PART 177—INDIRECT FOOD ADDITIVES: POLYMERS

1. The authority citation for 21 CFR Part 177 continues to read as follows:

Authority: Secs. 201(s), 409, 72 Stat. 1784–1788 as amended (21 U.S.C. 321(s), 348); 21 CFR 5.10 and 5.61.

2. Section 177.1520 is amended in paragraph (b) by alphabetically inserting a new item in the list of substances to read as follows:

§ 177.1520 Olefin polymers.

* * * * *

(b) * * *

Substances	Limitations
* * *	* *
Vinylidene fluoride-hexafluoropropene copolymer (CAS Reg. No. 9011-17-0) having a fluorine content of 65 to 66 percent and a Mooney viscosity of 28 to 38, as determined by a method entitled "Mooney Viscosity," which is incorporated by reference. Copies are available from the Division of Food and Color Additives, Center for Food Safety and Applied Nutrition (HFF-330), Food and Drug Administration, 200 C St. SW., Washington, DC 20204, or may be examined at the Office of the Federal Register, 1100 L St. NW., Washington, DC 20408.	For use only as an extrusion aid in the production of extruded olefin polymers at levels not to exceed 0.1 percent by weight of the polymer. The finished polymers may be used only in contact with nonalcoholic foods under the conditions described in § 176.170(c) of this chapter, table 2, under conditions of use B through H.

* * * * *

Dated: November 5, 1986.

Richard J. Ronk,

Acting Director, Center for Food Safety and Applied Nutrition.

[FR Doc. 86–26478 Filed 11–28–86; 8:45 am]

BILLING CODE 4160-01-M

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 4a

[T.D. 8108]

Temporary Income Tax Regulations Relating to Source of Income; Source of Interest and Dividends

AGENCY: Internal Revenue Service, Treasury.

ACTION: Removal of temporary regulations.

SUMMARY: This document removes Temporary Income Tax Regulations Relating to Source of Income published in the **Federal Register** on December 29, 1982 (47 FR 57919) concerning special rules for determining source of interest derived from resident alien individuals and domestic corporations and the source of dividends derived from domestic corporations.

DATES: The removal of the temporary regulations at § 4a.861–1 is effective December 31, 1986.

FOR FURTHER INFORMATION CONTACT: Richard Chewning of the Office of Associate Chief Counsel (International), within the Office of Chief Counsel, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC 20224 (Attention: CC:LR:T) (202–566–6384, not a toll-free call).

SUPPLEMENTARY INFORMATION:

Background

This document removes Temporary Income Tax Regulations Relating to Source of Income (26 CFR Part 4a) at § 4a.861–1 (T.D. 7865) published in the **Federal Register** on December 29, 1982 (47 FR 57919). The temporary regulations are being removed because they have been mooted by amendment of section 881(b) by section 130(a) of the Tax Reform Act of 1984. Section 881(b), as amended, provides generally that passive income paid from U.S. sources to a corporation organized in Guam or the Virgin Islands will be subject to U.S. tax if 25% or more in value of the corporation's stock is owned by foreign persons and if less than 20% of the recipient corporation's income is from Guam or Virgin Islands sources (as the case may be).

The notice of proposed rulemaking (INTL–64–86) published in the **Federal Register** on December 29, 1982 (47 FR 57972) which pertains to this subject is being withdrawn.

Nonapplicability of Executive Order 12291

The Treasury Department has determined that removal of these temporary regulations is not subject to review under Executive Order 12291. Accordingly, a Regulatory Impact Analysis is not required.

Regulatory Flexibility Act

A general notice of proposed rulemaking is not required by 5 U.S.C. 553(b) for removal of temporary regulations. Accordingly, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply and no Regulatory Flexibility Analysis is required.

Drafting Information

The principal author of this removal of temporary Income Tax Regulations is Richard Chewning of the Office of Associate Chief Counsel (International), within the Office of Chief Counsel, Internal Revenue Service. Personnel from other offices of the Internal Revenue Service and Treasury Department participated in developing the regulations.

List of Subjects in 26 CFR Part 4a

Income taxes, Sources of income.

Adoption of Amendments to the Regulations

The Temporary Income Tax Regulations Relating to Source of Income (26 CFR Part 4a) are amended as follows:

Paragraph 1. The authority citation for Part 4a continues to read in part:

Authority: 26 U.S.C. 7805.

PART 4a—TEMPORARY INCOME TAX REGULATIONS RELATING TO SOURCE OF INCOME

PART 4a—[REMOVED]

Par. 2. Part 4a is removed.

Approved:

Roscoe L. Egger, Jr.,

Commissioner of Internal Revenue.

J. Roger Mentz,

Assistant Secretary of the Treasury.

November 15, 1986.

[FR Doc. 86–26909 Filed 11–28–86; 8:45 am]

BILLING CODE 4830-01-M

Bureau of Alcohol, Tobacco and Firearms

27 CFR Parts 270, 275, 290, 295, and 296

[T.D. ATF-243]

Implementing the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272)

AGENCY: Bureau of Alcohol, Tobacco and Firearms (ATF), Treasury.

ACTION: Final rule (Treasury decision).

SUMMARY: This final rule implements Title XIII, Subtitle B of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Pub. L. 99-272, 100 Stat. 311).

This document amends temporary regulations (T.D. ATF-232, 51 FR 28078) in 27 CFR Parts 270, 275, 290, 295, and 296 which provided for the taxation and regulation of chewing tobacco and snuff pursuant to Pub. L. 99-272. In addition, detailed rules for the grandfathering of existing manufacturers of chewing tobacco and snuff into the current regulatory framework for other tobacco products were provided.

EFFECTIVE DATE: December 31, 1986.

FOR FURTHER INFORMATION CONTACT: Nancy Cook or Clifford A. Mullen,

Distilled Spirits and Tobacco Branch, Bureau of Alcohol, Tobacco and Firearms, Room 6235, Ariel Rios Federal Building, 1200 Pennsylvania Avenue NW., Washington, DC 20226 (202) 566-7531.

SUPPLEMENTARY INFORMATION: This document contains final regulations implementing the smokeless tobacco provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Pub. L. 99-272). The final regulations provided by this document supersede the temporary rule on this subject which was published in the **Federal Register** on August 5, 1986 (51 FR 28078). A notice of proposed rulemaking cross referenced to the temporary rule was also published in the **Federal Register** on August 5, 1986 (51 FR 28106) and comments were received under the notice.

Temporary Rule Comments

Comments from four correspondents were received concerning the temporary rule. The comments were directed to three specific areas of the regulations—notice of tax classification of smokeless tobacco on packages, weight of the products on packages, and procedures for destruction of the products at the factory or for destruction of the products withdrawn from the market.

Notice of Tax Classification on Packages—27 CFR 270.216

One Commenter petitioned for final regulations which would allow smokeless tobacco products to be designated other than as "chewing tobacco" or "snuff" to avoid confusion to his customers. These customers selectively purchase smokeless tobacco products based on "cut," e.g., "long cut," "rough cut," "western cut," etc.

Other commenters requested that the final regulations provide for the use of geometric symbols in lieu of the designation "chewing tobacco" or "snuff" as proposed in the notice for smokeless tobacco. The commenters expressed the view that the designation "chewing tobacco" or "snuff" would cause confusion to customers, interfere with existing marketing plans, and pose an obstacle to the development of new products.

Weight of Product on Package—27 CFR 270.216

All commenters requested that the final rule not require the package weight to be marked on the consumer packages of either "plug," "twist," or "portion packaged" smokeless tobacco because of the lack of uniformity in the packaged weight of those products. ("Portion packed" products are those smokeless tobacco products such as snuff which are packaged in small, tea-bag-like, porous, in-mouth pouches.) As an alternative those commenters requested that shipping cases for those products be marked with the weight or average net weight of the contents. One commenter requested that cases for all smokeless tobacco products be marked with the actual weight of the product contained therein.

Procedures for Destruction of Products—27 CFR 270.253 or Withdrawal of Tobacco Products from the Market—27 CFR 270.311

One commenter requested separate procedures specific to smokeless tobacco manufacturers for the destruction of smokeless tobacco products entered into the factory record as manufactured or received, without salvaging the tobacco, and destruction of tobacco products withdrawn from the market. The commenter expressed the view that the procedures required for all tobacco products manufacturers would be unduly burdensome for smokeless tobacco manufacturers because of the relatively small volume of product withdrawn from the market by smokeless tobacco manufacturers. The special procedures requested for smokeless tobacco manufacturers would be based on an oral approval by ATF after oral notification by the manufacturer of the intended destruction. The oral request for destruction before removal from the factory, (27 CFR 270.253), would be supported by manufacturer's credit memoranda. In the case of a product withdrawn from the market, (27 CFR 270.311), the oral notification would be supported by the manufacturer's credit memorandum and ATF Form 3069 (5200.7), Schedule Of Tobacco Products, Cigarette Papers Or Tubes Withdrawn From the Market.

Analysis of Comments

On July 1, 1986, smokeless tobacco manufacturers began operating under the temporary rule. In the subsequent months the actual experience of the Bureau of Alcohol, Tobacco and Firearms (ATF) confirms industry statements that a change to the regulations is necessary with respect to package markings in order to prevent unnecessary burdens on the industry.

The temporary rule, 27 CFR 270.216, Notice for smokeless tobacco, requires every package of chewing tobacco or snuff, before removal subject to tax, to have thereon the designation "chewing tobacco" or "snuff" and a statement of the actual pounds and ounces of the product contained therein. The comments received by ATF indicate that by established industry practice, manufacturers often label and market their products using such terms as "smokeless tobacco" or "fine cut tobacco" rather than "chewing tobacco" or "snuff." The commenters asserted that a requirement that products be designated as "chewing tobacco" or "snuff" might cause confusion to consumers, and disrupt the sales and marketing plans of smokeless tobacco manufacturers.

The purpose of the required notice for smokeless tobacco is to protect the revenue. ATF's jurisdiction does not extend to the regulation of the labeling of smokeless tobacco products for purposes of consumer protection. It is necessary for the protection of the revenue and for the purpose of effective tax administration, that all packages of smokeless tobacco products bear a designation of the tax classification. However, ATF has determined that the use of alternative markings on packages of smokeless tobacco products, which clearly designate the tax classification of the product therein, would provide the same protection and security to the revenue without hindering effective tax administration.

Accordingly, ATF has determined that, without jeopardy to the revenue of relinquishing necessary administrative control 27 CFR 270.216 will be amended to provide for alternative markings to the designations "chewing tobacco" or "snuff" to be shown on the packages of smokeless tobacco products. However, geometric figures would not serve well as tax class designations because they might be difficult to distinguish from other decorative package features, unless elaborate and burdensome particulars as to their location, size, and color were specified in the regulations. As an alternative, packages of chewing tobacco may be designated "Tax Class C," and packages of snuff may be designated "Tax Class M." The regulations in 27 CFR 275.72 and 295.43 will be similarly amended.

ATF has also determined, from the comments received, that because of manufacturing and packaging methods, certain products such as "twist", "plug", and "portion packed" smokeless tobacco are subject to unavoidable variation in individual package weights. Therefore, for these products, it would be impractical and unreasonable to require that each package bear a statement of the actual pounds and ounces contained therein. However, the comments indicate that there is no such difficulty in determining the total weight of large quantities of these products, when the products are placed in shipping cases.

Accordingly, ATF has determined that, without jeopardy to the revenue or relinquishing necessary administrative control, 27 CFR 270.216 will be amended to provide for alternative marking of the product weight of packages of smokeless tobacco. As amended, the regulation will provide that smokeless tobacco manufacturers may, instead of marking the product weight on each package, have the total weight of the product, and the number and tax class of packages of product contained therein, marked on the shipping cases containing tobacco products. The regulations in 27 CFR 275.272 and 295.43 will be similarly amended.

With respect to procedures for destruction of products at the factory, 27 CFR 270.253, or for destruction of products withdrawn from the market, 27 CFR 270.311, ATF has determined that the current regulations are not unduly burdensome to smokeless tobacco manufacturers. However, such manufacturers may request approval for alternative methods or procedures under existing regulations in 27 CFR 270.45. ATF has determined to re-examine the destruction procedures with a view to bringing the requirements for all tobacco products into conformity with those for the other commodities regulated by ATF. Accordingly, ATF will include destruction procedures among the topics covered in a forthcoming notice of proposed rulemaking applicable to all tobacco products.

Temporary Regulations Adopted As Final Regulations Without Change

Temporary regulations were promulgated as T.D. ATF–232 (51 FR 28078) as a result of changes necessary to implement the smokeless tobacco provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985. These regulations are hereby adopted as final regulations with no change, except as amended herein. The following is a list of sections in the temporary regulations which are adopted as final regulations with no change.

Part 270

The heading, table of contents, §§ 270.1, 270.11, 270.25, 270.26, 270.27, 270.41, 270.42, 270.44, 270.61, 270.61a, 270.69, 270.72, 270.104, 270.133, 270.161, 270.162, 270.165a, 270.166, 270.167, 270.168, 270.182, 270.183, 270.184, 270.186, 270.201, 270.202, 270.211, 270.212, 270.216a, 270.217, 270.231, 270.232, 270.233, 270.234, 270.235, 270.236, 270.251, 270.252, 270.253, 270.254, 270.255, 270.281, 270.282, 270.283, 270.284, 270.286, 270.287, 270.301, 270.311, 270.312, 270.331.

Part 275

The table of contents, §§ 275.1, 275.11, 275.21, 275.23, 275.25, 275.33, 275.40, 275.41, 275.50, 275.60, 275.62, 275.63, 275.71, 275.72a, 275.75, 275.81, 275.85, 275.85a, 275.86, 275.101, 275.105, 275.106, 275.107, 275.109, 275.110, 275.111, 275.112, 275.115a, 275.116, 275.117, 275.120, 275.121, 275.125, 275.135, 275.136, 275.137, 275.138, 275.139, 275.140, 275.141, 275.161, 275.162, 275.163, 275.165, 275.170, 275.171, 275.172, 275.173, 275.174.

Part 290

The heading, the table of contents, §§ 290.1, 290.2, 290.11, 290.61, 290.61a, 290.62, 290.63, 290.64, 290.65, 290.66, 290.67, 290.69, 290.70, 290.90, 290.112, 290.123, 290.142, 290.143, 290.147, 290.152, 290.153, 290.154, 290.181, 290.182, 290.183, 290.184, 290.185, 290.187, 290.188, 290.189, 290.190, 290.191, 290.192, 290.193, 290.194, 290.195, 290.196, 290.196a, 290.197, 290.198, 290.200, 290.201, 290.202, 290.203, 290.204, 290.205, 290.206, 290.207, 290.207a, 290.208, 290.210, 290.212, 290.213, 290.221, 290.222, 290.223, 290.224, 290.225, 290.226, 290.227, 290.228, 290.229, 290.230, 290.255, 290.264.

Part 295

The heading, the table of contents, §§ 295.1, 295.11, 295.23, 295.25, 295.31, 295.32, 295.33, 295.34, 295.35, 295.36, 295.37, 295.41, 295.42, 295.46, 295.51.

Part 296

The heading, the table of contents, §§ 296.71, 296.72, 296.73, 296.74, 296.75, 296.76, 296.77, 296.78, 296.79, 296.80, 296.161, 296.163, 296.164, 296.166, 296.167.

Regulatory Flexibility Act

The provisions of the Regulatory Flexibility Act relating to a final regulatory flexibility analysis (5 U.S.C. 604) are not applicable to this document, because it was not required to be preceded by a general notice of proposed rulemaking under 5 U.S.C. 553, and because the revenue effects of this rulemaking on small businesses flow directly from the underlying statute. Likewise, any significant secondary or incidental effects, and any significant reporting, recordkeeping, or other compliance burdens flow directly from the statute.

Executive Order 12291

This document is not a major rule within the meaning of Executive Order 12291, 46 FR 13193 (1981), because it will not have an annual effect on the economy of $100 million or more; it will not result in a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; and it will not have significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Paperwork Reduction Act

The requirements to collect information proposed in this final rule have been submitted to the Office of Management and Budget and approved under Sec. 3507 of the Paperwork Reduction Act of 1980, Pub. L. 96–511, 44 U.S.C. Chapter 35.

List of Subjects

27 CFR Part 270

Administrative practice and procedure, Authority delegations, Claims, Electronic fund transfer, excise taxes, Labeling, Packaging and containers, Penalties, Reporting requirements, Seizures and forfeitures, Surety bonds, Tobacco products.

27 CFR Part 275

Administrative practice and procedure, Authority delegations, Cigarette papers and tubes, Electronic fund transfer, Claims, Customs duties and inspection, Excise taxes, Imports, Labeling, Packaging and containers, Penalties, Reporting requirements, Seizures and forfeitures, Surety bonds, Tobacco products, U.S. possessions, Warehouses.

27 CFR Part 290

Administrative practice and procedure, Aircraft, Authority delegations, Cigarette papers and tubes, Claims, Customs duties and inspection, Excise taxes, Exports, Foreign-trade zones, Labeling, Packaging and containers, Penalties, Surety bonds Tobacco products, Vessels, Warehouses.

27 CFR Part 295

Administrative practice and procedure, Authority delegations, Cigarette papers and tubes, Excise taxes, Labeling, Packaging and containers, Tobacco products.

27 CFR Part 296

Authority delegations, Cigarette papers and tubes, Claims, Disaster assistance, Excise taxes, Penalties, Seizures and forfeitures, Surety bonds, Tobacco products.

Drafting Information

The principal authors of this document are Nancy F. Cook and Clifford A. Mullen of the Distilled Spirits and Tobacco Branch, Bureau of Alcohol, Tobacco and Firearms.

Authority and Issuance

PARTS 270, 275, 290, 295 AND 296—[AMENDED]

Accordingly, the temporary regulation amending 27 CFR Parts 270, 275, 290, 295 and 296 which was published at 51 FR 28078–28092 is adopted as a final rule with the following changes:

Sec. A. The temporary regulations in 27 CFR Part 270 are amended as follows:

Paragraph 1. The authority citation for Part 270 continues to read as follows:

Authority: 5 U.S.C. 552(a), 26 U.S.C. 5701, 5703, 5704, 5705, 5711, 5712, 5713, 5721, 5722, 5723, 5741, 5751, 5753, 5761, 5762, 5763, 6109, 6301, 6302, 6311, 6313, 6402, 6404, 6423, 6676, 7212, 7325, 7342, 7502, 7503, 7606, 7805, 31 U.S.C. 9301, 9303, 9304, 9306.

Par. 2. Section 270.216 is revised to read as follows:

§ 270.216 Notice for smokeless tobacco.

(a) *Product designation.* Every package of chewing tobacco or snuff shall, before removal subject to tax, have adequately imprinted thereon, or on a label securely affixed thereto, the designation "chewing tobacco" or "snuff." As an alternative, packages of chewing tobacco may be designated "Tax Class C", and packages of snuff may be designated "Tax Class M".

(b) *Product weight.* Every package of chewing tobacco or snuff shall, before removal subject to tax, have adequately imprinted thereon, or on a label securely affixed thereto, a clear statement of the actual pounds and ounces of the product contained therein. As an alternative, the shipping cases containing packages of chewing tobacco or snuff may, before removal, have adequately imprinted thereon, or on a label securely affixed thereto, a clear statement, in pounds and ounces, of the total weight of the product, the tax class of the product, and the total number of the packages of product contained therein.

(Approved by the Office of Management and Budget under control number 1512–0488)

(Sec. 202, Pub. L. 85–859, 72 Stat. 1422 (26 U.S.C. 5723))

Sec. B. The temporary regulations in 27 CFR Part 275 are amended as follows:

Paragraph 1. The authority citation for Part 275 continues to read as follows:

Authority: 5 U.S.C. 552(a), 26 U.S.C. 5701, 5703, 5704, 5705, 5708, 5722, 5723, 5741, 5761, 5762, 5763, 6301, 6302, 6313, 6404, 7101, 7212, 7342, 7606, 7652, 7652(a), 7805, 31 U.S.C. 9301, 9303, 9304, 9306.

Par. 2. Section 275.72 is revised to read as follows:

§ 275.72 Notice for smokeless tobacco.

(a) *Product designation.* Every package of chewing tobacco or snuff shall, before removal subject to internal revenue tax, have adequately imprinted thereon, or on a label securely affixed thereto, the designation "chewing tobacco" or "snuff." As an alternative, packages of chewing tobacco may be designated "Tax Class C," and packages of snuff may be designated "Tax Class M."

(b) *Product weight.* Every package of chewing tobacco or snuff shall, before removal subject to internal revenue tax, have adequately imprinted thereon, or on a label securely affixed thereto, a clear statement of the actual pounds and ounces of the product contained therein. As an alternative, the shipping cases containing packages of chewing tobacco or snuff may, before removal, have adequately imprinted thereon, or on a label securely affixed thereto, a clear statement, in pounds and ounces, of the total weight of the product, the tax class of the product, and the total number of the packages of product contained therein.

(Approved by the Office of Management and Budget under control number 1512–0488)

(Sec. 202, Pub. L. 85–859, 72 Stat. 1422 (26 U.S.C. 5723))

PART 295—[AMENDED]

Sec. C. The temporary regulations in 27 CFR Part 295 are amended as follows:

Paragraph 1. The authority citation for Part 295 continues to read as follows:

Authority: 26 U.S.C. 5703, 5704, 5705, 5723, 5741, 5751, 5762, 5763, 6313, 7212, 7342, 7606, 7805, 44 U.S.C. 3504(h).

Par. 2. Section 295.43 is revised to read as follows:

§ 295.43 Notice for smokeless tobacco.

(a) *Product designation.* Every package of chewing tobacco or snuff shall, before removal under this part, have adequately imprinted thereon, or on a label securely affixed thereto, the designation "chewing tobacco" or "snuff." As an alternative, packages of chewing tobacco may be designated "Tax Class C," and packages of snuff may be designated "Tax Class M."

(b) *Product weight.* Every package of chewing tobacco or snuff shall, before removal under this part, have adequately imprinted thereon, or on a label securely affixed thereto, a clear statement of the actual pounds and ounces of the product contained therein. As an alternative, the shipping cases containing packages of chewing tobacco or snuff may, before removal, have adequately imprinted thereon, or on a label securely affixed thereto, a clear statement, in pounds and ounces, of the total weight of the product, the tax class of the product, and the total number of the packages of product contained therein.

(Approved by the Office of Management and Budget under control number 1512–0488)

(Sec. 202, Pub. L. 85–859, 72 Stat. 1422 (26 U.S.C. 5723))

Signed: November 7, 1986.

Stephen E. Higgins,

Director.

Approved: November 24, 1986.

Francis A. Keating, II,

Assistant Secretary (Enforcement).

[FR Doc. 86–26935 Filed 11–28–86; 8:45 am]

BILLING CODE 4810-31-M

POSTAL SERVICE

39 CFR Part 111

Disposal of Books and Sound Recordings

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: This final rule changes the procedures for the return of books and sound recordings found loose in the mail by providing a central location for the approval of requests for their return. It also requires requesters to designate the location where they will pick up their items or wish to have them returned.

DATES: Effective date: January 1, 1987. Publishers and distributors of books and sound recordings should submit their requests for the return of such books and sound recordings prior to February 1, 1987, in order to be included in the first central file of requesters effective March 1, 1987, when all prior files will become obsolete.

FOR FURTHER INFORMATION CONTACT: Francis E. Gardner (202) 268–5178.

SUPPLEMENTARY INFORMATION: On November 19, 1985, the Postal Service published for comment in the **Federal Register** (50 FR 47564) proposed changes to the Domestic Mail Manual altering the rule governing the return of books and sound recordings. Interested persons were invited to submit comments on the proposed changes by December 19, 1985.

Five commenters responded to our invitation. Although the commenters generally favored the proposed changes, all objected on the ground of undue hardship to the proposal that publishers and distributors be required to pick up their merchandise at a designated dead parcel branch, since some mailers would have to travel great distances to the nearest branch. They suggested that pick up be permitted at the point of entry in the mail stream, such as a bulk mail center, post office, or detached mail unit. We have changed the regulation as requested.

Another commenter recommended that the name of an approved publisher or distributor be kept in the central file of requesters for five years, instead of two as proposed, on the ground that the industry is fairly stable and not likely to change. We agree with this comment and have changed the regulation.

A commenter said that distributors should be allowed twenty days from a scheduled release date, or twenty days after being notified by the Postal Service, to pick up their merchandise, instead of ten, as proposed. We considered this comment, discussed it with the Mailers Technical Advisory Committee, and have decided to increase the period to 15 days, which we believe should be adequate.

For the above reasons and after careful consideration of all the comments, the Postal Service hereby adopts the following amendments to the Domestic Mail Manual, which is incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1.

List of Subjects in 39 CFR Part 111

Postal Service.

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

Authority: 5 U.S.C. 552(a); 39 U.S.C. 401, 404, 407, 408, 3001–3011, 3201–3219, 3403–3406, 3621, 5001.

PART 159—UNDELIVERABLE MAIL

2. In 159.56, revise .564 to read as follows:

.56 Dead Parcel Branches

* * * * *

.564 Disposal of Books and Sound Recordings. Books and sound recordings will be disposed of by sale, except for those that may be withheld from sale for release to a publisher or distributor under the following conditions:

a. A publisher or distributor may request, in the manner set forth below, that books and sound recordings bearing a particular trade name, company name or other organizational identification, be released to the requester or to the requester's representative. The requirements for such a request are:

(1) The requester must apply in writing to the General Manager, Customer and Field Support Division, Office of Classification and Rates Administration, USPS Headquarters, Washington, DC 20260–5361.

(2) The request must include a statement that the requester is the publisher or distributor of the books and sound recordings bearing the listed trade name, company name or other organizational identification. More than one trade name, company name or other organizational identification may be listed in the same request.

(3) The request must specify only one location where the books and sound recordings will be picked up. The specific pick-up facility may be changed at any time by submitting a written request to the General Manager, Customer and Field Support Division.

(4) After approval, a central file of requesters and the items specified for return will be maintained by the Customer and Field Support Division. All requesters will receive confirmation of their requests.

(5) An approval will remain in effect for five years or until cancelled in writing by either the requester or the Postal Service. (See 159.564i).

b. A book or sound recording will not be released to the requester even though it bears an applicable trade name, company name, or other organizational identification, if it does not appear to be new, or was involved in the settlement of a postal indemnity claim, or if it is known that the requester was not the mailer or addressee. Such books will be auctioned.

c. A request for release of books or sound recordings will not be granted whenever a written protest or a conflicting request from another party is presented to the General Manager, Customer and Field Support Division. Books and sound recordings involved in such a dispute will be sold at auction in the normal course of business, unless written notice from both parties advising of settlement of the dispute is received before the sale deadline (see 159.564i). Both parties to a dispute will be advised when a question over ownership occurs and when any settlement of the dispute is made.

d. Upon approval of a request by the General Manager, Customer and Field Support Division, facilities handling books and sound recordings will establish separations to the maximum extent practicable.

e. Release procedures at the point of customer mail entry (i.e., bulk mail center, post office or detached mail unit) are as follows:

(1) Books and sound recordings will be released to requesters or their authorized representatives at a time and in a manner mutually agreeable between the requester and the Postal Service consistent with the instructions in this section.

(2) Failure of requesters to pick up books and sound recordings within fifteen days of written notification or on a previously scheduled release date will result in return of the material to a dead parcel branch for auction and in the cancellation of the request.

f. If the designated release facility has a dead parcel branch, the release procedures are the same as above.

g. In order to pick up books and sound recordings at the designated facility, requesters or their representatives must present a letter from the requester authorizing the Postal Service to release such merchandise to the bearer. This letter of authorization must be executed in triplicate. Upon release the merchandise, all copies of the letter of authorization will be receipted in bulk by the person accepting delivery. One copy will be given with the merchandise, one copy will be mailed directly to the requester and the original will be retained by the releasing facility for one year.

h. Books and sound recordings separated for return at a location other than a designated release facility will be made up in individual shipments to the return point in packages, sacks, hampers, or other types of containers. Packages will be as large as possible, subject to the weight and size limitations for fourth-class mail in DMM Part 750. Each package will be sent under a penalty label to the designated point of release (bulk mail center, post office or detached mail unit). Sacks are subject to the 70 pound weight limitation. Hampers or other containers may be used if adequate security against pilferage can be maintained. Where hampers or other containers are used, arrangements must be made through the Transportation Management Service Center associated with the sending facility for suitable containment, labeling, movement, and security.

i. When a request is cancelled (see 159.564e(2)), the requester will be notified in writing by the dead parcel office, with a copy to the General Manager, Customer and Field Support Division. A cancelled request may not be renewed until six months after the date of cancellation. At that time, a written application must be resubmitted, which will be treated as if it were a new request. Books and sound recordings on hand at the time of a cancellation will be included in the next auction.

A transmittal letter making these changes in the Domestic Mail Manual will be published and will be transmitted to subscribers automatically. Notice of issuance of the transmittal letter will be published in the **Federal Register** as provided in 39 CFR 111.3.

Fred Eggleston,

Assistant General Counsel, Legislative Division.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Parts 400, 405, 412, 421, 456, 460, 461, 462, 463, 466, 473, 476, and 478

[HSQ–122–F]

Removal of Obsolete Rules; Peer Review Organizations; Medicare Program

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Final rule.