

(iv) The factors in paragraphs (a)(2)(iii)(B)(1) through (4) of this section support the conclusion that the isolation valves and vents and pressure control and relief valves are structural components of H's pipelines within the meaning of paragraph (a)(2)(iii) of this section. Therefore, the isolation valves and vents and pressure control and relief valves are real property.

(v) Meters are used to measure the natural gas passing into or out of the pipeline transmission system for purposes of determining the end users' consumption. Over long distances, pressure is lost due to friction in the pipeline transmission system. Compressors are required to add pressure to transport natural gas through the entirety of the pipeline transmission system. Although the meters and compressors were installed during the construction of the pipelines, they are not time consuming and expensive to install and remove from the pipelines; are not designed specifically for the particular pipelines for which they are a part; and their removal does not cause damage to the asset or the pipelines if removed. Thus, the meters and compressors are not structural components within the meaning of paragraph (a)(2)(iii) of this section and, therefore, are not real property.

(11) Example 11: Land use permit. J receives a special use permit from the government to place a cell tower on Federal Government land that abuts a Federal highway. Government regulations provide that the permit is not a lease of the land, but is a permit to use the land for a cell tower. Under the permit, the government reserves the right to cancel the permit and compensate J if the site is needed for a higher public purpose. The permit is in the nature of a leasehold that allows J to place a cell tower in a specific location on government land. Therefore, the permit is an interest in real property under paragraph (a)(5) of this section.

(12) Example 12: License to operate a business. K owns a building and receives a license from State A to operate a casino in the building. The license applies only to K's building and cannot be transferred to another location. K's building is an inherently permanent structure under paragraph (a)(2)(ii)(A) of this section and, therefore, is real property. However, K's license to operate a casino is not a right for the use, enjoyment, or occupation of K's building, but is rather a license to engage in the business of operating a casino in the building for the production of income. Therefore, the casino license is not real property under paragraph (a)(5) of this section.

(c) Applicability date. This section applies to exchanges of real property beginning on or after [EFFECTIVE DATE OF THE FINAL RULE].

■ Par. 7. Section 1.1031(k)-1 is amended by:

■ 1. Removing “, and” at the end of paragraph (g)(7)(i) and adding a semicolon in its place;

■ 2. Removing the period at the end of paragraph (g)(7)(ii) and adding “; and” in its place;

■ 3. Adding paragraph (g)(7)(iii);

■ 4. In paragraph (g)(8), designating Examples 1 through 5 as paragraphs (g)(8)(i) through (v), respectively;

■ 5. Further redesignating newly redesignated paragraphs (g)(8)(i)(i) and (ii) as paragraphs (g)(8)(i)(A) and (B);

■ 6. Further redesignating newly redesignated paragraphs (g)(8)(i)(A)(A) and (B) as paragraphs (g)(8)(i)(A)(1) and (2), respectively;

■ 7. Designating the undesignated paragraph immediately following newly redesignated paragraph (g)(8)(i)(A)(2) as paragraph (g)(8)(i)(A)(3);

■ 8. Further redesignating newly redesignated paragraphs (g)(8)(ii)(i) through (iii) as paragraphs (g)(8)(ii)(A) through (C);

■ 9. Further redesignating newly redesignated paragraphs (g)(8)(ii)(A)(A) through (C) as paragraphs (g)(8)(ii)(A)(1) through (3);

■ 10. Further redesignating newly redesignated paragraphs (g)(8)(ii)(A)(1)(1) and (2) as paragraphs (g)(8)(ii)(A)(1)(i) and (ii), respectively;

■ 11. In newly redesignated paragraph (g)(8)(ii)(A)(1)(i), removing “, or” at the end of the paragraph and adding “; or” in its place;

■ 12. Designating the undesignated paragraph immediately following newly redesignated paragraph (g)(8)(ii)(A)(3) as paragraph (g)(8)(ii)(A)(4); and

■ 13. Further redesignating newly redesignated paragraphs (g)(8)(iii)(i) through (v) as paragraphs (g)(8)(iii)(A) through (E), respectively;

■ 14. Further redesignating newly redesignated paragraphs (g)(8)(iv)(i) through (iii) as paragraphs (g)(8)(iv)(A) through (C), respectively;

■ 15. Further redesignating newly redesignated paragraphs (g)(8)(v)(i) through (iii) as paragraphs (g)(8)(v)(A) through (C), respectively;

■ 16. In newly redesignated paragraph (g)(8)(v)(B), removing “(g)(4)(i)” and adding “(g)(4)(i)” in its place; and

■ 17. Adding paragraphs (g)(8)(vi) and (g)(9).

The additions read as follows:

§ 1.1031(k)-1 Treatment of deferred exchanges.

\* \* \* \* \*
(g) \* \* \*
(7) \* \* \*

(iii) Personal property that is incidental to real property acquired in an exchange. For purposes of this paragraph (g)(7), personal property is incidental to real property acquired in an exchange if—

(A) In standard commercial transactions, the personal property is typically transferred together with the real property; and

(B) The aggregate fair market value of the incidental personal property transferred with the real property does not exceed 15 percent of the aggregate fair market value of the replacement real property.

\* \* \* \* \*
(8) \* \* \*
\* \* \* \* \*

(vi) Example 6. (A) In 2020, B transfers to C real property with a fair market value of \$1,100,000 and an adjusted basis of \$400,000. B's replacement property is an office building and, as a part of the exchange, B also will acquire certain office furniture in the building that is not real property, which is industry practice in a transaction of this type. The fair market value of the real property B will acquire is \$1,000,000 and the fair market value of the personal property is \$100,000.

(B) In a standard commercial transaction, the buyer of an office building typically also acquires some or all of the office furniture in the building. The fair market value of the personal property B will acquire does not exceed 15 percent of the fair market value of the office building B will acquire. Accordingly, under paragraph (g)(7)(iii) of this section, the personal property is incidental to the real property in the exchange and is disregarded in determining whether the taxpayer's rights to receive, pledge, borrow or otherwise obtain the benefits of money or other property are expressly limited as provided in paragraph (g)(6) of this section. Upon the receipt of the personal property, B recognizes gain of \$100,000 under section 1031(b), the lesser of the realized gain on the disposition of the relinquished property, \$700,000, and the fair market value of the non-like-kind property B acquired in the exchange, \$100,000.

(9) Applicability date. Paragraphs (g)(7)(iii) and (g)(8)(vi) of this section apply to exchanges beginning on or after [EFFECTIVE DATE OF THE FINAL RULE].

\* \* \* \* \*

Sunita Lough,

Deputy Commissioner for Services and Enforcement.

[FR Doc. 2020-11530 Filed 6-11-20; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF DEFENSE

Department of the Army

32 CFR Part 507

RIN 0702-AA70

[Docket No. USA-2018-HQ-0016]

Manufacture, Sale, Wear, and Quality Control of Heraldic Items

AGENCY: Department of the Army, DOD.

ACTION: Proposed rule; request for comments.

**SUMMARY:** The Department of the Army proposes to revise its regulation on the Manufacturing, Sale, Wear, and Quality Control of Heraldic Items which prescribes the Army Heraldic Quality Control Program and the certification process for manufacturers in order to make Military Insignia. The rule also establishes procedures governing the manufacture, commercial sale, reproduction, possession, and wear of military decorations, medals, badges, insignia and their components and appurtenances. The proposed revisions include the addition of a five-year renewal period for manufacturer certification and insignia authorizations and changes to the procedure for authorizing the use of insignia on commercial items.

**DATES:** Submit comments on or before August 11, 2020.

**ADDRESSES:** You may submit comments, identified by 32 CFR part 507, Docket No. USA-2018-HQ-0016 and or RIN 0702-AA70, by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Mail:* Department of Defense, Office of the Deputy Chief Management Officer, Directorate of Oversight and Compliance, 4800 Mark Center Drive, Mailbox #24, Suite 08D09, Alexandria, VA 22350-1700.

*Instructions:* All submissions received must include the agency name and docket number or Regulatory Information Number (RIN) for this **Federal Register** document. The general policy for comments and other submissions from members of the public is to make these submissions available for public viewing on the internet at <http://www.regulations.gov> as they are received without change, including any personal identifiers or contact information.

**FOR FURTHER INFORMATION CONTACT:** Mr. Thomas L. Casciaro, 571-515-0335.

**SUPPLEMENTARY INFORMATION:**

**Background**

The Department of the Army is proposing revisions to the Army Heraldic Quality Control Program and the certification process for manufacturers to follow in order to make Military Insignia. The purpose of this program is to manage the procedures for the manufacture and sale of Military Insignia made in the United States using government owned hubs, dies, manufacturing drawings and cartoons. This regulation was last published in the **Federal Register** on May 18, 1998 (63 FR 27208.)

*Legal Basis for This Rulemaking*

The legal authorities for this regulatory action are: 10 U.S.C. 4594; 15 U.S.C. 1051 *et seq.*; 10 U.S.C. 2260; 18 U.S.C. 701, 704; 36 U.S.C. 901. Title 10 U.S.C. 4594 grants the Secretary of the Army the authority to design flags, insignia, badges, medals, seals, decorations, guidons, streamers, finial pieces for flagstaves, buttons, buckles, awards, trophies, marks, emblems, rosettes, scrolls, braids, ribbons, knots, tabs, cords and similar items for other military departments and agencies of the United States. Title 15 U.S.C. 1051 *et seq.* is the statutory basis for the ownership and control of trademarks, service marks, certification marks, and collective marks. Title 10 U.S.C. 2260 grants the Secretary of the Army the authority to license trademarks, service marks, certification marks, and collective marks owned or controlled by the Secretary of the Army. Title 18 U.S.C. 701 states manufacturing, selling and possession of any badge, identification card or insignia prescribed by the head of any department or agency of the United States is not authorized unless authorized by regulations pursuant to law. Title 18 U.S.C. 704, also known as the "Stolen Valor Act" makes it illegal for a person to fraudulently claim having received a valor award specified in the Act, with the intention of obtaining money, property, or other tangible benefit by convincing another that he or she received the award. Title 36 U.S.C. 901 grants authority to the Secretary of Defense to approve a service flag and lapel button for display by members of the immediate family of an individual serving in the Armed Forces of the United States. Persons must apply to the Secretary of Defense for a license to manufacture and sell the approved service flag. That authority was delegated by DoD policy 1348.33M to the Secretary of the Army.

*Summary of the Changes Proposed by the Rule:* This rule discusses the Department of the Army policy governing the manufacture, commercial sale, reproduction, possession, and wear of military decorations, medals, badges, insignia and their components and appurtenances. It also establishes the Heraldic Quality Control Program to improve the appearance of the Army by controlling the quality of heraldic items purchased from commercial sources.

These functions are managed through The Institute of Heraldry (TIOH). Its mission is to furnish heraldic services to the Executive Office of the President, the Department of Defense, and all other Federal agencies. The work of TIOH

encompasses research, design, development, standardization, quality control, and other services which are fundamental to the creation and custody of official heraldic items. Such items include coats of arms, decorations, flags, streamers, agency seals, badges, and other types of insignia that are approved for use and/or display. TIOH also provides the general public with limited research and information services concerning heraldic insignia.

TIOH is proposing revisions given the age of the current regulation and some procedural changes they are instituting. For example, TIOH is adding a five-year renewal period for manufacturer certification and insignia authorizations which consists of a review of the manufacturer in three key areas:

- (1) Are they still in business;
- (2) have they produced military insignia; and,
- (3) have there been any major quality control issues?

If there are no issues, the company's certification is renewed.

The second change is the approving authority for the use of insignia images in commercial items. Pursuant to Title 10 U.S.C 2260, Licensing of intellectual property: Retention of fees, the Secretary of the Army established the Army Trademark Licensing Program in 2006, formalizing the process for the licensing of marks owned by the Department of the Army, including heraldic insignia and other collective marks. This policy changed The Institute of Heraldry's role from an approving authority to advisory and assistance to the Army Trademark Licensing Program.

**Expected Impact of the Proposed Rule**

This rule facilitates the Department of the Army Heraldic Quality Control Program and the manufacturing of all military decorations, medals, badges, insignia and their components and appurtenances. The manufacturer certification process requires the manufacturer to submit four samples of insignia to show they have the capability to make insignia in accordance with government specifications. The submitted samples have a negligible value, under ten dollars, and less than five manufactures apply each year. The recertification process consists of a review of a manufacturer's performance during the certification period. There is no cost to the manufacturer for the review and recertification process.

**C. Regulatory Flexibility Act**

The Department of the Army does not expect this proposed rule to have a

significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because the rule is not creating any new requirements for manufacturers of military insignia.

The Department of the Army is revising the internal policies that require a five-year review of manufacturer certifications, insignia authorizations and changes to the procedure for authorizing the use of insignia on commercial items.

The objective of the proposed revisions establish procedures governing the manufacture, commercial sale, reproduction, possession, and wear of military decorations, medals, badges, insignia and their components and appurtenances. These revisions supports a recommendation from the DoD Regulatory Reform Task Force, under E.O. 13777, enforcing the Regulatory Reform Agenda.

The Department of the Army does not collect data on the number of small businesses that manufactures jewelry, lapel buttons, medallions, recognition awards or trophies. Instead, Army subject matter work with those companies wishing to be certified to manufacture and sell Military Insignia made in the United States using government owned hubs, dies, manufacturing drawings and cartoons. There are currently 15 active certified manufactures of Military Insignia. Based on the information available, the Army does not anticipate that this rule will significantly impact small business entities.

This proposed rule does not include any new reporting, recordkeeping, or other compliance requirements for small businesses. Manufacturers wanting to be certified provide general information already available to the public, such as company name, address, points of contact and the type of insignia they want to produce. This rule does not duplicate, overlap, or conflict with any other Federal rules. There are no known alternative to the rule that will meet the stated objectives or minimize the impact on of the rule on small entities.

The Department of the Army invites comments from small business concerns and other interested parties on the expected impact of this rule on small entities. The Department of the Army will also consider comments from small entities concerning the existing regulations in subparts affected by this rule in accordance with 5 U.S.C. 610. Interested parties must submit such comments separately and should cite 5 U.S.C. 610 (32 CFR part 507 RIN 0702-AA70) in correspondence.

#### **D. Unfunded Mandates Reform Act**

The Department of the Army certifies that this action does not include a mandate that may result in estimated costs to State, local or tribal governments in the aggregate or the private sector of \$100 million or more.

#### **E. National Environmental Policy Act**

The Department of the Army has determined that this action is not covered under the National Environmental Policy Act because the rule is not a major Federal action that significantly affects the quality of the human environment.

#### **F. Paperwork Reduction Act**

The Department of the Army has determined that the Paperwork Reduction Act does not apply. Manufacturers wanting to be certified provide general information already available to the public about the company such as name, address, points of contact, contact information and the type of insignia they want to produce. Annually, fewer than five manufacturers request certification.

#### **G. Executive Order 12630 (Government Actions and Interference With Constitutionally Protected Property Rights)**

The Department of the Army has determined that Executive Order 12630 does not apply because the rule does not impair private property rights.

#### **H. Executive Order 12866 (Regulatory Planning and Review) and Executive Order 13563 (Improving Regulation and Regulatory Review)**

The Department of the Army has determined that according to the criteria defined in Executive Order 12866 and Executive Order 13563 this rule is not a significant regulatory action. As such, the proposed rule is not subject to Office of Management and Budget review under section 6(a)(3) of the Executive Order 12866.

#### **I. Executive Order 13045 (Protection of Children From Environmental Health Risk and Safety Risks)**

The Department of the Army has determined that Executive Order 13045 does not apply because this substantive action in rulemaking is neither economically significant nor does the action concern environment health or safety risks that may disproportionately affect children.

#### **J. Executive Order 13132 (Federalism)**

The Department of the Army has determined that Executive Order 13132 does not apply because this rule will not

have a substantial effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among various levels of government.

#### **K. Executive Order 13771 (Reducing Regulation and Controlling Regulatory Costs)**

This proposed rule is not expected to be subject to E.O. 13771 as this rule is not significant under E.O. 12866.

#### **List of Subjects in 32 CFR Part 507**

Decoration, Service Medal, Service Ribbon, Badge, Lapel Button, Insignia, Special Skill, Qualification Badges, Identification Badges, Bars, Shoulder Sleeve Insignia, Distinctive Unit Insignia.

For reasons discussed in the preamble the Department of the Army proposes to revise 32 CFR part 507 as follows:

### **PART 507—MANUFACTURE, SALE, WEAR, AND QUALITY CONTROL OF HERALDIC ITEMS**

#### **Subpart A—Introduction**

- Sec.
- 507.1 Purpose.
  - 507.2 References.
  - 507.3 Explanation of abbreviations and terms.
  - 507.4 Responsibilities.
  - 507.5 Statutory authority.

#### **Subpart B—Manufacture and Sale of Decorations, Badges, and Insignia**

- 507.6 Authority to manufacture.
- 507.7 Certification of controlled heraldic items.
- 507.8 Authority to sell.
- 507.9 Reproduction of designs.
- 507.10 Incorporation of designs or likenesses of approved designs in commercial articles.
- 507.11 Possession and wear.

#### **Subpart C—Heraldic Quality Control Program**

- 507.12 General.
- 507.13 Controlled heraldic items.
- 507.14 Articles not authorized for manufacture or commercial sale.
- 507.15 Violations and penalties.
- 507.16 Processing complaints of alleged breach of policies.

#### **Subpart D—License and Manufacture of the Service Flag and Service Lapel Button**

- 507.17 Authority to manufacture.
- 507.18 Application for licensing.

**Authority:** 10 U.S.C. 4594; 18 U.S.C 701, 704; 36 U.S.C. 901.

#### **Subpart A—Introduction**

##### **§ 507.1 Purpose.**

This regulation prescribes the Department of the Army policy governing the manufacture, commercial

sale, reproduction, possession, and wear of military decorations, medals, badges, insignia, and their components and appurtenances. It also establishes the Heraldic Quality Control Program to improve the appearance of the Army by controlling the quality of heraldic items purchased from commercial sources.

#### § 507.2 References.

Related publications are listed in paragraphs (a) through (d) of this section. (A related publication is merely a source of additional information. The user does not have to read it to understand this part).

(a) Department of Defense Manual 1348.33, Volume 3, Manual of Military Awards and Decorations. (Available at <https://www.esd.whs.mil/Directives/issuances/dodm/>)

(b) Army Regulation 360–1, Army Public Affairs Program. (Available at <https://armypubs.army.mil/ProductMaps/PubForm/AR.aspx>)

(c) Army Regulation 670–1, Wear and Appearance of Army Uniforms and Insignia. (Available at <https://armypubs.army.mil/ProductMaps/PubForm/AR.aspx>)

(d) Army Regulation 840–1, Department of the Army Seal, and Department of the Army Emblem and Branch of Service Plaques. (Available at <https://armypubs.army.mil/ProductMaps/PubForm/AR.aspx>)

(e) Army Regulation 27–60, Intellectual Property. (Available at <https://armypubs.army.mil/ProductMaps/PubForm/AR.aspx>)

#### § 507.3 Explanation of abbreviations and terms.

(a) *Abbreviations.*

(1) CFR—Code of Federal Regulations.

(2) DA—Department of the Army.

(3) DAASA—Deputy Administrative Assistant to the Secretary of the Army

(4) DLA—Defense Logistics Agency.

(5) DUI—Distinctive unit insignia.

(6) ID—Identification

(7) IOH—Institute of Heraldry

(8) MCS—Military Clothing Store.

(9) RDI—Regimental Distinctive Insignia.

(10) ROTC—Reserve Officers' Training Corps.

(11) SSI—Shoulder sleeve insignia.

(12) TIOH—The Institute of Heraldry.

(13) U.S.C.—United States Code.

(b) *Terms.*

(1) *Appurtenances.* Devices such as stars, letters, numerals, or clasps worn on the suspension ribbon of the medal, or on the ribbon bar that indicate additional awards, participation in specific events, or other distinguishing characteristics of the award.

(2) *Awards.* An all-inclusive term that consists of any decoration, medal,

badge, ribbon, or appurtenance bestowed on an individual or unit.

(3) *Badge.* An award given to an individual for identification purposes or that is awarded for attaining a special skill or proficiency. Certain badges are available in full, miniature, and dress miniature sizes.

(4) *Cartoon.* A drawing, six times actual size, showing placement of stitches, color of yarn and number of stitches.

(5) *Certified manufacturer.* A manufacturer who demonstrated the capability to manufacture controlled heraldic items according to government standards.

(6) *Certificate of authority to manufacture.* A certificate assigning manufacturers a hallmark and authorizing manufacture of heraldic items.

(7) *Decoration.* An award given to an individual as a distinctively designed mark of honor denoting heroism, or meritorious or outstanding service or achievement.

(8) *Hallmark.* A distinguishing mark consisting of a letter and numbers assigned to certified manufacturers for use in identifying manufacturers of insignia.

(9) *Heraldic items.* All items worn on the uniform to indicate unit, skill, branch, award or identification and for which a design has been established by TIOH on an official drawing.

(10) *Heraldic Quality Control Program.* A program that improves the appearance of the Army by controlling the quality of insignia purchased from commercial sources.

(11) *Lapel button.* A miniature enameled replica of an award, which is worn only on civilian clothing.

(12) *Letter of agreement.* A letter signed by manufacturers before certification, stating that the manufacturer agrees to produce heraldic items in accordance with specific requirements.

(13) *Letter of authorization.* A letter issued by TIOH that authorizes the manufacture of a specific heraldic item after quality assurance inspection of a preproduction sample.

(14) *Medal.* An award issued to an individual for the performance of certain duties, acts, or services, consisting of a suspension ribbon made in distinctive colors and from which hangs a medallion.

(15) *Rosette.* A lapel device created from gathering the suspension ribbon of a medal into a circular shape. The device is worn on the lapel of civilian clothing.

(16) *Service medal.* An award made to personnel who participated in

designated wars, campaigns, or expeditions or who have fulfilled specified service requirements in a creditable manner.

(17) *Tools.* Hubs, dies, cartoons, and drawings used in the manufacture of heraldic items.

(18) *Unit award.* An award made to an operating unit, which is worn by members of that unit who participated in the cited action (permanent unit award).

#### § 507.4 Responsibilities.

*Director, The Institute of Heraldry (TIOH).* The Director, TIOH, will—

(a) Monitor the overall operation of the Heraldic Quality Control Program.

(b) Establish policy and procedures to:

(1) Certify manufacturers of insignia and plaques.

(2) Control the manufacture and quality assurance of military decorations, the DA seal and emblem, Branch of Service plaques, and other heraldic items.

(3) Grant certificates of authority for the manufacture and commercial sale of Service flags and Service lapel buttons.

(4) Provide heraldic services to the Executive Branch, Department of Defense, and other Federal agencies on a reimbursable basis.

(5) Provide advisory opinions on the use of Army heraldic items for licensing or other commercial purposes (for example, the Army Emblem, Army Flag, unit insignia, and items approved for wear on uniforms), at the request of the Army Trademark Licensing Program.

#### § 507.5 Statutory authority.

(a) The manufacture, commercial sale, possession, and reproduction of badges, identification cards, insignia, or other designs prescribed by the head of a U.S. department or agency, or colorable imitations of them, are governed by Title 18, United States Code, section 701 (18 U.S.C. 701).

(b) The wear, manufacture, and commercial sale of military decorations, medals, badges, and their components and appurtenances, or colorable imitations thereof, are governed by 18 U.S.C. 704.

(c) The furnishing of heraldic services to other Military departments and Federal agencies is governed by 10 U.S.C. 4594.

(d) The display of and license to manufacture and sell the approved service flag or service lapel button is governed by 36 U.S.C. 901.

(e) The ownership and licensing of trademarks, service marks, and collective marks such as DUI, RDI, SSI, and other Army-owned heraldic insignia are governed by 15 U.S.C. 1051 *et seq.*, and 10 U.S.C. 2260.

## Subpart B—Manufacture and Sale of Decorations, Badges, and Insignia

### § 507.6 Authority to manufacture.

(a) Only manufacturers that TIOH has certified and issued a certificate of authority may produce heraldic items.

(1) TIOH will issue a certificate of authority to manufacturers who can demonstrate they have the capability to manufacture controlled heraldic items according to Government specifications or purchase descriptions through the certification process.

(2) The certificate of authority to manufacture is applicable only for the individual, firm, or corporation indicated and will be valid for 5 years.

(3) TIOH will assign a hallmark to each certified manufacturer. All controlled heraldic items manufactured for commercial sale will bear the manufacturer's hallmark.

(4) TIOH exclusively uses the "IOH" hallmark for the development of new controlled heraldic items; it is not authorized for use on items for commercial sale.

(b) A certificate of authority to manufacture may be revoked or suspended under the procedures prescribed in § 507.16.

(c) A list of certified manufacturers is on the TIOH web page at <https://tioh.army.mil/Catalog/VendorList.aspx>.

### § 507.7 Certification of controlled heraldic items.

(a) The manufacture and commercial sale of controlled heraldic items are not authorized until the certified manufacturer receives a letter of authorization from TIOH. Manufacturers who want to manufacture and sell controlled heraldic items must submit four production samples of each item to TIOH for authorization. If TIOH approves the production samples, it will provide a letter of authorization to manufacture along with one certified production sample to the manufacturer. Letters of authorization for certified heraldic items are valid for 5 years.

(b) The Director, TIOH may revoke or suspend a letter of authorization for failure to manufacture the heraldic item in accordance with applicable Government specifications.

### § 507.8 Authority to sell.

No certificate of authority to manufacture is required for selling controlled heraldic items listed in § 507.13. However, all sellers must ensure that all articles they sell bear hallmarks assigned by TIOH and are manufactured by certified manufacturers in conformance with applicable Government specifications.

### § 507.9 Reproduction of designs.

(a) The photographing or printing of any decoration, service medal, service ribbon, badge, lapel button, insignia, or other device of a design the Secretary of the Army has prescribed for members of the Army to use is authorized, provided that such reproduction does not discredit the U.S. Army and is not used to defraud or misrepresent the identification or status of an individual, organization, society, or other group of persons.

(b) The making or executing in any manner of any engraving, impression, or colorable imitation in the likeness of any decoration, service medal, service ribbon, badge, lapel button, insignia, or other device of a design the Secretary of the Army has prescribed for members of the Army to use is prohibited without prior approval in writing from the Army Trademark Licensing Program.

(c) Except when used to illustrate a particular article that is offered for commercial sale, AR 360–1, paragraph 8–9e prohibits the use of Army themes, material, uniforms, or insignia in advertisements and promotions for entertainment-oriented products that could imply Army endorsement of the product. Direct requests to the Chief, Public Affairs (SAPA–ZA), 1500 Army Pentagon, Washington, DC 20310–1500.

### § 507.10 Incorporation of designs or likenesses of approved designs in commercial articles.

(a) Federal law and Army policy restrict the use of military designs. The manufacture of articles for commercial sale that incorporate designs or likenesses of decorations, service medals, service ribbons, and lapel buttons is prohibited. Certain designs or likenesses of insignia, such as badges or organizational insignia, may be incorporated in articles manufactured for commercial sale, provided that the Army Trademark Licensing Program has granted permission in writing as specified in § 507.10(b).

(b) The Army Trademark Licensing Program is responsible for reviewing requests for permission to incorporate certain insignia and other Army-owned marks in articles manufactured for commercial sale. Requests should be directed to the Director, Army Trademark Licensing Program, 2530 Crystal Drive, Suite 4150, Arlington, VA 22202–3934.

### § 507.11 Possession and wear.

(a) The wearing of any decoration, service medal, badge, service ribbon, lapel button, or insignia that the Army has prescribed or authorized by any person not properly authorized to wear

such device or the use of any decoration, service medal, badge, service ribbon, lapel button, or insignia to misrepresent the identification or status of the person by whom such is worn is prohibited. Any person who violates this provision is subject to punishment as prescribed in the statutes referred to in § 507.5.

(b) Mere possession by a person of any of the articles prescribed in § 507.13 (except identification cards) is authorized, provided that such possession is not used to defraud or misrepresent the identification or status of the individual concerned.

(c) Articles specified in § 507.13, or any distinctive parts (including suspension ribbons and service ribbons) or colorable imitations thereof, will not be used by any organization, society, or other group of persons without prior approval in writing by the Army Trademark Licensing Program as specified in § 507.10(b).

## Subpart C—Heraldic Quality Control Program

### § 507.12 General.

The Heraldic Quality Control Program provides a method for ensuring that controlled heraldic items are manufactured by certified manufacturers in accordance with Government specifications. The design of metal insignia will be an exact duplicate of the design of the Government die or loaned hub from which the certified manufacturer's working die is extracted. The design of textile insignia will be embroidered in accordance with Government-furnished specification and cartoon.

### § 507.13 Controlled heraldic items.

(a) Controlled heraldic items will be manufactured in accordance with Government specifications, using Government loaned hubs, dies, or cartoons, by TIOH-certified manufacturers.

(b) The heraldic items listed below are controlled and authorized for manufacture and commercial sale under the Heraldic Quality Control Program when specifically authorized by TIOH.

(1) All authorized appurtenances and devices for decorations, medals and ribbons such as oak leaf clusters, service stars, arrowheads, "V" device, and clasps.

(2) Combat, special skill, and qualification badges and bars.

(3) Identification badges.

(4) All approved Shoulder Sleeve Insignia.

(5) All approved Distinctive Unit Insignia.

- (6) All approved Regimental Distinctive Insignia.
- (7) All approved Combat Service Identification Badges.
- (8) Fourragères and lanyards.
- (9) Lapel buttons.
- (10) Decorations, service medals, and ribbons, except for the Medal of Honor.
- (11) Replicas of decorations and service medals for grave markers. Replicas are to be at least twice the size prescribed for decorations and service medals.
- (12) Service ribbons and unit awards.
- (13) Rosettes, except for the Medal of Honor.

(c) Deviations from the prescribed specifications for these items are not permitted without prior approval, in writing, by TIOH.

(d) Hubs, Dies and cartoons are not provided to manufacturers for the following items. However, manufacturing will be in accordance with the Government-furnished drawing.

- (1) Shoulder Loop Insignia, Reserve Officers' Training Corps (ROTC), U.S. Army.
- (2) Institutional SSI, ROTC, U.S. Army.
- (3) Background trimming/flashes, U.S. Army.
- (4) Hand-embroidered bullion insignia.

#### **§ 507.14 Articles not authorized for manufacture or commercial sale.**

The following articles are not authorized for manufacture and commercial sale, except under contract with the Defense Logistics Agency, Troop Support (DLA Troop Support):

- (a) The Medal of Honor.
- (b) Service ribbon for the Medal of Honor.
- (c) Medal of Honor Rosette.
- (d) Medal of Honor Flag.
- (e) Military Department Service flags (prescribed in Army Regulation 840–10).

(f) Articles for commercial sale that incorporate designs or likenesses of insignia listed in § 507.13, except when authorized in writing by the Army Trademark Licensing Program as specified in § 507.10(b).

#### **§ 507.15 Violations and penalties.**

(a) TIOH will revoke a certificate of authority to manufacture when the holder intentionally violates any of the provisions of this regulation or does not comply with the agreement the manufacturer signed to receive a certificate.

(b) Violations are also subject to penalties as prescribed in the statutes referred to in § 507.5.

(c) Repetition or continuation of violations after official notice will be deemed as corroborating evidence of intentional violation.

#### **§ 507.16 Processing complaints of alleged breach of policies.**

(a) TIOH may suspend or revoke a certificate of authority to manufacture if the manufacturer breaches quality control policies. The term “quality control policies” includes the obligation of a manufacturer to produce insignia in accordance with all applicable government specifications, manufacturing drawings and cartoons and other applicable instructions TIOH provided. Breaches of quality control policies may be identified by TIOH through the Quality Control Inspection Program or through registered complaints to TIOH.

(b) Complaints and reports of an alleged breach of quality control policies will be forwarded to the Director, The Institute of Heraldry, 9325 Gunston Road, Room S113, Fort Belvoir, VA 22060–5579.

(c) The Director may decide to suspend or revoke a certificate of authority to a manufacture based on evidence gathered during a TIOH heraldic quality control inspection or from a registered complaint. The Director may initiate an informal investigation of an allegation of breach(es) of the heraldic quality control policy.

#### *(d) Heraldic Quality Control Inspection Program.*

(1) TIOH will conduct periodic quality control inspections of on hand stocks of heraldic items maintained by:

- (i) Exchange military clothing stores.
- (ii) Certified manufacturers.

(2) Upon completion of quality control inspections, TIOH will provide a report of deficiencies to the appropriate retail outlet or Commander, DLA Troop Support and the certified manufacturer responsible for the production of the item. The notification to the manufacturer will require assurances of compliance with quality control policies. The report of deficiencies will be reviewed upon recertification of the manufacturer. Any recurrence of the same breach will be considered a refusal to perform, and the Director will take further action to suspend or revoke certification.

#### *(e) Complaint of alleged breach of quality control policy.*

(1) If an investigation is initiated, the appointed investigator will impartially ascertain facts and gather appropriate evidence to substantiate or invalidate allegations of impropriety. The investigator will submit a report

containing a summarized record of the investigation with findings of each allegation and supporting evidence to the Director.

(2) If the investigation substantiates allegation(s) of a breach of quality control, the Director will notify the manufacturer in writing that the Director is contemplating suspending or revoking the certificate. The notification will include:

- (i) The specific allegations and findings of the investigator;
- (ii) All evidence provided to the Director in the investigation;
- (iii) A citation to this regulation as the authority under which the Director may suspend or revoke the certificate of authority if the situation warrants after the manufacturer has had an opportunity to reply;

(iv) What actions, if the allegations are undisputed, are required to provide adequate assurance that future performance will conform to quality control policies;

(v) The right to reply within 45 days of receipt of the notification in order to submit additional materials and evidence for consideration, to refute the allegations, or provide assurances that future performance will conform to quality control policies; and

(vi) That a failure to reply within 45 days, or if there is any recurrence of the same breach will be considered a refusal to perform, and the Director will take further action to suspend or revoke certification.

(f) Refusal to perform.

(1) If the manufacturer fails to reply within a reasonable time to the letter authorized by paragraph e above, refuses to give adequate assurances that future performance will conform to quality control policies, indicates by subsequent conduct that the breach is continuous or repetitive, or disputes the allegations of breach, the Director will direct that a public hearing be conducted on the allegations.

(2) A hearing examiner will be appointed by appropriate orders. The examiner may be either a commissioned officer or a civilian employee above the grade of GS–7.

(3) The specific written allegations, together with other pertinent material, will be transmitted to the hearing examiner for introduction as evidence at the hearing.

(4) For failure to return a loaned tool, manufacturers may be suspended without referral to a hearing specified above; however, the manufacturer will be advised, in writing, that tools are overdue and suspension will take effect if tools are not returned within the specified time.

(g) Notification to the manufacturer by examiner. Within a 7-day period following the receipt by the examiner of the allegations and other pertinent material, the examiner will transmit a registered letter of notification to the manufacturer informing him or her of the—

(1) Specific allegations.

(2) Directive of the Director requiring the holding of a public hearing on the allegations.

(3) Examiner's decision to hold the public hearing at a specific time, date, and place that will be not earlier than 30 days from the date of the letter of notification.

(4) Ultimate authority of the Director to suspend or revoke the certificate of authority if the record developed at the hearing so warrants.

(5) Right to—

(i) A full and fair public hearing.

(ii) Be represented by counsel at the hearing.

(iii) Request a change in the date, time, or place of the hearing, for purposes of having reasonable time in which to prepare the case.

(iv) Submit evidence and present witnesses in his or her own behalf.

(v) Obtain at no cost a verbatim transcript of the proceedings, upon written request filed before the commencement of the hearing.

(h) Public hearing by examiner.

(1) At the time, date, and place designated in accordance with g(3) of this section, the examiner will conduct the public hearing.

(i) A verbatim record of the proceedings will be maintained.

(ii) All previous material received by the examiner will be introduced into evidence and made part of the record.

(iii) The Government may be represented by counsel at the hearing.

(2) Subsequent to the conclusion of the hearing, the examiner will make specific findings on the record before him or her concerning each allegation.

(3) The complete record of the case will be forwarded to the Director.

(i) Action by the Director.

(1) The Director will review the record of the hearing and either approve or disapprove the findings.

(2) Upon arrival of a finding of breach of quality control policies, the manufacturer will be so advised.

(3) After review of the findings, the certificate of authority may be revoked or suspended. If the certificate of authority is revoked or suspended, the Director will—

(i) Notify the manufacturer of the revocation or suspension.

(ii) Remove the manufacturer from the list of certified manufacturers.

(iii) Inform the AAFES and the Defense Logistics Agency-Troop Support of the action.

(j) Reinstatement of certificate of authority. Upon receipt of adequate assurance that the manufacturer will comply with quality control policies, the Director may reinstate a certificate of authority that has been suspended or revoked.

#### **Subpart D—License and Manufacture of the Service Flag and Service Lapel Button**

##### **§ 507.17 Authority to manufacture.**

(a) The Secretary of Defense has designated the Secretary of the Army to grant certificates of authority for the manufacture and commercial sale of Service flags and Service lapel buttons.

(b) Any person, firm, or corporation that wishes to manufacture the Service flag or lapel button must apply for a certificate of authority to manufacture from TIOH.

##### **§ 507.18 Application for licensing.**

(a) Applicants who want to manufacture and sell Service flags or Service lapel buttons should contact the Director, The Institute of Heraldry, 9325 Gunston Road, Suite 113, Fort Belvoir, VA 22060–5576 to obtain an agreement to manufacture, drawings, and instructions for manufacturing the Service flag and Service lapel button.

(b) Certificates of authority to manufacture Service flags and Service lapel buttons will be valid for 5 years from the date of issuance, at which time applicants must reapply for a new certificate of authority.

**Brenda S. Bowen,**

*Army Federal Register Liaison Officer.*

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## **ENVIRONMENTAL PROTECTION AGENCY**

### **40 CFR Part 52**

**[EPA–R03–OAR–2020–0157; FRL–10010–42–Region 3]**

#### **Air Plan Approval; Pennsylvania; Allegheny County Area Attainment Plan for the 2012 Fine Particulate Matter National Ambient Air Quality Standard**

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

**ACTION:** Proposed rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is proposing to approve elements of a state implementation plan

(SIP) revision submitted by the Pennsylvania Department of Environmental Protection (PADEP) on behalf of the Allegheny County Health Department (ACHD) to address Clean Air Act (CAA or “the Act”) requirements for the 2012 annual fine particulate matter (PM<sub>2.5</sub>) national ambient air quality standards (NAAQS or “standards”) in the Allegheny County Moderate PM<sub>2.5</sub> nonattainment area (“Allegheny County area”). The SIP revision contains the “Attainment Demonstration for the Allegheny County, PA PM<sub>2.5</sub> Nonattainment Area, 2012 NAAQS,” submitted on September 30, 2019 (also referred to as “the Allegheny County PM<sub>2.5</sub> Plan” or simply “the plan”). EPA is proposing to fully approve the following elements of the Allegheny County PM<sub>2.5</sub> Plan: The base year emissions inventory, the particulate matter precursor contribution demonstration, the reasonably available control measures/ reasonably available control technology (RACM/RACT) demonstration, the attainment demonstration, the air quality modeling demonstration supporting attainment by the attainment deadline, the reasonable further progress (RFP) demonstration, and the a demonstration of interim quantitative milestones to ensure timely attainment. EPA is proposing to conditionally approve the following elements of this Allegheny County PM<sub>2.5</sub> Plan SIP revision: The contingency measures and the motor vehicle emission budget (MVEB) elements of the plan. PADEP commits, on behalf of ACHD, to submit a supplemental SIP revision to remedy those portions of the plan for which EPA is proposing conditional approval within twelve months of EPA’s final conditional approval action. This action is being taken under the CAA.

**DATES:** Written comments must be received on or before July 13, 2020.

**ADDRESSES:** Submit your comments, identified by Docket ID No. EPA–R03–OAR–2020–0157 at <https://www.regulations.gov>, or via email to [spielberger.susan@epa.gov](mailto:spielberger.susan@epa.gov). For comments submitted at [Regulations.gov](https://www.regulations.gov), follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from [Regulations.gov](https://www.regulations.gov). For either manner of submission, EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be confidential business information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment.