations (26 CFR part 1). Section 148(i) provides an express delegation of authority for the Secretary of the Treasury or the Secretary’s delegate (Secretary) to prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 148. The proposed regulations are also issued under the express delegation of authority under section 7805(a) of the Code, which authorizes the Secretary to “prescribe all needful rules and regulations for the enforcement of [the Code], including all rules and regulations as may be necessary by reason of any alteration of law in relation to internal revenue.”

Background

On June 18, 1993, the Treasury Department and the IRS published comprehensive final regulations (TD 8476) in the **Federal Register** (58 FR 33510) on the arbitrage investment restrictions and related provisions for bonds the interest on which is exempt from Federal income tax under section 103 of the Code (tax-exempt bonds). The 1993 final regulations have been amended in certain limited respects and, as amended, are referred to as the “existing regulations” in this preamble.

The exclusion from gross income under section 103 of the interest on a State or local bond does not extend to an arbitrage bond. Section 148 defines an “arbitrage bond” and generally prohibits the investment of tax-exempt bond proceeds in investments producing a yield that is materially higher than the yield on the bond issue. See section 148(a) through (e) and (g). The rules related to this prohibition commonly are referred to as the “yield restriction rules.” In situations in which higher yielding investments of bond proceeds are permitted, section 148(f) provides, with certain exceptions, that bonds of an issue will be treated as arbitrage bonds and therefore not tax-exempt, unless the issuer rebates to the United States at specific intervals the yield on investments that is in excess of the yield on the issue. The rules related to this provision are commonly referred to as the “rebate rules.” Failure to meet the requirements of either of these sets of rules results in the bonds of an issue being arbitrage bonds under section 148.

Explanation of Provisions

These proposed regulations would update the existing regulations to reflect a statutory change, clarify aspects of the existing regulations, and provide rules for situations not addressed in the existing regulations.

1. Section 1.148-2 Removal of Provision Regarding 150 Percent Debt Service Limitation

The Tax Reduction Act of 1997, Public Law 105-34, section 1443, 111 Stat. 787, 1054 (1997), amended section 148(d), which provides special arbitrage rules for reasonably required reserve or replacement funds applicable to tax-exempt bonds, by striking section 148(d)(3) (former section 148(d)(3)), which had imposed a limitation on investment in “nonpurpose investments” applicable to bonds issued on or before August 5, 1997. These proposed regulations would remove existing § 1.148-2(f)(2)(iv), which relates to former section 148(d)(3).

2. Section 1.148-3 Amendment to Rules for Recovery of Overpayments of Rebate

Section 1.148-3(i)(1) of the existing regulations provides that, in general, an

issuer may recover an overpayment for an issue of tax-exempt bonds by establishing to the satisfaction of the Commissioner of Internal Revenue that the overpayment occurred. An overpayment is the excess of the amount paid to the United States for an issue under section 148 over the sum of the “rebate amount” for the issue (as defined in existing §§ 1.148–1(b) and 1.148–3(b)) as of the most recent “computation date” (as defined in existing § 1.148–3(e)) and all amounts that are otherwise required to be paid under section 148 as of the date the recovery is requested by the issuer. These amounts include overpayments of arbitrage rebates, penalties in lieu of arbitrage rebates, and yield reduction payments.

Existing § 1.148–3(i)(3)(i) provides that an issuer must request a refund of an overpayment (claim) no later than the date that is two years after the final computation date for the issue to which the overpayment relates (filing deadline). Existing § 1.148–3(e)(2) provides that the final computation date generally is the date that an issue is discharged (for example, retired at maturity or redeemed earlier). Existing § 1.148–3(g) provides that each rebate payment must be paid no later than 60 days after the computation date to which the payment relates.

In certain circumstances involving payments to the United States made under section 148 after the final computation date, the filing deadline in the existing regulations may not provide an adequate opportunity for issuers of tax-advantaged bonds to recover such overpayments. Rev. Proc. 2024–37, 2024–41 I.R.B. 755 (October 7, 2024), extended the time for filing claims to ensure that issuers have a reasonable opportunity to recover overpayments made both before and after the final computation date. Section 4.02 of Rev. Proc. 2024–37 provides that an issuer must file a claim with respect to an issue of bonds no later than two years after (1) the date that is 60 days after the final computation date of the issue to which the payment relates; or (2) with respect to the portion of the overpayment paid more than 60 days after the final computation date, the date that the payment was made to the United States. These proposed regulations would amend existing § 1.148–3(i)(3)(i) to reflect the revised filing deadline provided in Rev. Proc. 2024–37.

3. Section 1.148–5 Amendment to the Special Transition Rule for Transferred Proceeds

Existing § 1.148–5 provides rules for computing the yield and value of investments allocated to an issue for various purposes under section 148. See existing § 1.148–5(a). In general, under existing § 1.148–5(d)(1), the value of an investment on a date must be determined consistently for all purposes of section 148 on that date using one of three valuation methods: (1) outstanding principal amount plus accrued unpaid interest for a plain par investment; (2) present value for a fixed rate investment; or (3) fair market value for any investment. In certain instances, existing § 1.148–5(d)(2) and (3) require investments to be valued at present value or fair market value.

Existing § 1.150–1(d) defines a “refunding issue” generally to mean an issue of obligations the proceeds of which are used to pay principal, interest, or redemption price on another issue, provided the obligor of one issue is also the obligor of the other issue or a related party (as defined in existing § 1.150–1(b)) with respect to the obligor of the other issue. Pursuant to existing § 1.148–9(b)(1), when proceeds of a refunding issue discharge any of the outstanding principal of a prior issue, proceeds of the prior issue become transferred proceeds of the refunding issue and cease to be proceeds of the prior issue. Under existing § 1.148–9(c)(1)(ii), when proceeds of a prior issue become transferred proceeds of a refunding issue, investments (and the related payments and receipts) of proceeds of the prior issue are allocated to the transferred proceeds. Existing § 1.148–5(d)(4) provides that the value of a “nonpurpose investment” (defined in existing § 1.148–1(b)) that is allocated to transferred proceeds of a refunding issue on a transfer date may not exceed the value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

Questions have been raised about the meaning of the phrase “arbitrage restrictions” in existing § 1.148–5(d)(4), which the existing regulations do not define. Some issuers have interpreted that phrase to refer only to the yield restriction rules and not to the rebate rules. The Treasury Department and the IRS disagree with such an interpretation. If this special rule for transferred proceeds is not applied for all purposes of section 148, an issuer could, for example, avoid rebating excess investment yield by refunding the bonds and using a different

valuation method for investments than was used in determining rebate for the prior issue. Proposed § 1.148–5(d)(4) would clarify that the limit under this special transition rule for transferred proceeds is the value of that investment on the transfer date used for all purposes of applying section 148 to the refunded issue.

4. Section 1.148–6 Amendment to Allocation to Expenditures

Existing § 1.148–6(d)(1)(i) provides reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose. Existing § 1.148–6(d)(1)(ii) provides that an allocation of gross proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A “current outlay of cash” means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of gross proceeds to the expenditure is made. Existing § 1.148–6(d)(1)(iii) generally requires the issuer to account for the allocation of proceeds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the project, if any, that is financed by the issue is placed in service. This allocation must be made in any event by the date 60 days after the fifth anniversary of the issue date or the date 60 days after the retirement of the issue, if earlier.

There have been questions about whether an issuer can allocate from a source of funds that the issuer receives after the cash outlay but before the deadline to account for its allocations. These questions evidence a confusion between the period allowed for making allocations (the timing rule in existing § 1.148–6(d)(1)(iii)) and the date *as of which* the allocation to the expenditure is made under the current outlay of cash requirement in existing § 1.148–6(d)(1)(ii). The timing rule allows an issuer an extended period in which to do its accounting for expenditures of gross proceeds; this rule does not change the sources of funds that an issuer had available on the reasonably expected date of the cash outlay. Proposed § 1.148–6(d)(1)(ii) would eliminate this confusion by clarifying that to allocate funds from a specific source to an expenditure, those funds must be held by or on behalf of the issuer on the date of the cash outlay.

5. Section 1.148–11 Amendment to Transition Rule for Certain State Guarantee Funds

Existing § 1.148–11(d)(1) provides a rule that allows certain State perpetual trust funds (for example, certain State permanent school funds) to pledge funds to guarantee tax-exempt bonds without resulting in arbitrage-restricted replacement proceeds. The demand for public school bond guarantees continues to grow as student populations expand and existing school buildings age. As a result, certain State perpetual trust funds were approaching the limited capacity under existing § 1.148–11(d)(1) to provide such guarantees without resulting in arbitrage-restricted replacement proceeds. In Notice 2023–39, 2023–22 I.R.B. 877 (May 30, 2023), the Treasury Department and the IRS stated their intent to propose regulations to revise the determination of the amount of tax-exempt bonds that such funds could guarantee under this special rule and requested comments on the interim guidance set forth in the Notice. The comments received supported the revision to the regulations. Accordingly, proposed § 1.148–11(d)(1)(i) would include this proposed change and would revise the cross-reference in § 1.148–11(d)(1)(i)(E) by substituting paragraphs (d)(1)(i)(A) through (d)(1)(i)(C) for paragraphs (d)(1)(i) through (d)(1)(iii).

6. Section 1.150–1 Amendments to Definitions

a. Amendment to the Definition of Tax-Exempt Bond

Existing § 1.150–1(b) defines “tax-exempt bond” to mean any bond the interest on which is excludable from gross income under section 103(a). For purposes of section 148, the definition also includes a certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR part 344 (the SLGS regulations). Existing § 1.148–1(c)(4)(ii)(E) defines “eligible tax-exempt bonds” for purposes of the safe harbor for longer-term working capital financings in existing § 1.148–1(c)(4)(ii). This definition similarly includes a certificate of indebtedness issued pursuant to the Demand Deposit State and Local Government Series program described in the SLGS regulations.

Section 344.7(b) of the SLGS regulations provides that at any time the Secretary determines that issuance of obligations sufficient to conduct the orderly financing operations of the

United States cannot be made without exceeding the statutory debt limit, the Bureau of the Fiscal Service may invest any unredeemed Demand Deposit securities in special 90-day certificates of indebtedness. When regular Treasury borrowing operations resume, the special 90-day certificates of indebtedness, along with accrued interest, are reinvested in Demand Deposit securities. The Treasury Department and the IRS have determined that the involuntary conversion of a Demand Deposit security into special 90-day certificates of indebtedness during a debt limit contingency may lead to a failure to comply with the rules under section 148, such as the yield restriction rules, which would result in an arbitrage bond. To address this situation, proposed § 1.150–1(b)(2) would add the special 90-day certificate of indebtedness to the definition of tax-exempt bond for purposes of section 148. Proposed § 1.148–1(c)(4)(ii)(E)(3) similarly would amend the safe harbor for longer-term working capital financings to add the special 90-day certificate of indebtedness to the definition of eligible tax-exempt bonds.

b. Amendment to the Definition of Refunding Issue

Existing § 1.150–1(d) defines a “refunding issue” generally to mean an issue of obligations the proceeds of which are used to pay principal, interest, or redemption price on another issue, provided the obligor of one issue is also the obligor of the other issue or a related party with respect to the obligor of the other issue.

For this purpose, if proceeds are used to finance a purpose investment (as defined in existing § 1.148–1(b)), the obligor means the conduit borrower of the purpose investment rather than the actual issuer of the bonds, except that, for qualified mortgage loans, qualified student loans, and similar program investments (as defined in existing § 1.148–1), the obligor does not include the ultimate recipients of the loans (for example, the homeowner or the student). Existing § 1.150–1(d)(2)(iii) provides, with one exception, that the use of the proceeds of an issue that refunds a purpose investment by the actual issuer of the conduit financing issue determines whether that issue is also a refunding of the issue that originally financed the purpose investment. Existing § 1.150–1 does not provide a definition of “proceeds” for this purpose.

Questions have arisen regarding the determination of whether an issue that is used to refinance qualified student

loans is a refunding issue. Issuers have expressed concern that if the borrowers of the refinancing loans repay their original loans and the issuer then uses the funds to redeem the bonds that financed the original loans, the bonds might be treated as refunding bonds and, because this redemption would often occur more than 90 days after the issuance of the bonds used for refinancing the qualified student loans, potentially treated as advance refunding bonds the interest on which would not be exempt from Federal income tax. This would prevent issuers from issuing tax-exempt bonds to refinance the qualified student loans of their existing borrowers. In Notice 2024–32, 2024–16 I.R.B. 897 (April 15, 2024), the Treasury Department and the IRS provided that an issue is not a refunding issue to the extent that the actual issuer reasonably expects as of the issue date of the issue to use net proceeds of the issue within two years of the issue date to refinance one or more obligations that are qualified student loans. Proposed § 1.150–1(d)(2)(iii)(C) would add this provision to the special rules for purpose investments. This special rule would apply even if the actual issuer’s ultimate use of the proceeds lent to the borrowers is the payment of principal, interest, or redemption price on another issue.

Another question that has arisen concerns whether the use of investment proceeds from the repayments of qualified student loans or qualified mortgage loans allocated to one issue to redeem bonds of another issue, a practice sometimes referred to as “cross-calling,” results in bonds of the former issue being treated as taxable advance refunding bonds. An issuer engaged in cross-calling first uses proceeds of the issue to make qualified student loans or qualified mortgage loans and then uses the repayments of the loans to redeem bonds, generally selecting bonds with the highest interest rates. In Notice 2024–32, the Treasury Department and the IRS defined “proceeds” for purposes of determining whether an issue is a refunding issue to include any sales proceeds, investment proceeds, or transferred proceeds (all as defined in existing § 1.148–1(b)), but the definition expressly excludes investment proceeds (or transferred proceeds allocable to investment proceeds) received from investing in a qualified student loan or qualified mortgage loan. Proposed § 1.150–1(d)(6) would add this definition.

7. Section 1.150–5 Amending the Address for Filing Notices and Elections

Existing § 1.150–5(a) provides that certain notices and elections must be filed with the Internal Revenue Service, 1111 Constitution Avenue NW, Attention: T:GE:TEB:O, Washington, DC 20024 or such other place designated by publication of a notice in the Internal Revenue Bulletin. The address specified in the existing regulations is outdated, and the use of this outdated address is inefficient because it delays appropriate routing of the notices and elections. Proposed § 1.150–5(a) would delete the specified address and expand the options for publication of the address to include any publication in the Internal Revenue Bulletin or on the IRS website, such as at <https://www.irs.gov/bondsmailing> or a successor IRS web page. These revisions will increase efficiency by facilitating the timely receipt of the filings by the IRS and permit the IRS to more efficiently publish any address changes for the filings of the specified notices and elections.

Proposed Applicability Dates

In general, the proposed regulations are proposed to apply to bonds sold on or after the date 90 days after the date of publication of final regulations in the **Federal Register**. However, the removal of existing § 1.148–2(f)(2)(iv) is proposed to apply as of the date of publication of final regulations in the **Federal Register**. Proposed § 1.148–3(i)(3)(i) is proposed to apply to claims arising from an issue of bonds to which § 1.148–3(i) will apply and that are filed with the IRS on or after the date of publication of final regulations in the **Federal Register**. Proposed § 1.150–5(a) is proposed to apply to notices and elections filed after the date 30 days after the date of publication of final regulations in the **Federal Register**. Issuers of tax advantaged bonds may rely on proposed § 1.150–1(b)(2), which would add the special 90-day certificate of indebtedness to the definition of tax-exempt bond for purposes of section 148, and proposed § 1.148–1(c)(4)(ii)(E)(3), which would amend the safe harbor for longer-term working capital financings to add the special 90-day certificate of indebtedness to the definition of eligible tax-exempt bonds, prior to the applicability date of the final regulations.

Special Analyses

I. Regulatory Planning and Review

These proposed regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the

Memorandum of Agreement (July 4, 2025) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations.

The Executive Order 14192 designation for this proposed rule, if finalized, is expected to be deregulatory.

II. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these proposed regulations would not have a significant economic impact on a substantial number of small entities. The proposed regulations would affect State and local governments that issue tax-exempt bonds. States are not considered small entities for purposes of the Regulatory Flexibility Act, but small governmental jurisdictions (jurisdictions with populations less than 50,000) are considered small entities. The Treasury Department and the IRS do not have data on how many small governmental jurisdictions may be affected by these proposed regulations, but it may be a substantial number. Even if a substantial number of small entities were affected, the economic impact of these regulations would not be significant. These proposed regulations would clarify existing final regulations, incorporate a statutory change and integrate guidance published in Rev. Proc. 2024–37, Notice 2023–39, and Notice 2024–32. Therefore, these proposed regulations would not create significant additional obligations for, or impose any meaningful economic impact on, a substantial number of small entities. Accordingly, the Secretary certifies that the proposed regulations would not have a significant economic impact on a substantial number of small entities and a regulatory flexibility analysis under the Regulatory Flexibility Act is not required.

III. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. These proposed rules do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

IV. Submission to the Small Business Administration

Pursuant to section 7805(f) of the Code, these proposed regulations have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

V. Executive Order 13132: Federalism

Executive Order 13132 (entitled “Federalism”) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These proposed regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

Comments and Requests for Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** heading. The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any comments submitted will be made available at <https://www.regulations.gov> or upon request. A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. Requests for a public hearing are encouraged to be made electronically. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

Availability of IRS Documents

The IRS Revenue Procedure and Notices cited in this preamble are published in the *Internal Revenue Bulletin* and available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at <https://www.irs.gov>.

Drafting Information

The principal authors of these regulations are Brian Choi and Zoran Stojanovic of the Office of Associate Chief Counsel (Financial Institutions and Products). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 1 as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Section 1.148-0 through 1.148-11 also issued under 26 U.S.C. 148(i).

Par. 2. Section 1.148-0 is amended, in paragraph (c), in the table of contents for § 1.148-11, by revising the section heading for § 1.148-11 and adding entries for § 1.148-11(o) and (p) to read as follows:

§ 1.148-0 Scope and table of contents.

(c) * * *

§ 1.148-11 Applicability dates.

(o) Certain clarifying amendments.
(p) Removal of § 1.148-2(f)(2)(iv).

Par. 3. Section 1.148-1 is amended by revising paragraph (c)(4)(ii)(E)(3) to read as follows:

§ 1.148-1 Definitions and elections.

(c) * * *
(4) * * *
(ii) * * *
(E) * * *

(3) A certificate of indebtedness, including a special 90-day certificate of indebtedness, issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR part 344.

§ 1.148-2 [Amended]

Par. 4. Section 1.148-2 is amended by removing paragraph (f)(2)(iv).

Par. 5. Section 1.148-3 is amended by revising paragraph (i)(3)(i) to read as follows:

§ 1.148-3 General arbitrage rebate rules.

(i) * * *
(3) * * *

(i) An issuer must request a refund of an overpayment (claim) using the form provided by the Commissioner for this purpose. The claim must be made with

respect to an issue of bonds no later than the date (filing deadline) that is two years after—

(A) The date that is 60 days after the final computation date of the issue to which the payment relates; or

(B) With respect to the portion of the overpayment paid more than 60 days after the final computation date, the date that the payment was made to the United States.

Par. 6. Section 1.148-5 is amended by revising paragraph (d)(4) to read as follows:

§ 1.148-5 Yield and valuation of investments.

(d) * * *

(4) Special transition rule for transferred proceeds. The value of a nonpurpose investment that is allocated to transferred proceeds of a refunding issue on a transfer date may not exceed the value of that investment on the transfer date used for purposes of applying section 148 to the refunded issue.

Par. 7. Section 1.148-6 is amended by adding a sentence to the end of paragraph (d)(1)(ii) to read as follows:

§ 1.148-6 General allocation and accounting rules.

(d) * * *
(1) * * *

(ii) * * * To allocate funds from a specific source to an expenditure, those funds must be held by or on behalf of the issuer on the date of the cash outlay.

Par. 8. Section 1.148-11 is amended by:

- 1. Revising the section heading.
2. Revising paragraphs (d)(1)(i)(E) and (F), and (k)(3)(i).
3. Adding paragraphs (o) and (p).

The revisions and additions read as follows:

§ 1.148-11 Applicability dates.

(d) * * *
(1) * * *
(i) * * *

(E) The fund satisfied each of the requirements of paragraphs (d)(1)(i)(A) through (C) of this section on August 16, 1986; and

(F) As of the sale date of the bonds to be guaranteed, the amount of the bonds to be guaranteed by the fund plus the then-outstanding amount of bonds previously guaranteed by the fund does not exceed a total amount equal to 500

percent of the total costs of the assets held by the fund.

(k) * * *
(3) * * *

(i) Section 1.148-3(i)(3)(i) applies to claims arising from an issue of bonds to which § 1.148-3(i) applies and that are filed with the Internal Revenue Service on or after [the date of publication of final regulations in the Federal Register].

(o) Certain clarifying amendments. Sections 1.148-1(c)(4)(ii)(E)(3), 1.148-5(d)(4), 1.148-6(d)(1)(ii), and paragraphs (d)(1)(i)(E) and (F) of this section apply to bonds sold on or after [the date 90 days after the date of publication of final regulations in the Federal Register].

(p) Removal of § 1.148-2(f)(2)(iv). The removal of § 1.148-2(f)(2)(iv) applies as of [the date of publication of final regulations in the Federal Register].

Par. 9. Section 1.150-1 is amended by:

- 1. Adding paragraph (a)(5).
2. In paragraph (b), revising the definition of Tax-exempt bond.
3. Revising paragraphs (d)(1) and (d)(2)(iii)(A).
4. Redesignating paragraph (d)(2)(iii)(C) as paragraph (d)(2)(iii)(D).
5. Adding new paragraph (d)(2)(iii)(C) and paragraph (d)(6).

The additions and revisions read as follows:

§ 1.150-1 Definitions.

(a) * * *

(5) Applicability date for special rules for purpose investments and definition of proceeds. The definition of tax-

exempt bond in paragraph (b) of this section and paragraphs (d)(1), (d)(2)(iii)(A) and (C), and (d)(6) of this section apply to bonds sold on or after [the date 90 days after the date of publication of final regulations in the Federal Register].

(b) * * *

Tax-exempt bond means any bond the interest on which is excludable from gross income under section 103(a). For purposes of section 148, tax-exempt bond includes:

(1) An interest in a regulated investment company to the extent that at least 95 percent of the income to the holder of the interest is interest that is excludable from gross income under section 103; and

(2) A certificate of indebtedness, including a special 90-day certificate of indebtedness, issued by the United States Treasury pursuant to the Demand Deposit State and Local Government

Series program described in 31 CFR part 344.

* * * * *

(d) * * *

(1) *General definition of refunding issue.* Refunding issue means an issue of obligations the proceeds (as defined in paragraph (d)(6) of this section) of which are used to pay principal, interest, or redemption price on another issue (a *prior issue*, as more particularly defined in paragraph (d)(5) of this section), including the issuance costs, accrued interest, capitalized interest on the refunding issue, a reserve or replacement fund, or similar costs, if any, properly allocable to that refunding issue.

(2) * * *

(iii) * * *

(A) *Refunding of a conduit financing issue by a conduit loan refunding issue.* Except as provided in paragraphs (d)(2)(iii)(B) and (C) of this section, the use of the proceeds of an issue that is used to refund an obligation that is a purpose investment (a *conduit refunding issue*) by the actual issuer of the conduit financing issue determines whether the conduit refunding issue is a refunding of the conduit financing issue (in addition to a refunding of the obligation that is the purpose investment).

* * * * *

(C) *Issue used to refinance qualified student loans.* An issue is not a refunding issue to the extent that the actual issuer reasonably expects as of the issue date of the issue to use net proceeds of the issue within two years of the issue date to refinance one or more obligations that are qualified student loans (as defined in paragraph (b) of this section).

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(6) *Definition of proceeds.* For purposes of this paragraph (d), *proceeds* means any sale proceeds, investment proceeds, or transferred proceeds (all as defined in § 1.148-1(b)), except that proceeds does not include investment proceeds (or transferred proceeds) received from investing in a qualified mortgage loan or a qualified student loan.

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■ **Par. 10.** Section 1.150-5 is revised to read as follows:

§ 1.150-5 Filing notices and elections.

(a) *In general.* Notices and elections under the following sections must be filed with the Internal Revenue Service at such place designated by guidance published in the Internal Revenue Bulletin (see § 601.601(d) of this

chapter) or on the IRS website (<https://www.irs.gov>)—

(1) Section 1.141-12(d)(4);

(2) Section 1.142(f)(4)-1; and

(3) Section 1.142-2(c)(2).

(b) *Applicability date.* This section applies to notices and elections filed on or after [the date 30 days after the date of publication of final regulations in the **Federal Register**].

Frank J. Bisignano,
Chief Executive Officer.

[FR Doc. 2026-04798 Filed 3-11-26; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R05-OAR-2026-1354; FRL-13264-01-R5]

Air Plan Approval; Michigan; Clean Data Determination for the Berrien, MI and Muskegon, MI Areas for the 2015 Ozone Standards

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to determine under the Clean Air Act (CAA) that the Berrien, Michigan and Muskegon, Michigan areas have attained the 2015 ozone National Ambient Air Quality Standards (NAAQS or standards). This determination, often referred to as a clean data determination, is based upon complete, quality-assured, and certified ambient air monitoring data for the 2023–2025 design value period showing that the areas achieved attainment of the 2015 ozone NAAQS. This clean data determination also relies upon the Michigan Department of Environment, Great Lakes, and Energy's (EGLE's) exceptional events requests submitted to the EPA on December 26, 2025, and concurred upon by the EPA on January 12, 2026. As a result of this determination, the EPA is proposing to suspend the requirements for the Berrien and Muskegon areas to submit attainment demonstrations and associated Reasonably Available Control Measures (RACM), Reasonable Further Progress (RFP) plans, contingency measures for failure to attain or make reasonable progress, and other planning State Implementation Plans (SIPs) related to attainment of the 2015 ozone NAAQS, for as long as the areas continue to attain the 2015 ozone NAAQS.

DATES: Comments must be received on or before April 13, 2026.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA-R05-OAR-2026-1354 at <https://www.regulations.gov>, or via email to leslie.michael@epa.gov. For comments submitted at [Regulations.gov](https://www.regulations.gov), follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from the docket. The EPA may publish any comment received to its public docket. Do not submit to the EPA's docket at <https://www.regulations.gov> any information you consider to be Confidential Business Information (CBI), Proprietary Business Information (PBI), or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the web, cloud, or other file sharing system). For additional submission methods, please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section. For the full EPA public comment policy, information about CBI, PBI, or multimedia submissions, and general guidance on making effective comments, please visit <https://www.epa.gov/dockets/commenting-epa-dockets>.

FOR FURTHER INFORMATION CONTACT: Delaney Kilgour, Air and Radiation Division (AR18J), Environmental Protection Agency, Region 5, 77 West Jackson Boulevard, Chicago, Illinois 60604, telephone number: (312) 886-1493, email address: kilgour.delaney@epa.gov. The EPA Region 5 office is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding Federal holidays.

SUPPLEMENTARY INFORMATION:

Throughout this document whenever “we,” “us,” or “our” is used, we mean the EPA.

I. Background

The EPA has determined that ground-level ozone is detrimental to human health. On October 1, 2015, the EPA promulgated a revised 8-hour ozone NAAQS of 0.070 parts per million (ppm). See 80 FR 65292 (October 26, 2015). Under the EPA's regulations at 40 CFR part 50, the 2015 ozone NAAQS is attained in an area when the 3-year average of the annual fourth highest daily maximum 8-hour average