

6. New paragraph (b)(2)(v) is added.
7. Paragraphs (b)(4) and (b)(5) are redesignated as paragraphs (b)(5) and (b)(6), respectively.

8. New paragraph (b)(4) is added.

9. Newly designated paragraph (b)(5) is amended as follows:

a. *Example 6* (b), first sentence is revised.

b. *Example 6* (c), second sentence is revised.

c. *Example 7* is added.

10. Newly designated paragraph (b)(6)(i) is revised.

The revisions and additions read as follows:

§ 1.1502-76 Taxable year of members of group.

* * * * *

(b) * * * (1) * * *

(ii) * * * (A) End of the day rule—(1)

In general. If a corporation (S), other than one described in paragraph (b)(1)(ii)(A)(2) of this section, becomes or ceases to be a member during a consolidated return year, it becomes or ceases to be a member at the end of the day on which its status as a member changes, and its tax year ends for all Federal income tax purposes at the end of that day. * * *

(2) *Special rule for former S corporations.* If S becomes a member in a transaction other than in a qualified stock purchase for which an election under section 338(g) is made, and immediately before becoming a member an election under section 1362(a) was in effect, then S will become a member at the beginning of the day the termination of its S corporation election is effective. S's tax year ends for all Federal income tax purposes at the end of the preceding day. This paragraph (b)(1)(ii)(A)(2) applies to transactions occurring after November 10, 1999.

* * * * *

(2) * * *

(v) *Acquisition of S corporation.* If a corporation is acquired in a transaction to which paragraph (b)(1)(ii)(A)(2) of this section applies, then paragraphs (b)(2)(ii) and (iii) of this section do not apply and items of income, gain, loss, deduction, and credit are assigned to each short taxable year on the basis of the corporation's normal method of accounting as determined under section 446. This paragraph (b)(2)(v) applies to transactions occurring after November 10, 1999.

* * * * *

(4) *Determination of due date for separate return.* Paragraph (c) of this section contains rules for the filing of the separate return referred to in this paragraph (b). In applying paragraph (c) of this section, the due date for the filing

of S's separate return shall also be determined without regard to the ending of the tax year under paragraph (b)(1)(ii) of this section or the deemed cessation of its existence under paragraph (b)(2)(i) of this section.

(5) * * *

Example 6. Allocation of partnership items. * * *

(b) *Analysis.* Under paragraph (b)(2)(vi)(A) of this section, T is treated, solely for purposes of determining T's tax year in which the partnership's items are included, as selling or exchanging its entire interest in the partnership as of P's sale of T's stock. * * *

(c) *Controlled partnership.* * * * Under paragraph (b)(2)(vi)(B) of this section, T's distributive share of the partnership items is treated as T's items for purposes of paragraph (b)(2) of this section. * * *

Example 7. Acquisition of S corporation.

(a) *Facts.* Z is a small business corporation for which an election under section 1362(a) was in effect at all times since Year 1. At all times, Z had only 100 shares of stock outstanding, all of which were owned by individual A. On July 1 of Year 3, P acquired all of the Z stock. P does not make an election under section 338(g) with respect to its purchase of the Z stock.

(b) *Analysis.* As a result of P's acquisition of the Z stock, Z's election under section 1362(a) terminates. See sections 1361(b)(1)(B) and 1362(d)(2). Z is required to join in the filing of the P consolidated return. See § 1.1502-75. Z's tax year ends for all Federal income tax purposes on June 30 of Year 3. If no extension of time is sought, Z must file a separate return for the period from January 1 through June 30 of Year 3 on or before March 15 of Year 4. See paragraph (b)(4) of this section. Z will become a member of the P consolidated group as of July 1 of Year 3. See paragraph (b)(1)(ii)(A)(2) of this section. P group's Year 3 consolidated return will include Z's items from July 1 to December 31 of Year 3.

(6) *Effective date—(i) General rule.* Except as provided in paragraphs (b)(1)(ii) (A)(2) and (b)(2)(v) of this section, this paragraph (b) applies to corporations becoming or ceasing to be members of consolidated groups on or after January 1, 1995.

* * * * *

Bob Wenzel,

Deputy Commissioner of Internal Revenue.

Approved: October 29, 1999.

Jonathan Talisman,

Acting Assistant Secretary of the Treasury.

[FR Doc. 99-29085 Filed 11-9-99; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 117

[CGD05-99-006]

RIN 2115-AE47

Drawbridge Operation Regulations; Sassafras River, Georgetown, MD

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

SUMMARY: The Coast Guard is changing the regulations that govern the operation of the Maryland Route 213 drawbridge across the Sassafras River, Mile 10.0, at Georgetown, Maryland. This change will restrict drawbridge openings from November 1 through March 31, from midnight to 8 a.m., by requiring a six-hour advance notice for drawbridge openings. This change will eliminate the need to have the bridge constantly manned during times of minimal use while still providing for the reasonable needs of navigation.

DATES: This rule is effective December 10, 1999.

ADDRESSES: Comments and material received from the public, as well as documents indicated in this preamble as being available in the docket, are part of docket CGD05-99-006 and are available for inspection or copying at the office of the Commander (AOWB), Fifth Coast Guard District, Federal Building, 4th Floor, 431 Crawford Street, Portsmouth, Virginia 23704-5004, between 8 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Ann B. Deaton, Bridge Administrator, Fifth Coast Guard District, at 757-398-6222.

SUPPLEMENTARY INFORMATION:

Regulatory Information

On May 14, 1999, the Coast Guard published a Notice of Proposed Rulemaking (NPRM) entitled "Drawbridge Operation Regulations: Sassafras River, Georgetown, MD" in the **Federal Register** (64 FR 26349). We received no letters commenting on the proposed rule. No public hearing was requested, and none was held.

Background and Purpose

The Maryland Route 213 Sassafras River drawbridge across the Sassafras River, Mile 10.0, at Georgetown, Maryland, is currently required to open on signal year-round. The Maryland Department of Transportation (MDOT) has requested that the Coast Guard change the operating schedule for the drawbridge by requiring a six-hour

advance notice to open the bridge from November 1 to March 31, from midnight to 8 a.m. Review of MDOT's bridge logs from 1993 to 1997 reveals a total of 29 bridge openings for the five year period during the months from November 1 through March 31, an average of 1.2 openings per month. Due to the low number of openings that have occurred during the November through March time period, we believe this change will not unduly restrict navigation.

Discussion of Comments and Changes

The Coast Guard received no comments on the NPRM. Since no comments were received and we believe the change is warranted based on our findings, the final rule is being implemented without change.

Regulatory Evaluation

This rule is not a "significant regulatory action" under section 3(f) of Executive Order 12866 and does not require an assessment of potential costs and benefits under section 6(a)(3) of that Order. The Office of Management and Budget has not reviewed it under that Order. It is not "significant" under the regulatory policies and procedures of the Department of Transportation (DOT) (44 FR 11040, February 26, 1979). The Coast Guard reached this conclusion based on the fact that the proposed changes will not prevent mariners from transiting the bridge, but merely require mariners to adhere to the new operation procedures during transits of the bridge.

Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 601-612), we considered whether this rule would have a significant economic impact on a substantial number of small entities. The term "small entities" comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. The Coast Guard certifies under 5 U.S.C. 605(b) that this rule will not have a significant economic impact on a substantial number of small entities. This conclusion is based on the fact that this rule will only effect drawbridge openings during periods of little or no usage by vessel operators.

Assistance for Small Entities

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104-121), we offered to assist small entities in understanding the rule so that they could better evaluate its effects on them

and participate in the rulemaking process. This was accomplished through the solicitation of comments from local waterway users and marinas during a Coast Guard conducted field study, and through publication of the NPRM in the **Federal Register** in which comments were solicited.

Collection of Information

This rule calls for no new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520).

Federalism

We have analyzed this rule under Executive Order 12612, and have determined that this rule does not have sufficient implications for federalism to warrant the preparation of a Federalism Assessment.

Unfunded Mandate Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531-1538) and E.O. 12875, Enhancing the Intergovernmental Partnership, (58 FR 58093, October 28, 1993) govern the issuance of Federal regulations that require unfunded mandates. An unfunded mandate is a regulation that requires a State, local, or tribal government or the private sector to incur direct costs without the Federal Government's having first provided the funds to pay those unfunded mandate costs. This rule will not impose an unfunded mandate.

Taking of Private Property

This rule will not effect a taking of private property or otherwise have taking implications under E.O. 12630, Governmental Actions and Interference with Constitutionally Protected Property Rights.

Civil Justice Reform

This rule meets applicable standards in sections 3(a) and 3(b)(2) of E.O. 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden.

Protection of Children

We have analyzed this rule under E.O. 13045, Protection of Children from Environmental Health Risks and Safety Risks. This rule is not an economically significant rule and does not concern an environmental risk to health or risk to safety that may disproportionately affect children.

Environment

The Coast Guard considered the environmental impact of this rule and concluded that under figure 2-1, paragraph (32)(e) of Commandant

Instruction M16475.1C, this rule is categorically excluded from further environmental documentation. This rule only deals with the operating schedule of an existing drawbridge and will have no impact on the environment. A "Categorical Exclusion Determination" is available in the docket where indicated under ADDRESSES.

List of Subjects in 33 CFR Part 117

Bridges.

Regulation

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 117 as follows:

PART 117—DRAWBRIDGE OPERATION REGULATIONS

1. The authority citation for part 117 continues to read as follows:

Authority: 33 U.S.C. 499; 49 CFR 1.46; 33 CFR 1.05-1(g); Section 117.255 also issued under the authority of Pub. L. 102-587, 106 Stat. 5039.

2. Add § 117.570 to read as follows:

§ 117.570 Sassafras River.

The draw of the Sassafras River (Route 213) bridge, mile 10.0 at Georgetown, Maryland, shall open on signal; except that from November 1 through March 31, from midnight to 8 a.m., the draw need only open if at least a six-hour advance notice is given.

Dated: October 27, 1999.

Thomas E. Bernard,

Captain, U. S. Coast Guard, Acting Commander, Fifth Coast Guard District.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 117

[CGD05-99-003]

RIN 2115-AE47

Drawbridge Operation Regulations; Miles River, Easton, MD

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

SUMMARY: The Coast Guard is changing the regulations that govern the operation of the Maryland Route S370 drawbridge across the Miles River, Mile 10.0, at Easton, Maryland. This change will restrict drawbridge openings from November 1 through March 31, 24 hours a day, and from April 1 through October 31, from 6 p.m. to 6 a.m., by requiring a six-hour advance notice for