

The public hearing scheduled for Wednesday, May 7, 1997 is cancelled.

**Cynthia E. Grigsby,**

*Chief, Regulations Unit, Assistant Chief Counsel (Corporate).*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-209040-88]

RIN 1545-AM41

#### Qualified Electing Fund Elections; Hearing Cancellation

**AGENCY:** Internal Revenue Service, Treasury.

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

**SUMMARY:** This document provides notice of cancellation of a public hearing on proposed regulations permitting certain shareholders to make a special election under section 1295, in lieu of the election currently provided for under that section, with respect to certain preferred shares of a passive foreign investment company (PFIC).

**DATES:** The public hearing originally scheduled for May 8, 1997, beginning at 10 a.m. is cancelled.

**FOR FURTHER INFORMATION CONTACT:** Evangelista C. Lee of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622-7190 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:** The subject of the public hearing is proposed amendments to the Income Tax Regulations under sections 1293 and 1295 of the Internal Revenue Code. A notice of proposed rulemaking and public hearing appearing in the **Federal Register** on Tuesday, December 24, 1996 (61 FR 67752), announced that a public hearing would be held on Thursday, May 8, 1997, beginning at 10 a.m., in room 3313, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC 20224.

The public hearing scheduled for Thursday, May 8, 1997, is cancelled.

**Cynthia E. Grigsby,**

*Chief, Regulations Unit Assistant Chief Counsel (Corporate).*

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## DEPARTMENT OF JUSTICE

### Office of Justice Programs

#### 28 CFR Part 32

[OJP(BJA)-1121]

RIN 1121-AA44

#### Federal Law Enforcement Dependents Assistance Program

**AGENCY:** Office of Justice Programs, Bureau of Justice Assistance, Public Safety Officers' Benefits Office, Justice.  
**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** Regulations are being proposed to comply with the Federal Law Enforcement Dependents Assistance (FLEDA) Act of 1996. The FLEDA Program, to be administered by the Bureau of Justice Assistance through a delegation of authority from the Attorney General, will, subject to the availability of funds, provide financial assistance in the form of awards to the children and spouses of Federal civilian law enforcement officers whose deaths or permanent and total disabilities in the line of duty resulted in the payment of benefits under the Public Safety Officers' Benefits (PSOB) Program. The financial assistance provided through the FLEDA Program is designed to defray costs associated with higher education for these children and spouses.

**DATES:** Comments will be received no later than 5:00 pm on May 27, 1997.

**ADDRESS:** Comments should be sent to: Chief, Public Safety Officers' Benefits Office, Bureau of Justice Assistance, 633 Indiana Avenue, NW, Washington, D.C. 20531.

**FOR FURTHER INFORMATION CONTACT:** Jeff Allison, Chief, Public Safety Officers' Benefits Office, 633 Indiana Avenue, N.W. Washington, D.C. (202) 307-0635.

**SUPPLEMENTARY INFORMATION:** The Federal Law Enforcement Dependents Assistance Act, Public Law 104-238, 110 Stat. 3114, Oct. 3, 1996, established a new subpart 2 in Part L of title I of the Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. § 3796 *et seq.* to provide financial assistance to the children and spouses of Federal civilian law enforcement officers killed or permanently and totally disabled in the line of duty. The legislation redesignated the existing Public Safety Officers' Benefit (PSOB) Act as subpart 1 of Part L.

This Act further recognizes the sacrifices and invaluable contributions made to public safety in our Nation by Federal law enforcement officers and their families. The Federal Law

Enforcement Dependents Assistance (FLEDA) program extends to the families of fallen or disabled Federal law enforcement officers the higher education assistance already available to state and local law enforcement officers in many states. As stated in the Act, the purposes of this program are—

(1) to enhance the appeal of service in civilian Federal law enforcement agencies;

(2) to extend the benefits of higher education to qualified and deserving persons who, by virtue of the death or total disability of an eligible officer, may not be able to afford it otherwise; and

(3) to allow the family members of eligible officers to attain the vocational and educational status which they would have attained had a parent or spouse not been killed or disabled in the line of duty.

As an amendment to the existing PSOB program, the FLEDA program offers educational benefits to the spouse or children of federal law enforcement officers with respect to whom a claim has already been approved under the PSOB program. Thus, although the standards for the two programs differ, these regulations are drafted as far as possible to rely on existing determinations made by the Bureau of Justice Assistance under the PSOB program regarding the death or disability of a Federal law enforcement officer in the line of duty.

The FLEDA program authorizes the payment of monthly benefits to eligible dependents for attendance at an approved program of education at institutions of higher learning. The program incorporates by reference established definitions relating to eligible institutions and other standard requirements for federal student aid programs under Title IV of the Higher Education Act of 1965 (20 U.S.C. 1970 *et seq.*).

In general, eligible dependents may receive educational assistance for up to 45 months of full-time education or training, or a proportionately longer period of time for a part-time program. Absent a finding of extraordinary circumstances, a dependent child will not be eligible to receive educational benefits under the FLEDA program after the child's 27th birthday.

Educational benefits under FLEDA are calculated under the standards of 38 U.S.C. 3532, at the time the educational expenses are incurred. Presently, the educational assistance allowance for an eligible person pursuing a program of education consisting of institutional courses is \$404 per month for full-time, \$304 for three-quarter-time, and \$202 for half-time pursuit, and proportional

amounts for persons pursuing a program of education less than half-time. Separately determined amounts are available for a program of education that includes training in a business or industrial establishment; for a "farm cooperative" program; or for an independent study program.

All eligible dependents may seek assistance prospectively for attendance at an approved program of education. Dependents of a Federal law enforcement officer who was killed in the line of duty on or after May 1, 1992, also are eligible to receive retroactive benefits for a program of education they have already undertaken. The calculation of retroactive benefits shall be on the same basis as prospective assistance. Such dependents are eligible for prospective assistance as well, although the amount of retroactive benefits will be counted in applying the durational limits on assistance. Dependents entitled to retroactive benefits, if they so choose, may forgo such benefits and apply only for prospective assistance.

#### **Executive Order 12866**

This regulation has been drafted and reviewed in accordance with Executive Order 12866, § 1(b), Principles of Regulation. The Office of Justice Programs has determined that this rule is not a "significant regulatory action" under Executive Order 12866, § 3(f), Regulatory Planning and Review, and accordingly this rule has not been reviewed by the Office of Management and Budget.

Because of the need to implement the FLEDA program promptly to provide financial assistance to qualified dependents, the public comment period for this rule is limited to 30 days.

#### **Executive Order 12612**

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. Therefore, in accordance with Executive Order 12612, it is determined that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

#### **Regulatory Flexibility Act**

The Office of Justice Programs, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this regulation and by approving it certifies that this regulation will not have a significant economic impact upon a substantial number of

small entities for the following reasons: The FLEDA program will be administered by the Office of Justice Programs, any funds distributed under it shall be distributed to individuals, not entities, and the economic impact is limited to the Office of Justice Program's appropriated funds.

#### **Unfunded Mandates Reform Act of 1995**

This rule will not result in the expenditure by State, local and tribal governments, in the aggregate, or by the private section, of \$100,000,000 or more in any one year, and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of 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 cost 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.

#### **Paperwork Reduction Act**

The collection of information requirements contained in the proposed regulation will be submitted to the Office of Management and Budget for review under the Paperwork Reduction Act (44 U.S.C. 3504(h)).

#### **List of Subjects**

Administrative practice and procedure; in 28 CFR Part 32 Claims, Disability benefits, Law enforcement officers.

For the reasons set out in the preamble, title 28, part 32 of the Code of Federal Regulations is proposed to be amended as follows:

#### **PART 32—PUBLIC SAFETY OFFICERS DEATH AND DISABILITY BENEFITS**

1. The Authority Citation for Part 32 continues to read as follows:

**Authority:** Part L of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended (42 U.S.C. 3711 *et seq.*)

#### **Subpart A—Death and Disability Benefits**

2. The heading "Subpart A—Introduction" is revised to read

"Subpart A—Death and Disability Benefits".

#### **§ 32.1 Purpose and OMB control number.**

3. In § 32.1(a), the phrase "The purpose of this part" is revised to read "The purpose of this subpart" and the phrase "part L" is revised to read "subpart 1 of part L".

#### **§ 32.2 Definitions.**

4. In § 32.2, the phrase "For purposes of this subpart—" is added as introductory text before paragraph (a).

5. The heading "Subpart B—Officers Covered" is removed and an undesignated centerheading reading "Officers Covered" is inserted in its place.

6. The heading "Subpart C—Beneficiaries" is removed and an undesignated centerheading reading "Beneficiaries" is inserted in its place.

#### **§ 32.10 Order of priority.**

7. In § 32.10(a) introductory text, the phrase "subpart B of this part and § 32.11 of subpart C of this part" is revised to read "this subpart".

8. The heading "Subpart D—Interim and Reduced Death Payments" is removed and an undesignated centerheading reading "Interim and Reduced Death Payments" is inserted in its place.

#### **§ 32.16 Interim payment in general.**

9. In section 32.16(a), the phrase "subpart C" is revised to read "§§ 32.10 through 32.15".

10. The heading "Subpart E—Filing and Processing of Claims" is removed and an undesignated centerheading reading "Filing and Processing of Claims" is inserted in its place.

11. The heading "Subpart F—Determination, Hearing, and Review" is removed and an undesignated centerheading reading "Determination, Hearing, and Review" is inserted in its place.

12. The heading "Subpart G—National Programs for Families of Public Safety Officers Who Have Died in the Line of Duty" is removed and an undesignated centerheading reading "National Programs for Families of Public Safety Officers Who Have Died in the Line of Duty" is inserted in its place.

13. Part 32 is amended by adding the following new subpart B following § 32.25:

#### **Subpart B—Federal Law Enforcement Dependents Assistance**

Sec.

32.31 Purpose.

32.32 Definitions.

32.33 Eligibility for assistance.

- 32.34 Application for assistance.
- 32.35 Retroactive benefits.
- 32.36 Action on applications for benefits.
- 32.37 Determination of benefits.
- 32.38 Denial of benefits.
- 32.39 Appeals.
- 32.40 Repayment.

**Authority:** Subpart 2 of Part L of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended (42 U.S.C. 3796d *et seq.*).

#### **§ 32.31 Purpose.**

This subpart implements the Federal Law Enforcement Dependents Assistance Act of 1996, which authorizes the payment of financial assistance for the purpose of higher education to the dependents of Federal law enforcement officers who are found, under the provisions of subpart A of this part, to have died as a direct and proximate result of a personal injury sustained in the line of duty, or to have been permanently and totally disabled as the direct result of a catastrophic injury sustained in the line of duty.

#### **§ 32.32 Definitions.**

For purposes of this subpart:

(a) The *Act* means the Federal Law Enforcement Dependents Assistance Act of 1996, Public Law 104-238, Oct. 3, 1996, codified as Subpart 2 of Part L of title I of the Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. 3796d *et seq.*

(b)(1) *Bureau* means the Bureau of Justice Assistance of the Office of Justice Programs, which is authorized to implement the provisions of this subpart.

(2) *PSOB* means the Public Safety Officers' Benefits program administered by the Bureau under subpart A of this part.

(3) *FLEDA* means the Federal Law Enforcement Dependents Assistance program administered by the Bureau under this subpart.

(c) *Federal law enforcement officer* means any law enforcement officer, as defined in § 32.2(m), employed in a civilian capacity by an agency of the United States Government, with respect to whom PSOB benefits have been approved under subpart A of this part on account of the officer's death or disability in the line of duty.

(d) *Child* means any person who was the biological, adopted, or posthumous child, or the stepchild, of a Federal law enforcement officer at the time of the officer's death or disabling injury with respect to which PSOB benefits were approved under subpart A. A step-child must meet the provisions set forth in § 32.15.

(e) *Spouse* means the husband or wife of a deceased or permanently and totally

disabled officer at the time of the officer's death or disabling injury with respect to which PSOB benefits were approved under subpart A of this part, and includes a spouse living apart from the officer at that time for any reason.

(f) *Dependent* means the child or spouse of any eligible Federal law enforcement officer.

(g) *Program of education* means any curriculum or any combination of unit courses or subjects pursued at an eligible educational institution, which generally is accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective. It includes course work for the attainment of more than one objective if, in addition to the previous requirements, all of the objectives generally are recognized as reasonably related to a single career field.

(h) *Eligible educational institution* means a postsecondary institution which—

(1) Is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on October 3, 1996, including—

(i) An institution of higher education as defined in section 1201(a) of such Act (20 U.S.C. 1141(a)),

(ii) A proprietary institution of higher education,

(iii) A postsecondary vocational institution, or

(iv) A foreign medical school; and  
(2) Is eligible to participate in student assistance programs under title IV of such Act (20 U.S.C. 1070 *et seq.*).

(i) *Satisfactory progress* means that the dependent is maintaining satisfactory progress in the program of education, as determined under section 484(c) of the Higher Education Act of 1965, as amended (20 U.S.C. 1091(c)).

(j) *Educational expenses* means tuition, room and board, books, supplies, fees, and transportation expenses that are consistent with the educational, professional or vocational objectives set forth by the applicant in the application for assistance.

#### **§ 32.33 Eligibility for assistance.**

(a) Subject to the availability of appropriations, and the provisions of the Act and this subpart, the Bureau shall provide financial assistance to a dependent who attends a program of education at an eligible educational institution and is—

(1) The child of any Federal law enforcement officer with respect to whom PSOB benefits have been approved under subpart A; or

(2) The spouse of such an officer at the time of the officer's death or on the

date of the officer's totally and permanently disabling injury.

(b) The educational assistance under this subpart is intended for the sole purpose of defraying the costs of educational expenses and may only be used to defray such costs. A certification of educational use will be required.

(c) No child shall be eligible for assistance under this subpart after the child's 27th birthday, absent a finding by the Bureau of extraordinary circumstances precluding the child from pursuing a program of education, including but not limited to the death of a relative, personal injury or illness of the student, military service, or financial hardship.

(d) No dependent shall receive assistance under this subpart for a period in excess of forty-five months of full-time education or training, or a proportionate period of time for a part-time program.

#### **§ 32.34 Application for assistance.**

(a) A person seeking assistance under this subpart shall submit an application to the Bureau in such form and containing such information as the Bureau may reasonably require. The provisions of § 32.21 relating to evidence shall apply to applications under this subpart.

(b) An applicant for assistance under this subpart must establish that the Bureau previously has received and approved a claim for PSOB benefits under subpart A of this part with respect to the death or disability of the parent or spouse of the applicant.

(1) A spouse or child recognized as the beneficiary of a PSOB claim under subpart A of this part with respect to a deceased officer will be recognized as a spouse or child for purposes of this Subpart.

(2) In the case of a disabled Federal law enforcement officer approved for PSOB benefits under subpart A of this part, applicants for assistance under this subpart must submit birth or marriage certificates or other proof of relationship consistent with §§ 32.12 (spouse) and 32.13 (child), if such evidence had not been submitted with respect to the PSOB claim.

(c) The application shall describe the program of education at an eligible educational institution, and the educational expenses for which assistance is sought. A request for assistance may be for prospective assistance, for retroactive benefits pursuant to § 32.35 (if applicable), or both.

(d)(1) A request for prospective assistance must be accompanied by a certified copy of the official letter of

acceptance from the eligible educational institution (on official letterhead) to the dependent, accepting the applicant into an educational program.

(2) The applicant also shall submit to the Bureau, when it is available, the schedule of classes in which the applicant is enrolled, and which must be consistent with the educational, professional, or vocational objectives stated in the application.

(e) An applicant may be represented in any proceeding before the Bureau by an attorney or other person authorized to act on behalf of the applicant pursuant to §§ 32.19 and 32.22.

#### **§ 32.35 Retroactive benefits.**

(a) Each dependent of a Federal law enforcement officer killed in the line of duty on or after May 1, 1992, shall be eligible for assistance, on the same basis and subject to the limitations of this subpart, for each month in which the dependent had pursued a program of education at an eligible educational institution.

(b) To be eligible for retroactive benefits, the applicant must submit a certified copy of transcripts from the educational institution covering the relevant time period. Absent compelling justification, no application will be accepted more than five years from the last date the applicant pursued such program of education.

(c) Subject to applicable limitations, retroactive benefits shall be in addition to prospective assistance provided under this subpart. A dependent eligible for retroactive benefits may choose to waive such assistance and apply only for prospective assistance under the provisions of this subpart.

#### **§ 32.36 Action on applications for assistance**

(a) After examining the application for prospective or retroactive assistance under the provisions and limitations of this subpart, and any additional relevant information, the Bureau shall notify the dependent in writing of the approval or disapproval of the application.

(b) If the application is denied, in whole or part, the Bureau shall explain the reasons for the denial. A copy of the decision, together with information as to the right to an appeal, shall be mailed to the applicant's last known address.

#### **§ 32.37 Determination of benefits.**

(a)(1) Financial assistance under this subpart shall consist of direct payments to an eligible dependent and shall be computed on the basis set forth in 38 U.S.C. 3532.

(2) The dependent's status as a full-time, three-quarter-time, half-time, or

less-than-half-time student will be determined in accordance with the requirements of, and must be certified by, the eligible educational institution.

(b) In applying the limitations under this subpart with respect to prospective assistance, the Bureau shall consider any retroactive benefits provided to the dependent pursuant to § 32.35.

(c) Benefits payable under this subpart shall be in addition to any other benefit that may be due from any other source, except that, if the FLEDA assistance in combination with other benefits would exceed the total approved costs for the applicant's program of education, the assistance under this subpart will be reduced by the amount of such excess.

#### **§ 32.38 Denial of benefits.**

(a) No benefit shall be paid under this subpart if the Bureau determines that the dependent is not eligible for, is no longer eligible for, or is not entitled to the assistance for which application is made. Without limitation, this will include circumstances in which—

(1) The benefits would exceed the applicable durational limits;

(2) A dependent child has exceeded the age limit for benefits;

(3) The dependent has failed to maintain satisfactory progress in the selected program of education as defined in § 32.32(i);

(4) The dependent is in default on federally guaranteed student loans, unless the assistance under this subpart is used for repayment of the defaulted federal student loan and the applicant provides evidence of this fact to the Bureau in the form of an approved repayment plan; or

(5) The dependent is subject to a denial of federal benefits under 21 U.S.C. 862.

(b) The Bureau shall deny benefits under this subpart if—

(1) The educational institution attended by the dependent fails to meet a requirement for eligibility described in § 32.32(h);

(2) The dependent's enrollment in or pursuit of the selected program of education would fail to meet the criteria established in § 32.32(g); or

(3) The dependent already is qualified by previous education or training for the educational, professional or vocational objective for which the program of education is offered.

#### **§ 32.39 Appeals.**

An applicant may, within 30 days after notification of denial, submit a written appeal request to the Bureau. Appeals will be handled consistent with § 32.24 and the Appendix to this part,

except that such appeals shall not be handled by oral hearing but will be conducted through a record review by an administrative hearing officer. Provisions in § 32.24 and the Appendix to this part relating to oral hearings shall not be applicable to appeals under this subpart.

#### **§ 32.40 Repayment.**

In the event that the recipient of financial assistance under this subpart fails to maintain satisfactory progress, as defined in § 32.32(i), or otherwise become ineligible for assistance (other than as a result of age or the expiration of the time limit for assistance), the dependent is liable for repayment of funds awarded for prospective assistance. The Director of the Bureau may waive all or part of such repayment, based on a consideration of the circumstances and the hardship that would result from such repayment.

**Richard H. Ward III,**

*Deputy Director, Bureau of Justice Assistance.*  
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## **DEPARTMENT OF THE INTERIOR**

### **Minerals Management Service**

#### **30 CFR Chapter II**

#### **Review of Existing Regulations**

**AGENCY:** Minerals Management Service (MMS), Interior.

**ACTION:** Review of regulations; request for comment.

**SUMMARY:** Since 1994, MMS has been performing annual reviews of its significant regulations and asking the public to participate in these reviews. The purpose of the reviews is to identify and eliminate regulations that are obsolete, ineffective or burdensome. In addition, the reviews are meant to identify essential regulations that should be revised because they are either unclear, inefficient or interfere with normal market conditions.

The purpose of this document is to: Provide the public an opportunity to comment on MMS regulations that should be eliminated or revised, and provide a status update of the actions MMS has taken on comments previously received from the public in response to documents published March 1, 1994 (59 FR 9718), March 28, 1995 (60 FR 15888), and May 20, 1996 (61 FR 25160).

**DATES:** Written comments must be received by June 23, 1997.