

**DEPARTMENT OF AGRICULTURE****Rural Housing Service****Rural Business-Cooperative Service****Rural Utilities Service****Farm Service Agency****7 CFR Part 2003****Functional Organization of the Rural Development Mission Area; Correction**

**AGENCIES:** Rural Housing Service; Rural Business-Cooperative Service; Rural Utilities Service; Farm Service Agency; USDA.

**ACTION:** Final rule; correcting amendments.

**SUMMARY:** This document contains corrections to the final regulations which were published Wednesday, December 24, 1997 (62 FR 67258-65). The regulations provided the function statements for organizational units within the Rural Development mission area, the Rural Housing Service, Rural Business-Cooperative Service, and the Rural Utilities Service.

**EFFECTIVE DATE:** January 22, 1998.

**FOR FURTHER INFORMATION CONTACT:** Timothy J. Ryan, Assistant Administrator for Human Resources, Rural Development, STOP 0730, 1400 Independence Avenue, SW., Washington, D.C. 20250-0730; Telephone: (202) 690-9860.

**SUPPLEMENTARY INFORMATION:****Background**

The final regulations that are the subject of these corrections amend the issuing agencies regulations to reflect the reorganization of the Department of Agriculture. The Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354)(1994 Act), enacted on October 13, 1994, abolished the Farmers Home Administration (FmHA). The Office of the Assistant Administrator, Farm Loan Programs, and all of its subordinate organizational units have been transferred to the Farm Service Agency (FSA). The remainder of the FmHA organizational units have been transferred in accordance with the 1994 Act to one of the following newly created agencies which make up the Rural Development mission area (Rural Development): the Rural Housing Service, the Rural Business-Cooperative Service, and the Rural Utilities Service. The Rural Utilities Service also includes the organizational units of the former Rural Electrification Administration. The rule only covers the Rural Development agencies.

**Need for Correction**

As published, the final regulations contain errors which may cause inconvenience and confusion for the public.

**List of Subjects in 7 CFR Part 2003**

Organizations and functions (government agencies).

**PART 2003—ORGANIZATION**

Accordingly, 7 CFR part 2003 is corrected by making the following correcting amendments:

1. The authority citation for Part 2003 continues to read as follows:

**Authority:** 5 U.S.C. 301, 7 U.S.C. 901 *et seq.*, 7 U.S.C. 1989, 7 U.S.C. 6941 *et seq.*, 42 U.S.C. 1480 *et seq.*

**§ 2003.10 [Corrected]**

2. In the table in § 2003.10(c) the location for the USDA Rural Development State Office in Texas is revised to read "Temple, TX".

3. In the table in § 2003.10(c) after the entry for Texas, an additional State entry is added to read "Utah", and an additional location entry is added to read "Salt Lake City, UT".

Dated: January 14, 1998.

**Jill Long Thompson,**

*Under Secretary, Rural Development.*

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**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Part 1**

[TD 8757]

RIN 1545-AV46

**Obligations of States and Political Subdivisions**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Final and temporary regulations.

**SUMMARY:** This document contains final and temporary regulations that provide guidance to state and local governments that issue bonds for output facilities. This document also contains temporary regulations that provide guidance to certain nongovernmental persons that are engaged in the local furnishing of electric energy or gas using facilities financed with state or local government bonds. These temporary regulations reflect changes made by the Tax Reform Act of 1986 and the Small Business Job Protection Act of 1996. The temporary

regulations will affect State and local government issuers of obligations and nongovernmental persons engaged in the local furnishing of electric energy or gas after the effective date of these regulations.

The text of these temporary regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section of this issue of the **Federal Register**.

**DATES:** These regulations are effective January 22, 1998.

For dates of applicability, see §§ 1.141-15T, 1.142(f)(4)-1T(g), and 1.150-5T(b) of these regulations.

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations, Allan Seller (202) 622-3980 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:****Background**

This document amends the Income Tax Regulations (26 CFR part 1) under section 141 by providing special rules for state and local bonds issued for output facilities. This document also amends the Income Tax Regulations under section 142(f)(4) by providing rules for nongovernmental persons engaged in local furnishing of electric energy or gas using facilities financed with state or local bonds to make the election provided in that section. Proposed regulations §§ 1.141-7 and 1.141-8, published on December 30, 1994, (59 FR 67658) addressed the application of the private activity bond tests under section 141(b)(2) to output contracts for output facilities and the application of the \$15 million limit under section 141(b)(4) to output facility financings. These sections (the 1994 proposed output regulations) are withdrawn. Public comments submitted on the 1994 proposed output regulations, however, have been taken into account in formulating these temporary regulations.

**Explanation of Provisions****A. Section 1.141-7T Special Rules for Output Facilities**

1. Basis for Special Rules for Output Facilities  
The 1994 proposed output regulations contain special rules for applying the private business tests to output contracts. Among the reasons for special rules for output facilities are that governmentally-owned utilities are often under an open-ended obligation to assure service to their customers and that general public customers are ordinarily required to make continuing payments for service. Output facilities also require special rules because the