

initial process may take from 30 to 90 days to complete, once more consuming staff resources. As the time for the letters written, routed, and phone calls made, are accounted for, this process may use eight hours of resources.

If all attempts to collect the debt are unsuccessful, staff must contact the appropriate Regional Office, which must make a determination to immediately refer the case to the Central Office Debt Management Officer, or initiate correspondence to the debtor from the Deputy Regional Director. If debt collection is still unsuccessful, then the case will be referred to the Debt Management Officer located in the Central Office. Approximately four hours of resources are used in this process.

The Central Office Debt Management Officer will then recommend final disposition of the debt, either referring the debt to the IRS Offset Program or recommending a write-off of the debt.

Collection of debts from former inmates can be extremely time consuming and unsuccessful. Under the new rule, by not accepting domestic checks, we will greatly reduce the loss of money, staff time and resources from unsuccessful collection attempts.

Executive Order 12866

The Director certifies that this rule is a "significant regulatory action" under section 3(f) of Executive Order 12866 and therefore was reviewed by the Office of Management and Budget for review.

Executive Order 13132

This regulation will not have substantial direct effects on the States, on the relationship between the national government and the States, or on distribution of power and responsibilities among the various levels of government. Under Executive Order 13132, this rule does not have sufficient federalism implications for which we would prepare a Federalism Assessment.

Regulatory Flexibility Act

The Director of the Bureau of Prisons, under the Regulatory Flexibility Act (5 U.S.C. 605(b)), reviewed this regulation. By approving it, the Director certifies that it will not have a significant economic impact upon a substantial number of small entities because: This rule is about the correctional management of offenders committed to the custody of the Attorney General or the Director of the Bureau of Prisons, and its economic impact is limited to the Bureau's appropriated funds.

Unfunded Mandates Reform Act of 1995

This rule will not cause State, local and tribal governments, or the private sector, to spend \$100,000,000 or more in any one year, and it will not significantly or uniquely affect small governments. We do not need to take action under the Unfunded Mandates Reform Act of 1995.

Small Business Regulatory Enforcement Fairness Act of 1996

This rule is not a major rule as defined by § 804 of the Small Business Regulatory Enforcement Fairness Act of 1996. This rule will not result in an annual effect on the economy of \$100,000,000 or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based companies to compete with foreign-based companies in domestic and export markets.

List of Subjects in 28 CFR Parts 506 and 540

Prisoners.

Harley G. Lappin,

Director, Bureau of Prisons.

■ Under the rulemaking authority vested in the Attorney General in 5 U.S.C. 552(a) and delegated to the Director, Bureau of Prisons, we add a new part 506 to 28 CFR, chapter V, subchapter A, and amend 28 CFR part 540 as follows.

Subchapter A—General Management and Administration

■ 1. Add a new Part 506 to read as follows:

PART 506—INMATE COMMISSARY ACCOUNT

Authority: 5 U.S.C. 301; 18 U.S.C. 3621, 3622, 3624, 4001, 4042, 4081, 4082 (Repealed in part as to offenses committed on or after November 1, 1987), 5006–5024 (Repealed October 12, 1984 as to offenses committed after that date), 5039; 28 U.S.C. 509, 510; 31 U.S.C. 1321.

§ 506.1 What is the purpose of individual inmate commissary accounts?

The purpose of individual inmate commissary accounts is to allow the Bureau to maintain inmates' monies while they are incarcerated. Family, friends, or other sources may deposit funds into these accounts.

§ 506.2 How may family, friends, or other sources deposit funds into an inmate commissary account?

(a) *Family and friends* must mail deposits to the centralized inmate

commissary account at the address we provide.

(1) The deposit envelope must not contain any enclosures intended for delivery to the inmate. We may dispose of any enclosure.

(2) The deposit must be in the form of a money order made out to the inmate's full name and complete register number. We will return checks to the sender provided the check contains an adequate return address.

(b) *Other sources*, (such as tax refunds, dividends from stocks, or state benefits) must be forwarded for deposit to the centralized inmate commissary account.

Subchapter C—Institutional Management

PART 540—CONTACT WITH PERSONS IN THE COMMUNITY

■ 1. Revise the authority citation for 28 CFR part 540 to read as follows:

Authority: 5 U.S.C. 301, 551, 552A, 18 U.S.C. 1791, 3621, 3622, 3624, 4001, 4042, 4081, 4082 (Repealed in part as to offenses committed on or after November 1, 1987), 5006–5024 (Repealed October 12, 1984, as to offenses committed after that date), 5039; 28 U.S.C. 509.

■ 2. Revise § 540.23 to read as follows:

§ 540.23 Inmate funds received through the mails.

Except as provided for in part 506 of this chapter, funds enclosed in inmate correspondence are to be rejected. Deposits intended for the inmate's commissary account must be mailed directly to the centralized commissary account (see 28 CFR part 506).

■ 3. Revise § 540.51(h)(3) to read as follows:

§ 540.51 Procedures.

* * * * *

(h) * * *

(3) The visiting room officer may not accept articles or gifts of any kind for an inmate, except packages which have had prior approval by the Warden or a designated staff member.

* * * * *

[FR Doc. 04–15071 Filed 7–1–04; 8:45 am]

BILLING CODE 4410–05–P

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 352

Offering of United States Savings Bonds, Series HH

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: The offering of Series HH Savings Bonds will terminate at the close of business on August 31, 2004.

DATES: Effective August 31, 2004.

ADDRESSES: You can download this final rule at the following Internet addresses: <http://www.gpoaccess.gov> or <http://www.publicdebt.treas.gov>.

FOR FURTHER INFORMATION CONTACT:

Elisha Whipkey, Director, Division of Program Administration, Office of Securities Operations, Bureau of the Public Debt, at (304) 480-6319 or elisha.whipkey@bpd.treas.gov.

Susan Klimas, Attorney-Adviser, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or susan.klimas@bpd.treas.gov.

Dean Adams, Assistant Chief Counsel, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or dean.adams@bpd.treas.gov.

Edward Gronseth, Deputy Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or edward.gronseth@bpd.treas.gov.

SUPPLEMENTARY INFORMATION: After August 31, 2004, owners of Series E or EE bonds will no longer be able to exchange them for Series HH bonds, and owners of matured Series H or Series HH bonds will not be able to reinvest in Series HH bonds. Series HH bonds issued through August 2004 will continue to earn interest until they reach final maturity 20 years after issue. We are terminating the offering due to the high cost of exchanges in relation to the relatively low volume of transactions.

Procedural Requirements

This final rule does not meet the criteria for a "significant regulatory action" as defined in Executive Order 12866. Therefore, the regulatory review procedures contained therein do not apply.

This final rule relates to matters of public contract and procedures for United States securities. The notice and public procedures requirements and delayed effective date requirements of the Administrative Procedure Act are inapplicable, pursuant to 5 U.S.C. 553(a)(2).

As no notice of proposed rulemaking is required, the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) does not apply.

We ask for no new collections of information in this final rule. Therefore, the Paperwork Reduction Act (44 U.S.C. 3507) does not apply.

List of Subjects in 31 CFR Part 352

Bonds, Government securities.

■ Accordingly, for the reasons set out in the preamble, 31 CFR Chapter II, Subchapter B, is amended as follows:

PART 352—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES HH

■ 1. The authority citation for Part 352 continues to read as follows:

Authority: 31 U.S.C. 3105, 5 U.S.C. 301.

■ 2. Revise § 352.0 to read as follows:

§ 352.0 Offering of bonds.

The Secretary of the Treasury offered to the people of the United States, United States Savings Bonds of Series HH in exchange for eligible United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares). This offering is being withdrawn and will terminate at the close of business on August 31, 2004.

■ 3. Amend § 352.2 as follows: in the first sentence of paragraph (a) remove the words "are issued" and add in their place the words "were issued"; in paragraph (b) remove the words "are issued" and add in their place the words "were issued", and remove the words "and are"; in the second sentence of paragraph (c) remove the word "is" and add the word "was".

§ 352.4 [Amended]

■ 4. Amend § 352.4 by removing the word "are" and adding in its place the word "were".

■ 5. Revise § 352.5 to read as follows:

§ 352.5 Authorized issuing and paying agents.

Series HH bonds were issued and may be redeemed only by Federal Reserve Banks (see § 352.13) and the Bureau of the Public Debt.

■ 6. Revise § 352.7 to read as follows:

§ 352.7 Issues on exchange.

(a) *Securities eligible for exchange.* Prior to the close of business on August 31, 2004, owners were permitted to exchange United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares) at their current redemption values for Series HH bonds. Series E bonds and savings notes remained eligible for exchange for a period of one year from the month in which they reached final maturity. Series EE bonds issued on January 1, 2003, or earlier, became eligible for exchange six months after their issue dates. Series EE bonds issued on February 1, 2003, or thereafter, became eligible for exchange 12 months after their issue dates.

(b) *Basis for issue.* Series HH bonds were issued on exchange by an authorized issuing agent upon receipt of a properly executed exchange application with eligible securities, and additional cash, if any, and any supporting evidence that was required under the regulations. If eligible securities were submitted directly to a Federal Reserve Bank referred to in § 351.13, each was required to bear a properly signed and certified request for payment. Checks in payment of additional cash needed to complete a transaction (see paragraph (d) of this section) were required to be drawn to the order of the Federal Reserve Bank.

(c) *Role of financial institutions.* Department of the Treasury Circular No. 750, current revision (31 CFR part 321), authorizes financial institutions qualified as paying agents for savings bonds and notes to redeem eligible securities presented for exchange and to forward an exchange application and full payment to a Federal Reserve Bank referred to in § 351.13 for the issue of Series HH bonds. The securities redeemed on exchange by such an institution were required to be securities that it is authorized to redeem for cash.

(d) *Computation of issue price.* The total current redemption value of the eligible securities submitted for exchange in any one transaction was required to be \$500 or more. If the current redemption value was an even multiple of \$500, Series HH bonds were required to be issued in that exact amount. If the current redemption value exceeded, but was not an even multiple of \$500, the owner had the option either:

(1) To add the cash necessary to bring the amount of the application to the next higher multiple of \$500, or

(2) To receive a payment to reduce the amount of the application to the next lower multiple of \$500.

(e) *Registration.* A Series HH bond issued on exchange was permitted to be registered in any form authorized in subpart B of Circular No. 3-80, subject to the following restrictions:

(1) If the securities submitted for exchange were in single ownership form, the owner was required to be named as owner or first-named coowner on the Series HH bonds. A coowner or beneficiary was permitted to be named.

(2) If the securities submitted for exchange were in coownership form, and one coowner was the "principal coowner", that person was required to be named as owner or first-named coowner on the Series HH bonds. A coowner or beneficiary was also permitted to be named. The "principal coowner" was the coowner who

purchased the securities presented for exchange with his or her own funds, or received them as a gift, inheritance or legacy, or as a result of judicial proceedings, and had them reissued in coownership form, provided he or she had received no contribution in money or money's worth for designating the other coowner on the securities.

(3) If the securities presented for exchange were in coownership form, and both coowners shared in their purchase or received them jointly as a gift, inheritance, or legacy or as a result of judicial proceedings, both persons were required to be named as coowners on the Series HH bonds.

(4) If the securities presented for exchange were in beneficiary form, the owner was required to be named on the Series HH bonds as owner or first-named coowner. If the owner was deceased, a surviving beneficiary was required to be named as owner or first-named coowner. In either case, a coowner or beneficiary was permitted to be named.

(f) *Issue date.* Series HH bonds issued on exchange were dated as of the first day of the month in which the eligible securities presented for exchange were redeemed by an authorized paying agent, as evidenced in the payment stamp on the securities and the exchange application.

(g) *Tax-deferred exchanges.* (1) Continuation of tax deferral. Pursuant to the provisions of the Internal Revenue Code of 1954, as amended, an owner who had not been reporting the interest on his or her Series E or EE bonds and savings notes on an accrual basis for Federal income tax purposes, and who exchanged those securities for Series HH bonds, was permitted to continue to defer reporting the interest on the securities exchanged until the taxable year in which the Series HH bonds received in the exchange reach final maturity, are redeemed, or are otherwise disposed of, whichever is earlier. A reissue transaction that affects any of the persons required to be named on the Series HH bonds, as set forth in paragraph (e) of this section, may result in termination of the tax deferral privilege.

(2) *Tax deferral legend.* Each bond issued in a tax-deferred exchange bore a legend showing how much of its issue price represented interest on the securities exchanged. This interest must be treated as income for Federal income tax purposes and reported in accordance with paragraph (g)(1) of this section.

(3) *Reporting of interest paid to owner.* To the extent that it represented interest earned on the securities presented for exchange, an amount paid

to an owner in accordance with paragraph (d) of this section was reportable as income for Federal income tax purposes for the year in which it was paid. Pursuant to 26 CFR 1.6049.4, a paying agent was required to report interest income of \$10 or more included in any amount paid in an exchange transaction to the payee and to the Internal Revenue Service on Form 1099-INT or an approved substitute. A separate report was permitted to be made for each exchange transaction in which interest in the amount of \$10 or more was paid, or all interest paid in both cash redemption and exchange transactions was permitted to be aggregated and reported annually should the total amount be \$10 or more.

(h) *Exchanges without tax deferral.* The rules prescribed for exchanges under paragraphs (a) through (f) of this section also applied to exchanges by owners who report the interest earned on their bonds of Series E and EE and savings notes annually for Federal income tax purposes, or elect to report all such interest that was not previously reported for the taxable year of the exchange. Series HH bonds issued in a nontax-deferred exchange were required to show a "0" in the tax-deferral legend.

■ 7. Amend § 352.8 as follows: revise the first sentence of paragraph (a) to read as set forth below; in the second sentence of paragraph (a) remove the words "may not" and add in their place the words "was not permitted to", remove the word "reach" and add in its place the word "reached", and remove the word "are" and add in its place the word "were"; in paragraph (b) remove the words "will be" and add in its place the word "were" for the words both places that the words appear.

§ 352.8 Reinvestment of matured Series H bonds.

(a) *General.* Prior to the close of business on August 31, 2004, the proceeds of matured Series H and HH bonds, whether purchased for cash or issued in exchange for other securities, were permitted to be reinvested in Series HH bonds. * * *

* * * * *

§ 352.9 [Amended]

■ 8. Amend § 352.9 as follows: in the first sentence, remove the words "will deliver" and add in their place the word "delivered"; in the second sentence, remove the words "will be" and add in their place the word "were"; in the third sentence, remove the words "will be" and add in their place the word "were".

§ 352.11 [Amended]

■ 9. Amend § 352.11 as follows: in the first sentence, remove the word "reserves" and add in its place the word "reserved", and remove the word "is" and add in its place the word "was"; in the final sentence, remove the word "is" and add in its place the word "was".

Dated: June 9, 2004.

Donald V. Hammond,

Fiscal Assistant Secretary.

[FR Doc. 04-13900 Filed 7-1-04; 8:45 am]

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DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[CGD13-04-028]

RIN 1625-AA00

Safety Zones: Fireworks Displays in the Captain of the Port Portland Zone

AGENCY: Coast Guard, DHS.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing safety zones on the waters located in the Portland, Oregon, Captain of the Port (COTP) Zone during fireworks displays. The COTP is taking this action to safeguard watercraft and their occupants from safety hazards associated with these displays. Entry into these safety zones is prohibited unless authorized by the COTP.

DATES: This rule is effective from 10 p.m. July 4, 2004, through 10:30 p.m. July 24, 2004.

ADDRESSES: Comments and material received from the public, as well as documents indicated in this preamble as being available in the docket, are available for inspection or copying at the U.S. Coast Guard MSO/Group Portland, 6767 N. Basin Avenue, Portland, Oregon 97217 between 7 a.m. and 4 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Lieutenant Junior Grade Belen Audirsch, c/o Captain of the Port, Portland, 6767 N. Basin Avenue, Portland, Oregon 97217, (503) 240-9301.

SUPPLEMENTARY INFORMATION:

Regulatory Information

Safety zones for these events are being submitted through the normal rulemaking process for 2005. Following normal notice and comment procedures