

**§ 1.199-5T Application of section 199 to pass-thru entities for taxable years beginning after May 17, 2006, the enactment date of the Tax Increase Prevention and Reconciliation Act of 2005 (temporary).**

(e) \* \* \*

(4) \* \* \*

(ii) \* \* \*

(A) \* \* \* In this step, in this example, the portion of the trustee commissions not directly attributable to the rental operation (\$2,000) is directly attributable to non-trade or business activities. In addition, the state income and personal property taxes are not directly attributable under § 1.652(b)-3(a) to either trade or business or non-trade or business activities, so the portion of those taxes not attributable to either the PRS interests or the rental operation is not a trade or business expense and, thus, is not taken into account in computing QPAI. The portion of the state income and personal property taxes that is treated as another trade or business expense is \$3,000 (\$5,000 × \$30,000 total trade or business gross receipts/\$50,000 total gross receipts). \* \* \*

\* \* \* \* \*

(g) *No attribution of qualified activities.* Except as provided in § 1.199-3T(i)(7) regarding qualifying in-kind partnerships and § 1.199-3T(i)(8) regarding EAG partnerships, an owner of a pass-thru entity is not treated as conducting the qualified production activities of the pass-thru entity, and vice versa. This rule applies to all partnerships, including partnerships that have elected out of subchapter K under section 761(a). Accordingly, if a partnership manufactures QPP within the United States, or produces a qualified film or produces utilities in the United States, and distributes or leases, rents, licenses, sells, exchanges, or otherwise disposes of such property to a partner who then, without performing its own qualifying activity, leases, rents, licenses, sells, exchanges, or otherwise disposes of such property, then the partner's gross receipts from this latter lease, rental, license, sale, exchange, or other disposition are treated as non-DPGR. In addition, if a partner manufactures QPP within the United States, or produces a qualified film or produces utilities in the United States, and contributes or leases, rents, licenses, sells, exchanges, or otherwise disposes of such property to a partnership which then, without performing its own qualifying activity, leases, rents, licenses, sells, exchanges, or otherwise disposes of such property, then the partnership's gross receipts

from this latter disposition are treated as non-DPGR.

\* \* \* \* \*

**LaNita Van Dyke,**

*Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration).*

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**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

[TD 9292]

RIN 1545-BB11

**Partner's Distributive Share: Foreign Tax Expenditures; Correction**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Correcting amendments.

**SUMMARY:** This document contains correction to final regulations (TD 9292) that were published in the **Federal Register** on Thursday, October 19, 2006 (71 FR 61648) regarding the allocation of creditable foreign tax expenditures by partnerships.

**DATES:** The correction is effective October 19, 2006.

**FOR FURTHER INFORMATION CONTACT:** Timothy J. Leska, (202) 622-3050 or Michael I. Gilman (202) 622-3850 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:**

**Background**

The correction notice that is the subject of this document is under section 704 of the Internal Revenue Code.

**Need for Correction**

As published, final regulations (TD 9292) contain errors that may prove to be misleading and are in need of clarification.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**Correction of Publication**

n Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

**PART 1—INCOME TAXES**

n **Paragraph 1.** The authority citation for part 1 continues to read, in part, as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

n **Par. 2.** Section 1.704-1 is amended by revising instructional Par. 2, number 2 to read as follows:

1. \* \* \*

2. The heading and text of paragraphs (b)(1)(ii)(b), and (b)(5) *Examples 25 through 27* are revised.

\* \* \* \* \*

n **Par. 3.** Section 1.704-1(d)(5) is amended by revising *Example 25* paragraph (ii), the ninth sentence and *Example 26* paragraph (ii), the eighth sentence to read as follows:

**§ 1.704-1 Partner's distributive share.**

\* \* \* \* \*

*Example 25.* \* \* \*

(ii) \* \* \* Accordingly, the country X taxes will be reallocated according to the partners' interests in the partnership.

*Example 26.* \* \* \*

(ii) \* \* \* Because AB's partnership agreement allocates the \$80,000 of country X taxes and \$40,000 of country Y taxes in proportion to the distributive shares of income to which such taxes relate, the allocations are deemed to be in accordance with the partners' interests in the partnership under paragraph (b)(4)(viii) of this section.

\* \* \* \* \*

**LaNita Van Dyke,**

*Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration).*

[FR Doc. E6-20722 Filed 12-6-06; 8:45 am]

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**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 117**

[CGD08-06-005]

RIN 1625-AA09

**Drawbridge Operation Regulations; Arkansas Waterway, Arkansas**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Final rule.

**SUMMARY:** The Coast Guard is revising the drawbridge operations for the Rob Roy Drawbridge across the Arkansas Waterway at Mile 67.4 at Pine Bluff, Arkansas, the Baring Cross Railroad Drawbridge across the Arkansas Waterway at Mile 119.6 at Little Rock, Arkansas, and the Van Buren Railroad Drawbridge across the Arkansas Waterway at Mile 300.8 at Van Buren, Arkansas, to reflect the actual procedures currently being followed. In addition, the following three bridges will be removed from 33 CFR 117.123 as they are locked in the open-to-

navigation position and are no longer considered to be drawbridges: Missouri Pacific Railroad Drawbridge (Benzal Railroad Drawbridge) across the Arkansas Waterway at Mile 7.6 at Benzal, Arkansas, the Rock Island Railroad Drawbridge across the Arkansas Waterway at Mile 118.2 at Little Rock, Arkansas, and the Junction Railroad Drawbridge across the Arkansas Waterway at Mile 118.7 at Little Rock, Arkansas. Section 117.139 is being revised as paragraph (a) is no longer needed since the Missouri Pacific Railroad Drawbridge (Benzal Railroad Drawbridge) is locked in the open-to-navigation position.

**DATES:** This rule is effective on January 8, 2007.

**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 CGD8-06-005 and are available for inspection or copying at room 2.107(f), in the Robert A. Young Federal Building, Eighth Coast Guard District, 1222 Spruce Street, St. Louis, MO 63103-2832, between 8 a.m. and 4 p.m., Monday through Friday, except Federal holidays. Commander (dwb), Eighth Coast Guard District, Bridge Branch maintains the public docket for this rulemaking.

**FOR FURTHER INFORMATION CONTACT:** Mr. Roger K. Wiebusch, Bridge Administrator, (314) 269-2378.

**SUPPLEMENTARY INFORMATION:**

**Regulatory History**

On June 7, 2006, we published a notice of proposed rulemaking (NPRM) entitled Drawbridge Operation Regulations, Arkansas Waterway, AR in the **Federal Register** (71 FR 32883). We received no letters commenting on the proposed rule. No public meeting was requested, and none was held.

**Background and Purpose**

The Arkansas Waterway is a part of the McClellan-Kerr Arkansas River Navigation System. The System rises in the vicinity of Catoosa, Oklahoma, and embraces improved natural waterways and a canal to empty into the Mississippi River in southeast Arkansas. The Arkansas Waterway drawbridge operation regulations contained in § 117.123(a), state that the Cotton Belt Railroad (Rob Roy) Bridge, mile 67.4, requires the use of ship's horns and flashing lights on the bridge to communicate between mariners requesting openings and railroad dispatchers remotely operating the bridge. Although not stated in § 117.123(a), records indicate that the

method of communication outlined in § 117.123(a) was to be used by mariners and the remote bridge operator as a back-up means of communications. The Coast Guard, however, has determined that the primary method of communications outlined in § 117.123(a) has not been used during the past 20 years. It is doubtful that the system of horns and flashing lights was ever used. Instead, mariners and remote bridge operators have communicated via VHF-FM radiotelephone for opening the Rob Roy Drawbridge. The Coast Guard also determined that editorial changes were needed to correct inaccuracies in the specific requirements for the Baring Cross Railroad Drawbridge and the Van Buren Railroad Drawbridge. Three bridges on the Arkansas Waterway—the Missouri Pacific Railroad Drawbridge (Benzal Railroad Drawbridge) at mile 7.6, the Rock Island Railroad Drawbridge at Mile 118.2, and the Junction Railroad Drawbridge at Mile 118.7—have all been removed from rail service. Meetings with the owners indicate that all three bridges have been permanently locked in the open-to-navigation position and that there are plans to convert them into fixed pedestrian bridges in the future. Therefore, they are considered fixed bridges and will be removed from drawbridge regulations section of the CFR. Section (a) of § 117.139 references the § 117.123 cite for the Missouri Pacific Railroad Drawbridge (Benzal Railroad Drawbridge), mile 7.6, so section (a) also requires removal from the regulations. Therefore, paragraphs (b) and (c) of § 117.139 will be redesignated as (a) and (b).

**Discussion of Comments and Changes**

There were no comments on nor changes made from the proposed rule.

**Regulatory Evaluation**

This rule is not a "significant regulatory action" under section 3(f) of Executive Order 12866, Regulatory Planning and Review, 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 Homeland Security.

The Coast Guard expects that these changes will have a minimal economic impact on commercial traffic operating on the Arkansas Waterway. The procedures are already in place at the three active drawbridges, the other three drawbridges have been locked in the open-to-navigation position, and the

changes to the CFR documents the procedures.

**Small Entities**

Under the Regulatory Flexibility Act (5 U.S.C. 601-612), we have 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 would not have a significant economic impact on a substantial number of small entities. This rule is neutral to all business entities since it affects only how the vessel operators request bridge openings.

**Assistance for Small Entities**

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

**Collection of Information**

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

**Federalism**

A rule has implications for federalism under Executive Order 13132, Federalism, if it has a substantial direct effect on State or local governments and would either preempt State law or impose a substantial direct cost of compliance on them. We have analyzed this rule under that Order and have determined that it does not have implications for federalism.

**Unfunded Mandates Reform Act**

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531-1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of \$100,000,000 or more in any one year. Though this rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

### Taking of Private Property

This rule would not affect a taking of private property or otherwise have taking implications under Executive Order 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 Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden.

### Protection of Children

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

### Indian Tribal Governments

This rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it would not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal government and Indian tribes, or on the distribution of power and responsibilities between the Federal government and Indian tribes.

### Energy Effects

We have analyzed this rule under Executive Order 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use. We have determined that it is not a "significant energy action" under that order because it is not a "significant regulatory action" under Executive Order 12866 and is not likely to have a significant adverse effect on the supply, distribution, or use of energy. The Administrator of the Office of Information and Regulatory Affairs has not designated it as a significant energy action. Therefore, it does not require a Statement of Energy Effects under Executive Order 13211.

### Technical Standards

The National Technology Transfer and Advancement Act (NTTAA) (15 U.S.C. 272 note) directs agencies to use voluntary consensus standards in their regulatory activities unless the agency provides Congress, through the Office of Management and Budget, with an explanation of why using these standards would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are

technical standards (e.g., specifications of materials, performance, design, or operation; test methods; sampling procedures; and related management systems practices) that are developed or adopted by voluntary consensus standards bodies.

This rule does not use technical standards. Therefore, we did not consider the use of voluntary consensus standards.

### Environment

We have analyzed this rule under Commandant Instruction M16475.1D, which guides the Coast Guard in complying with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321–4370f), and have concluded that there are no factors in this case that would limit the use of a categorical exclusion under section 2.B.2 of the Instruction. Therefore this rule is categorically excluded under figure 2–1, paragraph 32(e) of the Instruction from further environmental documentation. Paragraph 32(e) excludes the promulgation of operating regulations or procedures for drawbridges from the environmental documentation requirements of the National Environmental Policy Act (NEPA). Since this regulation would alter the normal operating conditions of the drawbridge, it falls within this exclusion. A "Categorical Exclusion Determination" is available in the docket for inspection or copying where indicated under ADDRESSES.

### List of Subjects in 33 CFR Part 117

Bridges.

### Regulations

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

#### PART 117—DRAWBRIDGE OPERATION REGULATIONS

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

**Authority:** 33 U.S.C. 499; Department of Homeland Security Delegation No. 0170.1; 33 CFR 1.05–1(g); section 117.255 also issued under the authority of Pub. L. 102–587, 106 Stat. 5039.

n 2. Revise § 117.123 to read as follows:

#### § 117.123 Arkansas Waterway.

(a) Across the Arkansas Waterway, the draw of the Rob Roy Drawbridge, mile 67.4 at Pine Bluff, Arkansas, is maintained in the closed position and is remotely operated. Any vessel requiring an opening of the draw shall establish contact by radiotelephone with the remote drawbridge operator on VHF–

FM Channel 12 in Omaha, Nebraska. The remote drawbridge operator will advise the vessel whether the bridge can be immediately opened and maintain constant contact with the vessel until the span has opened and the vessel passage has been completed. The bridge is equipped with a Photoelectric Boat Detection System to prevent the span from lowering if there is an obstruction under the span. If the drawbridge cannot be opened immediately, the remote drawbridge operator shall notify the calling vessel and provide an estimated time for opening.

(b) Across the Arkansas Waterway, the draw of the Baring Cross Railroad Drawbridge, mile 119.6 at Little Rock, Arkansas, is maintained in the closed position and is remotely operated. Use the following procedures to request an opening of this bridge when necessary for transit:

(1) *Normal Flow Procedures.* Any vessel which requires an opening of the draw of this bridge shall establish contact by radiotelephone with the remote drawbridge operator on VHF–FM Channel 13 in North Little Rock, Arkansas. The remote drawbridge operator will advise the vessel whether the requested span can be immediately opened and maintain constant contact with the vessel until the requested span has opened and the vessel passage has been completed. If the drawbridge cannot be opened immediately, the remote drawbridge operator will notify the calling vessel and provide an estimated time for a drawbridge opening.

(2) *High Velocity Flow Procedures.* The area from mile 118.2 to mile 125.4 is a regulated navigation area (RNA) as described in § 165.817. During periods of high velocity flow, which is defined as a flow rate of 70,000 cubic feet per second or greater at the Murray Lock and Dam, mile 125.4, downbound vessels which require that the draw of this bridge be opened for unimpeded passage shall contact the remote drawbridge operator on VHF–FM Channel 13 either before departing Murray Lock and Dam, or before departing the mooring cells at Mile 121.5 to ensure that the Baring Cross Railroad Drawbridge is opened. The remote drawbridge operator shall immediately respond to the vessel's call, ensure that the drawbridge is open for passage, and ensure that it remains in the open position until the downbound vessel has passed through. If it cannot be opened immediately for unimpeded passage in accordance with § 163.203, the remote drawbridge operator will immediately notify the downbound vessel and provide an estimated time for

a drawbridge opening. Upbound vessels shall request openings in accordance with the normal flow procedures as set forth above. The remote drawbridge operator shall keep all approaching vessels informed of the position of the drawbridge span.

(c) Across the Arkansas Waterway, the draw of the Van Buren Railroad Drawbridge, mile 300.8 at Van Buren, Arkansas, is maintained in the open position except as follows:

(1) When a train approaches the bridge, amber lights attached to the bridge begin to flash and an audible signal on the bridge sounds. At the end of 10 minutes, the amber light continues to flash; however, the audible signal stops and the draw lowers and locks if the photoelectric boat detection system detects no obstruction under the span. If there is an obstruction, the draw opens to its full height until the obstruction is cleared.

(2) After the train clears the bridge, the draw opens to its full height, the amber flashing light stops, and the mid channel lights change from red to green, indicating the navigation channel is open for the passage of vessels.

#### § 117.139 [Amended]

n 3. In § 117.139, remove paragraph (a); and redesignate paragraphs (b) and (c) as paragraphs (a) and (b), respectively.

Dated: November 6, 2006.

#### Ronald W. Branch,

Captain, U.S. Coast Guard Commander, 8th Coast Guard Dist, Acting.

[FR Doc. E6-20706 Filed 12-6-06; 8:45 am]

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## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 52

[EPA-R04-OAR-2005-SC-0003; EPA-R04-OAR-2005-SC-0005-200620b; FRL-8252-9]

### Approval and Promulgation of Implementation Plans; South Carolina: Revisions to State Implementation Plan

AGENCY: Environmental Protection Agency (EPA).

ACTION: Direct final rule.

**SUMMARY:** EPA is approving several revisions to the South Carolina State Implementation Plan (SIP), submitted by the South Carolina Department of Health and Environmental Control (SC DHEC) on April 13, 2005, and October 24, 2005. Both revisions include modifications to South Carolina's

Regulation 61-62.1 "Definitions and General Requirements." In the April 13, 2005, submission, Regulation 61-62.1 is being amended to be consistent with the new Federal emissions reporting requirements, referred to as the Consolidated Emissions Reporting Rule (CERR), and to streamline the existing emissions inventory requirements. SC DHEC is taking an action that is consistent with the final rule, published on June 10, 2002 (67 FR 39602).

The October 24, 2005 submittal revises the definition of Volatile Organic Compounds (VOC). The revision adds several compounds to the list of compounds excluded from the definition of VOC on the basis that they make a negligible contribution to ozone formation, and similarly removes several compounds from the definition of VOC.

This action is being taken pursuant to section 110 of the Clean Air Act (CAA).

**DATES:** This direct final rule is effective February 5, 2007 without further notice, unless EPA receives adverse comment by January 8, 2007. If adverse comment is received, EPA will publish a timely withdrawal of the direct final rule in the **Federal Register** and inform the public that the rule will not take effect.

**ADDRESSES:** Submit your comments, identified by Docket ID No. "EPA-R04-OAR-2005-SC-0003, EPA-R04-OAR-2005-SC-0005" by one of the following methods:

1. *http://www.regulations.gov*: Follow the online instructions for submitting comments.

2. *E-mail*: [ward.nacosta@epa.gov](mailto:ward.nacosta@epa.gov).

3. *Fax*: 404-562-9019.

4. *Mail*: "EPA-R04-OAR-2005-SC-0003, EPA-R04-OAR-2005-SC-0005," Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region Forsyth Street, SW., Atlanta, Georgia 30303-8960.

5. *Hand Delivery or Courier*: Nacosta Ward, Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division floor, U.S. Environmental Protection Agency, Region Forsyth Street, SW., Atlanta, Georgia 30303-8960. Such deliveries are only accepted during the Regional Office's normal hours of operation. The Regional Office's official hours of business are Monday through Friday, 8:30 to 4:30 excluding federal holidays.

**Instructions:** Direct your comments to EPA Docket ID No. "R04-OAR-2005-SC-0005-SC-0003, EPA-R04-OAR-2005-SC-005." EPA's policy is that all comments received will be included in the public docket without change and

may be made available online at <http://www.regulations.gov>, including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit through [www.regulations.gov](http://www.regulations.gov) or e-mail, information that you consider to be CBI or otherwise protected. The [www.regulations.gov](http://www.regulations.gov) is an "anonymous access" system, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an e-mail comment directly to EPA without going through [www.regulations.gov](http://www.regulations.gov), your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD-ROM you submit. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses. For additional information about public docket visit the EPA Docket Center at <http://www.epa.gov/epahome/dockets.htm>.

**Docket:** All documents in the electronic docket are listed in the [www.regulations.gov](http://www.regulations.gov) index. Although listed in the index, some information is not publicly available, *i.e.*, CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically in [www.regulations.gov](http://www.regulations.gov) or in hard copy at the Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region Forsyth Street, SW., Atlanta, Georgia 30303-8960. EPA requests that if at all possible, you contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section to schedule your inspection. The Regional Office's official hours of business are 8:30 to 4:30, excluding federal holidays.

**FOR FURTHER INFORMATION CONTACT:** Nacosta Ward, Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management