

the notice of proposed rulemaking preceding these final regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

#### Drafting Information

The principal author of these regulations is Stephen R. Cleary of the Office of Associate Chief Counsel (Corporate). Other personnel from Treasury and the IRS participated in their development.

#### List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

#### Adoption of Amendments to the Regulations

■ Accordingly, 26 CFR part 1 is amended as follows:

#### PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 is amended by adding entries in numerical order to read, in part, as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*  
Section 1.1374–8 also issued under 26 U.S.C 337(d) and 1374(e). \* \* \*  
Section 1.1374–10 also issued under 26 U.S.C. 337(d) and 1374(e). \* \* \*

■ **Par. 2.** Section 1.1374–0 is amended by revising the entries for § 1.1374–8 and adding an entry for § 1.1374–10(c) to read as follows:

#### § 1.1374–0 Table of contents.

\* \* \* \* \*

#### § 1.1374–8 Section 1374(d)(8) transactions.

- (a) In general.
- (b) Effective date of section 1374(d)(8).
- (c) Separate determination of tax.
- (d) Taxable income limitation.
- (e) Examples.

\* \* \* \* \*

#### § 1.1374–10 Effective date and additional rules.

\* \* \* \* \*

(c) Revocation and re-election of S corporation status.

- (1) In general.
- (2) Example.

■ **Par. 3.** Section 1.1374–8 is amended by:

- 1. Redesignating paragraphs (b), (c), and (d) as paragraphs (c), (d), and (e), respectively.
- 2. Revising paragraph (a).
- 3. Adding new paragraph (b).

The revision and addition read as follows:

#### § 1.1374–8 Section 1374(d)(8) transactions.

(a) *In general.* If any S corporation acquires any asset in a transaction in which the S corporation's basis in the asset is determined (in whole or in part) by reference to a C corporation's basis in the assets (or any other property) (a section 1374(d)(8) transaction), section 1374 applies to the net recognized built-in gain attributable to the assets acquired in any section 1374(d)(8) transaction.

(b) *Effective date of section 1374(d)(8).* Section 1374(d)(8) applies to any section 1374(d)(8) transaction, as defined in paragraph (a)(1) of this section, that occurs on or after December 27, 1994, without regard to the date of the corporation's election to be an S corporation under section 1362.

\* \* \* \* \*

#### § 1.1374–8T [Removed]

■ **Par. 4.** Section 1.1374–8T is removed.

■ **Par. 5.** Section 1.1374–10 is amended by revising paragraph (c) to read as follows:

#### § 1.1374–10 Effective date and additional rules.

\* \* \* \* \*

(c) *Termination and re-election of S corporation status—(1) In general.* For purposes of section 633(d)(8) of the Tax Reform Act of 1986, as amended, any reference to an election to be an S corporation under section 1362 shall be treated as a reference to the corporation's most recent election to be an S corporation under section 1362. This paragraph (c) applies for taxable years beginning after December 22, 2004, without regard to the date of the corporation's most recent election to be an S corporation under section 1362.

(2) *Example.* The following example illustrates the rules of this paragraph (c):

*Example.* (i) Effective January 1, 1988, X, a C corporation that is a qualified corporation under section 633(d) of the Tax Reform Act of 1986, as amended, elects to be an S corporation under section 1362. Effective January 1, 1990, X revokes its S status and becomes a C corporation. On January 1, 2004, X again elects to be an S corporation under section 1362. X disposes of assets in 2006, 2007, and 2008, recognizing gain.

(ii) X is not eligible for treatment under the transition rule of section 633(d)(8) of the Tax Reform Act of 1986, as amended, with respect to these assets. Accordingly, X is subject to section 1374, as amended by the Tax Reform Act of 1986 and the Technical and Miscellaneous Revenue Act of 1988, and the 10-year recognition period begins on January 1, 2004.

(iii) To the extent the gain that X recognizes on the asset sales in 2006, 2007, and 2008 reflects built-in gain inherent in such assets in X's hands on January 1, 2004,

such gain is subject to tax under section 1374 as amended by the Tax Reform Act of 1986 and the Technical and Miscellaneous Revenue Act of 1988.

#### § 1.1374–10T [Removed]

■ **Par. 6.** Section 1.1374–10T is removed.

Approved: December 9, 2005.

**Mark E. Matthews,**

*Deputy Commissioner for Services and Enforcement.*

**Eric Solomon,**

*Acting Deputy Assistant Secretary of the Treasury (Tax Policy).*

[FR Doc. 05–24283 Filed 12–20–05; 8:45 am]

BILLING CODE 4820–01–P 3

## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

### 33 CFR Chapter I and

### 46 CFR Chapter I

[USCG–2005–23172]

RIN 1625–ZA06

### Marine Safety Center Address Change

**AGENCY:** Coast Guard, DHS.

**ACTION:** Technical amendment.

**SUMMARY:** This technical amendment makes non-substantive changes throughout chapters I of title 33 and title 46 of the Code of Federal Regulations. The purpose of this amendment is to change the address of the United States Coast Guard Marine Safety Center as it appears in Coast Guard regulations. This rule will have no substantive effect on the regulated public.

**DATES:** These changes are effective December 21, 2005. We will accept comments on this technical amendment through February 21, 2006.

**ADDRESSES:** You may submit comments identified by Coast Guard docket number USCG–2005–23172 to the Docket Management Facility at the U.S. Department of Transportation. To avoid duplication, please use only one of the following methods:

- (1) Web Site: <http://dms.dot.gov>.
- (2) Mail: Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590–0001.
- (3) Fax: 202–493–2251.
- (4) Delivery: Room PL–401 on the Plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

The telephone number is 202-366-9329.

(5) Federal eRulemaking Portal: <http://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** If you have questions on this amendment, call Commander Hung Nguyen, Executive Officer, United States Coast Guard Marine Safety Center, telephone 202-475-3400. If you have questions on viewing the docket, call Ms. Renee V. Wright, Program Manager, Docket Operations, telephone 202-493-0402.

#### **SUPPLEMENTARY INFORMATION:**

**Submitting comments:** If you submit a comment, please include your name and address, identify the docket number for this rulemaking (USCG-2005-23172), indicate the specific section of this document to which each comment applies, and give the reason for each comment. You may submit your comments and material by electronic means, mail, fax, or delivery to the Docket Management Facility at the address under **ADDRESSES**; but please submit your comments and material by only one means. If you submit them by mail or delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing. If you submit them by mail and would like to know that they reached the Facility, please enclose a stamped, self-addressed postcard or envelope. We will consider all comments and material received during the comment period. We may change this rule in view of them.

**Viewing comments and documents:** To view comments, as well as documents mentioned in this preamble as being available in the docket, go to <http://dms.dot.gov> at any time, click on "Simple Search," enter the last five digits of the docket number for this rulemaking, and click on "Search." You may also visit the Docket Management Facility in room PL-401 on the Plaza level of the Nassif Building, 400 Seventh, Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

**Privacy Act:** Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review the Department of Transportation's Privacy Act Statement in the **Federal Register** published on April 11, 2000 (65 FR 19477), or you may visit <http://dms.dot.gov>.

#### **Regulatory History**

We did not publish a notice of proposed rulemaking (NPRM) for this

amendment. Under 5 U.S.C. 553(b)(B), the Coast Guard finds that this technical amendment is exempt from notice and comment rulemaking requirements because the amendment only makes non-substantive address changes. These changes will have no substantive effect on the public; therefore, it is unnecessary to publish an NPRM.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. The MSC left its previous location on December 9, 2005, and correspondence should be directed to the new address.

#### **Background and Purpose**

The office of the United States Coast Guard Marine Safety Center will change locations resulting in the need for an address change in the Code of Federal Regulations. This rule also changes the abbreviated designation of the Marine Safety Center from "G-MSC" to "MSC" throughout chapters I of title 33 and title 46.

#### **Regulatory Evaluation**

This rule is not a "significant regulatory action" under section 3(f) of Executive Order 12866, Regulatory Planning and Review, and does not require an assessment of potential costs and benefits under section 6(a)(3) of that Order. The Office of Management and Budget has not reviewed it under that Order. It is not "significant" under the regulatory policies and procedures of the Department of Homeland Security (DHS). Because this amendment makes only address changes, we expect the economic impact to be so minimal that a full Regulatory Evaluation under the regulatory policies and procedures of DHS is unnecessary.

#### **Small Entities**

Under the Regulatory Flexibility Act (5 U.S.C. 601-612), we have considered whether this rule would have a significant economic impact on a substantial number of small entities. The term "small entities" comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000.

It is not expected that this amendment will have a significant economic impact on any small entities. Therefore, the Coast Guard certifies under 5 U.S.C. 605(b) that this technical amendment will not have a significant economic impact on a substantial number of small entities.

#### **Collection of Information**

This amendment calls for no new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520).

#### **Federalism**

A rule has implications for federalism under Executive Order 13132, Federalism, if it has a substantial direct effect on State or local governments and would either preempt State law or impose a substantial direct cost of compliance on them. We have analyzed this amendment under that Order and have determined that it does not have implications for federalism.

#### **Unfunded Mandates Reform Act**

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531-1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of \$100,000,000 or more in any one year. Though this amendment will not result in such an expenditure, we do discuss the effects of this amendment elsewhere in this preamble.

#### **Taking of Private Property**

This amendment will not effect a taking of private property or otherwise have taking implications under Executive Order 12630, Governmental Actions and Interference with Constitutionally Protected Property Rights.

#### **Civil Justice Reform**

This amendment meets applicable standards in sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden.

#### **Protection of Children**

We have analyzed this amendment under Executive Order 13045, Protection of Children from Environmental Health Risks and Safety Risks. This amendment is not an economically significant rule and does not create an environmental risk to health or risk to safety that may disproportionately affect children.

#### **Indian Tribal Governments**

This amendment does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does not have a substantial direct effect on one or more Indian tribes, on the relationship between the

Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

#### Energy Effects

We have analyzed this amendment under Executive Order 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use. We have determined that it is not a "significant energy action" under that order because it is not a "significant regulatory action" under Executive Order 12866 and is not likely to have a significant adverse effect on the supply, distribution, or use of energy. The Administrator of the Office of Information and Regulatory Affairs has not designated it as a significant energy action. Therefore, it does not require a Statement of Energy Effects under Executive Order 13211.

#### Technical Standards

The National Technology Transfer and Advancement Act (NTTAA) (15 U.S.C. 272 note) directs agencies to use voluntary consensus standards in their regulatory activities unless the agency provides Congress, through the Office of Management and Budget, with an explanation of why using these standards would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are technical standards (e.g., specifications of materials, performance, design, or operation; test methods; sampling procedures; and related management systems practices) that are developed or adopted by voluntary consensus standards bodies.

This amendment does not use technical standards. Therefore, we did not consider the use of voluntary consensus standards.

#### Environment

We have analyzed this rule under Commandant Instruction M16475.ID, which guides the Coast Guard in complying with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321–4370f), and have concluded that there are no factors in this case that would limit the use of a categorical exclusion under section 2.B.2 of the Instruction. Therefore, this rule is categorically excluded, under figure 2–1, paragraph (34)(a), of the Instruction from further environmental documentation. Paragraph (34)(a) excludes regulatory actions that are editorial or procedural, such as those updating addresses. Under figure 2–1, paragraph (34)(a), of the Instruction, an Environmental Analysis Check List and

a Categorical Exclusion Determination are not required for this technical amendment.

#### List of Subjects

##### 33 CFR Part 104

Maritime security, Reporting and recordkeeping requirements, Security measures, Vessels.

##### 33 CFR Part 120

Passenger vessels, Reporting and recordkeeping requirements, Security measures, Terrorism.

##### 33 CFR Part 157

Cargo vessels, Oil pollution, Reporting and recordkeeping requirements.

##### 33 CFR Part 159

Alaska, Reporting and recordkeeping requirements, Sewage disposal, Vessels.

##### 46 CFR Part 31

Cargo vessels, Marine safety, Reporting and recordkeeping requirements.

##### 46 CFR Part 39

Cargo vessels, Fire prevention, Hazardous materials transportation, Marine safety, Occupational safety and health, Reporting and recordkeeping requirements.

##### 46 CFR Part 44

Reporting and recordkeeping requirements, Vessels.

##### 46 CFR Part 50

Reporting and recordkeeping requirements, Vessels.

##### 46 CFR Part 63

Reporting and recordkeeping requirements, Vessels.

##### 46 CFR Part 69

Measurement standards, Penalties, Reporting and recordkeeping requirements, Vessels.

##### 46 CFR Part 71

Marine safety, Passenger vessels, Reporting and recordkeeping requirements.

##### 46 CFR Part 91

Cargo vessels, Marine safety, Reporting and recordkeeping requirements.

##### 46 CFR Part 107

Marine safety, Oil and gas exploration, Reporting and recordkeeping requirements, Vessels.

##### 46 CFR Part 108

Fire prevention, Marine safety, Occupational safety and health, Oil and gas exploration, Vessels.

##### 46 CFR Part 110

Reporting and recordkeeping requirements, Vessels.

##### 46 CFR Part 116

Fire prevention, Marine safety, Passenger vessels, Seamen.

##### 46 CFR Part 127

Cargo vessels, Fire prevention, Marine safety, Occupational safety and health, Reporting and recordkeeping requirements, Seamen.

##### 46 CFR Part 133

Cargo vessels, Marine safety, Reporting and recordkeeping requirements.

##### 46 CFR Part 153

Administrative practice and procedure, Cargo vessels, Hazardous materials transportation, Marine safety, Reporting and recordkeeping requirements, Water pollution control.

##### 46 CFR Part 154

Cargo vessels, Gases, Hazardous materials transportation, Marine safety, Reporting and recordkeeping requirements.

##### 46 CFR Part 161

Fire prevention, Marine safety, Reporting and recordkeeping requirements.

##### 46 CFR Part 162

Fire prevention, Marine safety, Oil pollution, Reporting and recordkeeping requirements.

##### 46 CFR Part 170

Marine safety, Reporting and recordkeeping requirements, Vessels.

##### 46 CFR Part 177

Marine safety, Passenger vessels, Reporting and recordkeeping requirements.

##### 46 CFR Part 189

Marine safety, Oceanographic research vessels, Reporting and recordkeeping requirements.

##### 46 CFR Part 199

Cargo vessels, Marine safety, Oil and gas exploration, Passenger vessels, Reporting and recordkeeping requirements.

■ For the reasons discussed in the preamble, and under the authority of 14 U.S.C. 633; 5 U.S.C. 552(a); 33 CFR

1.05–1(a)–(d); and, Department of Homeland Security Delegation No. 0170.1, the Coast Guard amends titles 33 and 46 of the Code of Federal Regulations as set forth below:

■ 1. Wherever it appears in chapters I of titles 33 and/or 46, the phrase “Commanding Officer, Marine Safety Center (MSC) 400 Seventh Street, SW., Room 6302, Nassif Building, Washington, DC 20590–0001” is revised to read “Commanding Officer (MSC), USCG Marine Safety Center, 1900 Half Street, SW., Suite 1000, Room 525, Washington, DC 20024 for visitors and private courier service delivery. Send all regular mail to Commanding Officer (MSC), USCG Marine Safety Center, 2100 2nd Street, SW., Washington, DC 20593.”

■ 2. Wherever it appears in chapters I of titles 33 and/or 46, the phrase “U.S. Coast Guard Marine Safety Center (G–MSC)” is revised to read “U.S. Coast Guard Marine Safety Center (MSC)”.

Dated: December 15, 2005.

**Stefan G. Venckus,**

*Chief, Office of Regulations and Administrative Law, United States Coast Guard.*

[FR Doc. 05–24319 Filed 12–20–05; 8:45 am]

BILLING CODE 4910–15–P

## POSTAL SERVICE

### 39 CFR Part 111

#### New Preparation Requirements for Bundles of Mail on Pallets

**AGENCY:** Postal Service.

**ACTION:** Final rule.

**SUMMARY:** This final rule changes preparation requirements for bundles of Periodicals, Standard Mail, and Package Services flat-size mail or irregular parcels on pallets. The rule gives the conditions under which mailers must prepare an area distribution center, bulk mail center/auxiliary service facility, or sectional center facility pallet with 250 or more pounds of bundles.

**DATES:** *Effective Date:* May 11, 2006.

**FOR FURTHER INFORMATION CONTACT:** Julia Carroll, 202–268–2108.

**SUPPLEMENTARY INFORMATION:** On September 30, 2005, the Postal Service™ published for comment in the **Federal Register** (70 FR 57237) a proposal to change preparation requirements for bundles of mail on pallets.

Bundles of flat-size mailpieces or irregular parcels on pallets are easier and less costly for us to handle than bundles in sacks. In addition, bundles

on pallets maintain their integrity to a greater degree than bundles in sacks. Our new standards will help increase the volume of mail on pallets by revising the requirements for pallet preparation.

Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM®) 705.8.5.2 requires mailers who prepare bundles of flat-size mail or bundles of irregular parcels on pallets to prepare a pallet to a required sortation level if a mailing contains 500 or more pounds of bundles.

Under this final rule, after preparing all other pallets at the 500-pound required minimum, if there are 250 or more pounds of bundles labeled to destinations within the ZIP Code range for an area distribution center (ADC), a mailer who prepares bundles of Periodicals flat-size mail or irregular parcels on pallets must prepare the ADC pallet. If there are 250 or more pounds of bundles labeled to destinations within the ZIP Code range for a bulk mail center/auxiliary service facility (BMC/ASF), a mailer who prepares bundles of Standard Mail and Package Services flat-size mail or irregular parcels on pallets must prepare the BMC/ASF pallet. If a mailing does not contain any ADC or BMC/ASF pallets and there are 250 or more pounds for an SCF, the mailer must prepare the SCF pallet.

In addition to these changes, we are removing text in 705.8.5.2 about labeling pallets and optional bundle reallocation, because we cover these topics in detail elsewhere in the DMM.

#### Comments Received

We requested comments on the proposal by October 31, 2005. We received two comments, one from a publisher and one from a mailing association. Both supported the proposal.

For the reasons discussed above, the Postal Service adopts the following amendments to Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM), incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1.

#### List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

#### PART 111—[AMENDED]

■ 1. The authority citation for 39 CFR Part 111 continues to read as follows:

**Authority:** 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 414, 416, 3001–3011, 3201–3219, 3403–3406, 3621, 3626, 5001.

■ 2. Revise the following sections of Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM), as follows:

#### 700 Special Standards

\* \* \* \* \*

#### 705 Advanced Preparation and Special Postage Payment Systems

\* \* \* \* \*

#### 8.0 Preparation for Pallets

\* \* \* \* \*

#### 8.5 General Preparation

\* \* \* \* \*

#### 8.5.2 Required Preparation

[Revise 8.5.2 to require ADC, BMC/ASF, or SCF pallets at 250 pounds of bundles, as follows:]

The following standards apply to Periodicals, Standard Mail, and Package Services, except Parcel Post mailed at BMC Presort, OBMC Presort, DSCF, and DDU rates.

a. Mailers must prepare a pallet to the required sortation level(s) for the class of mail when a mailing contains 500 or more pounds of bundles, sacks, or parcels or 72 linear feet or six layers of letter trays for the destination.

b. For bundles of flat-size mailpieces or bundles of irregular parcels on pallets, after preparing all possible pallets under 8.5.2a, when 250 or more pounds of bundles remain for an ADC (Periodicals) or for a BMC/ASF (Standard Mail and Package Services), mailers must prepare the ADC or BMC/ASF pallet, as applicable for the class of mail. Exception: If there are no ADC or BMC/ASF pallets in a mailing and 250 or more pounds remain for an SCF, mailers must prepare the SCF pallet.

c. If bundles remain that cannot be prepared on an ADC, BMC/ASF, or SCF pallet, mailers must place those bundles in sacks (8.9.1).

\* \* \* \* \*

**Neva R. Watson,**

*Attorney, Legislative.*

[FR Doc. 05–24209 Filed 12–20–05; 8:45 am]

BILLING CODE 7710–12–P

## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 180

[EPA–HQ–OPP–2005–0292]; FRL–7749–4]

#### Extension of Tolerances for Emergency Exemptions (Multiple Chemicals)

**AGENCY:** Environmental Protection Agency (EPA).