

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).

#### Adoption of the Amendment

■ Accordingly, pursuant to the authority delegated to me, the Federal Aviation Administration amends part 71 of the Federal Aviation Regulations (14 CFR part 71) as follows:

#### PART 71—[AMENDED]

■ 1. The authority citation for part 71 continues to read as follows:

**Authority:** 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 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 7400.9P, Airspace Designations and Reporting Points, effective September 16, 2006, is amended as follows:

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

\* \* \* \* \*

#### ANE ME E5 Newton Field, ME [New]

Jackman, Maine

(Lat. 45°37'57.9" N., long. 70°14'55.6" W.)

That airspace extending upward from 700 feet above the surface within a 6.0-mile radius of Newton Field, Jackman, ME.

\* \* \* \* \*

Issued in College Park, GA, on October 5, 2006.

**Mark D. Ward,**

Manager, System Support Group, AJO–2E2, Eastern Service Center.

[FR Doc. 06–8846 Filed 10–25–06; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 71

[Docket No. FAA–2006–24878; Airspace Docket NO. 06–AWP–4]

RIN 2120–AA66

#### Revision of Class E Airspace; Mountain Home, ID

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final rule.

**SUMMARY:** This action revises Class E airspace at Mountain Home, ID, beginning at 1,200 feet above ground level (AGL), replacing the existing Class

G uncontrolled airspace. This airspace action accommodates the terminal environment transition between Salt Lake Air Route Traffic Control Center (ARTCC) and Mountain Home AFB Radar Approach Control (RAPCON) by placing aircraft in controlled airspace during the transfer of aircraft radar identification between the facilities. In addition, a review of the legal description revealed that it does not reflect the correct airport reference point (ARP) of Mountain Home Municipal Airport and geographic position of the Sturgeon Non-Directional Beacon (NDB). The notice of Proposed Rulemaking published in the **Federal Register** on August 21, 2006, included an incorrect longitude for Mountain Home TACAN. This action corrects those minor discrepancies.

**DATES:** *Effective Date:* 0901 UTC, January 18, 2007. The Director of the Federal Register approves this incorporation by reference action under title 1, Code of Federal Regulations, part 51, subject to the annual revision of FAA Order 7400.9 and publication of conforming amendments.

**FOR FURTHER INFORMATION CONTACT:** Francie Hope, Western Terminal Operations Airspace Specialist, AWP–520.3, Federal Aviation Administration, 15000 Aviation Boulevard, Lawndale, California 90261, telephone (310) 725–6502.

#### SUPPLEMENTARY INFORMATION:

##### History

On August 21, 2006, the FAA published in **Federal Register** a notice of proposed rulemaking to revise the Class E airspace at Mountain Home, ID, replacing Class G uncontrolled airspace with Class E airspace. Interested parties were invited to participate in this rulemaking effort by submitting written comments on this proposal to the FAA. No comments were received. With the exception of an editorial change to the Mountain Home TACAN longitude, this revision is the same as that proposed in the notice.

##### The Rule

This action amends Title 14 Code of Federal Regulations (14 CFR) part 71 by revising the Class E airspace area with a base altitude of 1,200 feet AGL in the vicinity of Mountain Home AFB, ID. Class E airspace is used to transition to and from the terminal or enroute environment, allowing a buffer for arriving and departing IFR aircraft from uncontrolled airspace. The FAA is taking this action to enhance the safe and efficient use of the navigable airspace in southern Idaho.

The FAA has determined that this regulation only involves an established

body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this regulation: (1) Is not a “significant regulatory action” under Executive Order 12866; (2) is not a “significant rule” under Department of Transportation 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 will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a 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).

#### Adoption of the Amendment

■ In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 71 as follows:

#### PART 71—DESIGNATION OF CLASS A, B, C, D, AND E AIRSPACE AREAS; AIR TRAFFIC SERVICE ROUTES; AND REPORTING POINTS

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

**Authority:** 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

##### § 71.1 [Amended]

■ 2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9P, Airspace Designations and Reporting Points, dated September 1, 2006, and effective September 15, 2006, is amended as follows:

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

\* \* \* \* \*

#### ANM ID E5 Mountain Home, ID [Revised]

Mountain Home, AFB, ID

(Lat. 43°02'37" N., long. 115°52'21" W.)

Mountain Home TACAN

(Lat. 43°02'26" N., long. 115°52'29" W.)

Mountain Home Municipal Airport

(Lat. 43°07'53" N., long. 115°43'47" W.)

Sturgeon NDB

(Lat. 43°06'48" N., long. 115°39'31" W.)

That airspace extending upward from 700 feet above the surface within 8.7 miles northeast and 7.9 miles southwest of the Mountain Home AFB Tacan 135° and 315° radials extending from 15.7 miles southeast

to 15.7 miles northwest of the TACAN, and within a 7.4-mile radius of the Mountain Home Municipal Airport, thence extending east of the radius 3.1 miles each side of the Sturgeon NDB 112° bearing to 7.4 miles east of Sturgeon NDB; that airspace extending upward from 1,200 feet above the surface bounded on the northeast by the southwest edge of V-253; to long. 115°00'11"W; south to lat. 42°24'00" N; east to lat. 42°24'08"N, long. 115°18'09" W; thence on southeast, south, and west by a 46.0-mile radius of Mountain Home AFB; on the west by the southeast edge of V-113; northeast to the southwest edge of V-253.

\* \* \* \* \*

Issued in Los Angeles, California, on October 10, 2006.

Leonard A. Mobley, Acting Area Director, Western Terminal Operations.

[FR Doc. 06-8850 Filed 10-25-06; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9244]

RIN 1545-BC05; 1545-BE88

Determination of Basis of Stock or Securities Received in Exchange for, or With Respect to, Stock or Securities in Certain Transactions; Treatment of Excess Loss Accounts; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains a correction to final and temporary regulations (TD 9244), that were published in the Federal Register on Thursday, January 26, 2006 (71 FR 4264). This regulation provides guidance regarding the determination of the basis of stock or securities received in exchange for, or with respect to, stock or securities in certain transactions.

DATES: This correction is effective January 23, 2006.

FOR FURTHER INFORMATION CONTACT: Theresa M. Kolish, (202) 622-7530 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final and temporary regulations (TD 9244) that are the subject of these corrections are under sections 358 and 1502 of the Internal Revenue Code.

Need for Correction

As published, TD 9244 contains errors that may prove to be misleading and are in need of clarification.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

Accordingly, 26 CFR Part 1 is corrected by making the following correcting amendments:

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 \* \* \*

§ 1.358-1 [Corrected]

Par. 2. Section 1.358-1 is amended by revising paragraph (b), Example to read as follows:

§ 1.358-1 Basis to distributees.

\* \* \* \* \*

(b) \* \* \*

Example. A purchased a share of stock in Corporation X in 1935 for \$150. Since that date A has received distributions out of other than earnings and profits (as defined in section 316) totaling \$60, so that A's adjusted basis for the stock is \$90. In a transaction qualifying under section 356, A exchanged this share for one share in Corporation Y, worth \$100, cash in the amount of \$10, and other property with a fair market value of \$30. The exchange had the effect of the distribution of a dividend. A's ratable share of the earnings and profits of Corporation X accumulated after February 28, 1913, was \$5. A realized a gain of \$50 on the exchange, but the amount recognized is limited to \$40, the sum of the cash received and the fair market value of the other property. Of the gain recognized, \$5 is taxable as a dividend, and \$35 is taxable as a gain from the exchange of property. The basis to A of the one share of stock of Corporation Y is \$90, that is, the adjusted basis of the one share of stock of Corporation X (\$90), decreased by the sum of the cash received (\$10) and the fair market value of the other property received (\$30) and increased by the sum of the amount treated as a dividend (\$5) and the amount treated as a gain from the exchange of property (\$35). The basis of the other property received is \$30.

\* \* \* \* \*

§ 1.358-2 [Corrected]

Par. 3. Section 1.358-2(c) is amended by revising paragraphs (ii) in Examples 4, 5, 6 and 11 to read as follows:

§ 1.358-2 Allocation of basis among nonrecognition property.

(a) \* \* \*

(2) \* \* \*

(viii) \* \* \*

(c) \* \* \*

Example 4. (i) \* \* \*

(ii) Analysis. Under paragraph (a)(2)(ii) of this section and under § 1.356-1(b), because the terms of the exchange do not specify that shares of Corporation Y stock or cash are received in exchange for particular shares of Class A stock or Class B stock of Corporation X, a pro rata portion of the shares of Corporation Y stock and cash received will be treated as received in exchange for each share of Class A stock and Class B stock of Corporation X surrendered based on the fair market value of such stock. Therefore, J is treated as receiving one share of Corporation Y stock and \$5 of cash in exchange for each share of Class A stock of Corporation X and one share of Corporation Y stock and \$5 of cash in exchange for each share of Class B stock of Corporation X. J realizes a gain of \$140 on the exchange of shares of Class A stock of Corporation X, \$100 of which is recognized under § 1.356-1(a). J realizes a gain of \$80 on the exchange of Class B stock of Corporation X, all of which is recognized under § 1.356-1(a). Under paragraph (a)(2)(i) of this section, J has 10 shares of Corporation Y stock, each of which has a basis of \$2 and is treated as having been acquired on Date 1, 10 shares of Corporation Y stock, each of which has a basis of \$4 and is treated as having been acquired on Date 2, and 20 shares of Corporation Y stock, each of which has a basis of \$5 and is treated as having been acquired on Date 3. Under paragraph (a)(2)(vii) of this section, on or before the date on which the basis of a share of Corporation Y stock received becomes relevant, J may designate which of the shares of Corporation Y stock received have a basis of \$2, which have a basis of \$4, and which have a basis of \$5.

Example 5. (i) \* \* \*

(ii) Analysis. Under paragraph (a)(2)(ii) of this section and under § 1.356-1(b), because the terms of the exchange specify that J receives 40 shares of stock of Corporation Y in exchange for J's shares of Class A stock of Corporation X and \$200 of cash in exchange for J's shares of Class B stock of Corporation X and such terms are economically reasonable, such terms control. J realizes a gain of \$140 on the exchange of shares of Class A stock of Corporation X, none of which is recognized under § 1.356-1(a). J realizes a gain of \$80 on the exchange of shares of Class B stock of Corporation X, all of which is recognized under § 1.356-1(a). Under paragraph (a)(2)(i) of this section, J has 20 shares of Corporation Y stock, each of which has a basis of \$1 and is treated as having been acquired on Date 1, and 20 shares of Corporation Y stock, each of which has a basis of \$2 and is treated as having been acquired on Date 2. Under paragraph (a)(2)(vii) of this section, on or before the date on which the basis of a share of Corporation Y stock received becomes relevant, J may designate which of the shares of Corporation Y stock received have a basis of \$1 and which have a basis of \$2.

Example 6. (i) \* \* \*

(ii) Analysis. Under paragraph (a)(2)(ii) of this section and under § 1.354-1(a), because the terms of the exchange specify that J receives 10 shares of stock of Corporation Y