



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

August 3, 2005

CC:PA:LPD:PR (REG-159824-04)
Room 5203
Internal Revenue Service
POB 7604, Ben Franklin Station
Washington, DC 20044

Re: Proposed Regulations Governing Practice Before the Internal
Revenue Service by Bond Counsel (Circular 230)

Dear Sirs:

I am writing with regard to an issue that has been brought to our attention regarding the consequences of characterizing a matter as a "significant federal tax issue" under your recent proposal to amend Circular 230 with respect to state or local bond opinions. Specifically, a question has arisen as to whether a matter that is a "significant federal tax issue" under this proposed regulation is, therefore, necessarily "material" under the federal securities laws.

A determination that a matter is a "significant federal tax issue," as defined in Circular 230, is not dispositive of the question of whether or not it is "material" for purposes of the federal securities laws. A determination of "materiality" under the federal securities laws continues to require an independent evaluation based upon the standards established under those securities laws.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan L. Beller".

Alan L. Beller
Director