

identification documents after consulting with the American Association of Motor Vehicle Administrators (AAMVA).

NHTSA consulted with AAMVA, and with interested Federal agencies before issuing a notice of proposed rulemaking (NPRM) on June 17, 1998, 63 FR33220, to implement Section 656(b). The proposed requirements related to such matters as evidence of identity, form and security features, use of the social security number, certification of compliance, and the availability of grants to assist States in meeting these requirements.

The agency received a total of 2,591 comments, the vast majority of which strongly opposed the agency's proposal. The most frequent objections were based on privacy and civil liberty concerns.

Congress also received an overwhelming number of negative comments regarding section 656(b) and the agency's proposal to implement that section. On October 9, 1999, Congress repealed section 656(b) Pub. L. 106-69, 113 Stat. 1027. Accordingly, the proposed rule to implement the requirements contained in section 656(b), published on June 17, 1998, at 63 FR 33220, entitled State-Issued Driver's Licenses and Comparable Identification Documents, is hereby withdrawn.

Issued on: November 1, 2001.

**Jeffrey W. Runge,**  
Administrator.

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-125161-01]

RIN 1545-BA05

#### Conforming Amendments to Section 446

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

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** On July 18, 1995, the Treasury and the IRS published final regulations governing the intercompany transaction system of the consolidated return regulations. Those regulations state that the timing rules of the intercompany transaction system are a method of accounting. At the time of the publication of those regulations, no

amendment was made to the regulations promulgated under section 446 to coordinate with that statement. This document contains proposed regulations confirming that the timing rules of the intercompany transaction regulations are a method of accounting.

**DATES:** Written or electronic comments and requests for a public hearing must be received by January 7, 2002.

**ADDRESSES:** Send submissions to: CC:ITA:RU, room 5226 (REG-125161-01), Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may also be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:ITA:RU, room 5226 (REG-125161-01), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet directly to the IRS Internet site at [http://www.irs.gov/tax\\_regs/reglist.html](http://www.irs.gov/tax_regs/reglist.html).

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulation, Marie C. Milnes-Vasquez or Frances Kelly, (202) 622-7770, or Jeffery G. Mitchell (202) 622-4930; concerning submissions and/or requests for a public hearing, Guy Traynor, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background and Explanation

On July 18, 1995, the Treasury and the IRS published in the **Federal Register** (60 FR 36671 [1995-2 C.B. 147]) final regulations under § 1.1502-13 governing the intercompany transaction system of the consolidated return regulations. Included in such regulations was an express statement that "[t]he timing rules of [the intercompany transaction regulations] are a method of accounting for intercompany transactions, to be applied by each member in addition to the member's other methods of accounting." § 1.1502-13(a)(3)(i). At the time of the publication of those final regulations, no amendment was made to the regulations promulgated under section 446 to coordinate with the statement in § 1.1502-13(a)(3)(i) that the timing rules of § 1.1502-13 are a method of accounting.

In *General Motors v. Commissioner*, 112 T.C. 270 (1999), the Tax Court determined that the timing rule of former § 1.1502-13(b)(2) was not a method of accounting for purposes of section 446(e). The proposed regulations included in this document amend § 1.446-1 to confirm the IRS's position that the timing rules of current § 1.1502-13 are a method of accounting.

#### Proposed Effective Date

The regulations in this section are proposed to apply to consolidated return years beginning on or after November 7, 2001.

#### Special Analyses

It has been determined that this notice of proposed rule making is not a significant regulatory action as defined in Executive Order 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) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations, and, because the proposed rule does not impose a collection of information on small entities, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, these regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

#### Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) or electronic comments that are timely submitted to the IRS. All comments will be made available for public inspection and copying. A public hearing may be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

#### Drafting Information

The principal author of these proposed regulations is Marie C. Milnes-Vasquez, Office of the Associate Chief Counsel (Corporate). 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.

#### Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

### PART 1—INCOME TAXES

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

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

**Par. 2.** Section 1.446-1 is amended by adding paragraph (c)(2)(iii) to read as follows:

**§ 1.446-1 General rule for methods of accounting.**

\* \* \* \* \*

(c) \* \* \*

(2) \* \* \*

(iii) The timing rules of § 1.1502-13 are a method of accounting for intercompany transactions (as defined in § 1.1502-13(b)(1)(i)), to be applied by each member of a consolidated group in addition to the member's other methods of accounting. See § 1.1502-13(a)(3)(i). This paragraph is applicable to consolidated return years beginning on or after November 7, 2001.

\* \* \* \* \*

**Par. 3.** In § 1.1502-13, the second sentence of paragraph (a)(3)(i) is revised to read as follows:

**§ 1.1502-13 Intercompany transactions.**

(a) \* \* \*

(3) \* \* \*

(i) \* \* \* See § 1.1502-17 and, with regard to consolidated return years beginning on or after November 7, 2001, § 1.446-1(c)(2)(iii). \* \* \*

\* \* \* \* \*

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*

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## DEPARTMENT OF THE INTERIOR

### Office of Surface Mining Reclamation and Enforcement

#### 30 CFR Part 935

[OH-247-FOR]

#### Ohio Regulatory Program

**AGENCY:** Office of Surface Mining Reclamation and Enforcement, Interior.

**ACTION:** Proposed rule; public comment period and opportunity for public hearing on proposed amendment.

**SUMMARY:** The Office of Surface Mining Reclamation and Enforcement (OSM) is announcing receipt of a proposed amendment to the Ohio regulatory program (hereinafter, the "Ohio program") under the Surface Mining Control and Reclamation Act of 1977 (SMCRA or the Act). Ohio proposes revisions to its rule defining "inactive coal mining and reclamation operation" to include permits containing restored prime farmland when certain requirements have been met. Ohio intends to revise its program to improve operational efficiency.

**DATES:** We will accept written comments on this amendment until 4:00 p.m., e.s.t. on December 7, 2001. If requested, we will hold a public hearing on the amendment on December 3, 2001. We will accept requests to speak until 4:00 p.m., e.s.t. on November 23, 2001.

**ADDRESSES:** You should mail or hand deliver written comments and requests to speak at the hearing to Mr. George Rieger at the address listed below.

You may review copies of the Ohio program, this amendment, a listing of any scheduled public hearings, and all written comments received in response to this document at the addresses listed below during normal business hours, Monday through Friday, excluding holidays. You may receive one free copy of the amendment by contacting the Appalachian Regional Coordinating Center.

Mr. George Rieger, Field Office Director, Office of Surface Mining Reclamation and Enforcement, 3 Parkway Center, Pittsburgh, PA 15220, (412) 937-2153.

Mr. Michael Sponsler, Chief, Ohio Department of Natural Resources, Division of Mineral Resources Management, 1855 Fountain Square Court, Columbus, OH 43224, (614) 265-6893.

**FOR FURTHER INFORMATION CONTACT:** George Rieger, Telephone: (412) 937-2153. Internet: grieger@osmre.gov.

**SUPPLEMENTARY INFORMATION:**

I. Background on the Ohio Program

II. Description of the Proposed

Amendment

III. Public Comment Procedures

IV. Procedural Determinations

#### I. Background on the Ohio Program

Section 503(a) of the Act permits a State to assume primacy for the regulation of surface coal mining and reclamation operations on non-Federal and non-Indian lands within its borders by demonstrating that its State program includes, among other things, "a State law which provides for the regulation of surface coal mining and reclamation operations in accordance with the requirements of the Act \* \* \*; and rules and regulations consistent with regulations issued by the Secretary pursuant to the Act." See 30 U.S.C. 1253(a)(1) and (7). On the basis of these criteria, the Secretary of the Interior conditionally approved the Ohio program on August 16, 1982. You can find background information on the Ohio program, including the Secretary's findings, the disposition of comments, and conditions of approval of the Ohio program in the August 10, 1982, **Federal Register** (47 FR 34717). You can also

find later actions concerning Ohio's program and program amendments at 30 CFR 935.15 and 935.25.

#### II. Description of the Proposed Amendment

By letter dated September 13, 2001, Ohio sent us a proposed amendment to its program (Administrative Record No. OH-2181-00) under SMCRA (30 U.S.C. 1201 *et seq.*). Ohio sent the amendment to include the changes made at its own initiative. The full text of the program amendment is available for you to read at the locations listed above under

**ADDRESSES.**

The provision of the Ohio Administrative Code (O.A.C.) that Ohio proposes to revise is: O.A.C 1501:13-14-01, Inspections.

Specifically, Ohio proposes to revise the definition of "inactive coal mining and reclamation operation" with respect to prime farmland. Under the current rule, "inactive coal mining and reclamation operation" means an operation:

(a) For which the chief has secured from the permittee the written notice required under paragraph (A) of rule 1501:13-9-16 of the Administrative Code;

(b) Conducted under a D-permit, for which reclamation phase II as defined in (B)(1)(b)(I, II, AND IV) of rule 1501:13-7-05 of the Administrative Code has been completed.

The proposed amendment would add the following language to the end of part (b) of the current rule:

With respect to prime farmland, soil replacement has been carried out in accordance with the requirements of Rule 1501:13-13-03 of the Administrative Code and Division (A)(7) of Section 1513.16 of the Revised Code and sufficient Ground Cover has been established to prevent erosion or, where row crops are the approved reference crop, the initial planting has occurred.

Because the required frequency of inspections is lower for inactive mine sites than active mine sites, Ohio asserted in its September 13, 2001 letter that this proposed rule revision would help it to effectively and efficiently manage its inspection resources in the future.

#### III. Public Comment Procedures

Under the provisions of 30 CFR 732.17(h), we are seeking your comments on whether the amendment satisfies the applicable program approval criteria of 30 CFR 732.15. If we approve the amendment, it will become part of the program.

#### Written Comments

Send your written comments to OSM at the address given above. Your written comments should be specific, pertain