

Specialist, Airspace Branch, AEA-520 F.A.A. Eastern Region, 1 Aviation Plaza, Jamaica, NY 11434-4809; telephone: (718) 553-4521.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made:

"Comments to Airspace Docket No. 00-AEA-14". The postcard will be date/time stamped and returned to the commenter. All communications received on or before the closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in light of comments received. All comments submitted will be available for examination in the Rules Docket both before and after the closing date for comments. A report summarizing each substantive public contact with the FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRMs

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Office of the Regional Counsel, AEA-7, F.A.A. Eastern Region, 1 Aviation Plaza, Jamaica, NY, 11434-4809. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRMs should also request a copy of Advisory Circular No. 11-2A, which describes the application procedure.

The Proposal

The FAA is considering an amendment to Part 71 of the Federal Aviation Regulations (14 CFR Part 71) to establish Class E airspace area at Waynesboro, VA. An RNAV Point Space Approach has been developed for Augusta Medical Center Heliport,

Waynesboro, VA. Controlled airspace extending upward from 700 feet AGL is needed to accommodate the approach. Class E airspace designations for airspace areas extending upward from 700 feet or more above the surface are published in Paragraph 6005 of FAA Order 74009.9H, dated September 1, 2000, and effective September 16, 2000, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this proposed regulation—(1) Is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979) and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that would affect air traffic procedures and air navigation, it is certified that this proposed rule would not have significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR Part 71 as follows:

PART 71—[AMENDED]

1. The authority citation for 14 CFR Part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; EO 10854, 24 FR 9656, 3 CFR, 1959-1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration order 7400.9F dated September 10, 2000, and effective September 16, 2000, is proposed to be amended as follows:

Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.

* * * * *

AEA VA E5, Waynesboro, VA

Augusta Medical Center Heliport
(Lat. 3806.495N, long 07859.204W).

That airspace extending upward from 700 feet above the surface within a 6 mile radius of Augusta Medical Center Heliport.

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Issued in Jamaica, New York on December 18, 2000.

F.D. Hatfield,

Manager, Air Traffic Division, Eastern Region.

[FR Doc. 01-1093 Filed 1-11-01; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 203

[Docket No. FR-4469-N-02]

RIN 2502-AH38

Withdrawal of Proposed Rule on Sources of Homeowner Downpayment Pursuant to Section 203 of the National Housing Act

AGENCY: Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.

ACTION: Withdrawal of proposed rule.

SUMMARY: This Notice withdraws a proposed rule that would have prohibited gifts from non-profit organizations being used for the mortgagor's investment in a mortgaged property if the organization received the funds for the gift either directly or indirectly from the seller.

DATES: This notice is effective January 12, 2001.

FOR FURTHER INFORMATION CONTACT: Vance Morris, Director, Home Mortgage Insurance Division, Room 9266, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-8000, (202) 708-2700 (this is not a toll-free number). For hearing-and speech-impaired persons, this number may be accessed via TTY (text telephone) by calling the Federal Information Relay Service at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Background

On September 14, 1999, HUD published in the **Federal Register** a proposed rule to establish standards for the use of gifts provided by non-profit organizations as a source of the mortgagor's investment in the mortgaged property. The regulation would have permitted certain gifts by non-profit corporations for use as the mortgagor's investment, but would have prohibited them whenever they were directly or indirectly derived from the seller of the property, or if the seller

paid other consideration or reimbursement to the nonprofit for making the gift.

The comment period closed on November 15, 1999. By the time of the close of the comment period, HUD received 1,871 comments. Only 21 of these comments favored the rule. The overwhelming majority of comments opposed the rule.

Based on these public comments, HUD has determined to withdraw this proposed rule on sources of homeowner downpayment.

Dated: January 2, 2001.

William C. Apgar,

Assistant Secretary for Housing-Federal Housing Commissioner.

[FR Doc. 01-1000 Filed 1-11-01; 8:45 am]

BILLING CODE 4210-27-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-125237-00]

RIN 1545-AY60

Debt Instruments With Original Issue Discount; Annuity Contracts

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to the federal income tax treatment of annuity contracts issued by certain insurance companies. These proposed regulations provide guidance on whether certain annuity contracts are excluded from the definition of a debt instrument under the original issue discount provisions of the Internal Revenue Code. This document also provides a notice of public hearing on the proposed regulations.

DATES: Written or electronically generated comments must be received by April 12, 2001. Requests to speak (with outlines of oral comments to be discussed) at the public hearing scheduled for May 30, 2001, at 10 a.m. must be submitted by May 9, 2001.

ADDRESSES: Send submission to: CC:M&SP:RU (REG-125237-00), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:M&SP:RU (REG-125237-00), Courier's Desk, Internal Revenue Service, 1111 Constitution

Ave., NW., Washington, DC.

Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS internet site at http://www.irs.gov/tax_regs/reglist.html. The public hearing will be held in room 4718, 1111 Constitution Ave., NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Patrick E. White, (202) 622-3920; concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, contact LaNita VanDyke, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Sections 163(e) and 1271 through 1275 of the Internal Revenue Code (Code) provide rules for the treatment of debt instruments with original issue discount (OID). Section 1275(a)(1)(A) defines the term "debt instrument" to include a bond, debenture, note or certificate or other evidence of indebtedness. Sections 1275(a)(1)(B)(i) and (ii), however, exclude certain annuity contracts from the definition of a debt instrument.

On February 2, 1994, the IRS and Treasury published in the **Federal Register** (59 FR 4799) final regulations concerning a variety of issues under the OID provisions. On January 8, 1998, the IRS and Treasury published in the **Federal Register** (63 FR 1054) final regulations concerning the life annuity exception of section 1275(a)(1)(B)(i). This document contains proposed rules concerning the exception for annuities described in section 1275(a)(1)(B)(ii).

Explanation of Provisions

In general, the OID provisions apply to issuers and holders of debt instruments. The term debt instrument generally means any instrument or contractual arrangement that constitutes indebtedness under general principles of income tax law. See section 1275(a)(1)(A) and § 1.1275-1(d).

If a contract is a debt instrument with OID, section 1272 generally requires the holder of the contract to include OID in income currently on a constant yield basis, regardless of the holder's overall method of accounting. By contrast, the holder of an annuity contract to which section 72 applies generally is allowed to defer recognizing economically earned income until distributions are made on the contract.

Section 1275(a)(1)(B) excepts two types of annuity contracts from the

definition of a debt instrument. First, section 1275(a)(1)(B)(i) excepts an annuity contract to which section 72 applies if the contract "depends (in whole or in substantial part) on the life expectancy of 1 or more individuals." Second, section 1275(a)(1)(B)(ii) excepts an annuity contract to which section 72 applies under certain circumstances if the contract "is issued by an insurance company subject to tax under subchapter L (or by an entity described in section 501(c) and exempt from tax under section 501(a) which would be subject to tax under subchapter L were it not so exempt)."

The legislative history of section 1275(a)(1)(B)(ii) is limited. This exception to the OID rules first appeared when the bill emerged from the Conference Committee in 1984. H.R. 4170, 98th Cong., 2d Sess. § 41 (1984). At that time, section 1275(a)(1)(B)(ii) applied to certain annuity contracts issued by an insurance company subject to tax under subchapter L. The 1984 Conference Report does not elaborate on the meaning of the phrase "an insurance company subject to tax under subchapter L," nor does it explain the purpose of the provision. H.R. Conf. Rep. No. 861, 98th Cong., 2d Sess. 802-05 (1984), 1984-3 (Vol. 2) C.B. 56-59. In 2000, a technical correction to section 1275(a)(1)(B)(ii) was enacted. The technical correction clarified that section 1275(a)(1)(B)(ii) also applied to annuity contracts issued by "an entity described in section 501(c) and exempt from tax under section 501(a) which would be subject to tax under subchapter L were it not so exempt." Consolidated Appropriations Act, 2001, Public Law 106-554 (114 Stat. 2763).

In 1998, the IRS and Treasury promulgated § 1.1275-1(j), interpreting the life annuity exception of section 1275(a)(1)(B)(i). Commentators had also requested guidance on the scope of the section 1275(a)(1)(B)(ii) exception, particularly with regard to foreign insurers not engaged in a trade or business in the U.S.

The proposed regulations provide that an annuity contract issued by a foreign insurance company is treated as issued by an insurance company subject to tax under subchapter L if the insurance company is subject to tax under subchapter L with respect to income earned on the annuity contract. The IRS and Treasury believe that this is the most natural application of the language of section 1275(a)(1)(B)(ii) and is consistent with the use of that phrase elsewhere in the Code and regulations. See, e.g., sections 953(e)(3)(C) and 1297(b)(2)(B); § 1.848-2(h). The IRS and Treasury also believe that the exception