

which there is in effect an election under section 897(i) and § 1.897-3 to be treated as a domestic corporation. For purposes of section 897, the term does not include a qualified holder described in § 1.897(l)-1(d); see paragraph (c)(3)(iv)(A) of this section regarding the treatment of qualified foreign pension funds and qualified controlled entities as foreign persons for purposes of section 897(h)(4)(B).

* * * * *

(n) *Regularly traded cross-reference.* See § 1.897-9T(d) for a definition of regularly traded for purposes of sections 897, 1445, and 6039C.

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■ **Par. 3.** Section 1.897-2 is amended by revising paragraph (h)(3) to read as follows:

§ 1.897-2 United States real property holding corporations.

* * * * *

(h) * * *

(3) *Requirements not applicable.* The requirements of this paragraph (h) do not apply to domestically-controlled qualified investment entities, as defined in section 897(h)(4)(B). *But see* § 1.1445-2(c)(3) for rules providing that no withholding is required under section 1445(a) in certain cases when a statement is voluntarily issued by the corporation and otherwise complies with the requirements of this paragraph (h). The requirements of this paragraph (h) also do not apply to a corporation any class of stock in which is regularly traded on an established securities market at any time during the calendar year. However, such a corporation may voluntarily choose to comply with the requirements of paragraph (h)(4) of this section.

* * * * *

■ **Par. 4.** Section 1.897-9T is amended by:

■ 1. Removing and reserving paragraph (c); and

■ 2. Revising and republishing paragraph (e).

The revision reads as follows:

§ 1.897-9T Treatment of certain interest in publicly traded corporations, definition of foreign person, and foreign governments and international organizations (temporary).

* * * * *

(e) *Foreign governments and international organizations.* A foreign government shall be treated as a foreign person with respect to U.S. real property interests, and shall be subject to sections 897, 1445, and 6039C on the disposition of a U.S. real property interest except to the extent specifically otherwise provided in the regulations in this

chapter issued under section 892. An international organization (as defined in section 7701(a)(18)) is not a foreign person with respect to U.S. real property interests, and is not subject to sections 897, 1445, and 6039C on the disposition of a U.S. real property interest. See § 1.897-1(c)(3)(iv)(B) regarding the treatment of international organizations as foreign persons for purposes of section 897(h)(4)(B). Buildings or parts of buildings and the land ancillary thereto (including the residence of the head of the diplomatic mission) used by the foreign government for a diplomatic mission shall not be a U.S. real property interest in the hands of the respective foreign government.

* * * * *

■ **Par. 5.** Section 1.1445-2 is amended by:

- 1. Revising paragraph (c)(3)(i); and
- 2. Adding two sentences at the end of paragraph (e).

The revision and additions read as follows:

§ 1.1445-2 Situations in which withholding is not required under section 1445(a).

* * * * *

(c) * * *

(3) * * *

(i) *In general.* No withholding is required under section 1445(a) upon the acquisition of an interest in a domestic corporation, if the transferor provides the transferee with a copy of a statement, issued by the corporation pursuant to § 1.897-2(h), certifying that the interest is not a U.S. real property interest, or if the transferor provides the transferee with a statement certifying that the corporation is a domestically controlled qualified investment entity (as determined under § 1.897-1(c)(3)) that is voluntarily issued by the corporation but otherwise complies with the requirements of § 1.897-2(h). In general, a corporation may issue such a statement only if the corporation was not a U.S. real property holding corporation at any time during the previous five years (or the period in which the interest was held by its present holder, if shorter), the corporation is a domestically controlled qualified investment entity (as determined under § 1.897-1(c)(3)), or if interests in the corporation ceased to be United States real property interests under section 897(c)(1)(B). (A corporation may not provide such a statement based on its determination that the interest in question is an interest solely as a creditor.) See § 1.897-2(f) and (h). The corporation may provide such a statement directly to the transferee at the transferor's request. The transferor must request

such a statement before the transfer, and shall, to the extent possible, specify the anticipated date of the transfer. A corporation's statement may be relied upon for purposes of this paragraph (c)(3) only if the statement is dated not more than 30 days before the date of the transfer. A transferee may also rely upon a corporation's statement that is voluntarily provided by the corporation in response to a request from the transferee, if that statement otherwise complies with the requirements of this paragraph (c)(3) and § 1.897-2(h).

* * * * *

(e) * * * Paragraph (c)(3)(i) of this section applies with respect to dispositions of U.S. real property interests, and distributions described in section 897(h), occurring on or after April 25, 2024. For dispositions of U.S. real property interests, and distributions described in section 897(h), occurring before April 25, 2024, see § 1.1445-2(c)(3)(i), as contained in 26 CFR part 1, revised as of April 1, 2024.

Douglas W. O'Donnell,
Deputy Commissioner.

Approved: April 2, 2024.

Aviva Aron-Dine,
Acting Assistant Secretary of the Treasury
(Tax Policy).

[FR Doc. 2024-08267 Filed 4-24-24; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Part 9

[Docket No. TTB-2022-0008; T.D. TTB-193; Ref: Notice No. 214]

RIN 1513-AC85

Establishment of the Yucaipa Valley Viticultural Area

AGENCY: Alcohol and Tobacco Tax and Trade Bureau, Treasury.

ACTION: Final rule; Treasury decision.

SUMMARY: The Alcohol and Tobacco Tax and Trade Bureau (TTB) establishes the 36,467-acre "Yucaipa Valley" American viticultural area (AVA) in San Bernardino County, California. The Yucaipa Valley viticultural area is not located within, nor does it contain, any other established viticultural area. TTB designates viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

DATES: This final rule is effective May 28, 2024.

FOR FURTHER INFORMATION CONTACT: Karen A. Thornton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street NW, Box 12, Washington, DC 20005; phone 202-453-1039, ext. 175.

SUPPLEMENTARY INFORMATION:

Background on Viticultural Areas

TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 205(e), authorizes the Secretary of the Treasury to prescribe regulations for the labeling of wine, distilled spirits, and malt beverages. The FAA Act provides that these regulations should, among other things, prohibit consumer deception and the use of misleading statements on labels and ensure that labels provide the consumer with adequate information as to the identity and quality of the product. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the FAA Act pursuant to section 1111(d) of the Homeland Security Act of 2002, codified at 6 U.S.C. 531(d). The Secretary has delegated the functions and duties in the administration and enforcement of these provisions to the TTB Administrator through Treasury Order 120-01, dated December 10, 2013.

Part 4 of the TTB regulations (27 CFR part 4) authorizes TTB to establish definitive viticultural areas and regulate the use of their names as appellations of origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) sets forth standards for the preparation and submission to TTB of petitions for the establishment or modification of American viticultural areas (AVAs) and lists the approved AVAs.

Definition

Section 4.25(e)(1)(i) of the TTB regulations (27 CFR 4.25(e)(1)(i)) defines a viticultural area for American wine as a delimited grape-growing region having distinguishing features as described in part 9 of the regulations and, once approved, a name and a delineated boundary codified in part 9 of the regulations. These designations allow vintners and consumers to attribute a given quality, reputation, or other characteristic of a wine made from grapes grown in an area to the wine's geographic origin. The establishment of AVAs allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of an AVA is neither an

approval nor an endorsement by TTB of the wine produced in that area.

Requirements

Section 4.25(e)(2) of the TTB regulations (27 CFR 4.25(e)(2)) outlines the procedure for proposing an AVA and allows any interested party to petition TTB to establish a grape-growing region as an AVA. Section 9.12 of the TTB regulations (27 CFR 9.12) prescribes standards for petitions to establish or modify AVAs. Petitions to establish an AVA must include the following:

- Evidence that the area within the proposed AVA boundary is nationally or locally known by the AVA name specified in the petition;
- An explanation of the basis for defining the boundary of the proposed AVA;
- A narrative description of the features of the proposed AVA affecting viticulture, such as climate, geology, soils, physical features, and elevation, that make the proposed AVA distinctive and distinguish it from adjacent areas outside the proposed AVA boundary;
- The appropriate United States Geological Survey (USGS) map(s) showing the location of the proposed AVA, with the boundary of the proposed AVA clearly drawn thereon; and
- A detailed narrative description of the proposed AVA boundary based on USGS map markings.

Yucaipa Valley AVA Petition

TTB received a petition from the Yucaipa Valley Wine Alliance, proposing establishment of the "Yucaipa Valley" AVA. The proposed AVA is in San Bernardino County, California, and is not within any established AVA. The proposed AVA covers 36,467 acres and includes approximately 23 vineyards and two wineries. The petition identifies the distinguishing features of the proposed Yucaipa Valley AVA as its elevation and climate.

The proposed Yucaipa Valley AVA is a region of rolling hills in the foothills of the San Bernardino Mountains and includes the incorporated municipalities of Yucaipa and Calimesa and the unincorporated area of Oak Glen. Elevations within the proposed Yucaipa Valley AVA range from 2,000 to 4,600 feet. According to the petition, sunlight becomes more concentrated at high elevations. As a result, grapes receive a "tan," which results in thicker skin than the same varieties grown at lower elevations. The petition states that thick skins contribute to the color and tannin levels of the resulting wine and

protect developing grapes from the dramatic climate shifts that can occur in high altitude vineyards.

By contrast, Yucaipa Ridge, which is located to the immediate north and northeast of the proposed Yucaipa Valley AVA, is a mountain range of steep slopes with elevations up to 2,000 feet higher than the proposed AVA. The region east of the proposed AVA has elevations similar to those within the proposed AVA but is not included in the proposed AVA because it is largely uninhabited and undeveloped, has few roads, is largely covered by a national forest that is not available for commercial viticulture, and does not have historical ties to the region known as the Yucaipa Valley. Cherry Valley and Beaumont are communities which extend from the southeast to the south of the proposed AVA and have elevations similar to those in the lower portions of the proposed AVA. However, these areas do not have the rolling hills found in the Yucaipa Valley. The San Timoteo Canyon extends from the southwest to the south of the proposed AVA and has elevations that are lower than those in the proposed AVA, ranging from 1,600 to 2,000 feet. To the west of the proposed AVA is the Redlands Valley, which also has lower elevations ranging from 1,100 to 2,000 feet.

The petition described the climate of the proposed Yucaipa Valley AVA as a hot, dry climate suitable for growing grape varieties such as Cabernet Sauvignon, Merlot, Zinfandel, Syrah, Malbec, Nebbiolo, Barbera, and Petite Sirah. Within the city of Yucaipa, the average high temperature is 78.3 degrees Fahrenheit (F), and the average low temperature is 48.7 degrees F. August is typically the warmest month, with an average high of 97 degrees F, and December is typically the coolest month, with an average minimum temperature of 40 degrees F. The record high temperature in the city of Yucaipa is 114 degrees F, while the record low temperature is 11 degrees F. The city of Yucaipa receives an average cumulative rainfall of 4.14 inches during the growing season of April through October. The average amount of precipitation for the city of Yucaipa during the winter months, November through March, is substantially greater, 15.35 inches, with an average of one inch being snow.

By contrast, the region to the west of the proposed AVA, is slightly warmer and drier, while the region to the north and northeast is cooler. The average high temperature in the city of Redlands, located west of the proposed AVA, is 79.6 degrees F, and the average

low temperature is 50.5 degrees F. August is typically the warmest month in Redlands, with an average high of 96 degrees F, and December is typically the coolest month, with an average minimum temperature of 40 degrees F. The record high temperature in Redlands is 118 degrees F, and the record low temperature is 18 degrees F. Redlands receives an average of 10.86 inches of winter precipitation, but seldom receives snow due to its warmer winter temperatures. In the community of Forest Falls, located to the north and northeast of the proposed AVA, the average high temperature is 61.5 degrees F, and the average low temperature is 40.9 degrees F. August is typically the warmest month in Forest Falls, with an average high of 81 degrees F. The record high temperature is 106 degrees F, and the record low temperature is 5 degrees F. The petition did not include temperature data from the regions to the northwest, east, and south of the proposed Yucaipa Valley AVA but did note that the city of Beaumont, located south and southeast of the proposed AVA, receives an average winter precipitation amount very similar to that of the proposed AVA, although it seldom has any snow.

Notice of Proposed Rulemaking and Comments Received

TTB published Notice No. 214 in the **Federal Register** on September 21, 2022 (87 FR 57657), proposing to establish the Yucaipa Valley AVA. In the notice, TTB summarized the evidence from the petition regarding the name, boundary, and distinguishing features for the proposed AVA. The notice also included information from the petition comparing the distinguishing features of the proposed AVA to the surrounding areas. For a detailed description of the evidence relating to the name, boundary, and distinguishing features of the proposed AVA, and for a detailed comparison of the distinguishing features of the proposed AVA to the surrounding areas, see Notice No. 214. In Notice No. 214, TTB solicited comments on the accuracy of the name, boundary, and other required information submitted in support of the petition. The comment period closed on November 21, 2022.

Comments Received

In response to Notice No. 214, TTB received twelve comments. Eight of the comments fully support the proposed AVA (comments 1, 2, 3, 4, 6, 7, 8, and 10). The comments state that, among other things, the proposed AVA could increase consumer awareness of wines from the area and promote economic

development in the city of Yucaipa and in the other communities within and near the proposed AVA.

Two comments (comments 11 and 12) agree that the petition fulfilled TTB's requirements for the establishment of an AVA. These commenters, however, believe that before deciding to establish the AVA, TTB should conduct studies on the effects the AVA may have. Comment 11 believes TTB should study the effect of a potential AVA on "property values, displaced ownership, or general effects on the market" for occupants of the area, regardless of whether they are involved in the wine industry. Comment 12 suggests that TTB study the effects an AVA may have on water consumption because an AVA may promote increased agricultural activities and, therefore, increase water consumption in a region that has limited water resources.

Two comments (comments 5 and 9) oppose the proposed Yucaipa Valley AVA. Comment 5 states that the region is "too small for such a venture," that the proposed vineyards are close to an earthquake fault line, that citizens do not want the vineyards depleting the "already low" local water table, and that establishing an AVA could increase traffic on small streets and raise the risk of drunk drivers. Comment 9 also opposes the proposed AVA due to the potential for increased traffic and drunk driving that could "pose a serious threat to local drivers, pedestrians, and children in the community." Additionally, the commenter expresses concern that an AVA designation could raise property values and property taxes if the increased tourism also leads to a rise in the purchase of vacation homes in the area. The commenter also believes that small vineyards in the proposed AVA "may have to restructure their winemaking processes to comply with this 85 percent standard required to attach the AVA label to their wines." The commenter asserts that such a move could be costly because it "will require winemakers to develop new formulas, increase grape production, and adapt their facilities to accommodate the changes."

TTB Response

TTB establishes AVAs to allow winemakers to better describe, in labeling and advertising, the origins of their wines and to allow consumers to better identify wines they may purchase. TTB reviews any petition submitted to it to establish an AVA and determines if the petition meets the regulatory criteria. Labeling and advertising of wines using an AVA is voluntary, and approving an AVA does

not apply any new requirements on grape growers or winemakers in the region other than any addressed in the section "Impact on Current Wine Labels." Any potential impacts on such things as economic growth or an increase in tourism would be because of the efforts of businesses or other interests in using the AVA name in promoting the region or the wines and because of consumer acceptance of wines from that area.

With respect to concerns about increased financial burdens for local wine industry members, as noted above, the use of an AVA name on a wine label is completely voluntary. Winemakers who believe it would be costly for them to comply with the 85 percent requirement for use of the AVA name can choose not to use the AVA name and can continue to operate their businesses as usual. Therefore, any additional costs incurred from the use of an AVA name on a wine label would be the result of the decisions of the individual winemaker and not the direct result of the rulemaking.

Finally, when establishing an AVA to allow winemakers to better describe the origins of their wines, TTB is not required to determine the possible effects of this administrative regulatory action on property values or the environment. Furthermore, TTB notes that comment 10, submitted by the Third District Supervisor of the San Bernardino County Board of Supervisors in support of the proposed AVA, acknowledges the importance of protecting water resources in the county and states that vineyards have little impact on the water reserves as they require far less water than other agricultural crops.

TTB Determination

After careful review of the petition and comments, TTB finds that the evidence provided by the petitioner supports the establishment of the Yucaipa Valley AVA. Accordingly, under the authority of the FAA Act, section 1111(d) of the Homeland Security Act of 2002, and parts 4 and 9 of the TTB regulations, TTB establishes the "Yucaipa Valley" AVA in San Bernardino County, California, effective 30 days from the publication date of this document.

Boundary Description

See the narrative description of the boundary of the Yucaipa Valley AVA in the regulatory text published at the end of this final rule.

Maps

The petitioner provided the required maps, and they are listed below in the regulatory text. The Yucaipa Valley AVA boundary may also be viewed on the AVA Map Explorer on the TTB website, at <https://www.ttb.gov/wine/ava-map-explorer>.

Impact on Current Wine Labels

Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. For a wine to be labeled with an AVA name or with a brand name that includes an AVA name, at least 85 percent of the wine must be derived from grapes grown within the area represented by that name, and the wine must meet the other conditions listed in 27 CFR 4.25(e)(3). If the wine is not eligible for labeling with an AVA name and that name appears in the brand name, then the label is not in compliance and the bottler must change the brand name and obtain approval of a new label. Similarly, if the AVA name appears in another reference on the label in a misleading manner, the bottler would have to obtain approval of a new label. Different rules apply if a wine has a brand name containing an AVA name that was used as a brand name on a label approved before July 7, 1986. See 27 CFR 4.39(i)(2) for details.

With the establishment of the Yucaipa Valley AVA, its name, "Yucaipa Valley," will be recognized as a name of viticultural significance under § 4.39(i)(3) of the TTB regulations (27 CFR 4.39(i)(3)). The text of the regulations clarifies this point. Consequently, wine bottlers using the name "Yucaipa Valley" in a brand name, including a trademark, or in another label reference to the origin of the wine, will have to ensure that the product is eligible to use the AVA name as an appellation of origin.

The establishment of the Yucaipa Valley AVA will not affect any existing AVA. The establishment of the Yucaipa Valley AVA will allow vintners to use "Yucaipa Valley" as an appellation of origin for wines made primarily from grapes grown within the Yucaipa Valley AVA if the wines meet the eligibility requirements for the appellation.

Regulatory Flexibility Act

TTB certifies that this regulation will not have a significant economic impact on a substantial number of small entities. The regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of an AVA name

would be the result of a proprietor's efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

Executive Order 12866

It has been determined that this final rule is not a significant regulatory action as defined by Executive Order 12866 of September 30, 1993, as amended. Therefore, no regulatory assessment is required.

Drafting Information

Karen A. Thornton of the Regulations and Rulings Division drafted this final rule.

List of Subjects in 27 CFR Part 9

Wine.

The Regulatory Amendment

For the reasons discussed in the preamble, TTB amends title 27, chapter I, part 9, Code of Federal Regulations, as follows:

PART 9—AMERICAN VITICULTURAL AREAS

- 1. The authority citation for part 9 continues to read as follows:

Authority: 27 U.S.C. 205.

Subpart C—Approved American Viticultural Areas

- 2. Add § 9.293 to read as follows:

§ 9.293 Yucaipa Valley AVA.

(a) *Name.* The name of the viticultural area described in this section is "Yucaipa Valley". For purposes of part 4 of this chapter, "Yucaipa Valley" is a term of viticultural significance.

(b) *Approved maps.* The 4 United States Geological Survey (USGS) 1:24,000 scale topographic maps used to determine the boundary of the Yucaipa Valley viticultural area are:

- (1) Yucaipa, CA, 1996;
- (2) Forest Falls, CA, 1996;
- (3) Beaumont, CA, 1996; and
- (4) El Casco, CA, 1967; photorevised 1979.

(c) *Boundary.* The Yucaipa Valley viticultural area is located in San Bernardino County, California. The boundary of the Yucaipa Valley viticultural area is as described as follows:

(1) The boundary begins on the Yucaipa map at the intersection of Highway 38/Mill Creek Road and the western boundary of section 13, T1S/R2W. From the beginning point, proceed northeast along Highway 38/Mill Creek Road to the 2,924-foot benchmark in section 13; then

(2) Proceed east in a straight line to the 3,800-foot elevation contour in section 18, T1S/R1W; then

(3) Proceed east-southeasterly along the 3,800-foot elevation contour, crossing onto the Forest Falls map, and continuing along the 3,800-foot elevation contour to its intersection with Wilson Creek along the eastern boundary of section 21, T1S/R1W; then

(4) Proceed northerly along Wilson Creek to its intersection with the 4,400-foot elevation contour in section 22, T1S/R1W; then

(5) Proceed south-southeasterly along the 4,400-foot elevation contour to its intersection with Birch Creek in section 26, T1S/RR1W; then

(6) Proceed northeasterly along Birch Creek to its intersection with the 5,200-foot elevation contour in section 23, T1S/R1W; then

(7) Proceed south-southeasterly along the 5,200-foot elevation contour to its intersection with the eastern branch of Little San Gorgonio Creek along the San Bernardino National Forest boundary in section 31, T1S/R1E; then

(8) Proceed southwesterly along the eastern branch of Little San Gorgonio Creek to its confluence with the main channel of Little San Gorgonio Creek near the gaging station in section 1, R1W/T2S; then

(9) Proceed southwesterly along the main channel of Little San Gorgonio Creek, crossing onto the Beaumont map, and continuing along the creek to its intersection with Orchard Avenue in section 22, T2S/R1W; then

(10) Proceed west along Orchard Street to the point where the road makes a sharp turn south and becomes locally known as Taylor Street along the western boundary of section 28, T2S/R1W; then

(11) Proceed south along Taylor Street to its intersection with Vineland Avenue in section 28, T2S/R1W; then

(12) Proceed west along Vineland Avenue to its intersection with an unnamed road known locally as Union Street along the western edge of the Beaumont map in section 29, T2S/R1W; then

(13) Proceed south along Union Street to its intersection with Woodland Avenue in section 29, T2S/R1W; then

(14) Proceed west along Woodland Avenue, crossing onto the El Casco map, where the road becomes known as Cherry Valley Boulevard, and continue west along Cherry Valley Boulevard to its intersection with Interstate 10 in the Tract Between San Jacinto and San Gorgonio, T2S/R2W; then

(15) Proceed southeasterly along Interstate 10 to its intersection with the

first unnamed, intermittent stream in section 32, T2S/R1W; then

(16) Proceed west in a straight line to the western boundary of section 31, T2S/R1W; then

(17) Proceed north along the western boundary of section 31 to the southernmost transmission line at the northwest corner of section 31, T2S/R1W; then

(18) Proceed northwesterly along the transmission line to its intersection with San Timoteo Canyon Road in the Tract Between San Jacinto and San Gorgonio, T2S/R2W; then

(19) Proceed northwesterly along San Timoteo Canyon Road to its intersection with the western boundary of the Tract Between San Jacinto and San Gorgonio, T2S/R2W; then

(20) Proceed north, then northeasterly along the boundary of the tract to its intersection with the southwestern corner of section 22, T2S/R2W; then

(21) Proceed north along the western boundary of section 22 to its intersection with the southeastern corner of section 16, T2S/R2W; then

(22) Proceed west along the southern boundaries of sections 16 and 17 to the southwestern corner of section 17, T2S/R2W; then

(23) Proceed north along the western boundary of section 17, crossing onto the Yucaipa map and continuing along the western boundary of section 17 to its intersection with the Riverside–San Bernardino County line along the northern boundary of section 17, T2S/R2W; then

(24) Proceed east along the Riverside–San Bernardino County line to its intersection with the eastern boundary of section 17, T2S/R2W; then

(25) Proceed north in a straight line to the boundary of the San Bernardino Land Grant, T2S/R2W; then

(26) Proceed west along the land grant boundary to its intersection with the eastern boundary of section 8, T2S/R2W; then

(27) Proceed north along the eastern boundaries of sections 8 and 5 to the intersection of the northeast corner of section 5 and an unnamed road known locally as Highview Drive, T2S/R2W; then

(28) Proceed northwest in a straight line to its intersection with Interstate 10 west of an unnamed light-duty road known locally as Knoll Road in the San Bernardino Land Grant, T2S/R2W; then

(29) Proceed northeast in a straight line to the northeast corner of section 32, T1S/R2W; then

(30) Proceed east along the northern boundaries of sections 33, 34, and 35 to the southwestern corner of section 25, T1S/R2W; then

(31) Proceed north along the western boundaries of sections 25, 24, and 13 to the intersection of the western boundary of section 13 and Highway 38/Mill Creek Road, T1S/R2W, which is the beginning point.

Signed: April 19, 2024.

Mary G. Ryan,
Administrator.

Approved: April 20, 2024.

Aviva R. Aron-Dine,
Acting Assistant Secretary (Tax Policy).

[FR Doc. 2024–08868 Filed 4–24–24; 8:45 am]

BILLING CODE 4810–31–P

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Parts 38 and 39

RIN 2900–AS06

Expansion of Prohibition of Interment or Memorialization of Persons Who Committed Certain Crimes

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: The Department of Veterans Affairs (VA) is amending its regulations that prohibit interment or memorialization of persons who committed Federal or State capital crimes or certain sex offenses. This action is necessary to implement statutory amendments enacted on January 5, 2023. VA is required to prohibit interment or memorialization of a person who is found to have committed a Federal or State crime that would cause the person to be a tier III sex offender for purposes of the Sex Offender Registration and Notification Act but has not been convicted of such crime due to death or flight to avoid prosecution. This final rule also implements the statutory amendment to the sex offender prohibition to apply in conviction cases in which the person was sentenced to a term of 99 years or more. This final rule also makes corresponding amendments to the regulations that govern VA grant-funded cemeteries. The intended effect of this final rule is to comport the regulations with the amendments to the statutory bar to entitled benefits for individuals who commit certain criminal acts and to uphold the dignity and solemnity of VA national cemeteries as national shrines.

DATES: This rule is effective April 25, 2024.

FOR FURTHER INFORMATION CONTACT: Artis Parker, Executive Director, Office of Field Programs, National Cemetery Administration, Department of Veterans

Affairs, 810 Vermont Avenue NW, Washington, DC 20420. Telephone: (314) 416–6304 (this is not a toll-free number).

SUPPLEMENTARY INFORMATION: This final rule amends three sections in 38 CFR parts 38 and 39 to implement statutory requirements enacted in section 6 of Public Law 117–355, the “National Cemeteries Preservation and Protection Act of 2022” (the Act), which amended 38 U.S.C. 2411 to expand the prohibition of memorialization or interment in a cemetery in the National Cemetery Administration (NCA) or Arlington National Cemetery of persons who committed certain crimes. Specifically, the amendment adds a new category of “persons prohibited” in sec. 2411(b)(5) to include a person who is found to have committed a Federal or State crime that would cause the person to be a tier III sex offender for purposes of the Sex Offender Registration and Notification Act (34 U.S.C. 20901 *et seq.*) but has not been convicted of such crime because they were not available for trial due to death or flight to avoid prosecution. The Act also amended sec. 2411(b)(4)(B) to bar interment or memorialization of a person convicted of a Federal or State crime causing the person to be a tier III sex offender who for such crime was sentenced to a period of 99 years or more, whereas the statute previously only included individuals sentenced to a minimum of life imprisonment.

To implement the new statutory requirements, VA is amending 38 CFR 38.617, 38.618, and 39.10. These sections include references to the statutory authority to bar eligible individuals who by their criminal acts are prohibited from receiving memorialization benefits and interment in VA national and VA grant-funded cemeteries. Specific amendments to §§ 38.617, 38.618, and 39.10 are as follows.

VA is amending 38 CFR 38.617(a)(4) by inserting the words “or to a period of 99 years or more” after “life imprisonment” and adding new paragraph (a)(5) to implement the new category of persons to be barred under 38 U.S.C. 2411(b)(5). Implementing this change will not affect VA’s current adjudication or appeals processes for interment and memorialization requests.

VA is also making a couple of technical corrections in § 38.617. First, VA is revising the section heading from “Prohibition of interment or memorialization of persons who have been convicted of Federal or State capital crimes or certain sex offenses” to “Prohibition of interment or