

(iii) If instead D had retained the right to a unitrust amount having an adjusted payout for which the corresponding equivalent interest rate would be less than the 6 percent assumed interest rate of section 7520, then a correspondingly reduced proportion of the trust corpus would be includible in D's gross estate under section 2036(a)(1). Alternatively, if the interest retained by D was instead only one-half of the 6 percent unitrust interest, the computation of the portion of the trust includable in D's gross estate (set forth in *Example 3* (ii)) would be reduced by one-half. In each case, the amount of the estate's charitable deduction for the remainder interest in the trust also would be reduced. All of the results in this *Example 3* (except those relating to the charitable deduction) would be the same if the trust was a GRUT instead of a CRUT.

*Example 4.* During D's life, D established a 15-year GRIT for the benefit of individuals who are not members of D's family within the meaning of section 2704(c)(2). D retained the right to receive all of the net income from the GRIT, payable annually, during the GRIT's term. D died during the third year of the GRIT term. D's executor did not elect to use the alternate valuation date. In this case, the GRIT's corpus is includible in D's gross estate under section 2036 because D retained the right to receive all of the income from the GRIT for a period that did not in fact end before D's death. If instead, D had retained the right to receive 60 percent of the GRIT's net income, then 60 percent of the GRIT's corpus would have been includible in D's gross estate under section 2036.

*Example 5.* D transferred D's personal residence to a trust that met the requirements of a qualified personal residence trust (QPRT) as set forth in § 25.2702-5(c) of this chapter. Pursuant to the terms of the QPRT, D retained the right to use the residence for 10 years or until D's prior death. D died before the end of the term. D's executor did not elect to use the alternate valuation date. In this case, the fair market value of the QPRT's assets on the date of D's death are includible in D's gross estate under section 2036 because D retained the right to use the residence for a period that did not in fact end before D's death.

(3) *Effective dates.* Paragraphs (a)(1), (a)(2), and (c)(1)(i) of this section are applicable to the estates of decedents dying after August 16, 1954. Paragraphs (c)(1)(ii) and (c)(2) of this section apply to the estates of decedents for which the valuation date of the gross estate is on or after the date of publication of the Treasury decision adopting these rules as final regulations in the **Federal Register**.

**Par. 3.** Section 20.2039-1 is amended by:

1. Revising paragraph (a).
2. Adding a new paragraph (e).

The revision and addition reads as follows:

**§ 20.2039-1 Annuities.**

(a) *In general.* A decedent's gross estate includes under section 2039(a)

and (b) the value of an annuity or other payment receivable by any beneficiary by reason of surviving the decedent under certain agreements or plans to the extent that the value of the annuity or other payment is attributable to contributions made by the decedent or his employer. Section 2039(a) and (b), however, has no application to an amount which constitutes the proceeds of insurance under a policy on the decedent's life. Paragraph (b) of this section describes the agreements or plans to which section 2039(a) and (b) applies; paragraph (c) of this section provides rules for determining the amount includible in the decedent's gross estate; paragraph (d) of this section distinguishes proceeds of life insurance; and paragraph (e) of this section distinguishes annuity, unitrust, and other income interests retained by a decedent in certain trusts. The fact that an annuity or other payment is not includible in a decedent's gross estate under section 2039(a) and (b) does not mean that it is not includible under some other section of part III of subchapter A of chapter 11. However, see section 2039(c) and (d) and § 20.2039-2 for rules relating to the exclusion from a decedent's gross estate of annuities and other payments under certain "qualified plans." Further, the fact that an annuity or other payment may be includible under section 2039(a) will not preclude the application of another section of chapter 11 with regard to that interest. For annuity interests in trust, see paragraph (e)(1) of this section.

\* \* \* \* \*

(e)(1) *No application to certain trusts.* Section 2039 shall not be applied to include in a decedent's gross estate all or any portion of a trust (other than a trust constituting an employee benefit, but including those described in the following sentence) if the decedent retained a right to use property of the trust or retained an annuity, unitrust, or other income interest in the trust, in either case as described in section 2036. Such trusts include without limitation the following (collectively referred to in this paragraph (e)(1) as "trusts"): certain charitable trusts (collectively CRTs) such as a charitable remainder annuity trust (CRAT) within the meaning of section 664(d)(1), a charitable remainder unitrust (CRUT) within the meaning of section 664(d)(2) or (d)(3), and any other charitable remainder trust that does not qualify under section 664(d), as well as other trusts established by a grantor (collectively GRTs) such as a grantor retained annuity trust (GRAT), a grantor retained unitrust (GRUT), and various

forms of grantor retained income trusts (GRITs), whether or not the grantor's retained interest is a qualified interest as defined in section 2702(b), including without limitation qualified personal residence trusts (QPRTs) and personal residence trusts (PRTs). For purposes of determining the extent to which a retained interest causes all or a portion of a trust to be included in a decedent's gross estate, see § 20.2036-1(c)(1), (2), and (3).

(2) *Effective date.* The first, second, and fourth sentences in paragraph (a) of this section are applicable to the estates of decedents dying after August 16, 1954. The fifth sentence of paragraph (a) of this section is applicable to the estates of decedents dying on or after October 27, 1972, and to the estates of decedents for which the period for filing a claim for credit or refund of an estate tax overpayment ends on or after October 27, 1972. The third, sixth, and seventh sentences of paragraph (a) of this section and this paragraph (e) are applicable to the estates of decedents for which the valuation date of the gross estate is on or after the date of publication of the Treasury decision adopting these rules as final regulations in the **Federal Register**.

\* \* \* \* \*

**Kevin M. Brown,**

*Deputy Commissioner for Services and Enforcement.*

[FR Doc. E7-11062 Filed 6-6-07; 8:45 am]

BILLING CODE 4830-01-P

**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Parts 51 and 52**

[EPA-HQ-OAR-2005-0163; FRL-8321-9]

RIN-2060-AN28

**Supplemental Notice of Proposed Rulemaking for Prevention of Significant Deterioration (PSD) and Nonattainment New Source Review (NSR): Emission Increases for Electric Generating Units**

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

**ACTION:** Notice of public hearing.

**SUMMARY:** The EPA is announcing a public hearing to be held on June 29, 2007 for the supplemental proposed rule on "Prevention of Significant Deterioration (PSD) and Nonattainment New Source Review (NSR): Emission Increases for Electric Generating Units." This rulemaking action was published in the **Federal Register** on May 8, 2007

and proposes options to change the emissions increase test used to determine if the NSR permitting program would apply when an existing power plant makes a physical or operational change. The public hearing will provide interested parties the opportunity to present data, views, or arguments concerning these proposed changes.

**DATES:** The public hearing will convene at 9 a.m. on June 29, 2007, and continue until 1 hour after the last registered speaker has spoken. People wishing to present oral testimony must pre-register by 5 p.m. on June 28, 2007. The EPA is willing to keep the public hearing open into the evening hours of June 29, 2007, if speakers are pre-registered by the registration deadline of 5 p.m. on June 28, 2007, and have registered to speak during evening hours. For updates and additional information on the public hearing, please check EPA's Web site for this rulemaking at <http://www.epa.gov/nsr/>.

**ADDRESSES:** The public hearing will be held at U.S. Environmental Protection Agency, 109 TW Alexander Drive, Research Triangle Park, North Carolina 27709, Building C, Auditorium. Because this hearing is being held at U.S. government facilities, everyone planning to attend the hearing should be prepared to show valid picture identification to the security staff in order to gain access to the meeting room. In addition, you will need to obtain a property pass for any personal belongings you bring with you. Upon leaving the building, you will be required to return this property pass to the security desk. No large signs will be allowed in the building, cameras may only be used inside the classroom and outside of the building, and demonstrations will not be allowed on Federal property for security reasons. Directions to the EPA Campus are available on the Internet at <http://www.epa.gov/rtp/facilities/maindirections.htm>, along with a map showing the area designated for visitor parking. From there, walk toward the main facility and enter the center building (by the U.S. and EPA flags).

**FOR FURTHER INFORMATION CONTACT:** If you would like to speak at the public hearing or have questions concerning the public hearing, please contact Ms. Pamela Long, U.S. Environmental Protection Agency, OAQPS, Air Quality Planning Division, (C504-03), Research Triangle Park, NC 27711, telephone (919) 541-0641, fax number (919) 541-5509, e-mail address, [long.pam@epa.gov](mailto:long.pam@epa.gov).

Questions concerning the May 8, 2007, proposed rule should be addressed to Mr. David Svendsgaard, U.S. EPA, Office of Air Quality Planning and Standards, Air Quality Policy Division, (C504-03), Research Triangle Park, NC 27711, telephone number (919) 541-2380, e-mail at [svendsgaard.dave@epa.gov](mailto:svendsgaard.dave@epa.gov).

**SUPPLEMENTARY INFORMATION:** The May 8, 2007, proposed rule is a supplemental notice to EPA's October 20, 2005 notice of proposed rulemaking. In the October 2005 notice, we proposed three options to revise the NSR emissions test for existing electric generating units: A maximum achievable hourly emissions test, a maximum achieved hourly emissions test, and an output-based hourly emissions test. The May 2007 notice recast the previously proposed options so that the output-based test becomes an alternative method to implement the maximum achieved or maximum achievable hourly tests, rather than a separate option. It also proposed a new option in which the hourly emissions increase test is added to the existing requirements for computing a significant increase and a significant net emissions increase on an annual basis. It also included proposed rule language and supplemental information for the October 2005 proposal, including an examination of the impacts on emissions and air quality.

**Public hearing:** The proposal for which EPA is holding the public hearing was published in the **Federal Register** on May 8, 2007, (72 FR 26202) and is available at: [http://www.access.gpo.gov/su\\_docs/fedreg/a070508c.html](http://www.access.gpo.gov/su_docs/fedreg/a070508c.html). The public hearing will provide interested parties the opportunity to present data, views, or arguments concerning the supplemental rule proposal. The EPA may ask clarifying questions during the oral presentations, but will not respond to the presentations at that time. Written statements and supporting information submitted during the comment period will be considered with the same weight as any oral comments and supporting information presented at the public hearing. Written comments on the proposed rule must be postmarked by July 9, 2007, which is the closing date for the comment period, as specified in the proposal for the rule. However, the record will remain open until July 30, 2007, to allow 30 days after the public hearing for submittal of additional information related to the hearing.

Commenters should notify Ms. Long if they will need specific equipment, or if there are other special needs related to

providing comments at the hearing. The EPA will provide equipment for commenters to show overhead slides or make computerized slide presentations if we receive special requests in advance. Oral testimony will be limited to 5 minutes for each commenter. The EPA encourages commenters to provide EPA with a copy of their oral testimony electronically (via e-mail or CD) or in hard copy form.

The hearing schedule, including lists of speakers, will be posted on EPA's Web site <http://www.epa.gov/nsr/>. Verbatim transcripts of the hearing and written statements will be included in the docket for the rulemaking.

#### How Can I Get Copies of This Document and Other Related Information?

The EPA has established the official public docket for the supplemental proposed rule entitled "Supplemental Notice of Proposed Rulemaking for Prevention of Significant Deterioration (PSD) and Nonattainment New Source Review (NSR): Emission Increases for Electric Generating Units" under Docket ID No. EPA-HQ-OAR-2005-0163.

As stated previously, the proposed rule was published in the **Federal Register** on May 8, 2007 (72 FR 26202) and is available at [http://www.access.gpo.gov/su\\_docs/fedreg/a070508c.html](http://www.access.gpo.gov/su_docs/fedreg/a070508c.html).

Dated: May 29, 2007.

**Jenny Noonan Edmonds,**  
Acting Director, Office of Air Quality Planning and Standards.

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## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 52

[EPA-R06-OAR-2007-0386; FRL-8321-8]

#### Approval and Promulgation of Air Quality Implementation Plans; Texas; Revision to the Texas State Implementation Plan Regarding a Negative Declaration for the Synthetic Organic Chemical Manufacturing Industry Batch Processing Source Category in El Paso County

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

**ACTION:** Proposed rule.

**SUMMARY:** Section 172(c)(1) of the Clean Air Act (CAA) requires areas that are not attaining a National Ambient Air Quality Standard (NAAQS) to reduce emissions from existing sources by adopting, at a minimum, reasonably