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May 13, 2006

Internal Revenue Service  
Attn: CC:PA:LPD:PR (Notice 2006-36)  
Room 5203  
P. O. Box 7604  
Ben Franklin Station  
Washington, D.C. 20044

**Re: Notice 2006-36 Relating to Internal Revenue Service 2006-2007 Priority  
Guidance Plan**

Dear Sir or Madam:

The Municipal Advisory Council of Texas (the "Texas MAC") appreciates the opportunity to make recommendations regarding items that should be included on the 2006-2007 Guidance Priority List utilized by Treasury Office of Tax Policy and the Internal Revenue Service (IRS) to identify tax issues to be addressed through regulations and other published administrative guidance.

The Texas MAC is a State-chartered organization that has been in existence for over fifty years. Its membership is comprised of over 70 municipal finance broker dealer firms. The MAC's purpose is to promote effective and efficient investment banking, underwriting, trading and sales of municipal debt by collecting, maintaining and distributing information relating to issuing entities.

The Texas MAC recommends that Treasury and IRS include on its 2006-2007 Guidance Priority List a project that would review the arbitrage regulations under Section 148 of the Internal Revenue Code of 1986 (the "Code") and, where appropriate, adopt substantive as well as "clean-up" amendments to the regulations.

The existing regulations under Section 148 of the Code were adopted twelve years ago. Over a twelve year period, new financial products have emerged, the delivery of financial services has evolved, and the general landscape on which particular provisions of the existing 1993 arbitrage regulations were based may have changed.

MUNICIPAL ADVISORY COUNCIL of TEXAS

P.O. Box 2177 • 78768-2177 • 600 West 8th Street, Austin, Texas 78701 • (512) 476-6947 • FAX (512) 476-6403  
www.mactexas.com • mac@mactexas.com • www.DisclosureUSA.org

Our members encounter compliance issues relating to the arbitrage rules on a daily basis. It is our understanding that the arbitrage rules are a principal focus of IRS audit program on tax exempt bonds, which puts a premium on ensuring that these rules are up-to-date and understandable.

For all the foregoing reasons, we recommend you include a general arbitrage project on your 2006-2007 priority list.

Sincerely,

A handwritten signature in cursive script that reads "Dan Black". The signature is written in black ink and is positioned above the printed name and title.

Dan Black  
Executive Director



OFFICE OF  
CHIEF COUNSEL

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

May 31, 2006

Dan Black  
MAC of Texas  
P.O. Box 2177  
600 West 8<sup>th</sup> St.  
Austin, Texas 78701

Dear Mr. Black,

We have received your letter(s) dated May 26, 2006, recommending an item for inclusion on the 2006-2007 guidance priority list. Your request for published guidance has been forwarded to the appropriate Associate Office for consideration. We appreciate your input. It will help us to formulate a Guidance Priority List that focuses on items that are important to taxpayers and tax administration.

Sincerely,

A handwritten signature in black ink, appearing to read "La Nita VanDyke".

La Nita VanDyke  
Federal Register Liaison  
Publications and Regulations Branch  
Legal Processing Division  
Associate Chief Counsel  
(Procedures and Administration)

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**Municipal Advisory Council of Texas**  
is to promote effective and efficient  
investment banking, underwriting,  
trading and sales of municipal debt by  
collecting, maintaining and distributing  
information relating to issuing entities.

**Benefits to all Texans**

For 50 years the Municipal Advisory Council of Texas has been providing the tools for Texas to grow and set the standard in the municipal bond industry. As Texas Governor Rick Perry stated in his salute to the MAC on the occasion of its 50<sup>th</sup> Anniversary, "For five decades, Texas has flourished because of the services this organization provides. Airports and schools, highway and waterways, health facilities and sports venues have all been built as a result of your leadership. More Texas families have jobs, our economy has grown and our environment is cleaner. Thank you for making an extraordinary difference in Texas." The results of the MAC's fifty years of public service can be seen through out the State and have benefited the citizens and taxpayers of Texas.

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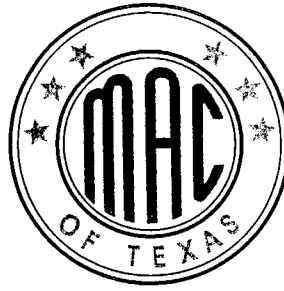
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