

business assets in a business, the continuity of business enterprise requirement is satisfied because the qualified group is using a significant portion of T's historic business assets in a business.

**Example 8. *Transfer of a historic T business to PRS—active and substantial management.*** (a) *Facts.* T manufactures custom ski boots. T transfers all of its assets to P solely in exchange for P voting stock, which T then distributes to its shareholders. P plans to continue manufacturing ski boots and to expand this operation. As part of the expansion, P and R (an unrelated party) form a new partnership (PRS). As part of the plan of reorganization, P (PTR) transfers T's ski boot business to PRS in exchange for a 20 percent interest in PRS. R transfers cash in exchange for its interest in PRS. PTR performs active and substantial management functions for PRS including the decision-making regarding significant business decisions of PRS and regular participation in the overall supervision, direction and control of the employees of PRS in operating the ski boot business.

(b) *Continuity of business enterprise.* Under paragraph (d)(5)(v)(A)(1) of this section, PTR is treated as conducting T's historic business because the officers of PTR perform active and substantial management functions for the ski boot business in PRS. Thus, the continuity of business enterprise requirement is satisfied because PTR is treated as continuing to conduct T's historic business.

(c) *Continuity of interest.* Under paragraph (f)(1)(ii) of this section, the continuity of interest requirement is satisfied even though the assets are transferred to PRS in exchange for an interest in PRS.

**Example 9. *Transfer of a historic T business to PRS—significant interest.*** (a) *Facts.* The facts are the same as in Example 8 except that PTR's officers do not operate the ski boot business, and PTR owns a 33⅓ percent interest in PRS.

(b) *Continuity of business enterprise.* Under paragraph (d)(5)(v)(A)(2) of this section, PTR is treated as conducting T's historic ski boot business because PTR's 33⅓ percent interest in PRS represents a significant interest in the PRS ski boot business.

(c) *Continuity of interest.* Under paragraph (f)(1)(ii) of this section, the continuity of interest requirement is satisfied even though the assets are transferred to PRS in exchange for an interest in PRS.

**Example 10. *Transfer of T's historic assets to PRS.*** (a) *Facts.* T manufactures silk. T transfers all of its assets to P solely in exchange for P voting stock, which T then distributes to its shareholders. P manufactures clothing and has been buying silk from T. P (PTR) and R (an unrelated party) own interests in a partnership (PRS) which owns and maintains warehouse facilities. As part of the plan of reorganization, PTR transfers the T assets to PRS, increasing PTR's percentage interest in PRS from 20 to 33⅓ percent. PTR decides to buy its silk from a different manufacturer and converts T's plant facilities into warehouses.

(b) *Continuity of business enterprise.* Under paragraph (d)(5)(v)(A)(2), PTR is

treated as being in the business of owning and maintaining warehouse space because of PTR's significant interest in PRS.

Furthermore, under paragraph (d)(5)(v)(B) of this section, PTR is treated as owning the assets of PRS in accordance with its interest in the partnership. Thus, the continuity of business enterprise requirement is satisfied because PTR continues to use a significant portion of T's historic assets in a business.

(c) *Continuity of interest.* Under paragraph (f)(1)(ii) of this section, the continuity of interest requirement continues to be satisfied even though the assets are transferred to PRS in exchange for an interest in PRS.

\* \* \* \* \*

(f) *Continuity of interest and asset or stock transfers.* (1) *Scope.* The following rules apply to transactions otherwise qualifying as a reorganization under section 368(a)(1)(A), (B), (C), or (G) (meeting the requirements of sections 354(b)(1) (A) and (B)):

(i) *Transfers to members of a qualified group.* Continuity of interest is satisfied where there are transfers or successive transfers of target (T) stock (or transfers of T assets after a stock acquisition) or T assets (or transfers of the acquiring corporation's stock after a T asset acquisition) among members of a qualified group as defined in paragraph (d)(5)(iii) of this section.

(ii) *Partnerships.* Continuity of interest is satisfied even where T assets (or transfers of T assets following a T stock acquisition) are transferred to a partnership in exchange for a partnership interest.

(2) *Example.* The rules of this paragraph (f) are illustrated by the following example. P represents the acquiring corporation and T represents the target corporation. Also see *Example 8* through *Example 10* in paragraph (d)(6) of this section.

The example is as follows:

**Example. *Transfers to corporations in the qualified group.*** (a) *Facts.* T manufactures playground equipment, including launch ramps and half pipes for skateboarding, inline skating, and bicycling. The P affiliated group is engaged in architectural design and construction. A holding company (HC) owns 80 percent of the stock of each of P and S1. S1 in turn, owns 80 percent of the stock of S2, and S2 owns 80 percent of the stock of S3. T transfers all of its assets to P in exchange for HC voting stock, which T distributes to its shareholders. HC transfers all of the P stock to S1. S1 in turn transfers all of the P stock to S2, and S2 transfers the P stock to S3.

(b) *Continuity of interest.* HC, P, S1, S2 and S3 are members of a qualified group as defined in paragraph (d)(5)(iii) of this section. Under paragraph (f)(1)(i) of this section, the successive transfers of the P stock to other members of the qualified group do not violate the continuity of interest requirement.

Par. 3. In § 1.368-2, paragraph (f) is amended by removing the second sentence and adding two new sentences in its place to read as follows:

#### § 1.368-2 Definition of terms.

\* \* \* \* \*

(f) \* \* \* A corporation remains a party to the reorganization even though assets are transferred among members of a qualified group as defined in § 1.368-1(d)(5)(iii). The preceding sentence applies to transactions occurring after these regulations are published as final regulations in the Federal Register except that it shall not apply to any transactions occurring pursuant to a written agreement which is (subject to customary conditions) binding on or before these regulations are published as final regulations in the Federal Register.

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Margaret Milner Richardson,  
*Commissioner of Internal Revenue.*  
[FR Doc. 97-83 Filed 1-2-97; 8:45 am]

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## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 372

[OPPTS-400106B; FRL-5581-2]

RIN 2070-AD08

### Addition of Community Right-to Know; Extension of Comment Period

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

**ACTION:** Advance notice of proposed rulemaking; extension of comment period.

**SUMMARY:** In the Federal Register of October 1, 1996, EPA issued an advance notice of proposed rulemaking (ANPR) to announce EPA's intention to expand its Community Right-to-Know initiatives to increase the information available to the public on chemical use, and to solicit comments on all aspects of chemical use data and its collection. Based on a request for additional time submitted by the U.S. Department of Energy's Office of Environmental Policy and Assistance, EPA is extending the comment period on the ANPR by 60 days.

**DATES:** Comments must be received by February 28, 1997.

**ADDRESSES:** Written comments should be submitted in triplicate to: OPPT Docket Clerk, TSCA Document Receipt Office (7407), Office of Pollution Prevention and Toxics, Environmental Protection Agency, Rm. E-G099, 401 M St., SW., Washington, DC 20460. Comments containing information claimed as confidential must be clearly marked as confidential business information (CBI). If CBI is claimed,

three additional sanitized copies must also be submitted. Nonconfidential versions of comments will be placed in the record for this action and will be available for public inspection. Comments should include the docket control number for the ANPR, OPPTS-400106 and the EPA contact. Unit II. of this document contains additional information on submitting comments containing information claimed as CBI.

Comments and data may also be submitted electronically by sending electronic mail (e-mail) to: [oppt.ncic@epamail.epa.gov](mailto:oppt.ncic@epamail.epa.gov). Electronic comments must be submitted as an ASCII file avoiding the use of special characters and any form of encryption. Comments and data will also be accepted on disks in WordPerfect 5.1 file format or ASCII file format. All comments and data in electronic form must be identified by the docket number OPPTS-400106. No CBI should be submitted through e-mail. Electronic comments on this ANPR may be filed online at many Federal Depository Libraries. Additional information on electronic submissions can be found in Unit IV. of this document.

**FOR FURTHER INFORMATION CONTACT:** Matt Gillen at 202-260-1801, e-mail: [gillen.matthew@epamail.epa.gov](mailto:gillen.matthew@epamail.epa.gov) for specific information regarding this Notice. For further information on EPCRA section 313 contact the Emergency Planning and Community Right-to-Know Hotline, Environmental Protection Agency, Mail Stop 5101, 401 M St., SW., Washington, DC 20460. Toll free: 1-800-535-0202, in Virginia and Alaska: 703-412-9877 or Toll free TDD: 800-553-7672.

**SUPPLEMENTARY INFORMATION:** Electronic Availability: An electronic copy of the documents listed in Unit I of this document are available from the EPA Public Access gopher ([gopher.epa.gov](http://gopher.epa.gov)) at the Environmental SubSet entry under "Rules and Regulations."

## I. Introduction

In 1986, Congress enacted the Emergency Planning and Community Right-to-Know Act (EPCRA). Section 313 of EPCRA requires certain businesses to submit reports each year on the amounts of toxic chemicals their facilities release into the environment or otherwise manage. The information is placed in a publicly accessible data base known as the Toxics Release Inventory (TRI). The purpose of this requirement is to inform the public, government officials, and industry about the chemical management practices of specified toxic chemicals.

EPA is interested in expanding the information available via TRI to include chemical use information such as materials accounting data. The Agency began reviewing this issue in 1993 and held public meetings in 1994 and 1995. On August 8, 1995, President Clinton directed EPA to develop and implement, on an expedited schedule, a process for consideration of reporting use information under TRI. In response, EPA has begun the regulatory development process for additional review of chemical use reporting, which the Agency believes may provide a more detailed and comprehensive picture to the public about environmental performance and about toxic chemicals in their communities. EPA published the ANPR on October 1, 1996 (61 FR 51322) (FRL-5387-6), to give notice of EPA's consideration of this issue and to solicit comments on all aspects of chemical use and the collection of chemical use data. At the same time, the Agency also released "Issues Paper No. 3" which describes previous stakeholder comments on chemical use reporting. EPA also held three public meetings in October and December of 1996 to provide public forums for interested parties to provide input on the issues raised by the ANPR. This issues paper and ANPR can be obtained from the EPCRA hotline at the telephone numbers listed in the FOR FURTHER INFORMATION CONTACT unit of this document, or electronically via the EPA's TRI Homepage at: <http://www.epa.gov/opptintr/tri>.

The original comment period for the ANPR was due to expire on December 30, 1996. However, on November 26, 1996, the Department of Energy submitted a request for an extension of the comment period to allow time to gather and consolidate comments from various DOE facilities, and to account for DOE's need to comment on another EPA reporting initiative during the same period. EPA has decided to grant this request and to extend the comment period for an additional 60 days, or until February 28, 1997.

## II. Rulemaking Record and Electronic Filing of Comments

A record has been established for the ANPR under docket number "OPPTS-400106" (including comments and data submitted electronically as described below). A public version of this record, including printed paper versions of electronic comments, which does not include any information claimed as CBI, is available for inspection from noon to 4 p.m., Monday through Friday, excluding legal holidays. The public record is located in the TSCA

Nonconfidential Information Center, Room NE-B607, 401 M St., SW., Washington, DC 20460.

Any person who submits comments claimed as CBI must mark the comments as "confidential," "CBI," or other appropriate designation. Comments not claimed as confidential at the time of submission will be placed in the public file. Any comments marked as confidential will be treated in accordance with the procedures in 40 CFR part 2. Any person submitting comments claimed to be confidential must prepare a nonconfidential public version of the comments in triplicate that EPA can place in the public file.

Electronic comments can be sent directly to EPA at [oppt.ncic@epamail.epa.gov](mailto:oppt.ncic@epamail.epa.gov). Electronic comments must be submitted as an ASCII file avoiding the use of special characters and any form of encryption. The official record for this action, as well as the public version, as described above will be kept in paper form. Accordingly, EPA will transfer all comments received electronically into printed paper form as they are received and will place the paper copies in the official record which will also include all comments submitted directly in writing. The official record is the paper record maintained at the address in ADDRESSES at the beginning of this document.

## List of Subjects in 40 CFR Part 372

Environmental protection, Community right-to-know, Reporting and recordkeeping requirements, Toxic chemicals.

Dated: December 23, 1996.

Lynn R. Goldman,  
Assistant Administrator for Prevention,  
Pesticides and Toxic Substances.

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## 40 CFR Part 372

[OPPTS-400107; FRL-5581-1]

RIN 2070-AC00

## Barium Compounds; Toxic Chemical Release Reporting; Community Right-to-Know

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

**ACTION:** Denial of petition.

**SUMMARY:** EPA is denying a petition to remove the barium compounds category from the list of chemicals subject to the reporting requirements under section 313 of the Emergency Planning and