X is required to include in income in 1987 is reduced by $6,660 ($100,000 × (100%–93.3400%)), resulting in an amount of $47,761.40 ($54,361.40–$6,660).

Example 5. (i) At the end of 1985, Z, a calendar year taxpayer, had undiscounted unpaid losses of $1,000,000 in the workers' compensation line of business for the 1984 accident year. On May 1, 1986, Z ceded $130,000 of the reserve to an unrelated reinsurer. Z added $250,000 to the 1985 year end reserve to take into account workers' compensation risks for the 1984 accident year that Z assumed in a reinsurance transaction on September 1, 1986. Z had $230,000 of 1986 loss payments related to the 1984 accident year of its workers' compensation line, $60,000 of which was attributable to the reinsurance assumed by Z. At the end of 1986, Z's reserve for the workers' compensation line for the 1984 accident year was $1,100,000.

(ii) If only paragraph (c)(3)(i) of this section were applied, Z would have a $460,000 reserve strengthening ($1,100,000–($1,000,000–230,000–$130,000)). Under paragraph (c)(3)(ii)(B) of this section, however, reserve strengthening does not include the $250,000 that Z added to the reserve to take into account the reinsurance assumed. Also, none of the $60,000 of loss payments attributable to the reinsurance assumed in 1986 are taken into account. Accordingly, Z has $150,000 of reserve strengthening ($460,000–$250,000–$60,000). If this is Z's only reserve strengthening or weakening, then the amount that Z must include in income for 1987 under paragraph (e) of this section is $40,771.05 ($150,000 × (100%–72.8193%)). The factor of 72.8193% is the AY+2 factor from the workers' compensation series of discount factors published in Rev. Rul. 87–34.

Example 6. (i) X was a calendar year taxpayer before July 1, 1986, the date on which X became a member of an affiliated group of corporations that files a consolidated return with a June 30 year end. Thus, X had two taxable years beginning in 1986: a short taxable year ending June 30, 1986, and a fiscal taxable year ending June 30, 1987.

(ii) As of the end of 1985, X had undiscounted unpaid losses of $800,000 in the automobile liability line of business for the 1983 accident year. At the end of the short taxable year, X had reserves of $700,000 of undiscounted unpaid losses, and on June 30, 1987, had reserves of $600,000 of undiscounted unpaid losses. During the short taxable year, ending June 30, 1986, X's loss payments for this reserve were $120,000. During the taxable year ending June 30, 1987, X's loss payments for this reserve were $180,000. Under paragraph (c)(3)(i) of this section, X has a $100,000 reserve strengthening: of which $20,000 ($700,000–($800,000–$120,000)) is attributable to the short taxable year ending June 30, 1986 and $80,000 ($600,000–($700,000–$180,000)) is attributable to the taxable year ending June 30, 1987.

(iii) The amount of reserve strengthening for this line of business is determined pursuant to the principles of paragraph (c)(2) of this section.

§ 1.846–4 Effective date.

Sections 1.846–1 through Sections 1.846–3 apply to taxable years beginning after December 31, 1986.

Approved: August 14, 1992.

Shirley D. Peterson,
Commissioner of Internal Revenue.

Alan J. Wilensky,
Assistant Secretary of the Treasury.

[FR Doc. 92–21299 Filed 9–4–92; 8:45 am]

BILLING CODE 4830-01-M

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 20

[T.D. ATF-332, Re: Notice No. 743]

Specially Denatured Spirits; Miscellaneous Amendments

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

ACTION: Treasury decision, final rule.

SUMMARY: This final rule amends regulations to eliminate the requirement that a person obtain a permit as a dealer in specially denatured spirits with respect to shipments of specially denatured spirits which that person never physically received nor intended to receive; clarify a reference to specially denatured spirits, and to correct a regulatory reference; allow for the notification of adoption of formulas and statements of process to be filed at the regional level; allow distributors of an article to place minimal identifying information (name, address and phrase such as "distributed by") on the label of that article without qualifying in any manner under agency regulations on the distribution and use of denatured alcohol and rum; allow that, in certain cases, code marks may be used on the container of an article, in lieu of a permit number, to identify the site where the article was manufactured; and revise the procedures for the disposition of specially denatured spirits from one user to another.

These changes are intended to liberalize the procedures applicable to the distribution of specially denatured spirits, and reduce regulatory burdens.

EFFECTIVE DATE: September 8, 1992.

FOR FURTHER INFORMATION CONTACT: Tamara Light, Distilled Spirits and Tobacco Branch, Bureau of Alcohol, Tobacco and Firearms, 650 Massachusetts Avenue NW., Washington, DC 20226 ((202) 927–8210).

SUPPLEMENTARY INFORMATION:

Background

Dealer Redefined

26 U.S.C. 5271 provides, in part, that persons who deal in specially denatured spirits shall obtain a permit which authorizes that activity. ATF has interpreted the term "deal in" to mean the purchase and sale of specially denatured spirits. This interpretation has sometimes required a person who merely takes orders for specially denatured spirits, and arranges for the shipment to an eligible user, to qualify with ATF as a dealer, to file a bond and to otherwise comply with the regulatory provisions of 27 CFR part 20, because that person is buying and selling specially denatured spirits. Since a person acting in this manner never physically receives a shipment of specially denatured spirits, and never intends to receive such shipment, ATF feels that by revising the definition of the term dealer, only those persons who engage in activities involving physical possession of denatured spirits will be required to obtain a permit.

It is ATF's view that product accountability should rest with persons who physically receive specially denatured spirits. This view is based on the fact that specially denatured spirits may only be transferred between persons who hold a permit authorizing them to receive, store, use or denature such products. This means that ATF can establish the accountability of specially denatured spirits by verifying that the consignor and consignee are operating in compliance with the provisions of 27 CFR parts 19 and/or 20. There is no need for ATF to consider the ownership (without physical receipt) of specially denatured spirits by intervening third parties. Accountability and tax liability relating to specially denatured spirits will reside with those persons who are accountable for the specially denatured spirits because they physically possess the product.

Regulation 27 CFR 20.25 Clarified

The phrase "specially denatured alcohol" in § 20.25 is revised to read "specially denatured spirits." Section 20.25 is revised to correct the reference to § 20.222 to read § 20.241.

Regulation in 20.63 Revised

The regulations in 27 CFR 20.63 provide for the adoption of a predecessor's formulas and statements of process by a successor. Current regulations require the successor to submit to the Director a certificate containing information regarding the proposed adoption. ATF is revising

§ 20.63 to allow the certificate to be submitted to the regional director (compliance) instead of the Director. This change will make this procedure consistent with other regulatory requirements that changes after original qualifications be filed with the regional director (compliance). The change will result in a streamlined process for notifying ATF of changes which affect permits.

Changes in Labeling Provisions for Articles

The Cosmetic, Toiletry and Fragrance Association (CTFA) on behalf of its members, petitioned ATF to amend 27 CFR 20.134(b) to allow the principal place of business to be shown on the labels of articles for external human use that contain denatured spirits, when the labels are coded to identify the place the article was manufactured. CTFA has requested this change to ease the burden of the labeling requirements for companies who have more than one manufacturing facility. The current regulations require the name and principal office of the manufacturer and the permit number of the place of manufacture. The purpose of this requirement is to provide the consumer with information about the manufacturing location of the article. We believe the consumer will be sufficiently informed as to who is responsible for the article by allowing manufacturers to use their principal business address on the label. This change will facilitate the use of identical labels in the situation where a single manufacturer operates more than one manufacturing site. Manufacturers with more than one manufacturing site will have a reduced cost because they will no longer maintain separate label inventories merely because of different addresses printed on labels. The identifying code marks will be permissible following submission of a notice explaining the coding system to the regional director (compliance) of the region where the manufacturing site is located.

ATF is also revising 27 CFR 20.134 to permit distributors to add a label to an article without the necessity to qualify in any way under 27 CFR part 20, provided the label merely states the distributor's name and address (city and State) and a short explanatory phrase, such as "Distributed by." Such additional labeling has been permitted for many years for alcoholic beverage products without danger to revenue or to consumers. It is expected that the use of such additional labeling will be a matter to be agreed upon between the manufacturer or packager and the distributor.

Regulation 20.235 Revised

Regulation 27 CFR 20.235(a) permits the transfer of specially denatured spirits from one user to another. Section 20.235 is revised to clarify the manner in which such spirits packaged for transfer shall be marked or labeled. This change will improve the accountability of the specially denatured spirits.

Public Participation—Written Comments

ATF received two comments during the 30 day comment period which ended on July 23, 1992. Both commenters were opposed to eliminating the current requirement that a person who merely takes orders and arranges for the shipment of specially denatured spirits without ever taking physical possession of the spirits, obtain a permit as a dealer. The commenters feel that by eliminating this requirement, the third party brokers will be less knowledgeable of the regulatory specially denatured spirits requirements and, therefore, an increased risk of an unaccounted for use of specially denatured spirits is present. ATF does not feel that the accountability over the use of specially denatured spirits will be lessened. ATF believes that it is not necessary for a person who merely directs the shipment of specially denatured spirits from one party to another without ever physically receiving the specially denatured spirits to qualify as a dealer because specially denatured spirits may only be transferred between persons who hold a permit authorizing them to receive, store, use or denature such products. This means that if a third party broker directs a dealer to ship x amount of specially denatured spirits to a user, both the dealer and the user will have to hold qualified ATF permits authorizing them to deal in and/or use specially denatured spirits. Since the dealer and the user will be the only ones who actually physically process the specially denatured spirits, there is no need to require that the third party obtain a permit. ATF will continue to be able to regulate both permit holders (the dealer and the user) and ensure compliance with the regulations in 27 CFR parts 19 and/or 20.

Final Rule

Accordingly, ATF is adopting the regulations as proposed in Notice No. 743 and published in the **Federal Register** (57 FR 27956, June 23, 1992).

Regulatory Flexibility Act

It is hereby certified that this final rule will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required because the final rule is not expected (1) to have significant secondary or incidental effects on a substantial number of small entities; or (2) to impose or otherwise cause, a significant increase in the reporting, recordkeeping or other compliance burdens on a substantial number of small entities.

Executive Order 12291

It has been determined that this document is not a "major rule" within the meaning of Executive Order 12291, and a regulatory impact analysis is not required 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 collections of information contained in this final regulation have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1980 (44 U.S.C. 3504(h)) under control numbers 1512–0336 and 1512–0337. The total annual reporting burden for 1512–0336, which combines numerous sections of regulations contained in 27 CFR Part 20, is 1,556 hours. The total annual recordkeeping burden for 1512–0337 is 1 hour.

Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Chief, Information Programs Branch, room 3200, Bureau of Alcohol, Tobacco and Firearms, Washington, DC 20226, and the Office of Management and Budget, Paperwork Reduction Project 1512–0336 and 1512–0337, Washington, DC 20503.

Drafting Information

The principal author of this document is Tamara Light, Distilled Spirits and Tobacco Branch, Bureau of Alcohol, Tobacco and Firearms.

List of Subjects in 27 CFR Part 20

Administrative practice and procedure, Advertising, Alcohol and alcohol beverages, Authority delegations, Claims, Excise taxes, Reporting and recordkeeping requirements, Surety bonds.

Issuance

Accordingly, 27 CFR part 20, entitled "Distribution and Use of Denatured Alcohol and Rum," is amended as follows:

1. The authority citation for 27 CFR part 20 is revised to read as follows:

Authority: 26 U.S.C. 5001, 5206, 5214, 5271–5275, 5311, 5552, 5555, 5607, 6065, 7805.

2. Section 20.11 is amended by revising the definition for dealer and adding an OMB control number to the end of the section to read as follows:

§ 20.11 Meaning of terms.

* * * * *

Dealer. A person required to hold a permit to deal in specially denatured spirits for resale to persons authorized to purchase or receive specially denatured spirits in accordance with this part. The term does not include a person who only buys and sells specially denatured spirits which that person never physically receives or intends to receive.

* * * * *

(Approved by the Office of Management and Budget under control number 1512–0336)

3. Section 20.25 is revised to read as follows:

§ 20.25 Permits.

The Director shall issue permits covering the use of specially denatured spirits by the United States or a Governmental agency as provided in § 20.241. The regional director (compliance) shall issue the industrial alcohol user permit, Form 5150.9, required under this part.

4. The information cited immediately following section 20.36 is revised to read as follows:

§ 20.36 Execution under penalties of perjury.

* * * * *

(26 U.S.C. 6065)

5. Section 20.63(a) is revised to read as follows:

§ 20.63 Adoption of formulas and statements of process.

(a) The adoption by a successor (proprietorship or fiduciary) of a predecessor's formulas and statements of process as provided in § 20.57(c), and § 20.58, will be in the form of a certificate submitted to the regional director (compliance).

* * * * *

6. Section 20.134(b)(1)(ii) is revised and paragraph (f) is added to read as follows:

§ 20.134 Labeling.

(b) * * *

(1) * * *

(ii) The name and principal office address (city and State) of the manufacturer, and the permit number or numbers of the place or places of manufacture. However, in lieu of such permit number or numbers, the place or places where the manufacturing operation occurred may be indicated by a coding system. Prior to using a coding system, the manufacturer shall send a notice explaining the coding system to the regional director (compliance) of the region where the manufacturing site is located, or

* * * * *

(f) *Distributor labeling.* Distributors of an article may place minimal identifying information (name, address and a phrase such as "distributed by") on the label of that article (or on an additional label) without qualifying in any manner under this part; provided:

(1) The article is produced, packaged and labeled as provided in this part; and

(2) The distributor does not produce, repackage or reprocess the article.

(Approved by the Office of Management and Budget under control number 1512–0336)

7. Section 20.235 is amended by revising paragraph (b) to read as follows:

§ 20.235 Disposition to another user.

* * * * *

(b) The user shall prepare a record of shipment in accordance with § 20.171. The packages to be shipped shall bear the name and permit number of the user and the marks and labels required under § 20.178. The user's copy of the record of shipment shall include an explanation of the reason for the disposition.

* * * * *

(Approved by the Office of Management and Budget under control number 1512–0337)

Signed: August 19, 1992.

Stephen E. Higgins,

Director.

Approved: August 26, 1992.

Peter K. Nunez,

Assistant Secretary (Enforcement).

[FR Doc. 92-21361 Filed 9-4-92; 8:45 am]

BILLING CODE 4810-31-M

DEPARTMENT OF DEFENSE

Office of the Secretary

32 CFR Part 60

Drug Abuse Testing Program

AGENCY: Office of the Secretary of Defense, DoD.

ACTION: Final rule.

SUMMARY: The Department of Defense hereby removes 32 CFR part 60. This part has served the purpose for which it was issued and is no longer valid.

EFFECTIVE DATE: August 31, 1992.

FOR FURTHER INFORMATION CONTACT: L.M. Bynum, Correspondence and Directives Directorate, 1155 Defense Pentagon, Washington, DC 20301–1155.

SUPPLEMENTARY INFORMATION:

List of Subjects in 32 CFR Part 60

Drug testing; Military personnel.

PART 60—[REMOVED]

Accordingly, by the authority of 10 U.S.C. 131, 32 CFR part 60 is removed.

Dated: September 2, 1992.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 92-21502 Filed 9-4-92; 8:45 am]

BILLING CODE 3810-10-M

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 73

[MM Docket Nos. 85-251 and 85-390; FCC 92-401]

Television Broadcasting Services; Santa Barbara, Ventura, and Bakersfield, CA

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: This document consolidates MM Dockets No. 85-251 and 85-390 and deletes UHF-TV Channel 51 from Ventura, California, in response to two petitions for reconsideration and two applications for review. See 52 FR 38232 (October 15, 1987) and 52 FR 41433 (October 28, 1987). The Commission deleted Channel 51 because of changed circumstances that have occurred since the channel was allotted in 1987. Specifically, the channel had become vacant and no applications can be filed for the channel because of the freeze imposed for vacant allotments in order

to accommodate the inquiry into Advanced Television Systems. With this action, this proceeding is terminated.

EFFECTIVE DATE: October 8, 1992.

FOR FURTHER INFORMATION CONTACT: Andrew J. Rhodes, Mass Media Bureau, (202) 632-5414.

SUPPLEMENTARY INFORMATION: This is a synopsis of the Commission's Memorandum Opinion and Order in MM Docket Nos. 85-251 and 85-390, adopted August 24, 1992, and released September 1, 1992. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (room 230), 1919 M Street, NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors. Downtown Copy Center, (202) 452-1422, 1990 M Street, NW., suite 640, Washington, DC 20036.

List of Subjects in 47 CFR Part 73

Television broadcasting.

PART 73—[AMENDED]

1. The authority citation for part 73 continues to read as follows:

Authority: 47 U.S.C. 154, 303.

§ 73.606 [Amended]

2. Section 73.606(b), the Table of Allotments under California, is amended by deleting Channel 51 at Ventura.

Federal Communications Commission.

Donna Searcy,

Secretary.

[FR Doc. 92-21468 Filed 9-4-92; 8:45 am]

BILLING CODE 6712-01-M

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47 CFR Part 90

[PR Docket No. 92-79; FCC 92-359]

Elimination of Separate Licensing of End Users of Specialized Mobile Radio Systems

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: The Commission has adopted a Report and Order eliminating separate licensing of end users of Specialized Mobile Radio systems in most circumstances. End users will operate under the terms and conditions of the authorizations issued Specialized Mobile Radio base station licensees, who will assume responsibility for exercising operational control over mobile and control stations communicating over their base stations. Certain loading reports required of Specialized Mobile Radio licensees are eliminated and loading calculations for trunked systems are to be made on the basis of base station licensee business records. Requirements for modifying trunked Specialized Mobile Radio system licenses are relaxed.

EFFECTIVE DATE: October 8, 1992.

ADDRESSES: Federal Communications Commission, 1919 M Street, NW., Washington, DC 20554.

FOR FURTHER INFORMATION CONTACT: Myra G. Kovey, (202) 632-6497, Private Radio Bureau.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Report and Order, PR Docket No. 92-79, FCC 92-359, adopted August 5, 1992, and released August 31, 1992. The full text of this Report and Order is available for inspection and copying during normal business hours in the FCC Dockets Branch, room 230, 1919 M Street, NW., Washington, DC. The complete text may be purchased from the Commission's copy contractor, Downtown Copy Center, 1990 M Street, NW., Washington, DC 20036, telephone (202) 452-1422.

Summary of Report and Order

1. In a Notice of Proposed Rule Making, released May 5, 1992, the Commission proposed with respect to the Specialized Mobile Radio (SMR) service elimination of separate SMR end user licensing, modification of the reporting requirements associated with the loading of trunked SMR systems, and relaxation of license modification requirements for trunked SMR systems. The Report and Order considers these proposals.

2. First, the Report and Order eliminates separate SMR end user licensing with the exception of proposed end user facilities falling within the scope of the Federal Aviation Act and implementing Rules, the National Environmental Policy Act and implementing Rules and Commission "quiet zone" restrictions. Facilities in these categories must be separately licensed by the Commission. SMR base station licensees are responsible for assuring that end users comply with all applicable Rules and Regulations governing end user operations.

3. Next, the Report and Order eliminates requirements for periodic mobile loading reports and substitutes a requirement that SMR base station licensees submit loading data only when applying for authorizations for which loading is a prerequisite. Mobile loading data will comprise the average number of mobiles and control stations operating on a licensee's system on the first business day of the month for the six month period immediately preceding the filing of an application. The average will be calculated according to the licensee's business records.

3. Finally, the Report and Order eliminates the requirement that licensees of trunked SMR systems modify their licenses when there is a change in the location or number of fixed, control or mobile transmitters.

Final Regulatory Flexibility Analysis

Need and Purpose of This Action

The Commission is adopting this Report and Order to eliminate a substantial burden on the public, reduce administrative costs and to improve government efficiency by removing the requirement that most end users of trunked and conventional SMR systems obtain individual licenses.

Summary of the Issues Raised

No comments addressed our Initial Regulatory Flexibility Analysis.

Significant Alternatives Considered

The Commission considered and rejected an alternative regarding the method of calculating loading data.

List of Subjects in 47 CFR Part 90

Private land mobile radio services.

Amendatory Text

Title 47 of the Code of Federal Regulations, part 90, is amended as follows:

1. The authority citation for part 90 continues to read as follows:

Authority: Sections 4, 303, and 332, 48 Stat. 1066, 1082, as amended; 47 U.S.C. 154, 303, and 332, unless otherwise noted.

§ 90.651 [Amended]

2. 47 CFR § 90.651(a) is removed and reserved.

3. 47 CFR § 90.655 is revised to read as follows:

§ 90.655 Special licensing requirements for Specialized Mobile radio systems.

End users of conventional or trunked Specialized Mobile Radio systems that have control stations that require FAA clearance, as specified in Subpart B of part 17 of Title 47 of the Code of Federal Regulations, 47 CFR 17.7-17.17, or that may have a significant environmental effect, as defined by § 1.1307, or that are located in a "quiet zone", as defined by 47 CFR 90.177 must be individually licensed for such control stations prior to construction or operation. All other end users' operations will be within the scope of the base station licensee. All end users, however, continue to be