

Subtitle A (sections 1471 through 1474) of the Internal Revenue Code of 1986.

**DATES:** The public hearing originally scheduled for June 24, 2014 at 10 a.m. is cancelled.

**FOR FURTHER INFORMATION CONTACT:** Oluwafunmilayo Taylor of the Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration) at (202) 317-6901 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:** A notice of proposed rulemaking by cross-reference to temporary regulations and a notice of public hearing that appeared in the **Federal Register** on Thursday, March 6, 2014 (79 FR 12868) announced that a public hearing was scheduled for June 24, 2014, at 10 a.m. in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue NW., Washington, DC. The subject of the public hearing is under sections 1471 through 1474 of the Internal Revenue Code.

The public comment period for these regulations expired on May 5, 2014. The notice of proposed rulemaking and notice of public hearing instructed those interested in testifying at the public hearing to submit a request to speak and an outline of the topics to be addressed. As of May 14, 2014, no one has requested to speak. Therefore, the public hearing scheduled for June 24, 2014 at 10 a.m. is cancelled.

**Martin V. Franks,**  
*Chief, Publications and Regulations Branch,*  
*Legal Processing Division, Associate Chief*  
*Counsel, (Procedure and Administration).*  
[FR Doc. 2014-11921 Filed 5-22-14; 8:45 am]  
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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-136984-12]

RIN 1545-BL21

#### Section 752 and Related Party Rules

##### Correction

In proposed rule document 2013-29420, appearing on pages 76092 through 76096 in the issue of Monday, December 16, 2013, make the following correction:

On page 76094, in the second column, on the tenth line, insert the following:

#### *D. Special Rule Where Entity Structured To Avoid Related Person Status*

Section 1.752-4(b)(2)(iv) provides special rules for when an entity is structured to avoid related person status. The proposed regulations do not propose any changes to these rules. However, as a result of other changes made to simplify the organization of § 1.752-4, the rules in § 1.752-4(b)(2)(iv) are now in § 1.752-4(b)(4) of the proposed regulations. In addition, the example in § 1.752-4(b)(2)(iv)(C) is now *Example 5* under § 1.752-4(b)(5) of the proposed regulations.

[FR Doc. C1-2013-29420 Filed 5-22-14; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Parts 1, 31, and 301

[REG-134361-12]

RIN 1545-BL17

#### Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons and Revision of Information Reporting and Backup Withholding Regulations; Hearing Cancellation

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

**ACTION:** Cancellation of a notice of public hearing on proposed rulemaking.

**SUMMARY:** This document cancels a public hearing on proposed regulations relating to the withholding of tax on certain U.S. source income paid to foreign persons, information reporting and backup withholding with respect to payments made to certain U.S. persons, portfolio interest treatment for nonresident alien individuals and foreign corporations, and requirements for certain claims for refund or credit of income tax made by foreign persons.

**DATES:** The public hearing originally scheduled for June 24, 2014 at 10 a.m. is cancelled.

**FOR FURTHER INFORMATION CONTACT:** Oluwafunmilayo Taylor of the Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration) at (202) 317-6901 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:** A notice of proposed rulemaking by cross-reference to temporary regulations and a notice of public hearing that appeared in the **Federal Register** on Thursday, March 6, 2014 (79 FR 12880) announced that a public hearing was scheduled for

June 24, 2014, at 10 a.m. in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue NW., Washington, DC. The subject of the public hearing is under sections 871, 1441, 1461, 6041, 6042, 6045, and 6049 of the Internal Revenue Code.

The public comment period for these regulations expired on May 5, 2014. The notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing instructed those interested in testifying at the public hearing to submit a request to speak and an outline of the topics to be addressed. As of May 14, 2014, no one has requested to speak. Therefore, the public hearing scheduled for June 24, 2014 at 10 a.m. is cancelled.

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*Counsel, (Procedure and Administration).*

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## DEPARTMENT OF EDUCATION

### 34 CFR Chapter III

[Docket ID ED-2014-OSERS-0023; CFDA Number: 84.133A-10]

#### Proposed Priority—National Institute on Disability and Rehabilitation Research—Improving Methods of Evaluating Return on Investment for the State Vocational Rehabilitation Services Program

**AGENCY:** Office of Special Education and Rehabilitative Services, Department of Education.

**ACTION:** Proposed priority.

**SUMMARY:** The Assistant Secretary for Special Education and Rehabilitative Services proposes a priority under the Disability and Rehabilitation Research Projects and Centers Program administered by the National Institute on Disability and Rehabilitation Research (NIDRR). Specifically, this notice proposes a priority for a Disability and Rehabilitation Research Project (DRRP) on Improving Methods of Evaluating Return on Investment for the State Vocational Rehabilitation (VR) Services Program. The Assistant Secretary may use this priority for competitions in fiscal year (FY) 2014 and later years. We take this action to focus research attention on areas of national need. We intend this priority to contribute to improved employment outcomes for individuals with disabilities.

**DATES:** We must receive your comments on or before June 23, 2014.

**ADDRESSES:** Submit your comments through the Federal eRulemaking Portal or via postal mail, commercial delivery, or hand delivery. We will not accept comments submitted by fax or by email or those submitted after the comment period. To ensure that we do not receive duplicate copies, please submit your comments only once. In addition, please include the Docket ID at the top of your comments.

- *Federal eRulemaking Portal:* Go to [www.regulations.gov](http://www.regulations.gov) to submit your comments electronically. Information on using Regulations.gov, including instructions for accessing agency documents, submitting comments, and viewing the docket, is available on the site under "Are you new to the site?"

- *Postal Mail, Commercial Delivery, or Hand Delivery:* If you mail or deliver your comments about these proposed regulations, address them to Marlene Spencer, U.S. Department of Education, 400 Maryland Avenue SW., Room 5133, Potomac Center Plaza (PCP), Washington, DC 20202-2700.

**Privacy Note:** The Department's policy is to make all comments received from members of the public available for public viewing in their entirety on the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov). Therefore, commenters should be careful to include in their comments only information that they wish to make publicly available.

**FOR FURTHER INFORMATION CONTACT:** Marlene Spencer. Telephone: (202) 245-7532 or by email: [marlene.spencer@ed.gov](mailto:marlene.spencer@ed.gov).

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

**SUPPLEMENTARY INFORMATION:** This notice of proposed priority is in concert with NIDRR's Long-Range Plan (Plan). The Plan, which was published in the *Federal Register* on April 4, 2013 (78 FR 20299), can be accessed on the Internet at the following site: [www.ed.gov/about/offices/list/osers/nidrr/policy.html](http://www.ed.gov/about/offices/list/osers/nidrr/policy.html).

Through the implementation of the currently approved Plan, NIDRR seeks to: Identify a need for research and training in a number of areas. To address this need, NIDRR seeks to:

- (1) Improve the quality and utility of disability and rehabilitation research;
- (2) foster an exchange of research findings, expertise, and other information to advance knowledge and understanding of the needs of individuals with disabilities and their family members, including those from among traditionally underserved

populations; (3) determine effective practices, programs, and policies to improve community living and participation, employment, and health and function outcomes for individuals with disabilities of all ages; (4) identify research gaps and areas for promising research investments; (5) identify and promote effective mechanisms for integrating research and practice; and (6) disseminate research findings to all major stakeholder groups, including individuals with disabilities and their families in formats that are appropriate and meaningful to them.

This notice proposes a priority that NIDRR intends to use for a DRRP competition in FY 2014 and possibly later years. However, nothing precludes NIDRR from publishing additional priorities, if needed. Furthermore, NIDRR is under no obligation to make an award using this priority. The decision to make an award will be based on the quality of applications received and available funding.

*Invitation to Comment:* We invite you to submit comments regarding this proposed priority. To ensure that your comments have maximum effect in developing the final priority, we urge you to identify clearly the specific topic that each comment addresses.

We invite you to assist us in complying with the specific requirements of Executive Orders 12866 and 13563 and their overall requirement of reducing regulatory burden that might result from this proposed priority. Please let us know of any further ways we could reduce potential costs or increase potential benefits while preserving the effective and efficient administration of the program.

During and after the comment period, you may inspect all public comments about this notice in Room 5133, 550 12th Street SW., PCP, Washington, DC, between the hours of 8:30 a.m. and 4:00 p.m., Washington, DC time, Monday through Friday of each week, except Federal holidays.

*Assistance to Individuals with Disabilities in Reviewing the Rulemaking Record:* On request, we will provide an appropriate accommodation or auxiliary aid to an individual with a disability who needs assistance to review the comments or other documents in the public rulemaking record for this notice. If you want to schedule an appointment for this type of accommodation or auxiliary aid, please contact the person listed under **FOR FURTHER INFORMATION CONTACT**.

*Purpose of Program:* The purpose of the Disability and Rehabilitation Research Projects and Centers Program is to plan and conduct research,

demonstration projects, training, and related activities, including international activities, to develop methods, procedures, and rehabilitation technology, that maximize the full inclusion and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities, especially individuals with the most significant disabilities, and to improve the effectiveness of services authorized under the Rehabilitation Act of 1973, as amended (Rehabilitation Act).

### Disability and Rehabilitation Research Projects

The purpose of NIDRR's DRRPs, which are funded through the Disability and Rehabilitation Research Projects and Centers Program, is to improve the effectiveness of services authorized under the Rehabilitation Act by developing methods, procedures, and rehabilitation technologies that advance a wide range of independent living and employment outcomes for individuals with disabilities, especially individuals with the most significant disabilities. DRRPs carry out one or more of the following types of activities, as specified and defined in 34 CFR 350.13 through 350.19: Research, training, demonstration, development, utilization, dissemination, and technical assistance.

An applicant for assistance under this program must demonstrate in its application how it will address, in whole or in part, the needs of individuals with disabilities from minority backgrounds (34 CFR 350.40(a)). The approaches an applicant may take to meet this requirement are found in 34 CFR 350.40(b). Additional information on the DRRP program can be found at: [www.ed.gov/rschstat/research/pubs/res-program.html#DRRP](http://www.ed.gov/rschstat/research/pubs/res-program.html#DRRP).

*Program Authority:* 29 U.S.C. 762(g) and 764(a).

*Applicable Program Regulations:* 34 CFR part 350.

### PROPOSED PRIORITY:

This notice contains one proposed priority.

*Improving Methods of Evaluating Return on Investment for the State Vocational Rehabilitation Services Program (VR Program)*

### Background

Under title I of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), States receive Federal grants for 78.7 percent of the cost to operate a comprehensive VR program. This State-operated program is designed to assess, plan, develop, and provide VR services

to eligible individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice. State VR agencies provide a wide range of services designed to enable individuals with disabilities to prepare for, obtain, and retain, gainful employment. Individuals with a physical or mental impairment that results in a substantial barrier to employment and who can benefit from and require VR services to prepare for, secure, retain, or regain employment are eligible to receive VR services. However, State VR agencies must give priority to individuals with the most significant disabilities if they cannot provide services to all eligible individuals.

Program services are tailored to the specific needs of the individual through an individualized plan for employment (IPE) in order to achieve his or her employment outcome. The VR Program may provide a variety of services, including, but not limited to, counseling, assessment, career development that includes job readiness training, vocational training, job coaching, on-the-job training and supports, assistive technology, transportation, and job placement.

In FY 2013, \$3.029 billion in Federal funds were allocated to State VR agencies to administer the VR Program. Nationally, there are about 1 million individuals in various phases of the VR process within the VR system and about 580,000 individuals exit the program annually. Of the approximately 323,300 who exited the program after receiving services under an IPE in FY 2012, 180,216 exited with an employment outcome, 91 percent of whom were individuals with significant disabilities. The extent to which programs and services lead to effective results is important both in terms of improving employment outcomes for individuals with disabilities and justifying current and future investments.

Return-on-investment (ROI) is a performance measure used to evaluate the efficiency of an investment program, and it is calculated by dividing the benefits by the costs of the investment. Models investigating Federal and State investments and results are important given current and future budget conditions. Over the years, ROI studies have examined outcomes of the VR Program in relation to expended Federal and State funds. However, there are limitations in the use of findings from previous studies on VR Program effectiveness because they did not take into account all of the factors that may have an impact on ROI results. For example, previous studies did not

account for specific services and disability subpopulations, potential selection bias (e.g., limiting the analysis to individuals who received services rather than all who enter the VR system), long-term outcomes and employment retention, recurring episodes of VR participation, and relevant demographic, service, and benefit program factors. In addition, the full range of costs, including Federal administrative costs, have not been taken into account in most VR ROI models. Changing economic conditions and their relative impacts on VR Program effectiveness are also not reflected in current ROI research.

While recent methodological research has included some of the important elements missing from earlier studies (Dean, 2013a and 2013b), there is a need to build on these advances to improve ROI measurement of the VR Program and to create a standard approach for applying the ROI tool in VR settings. Expanding what is known about the effectiveness of the VR Program will provide policymakers, administrators, counselors, and consumers with information necessary to better allocate resources for individuals within specific disability subpopulations. The proposed priority aims at addressing this need.

#### References

- Dean, D., Schmidt, R., Pepper, J., and Stern, S. (2013a). The effects of Vocational Rehabilitation on people with mental illness. Retrieved from: <http://people.virginia.edu/~sns5r/resint/vocrehstf/vocrehmi.pdf>.
- Dean, D., Schmidt, R., Pepper, J., and Stern, S. (2013b). The effects of Vocational Rehabilitation on people with cognitive disabilities. Retrieved from: <http://people.virginia.edu/~sns5r/resint/vocrehstf/vocrehci.pdf>.
- Hollenbeck, Kevin and Wei-Jang Huang (2006). Net Impact and Benefit Cost Estimates of the Workforce Development System in Washington State. MI: W.E. Upjohn Institute for Employment Research. Retrieved from [http://research.upjohn.org/cgi/viewcontent.cgi?article=1023&context=up\\_technicalreports](http://research.upjohn.org/cgi/viewcontent.cgi?article=1023&context=up_technicalreports).
- Kisker, E., G. Strech, J. Vetter, and C. Foote (2008). Evaluating Rehabilitation Services in Oklahoma: An Analysis of Program Impacts and of Benefits/Costs. Oklahoma Department of Rehabilitative Services.
- Wilhelm, S. and J. Robinson (2010). Utah State Office of Rehabilitation Economic Impact Study. The University of Utah Center for Public Policy and Administration.

#### Proposed Priority

The Assistant Secretary for Special Education and Rehabilitative Services proposes a priority under NIDRR's Disability and Rehabilitation Research Projects (DRRPs) program on Improving

Methods of Evaluating Return on Investment for the State VR Services Program.

The DRRP must contribute to improving the ROI methodologies available to assess the impact of the VR Program on employment outcomes of individuals with disabilities by:

(a) Developing or expanding valid, innovative, and replicable ROI model(s) for assessing the VR Program and the services it provides. These model(s) must include variables such as costs associated with individuals who enter the agency but leave without receiving services, costs related to specific services so VR agencies can better consider ROI when determining services that lead to better outcomes, estimates of State and Federal expenditures incurred as part of the VR Program administration and service delivery system, characteristics of disability subpopulations, long-term outcomes extending years after exit from the VR Program, and information on general economic conditions. These models must use rigorous methods, including the use of a comparison group to determine the effect of the VR program.

(b) Testing the model(s) in at least eight State VR agencies with varying characteristics (e.g., urban/rural, with/without waitlists) to determine its replicability, including determining what data are necessary to make the model(s) successful and evaluating the data quality and data availability in selected sites. The final number of sites must be approved by NIDRR. In carrying out this requirement, we want the successful applicant to clarify a process for ensuring access to Social Security data and earnings data as required to assess long-term impact of the VR program.

(c) Developing and disseminating recommended standards for conducting ROI studies of the VR Program.

(d) Producing and disseminating training materials to support the VR Program in using the model(s).

(e) Making the underlying data available so others can learn from and replicate the findings, without compromising personally identifiable information. Data availability will conform to all security requirements of identified sources.

(f) Working with an advisory board made up of ROI, VR, and research methodology experts to ensure the findings are relevant, replicable, and sound.

#### Types of Priorities

When inviting applications for a competition using one or more priorities, we designate the type of each

priority as absolute, competitive preference, or invitational through a notice in the **Federal Register**. The effect of each type of priority follows:

*Absolute priority:* Under an absolute priority, we consider only applications that meet the priority (34 CFR 75.105(c)(3)).

*Competitive preference priority:* Under a competitive preference priority, we give competitive preference to an application by (1) awarding additional points, depending on the extent to which the application meets the priority (34 CFR 75.105(c)(2)(i)); or (2) selecting an application that meets the priority over an application of comparable merit that does not meet the priority (34 CFR 75.105(c)(2)(ii)).

*Invitational priority:* Under an invitational priority, we are particularly interested in applications that meet the priority. However, we do not give an application that meets the priority a preference over other applications (34 CFR 75.105(c)(1)).

#### Final Priority

We will announce the final priority in a notice in the **Federal Register**. We will determine the final priority after considering responses to this notice and other information available to the Department. This notice does not preclude us from proposing additional priorities, requirements, definitions, or selection criteria, subject to meeting applicable rulemaking requirements.

**Note:** This notice does not solicit applications. In any year in which we choose to use this priority, we invite applications through a notice in the **Federal Register**.

#### Executive Orders 12866 and 13563

##### Regulatory Impact Analysis

Under Executive Order 12866, the Secretary must determine whether this regulatory action is “significant” and, therefore, subject to the requirements of the Executive order and subject to review by the Office of Management and Budget (OMB). Section 3(f) of Executive Order 12866 defines a “significant regulatory action” as an action likely to result in a rule that may—

(1) Have an annual effect on the economy of \$100 million or more, or adversely affect a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities in a material way (also referred to as an “economically significant” rule);

(2) Create serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlement grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles stated in the Executive order.

This proposed regulatory action is not a significant regulatory action subject to review by OMB under section 3(f) of Executive Order 12866.

We have also reviewed this regulatory action under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, Executive Order 13563 requires that an agency—

(1) Propose or adopt regulations only upon a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);

(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives and taking into account—among other things and to the extent practicable—the costs of cumulative regulations;

(3) In choosing among alternative regulatory approaches, select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity);

(4) To the extent feasible, specify performance objectives, rather than the behavior or manner of compliance a regulated entity must adopt; and

(5) Identify and assess available alternatives to direct regulation, including economic incentives—such as user fees or marketable permits—to encourage the desired behavior, or provide information that enables the public to make choices.

Executive Order 13563 also requires an agency “to use the best available techniques to quantify anticipated present and future benefits and costs as accurately as possible.” The Office of Information and Regulatory Affairs of OMB has emphasized that these techniques may include “identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes.”

We are issuing this proposed priority only upon a reasoned determination that its benefits justify its costs. In choosing among alternative regulatory approaches, we selected those approaches that would maximize net benefits. Based on the analysis that

follows, the Department believes that this proposed priority is consistent with the principles in Executive Order 13563.

We also have determined that this regulatory action would not unduly interfere with State, local, and tribal governments in the exercise of their governmental functions.

In accordance with both Executive orders, the Department has assessed the potential costs and benefits of this regulatory action. The potential costs are those resulting from statutory requirements and those we have determined as necessary for administering the Department’s programs and activities.

The benefits of the Disability and Rehabilitation Research Projects and Centers Program have been well established over the years. Projects similar to the new DRRP have been completed successfully, and the new DRRP, established consistently with the proposed priority, is expected to improve the lives of individuals with disabilities and generate through research and development, disseminate, and promote the use of new information that would improve our understanding of how VR services improve the employment outcomes of individuals with disabilities.

*Intergovernmental Review:* This program is not subject to Executive Order 12372 and the regulations in 34 CFR part 79.

*Accessible Format:* Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or compact disc) by contacting the Grants and Contracts Services Team, U.S. Department of Education, 400 Maryland Avenue SW., Room 5075, PCP, Washington, DC 20202–2550. Telephone: (202) 245–7363. If you use a TDD or a TTY, call the FRS, toll free, at 1–800–877–8339.

*Electronic Access to This Document:* The official version of this document is the document published in the **Federal Register**. Free Internet access to the official edition of the **Federal Register** and the Code of Federal Regulations is available via the Federal Digital System at: [www.gpo.gov/fdsys](http://www.gpo.gov/fdsys). At this site you can view this document, as well as all other documents of this Department published in the **Federal Register**, in text or Adobe Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

You may also access documents of the Department published in the **Federal Register** by using the article search feature at: [www.federalregister.gov](http://www.federalregister.gov). Specifically, through the advanced search feature at this site, you can limit

your search to documents published by the Department.

Dated: May 20, 2014.

**Michael K. Yudin,**

*Acting Assistant Secretary for Special Education and Rehabilitative Services.*

[FR Doc. 2014-12041 Filed 5-22-14; 8:45 am]

**BILLING CODE 4000-01-P**

## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 52

[EPA-R09-OAR-2013-0823; FRL-9911-04-Region 9]

### Approval of Air Quality Implementation Plan Revisions; State of California; South Coast VMT Emissions Offset Demonstrations

**AGENCY:** U.S. Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is proposing to approve a state implementation plan (SIP) revision submitted by the State of California to meet the vehicle miles traveled emissions offset requirement under the Clean Air Act for the 1-hour ozone and 1997 8-hour ozone national ambient air quality standards (NAAQS) in the Los Angeles-South Coast Air Basin. The EPA is proposing to approve this revision because it demonstrates that California has put in place specific enforceable transportation control strategies and transportation control measures to offset the growth in emissions from the growth in vehicle miles traveled and vehicle trips in the South Coast, and thereby meets the applicable requirements of the Clean Air Act. The EPA is taking comments on this proposal and plans to follow with a final action.

**DATES:** Any comments must be submitted by June 23, 2014.

**ADDRESSES:** Submit comments, identified by docket number EPA-R09-OAR-2013-0823, by one of the following methods:

- *Federal eRulemaking Portal:*

[www.regulations.gov](http://www.regulations.gov). Follow the on-line instructions.

- *Email:* [ungvarsky.john@epa.gov](mailto:ungvarsky.john@epa.gov).

• *Mail or Deliver:* John Ungvarsky, Air Planning Office (AIR-2), U.S. Environmental Protection Agency Region IX, 75 Hawthorne Street, San Francisco, CA 94105.

*Instructions:* All comments will be included in the public docket without change and may be made available online at [www.regulations.gov](http://www.regulations.gov),

including any personal information provided, unless the comment includes Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Information that you consider CBI or otherwise protected should be clearly identified as such and should not be submitted through [www.regulations.gov](http://www.regulations.gov) or email. The [www.regulations.gov](http://www.regulations.gov) Web site is an “anonymous access” system, and the EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send email directly to the EPA, your email address will be automatically captured and included as part of the public comment. If the EPA cannot read your comments due to technical difficulties and cannot contact you for clarification, the EPA may not be able to consider your comment.

*Docket:* The index to the docket for this action is available electronically on the [www.regulations.gov](http://www.regulations.gov) Web site and in hard copy at EPA Region IX, 75 Hawthorne Street, San Francisco, California, 94105. While all documents in the docket are listed in the index, some information may be publicly available only at the hard copy location (e.g., copyrighted material), and some may not be publicly available at either location (e.g., CBI). To inspect the hard copy materials, please schedule an appointment during normal business hours with the contact listed in the **FOR FURTHER INFORMATION CONTACT** section below.

**FOR FURTHER INFORMATION CONTACT:** John Ungvarsky, Air Planning Office (AIR-2), U.S. Environmental Protection Agency, Region IX, (415) 972-3963, [ungvarsky.john@epa.gov](mailto:ungvarsky.john@epa.gov).

**SUPPLEMENTARY INFORMATION:** Throughout this document, “we,” “us” and “our” refer to the EPA.

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## I. Regulatory Background

### A. Ozone National Ambient Air Quality Standards

Ground-level ozone is formed when oxides of nitrogen (NO<sub>x</sub>) and volatile organic compounds (VOC) react in the presence of sunlight. These two pollutants, referred to as ozone precursors, are emitted by many types of pollution sources, including on- and off-road motor vehicles and engines, power plants and industrial facilities, and smaller area sources such as lawn and garden equipment and paints.

Scientific evidence indicates that adverse public health effects occur following exposure to ozone, particularly in children and adults with lung disease. Breathing air containing ozone can reduce lung function and inflame airways, which can increase respiratory symptoms and aggravate asthma or other lung diseases. Ozone exposure also has been associated with increased susceptibility to respiratory infections, medication use, doctor visits, and emergency department visits and hospital admissions for individuals with lung disease. Ozone exposure also increases the risk of premature death from heart or lung disease. Children are at increased risk from exposure to ozone because their lungs are still developing and they are more likely to be active outdoors, which increases their exposure.

In 1979, under section 109 of the Clean Air Act (CAA or Act), the EPA established primary and secondary national ambient air quality standards (NAAQS, standards, or standard) for ozone at 0.12 parts per million (ppm) averaged over a 1-hour period (referred to herein as the “1-hour ozone standard” or “1-hour ozone NAAQS”). See 44 FR 8202 (February 8, 1979).

In 1997, the EPA revised the ozone NAAQS to set the acceptable level of ozone in the ambient air at 0.08 ppm, averaged over an 8-hour period (referred to herein as the “1997 8-hour ozone standard” or “1997 8-hour ozone NAAQS”). See 62 FR 38856 (July 18, 1997). The EPA set the 8-hour ozone standard based on scientific evidence demonstrating that ozone causes adverse health effects at lower concentrations and over longer periods of time than was understood when the previous 1-hour ozone standard was set. The EPA determined that the 8-hour ozone standard would be more protective of human health, especially children and adults who are active outdoors, and individuals with a pre-