11. Section 436.19 is amended by revising paragraph (d) to read as follows:

§ 436.19 Life cycle costs.

* * * * *

(d) Energy and/or water costs.

12. Section 436.21 is revised to read as follows:

§ 436.21 Savings-to-investment ratio.

The savings-to-investment ratio is the ratio of the present value savings to the present value costs of an energy or water conservation measure. The numerator of the ratio is the present value of net savings in energy or water and non-fuel or non-water operation and maintenance costs attributable to the proposed energy or water conservation measure. The denominator of the ratio is the present value of the net increase in investment and replacement costs less salvage value attributable to the proposed energy or water conservation measure.

13. Section 436.22 is revised to read as follows:

§ 436.22 Adjusted internal rate of return.

The adjusted internal rate of return is the overall rate of return on an energy or water conservation measure. It is calculated by subtracting 1 from the nth root of the ratio of the terminal value of savings to the present value of costs, where n is the number of years in the study period. The numerator of the ratio is calculated by using the discount rate to compound forward to the end of the study period the yearly net savings in energy or water and non-fuel or non-water operation and maintenance costs attributable to the proposed energy or water conservation measure. The denominator of the ratio is the present value of the net increase in investment and replacement costs less salvage value attributable to the proposed energy or water conservation measure.

14. Section 436.23 is revised to read as follows:

§ 436.23 Estimated simple payback time.

The estimated simple payback time is the number of years required for the cumulative value of energy or water cost savings less future non-fuel or non-water costs to equal the investment costs of the building energy or water system, without consideration of discount rates.

15. Section 436.24 is amended by revising the last sentence in the section as follows:

§ 436.24 Uncertainty analyses.

* * * If additional analysis casts substantial doubt on the life cycle cost analysis results, a Federal agency should consider obtaining more reliable data or eliminating the building energy or water system alternative.

[FR Doc. 96–16120 Filed 6–24–96;8:45am]

BILLING CODE 6450–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 95–AGL–20]

Establishment of Class E Airspace; Bigfork, MN; Correction

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; correction.

SUMMARY: This action corrects an error in the airspace description of the Bigfork, MN, Class E airspace published in a final rule on May 2, 1996 (61 FR 19541), Airspace Docket Number 95–AGL–20.

EFFECTIVE DATE: 0901 UTC, August 15, 1996.

FOR FURTHER INFORMATION CONTACT: John A. Clayborn, Air Traffic Division, Operations Branch, AGL–530, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois 60018, telephone (847) 294–7568.

SUPPLEMENTARY INFORMATION:

History

Federal Register Document 96–10972, Airspace Docket 95–AGL–20, published on May 2, 1996 (61 FR 19541), established the Class E airspace at Bigfork, MN. Errors were discovered in the legal description. This action corrects the spelling of Bigfork and adds the airport name, city and state in the title of the legal description.

Correction to Final Rule

Accordingly, pursuant to the authority delegated to me, the airspace legal description, as published in the Federal Register on May 2, 1996 (61 FR 19541), (Federal Register Document 96–10972; page 19542, column 1), is corrected in the legal description to the incorporation by reference in 14 CFR 71.1 as follows:

§ 71.1 [Corrected]

* * * * *

AGL MN E5 Bigfork, MN [Corrected]

Bigfork Municipal Airport, MN
(Lat. 47°46′45″N, long, 93°39′01″W)

That airspace extending upward from 700 feet above the surface within a 7-mile radius of the Bigfork Municipal Airport.

* * * * *

Issued in Des Plaines, Illinois on June 3, 1996.

Maureen Woods,

Manager, Air Traffic Division.

[FR Doc. 96–16111 Filed 6–24–96; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 558

New Animal Drugs for Use in Animal Feeds; Ivermectin and Lincomycin

AGENCY: Food and Drug Administration, HHS.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration (FDA) is amending the animal drug regulations to reflect approval of a new animal drug application (NADA) filed by Merck Research Laboratories, Division of Merck & Co., Inc. The NADA provides for use of single ingredient ivermectin and lincomycin Type A medicated articles to make combination drug Type B and C medicated swine feeds used for treatment and control of certain helminth, lice, and mite infections, increased rate of weight gain, treatment and control of swine dysentery, and reduction of severity of swine mycoplasma pneumonia in growing-finishing swine.

EFFECTIVE DATE: June 25, 1996.

FOR FURTHER INFORMATION CONTACT: Melanie R. Berson, Center for Veterinary Medicine (HFV–135), Food and Drug Administration, 7500 Standish Pl., Rockville, MD 20855, 301–594–1643.

SUPPLEMENTARY INFORMATION: Merck Research Laboratories, Division of Merck & Co., Inc., P.O. Box 2000, Rahway, NJ 07065, is sponsor of NADA 141–054, which provides for the use of Ivomec® (ivermectin 0.6 percent) Type A medicated article and Lincomix® (lincomycin 20 and 50 grams (g)/pound) Type A medicated articles to make ivermectin/ lincomycin Type B and C medicated swine feeds. The Type C medicated swine feeds containing 1.8 g ivermectin/ton with 20, 40, 100, or 200 g lincomycin/ton are fed to growing-finishing swine for treatment and control of gastrointestinal roundworms, kidney worms, lungworms, lice, mites, swine dysentery; reduction of severity of mycoplasmal pneumonia; and to increase rate of weight gain. The NADA is approved as of June 25, 1996, and the regulations are amended in 21 CFR 558.300 and 558.325 to reflect the

approval. The basis of approval is discussed in the freedom of information summary.

NADA 141–054 provides for use of ivermectin and lincomycin Type A medicated articles to make combination drug Type B and C medicated swine feeds. Ivermectin is a Category II drug which, as provided in 21 CFR 558.4(b), requires an approved Form FDA 1900 for making Type C medicated feeds. Therefore, use of ivermectin and lincomycin Type A medicated articles in making combination drug Type B and C medicated feeds, as in this NADA, requires an approved Form FDA 1900.

In accordance with the freedom of information provisions of part 20 (21 CFR part 20) and § 514.11(e)(2)(ii) (21 CFR 514.11(e)(2)(ii)), a summary of safety and effectiveness data and information submitted to support approval of this application may be seen in the Dockets Management Branch (HFA–305), Food and Drug Administration, 12420 Parklawn Dr., rm. 1–23, Rockville, MD 20857, between 9 a.m. and 4 p.m., Monday through Friday.

Under section 512(c)(2)(F)(ii) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360b(c)(2)(F)(ii)), this approval qualifies for a 3-year marketing exclusivity beginning June 25, 1996, because the application contains reports of new clinical or field investigations (other than bioequivalence or residue studies) essential to the approval and conducted or sponsored by the applicant.

The agency has determined under 21 CFR 25.24(d)(1)(ii) that this action is of a type that does not individually or cumulatively have a significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

List of Subjects in 21 CFR Part 558

Animal drugs, Animal feeds.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs and redelegated to the Center for Veterinary Medicine, 21 CFR part 558 is amended as follows:

PART 558—NEW ANIMAL DRUGS FOR USE IN ANIMAL FEEDS

1. The authority citation for 21 CFR part 558 continues to read as follows:

Authority: Secs. 512, 701 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360b, 371).

2. Section 558.300 is amended by revising paragraph (a) and by adding new paragraphs (c)(2) through (c)(5) to read as follows:

§ 558.300 Ivermectin.

(a) *Approvals.* (1) Type A medicated articles: 0.6 percent (2.72 grams per pound; 6 grams per kilogram) to 000006 in § 510.600(c) of this chapter, and

(2) Type B medicated feeds for ivermectin alone or with lincomycin. See § 558.4 of this chapter for maximum drug levels to 000006 in § 510.600(c) of this chapter.

* * * * *

(c) * * *

(2) *Amount per ton.* 1.8 grams of ivermectin (to provide 0.1 milligram per kilogram of body weight per day) with 20 grams of lincomycin.

(i) *Indications for use.* For treatment and control of gastrointestinal roundworms (*Ascaris suum*, adults and fourth-stage larvae; *Ascarops strongylina*, adults; *Hyostrongylus rubidus*, adults and fourth-stage larvae; *Oesophagostomum* spp., adults and fourth-stage larvae), kidneyworms (*Stephanurus dentatus*, adults and fourth-stage larvae), lungworms (*Metastrongylus* spp., adults), lice (*Haematopinus suis*), and mange mites (*Sarcoptes scabiei* var. *suis*). For increased rate of weight gain.

(ii) *Limitations.* For weaned, growing-finishing swine. Feed as sole ration for 7 consecutive days. Withdraw 5 days before slaughter. A separate feed containing 20 grams per ton lincomycin may be continued. Not to be fed to swine that weigh more than 250 pounds. Do not allow rabbits, hamsters, guinea pigs, horses, or ruminants access to feeds containing lincomycin. Ingestion by these species may result in severe gastrointestinal effects. Consult your veterinarian for assistance in the diagnosis, treatment, and control of parasitism.

(3) *Amount per ton.* 1.8 grams of ivermectin (to provide 0.1 milligram per kilogram of body weight per day) with 40 grams of lincomycin.

(i) *Indications for use.* For treatment and control of gastrointestinal roundworms (*Ascaris suum*, adults and fourth-stage larvae; *Ascarops strongylina*, adults; *Hyostrongylus rubidus*, adults and fourth-stage larvae; *Oesophagostomum* spp., adults and fourth-stage larvae), kidneyworms (*Stephanurus dentatus*, adults and fourth-stage larvae), lungworms (*Metastrongylus* spp., adults), lice (*Haematopinus suis*), and mange mites (*Sarcoptes scabiei* var. *suis*). For control of swine dysentery. For use in swine on premises with a history of swine dysentery, but where symptoms have not yet occurred.

(ii) *Limitations.* For weaned, growing-finishing swine. Feed as sole ration for 7 consecutive days. Withdraw 5 days before slaughter. A separate feed containing 40 grams per ton lincomycin may be continued. Not to be fed to swine that weigh more than 250 pounds. Do not allow rabbits, hamsters, guinea pigs, horses, or ruminants access to feeds containing lincomycin. Ingestion by these species may result in severe gastrointestinal effects. Consult your veterinarian for assistance in the diagnosis, treatment and control of parasitism.

(4) *Amount per ton.* 1.8 grams of ivermectin (to provide 0.1 milligram per kilogram of body weight per day) with 100 grams of lincomycin.

(i) *Indications for use.* For treatment and control of gastrointestinal roundworms (*Ascaris suum*, adults and fourth-stage larvae; *Ascarops strongylina*, adults; *Hyostrongylus rubidus*, adults and fourth-stage larvae; *Oesophagostomum* spp., adults and fourth-stage larvae), kidneyworms (*Stephanurus dentatus*, adults and fourth-stage larvae), lungworms (*Metastrongylus* spp., adults), lice (*Haematopinus suis*), and mange mites (*Sarcoptes scabiei* var. *suis*). Treatment of swine dysentery.

(ii) *Limitations.* For weaned, growing-finishing swine. Feed as sole ration for 7 consecutive days followed by a separate feed containing 100 grams per ton lincomycin for an additional 14 days to complete the lincomycin treatment. Withdraw 6 days before slaughter. Not to be fed to swine that weigh more than 250 pounds. Do not allow rabbits, hamsters, guinea pigs, horses, or ruminants access to feeds containing lincomycin. Ingestion by these species may result in severe gastrointestinal effects. Consult your veterinarian for assistance in the diagnosis, treatment, and control of parasitism.

(5) *Amount per ton.* 1.8 grams of ivermectin (to provide 0.1 milligram per kilogram of body weight per day) with 200 grams of lincomycin.

(i) *Indications for use.* For treatment and control of gastrointestinal roundworms (*Ascaris suum*, adults and fourth-stage larvae; *Ascarops strongylina*, adults; *Hyostrongylus rubidus*, adults and fourth-stage larvae; *Oesophagostomum* spp., adults and fourth-stage larvae), kidneyworms (*Stephanurus dentatus*, adults and fourth-stage larvae), lungworms (*Metastrongylus* spp., adults), lice (*Haematopinus suis*), and mange mites (*Sarcoptes scabiei* var. *suis*). For reduction in severity of swine

mycoplasmal pneumonia caused by *Mycoplasma hyopneumoniae*.

(ii) *Limitations.* For weaned, growing-finishing swine. Feed as sole ration for 7 consecutive days followed by a separate feed containing 200 grams per ton lincomycin for an additional 14 days to complete the lincomycin treatment. Withdraw 6 days before slaughter. Not to be fed to swine that weigh more than 250 pounds. Do not allow rabbits, hamsters, guinea pigs, horses, or ruminants access to feeds containing lincomycin. Ingestion by these species may result in severe gastrointestinal effects. Consult your veterinarian for assistance in the diagnosis, treatment, and control of parasitism.

3. Section 558.325 is amended by adding new paragraph (c)(4)(iii) to read as follows:

§ 558.325 Lincomycin.

* * * * *

(c) * * *

(4) * * *

(iii) Ivermectin as in § 558.300.

Dated: June 14,1996.

Stephen F. Sundlof,

Director, Center for Veterinary Medicine.

[FR Doc. 96–16103 Filed 6–24–96; 8:45 am]

BILLING CODE 4160–01–F

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 8676]

RIN 1545–AT14

Modifications of Bad Debts and Dealer Assignments of Notional Principal Contracts

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Temporary regulations.

SUMMARY: This document contains temporary regulations relating to the allowance of a deduction for a partially worthless debt when the terms of a debt instrument have been modified. The temporary regulations provide guidance to certain taxpayers that modify the terms of a debt instrument after deducting an amount for partial worthlessness. This document also contains temporary regulations relating to certain assignments of notional principal contracts by dealers in those contracts. The temporary regulations provide guidance to taxpayers relating to consequences of these assignments. The text of these temporary regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section of this issue of the Federal Register.

DATES: These regulations are effective September 23, 1996.

FOR FURTHER INFORMATION CONTACT: Concerning the modifications of bad debts, Craig R. Wojay, Office of Assistant Chief Counsel (Financial Institutions and Products), (202) 622–3920 (not a toll-free number), and concerning dealer assignments of notional principal contracts, Thomas J. Kelly, Office of the Assistant Chief Counsel (Financial Institutions and Products), (202) 622– 3940 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On December 2, 1992, the IRS published in the Federal Register (57 FR 57034) a notice of proposed rulemaking that set forth proposed income tax regulations (26 CFR part 1) under section 1001 of the Internal Revenue Code (Code). Under § 1.1001–3(a) of the proposed regulations, a significant modification of a debt instrument is deemed to result in an exchange of the original debt instrument for a modified instrument that differs materially either in kind or in extent. This rule is retained in the final regulations under § 1.1001–3, published in the Rules and Regulations section of this issue of the Federal Register. Thus, when a debt is significantly modified, a taxpayer (holder) is required to recognize gain or loss based on the difference between the issue price of the significantly modified debt and the taxpayer's adjusted issue price in the original instrument.

Prior to finalizing the § 1.1001–3 regulations, the IRS and Treasury received comments that gain recognized as the result of a significant modification of a debt instrument often is attributable to the fact that the taxpayer previously claimed a deduction for partial worthlessness with respect to the debt. According to the commentators, the modification does not alter the fact that a portion of the debt remains uncollectible. Thus, the commentators suggested that, in this situation, a taxpayer should be permitted to offset the gain with a corresponding bad debt deduction.

The IRS and Treasury also received comments that the assignment by a dealer in notional principal contracts of its position in a contract to another dealer should not result in a deemed exchange under section 1001. Although the dealer will recognize gain or loss on the disposition of its position, treating the transaction as a deemed exchange would force the counterparty to realize the gain or loss on the contract even though the counterparty is maintaining its position. The commentators argued that dealer-to-dealer assignments are a common business practice and that these assignments have relatively little significance to the dealers' counterparties.

Explanation of Provisions

Section 166(a)(2) and § 1.166–3(a) provide that a deduction for a partially worthless debt is allowed only to the extent the debt is charged off in the taxable year. The charge-off requirement is also contained in § 1.166–2(d) (1) and (3), which provides for a conclusive presumption of worthlessness under certain circumstances.

In general, the amount of a deduction on account of partial worthlessness is the amount by which the adjusted basis of a debt (as determined under section 1011) exceeds the amount recoverable on the debt. The amount of the deduction, however, may not exceed the amount charged off during the taxable year. The charge-off requirement is satisfied for a debt when a portion of the debt is removed from a taxpayer's books and records. This generally is accomplished by reducing the debt's book basis. Thus, when an amount has been deducted for partial worthlessness, there is generally a reduction of both the book basis and tax basis of a debt.

When a taxpayer is required to recognize gain under section 1001 because of a modification of a debt instrument, the taxpayer's tax basis in the debt is increased by the amount of gain recognized. Commentators on the proposed § 1.1001–3 regulations have indicated, however, that regulatory and general accounting principles generally would not permit a corresponding increase in the book basis of the debt. Because the prior charge-off is not restored (that is, the book basis of the debt is not increased), there is no opportunity for the taxpayer to take a new charge-off for pre-existing worthlessness. Thus, the charge-off requirement of section 166(a)(2) can never be satisfied with respect to the amount by which the debt's tax basis exceeds its book basis as a result of the modification, and the excess would not be allowed as a deduction until the debt becomes totally worthless.

The temporary regulations contained in this document set forth limited circumstances under which a taxpayer will be permitted to deduct an amount on account of a partially worthless debt