

Regulatory Flexibility Act

The Assistant General counsel for Legislation and Regulation, Department of Commerce, has certified to the Chief Counsel for Advocacy, Small Business Administration, under the provisions of the Regulatory Flexibility Act (5 U.S.C. 605(b)), that this proposed rulemaking, if adopted, will not have a significant economic impact on a substantial number of small entities. The exemption level for the survey excludes most small businesses from mandatory reporting. Reporting is required only if total receipts from, or total payments to unaffiliated foreign persons for intangible rights equaled or exceeded \$500,000 during the year. Of those smaller businesses that must report, most will tend to have specialized operations and activities and will likely report only one type of royalty or license transaction; therefore, the burden on them should be small.

List of Subjects in 15 CFR Part 801

Economic statistics, balance of payments, foreign trade, penalties, reporting and recordkeeping requirements.

Dated: August 26, 1997.

J. Steven Landefeld,

Director, Bureau of Economic Analysis.

For the reasons set forth in the preamble, BEA proposes to amend 15 CFR Part 801, as follows:

PART 801—SURVEY OF INTERNATIONAL TRADE IN SERVICES BETWEEN U.S. AND FOREIGN PERSONS

1. The authority citation for 15 CFR Part 801 continues to read as follows:

Authority: 5 U.S.C. 301, 15 U.S.C. 4908, 22 U.S.C. 3101–3108, and E.O., 11961 (3 CFR, 1977 Comp. P. 860 as amended by E.O. 12013 (3 CFR, 1977 Comp., p. 147), E.O. 12318 (3 CFR, 1981 Comp., p. 173), and E.O. 12518 (3 CFR, 1985 Comp., p. 348).

2. Section 801.9 is amended by revising paragraph (b)(5)(i) to read as follows:

§ 801.9 Reports required.

* * * * *

(b) * * *

(5) * * *

(i) *Who must report.* Reports on Form BE-93 are required from U.S. persons who have entered into agreements with unaffiliated foreign persons to buy, sell, or use intangible assets or proprietary rights, excluding oil royalties and other natural resources (mining) royalties.

* * * * *

[FR Doc. 97-25613 Filed 9-25-97; 8:45 am]

BILLING CODE 3510-EA-M

DEPARTMENT OF COMMERCE**Bureau of Economic Analysis****15 CFR Part 801**

[Docket No. 970903223-7223-01]

RIN 0691-AA30

International Services Surveys: BE-22 Annual Survey of Selected Services Transactions With Unaffiliated Foreign Persons

AGENCY: Bureau of Economic Analysis, Commerce.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document sets forth proposed rules to amend the reporting requirements for the BE-22, Annual Survey of Selected Services Transactions With Unaffiliated Foreign Persons.

The BE-22 survey is conducted by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, under the International Investment and Trade in Services Survey Act. It is the annual follow-on survey to the quinquennial BE-22, Benchmark Survey of Selected Services Transactions With Unaffiliated Foreign Persons, which was last conducted for 1996. Together, the two surveys produce a continuous annual time series of data on major types of services that are out of the scope of other international services surveys. In nonbenchmark years, universe estimates of these transactions are derived by adding to annually reported sample data extrapolations of data reported in the benchmark survey by companies exempt from annual reporting. The data are needed to support U.S. trade policy initiatives, compile the U.S. balance of payments and the national income and product accounts, develop U.S. international price indexes for services, assess U.S. competitiveness in services, and improve the ability of U.S. businesses to identify and evaluate market opportunities.

Two major changes to the BE-22 annual survey are contained in these proposed rules: Coverage of the BE-22 annual survey is expanded to conform with the most recent BE-20 benchmark survey, which covered 1996, and coverage of general use computer software royalties and license fees is dropped. To consolidate on one form all transactions in intangible rights between U.S. and unaffiliated foreign persons, coverage of general use computer software royalties and license fees is being moved from the BE-22 to the BE-93, Annual Survey Royalties, License Fees, and Other Receipts and Payments

for Intangible Rights Between U.S. and Unaffiliated Foreign Persons.

DATES: Comments on these proposed rules will receive consideration if submitted in writing on or before November 10, 1997.

ADDRESSES: Comments may be mailed to the Office of the Chief, International Investment Division (BE-50), Bureau of Economic Analysis, U.S. Department of Commerce, Washington DC 20230, or hand delivered to room M-100, 1441 L Street, N.W., Washington, DC 20005. Comments will be available for public inspection in room 7005, 1441 L Street, N.W., between 8:30 a.m. and 4:30 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: R. David Belli, Chief, International Investment Division (BE-50), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230; phone (202) 606-9800.

SUPPLEMENTARY INFORMATION: These proposed rules amend 15 CFR Part 801 by revising paragraph 801.9(b)(6)(ii) to set forth revised reporting requirements for the BE-22, Annual Survey of Selected Services Transactions With Unaffiliated Foreign Persons. The survey is conducted by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, under the International Investment and Trade in Services Survey Act (Pub. L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108, as amended). Section 3103(a) of the Act provides that "The President shall, to the extent he deems necessary and feasible—* * * (1) conduct a regular data collection program to secure current information * * * related to international investment and trade in services * * *" In Section 3 of Executive Order 11961, as amended by Executive Order 12518, the President delegated the authority under the Act as concerns international trade in services to the Secretary of Commerce, who has redelegated it to BEA.

The BE-22 survey is an annual survey of selected U.S. services transactions with unaffiliated foreign persons. It is intended to update the results of the BE-20 benchmark survey, which covers the universe of such transactions. In nonbenchmark years, universe estimates of these transactions are derived by adding to annually reported sample data extrapolations of data reported in the benchmark survey by companies exempt from annual reporting. The data are needed to support U.S. trade policy initiatives, compile the U.S. balance of payments and the national income and product accounts, develop U.S. international price indexes for services, assess U.S. competitiveness in, and

promote, international trade in services, and improve the ability of U.S. businesses to identify and evaluate market opportunities for services trade.

In order to bring the BE-22 annual survey into conformity with the 1996 BE-20 benchmark survey, coverage of the BE-22 is expanded to include, for the first time, data on merchanting services (sales only), operational leasing services, selling agent services, and a variety of services included in a new "other" selected services category. This category covers satellite photography services, security services, actuarial services, salvage services, oil spill and toxic waste cleanup services, language translation services, and account collection services.

These proposed rules also drop coverage of general use computer software royalties and license fees from the BE-22. In the past, annual data on such fees and royalties were collected as part of an all-inclusive computer and data processing services category on the BE-22, and classified in "other services" in the U.S. balance of payments. However, this required some respondents to examine their accounting records on royalties and license fees for purposes of responding to two separate surveys and also made it impossible to classify these transactions in the most appropriate balance of payments category. (Current international standards recommend that computer royalties and license fees be classified in "royalties and license fees" rather than "other services" in the balance of payments.) Thus, BEA is moving coverage of general use computer software royalties and license fees from the BE-22 to the BE-93, Annual Survey of Royalties, License Fees, and Other Receipts and Payments for Intangible Rights Between U.S. and Unaffiliated Foreign Persons. To effect this change, this proposed rulemaking strikes language that previously included coverage of copyrights and other intellectual property rights related to computer software on the BE-22. Separately, a proposed rulemaking for the BE-93 survey will add language to include coverage of computer software royalties and license fees.

Reporting in the BE-22 annual survey is required from U.S. persons with sales to, or purchases from, unaffiliated foreign persons in excess of \$1,000,000 in any of the services covered during the reporting year. Those meeting this criterion must supply data on the amount of their total sales or total purchases of each type of service in which their transactions exceeded this threshold amount. Except for sales of merchanting services, the data are also

disaggregated by country. U.S. persons with purchases or sales during the reporting year of \$1,000,000 or less in a given type of covered service are asked to provide, on a voluntary basis, estimates only of their total purchases or total sales, as appropriate, for the given type of service.

Executive Order 12612

These proposed rules do not contain policies with Federalism implications sufficient to warrant preparation of a Federalism assessment under E.O. 12612.

Executive Order 12866

These proposed rules have been determined to be not significant for purposes of E.O. 12866.

Paperwork Reduction Act

These proposed rules contain a collection of information requirement subject to the Paperwork Reduction Act. A request for review of the forms has been submitted to the Office of Management and Budget under section 3507 of the Paperwork Reduction Act. Notwithstanding any other provision of law, no person is required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection displays a currently valid OMB control Number; such a Control Number (0608-0060) has been displayed.

Public reporting burden for this collection of information is estimated to vary from 4 to 500 hours, with an overall average burden of 11.5 hours. This includes time for reviewing the instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Comments are requested concerning (a) Whether the proposed collection of information is necessary for the proper performance of the agency, including whether the information will have practical utility; (b) the accuracy of the burden estimate; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology. Comments should be addressed to: Director, Bureau of Economic Analysis (BE-1), U.S. Department of Commerce, Washington, DC 20230; and to the Office of Management and Budget, O.I.R.A., Paperwork Reduction Project 0608-0060, Washington, DC 20503.

Regulatory Flexibility Act

The Assistant General counsel for Legislation and Regulation, Department of Commerce, has certified to the Chief Counsel for Advocacy, Small Business Administration, under the provisions of the Regulatory Flexibility Act (5 U.S.C. 605(b)), that this proposed rulemaking, if adopted, will not have significant economic impact on a substantial number of small entities. The exemption level for the survey excludes most small businesses from mandatory reporting. Reporting is required only if total sales or purchases transactions with unaffiliated foreign persons in a covered type of service exceed \$1,000,000 during the year. Of those smaller businesses that must report, most will tend to have specialized operations and activities and will likely report only type of service; therefore, the burden on them should be small.

List of Subjects in 15 CFR Part 801

Economic statistics, balance of payments, foreign trade, penalties, reporting and recordkeeping requirements.

Dated: August 26, 1997.

J. Steven Landefeld,

Director, Bureau of Economic Analysis.

For the reasons set forth in the preamble, BEA proposes to amend 15 CFR Part 801, as follows:

PART 801—SURVEY OF INTERNATIONAL TRADE IN SERVICES BETWEEN U.S. AND FOREIGN PERSONS

1. The authority citation for 15 CFR Part 801 continues to read as follows:

Authority: 5 U.S.C. 301, 15 U.S.C. 4908, 22 U.S.C. 3101-3108, and E.O. 11961 (3 CFR, 1977 Comp., p. 860 as amended by E.O. 12013 (3 CFR 1997 Comp., p. 147), E.O. 12318 (3 CFR, 1981 Comp., p. 173), and E.O. 12518 (3 CFR, 1985 Comp., p. 348).

2. Section 801.9 is amended by revising paragraph (b)(6)(ii) to read as follows:

§ 801.9 Reports required.

* * * * *

(b) * * *

(6) * * *

(ii) *Covered services.* With the exceptions given below, the services covered by this survey are the same as those covered by the BE-20, Benchmark Survey of Selected Services Transactions With Unaffiliated Foreign Persons—1996, as listed in § 801.10(c) of this part. The exceptions are elimination of coverage of general use computer software royalties and license fees from computer and data processing

services, and the elimination of coverage of four small types of services—agricultural services; management of health care facilities; mailing, reproduction, and commercial art; and temporary help supply services.

* * * * *

[FR Doc. 97-25614 Filed 9-25-97; 8:45 am]

BILLING CODE 3510-EA-M

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 301

[REG-246250-96]

RIN 1545-AV13

Public Disclosure of Material Relating to Tax-Exempt Organizations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to the public disclosure requirements of section 6104(e) of the Internal Revenue Code. The proposed regulations provide guidance for a tax-exempt organization required to make its application for tax exemption and annual information return available for public inspection. The proposed regulations also provide guidance for a tax-exempt organization required to comply with requests made in writing or in person from individuals who seek a copy of those documents. The proposed regulations describe how a tax-exempt organization can make those documents widely available and, therefore, not be required to provide copies in response to individual requests. The proposed regulations address the standards that apply in determining whether a tax-exempt organization is the subject of a harassment campaign and guidance on the applicable procedures to obtain relief. This document also provides notice of a public hearing.

DATES: Written comments and requests to speak (with outlines of oral comments) at the public hearing scheduled for February 4, 1998, beginning at 10 a.m. must be submitted by December 26, 1997.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-246250-96), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington DC 20044. Submissions may be hand-delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-246250-96),

Courier's Desk, Internal Revenue Service, Constitution Avenue NW., Washington DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.ustreas.gov/prod/tax_regs/comments.html. The public hearing will be held in the IRS Auditorium, Internal Revenue Service Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Concerning the regulations, Michael B. Blumenfeld, (202) 622-6070; concerning submissions and the hearing, Michael Slaughter, (202) 622-7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collections of information contained in this notice of proposed rulemaking have been submitted to the Office of Management and Budget for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)). Comments on the collections of information should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, T:FP, Washington, DC 20224. Comments on the collections of information should be received by November 25, 1997. Comments are specifically requested concerning:

Whether the proposed collections of information are necessary for the proper performance of the functions of the Internal Revenue Service, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proposed collections of information;

How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the proposed collections of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

The collections of information in these proposed regulations are in §§ 301.6104(e)-1, 301.6104(e)-2, and

301.6104(e)-3. This information is required to enable a tax-exempt organization to comply with section 6104(e) of the Internal Revenue Code. Under section 6104(e), a tax-exempt organization is required to make its application for tax exemption and its annual information returns available for public inspection. In addition, a tax-exempt organization is required to comply with requests made in writing or in person from individuals who seek a copy of those documents or, in the alternative, to make its documents widely available. The requirement that a tax-exempt organization make its application for tax exemption and annual information returns available for public inspection and comply with requests made in writing or in person from individuals who seek a copy of those documents or, in the alternative, make the documents widely available, will enable the public to obtain information about the tax-exempt organization. Under section 6104(e), a tax-exempt organization is permitted to file an application for relief from the requirement to provide copies if the organization reasonably believes it is the subject of a harassment campaign. The information a tax-exempt organization provides when filing an application for a determination that it is subject to a harassment campaign will be used by the IRS to make such determination. The collection of information is required to obtain relief from the requirement to comply with requests for copies if such requests are part of the harassment campaign. The likely respondents and/or recordkeepers are tax-exempt organizations. The burden for recordkeeping and for reporting is reflected below.

Estimated total annual recordkeeping burden: 551,000 hours.

Estimated average annual burden per recordkeeper: 30 minutes.

Estimated number of recordkeepers: 1,100,000.

Estimated total annual reporting burden: 500 hours.

Estimated average annual reporting burden per respondent: 29 minutes.

Estimated number of respondents: 1050.

Estimated annual frequency of responses: on occasion.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration