



DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-117298-21]

RIN 1545-BQ20

Guidance on Tax-Exempt Refunding Bonds; Hearing

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking; notice of hearing.

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: The hearing on these proposed regulations has been scheduled for Thursday, July 30, 2026, at 10:00 a.m. Eastern Time (ET). The IRS must receive speakers' outlines of the topics to be discussed at the hearing by **[INSERT DATE 10 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. If no outlines are received by **[INSERT DATE 10 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, the hearing will be cancelled.

ADDRESSES: The hearing is being held in the Auditorium, at the Internal Revenue Service Building, 1111 Constitution Avenue NW, Washington, DC. Due

to security procedures, visitors must enter at the Constitution Avenue entrance. In addition, all visitors must present a valid photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area more than 30 minutes before the hearing starts. Participants may alternatively attend the hearing by telephone.

Send an outline of topic submission electronically via the Federal eRulemaking Portal at *www.regulations.gov* (indicate IRS and REG–117298–21). 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 submissions of requests to testify, attend, or to be placed on the building access list to attend the hearing, the Publications and Regulations Section at (202) 317-6901 (not toll-free number) or by email at *publichearings@irs.gov* (preferred).

SUPPLEMENTARY INFORMATION: The subject of the hearing is the notice of proposed rulemaking (REG–117298–21) published in the **Federal Register** on Thursday, March 12, 2026 (91 FR 12118).

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Individuals who wish to present oral comments at the hearing must submit an outline of the topics to be discussed and the time to be devoted to each topic by **[INSERT DATE 10 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. A period of 10 minutes will be allotted to each testimony.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be

available free of charge at the hearing and via the Federal eRulemaking Portal (www.regulations.gov) under the title of Supporting & Related Material. If no outline of the topics to be discussed at the hearing is received by **[INSERT DATE 10 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, the hearing will be cancelled. If the hearing is cancelled, a notice of cancellation of the hearing will be published in the **Federal Register**.

Individuals who want to testify in person at the hearing must send an email to publichearings@irs.gov to have their name added to the building access list. The subject line of the email must contain the regulation number REG–117298–21 and the language TESTIFY In Person. For example, the subject line may say: Request to TESTIFY In Person at Hearing for REG–117298–21.

Individuals who want to testify by telephone at the hearing must send an email to publichearings@irs.gov to receive the telephone number and access code for the hearing. The subject line of the email must contain the regulation number REG–117298–21 and the language TESTIFY Telephonically. For example, the subject line may say: Request to TESTIFY Telephonically at Hearing for REG–117298–21.

Individuals who want to attend the hearing in person without testifying must also send an email to publichearings@irs.gov to have their name added to the building access list. The subject line of the email must contain the regulation number REG–117298–21 and the language ATTEND In Person. For example, the subject line may say: Request to ATTEND Hearing In Person for REG–117298–21. Requests to attend the hearing must be received by July 28, 2026, 5:00 p.m. ET.

Individuals who want to attend the hearing by telephone without testifying must also send an email to publichearings@irs.gov to receive the telephone

number and access code for the hearing. The subject line of the email must contain the regulation number REG–117298–21 and the language ATTEND Hearing Telephonically. For example, the subject line may say: Request to ATTEND Hearing Telephonically for REG–117298–21. Requests to attend the hearing must be received by July 28, 2026, 5:00 p.m. ET.

Hearings will be made accessible to people with disabilities. To request special assistance during a hearing please contact the Publications and Regulations Section of the Office of Associate Chief Counsel (Procedure and Administration) by sending an email to *publichearings@irs.gov* (preferred) or by telephone at (202) 317-6901 (not a toll-free number) by July 25, 2026, 5:00 p.m. ET.

Any questions regarding speaking at or attending a hearing may also be emailed to *publichearings@irs.gov*.

Oluwafunmilayo Taylor,
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Publications and Regulations Section,
Associate Chief Counsel,
(Procedure and Administration)

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