

rata as to all shareholders. The final regulations also provide that section 1059(e)(1) applies to certain exchanges described in section 356.

**DATES:** This regulation is effective July 16, 1997.

For date of applicability, see § 1.1059(e)-1(c).

**FOR FURTHER INFORMATION CONTACT:** Richard K. Passales, (202) 622-7530 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

On June 18, 1996, the IRS published in the **Federal Register** a notice of proposed rulemaking (CO-9-96), 61 FR 30845, concerning certain distributions under section 1059(e)(1) of the Internal Revenue Code. The proposed rules were based on the conclusion that applying the exceptions to extraordinary dividend treatment found in sections 1059 (d)(6) and (e)(2) to amounts treated as extraordinary dividends under section 1059(e)(1) is inconsistent with the purposes of section 1059 and may create inappropriate consequences, such as basis shifting that eliminates gain or creates artificial loss.

The IRS received a few comments on the proposed regulations. No one requested to speak at the public hearing. After consideration of all the comments, the regulations are adopted as revised by this Treasury decision. The revisions and significant comments are discussed below.

**Explanation of Revisions**

Section 1.1059(e)-1(b) of the proposed regulations provides that for purposes of section 1059(e)(1), an exchange under section 356(a)(1) is treated as a redemption and, to the extent any amount is treated as a dividend under section 356(a)(2), it is treated as a dividend under section 301. One practitioner questioned whether section 1.1059(e)-1(b) applies to exchanges for section 306 stock that are treated as section 301 distributions under section 356(e). The final regulations clarify that for purposes of section 1059(e)(1), all exchanges under section 356 are treated as redemptions and all amounts treated as a dividend under section 356(a)(2) are treated as dividends under section 301. Accordingly, the final regulations delete the reference to subsection (a)(1) of section 356.

**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 also has 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 the regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

**Drafting Information**

The principal author of these regulations is Richard K. Passales, Office of Assistant Chief Counsel (Corporate), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**Adoption of Amendments to the Regulations**

Accordingly, 26 CFR part 1 is amended as follows:

**PART 1—INCOME TAXES**

**Paragraph 1.** The authority citation for part 1 is amended by adding an entry in numerical order to read as follows:

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

Section 1.1059(e)-1 also issued under 26 U.S.C. 1059 (e)(1) and (e)(2). \* \* \*

**Par. 2.** In § 1.302-2, paragraph (c) introductory text is amended by adding a sentence immediately following the first sentence to read as follows:

**§ 1.302-2 Redemptions not taxable as dividends.**

\* \* \* \* \*

(c) \* \* \* (For adjustments to basis required for certain redemptions of corporate shareholders that are treated as extraordinary dividends, see section 1059 and the regulations thereunder.) \* \* \*

**Par. 3.** Section 1.1059(e)-1 is added to read as follows:

**§ 1.1059(e)-1 Non-pro rata redemptions.**

(a) *In general.* Section 1059(d)(6) (exception where stock held during entire existence of corporation) and section 1059(e)(2) (qualifying dividends) do not apply to any distribution treated as an extraordinary dividend under section 1059(e)(1). For example, if a redemption of stock is not pro rata as to

all shareholders, any amount treated as a dividend under section 301 is treated as an extraordinary dividend regardless of whether the dividend is a qualifying dividend.

(b) *Reorganizations.* For purposes of section 1059(e)(1), any exchange under section 356 is treated as a redemption and, to the extent any amount is treated as a dividend under section 356(a)(2), it is treated as a dividend under section 301.

(c) *Effective date.* This section applies to distributions announced (within the meaning of section 1059(d)(5)) on or after June 17, 1996.

**Michael P. Dolan,**

*Acting Commissioner of Internal Revenue.*

Approved: June 27, 1997.

**Donald C. Lubick,**

*Acting Assistant Secretary of the Treasury.*

[FR Doc. 97-18750 Filed 7-15-97; 8:45 am]

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**DEPARTMENT OF JUSTICE**

**28 CFR Part 0**

[DEA-159F]

**Redelegation of Functions; Delegation of Authority to Drug Enforcement Administration Official**

**AGENCY:** Department of Justice.

**ACTION:** Final rule.

**SUMMARY:** The Drug Enforcement Administration (DEA), Department of Justice, is amending the appendix to the Justice Department regulations which delegate certain functions and authorities vested in the Attorney General by the Controlled Substances Act and are redelegated to the Administrator.

**EFFECTIVE DATE:** July 16, 1997.

**FOR FURTHER INFORMATION CONTACT:** G. Thomas Gitchel, Chief, Liaison and Policy Section, Office of Diversion Control, Drug Enforcement Administration, Washington, DC 20537, Telephone (202) 307-7297.

**SUPPLEMENTARY INFORMATION:** The Controlled Substances Import and Export Act (CSIEA) (21 U.S.C. 951 *et seq.*) and subsequent amendments establish a comprehensive system of controls over the importation and exportation of controlled substances. The CSIEA authorizes the Attorney General to register individuals to import and export controlled substances; issue import and export permits; and require import and export notifications and declarations (21 U.S.C. 952, 953 and 958).

The Attorney General has redelegated her functions under the CSIEA to the Administrator of the Drug Enforcement Administration (DEA) and has authorized the Administrator to redelegate any of his functions to any of his subordinates (21 U.S.C. 871 (a), 28 CFR 0.100(b) and 28 CFR 0.104).

The Administrator of the Drug Enforcement Administration further redelegated his functions regarding the issuance of Import and Export Permits to the Deputy Assistant Administrator of the Office of Diversion Control of the Drug Enforcement Administration pursuant to 28 CFR 0.104. To further enhance the administration of the CSIEA and its attendant regulations, the Administrator has further redelegated to the Deputy Administrator of the DEA the authority to carry out or to redelegate any of the functions which may be vested in the Administrator which are not specifically assigned to or reserved by him.

The Deputy Administrator is amending 28 CFR, Appendix to subpart R, section 6, to include three other individuals in addition to the one individual who was previously delegated the authority to sign and issue Import and Export Permits pursuant to Title 21 U.S.C. 952 and 953 and all issues in regard to transshipments and intransit shipments of controlled substances under 21 U.S.C. 954.

The Acting Deputy Administrator certifies that this action will have no impact on entities whose interests must be considered under the Regulatory Flexibility Act (5 U.S.C. 601).

This action relates only to the organization of functions within DEA. As such, it is not a significant regulatory action under Executive Order 12866. Accordingly, it has not been reviewed by the Office of Management and Budget and does not require certification under Executive Order 12778. This action has been analyzed in accordance with Executive Order 12616. It has been determined that this matter has no federalism implications which would require preparation of a federalism assessment.

**List of Subjects in 28 CFR Part 0**

Authority delegations (Government Agencies), Organizations and functions (Government Agencies).

For the reasons set forth above, and pursuant to the authority vested in the Attorney General and redelegated to the Administrator of the Drug Enforcement Administration and subsequently redelegated to the Deputy Administrator of the Drug Enforcement Administration by 28 CFR 0.100 and 0.104 and 21 U.S.C. 871, Title 28 of the Code of

Federal Regulations, part 0, Appendix to Subpart R, Redelegation of Functions, is amended as follows:

**PART 0—ORGANIZATION OF THE DEPARTMENT OF JUSTICE**

1. The authority citation for part 0 continues to read as follows:

**Authority:** 5 U.S.C. 301, 3151; 28 U.S.C. 509, 510, 515–519.

2. The Appendix to Subpart R is amended by revising Section 6 to read as follows:

**Appendix to Subpart R—Redelegation of Functions**

\* \* \* \* \*

Sec. 6. *Import and export permits.* The Deputy Assistant Administrator of the DEA Office of Diversion Control, the Deputy Director of the DEA Office of Diversion Control, the Chief of the Drug Operations Section of the DEA Office of Diversion Control, and the Chief of the International Drug Unit of the Drug Operations Section of the DEA Office of Diversion Control are authorized to perform all and any functions with respect to the issuance of importation and exportation permits for controlled substances under 21 U.S.C. 952 and 953, and all functions in regard to transshipments and intransit shipments of controlled substances under 21 U.S.C. 954.

\* \* \* \* \*

Dated: July 7, 1997.

**James S. Milford,**

*Acting Deputy Administrator.*

[FR Doc. 97–18706 Filed 7–15–97; 8:45 am]

BILLING CODE 4410–09–M

**FEDERAL COMMUNICATIONS COMMISSION**

**47 CFR Parts 1 and 76**

[CS Docket No. 96–46; FCC 97–130]

**Cable Television Consumer Protection and Competition Act of 1992**

**AGENCY:** Federal Communications Commission.

**ACTION:** Final rule; announcement of effective date.

**SUMMARY:** The Commission's amendments regarding filing requirements for open video system certification applications, which contained modified information collection requirements, became effective on July 3, 1997. These amendments relate to implementation of provisions of the Telecommunications Act of 1996.

**EFFECTIVE DATE:** The amendments to 47 CFR §§ 1.4, 76.1502, 76.1503, and 76.1513 became effective on July 3, 1997.

**FOR FURTHER INFORMATION CONTACT:** Carolyn A. Fleming, Cable Services Bureau, (202) 418–1026.

**SUPPLEMENTARY INFORMATION:** On April 10, 1997, the Commission adopted an order revising the filing requirements for open video system certification applications, a summary of which was published in the **Federal Register**. See 62 FR 26235, May 13, 1997. The amendments, which imposed new or modified information collection requirements, became effective upon approval by the Office of Management and Budget (OMB). The amendments were approved by OMB on July 3, 1997. See OMB No. 3060–0700. This publication satisfies the statement that the Commission would publish a document notifying the public of the effective date of the rule changes.

**List of Subjects**

**47 CFR Part 1**

Administrative practice and procedure, Reporting and recordkeeping requirements.

**47 CFR Part 76**

Administrative practice and procedure, Cable television, Reporting and recordkeeping requirements.

Federal Communications Commission.

**William F. Caton,**

*Acting Secretary.*

[FR Doc. 97–18735 Filed 7–15–97; 8:45 am]

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**FEDERAL COMMUNICATIONS COMMISSION**

**47 CFR Part 73**

[MM Docket No. 97–23; RM–8972]

**Radio Broadcasting Services; Glendo, WY**

**AGENCY:** Federal Communications Commission.

**ACTION:** Final rule.

**SUMMARY:** The Commission, at the request of Vixon Valley Broadcasting, allots Channel 261A at Glendo, Wyoming, as the community's first local aural transmission service. See 62 FR 4227, January 29, 1997. Channel 261A can be allotted at Glendo in compliance with the Commission's minimum distance separation requirements at city reference coordinates. The coordinates for Channel 261A at Glendo are North Latitude 42–30–12 and West Longitude 105–01–30. With this action, this proceeding is terminated.

**DATES:** Effective August 25, 1997. The window period for filing applications