

stock has a basis of \$10x and a fair market value of \$30x. C then merges into R in a reorganization under section 368(a)(1)(D). Immediately after the merger, X owns all of the R stock. As part of the same Plan, Z acquires 51% of the stock of R from X.

(ii) *Analysis*—(A) *R is a Successor of C.* Under paragraph (c)(2)(i) of this section, R is a Successor of C because, after the Distribution, C transfers property to R in a Section 381 Transaction.

(B) *Planned 50-percent Acquisition of C.* Under paragraph (d)(2) of this section, Z's acquisition of stock of R is treated as an acquisition of stock of C. Therefore, Z is treated as acquiring 51% of the stock of C. Accordingly, there has been a Planned 50-percent Acquisition of C.

(C) *Gain not limited.* Section 355(e) applies to the Distribution because there has been a Planned 50-percent Acquisition of C. Neither the POD Gain Limitation Rule nor the Distributing Gain Limitation Rule applies because there has been no Planned 50-percent Acquisition of a Predecessor of D, and no Planned 50-percent Acquisition of D. Therefore, D recognizes \$20x of gain (\$30x fair market value minus \$10x basis of the C stock held by D) under section 355(c)(2).

(10) *Example 10: Multiple Successors*—(i) *Facts.* X owns 100% of the stock of both D and R. Y owns 100% of the stock of S. The following steps occur as part of a Plan: D distributes all of the C stock to X. Immediately after the Distribution, D merges into R in a reorganization under section 368(a)(1)(A) (D–R merger). Following the D–R merger, R merges into S in a reorganization under section 368(a)(1)(A) (R–S merger). Immediately after the R–S merger, X and Y own 10% and 90%, respectively, of the S stock. Immediately before the Distribution, D's C stock has a basis of \$10x and a fair market value of \$30x.

(ii) *Analysis*—(A) *R and S are Successors of D.* Under paragraph (c)(2)(i) of this section, R is a Successor of D because, after the Distribution, D transfers property to R in a Section 381 Transaction. Under paragraph (c)(2)(ii) of this section, S is also a Successor of D because R (a Successor of D) transfers property to S in a Section 381 Transaction.

(B) *Planned 50-percent Acquisition of D.* Under paragraph (d)(1)(i) of this section, there is no deemed acquisition of D stock as a result of the D–R merger because X wholly owns the stock of D before the merger and wholly owns the stock of R after the merger. Under paragraph (d)(1)(i) of this section, Y is treated as acquiring stock representing 90% of the voting power and value of R (a Successor of D) as a result of the R–S merger. Under paragraph (d)(2) of this section, an acquisition of R stock is also treated as an acquisition of D stock. Accordingly, there has been a Planned 50-percent Acquisition of D.

(C) *Gain not limited.* Section 355(e) applies to the Distribution because there has been a Planned 50-percent Acquisition of D. The POD Gain Limitation Rule does not apply because there has been no Planned 50-percent Acquisition of a Predecessor of D. The Distributing Gain Limitation Rule applies because there has been a Planned 50-percent Acquisition of D. However, the gain limitation under the Distributing Gain

Limitation Rule equals the Statutory Recognition Amount, because there is no Predecessor of D (and thus no Separated Property). Therefore, D recognizes \$20x of gain (\$30x fair market value minus \$10x basis of the C stock held by D) under section 355(c)(2).

(i) *Applicability date.* This section applies to Distributions occurring after December 15, 2019. For Distributions occurring on or before December 15, 2019, see § 1.355–8T as contained in 26 CFR part 1 revised as of April 1, 2019.

Douglas W. O'Donnell,

Acting Deputy Commissioner for Services and Enforcement.

Approved: December 9, 2019.

David J. Kautter,

Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 2019–27110 Filed 12–16–19; 4:15 pm]

BILLING CODE 4830–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2019–0953]

RIN 1625–AA87

Security Zone; San Diego Bay, San Diego, CA

AGENCY: Coast Guard, DHS.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary security zone for all navigable waters within a 100-yard radius of berth four at the 10th Avenue Marine Terminal in San Diego, CA during the offload of narcotics from a military vessel. The security zone is needed to protect the military vessel and vessel's personnel. Entry of vessels or persons into this zone is prohibited unless specifically authorized by the Captain of the Port San Diego.

DATES: This rule is effective from 7 a.m. until noon on December 18, 2019.

ADDRESSES: To view documents mentioned in this preamble as being available in the docket, go to <https://www.regulations.gov>, type USCG–2019–0953 in the “SEARCH” box and click “SEARCH.” Click on Open Docket Folder on the line associated with this rule.

FOR FURTHER INFORMATION CONTACT: If you have questions on this rule, call or email Lieutenant Briana Biagas, Waterways Management, U.S. Coast Guard Sector San Diego, CA; telephone

619–278–7656, email D11MarineEventsSD@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
U.S.C. United States Code

II. Background Information and Regulatory History

The Coast Guard is issuing this temporary rule without prior notice and opportunity to comment pursuant to authority under section 4(a) of the Administrative Procedure Act (APA) (5 U.S.C. 553(b)). This provision authorizes an agency to issue a rule without prior notice and opportunity to comment when the agency for good cause finds that those procedures are “impracticable, unnecessary, or contrary to the public interest.” Under 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because it is impractical. This urgent security zone is required to protect the military vessel, the surrounding waterway and the 10th Avenue Marine Terminal. It is impracticable to publish an NPRM because we must establish this security zone by December 18, 2019 and lack sufficient time to provide a reasonable comment period and then consider those comments before issuing the rule.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. Delaying the effective date of this rule would be contrary to public interest because immediate action is needed to provide the security of the military vessel and the waterways and structures nearby.

III. Legal Authority and Need for Rule

The Coast Guard is issuing this rule under authority in 46 U.S.C. 70034 (previously 33 U.S.C. 1231). The Captain of the Port Sector San Diego (COTP) has determined that the presence of the military vessel loaded with narcotics presents a potential target for terrorist attack, sabotage, or other subversive acts, accidents, or other causes of similar nature. This rule is needed to protect military personnel, the public and the navigable waters in the vicinity of the 10th Avenue Marine Terminal.

IV. Discussion of the Rule

This rule establishes a security zone from 7 a.m. until noon on December 18,

2019. The security zone will cover all navigable waters within a 100-yards radius around the military vessel moored at berth four of the 10th Avenue Marine Terminal located at 32°41'56.6" N and 117°9'31.9" W. The duration of the zone is intended to protect personnel, vessels, and the marine environment in these navigable waters while the vessel's personnel are offloading narcotics. No vessel or person will be permitted to enter the security zone without obtaining permission from the COTP or a designated representative.

V. Regulatory Analyses

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders, and we discuss First Amendment rights of protestors.

A. Regulatory Planning and Review

Executive Orders 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits. Executive Order 13771 directs agencies to control regulatory costs through a budgeting process. This rule has not been designated a "significant regulatory action," under Executive Order 12866. Accordingly, this rule has not been reviewed by the Office of Management and Budget (OMB), and pursuant to OMB guidance it is exempt from the requirements of Executive Order 13771.

This regulatory action determination is based on the size, location and limited duration of the security zone. This zone impacts a small designated area of the San Diego bay for a very limited period. Furthermore, vessel traffic can safely transit around the security zone.

B. Impact on Small Entities

The Regulatory Flexibility Act of 1980, 5 U.S.C. 601–612, as amended, requires Federal agencies to consider the potential impact of regulations on small entities during rulemaking. 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.

While some owners or operators of vessels intending to transit the security zone may be small entities, for the reasons stated in section V.A above, this rule will not have a significant economic impact on any vessel owner or operator.

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. If the rule would affect your small business, organization, or governmental jurisdiction and you have questions concerning its provisions or options for compliance, please call or email the person listed in the **FOR FURTHER INFORMATION CONTACT** section.

Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency's responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

C. Collection of Information

This rule will not call for a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

D. Federalism and Indian Tribal Governments

A rule has implications for federalism under Executive Order 13132, Federalism, if it has a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. We have analyzed this rule under that Order and have determined that it is consistent with the fundamental federalism principles and preemption requirements described in Executive Order 13132.

Also, this rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments, because it does 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. If you believe this rule has implications for federalism or Indian tribes, please call or email the person listed in the **FOR FURTHER INFORMATION CONTACT** section above.

E. 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 (adjusted for inflation) 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.

F. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321–4370f), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This rule involves establishment of a security zone lasting only 5 hours on the navigable waters of San Diego Bay. It is categorically excluded from further review under paragraph L60(a) in Table 3–1 of U.S. Coast Guard Environmental Planning Implementing Procedures. A Record of Environmental Consideration supporting this determination is available in the docket. For instructions on locating the docket, see the **ADDRESSES** section of this preamble.

G. Protest Activities

The Coast Guard respects the First Amendment rights of protestors. Protesters are asked to call or email the person listed in the **FOR FURTHER INFORMATION CONTACT** section to coordinate protest activities so that your message can be received without jeopardizing the safety or security of people, places or vessels.

List of Subjects in 33 CFR Part 165

Regulated navigation and limited access areas.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 165 as follows:

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

■ 1. The authority citation for part 165 continues to read as follows:

Authority: 46 U.S.C. 70034, 70051; 33 CFR 1.05–1, 6.04–1, 6.04–6, and 160.5; Department of Homeland Security Delegation No. 0170.1.

■ 2. Add § 165.T11–013 to read as follows:

§ 165.T11–013 Security Zone; San Diego Bay; San Diego, CA.

(a) *Location.* The following area is a security zone: All navigable waters of San Diego Bay within a 100-yards radius around the military vessel moored at berth four of the 10th Avenue Marine Terminal located at 32°41'56.6" N and 117°9'31.9" W.

(b) *Definitions.* As used in this section, *designated representative* means a Coast Guard Patrol Commander, including a Coast Guard coxswain, petty officer, or other officer operating a Coast Guard vessel and a Federal, State, and local officer designated by or assisting the Captain of the Port Sector San Diego (COTP) in the enforcement of the security zone.

(c) *Regulations.* (1) Under the general security zone regulations in subpart D of this part, you may not enter the security zone described in paragraph (a) of this section unless authorized by the COTP or the COTP's designated representative.

(2) To seek permission to enter, contact the COTP or the COTP's representative by VHF Channel 16. Those in the security zone must comply with all lawful orders or directions given to them by the COTP or the COTP's designated representative.

(d) *Enforcement.* This section will be enforced from 7 a.m. until noon on December 18, 2019.

Dated: December 12, 2019.

T.J. Barelli,

Captain, U.S. Coast Guard, Captain of the Port Sector San Diego.

[FR Doc. 2019–27353 Filed 12–17–19; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY**Coast Guard****33 CFR Part 165**

[Docket Number USCG–2019–0838]

RIN 1625–AA00

Temporary Safety Zone for Explosive Dredging; Tongass Narrows, Ketchikan, AK

AGENCY: Coast Guard, DHS.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone for certain waters of the Tongass Narrows. This action is necessary to provide for the safety of life on all navigable waters of the Tongass Narrows, from shoreline to shoreline, within a 500-yard radius of the Pinnacle Rock before, during, and after the scheduled operation between December 16, 2019 and January 31, 2020. This temporary final rule prohibits persons and vessels from being in the safety zone unless authorized by the Captain of the Port Southeast Alaska or a designated representative.

DATES: This rule is effective without actual notice from December 18, 2019 through January 31, 2020. For the purposes of enforcement, actual notice will be used from December 16, 2019 through December 18, 2019.

ADDRESSES: To view documents mentioned in this preamble as being available in the docket, go to <https://www.regulations.gov>, type USCG–2019–0838 in the “SEARCH” box, and click “SEARCH.” Click on Open Docket Folder on the line associated with this rule.

FOR FURTHER INFORMATION CONTACT: If you have questions on this rule, call or email LT Jesse Collins, Sector Juneau Waterways Management Division, U.S. Coast Guard; telephone 907–463–2846, email Jesse.O.Collins@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
COTP Captain of the Port Southeast Alaska
DHS Department of Homeland Security
FR Federal Register
NPRM Notice of proposed rulemaking
§ Section
U.S.C. United States Code

II. Background Information and Regulatory History

Contract Drilling & Blasting LLC notified the Coast Guard that it will be conducting explosive dredging from 30

minutes after sunrise to one hour before sunset between December 16, 2019 and January 31, 2020. The operation will take place approximately 300 yards southwest of Berth II in Ketchikan, AK. Hazards from explosive dredging include concussive forces. The COTP has determined that potential hazards associated with the explosives to be used in this operation would be a safety concern for anyone above the water's surface within a 500-yard radius of Pinnacle Rock (located at approximately latitude 55°20'37" N, longitude 131°38'96" W).

In response, on November 22, 2019, the Coast Guard published a notice of proposed rulemaking (NPRM) titled “Temporary Safety Zone for Explosive Dredging, Tongass Narrows, Ketchikan, AK” (84 FR 64445). There we stated why we issued the NPRM, and invited comments on our proposed regulatory action related to this safety zone. During the comment period that ended December 9, 2019, we received eight comments.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. Delaying the effective date of this rule would be impracticable because immediate action is needed to protect the public from the potential safety hazards associated with the explosive dredging operation, which is scheduled to begin on December 16, 2019.

III. Legal Authority and Need for Rule

The Coast Guard is issuing this rule under authority in 46 U.S.C. 70034 (previously 33 U.S.C. 1231). The COTP has determined that potential hazards associated with the explosives to be used in this operation would be a safety concern for anyone above the water's surface within a 500-yard radius of Pinnacle Rock (located at approximately latitude 55°20'37" N, longitude 131°38'96" W). The purpose of this rulemaking is to ensure the safety of vessels and the navigable waters of the Tongass Narrows, from shoreline to shoreline, within a 500-yard radius of Pinnacle Rock before, during, and after the scheduled operation December 16, 2019 and January 31, 2020.

IV. Discussion of Comments, Changes, and the Rule

As noted above, we received eight comments on our NPRM published on November 22, 2019. Five comments were supportive. Three comments raised concerns regarding the operation's affect on marine wildlife. We considered these comments and