

*Facts.* X owned property (Property 1). On January 1, Year 2, Property 1 had a fair market value of \$100 and a basis of \$70, and X was not subject to section 1374 treatment with respect to Property 1. On that date, when Property 1 was under a threat of condemnation, X sold Property 1 to an unrelated party for \$100 (First Transaction). X elected to defer gain recognition under section 1033(a)(2), and purchased qualifying replacement property (Property 2) for \$100 from Y (Second Transaction) prior to the expiration of the period described in section 1033(a)(2)(B).

(ii) *Analysis.* The transfer of Property 2 by Y to X in the Second Transaction is a conversion transaction within the meaning of paragraph (a)(2)(ii) of this section. The Second Transaction (combined with the First Transaction) qualified for nonrecognition treatment under section 1033(a) as to X, but not as to Y. Assume no nonrecognition provision applied to Y; thus, Y recognized gain or loss on its sale of Property 2 in the Second Transaction, and the Second Transaction is not subject to paragraph (a) of this section by reason of paragraph (d)(3)(i) of this section.

(e) *Special rule for partnerships—(1) In general.* The principles of this section apply to property transferred by a partnership to a RIC or REIT to the extent of any gain or loss in the converted property that would be allocated directly or indirectly, through one or more partnerships, to a C corporation if the partnership sold the converted property to an unrelated party at fair market value on the deemed sale date (as defined in paragraph (c)(3) of this section). If the partnership were to elect deemed sale treatment under paragraph (c) of this section in lieu of section 1374 treatment under paragraph (b) of this section with respect to such transfer, then any net gain recognized by the partnership on the deemed sale must be allocated to the C corporation partner, but does not increase the capital account of any partner. Any adjustment to the partnership's basis in the RIC or REIT stock as a result of deemed sale treatment under paragraph (c) of this section shall constitute an adjustment to the basis of that stock with respect to the C corporation partner only. The principles of section 743 apply to such basis adjustment.

(2) *Example. Transfer by partnership of property to REIT.* (i) *Facts.* PRS, a partnership for Federal income tax purposes, has three partners: TE, a tax-exempt entity (within the meaning of § 1.337(d)-7(a)(2)(vi)), owns 50 percent of the capital and profits of PRS; A, an individual, owns 30 percent of the capital and profits of PRS; and Y, a C corporation (within the meaning of § 1.337(d)-7(a)(2)(i)), owns the remaining 20 percent. PRS owns a building that it leases for commercial use (Property 1). On January 1, Year 2, when PRS has an adjusted basis in Property 1 of \$100 and Property 1 has a fair market value of

\$500, PRS transfers Property 1 to X, a REIT, in exchange for stock of X in an exchange described in section 351. PRS does not elect deemed sale treatment under paragraph (c) of this section.

(ii) *Analysis.* The transfer of Property 1 by PRS to X is a conversion transaction within the meaning of paragraph (a)(2)(ii) of this section to the extent of any gain or loss that would be allocated to any C corporation partner if PRS sold Property 1 at fair market value to an unrelated party on the deemed sale date. Y is a C corporation, but neither TE nor A is a C corporation within the meaning of paragraph (a)(2)(i) of this section. Therefore, the transfer of Property 1 by PRS to X is a conversion transaction within the meaning of paragraph (a)(2)(ii) of this section to the extent of Y's share of any such gain of PRS in Property 1. If PRS were to sell Property 1 to an unrelated party at fair market value on the deemed sale date, PRS would allocate \$80 of built-in gain to Y. Thus, X is subject to section 1374 treatment on Property 1 with respect to \$80 of built-in gain.

(f) *Effective/Applicability date—(1) In general.* Except as provided in paragraph (f)(2) of this section, this section applies to conversion transactions that occur on or after January 2, 2002. For conversion transactions that occurred on or after June 10, 1987, and before January 2, 2002, see §§ 1.337(d)-5 and 1.337(d)-6.

(2) *Special rule.* Paragraphs (a)(2), (d)(1), (d)(3) and (e) of this section apply to conversion transactions that occur on or after [INSERT DATE OF PUBLICATION OF THE TREASURY DECISION ADOPTING THESE RULES AS FINAL REGULATIONS IN THE FEDERAL REGISTER]. However, taxpayers may apply paragraphs (a)(2), (d)(1), (d)(3) and (e) of this section to conversion transactions that occurred before [INSERT DATE OF PUBLICATION OF THE TREASURY DECISION ADOPTING THESE RULES AS FINAL REGULATIONS IN THE FEDERAL REGISTER]. For conversion transactions that occurred on or after January 2, 2002 and before [INSERT DATE OF PUBLICATION OF THE TREASURY DECISION ADOPTING THESE RULES AS FINAL REGULATIONS IN THE FEDERAL REGISTER], see § 1.337(d)-7 as contained in 26 CFR part 1 in effect on April 1, 2011.

**Steven T. Miller,**

*Deputy Commissioner for Services and Enforcement.*

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## DEPARTMENT OF LABOR

### Wage and Hour Division

#### 29 CFR Part 825

**RIN 1215-AB76 and RIN 1235-AA03**

### The Family and Medical Leave Act

**AGENCY:** Wage and Hour Division, Department of Labor.

**ACTION:** Extension of comment period.

**SUMMARY:** This document extends the period for filing written comments until April 30, 2012 on the proposed revisions to certain regulations of the Family and Medical Leave Act of 1993 (FMLA). On February 15, 2012, the Department published a Notice of Proposed Rulemaking to revise certain regulations the FMLA, primarily to implement recent statutory amendments to the Act. The comment period is scheduled to close on April 16, 2012. The Department of Labor (Department) is taking this action in order to provide interested parties additional time to submit comments.

**DATES:** The agency must receive comments on or before April 30, 2012. The period for public comments, which was to close on April 16, 2012, will be extended to April 30, 2012.

**ADDRESSES:** You may submit comments, identified by Regulatory Information Number (RIN) 1235-AA03, by electronic submission through the Federal eRulemaking Portal <http://www.regulations.gov>. Follow instructions for submitting comments. You may also submit comments by mail. Address written submissions to Mary Ziegler, Director of the Division of Regulations, Legislation, and Interpretation, Wage and Hour Division, U.S. Department of Labor, Room S-3510, 200 Constitution Avenue NW., Washington, DC 20210.

*Instructions:* Please submit only one copy of your comments by only one method. All submissions must include the agency name and RIN, identified above, for this rulemaking. Please be advised that comments received will be posted without change to <http://www.regulations.gov>, including any personal information provided, and should not include any individual's personal medical information. Mailed written submissions commenting on these provisions must be received by the date indicated for consideration in this rulemaking. For questions concerning the application of the FMLA provisions, individuals may contact the Wage and Hour Division (WHD) local district offices. Locate the nearest office by calling the WHD's toll-free help line at (866) 4US-WAGE ((866) 487-9243) between 8 a.m. and 5 p.m. in your local time zone, or log onto the WHD's Web site for a nationwide listing of WHD district and area offices at <http://www.dol.gov/whd/america2.htm>. For additional information on submitting comments and the rulemaking process, see the "Public Participation" heading of the **SUPPLEMENTARY INFORMATION** section of this document.

*Docket:* For access to the docket to read background documents or comments received, go to the Federal eRulemaking Portal at <http://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:**

Mary Ziegler, Director, Division of Regulations, Legislation, and Interpretation, Wage and Hour Division, U.S. Department of Labor, Room S-3510, 200 Constitution Avenue NW., Washington, DC 20210; telephone: (202) 693-0406 (this is not a toll free number). Copies of this notice of proposed rulemaking may be obtained in alternative formats (Large Print, Braille, Audio Tape, or Disc), upon request, by calling (202) 693-0675. TTY/TDD callers may dial toll-free (877) 889-5627 to obtain information or request materials in alternative formats.

Questions of interpretation and/or enforcement of regulations issued by this agency or referenced in this document may be directed to the nearest Wage and Hour Division District Office. Locate the nearest office by calling the Wage and Hour Division's toll-free help line at (866) 4US-WAGE ((866) 487-9243) between 8 a.m. and 5 p.m. in your local time zone, or log onto the Wage and Hour Division's Web site for a nationwide listing of Wage and Hour District and Area Offices at: <http://www.dol.gov/whd/america2.htm>.

**SUPPLEMENTARY INFORMATION:**

**I. Electronic Access and Filing Comments**

*Public Participation:* This notice of proposed rulemaking is available through the **Federal Register** and the <http://www.regulations.gov> Web site. You may also access this document via the Department's Web site at <http://www.dol.gov/whd/>. To comment electronically on federal rulemakings, go to the Federal eRulemaking Portal at <http://www.regulations.gov>, which will allow you to find, review, and submit comments on federal documents that are open for comment and published in the **Federal Register**. Please identify all comments submitted in electronic form by the RIN docket number (1235-AA03). Because of delays in receiving mail in the Washington, DC area, commenters should transmit their comments electronically via the Federal eRulemaking Portal at <http://www.regulations.gov>, or submit them by mail early to ensure timely receipt prior to the close of the comment period. Submit one copy of your comments by only one method.

**II. Request for Comment**

The Notice of Proposed Rulemaking (NPRM) proposes revisions to the Family and Medical Act (FMLA) regulations to implement amendments to the military leave provisions of the FMLA made by the National Defense Authorization Act for Fiscal Year 2010, which extends the availability of FMLA leave to family members of members of the Regular Armed Forces for qualifying exigencies arising out of the servicemember's deployment; defines those deployments covered under these provisions; and extends FMLA military caregiver leave to family members of certain veterans with serious injuries or illnesses. The NPRM also proposes to amend the regulations to implement the Airline Flight Crew Technical Corrections Act, which established new FMLA leave eligibility requirements for airline flight crewmembers and flight attendants. In addition, the proposal includes changes concerning the calculation of leave; reorganization of certain sections to enhance clarity; the removal of the forms from the regulations; and technical corrections of inadvertent drafting errors in the current regulations. The NPRM, complete with background information, economic impact analyses and proposed regulatory text, was published in the **Federal Register** on February 15, 2012 (77 FR 8960) requesting public comments on the proposed revisions to the regulations. Interested parties were requested to submit comments on or before April 16, 2012.

The Department has received requests to extend the period for filing public comments from various organizations. Because of the interest that has been expressed in this matter, the Department has decided to provide an additional extension of the period for submitting public comment until April 30, 2012.

Dated: April 11, 2012.

**Nancy J. Leppink,**

*Deputy Administrator, Wage and Hour Division.*

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**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 117**

[Docket No. USCG-2011-0926]

RIN 1625-AA09

**Drawbridge Operation Regulation; Lafourche Bayou, LA**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Coast Guard proposes changing the regulation governing six bridges across Bayou Lafourche, south of the Gulf Intracoastal Waterway (GIWW). Currently, these bridges remain closed to navigation at various times on weekdays during the school year. The Louisiana Department of Transportation and Development (LADOTD), in conjunction with the Lafourche Parish Council, would like to change the beginning date of the regulation to coincide with the change in the beginning of the school year. All other aspects of the regulation will remain the same. These changes will alleviate any confusion that the bridge tenders and mariners may have as to the bridge schedule now that the school year begins earlier than the regulation effective date.

**DATES:** Comments and related material must reach the Coast Guard on or before May 16, 2012.

**ADDRESSES:** You may submit comments identified by docket number USCG-2011-0926 using any one of the following methods:

(1) *Federal eRulemaking Portal:* <http://www.regulations.gov>.

(2) *Fax:* 202-493-2251.

(3) *Mail:* Docket Management Facility (M-30), U.S. Department of Transportation, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590-0001.

(4) *Hand delivery:* Same as mail address above, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The telephone number is 202-366-9329.

To avoid duplication, please use only one of these four methods. See the "Public Participation and Request for Comments" portion of the **SUPPLEMENTARY INFORMATION** section below for instructions on submitting comments.

**FOR FURTHER INFORMATION CONTACT:** If you have questions on this rule, call or email Mr. Jim Wetherington; Bridge