

Special Analyses

These rules are not major rules as defined in Executive Order 12291. Therefore, a Regulatory Impact Analysis is not required. Although this Treasury decision was preceded by a notice of proposed rulemaking that solicited public comments, the notice was not required by 5 U.S.C. 553 since the regulations proposed in that notice and adopted by this Treasury decision are interpretative. Therefore, a final Regulatory Flexibility Analysis is not required by the Regulatory Flexibility Act (5 U.S.C. Chapter 6).

Drafting Information

The principal author of these regulations is David R. Haglund, Office of Assistant Chief Counsel (Passthroughs and Special Industries). However, personnel from other offices of the Internal Revenue Service and Treasury Department participated in their development.

List of Subjects

26 CFR 1.701-1 through 1.771-1

Income taxes, Partnerships.

26 CFR 1.1361-OA through 1.1388-1

Income taxes, Small business, S corporations, Electing small business corporations, Cooperatives.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR Part 1 is amended as follows:

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1986

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

Authority: 26 U.S.C. 7805. * * *

§ 1.702.1T [Removed]

Par. 2. Section 1.702-1T is removed.

Par. 3. Section 1.702-1 is amended by redesignating paragraph (e) as paragraph (f), and by adding a new paragraph (e) to read as set forth below.

§ 1.702-1 Income and credits of partner.

(e) *Special rules on requirement to separately state meal, travel, and entertainment expenses.* Each partner shall take into account separately his or her distributive share of meal, travel, and entertainment expenses paid or incurred after December 31, 1986, by partnerships that have taxable years beginning before January 1, 1987, and ending with or within partner's taxable years beginning on or after January 1, 1987. In addition, with respect to skybox

rentals under section 274 (1) (2), each partner shall take into account separately his or her distributive share of rents paid or incurred after December 31, 1986, by partnerships that have taxable years beginning before January 1, 1989, and ending with or within partners' taxable years beginning on or after January 1, 1987.

§ 1.1366-1T [Removed]

Par. 4. Section 1.1366-1T is removed.

§ 1.1366-1 [Reserved]

Par. 5. Section 1.1366-1 is added and reserved, and new § 1.1366-2 is added at the appropriate place to read as follows:

§ 1.1366-2 Special rules on requirement to separately state meal, travel, and entertainment expenses.

Each shareholder shall take into account separately his or her pro rata share of meal, travel, and entertainment expenses paid or incurred after December 31, 1986, by S corporations that have taxable years beginning before January 1, 1987, and ending with or within shareholders' taxable years beginning on or after January 1, 1987. In addition, with respect to skybox rentals under section 274 (1) (2), each shareholder shall take into account separately his or her pro rata share of rents paid or incurred after December 31, 1986, by S corporations that have taxable years beginning before January 1, 1989, and ending with or within shareholders' taxable years beginning on or after January 1, 1987.

Lawrence B. Gibbs,
Commissioner of Internal Revenue.

Approved:

Dennis E. Ross,
(Acting) Assistant Secretary of the Treasury.
[FR Doc. 89-8039 Filed 4-4-89; 8:45 am]
BILLING CODE 4830-01-M

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 47

[T.D. ATF-287]

Importation of Articles on the United States Munitions Import List

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

ACTION: Final rule (treasury decision).

SUMMARY: This final rule amends regulations in 27 CFR Part 47 to implement amendments to the Arms Export Control Act to allow the importation of United States manufactured surplus military firearms

(curios and relics) previously furnished to foreign governments under any foreign assistance or sales program of the United States, provided that such firearms are still owned by the country to which the firearms were furnished; increases criminal penalties for violations of section 38(c) of the Arms Export Control Act; and a reference is added to the regulations to prohibit the importation of arms, ammunition, and military vehicles produced in South Africa.

EFFECTIVE DATE: April 5, 1989.

FOR FURTHER INFORMATION CONTACT:

John E. Struewing, Firearms and Explosives Operations Branch, Bureau of Alcohol, Tobacco and Firearms, ((202) 566-7591).

SUPPLEMENTARY INFORMATION:

Background

Section 233 of the Trade and Tariff Act of 1984 Pub. L. 98-573, 98 Stat. 2991 amended the Gun Control Act of 1968 by adding a new section 925(e) to Title 18, U.S.C., allowing federally licensed importers to import surplus military firearms, either of foreign or United States manufacture, provided they were classified as curios or relics. This amendment did not affect other laws concerning the importation of firearms. Thus, the Arms Export Control Act of 1976 still prohibited the return of United States manufactured military firearms and ammunition which had been furnished to foreign governments under any foreign assistance or sales program of the United States (22 U.S.C. 2778(b)(1)). Accordingly, the regulations implementing the Arms Export Control Act continued to require in 27 CFR 47.57 that importers desiring to import military firearms and ammunition which were manufactured in the United States, including curio and relic firearms, must certify that the importation would not violate the Arms Export Control Act and provide documentary information on the original foreign source of the firearms and ammunition.

In 1987, the Arms Export Control Act was amended by Section 8142 of the Joint Resolution making further continuing appropriations for the fiscal year 1988 (Pub. L. 100-202, 101 Stat. 1329) to provide an exception to the prohibition against the importation of United States manufactured military firearms and ammunition in section 2778(b)(1). As amended, the statute now permits the importation of military firearms (including ammunition and other specified items) of United States manufacture furnished to a foreign government under any foreign

assistance or sales program of the United States if the firearms are importable under 18 U.S.C. 925(e) as curios or relics and the foreign government to which the firearms were furnished certifies that it owns the firearms.

This final rule amends 27 CFR 47.57 to implement the above amendment to the Arms Export Control Act. At the same time, it amends 27 CFR 47.61 and 47.62 to reflect an amendment of that Act made by section 119 of the International Security and Development Cooperation Act of 1985 (Pub. L. 99-83, 99 Stat. 190), which increased the criminal penalties for violations of the Act. The final rule also amends 27 CFR 47.52(c) to reflect the prohibition in section 302 of the Comprehensive Anti-Apartheid Act of 1986 (Pub. L. 99-440, 100 Stat. 1086) against the importation into the United States of arms, ammunition, and military vehicles produced in South Africa.

Administrative Procedure Act

Under 27 CFR 47.54, the functions conferred under Section 38 of the Arms Export Control Act of 1976 are excluded from the operation of Chapter 5 (Administrative Procedure) of Title 5, United States Code, with respect to rulemaking and adjudicating.

Such functions are concerned with "a military or foreign affairs function of the United States." Accordingly, this regulation may be adopted without prior notice of proposed rulemaking or opportunity for hearing.

Regulatory Flexibility Act

Because a Notice of Proposed Rulemaking is not required for this final rule under 5 U.S.C. 553(b), the provisions of the Regulatory Flexibility Act (Pub. L. 96-354, 94 Stat. 1165, 5 U.S.C. 601 et seq.) relating to the preparation of a regulatory flexibility analysis are not applicable to this final rule.

Executive Order 12291

This document is not subject to Executive Order 12291 of February 17, 1981 (46 FR 13193 (1981)), because it concerns a military or foreign affairs function of the United States.

Paperwork Reduction Act

The information collection requirements contained in this final rule were previously approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act of 1980 (OMB Control No. 1512-0017).

Drafting Information

The principal authors of this final rule are John E. Struewing and Carmen L. Alston, Firearms and Explosives

Division, Bureau of Alcohol, Tobacco & Firearms.

List of Subjects in 27 CFR Part 47

Administrative practice and procedure, Arms control, Arms and munitions, Authority delegations, Customs duties and inspection, Imports, Penalties, Reporting and Recordkeeping requirements.

Authority and Issuance

PART 47—[AMENDED]

Paragraph 1. The authority citation for Part 47 continues to read as follows:

Authority: 22 U.S.C. 2778.

Par. 2. Section 47.52(c) is amended by adding a new sentence at the end of the paragraph to read as follows:

§ 47.52 Import restrictions applicable to certain countries.

(c) * * * In addition, section 302 of the Comprehensive Anti-Apartheid Act of 1986 (22 U.S.C. 5052) prohibits the importation into the United States of arms, ammunition, and military vehicles produced in South Africa as well as any manufacturing data for such articles.

Par. 3. Section 47.57 is revised to read as follows:

§ 47.57 U.S. military firearms.

(a) Notwithstanding any other provision of this part or of 27 CFR Part 178, no military firearms or ammunition of United States manufacture may be imported for sale in the United States (other than for the Armed Forces of the United States and its allies or for any State or local law enforcement agency) if such articles were furnished to a foreign government under a foreign assistance or sales program of the United States.

(1) The restrictions in paragraph (a) of this section covers firearms which are advanced in value or improved in condition in a foreign country, but it does not include those which have been substantially transformed as to become, in effect, articles of foreign manufacture.

(2) A person desiring to import into the United States military firearms and ammunition which were manufactured in the United States must submit a statement with the application for a permit certifying that the importation of such firearms or ammunition is not prohibited by the provisions of paragraph (a) of this section. The certification statement must be accompanied by documentary information on the original foreign source of the firearms or ammunition.

(b) Paragraph (a) of this section shall not apply if such firearms are curios or

relics under 18 U.S.C. 925(e) and the person seeking to import such firearms provides a certification of a foreign government that the firearms were furnished to such government under a foreign assistance or sales program of the United States and that the firearms are owned by such foreign government. (See 27 CFR 178.118 providing for the importation of certain curio or relic handguns, rifles and shotguns.)

(c) For the purpose of this section, the term "military firearms and ammunition" includes all firearms and ammunition furnished to foreign governments under a foreign assistance or sales program of the United States as set forth in paragraph (a) of this section. The term does not include component parts of firearms and ammunition.

(Approved by the Office of Management and Budget under OMB Control No. 1512-0017)

§ 47.61 [Amended]

Par. 4. Section 47.61 is amended by removing "\$100,000" and "2" and replacing them with "\$1,000,000" and "10", respectively.

§ 47.62 [Amended]

Par. 5. Section 47.62 is amended by removing "\$100,000" and "2" and replacing them with "\$1,000,000" and "10", respectively.

Signed: January 31, 1989.

Stephen E. Higgins,
Director.

Approved: March 6, 1989.

Salvatore R. Martoche,
Assistant Secretary (Enforcement).
[FR Doc. 89-7985 Filed 4-4-89; 8:45 am]
BILLING CODE 4810-31-M

DEPARTMENT OF DEFENSE

Department of the Navy

32 CFR Part 706

Certifications and Exemptions Under the International Regulations for Preventing Collisions at Sea, 1972

AGENCY: Department of the Navy, DOD.
ACTION: Final rule.

SUMMARY: The Department of the Navy is amending its certifications and exemptions under the International Regulations for Preventing Collisions at Sea, 1972 (72 COLREGS), to reflect that the Judge Advocate General of the Navy has determined that USS PENNSYLVANIA (SSBN-735) and USS WEST VIRGINIA (SSBN-736) are vessels of the Navy which, due to their special construction and purpose,

cannot comply fully with certain provisions of the 72 COLREGS without interfering with their special function as naval submarines. The intended effect of this rule is to warn mariners in waters where 72 COLREGS apply.

EFFECTIVE DATE: March 27, 1989.

FOR FURTHER INFORMATION CONTACT: Captain P.C. Turner, JAGC, U.S. Navy, Admiralty Counsel, Office of the Judge Advocate General, Navy Department, 200 Stovall Street, Alexandria, VA 22332-2400, Telephone number: (202) 325-9744.

SUPPLEMENTARY INFORMATION: Pursuant to the authority granted in 33 U.S.C. 1605, the Department of the Navy amends 32 CFR Part 706. This amendment provides notice that the Judge Advocate General of the Navy, under authority delegated by the Secretary of the Navy, has certified that USS PENNSYLVANIA (SSBN-735) and USS WEST VIRGINIA (SSBN-736) are vessels of the Navy which, due to their special construction and purpose, cannot comply fully with 72 COLREGS: Rule 21(c), pertaining to the arc of visibility of the sternlight; Annex I, section 2(a)(i), pertaining to the height of the masthead light; Annex I, section 2(k), pertaining to the height and relative

positions of the anchor lights; and Annex I, section 3(b), pertaining to the location of the sidelights. Full compliance with the above-mentioned 72 COLREGS provisions would interfere with the special functions and purposes of the vessels. The Judge Advocate General of the Navy has also certified that the above-mentioned lights are located in closest possible compliance with the applicable 72 COLREGS requirements.

Notice is also provided to the effect that USS PENNSYLVANIA (SSBN-735) and USS WEST VIRGINIA (SSBN-736) are members of the SSBN-726 class of vessels for which certain exemptions, pursuant to 72 COLREGS, Rule 38, have been previously authorized by the Secretary of the Navy. The exemptions pertaining to that class, found in the existing tables of section 706.3, are equally applicable to USS PENNSYLVANIA (SSBN-735) and USS WEST VIRGINIA (SSBN-736).

Moreover, it has been determined, in accordance with 32 CFR Parts 296 and 701, that publication of this amendment for public comment prior to adoption is impracticable, unnecessary, and contrary to public interest since it is based on technical findings that the

placement of lights on these vessels in a manner differently from that prescribed herein will adversely affect the vessels' ability to perform their military functions.

List of Subjects in 32 CFR Part 706

Marine Safety, Navigation (Water), and Vessels.

PART 706—[AMENDED]

Accordingly, 32 CFR Part 706 is amended as follows:

1. The authority citation for 32 CFR Part 706 continues to read:

Authority: 33 U.S.C. 1605.

§ 706.2 [Amended]

2. Table One of § 706.2 is amended by adding the following vessels:

Vessel	Number	Distance ¹
USS PENNSYLVANIA.	SSBN-735.....	3.70
USS WEST VIRGINIA.	SSBN-736.....	3.70

¹ Distance in meters of forward masthead light below minimum required height. Section 2(a)(i), Annex I.

3. Table Three of § 706.2 is amended by adding the following vessels:

Vessel	Number	Masthead lights, arc of visibility; Rule 21(a)	Side lights, arc of visibility; Rule 21(b)	Stern light, arc of visibility; Rule 21(c)	Side lights, distance inboard of ship's sides in meters; section 3(b), Annex I	Stern light distance forward of stern in meters; Rule 21(c)	Forward anchor light, height above hull in meters; section 2(k), Annex I	Anchor lights, relationship of aft light to forward light in meters; section 2(k), Annex I
USS Pennsylvania.....	SSBN-735			211.5°	5.3	9.0	3.8	4.0 below.
USS West Virginia.....	SSBN-736			211.5°	5.3	9.0	3.8	4.0 below.

Dated: March 27, 1989.

Approved.

E.D. Stumbaugh,

Rear Admiral, JAGC, U.S. Navy, Judge Advocate General.

[FR Doc. 89-8013 Filed 4-4-89; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[FRL-3550-4; EPA Docket No. AM606PA]

Disapproval of State Implementation Plan Revision; Pennsylvania

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: EPA is disapproving a September 23, 1985 request for a State

Implementation Plan (SIP) revision (referred to as Supplement No. 2), submitted by the Commonwealth of Pennsylvania. The area affected by the request is Southeast Pennsylvania; i.e., the Pennsylvania portion (Bucks, Montgomery, Philadelphia, Chester and Delaware Counties) of the Metropolitan Philadelphia Interstate Air Quality Control Region (AQCR). Supplement No. 2 claims that cited volatile organic compound emission reductions are sufficient to fulfill commitments made by the Commonwealth to support the attainment demonstration required under Sections 172 and 110(a)(2) of the Clean Air Act (Act). EPA is disapproving Supplement No. 2 because the Commonwealth has not documented the permanence and enforceability of the emission reductions claimed therein.

This disapproval reaffirms the current SIP requirement for the Commonwealth to make up a 5.5 percent shortfall in the

total amount of enforceable emission reductions originally projected to be necessary to provide for attainment. It is not intended to address future emission reductions (beyond the 44 percent committed to in the current SIP) that may be required because of the failure of the Metropolitan Philadelphia Interstate AQCR to attain the National Ambient Air Quality Standard (NAAQS) for ozone by December 31, 1987. The 44 percent reduction requirement was previously estimated to be necessary in order for the ozone standard to be met by December 31, 1987 in the areas affected by emissions from the Metropolitan Philadelphia Interstate AQCR. This notice discusses EPA's disapproval of Supplement No. 2 and responds to public comments on EPA's September 8, 1987 proposed disapproval action (52 FR 33840).