

X engage in substantial negotiations concerning X's acquisition of the stock of D from the D shareholders in exchange for stock of X. D and X do not reach an agreement regarding that acquisition. Three months after D and X first began negotiations regarding that acquisition, D distributes the stock of C pro rata to its shareholders. Three months after the distribution, Y acquires the stock of D from the D shareholders in exchange for stock of Y.

(ii) Although both X and Y engage in the manufacture and sale of trucks, X's truck business and Y's truck business are not the same business operations. Therefore, because Y's acquisition of D does not effect a combination of the same business operations as X's acquisition of D would have effected, Y's acquisition of D is not similar to X's potential acquisition of D that was the subject of earlier negotiations.

Example 7. Acquisition that is similar. (i) D is engaged in the business of writing custom software for several industries (industries 1 through 6). The software business of D related to industries 4, 5, and 6 is significant relative to the software business of D related to industries 3, 4, 5, and 6. X, an unrelated corporation, is engaged in the business of writing software and the business of manufacturing and selling hardware devices. X's business of writing software is significant relative to its total businesses. X and D engage in substantial negotiations regarding X's acquisition of D stock from the D shareholders in exchange for stock of X. Because X does not want to acquire the software businesses related to industries 1 and 2, these negotiations relate to an acquisition of D stock where D owns the software businesses related only to industries 3, 4, 5, and 6. Thereafter, D concludes that the intellectual property licenses central to the software business related to industries 1 and 2 are not transferable and that a separation of the software business related to industry 3 from the software business related to industry 2 is not desirable. One month after D begins negotiating with X, D contributes the software businesses related to industries 4, 5, and 6 to C, and distributes the stock of C pro rata to its shareholders. In addition, X sells its hardware businesses for cash. After the distribution, C and X negotiate for X's acquisition of the C stock from the C shareholders in exchange for X stock, and X acquires the stock of C.

(ii) Although D and C are different corporations, C does not own the custom software business related to industry 3, and X sold its hardware business prior to the acquisition of C, because X's acquisition of C involves a combination of a significant portion of the same business operations as the combination that would have been effected by the acquisition of D that was the subject of negotiations between D and X, X's acquisition of C is the same as or similar to X's potential acquisition of D that was the subject of earlier negotiations.

(k) *Effective dates.* This section applies to distributions occurring after April 26, 2002. Taxpayers, however, may apply these regulations in whole,

but not in part, to a distribution occurring after April 16, 1997, and on or before April 26, 2002. For distributions occurring after August 3, 2001, and on or before April 26, 2002 with respect to which a taxpayer chooses not to apply these regulations, see § 1.355-7T as in effect prior to April 26, 2002 (see 26 CFR part 1 revised April 1, 2002).

Robert E. Wenzel,

Deputy Commissioner of Internal Revenue.

Approved: April 15, 2002.

Mark Weinberger,

Assistant Secretary of the Treasury.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 165

CGD01-01-214

RIN 2115-AA97

Safety and Security Zones; Liquefied Natural Gas Carrier Transits and Anchorage Operations, Boston, Marine Inspection Zone and Captain of the Port Zone

AGENCY: Coast Guard, DOT.

ACTION: Temporary final rule; change in effective period.

SUMMARY: The Coast Guard is extending the effective period of the temporary safety and security zones for Liquefied Natural Gas Carrier (LNGC) vessels within the Boston Marine Inspection Zone and Captain of the Port Zone until August 15, 2002, to provide necessary protection and allow adequate time for a notice and comment period to develop a permanent rule. Entry into or movement within waters within a 500-yard radius of all LNGC vessels anchored in Broad Sound or moored at the Distrigas waterfront facility in the Mystic River, Everett, Massachusetts, or two miles ahead and one mile astern, and 1000-yards on each side of any LNGC vessel in navigable waters and internal waters of the United States within the Boston Marine Inspection Zone and Captain of the Port Zone, is prohibited without prior authorization from the Captain of the Port.

DATES: The amendment to § 165.T01-214 is effective April 26, 2002. Section 165.T01-214, added at 66 FR 59698, November 30, 2001, effective November 13, 2001, until June 15, 2002, is extended in effect until August 15, 2002. The suspension of § 165.110 at 66

FR 59698, November 13, 2001, is extended through August 15, 2002.

ADDRESSES: Documents as indicated in this preamble are available for inspection or copying at Marine Safety Office Boston, 455 Commercial Street, Boston, MA between the hours of 8 a.m. and 3 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Lieutenant Dave Sherry, Maritime Security Operations, Marine Safety Office Boston, Waterways Safety & Response Division, at (617) 223-3000.

SUPPLEMENTARY INFORMATION:

Regulatory History

On October 22, 2001, we issued a temporary final rule (TFR) (Docket # CGD01-01-191, 67 FR 9194, 9197; February 28, 2002) that remained in effect until November 13, 2001 when, because of the delay of the mail delivery of the rule to Washington, D.C. for publication in the **Federal Register**, it was replaced by a second TFR entitled "Safety and Security Zone; Liquefied Natural Gas Carrier Transits and Anchorage Operations, Boston, Marine Inspection Zone". (66 FR 59696, November 30, 2001). That rule is scheduled to remain in effect until June 15, 2002.

This rule was published without a notice of proposed rulemaking (NPRM). Under 5 U.S.C. 553, the Coast Guard found that good cause existed for not publishing an NPRM for this rule extension. Due to the flammable nature of the LNGC vessel cargo, the earlier TFR was required to prevent possible terrorist strikes against LNGC vessels within and adjacent to waters within the Boston Marine Inspection Zone and Captain of the Port Zone. It was anticipated that we would assess the security environment towards the end of the effective period to determine whether continued LNG related security precautions were required and, if so, to propose regulations responsive to existing conditions. We have determined the need for continued security regulations exists. The Coast Guard will utilize the extended effective period of this TFR to engage in notice and comment rulemaking to develop permanent regulations tailored to the present and foreseeable security environment within the Port of Boston.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for not publishing an NPRM and making this rule change effective less than 30 days after publication in the **Federal Register**. The measures contemplated by the rule are intended to prevent possible terrorist attacks against LNGC vessels,

and to protect other vessels, waterfront facilities, the public and the port of Boston from potential sabotage or other subversive acts, accidents or other causes of a similar nature. The Coast Guard intends to publish an NPRM proposing to make the measures of this temporary regulation permanent. This extension preserves current security measures during the rulemaking process, and that NPRM will invite public comment regarding the proposed revisions to the permanent regulations.

Background and Purpose

In light of the terrorist attacks in New York City and Washington, D.C. on September 11, 2001, safety and security zones were established to safeguard the LNGC vessels, the public and the surrounding area from sabotage or other subversive acts, accidents, or other events of a similar nature, and to protect persons, vessels and others in the maritime community from the hazards associated with the transit and limited maneuverability of a large tank vessel. These safety and security zones prohibited entry into or movement within the specified areas.

As we mentioned in the original TFR, these regulations were designed to provide the Captain of the Port of Boston with maximum flexibility to respond to emergent threats to LNG vessels. When less stringent security measures are required, the Captain of the Port communicates relaxed enforcement policies to the public. As a result, the full scope of these regulations is rarely imposed. Nevertheless, the flexibility to utilize those measures permitted by the TFR and required by the circumstances is vital to ensure port security in the present environment.

The temporary rule in effect currently is only effective until June 15, 2002. The Coast Guard is extending the effective date of this rule until August 15, 2002, to allow the establishment of permanent safety and security zones by notice and comment rulemaking.

Regulatory Evaluation

This rule is not a "significant regulatory action" under section 3(f) of Executive Order 12866 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 Transportation (DOT) (44 FR 11040, February 26, 1979).

The Coast Guard expects the economic impact of this rule to be minimal enough that a full Regulatory Evaluation under paragraph 10e of the

regulatory policies and procedures of DOT is unnecessary.

The effect of this regulation will not be significant for several reasons: the minimal time that vessels will be restricted from the areas, there is ample room for vessels to navigate around the zones in Broad Sound and, in most portions of the navigable waters of the United States, vessels can transit ahead, behind, and after passage of LNGC vessels, and advance notifications will be made to the local maritime community by marine information broadcasts. Any hardships experienced by persons or vessels are considered minimal compared to the national interest in protecting the public, vessels, and the maritime community from further devastating consequences of the aforementioned acts of terrorism.

Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 601–612), the Coast Guard 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.

The Coast Guard certifies under 5 U.S.C. 605(b) that this rule will not have a significant economic impact on a substantial number of small entities. This rule will affect the following entities, some of which may be small entities: the owners or operators of vessels intending to transit or anchor in a portion of Broad Sound or Boston Harbor. For the reasons enumerated in the Regulatory Evaluation section above, these safety and security zones will not have a significant economic impact on a substantial number of small entities.

Assistance for Small Entities

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Public Law 104–121), we want to assist small entities in understanding this rule so that they can better evaluate its effects on them and participate in the rulemaking process. If your small business or organization would be affected by this rule and you have questions concerning its provisions or options for compliance, please call Lieutenant Dave Sherry, telephone (617) 223–3000. Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with Federal regulations to the Small Business and Agriculture

Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency's responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1–888REGFAIR (1–888–734–3247).

Collection of Information

This rule would call for no new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

Federalism

The Coast Guard analyzed this rule under Executive Order 13132 and has determined that this rule does not have implications for federalism under that Order.

Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) governs the issuance of Federal regulations that require unfunded mandates. An unfunded mandate is a regulation that requires a State, local, or tribal government or the private sector to incur direct costs without the Federal Government having first provided the funds to pay those costs. This rule would not impose an unfunded mandate.

Taking of Private Property

This rule would 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 rule 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

The Coast Guard analyzed this rule under Executive Order 13045, Protection of Children from Environmental Health Risks and Security Risks. This rule is not an economically significant rule and does not pose an environmental risk to health or risk to security that may disproportionately affect children.

Indian Tribal Governments

This rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. A rule with tribal implications has 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.

Environment

The Coast Guard considered the environmental impact of this rule and concluded that, under figure 2-1, (34)(g), of Commandant Instruction M16475.ID, this rule is categorically excluded from further environmental documentation. A "Categorical Exclusion Determination" is available in the docket where indicated under ADDRESSES.

Energy Effects

We have analyzed this rule 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. It has not been designated by the Administrator of the Office of Information and Regulatory Affairs as a significant energy action. Therefore, it does not require a Statement of Energy Effects under Executive Order 13211.

List of Subjects in 33 CFR Part 165

Harbors, Marine security, Navigation (water), Reporting and recordkeeping requirements, Security measures, Waterways.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR Part 165 as follows:

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

1. The authority citation for part 165 continues to read as follows:

Authority: 33 U.S.C. 1231; 50 U.S.C. 191, 33 CFR 1.05-1(g), 6.04-1, 6.04-6, 160.5; 49 CFR 1.46.

§ 165.110 [Suspended]

2. Section 165.110, which was suspended at 66 FR 59698, November 30, 2001, from November 13, 2001 until June 15, 2002, will continue to be suspended through August 15, 2002.

3. Revise temporary § 165.T01-214(b) to read as follows:

§ 165.T01-214 Safety and Security Zone: Liquefied Natural Gas Carrier Transits and Anchorage Operations, Boston, Massachusetts.

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(b) *Effective date.* This section is effective from October 22, 2001, until August 15, 2002.

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Dated: April 11, 2002.

B.M. Salerno,

Captain, U.S. Coast Guard, Captain of the Port, Boston, Massachusetts.

[FR Doc. 02-10174 Filed 4-25-02; 8:45 am]

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POSTAL SERVICE

39 CFR Part 111

Domestic Mail Manual Changes To Clarify the Method Used To Determine Postal Zones

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: This final rule amends Domestic Mail Manual (DMM) G030 to clarify the language describing the method used by the Postal Service to determine postal zones. This final rule is effective with the implementation date of the Docket No. R2001-1 omnibus rate case on June 30, 2002. On that date, the Postal Service will update zone chart coordinates for all 3-digit ZIP Code prefixes in L005, Column A, that do not match the corresponding coordinates for L005, Column B.

EFFECTIVE DATE: This final rule is effective at 12:01 a.m. on June 30, 2002.

FOR FURTHER INFORMATION CONTACT: John Boyce, 901-681-4525.

SUPPLEMENTARY INFORMATION: On March 7, 2002, the Postal Service published a proposed rule in the **Federal Register** (67 FR 10340) for the purpose of clarifying the language in DMM G030 which describes the method used to determine postal zones 1 through 8. This clarification would not change the method used to calculate postal zones.

As information, postal rates for certain subclasses of mail are based on the weight of the individual piece and the distance that the piece travels from origin to destination (*i.e.*, the number of postal zones crossed). For the administration of the system of postal zones, the sphere of the earth is geometrically divided into units of area 30 minutes square, identical with a quarter of the area formed by the intersecting parallels of latitude and meridians of longitude. Postal zones are based on the distance between these units of area. The distance is measured from the center of the unit of area containing the sectional center facility (SCF) serving the origin Post Office to the SCF serving the destination Post

Office. The SCF serving the origin and destination Post Offices are determined by the appropriate SCF in L005, Column B.

In the March 7, 2002, proposed rule, the Postal Service solicited comments on the implementation date for this revision. During the 30-day comment period, the Postal Service received no comments on the proposed rulemaking.

Therefore, effective June 30, 2002, the longitude and latitude of 130 3-digit ZIP Code prefixes for SCF coordinates in L005, Column A, will be updated to reflect the parent SCF in L005, Column B. This update will align the 3-digit ZIP Code prefixes with current postal processing and distribution networks. To accommodate the small number of 3-digit ZIP Code prefixes for military post offices (MPOs) that are not listed in L005, the Postal Service will add a new table to DMM G030.1.2. The information in DMM G030.1.3 regarding the available formats in which zone chart data may be obtained from the Postal Service will be updated to reflect current distribution methods. Additionally, DMM G030.3.0 will be deleted because it repeats eligibility information for intra-BMC, inter-BMC, SCF, and delivery unit rates contained in other portions of the DMM.

The Postal Service Official National Zone Chart Data Program is administered from the National Customer Support Center (NCSC) in Memphis, TN. Single-page zone charts for originating mail are available online through Postal Explorer at <http://pe.usps.gov>. Zone chart data for the entire nation can be purchased in a CD-ROM format. For more information, or to purchase zone charts, call the Zone Chart program administrator at 800-238-3150. The single-page zone chart program available online through Postal Explorer has a link (click on "what's new") to the updated zone chart data effective on June 30, 2002.

For the reasons stated, the Postal Service adopts the following amendments to the Domestic Mail Manual (DMM), which is incorporated by reference in the Code of Federal Regulations (CFR). See 39 CFR part 111.

List of Subjects in 39 CFR Part 111

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, 404, 414, 3001-3011, 3201-3219, 3403-3406, 3621, 3626, 5001.