

interest assumptions for plans with valuation dates in January 2006. This document corrects an inadvertent error in the January 2006 entry to Appendix B to part 4044. (There was no corresponding error in the preamble to the document.)

List of Subjects in 29 CFR Part 4044

Employee benefit plans, Pension insurance, Pensions.

■ Accordingly 29 CFR part 4044 is corrected by making the following correcting amendments:

PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

■ 1. The authority citation for part 4044 continues to read as follows:

Authority: 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.

■ 2. In appendix B to part 4044, correct the entry for January 2006, as set forth below, To read as follows:

Appendix B to Part 4044—Interest Rates Used To Value Benefits

* * * * *

For valuation dates occurring in the month—	The values of i_c are:					
	i_t	for t =	i_t	for t =	i_t	for t =
January 2006	.0570	1–20	.0475	>20	N/A	N/A

Issued in Washington, DC, on this 10th day of January 2006.

Vincent K. Snowbarger,

Deputy Executive Director, Pension Benefit Guaranty Corporation.

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DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 215

RIN 1510–AB06

Withholding of District of Columbia, State, City and County Income or Employment Taxes by Federal Agencies

AGENCY: Financial Management Service, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: The Financial Management Service is issuing this final rule which governs the withholding of District of Columbia, State, City and County income or employment taxes by Federal agencies. This rule revises the office within the Department of the Treasury which will correspond with government entities requesting that the Secretary of the Treasury enter into an agreement with them for the mandatory withholding of the requesting entity's taxes from Federal employees' salaries. The revision is necessary in order to streamline the process by which Treasury receives such requests and responds to them. The revision also updates the regulation by removing outdated provisions no longer applicable.

EFFECTIVE DATE: January 13, 2006.

FOR FURTHER INFORMATION CONTACT: James E. Knox, Financial Program

Specialist, at (202) 874–6809; or Marc I. Seldin, Senior Attorney, at (202) 874–6863.

SUPPLEMENTARY INFORMATION:

Background

Pursuant to 5 U.S.C. 5516, 5 U.S.C. 5517, 5 U.S.C. 5520 and Executive Order 11997, the Secretary of the Treasury enters into withholding agreements with the District of Columbia, States, cities, and counties for the mandatory withholding of a jurisdiction's taxes from the salaries of Federal employees within a taxing jurisdiction. When a taxing jurisdiction wishes to enter into such a withholding agreement, it forwards a request to the Department of the Treasury (Treasury). Treasury reviews the request, determines whether it meets the statutory and regulatory requirements for such an agreement, and notifies the requesting taxing jurisdiction of Treasury's determination as to whether it will enter into a withholding agreement with the requesting taxing jurisdiction. Currently, Treasury's governing regulation, 31 CFR part 215, lists Treasury's Fiscal Assistant Secretary as the point of contact for such requests. Following receipt of such requests by that office, the requests are forwarded to Treasury's Financial Management Service (FMS), to which the Fiscal Assistant Secretary has delegated the authority to enter into such withholding agreements. In order to streamline the process by which Treasury receives and responds to requests to enter into withholding agreements, the revised rule amends § 215.4 (which is redesignated as § 215.3, as described below) to provide that requesting taxing jurisdictions will forward their requests directly to FMS, and FMS will respond to the requests. The revised rule also makes a

conforming change to a definition set forth in § 215.2(l).

Additionally, the revised rule updates §§ 215.1, 215.3, 215.4, and 215.5 by deleting several outdated provisions which are no longer effective. Section 215.3, codified on July 1, 1977 and effective on that date, provided actions which could be taken within 90 days of that date. Section 215.5 provided details on the actions set forth in § 215.3. The last sentence of § 215.1 referenced the actions described in §§ 215.3 and 215.5. Since the time for any such actions has long since expired, and for clarity, the revised rule deletes outdated provisions from §§ 215.1 and 215.3, deletes § 215.5 in its entirety (as it is no longer applicable), and makes conforming changes to § 215.4. For convenience to the reader, § 215.3 and § 215.4 are redesignated as § 215.4 and § 215.3, respectively. As a result of § 215.5 being deleted, subsequent sections § 215.6 through § 215.13 are redesignated as § 215.5 through § 215.12. In addition, the current rule references a "Standard Agreement" for withholding, and a long-since expired opportunity in 1977 for requesting entities to request deviations from the Standard Agreement. Since there is only one withholding agreement which requesting entities may seek currently, for clarity, the term "Standard Agreement" has been replaced by the term "Withholding Agreement."

The revised rule also updates two definitions in § 215.2 in order to conform to revisions made to an underlying statute, 5 U.S.C. 5517, since the rule was last revised. The definition of "State" now specifically includes a territory, possession, or commonwealth of the United States. The citations referenced in the definition of "Members of the Armed Forces" are also updated. Neither of these

conforming changes revises current law, as they merely conform the rule to the underlying law. The revised rule also makes nomenclature revisions to the authority citation.

Regulatory Analyses

This final rule is not a significant regulatory action as defined in Executive Order 12866. Therefore, a Regulatory Assessment is not required.

Because this regulation merely affects internal agency organization, procedure and practice, and does not substantively change the current rule, no notice of proposed rulemaking is required by 5 U.S.C. 553.

Because no notice of proposed rulemaking is required, the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) do not apply.

This final rule is being issued effective upon publication because it merely affects internal agency organization, procedure and practice, and does not substantively change the current rule. Consequently, there is no requirement under 5 U.S.C. 553(d) for a 30-day or more period between the publication date and effective date of this rule.

List of Subjects in 31 CFR Part 215

State and local tax withholding, Federal employees.

Table of Contents, Authority and Issuance

■ For the reasons set forth in the preamble, 31 CFR part 215 is amended as follows:

PART 215—WITHHOLDING OF DISTRICT OF COLUMBIA, STATE, CITY AND COUNTY INCOME OR EMPLOYMENT TAXES BY FEDERAL AGENCIES

■ 1. The table of contents for part 215 is revised to read as follows:

Authority: 5 U.S.C. 5516, 5517, 5520; E.O. 11997, 42 FR 31759.

■ 2. Revise § 215.1 to read as follows:

§ 215.1 Scope of part.

This part relates to agreements between the Secretary of the Treasury and States (including the District of Columbia), cities or counties for withholding of State, city or county income or employment taxes from the compensation of civilian Federal employees, and for the withholding of State income taxes from the compensation of members of the Armed Forces. Subpart A contains general information and definitions. Subpart B prescribes the procedures to be followed in entering into an agreement for the

withholding of State, city or county income or employment taxes. Subpart C is the Withholding Agreement which the Secretary will enter into with any State, city or county which qualifies to have the tax withheld.

■ 3. Amend § 215.2 to revise paragraphs (h)(2)(i), (l), and (m) to read as follows:

§ 215.2 Definitions.

* * * * *

(h) * * *

(2) * * *

(i) *Members of the Armed Forces* means (1) individuals in active duty status (as defined in 10 U.S.C. 101(d)(1)) in regular and reserve components of the Army, Navy, Air Force, Marine Corps, and Coast Guard, and (2) members of the National Guard while participating in exercises or performing duty under 32 U.S.C. 502 and members of the Ready Reserve while participating in scheduled drills or training periods or serving on active duty for training under 10 U.S.C. 10147.

* * * * *

(l) *Secretary* means Secretary of the Treasury or his designee.

(m) *State* means a State, territory, possession, or commonwealth of the United States, or the District of Columbia.

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■ 4. Revise § 215.3 to read as follows:

§ 215.3 Procedures for entering into a Withholding Agreement.

(a) Subpart C of this part is the Withholding Agreement which the Secretary will enter into with a State, city or county. A State, city or county which does not have an existing withholding agreement with the Secretary and wishes to enter into such an agreement shall indicate in a letter its consent to be bound by the provisions of Subpart C. The letter shall be sent to the Secretary by addressing the request to: Assistant Commissioner, Federal Finance, Financial Management Service, Department of the Treasury, 401 14th Street, SW., Washington, DC 20227. The letter shall be signed by an officer authorized to bind contractually the State, city or county. Copies of all applicable State laws, city or county ordinances and implementing regulations, instructions, and forms shall be enclosed. The letter shall also indicate the title and address of the official whom Federal agencies may contact to obtain forms and other information necessary to implement withholding.

(b) Within 120 days of the receipt of the letter from the State, city or county official, the Secretary will, by letter, notify the State, city or county:

(1) That a Withholding Agreement has been entered into as of the date of the Secretary's letter, or

(2) That a Withholding Agreement cannot be entered into with the State, city or county and the reason for that determination.

(c) The withholding of the State, city or county income or employment tax shall commence within 90 days after the effective date of the agreement.

■ 5. Revise § 215.4 to read as follows:

§ 215.4 Relationship of Withholding Agreement to prior agreements.

Jurisdictions which requested from Treasury an agreement other than the Withholding Agreement set forth in Subpart C (formerly known as the Standard Agreement) within 90 days after July 1, 1977, which request Treasury subsequently approved, will continue to be governed by such agreement. For all other jurisdictions, the Withholding Agreement set forth in Subpart C replaced all prior agreements between the Secretary and a taxing jurisdiction for the withholding of income or employment taxes from the compensation of Federal employees, and any jurisdiction which was a party to a prior agreement is presumed to have consented to be bound by the Withholding Agreement set forth in Subpart C.

§ 215.5 [Removed]

§§ 215.6–215.13 [Redesignated as §§ 215.5–215.12]

■ 6. Remove § 215.5 and redesignate §§ 215.6 through 215.13 as §§ 215.5 through 215.12, respectively.

■ 7. Revise the heading for Subpart C to read:

Subpart C—Withholding Agreement

■ 8. In newly redesignated § 215.5, remove the words "Standard Agreement" and add, in their place, the words "Withholding Agreement".

Dated: January 4, 2006.

Richard L. Gregg,

Commissioner.

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