

**§ 111.13 Written examination for individual license.**

\* \* \* \* \*

(b) *Basic requirements, date, and place of examination.* In order to be eligible to take the written examination, an individual must be a citizen of the United States on the date of examination and not an officer or employee of the United States Government, and attain the age of 21 prior to the date of examination. \* \* \*

\* \* \* \* \*

Dated: May 21, 2008.

**Jayson P. Ahern,***Acting Commissioner, U.S. Customs and Border Protection.*

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

[REG-136020-07]

RIN 1545-BG96

**Treatment of Property Used To Acquire Parent Stock in Certain Triangular Reorganizations Involving Foreign Corporations****AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations.

**SUMMARY:** In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations under section 367(b) of the Internal Revenue Code (Code) regarding certain triangular reorganizations. The regulations implement rules described in Notice 2006-85 and Notice 2007-48. The regulations primarily affect corporations engaged in certain triangular reorganizations involving one or more foreign corporations. The text of those regulations also serves as the text of these proposed regulations.

**DATES:** Written or electronic comments and requests for a public hearing must be received by August 25, 2008.

**ADDRESSES:** Send submissions to: CC:PA:LPD:PR (REG-136020-07), room 5203, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-136020-07), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue,

NW., Washington, DC, or sent electronically, via the Federal eRulemaking Portal at <http://www.regulations.gov> (IRS REG-136020-07).

**FOR FURTHER INFORMATION CONTACT:**

Concerning the proposed regulations, Daniel McCall, (202) 622-3860; concerning submissions of comments, requests for a public hearing, and/or to be placed on the building access list to attend a hearing, contact Richard Hurst ([Richard.A.Hurst@irs.counsel.treas.gov](mailto:Richard.A.Hurst@irs.counsel.treas.gov)) or (202) 622-7180 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:****Background and Explanation of Provisions**

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR part 1) relating to section 367(b) of the Code and certain triangular reorganizations. The text of those regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations and the proposed regulations.

**Special Analyses**

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required.

It is hereby certified that these regulations will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required. This certification is based on the fact that the regulations will primarily affect large multi-national corporations that engage in triangular reorganizations subject to the regulations. The regulations apply to triangular reorganizations, involving one or more foreign corporations, to the extent that, in connection with the reorganization, the acquiring corporation purchases, in exchange for property, all or a portion of the stock used to acquire the stock or assets of the target corporation. Therefore, the IRS and Treasury Department expect only a de minimis number of small business entities to be subject to the regulations. Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

**Comments and Requests for a 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 submitted timely to the IRS. The IRS and Treasury Department request comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available for public inspection and copying. A public hearing will 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 public hearing will be published in the **Federal Register**.

**Drafting Information**

The principal author of these proposed regulations is Daniel McCall of the Office of Associate Chief Counsel (International). However, other personnel from the IRS and the 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 is amended by adding new entries in numerical order to read as follows:

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

Section 1.367(a)-3(b)(2)(i)(C) also issued under 26 U.S.C. 367(a) and (b). \* \* \*

Section 1.367(b)-14 also issued under 26 U.S.C. 367(b). \* \* \*

**Par. 2.** Section 1.367(a)-3 is amended by adding new paragraph (b)(2)(i)(C) to read as follows:

**§ 1.367(a)-3 Treatment of transfers of stock or securities to foreign corporations.**

\* \* \* \* \*

(b) \* \* \*

(2) \* \* \*

(i) \* \* \*

(C) [The text of this proposed amendment to § 1.367(a)-3(b)(2)(i)(C) is the same as the text of § 1.367(a)-3T(b)(2)(i)(C) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

**Par. 3.** Section 1.367(b)-14 is added to read as follows:

**§ 1.367(b)–14 Acquisition of parent stock for property in triangular reorganizations.**

[The text of proposed § 1.367(b)–14 is the same as the text of § 1.367(b)–14T(a) through (e)(5) published elsewhere in this issue of the **Federal Register**.]

**Linda E. Stiff,**

*Deputy Commissioner for Services and Enforcement.*

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**DEPARTMENT OF THE INTERIOR**

**Minerals Management Service**

**30 CFR Part 219**

[Docket ID: MMS–2007–OMM–0067]

RIN 1010–AD46

**Allocation and Disbursement of Royalties, Rentals, and Bonuses—Oil and Gas, Offshore**

**AGENCY:** Minerals Management Service (MMS), Interior.

**ACTION:** Proposed rule.

**SUMMARY:** The MMS proposes to amend the regulations on distribution and disbursement of royalties, rentals, and bonuses to include the allocation and disbursement of revenues from certain leases on the Gulf of Mexico Outer Continental Shelf in accordance with the provisions of the Gulf of Mexico Energy Security Act of 2006. The regulations would set forth the formula and methodology for calculating and allocating revenues to the States of Alabama, Louisiana, Mississippi, and Texas and their eligible political subdivisions. This proposed rule seeks to establish and ensure that the process for implementing the Gulf of Mexico Energy Security Act of 2006 provisions and the resulting distribution of revenues is accurate, transparent, and fully complies with our statutory responsibilities.

**DATES:** Submit comments by July 28, 2008. The MMS may not fully consider comments received after this date.

**ADDRESSES:** You may submit comments on the rulemaking by any of the following methods. Please use the Regulation Identifier Number (RIN) 1010–AD46 as an identifier in your message. See also Public Availability of Comments under Procedural Matters.

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Under the tab “More Search Options,” click Advanced Docket Search, then select “Minerals Management Service” from the agency drop-down menu, then click

“submit.” In the Docket ID column, select MMS–2007–OMM–0067 to submit public comments and to view supporting and related materials available for this rulemaking. Information on using Regulations.gov, including instructions for accessing documents, submitting comments, and viewing the docket after the close of the comment period, is available through the site’s “User Tips” link. The MMS will post all comments to the docket.

- Mail or hand-carry comments to the Department of the Interior; Minerals Management Service; Attention: Regulations and Standards Branch (RSB); 381 Elden Street, MS–4024, Herndon, Virginia 20170–4817. Please reference “Allocation and Disbursement of Royalties, Rentals, and Bonuses—Oil and Gas, Offshore, 1010–AD46” in your comments and include your name and return address.

**FOR FURTHER INFORMATION CONTACT:** Marshall Rose, Chief, Economics Division, Offshore Minerals Management at (703) 787–1538.

**SUPPLEMENTARY INFORMATION:**

**Background**

President George W. Bush signed the Gulf of Mexico Energy Security Act of 2006 (GOMESA) into law on December 20, 2006 (Pub. L. No. 109–432, 120 Stat. 2922), as part of H.R. 6111, The Tax Relief and Health Care Act of 2006, which also extended several energy tax programs that encourage efficiency and conservation, as well as the production and use of renewable energy sources. With regard to the Gulf of Mexico (GOM) Outer Continental Shelf (OCS) provisions (Division C, Title 1, 120 Stat. 3000), GOMESA:

- Lifted the congressional moratorium on oil and gas leasing and development in a portion of the Central GOM and mandates lease sales in two areas of the GOM (the 181 Area and 181 South Area as defined by GOMESA) notwithstanding the omission of those two areas from any OCS leasing program under section 18 of the OCS Lands Act (43 U.S.C. 1344);
- Established a moratorium through June 30, 2022 in the vast majority of the Eastern Planning Area and a small portion of the Central Planning Area;
- Provided for the establishment of a process to exchange existing leases in the new moratorium areas for bonus or royalty credits that may only be used in the GOM; and
- Provided for the distribution of certain OCS revenues to the Gulf producing States of Alabama, Louisiana, Mississippi, and Texas, and to certain coastal political subdivisions within those States.

This proposed rule sets forth how the Department of the Interior plans to implement the GOMESA requirements related to the distribution of OCS revenues to the Gulf producing States and their coastal political subdivisions.

**Summary**

For each of the fiscal years from 2007 through 2016, GOMESA directs the Secretary of the Treasury to deposit 50 percent of qualified OCS revenues—bonuses, rents, and royalties—from OCS oil and gas leases in areas designated as the 181 Area in the Eastern Planning Area and the 181 South Area into a special account in the United States Treasury. The GOMESA directs the Secretary of the Interior, for each of these fiscal years, to disburse 25 percent of the revenues in the special account to the Land and Water Conservation Fund (LWCF) and the remaining 75 percent to the States of Alabama, Louisiana, Mississippi, and Texas (collectively identified as the “Gulf producing States”) and their eligible coastal political subdivisions. The revenues are to be allocated among the Gulf producing States based on their inverse proportional distance from the leases in the 181 Area in the Eastern Planning Area and the 181 South Area and in accordance with regulations established by the Secretary of the Interior. The GOMESA also provides that in determining the individual Gulf producing States’ share of the qualified OCS revenues, no State, irrespective of the amount established by the application of the inverse proportional distance formula, shall receive less than 10 percent of the revenues to be disbursed.

The GOMESA directs the Secretary of the Interior to disburse 20 percent of the funds allocated to each Gulf producing State to political subdivisions within the State which are located in the State’s coastal zone and are within 200 nautical miles of the geographic center of any OCS leased tract. Revenues are allocated to the coastal political subdivisions based on their population, miles of coastline, and their inverse proportional distance from designated leases in the 181 Area in the Eastern Planning Area.

**REVENUE DISTRIBUTION OF QUALIFIED OCS REVENUES UNDER GOMESA 2007–2016**

Recipient of qualified OCS revenues	Percentage of qualified OCS revenues
U.S. Treasury .....	50.0
Land and Water Conservation Fund .....	12.5