

Dated: May 9, 1997.

Lynn E. Davis,

Under Secretary for Arms Control and International Security Affairs, Department of State.

[FR Doc. 97-13282 Filed 5-19-97; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 26

[TD 8720]

RIN 1545-AU26

Generation-Skipping Transfer Tax

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the generation-skipping transfer (GST) tax regulations under chapter 13 of the Internal Revenue Code (Code). This document amends the final regulations under section 2652 and is necessary to provide guidance to taxpayers so that they may comply with chapter 13 of the Code.

DATES: This regulation is effective on May 20, 1997.

For dates of applicability of these regulations, see Effective Date under Supplementary Information.

FOR FURTHER INFORMATION CONTACT: James F. Hogan, (202) 622-3090 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On December 27, 1995, the IRS published final regulations in the **Federal Register** (60 FR 66898) under sections 2611, 2612, 2613, 2632, 2641, 2642, 2652, 2653, 2654, and 2663. On June 12, 1996, a notice of proposed rulemaking deleting § 26.2652-1(a)(4) and two related examples was published in the **Federal Register** (61 FR 29714). No comments responding to the notice of proposed rulemaking were received, and no public hearing was requested or held. The final regulations are adopted as proposed.

Explanation of Provision

Section 2652(a)(1) provides generally, that the term *transferor* means—(A) In the case of any property subject to the tax imposed by chapter 11, the decedent, and (B) in the case of any property subject to the tax imposed by chapter 12, the donor. An individual is treated as transferring any property with respect to which the individual is the

transferor. Under § 26.2652-1(a)(2), a transfer is subject to Federal gift tax if a gift tax is imposed under section 2501(a) and is subject to Federal estate tax if the value of the property is includible in the decedent's gross estate determined under section 2031 or section 2103. Under § 26.2652-1(a)(4), the exercise of a power of appointment that is not a general power of appointment is also treated as a transfer subject to Federal estate or gift tax by the holder of the power if the power is exercised in a manner that may postpone or suspend the vesting, absolute ownership, or power of alienation of an interest in property for a period, measured from the date of the creation of the trust, extending beyond any specified life in being at the date of creation of the trust plus a period of 21 years plus, if necessary, a reasonable period of gestation.

The purpose of the rule in § 26.2652-1(a)(4) was to impose the GST tax when it may not otherwise have applied. It was never intended to (nor could it) prevent the application of the tax pursuant to the statutory provisions that apply based on the original taxable transfer. To eliminate any uncertainty concerning the proper application of the GST tax, the regulations under section 2652(a) are clarified by eliminating § 26.2652-1(a)(4) and *Example 9* and *Example 10* in § 26.2652-1(a)(6) from the regulations.

Effective Date

These amendments apply to transfers to trusts on or after June 12, 1996.

Special Analyses

It has been determined that this Treasury Decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations and, because these regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding these regulations was submitted to the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of this regulation is James F. Hogan, Office of the Chief Counsel, IRS. Other personnel from the

IRS and Treasury Department participated in its development.

List of Subjects in 26 CFR Part 26

Estate taxes, Reporting and recordkeeping requirements.

Amendments to the Regulations

Accordingly, 26 CFR part 26 is amended as follows:

PART 26—GENERATION-SKIPPING TRANSFER TAX REGULATIONS UNDER THE TAX REFORM ACT OF 1986

Paragraph 1. The authority citation for part 26 continues to read, in part, as follows:

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

Par. 2. Section 26.2652-1 is amended as follows:

1. Paragraph (a)(4) is removed and paragraphs (a)(5) and (a)(6) are redesignated as paragraphs (a)(4) and (a)(5), respectively.

2. In newly designated paragraph (a)(5), *Examples 9* and *10* are removed and *Example 11* is redesignated as *Example 9*.

Margaret Milner Richardson,
Commissioner of Internal Revenue.

Approved: May 1, 1997.

Donald C. Lubick,

Acting Assistant Secretary of the Treasury.
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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 100

[CGD 05-97-021]

RIN 2115-AE46

Special Local Regulations for Marine Events; The Great Chesapeake Bay Swim Event, Chesapeake Bay, Maryland

AGENCY: Coast Guard, DOT.

ACTION: Notice of implementation.

SUMMARY: This notice implements regulations for the Great Chesapeake Bay Swim Event to be held on June 8, 1997. These special local regulations are needed to provide for the safety of participants and spectators on the navigable waters during this event. The effect will be to restrict general navigation in the regulated area for the safety of participants in the swim, and their attending personnel.

EFFECTIVE DATE: 33 CFR 100.507 is effective from 8:30 a.m. until 2 p.m., on June 8, 1997.

FOR FURTHER INFORMATION CONTACT: LT J. Driscoll, Marine Events Coordinator, Commander, Coast Guard Activities Baltimore, 2401 Hawkins Point Rd., Baltimore, MD 21226-1797, (410) 576-2676.

SUPPLEMENTARY INFORMATION: The March of Dimes will sponsor the Great Chesapeake Bay Swim Event on the Chesapeake Bay in the vicinity of the William P. Lane Jr. Memorial Twin Bridges. Approximately 600 swimmers will start from Sandy Point State Park and swim between the William P. Lane Jr. Memorial Twin Bridges to the Eastern Shore. A large fleet of support vessels will be accompanying the swimmers. Therefore, to ensure the safety of the participants and support vessels, 33 CFR 100.507 will be in effect for the duration of the event. Under provisions of 33 CFR 100.507, no vessels may enter the regulated area without permission of the Coast Guard patrol commander. Vessel traffic will be permitted to transit the regulated area as the swim progresses. As a result, maritime traffic should not be significantly disrupted.

Dated: May 8, 1997.

Kent H. Williams,
Vice Admiral, U.S. Coast Guard Commander,
Fifth Coast Guard District.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 100

[CGD08-97-015]

RIN 2115-AE46

Special Local Regulations; Memphis in May Sunset Symphony Lower Mississippi River Mile 735.0-736.0, Memphis, TN

AGENCY: Lower Mississippi River, DOT.
ACTION: Final rule.

SUMMARY: Special local regulations are being adopted for the Memphis in May Sunset Symphony. This event will be held on May 24, 1997, from 7:00 p.m. until 9:30 p.m. at Memphis, TN. These regulations are needed to provide for the safety of life on navigable waters during the event.

EFFECTIVE DATES: These regulations are effective from 7 p.m. to 9:30 p.m. on May 24, 1997.

FOR FURTHER INFORMATION CONTACT: CWO4 Frank E. Janes, Assistant Chief, Port Operations Department, USCG Marine Safety Office, Memphis, Tennessee at (901) 544-3941, ext. 226.

SUPPLEMENTARY INFORMATION:

Regulatory History

In accordance with 5 U.S.C. 553, a notice of proposed rule making for these regulations has not been published and good cause exists for making them effective in less than 30 days from the date of publication. Following normal rule making procedures would be impracticable. The details of the event were not finalized in sufficient time to publish proposed rules in advance of the event or to provide for a delayed effective date. Nevertheless, interested persons wishing to comment may do so by submitting written views, data, or arguments. Individuals wishing to comment should include their name and address, identify this notice (CGD08-97-015) and the specific section of the proposal to which the comments apply, and give reasons for each comment. Receipt of comments will be acknowledged if a stamped self-addressed envelope is enclosed.

Background and Purpose

The marine event requiring this regulation is a pyrotechnic display. The event is sponsored by the Memphis in May International Festival, Inc. The Memphis in May Sunset Symphony fireworks display in the Lower Mississippi River at approximately mile 735.0-736.0.

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. It has been exempted from review by the Office of Management and Budget under that order. It is not 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 so minimal that a full Regulatory Evaluation under paragraph 10e of the regulatory policies and procedures of DOT is unnecessary because of the event's short duration.

Small Entities

The Coast Guard finds that the impact on small entities, if any, is not substantial. The temporary rule occurs at night, during minimal usage of the river by small entities, and will hinder few, if any, vessels for a short period. Therefore, the Coast Guard certifies

under section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) that this temporary rule will not have a significant economic impact on a substantial number of small entities.

Collection of Information

This rule contains no information collection requirements under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

Federalism Assessment

The Coast Guard has analyzed this action in accordance with the principles and criteria of Executive Order 12612 and has determined that this rule does not raise sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Environment Assessment

The Coast Guard considered the environmental impact of this rule and concluded that under section 2.B.2.C. of Commandant Instruction M16475.1B, (as revised by 61 FR 13563; March 27, 1996) this rule is excluded from further environmental documentation.

List of Subjects in 33 CFR Part 100

Marine safety, navigation (water), Reporting and Recordkeeping requirements, Waterways.

Temporary Regulations

In consideration of the foregoing, part 100 of Title 33, Code of Federal Regulations, is amended as follows:

PART 100—[AMENDED]

1. The authority citation for part 100 continues to read as follows:

Authority: 33 U.S.C. 1233; 49 CFR 1.46 and 33 CFR 100.35.

2. A temporary section 100.35-T08-015 is added to read as follows:

§ 100.35-T08-015 Lower Mississippi River at Memphis, TN.

(a) *Regulated Area:* Lower Mississippi River Mile 735.0-736.0.

(b) *Special Local Regulation:* All persons and/or vessels not registered with the sponsors as participants or official patrol vessels are considered spectators. "Participants" are those persons and/or vessels identified by the sponsor as taking part in the event. The "official patrol" consists of any Coast Guard, public, state or local law enforcement and/or sponsor provided vessel assigned to patrol the event. The Coast Guard "Patrol Commander" is a Coast Guard commissioned, warrant, or petty officer who has been designated by Commanding Officer, Coast Guard Marine Safety Office Memphis.