

standard instrument approach procedure (SIAP) to Runway (RWY) 18 has made this proposal necessary. The intended effect of this proposal is to provide adequate controlled airspace for aircraft executing the NDB SIAP to RWY 18 at Manila Municipal Airport, Manila, AR.

**DATES:** Comments must be received on or before August 19, 1996.

**ADDRESSES:** Send comments on the proposal in triplicate to Manager, Operations Branch, Air Traffic Division, Federal Aviation Administration, Southwest Region, Docket No. 96-ASW-11, Fort Worth, TX 76193-0530. The official docket may be examined in the Office of the Assistant Chief Counsel, Federal Aviation Administration, Southwest Region, 2601 Meacham Boulevard, Fort Worth, TX, between 9:00 AM and 3:00 PM, Monday through Friday, except Federal holidays. An informal docket may also be examined during normal business hours at the Operations Branch, Air Traffic Division, Federal Aviation Administration, Southwest Region, 2601 Meacham Boulevard, Fort Worth, TX.

**FOR FURTHER INFORMATION CONTACT:** Donald J. Day, Operations Branch, Air Traffic Division, Federal Aviation Administration, Southwest Region, Fort Worth, TX 76193-0530; telephone: (817) 222-5593.

**SUPPLEMENTARY INFORMATION:**

**Comments Invited**

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number and be submitted in triplicate to the address listed under the caption **ADDRESSES**. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit, with those comments, a self-addressed stamped postcard containing the following statement: "Comments to Airspace Docket No. 96-ASW-11." The postcard will be date and time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action

on the proposed rule. The proposal contained in this notice may be changed in the light of comments received. All comments submitted will be available for examination in the Office of the Assistant Chief Counsel, Federal Aviation Administration, Southwest Region, 2601 Meacham Boulevard, Fort Worth, TX, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

**Availability of NPRM's**

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Operations Branch, Air Traffic Division, Federal Aviation Administration, Southwest Region, Fort Worth, TX 76193-0530. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should request a copy of Advisory Circular No. 11-2A that describes the application procedure.

**The Proposal**

The FAA is considering an amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) to establish Class E Airspace, controlled airspace extending upward from 700 feet AGL at Manila Municipal Airport, Manila, AR. The development of a NDB SIAP to RWY 18 has made this proposal necessary. Designated airspace extending upward from 700 feet above the ground is now Class E airspace. The intended effect of this proposal is to provide adequate Class E airspace for aircraft executing the NDB SIAP to RWY 18 at Manila Municipal Airport, Manila, AR. The coordinates for this airspace docket are based on North American Datum 83.

Designated Class E airspace areas extending upward from 700 feet or more above ground level are published in Paragraph 6005 of FAA Order 7400.9C dated August 17, 1995, and effective September 16, 1995, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in the order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations that need frequent and routine amendments to keep them operationally current. It, therefore—(1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT

Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

**List of Subjects in 14 CFR Part 71**

Airspace, Incorporation by reference, Navigation (air).

**The Proposed Amendment**

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

**PART 71—[AMENDED]**

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 40103, 40113, 40120; E.O. 10854; 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389; 49 U.S.C. 106(g); 14 CFR 11.69.

**§ 71.1 [Amended]**

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9C, *Airspace Designations and Reporting Points*, dated August 17, 1995, and effective September 16, 1995, is amended as follows:

*Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.*

\* \* \* \* \*

ASW AR E5 Manila, AR [New]  
Manila, Manila Municipal Airport  
(Lat. 35°53'35" N., long. 90°09'17" W.)  
Manila NDB  
(Lat. 35°53'28" N., long. 90°09'25" W.)

That airspace extending upward from 700 feet above the surface within a 6.3-mile radius of Manila Municipal Airport, and within 2.5 miles each side of the 007° bearing from the Manila NDB extending from the 6.3-mile radius to 6.9 miles north of the airport.

\* \* \* \* \*

Issued in Fort Worth, TX, on June 11, 1996.  
Albert L. Viselli,  
*Acting Manager, Air Traffic Division,  
Southwest Region.*

[FR Doc. 96-15418 Filed 6-12-96; 8:45 am]

**BILLING CODE 4910-13-M**

**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Part 1****[CO-9-96]****RIN 1545-AU16****Section 1059 Extraordinary Dividends****AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Notice of proposed rulemaking and notice of public hearing.

**SUMMARY:** This document contains proposed regulations relating to certain distributions made by corporations to certain corporate shareholders. The proposed regulations are necessary to clarify that certain distributions in redemption of stock are treated as extraordinary dividends notwithstanding provisions that otherwise might exempt the distributions from extraordinary dividend treatment. Corporations that receive a distribution in redemption of stock may be affected if the redemption is either part of a partial liquidation of the redeeming corporation or is not pro rata as to all shareholders. This document also provides notice of a public hearing on these proposed regulations.

**DATES:** Written comments and outlines of topics to be discussed at the public hearing scheduled for Wednesday, October 2, 1996, must be received by September 16, 1996.

**ADDRESSES:** Send submissions to: CC:DOM:CORP:R (CO-9-96), room 5228, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. In the alternative, submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (CO-9-96), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC. The public hearing will be held in room 3313, Internal Revenue Building, 1111 Constitution Avenue NW., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Concerning the hearing, Mike Slaughter, Regulations Unit, Assistant Chief Counsel (Corporate), at (202) 622-7190 (not a toll-free number). Concerning the proposed regulations, Richard K. Passales at (202) 622-7530 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:****Background**

This document contains proposed amendments to the Income Tax Regulations (26 CFR part 1) relating to

the extraordinary dividend provisions under section 1059 of the Internal Revenue Code. Section 1059 was added by the Deficit Reduction Act of 1984, Public Law 98-369. One of the purposes of section 1059 is to prevent a corporate shareholder from creating an artificial loss on stock. See General Explanation of the Revenue Provisions of the Deficit Reduction Act of 1984.

Section 1059(a) generally requires a corporation that receives an extraordinary dividend on stock it has not held for at least two years before the dividend announcement date to reduce its basis (but not below zero) immediately before any sale or disposition of the stock by the nontaxed portion of the dividend (generally, the amount of the dividends received deduction). If the nontaxed portion of the dividend exceeds basis, the excess generally is treated as additional gain recognized when the stock is sold. Section 1059(c) generally defines an extraordinary dividend as a dividend that equals or exceeds the threshold percentage of the taxpayer's adjusted basis in such stock.

Sections 1059(d)(6), (e)(1), and (e)(2) were enacted as part of the Tax Reform Act of 1986. Each of those sections affects the definition of extraordinary dividends contained in section 1059(c). Section 1059(d)(6) generally excludes an extraordinary dividend from section 1059(a) treatment if the distributee is an original shareholder of the distributing corporation and the earnings and profits from which the dividend is paid are attributable solely to the original shareholder. Section 1059(e)(2) generally excludes a dividend from extraordinary dividend treatment if it is a "qualifying dividend." A dividend generally is a qualifying dividend if the distributee and distributing corporations are affiliated at the time of the distribution and the distribution is out of affiliated year earnings and profits. Both sections 1059(d)(6) and (e)(2) contemplate that the distribution that otherwise would be an extraordinary dividend subject to section 1059(a) is derived from earnings and profits accumulated while the distributee corporation is a shareholder of the distributing corporation. Generally, a corporate shareholder's ability to create an artificial loss is reduced if all of the distributing corporation's earnings and profits are accumulated while the distributee corporation is a shareholder of the distributing corporation.

Section 1059(e)(1) expands the scope of the extraordinary dividend definition in section 1059(c) by disregarding the holding period and threshold rules for certain distributions. Generally, section

1059(e)(1) provides that a non pro rata redemption or a partial liquidation that is treated as a dividend under section 301 is an extraordinary dividend to which section 1059(a) applies without regard to the threshold percentage or the period the taxpayer held such stock. See General Explanation of the Tax Reform Act of 1986, Joint Committee on Taxation, 100th Cong., 1st Sess. (May 4, 1987).

These regulations address the question of whether section 1059(d)(6) or (e)(2) applies to a distribution otherwise treated as an extraordinary dividend under section 1059(e)(1). The IRS and Treasury Department believe that applying those provisions to section 1059(e)(1) is inconsistent with the purpose of section 1059 and may create inappropriate consequences, such as basis shifting that eliminates gain or creates an artificial loss.

Accordingly, these regulations clarify that neither section 1059(d)(6) nor section 1059(e)(2) applies to a distribution treated as an extraordinary dividend under section 1059(e)(1). In finalizing these regulations, the IRS and Treasury Department will consider comments that illustrate distributions described in section 1059(e)(1) to which the application of section 1059(d)(6) or (e)(2) is appropriate or to which section 1059(e)(1) otherwise should not apply.

These regulations also address the question of whether an exchange treated as a dividend under section 356(a)(2) is subject to section 1059(e)(1). These regulations clarify that for purposes of section 1059(e)(1), an exchange under section 356(a)(1) is treated as a redemption and, to the extent any amount is treated as a dividend under section 356(a)(2), it is treated as a dividend under section 301.

**Explanation of Provisions**

Proposed § 1.1059(e)-1(a) provides that neither section 1059(d)(6) nor section 1059(e)(2) will prevent any distribution treated as an extraordinary dividend under section 1059(e)(1) from being treated as an extraordinary dividend. For example, if a redemption of stock is not pro rata as to all shareholders, any amount treated as a dividend under section 301 is treated as an extraordinary dividend regardless of whether the dividend is a qualifying dividend.

Proposed § 1.1059(e)-1(b) provides that for purposes of section 1059(e)(1), an exchange under section 356(a)(1) is treated as a redemption and, to the extent any amount is treated as a dividend under section 356(a)(2), it is treated as a dividend under section 301.

**Proposed Effective Date**

These regulations are proposed to apply to distributions announced on or after June 17, 1996.

**Special Analyses**

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations, and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

**Comments and Public Hearing**

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) that are submitted timely to the IRS. All comments will be available for public inspection and copying.

A public hearing has been scheduled at 10 a.m. on Wednesday, October 2, 1996, room 3313, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC. Because of access restrictions, visitors will not be admitted beyond the Internal Revenue Building lobby more than 15 minutes before the hearing starts.

The rules of 26 CFR 601.601(a)(3) apply to the hearing.

Persons that wish to present oral comments at the hearing must submit written comments by September 16, 1996, and submit an outline of the topics to be discussed and the time to be devoted to each topic (signed original and eight (8) copies) by September 16, 1996.

A period of 10 minutes will be allotted to each person for making comments.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

**Drafting Information.** The principal author of these regulations is Richard K. Passales, Office of Assistant Chief Counsel (Corporate), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**Proposed Amendments to the Regulations**

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

**PART 1—INCOME TAXES**

Paragraph 1. The authority citation for part 1 is amended by adding an entry in numerical order to read as follows:

Authority: 26 U.S.C. 7805 \* \* \* Section 1.1059(e)–1 also issued under 26 U.S.C. 1059(e)(1) and (e)(2). \* \* \*

Par. 2. Section 1.1059(e)–1 is added to read as follows:

**§ 1.1059(e)–1 Non pro rata redemptions.**

(a) *In general.* Section 1059(d)(6) (exception where stock held during entire existence of corporation) and section 1059(e)(2) (qualifying dividends) do not apply to a distribution treated as an extraordinary dividend under section 1059(e)(1). For example, if a redemption of stock is not pro rata as to all shareholders, any amount treated as a dividend under section 301 is treated as an extraordinary dividend regardless of whether the dividend is a qualifying dividend.

(b) *Reorganizations.* For purposes of section 1059(e)(1), an exchange under section 356(a)(1) is treated as a redemption and, to the extent any amount is treated as a dividend under section 356(a)(2), it is treated as a dividend under section 301.

(c) *Effective date.* This section applies to distributions announced (within the meaning of section 1059(d)(5)) on or after June 17, 1996.

Margaret Milner Richardson,

*Commissioner of Internal Revenue.*

[FR Doc. 96–15454 Filed 6–17–96; 8:45 am]

BILLING CODE 4830–01–P

**ENVIRONMENTAL PROTECTION AGENCY****40 CFR Part 63**

[AD–FRL–5521–6]

RIN 2060–AD98

**National Emission Standards for Hazardous Air Pollutants for Shipbuilding and Ship Repair (Surface Coating) Operations**

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

**ACTION:** Proposed rule.

**SUMMARY:** This action proposes to revise the compliance date for the “National

Emission Standards For Hazardous Air Pollutants For Shipbuilding and Ship Repair (Surface Coating) Operations” to December 16, 1997. This action also proposes to extend the June 13, 1996 deadline for submittal of implementation plans to December 16, 1996, and to remove the requirement for approval of implementation plans by the EPA. Because the revisions primarily change the date for submittal of an implementation plan and extend the compliance date to allow better coordination with the control techniques guidelines (CTG) that EPA plans to publish in the near future, the EPA does not anticipate receiving adverse comments. Consequently, the revisions are also being issued as a direct final rule in the final rules section of this Federal Register. If no significant and timely adverse comments are received, no further action will be taken with respect to this proposal and the direct final rule will become final on the date provided in that action.

**DATES:** *Comments.* Comments must be received on or before July 18, 1996, unless a hearing is requested by June 28, 1996. If a hearing is requested, written comments must be received by August 2, 1996.

*Public Hearing.* Anyone requesting a public hearing must contact the EPA no later than June 28, 1996. If a hearing is held, it will take place on July 3, 1996, beginning at 10:00 a.m.

**ADDRESSES:** *Comments.* Comments should be submitted to: Air and Radiation Docket and Information Center (6102), Attention Docket Number A–92–11 (see docket section below), Room M–1500, U.S. Environmental Protection Agency, 401 M Street, SW, Washington, D.C. 20460.

*Public Hearing.* If a public hearing is held, it will be held at the EPA’s Office of Administration Auditorium, Research Triangle Park, North Carolina. Persons interested in attending the hearing or wishing to present oral testimony should notify Mrs. Janet Eck, U.S. Environmental Protection Agency, Research Triangle Park, N.C. 27711, telephone (919) 541–7946.

*Docket.* Docket No. A–92–11, containing the supporting information for the original NESHAP and this action, is available for public inspection and copying between 8:00 a.m. and 5:30 p.m., Monday through Friday, at the EPA’s Air and Radiation Docket and Information Center, Waterside Mall, Room M–1500, first floor, 401 M Street SW, Washington, DC 20460, or by calling (202) 260–7548 or 260–7549. A reasonable fee may be charged for copying.