

HAWKINS ADVISORY

EFFECT OF SEQUESTRATION ON TAX CREDIT BOND PAYMENTS

As part of the Federal budget sequestration, the Internal Revenue Service (“IRS”) has announced that, as of March 1, 2013, credit payments claimed on Form 8038-CP by issuers of certain tax credit bonds, including Build America Bonds, Recovery Zone Economic Development Bonds, Qualified School Construction Bonds, Qualified Zone Academy Bonds, New Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds, may be subject to a reduction of 8.7%.

Without further Congressional action, this reduction will remain in effect for all credit payments made from March 1, 2013 through September 30, 2013, inclusive, after which date a different rate will apply.

Issuers should continue to prepare and file Form 8038-CP as before, and they will be notified if and to what extent their credit payments are reduced. Issuers with questions about the status of their credit payments can contact the IRS at 1-877-829-5500.

Please contact a member of the Tax Department if you have any questions about the use of this information.

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