

calendar year, A provides the information required under paragraph (f)(2) of this section such that the transfer is adequately disclosed. A claims an annual exclusion under section 2503(b) for the transfer.

(ii) *Application of the adequate disclosure standard.* Because the transfer is adequately disclosed under paragraph (f)(2) of this section, the period of assessment for the transfer will expire as prescribed by section 6501(b), notwithstanding that if A's valuation of the closely-held stock was correct, A was not required to file a gift tax return reporting the transfer under section 6019. After the period of assessment has expired on the transfer, the Internal Revenue Service is precluded from redetermining the amount of the gift for purposes of assessing gift tax or for purposes of determining the estate tax liability. Therefore, the amount of the gift as reported on A's 2001 Federal gift tax return may not be redetermined for purposes of determining A's prior taxable gifts (for gift tax purposes) or A's adjusted taxable gifts (for estate tax purposes).

Example 3. (i) Facts. A owns 100 percent of the common stock of X, a closely-held corporation. X does not hold an interest in any other entity that is not actively traded. In 2001, A transfers 20 percent of the X stock to B and C, A's children, in a transfer that is not subject to the special valuation rules of section 2701. The transfer is made outright with no restrictions on ownership rights, including voting rights and the right to transfer the stock. Based on generally applicable valuation principles, the value of X would be determined based on the net value of the assets owned by X. The reported value of the transferred stock incorporates the use of minority discounts and lack of marketability discounts. No other discounts were used in arriving at the fair market value of the transferred stock or any assets owned by X. On A's Federal gift tax return, Form 709, for the 2001 calendar year, A provides the information required under paragraph (f)(2) of this section including a statement reporting the fair market value of 100 percent of X (before taking into account any discounts), the pro rata portion of X subject to the transfer, and the reported value of the transfer. A also attaches a statement regarding the determination of value that includes a discussion of the discounts claimed and how the discounts were determined.

(ii) *Application of the adequate disclosure standard.* A has provided sufficient information such that the transfer will be considered adequately disclosed and the period of assessment for the transfer under section 6501 will run from the time the return is filed (as determined under section 6501(b)).

Example 4. (i) Facts. A owns a 70 percent limited partnership interest in PS. PS owns 40 percent of the stock in X, a closely-held corporation. The assets of X include a 50 percent general partnership interest in PB. PB owns an interest in commercial real property. None of the entities (PS, X, or PB) is actively traded and, based on generally applicable valuation principles, the value of each entity would be determined based on the net value of the assets owned by each entity. In 2001,

A transfers a 25 percent limited partnership interest in PS to B, A's child. On the Federal gift tax return, Form 709, for the 2001 calendar year, A reports the transfer of the 25 percent limited partnership interest in PS and that the fair market value of 100 percent of PS is \$y and that the value of 25 percent of PS is \$z, reflecting marketability and minority discounts with respect to the 25 percent interest. However, A does not disclose that PS owns 40 percent of X, and that X owns 50 percent of PB and that, in arriving at the \$y fair market value of 100 percent of PS, discounts were claimed in valuing PS's interest in X, X's interest in PB, and PB's interest in the commercial real property.

(ii) *Application of the adequate disclosure standard.* The information on the lower tiered entities is relevant and material in determining the value of the transferred interest in PS. Accordingly, because A has failed to comply with requirements of paragraph (f)(2)(iv) of this section regarding PS's interest in X, X's interest in PB, and PB's interest in the commercial real property, the transfer will not be considered adequately disclosed and the period of assessment for the transfer under section 6501 will remain open indefinitely.

Example 5. The facts are the same as in **Example 4** except that A submits, with the Federal tax return, an appraisal of the 25 percent limited partnership interest in PS that satisfies the requirements of paragraph (f)(3) of this section in lieu of the information required in paragraph (f)(2)(iv) of this section. Assuming the other requirements of paragraph (f)(2) of this section are satisfied, the transfer is considered adequately disclosed and the period for assessment for the transfer under section 6501 will run from the time the return is filed (as determined under section 6501(b) of this chapter).

Example 6. A owns 100 percent of the stock of X Corporation, a company actively engaged in a manufacturing business. B, A's child, is an employee of X and receives an annual salary paid in the ordinary course of operating X Corporation. B reports the annual salary as income on B's income tax returns. In 2001, A transfers property to family members and files a Federal gift tax return reporting the transfers. However, A does not disclose the 2001 salary payments made to B. Because the salary payments were reported as income on B's income tax return, the salary payments are deemed to be adequately disclosed. The transfer of property to family members, other than the salary payments to B, reported on the gift tax return must satisfy the adequate disclosure requirements under paragraph (f)(2) of this section in order for the period of assessment under section 6501 to commence to run with respect to those transfers.

(8) *Effective date.* This paragraph (f) is applicable to gifts made after December 31, 1996, for which the gift tax return for such calendar year is filed after December 3, 1999.

PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

Par. 9. The authority citation for part 602 continues to read as follows:

Authority: 26 U.S.C. 7805.

Par. 10. In § 602.101, paragraph (b) is amended in the table by revising the entry for 301.6501(c)-1 to read as follows:

§ 602.101 OMB Control numbers.

* * *	* * *
(b) * * *	
CFR part or section where identified and described	Current OMB control No.
* * *	* * *
301.6501(c)-1	1545-1241
* * *	1545-1637
* * *	* * *

Bob Wenzel,

Deputy Commissioner of Internal Revenue.

Approved: November 18, 1999.

Jonathan Talisman,

Acting Assistant Secretary of the Treasury.

[FR Doc. 99-30944 Filed 12-2-99; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 117

[CGD09-99-082]

RIN-2115-AE47

Drawbridge Operation Regulations; Keweenaw Waterway, MI

AGENCY: Coast Guard, DOT.

ACTION: Temporary final rule.

SUMMARY: Commander, Ninth Coast Guard District is temporarily changing the regulations governing the U.S. Route 41 (Houghton-Hancock) lift bridge, mile 16.0 over Keweenaw Waterway in Houghton, Michigan. The bridge need not open for vessel traffic and will remain in the closed-to-navigation position from January 1, 2000, until April 25, 2000. This temporary rule is necessary due to major rehabilitation and the need to immobilize the bridge in the closed position for this project.

DATES: This temporary rule is effective from 12:01 a.m. on January 1, 2000, to 11:59 p.m. on April 25, 2000.

ADDRESSES: Documents concerning this temporary rule are available for inspection and copying at 1240 East Ninth Street, Room 2019, Cleveland,

OH, 44199–2060 between 6:30 a.m. and 3 p.m., Monday through Friday, except Federal holidays. The telephone number is (216) 902–6084.

FOR FURTHER INFORMATION CONTACT: Mr. Scot Striffler, Project Manager, Ninth Coast Guard District Bridge Branch, at (216) 902–6084.

SUPPLEMENTARY INFORMATION:

Discussion of Temporary Rule

The owner of the bridge, Michigan Department of Transportation (M–DOT), requested the Coast Guard approval of full closure of the bridge to complete deck replacement work and maintenance to the operating machinery. The regulations governing the operation of the bridge require it to open with 24 hours advance notice from mariners between January 1 and March 15 each year. M–DOT requested that the bridge not be required to open at all during this time, as well as a continuation of this status until April 25, 2000. Bridge logs submitted by M–DOT indicated 12 openings in the month of April in 1999, all by non-commercial vessels, with most of them occurring after April 14, 1999. A National Park Service vessel that operates between Houghton and Isle Royale Park required 3 of the openings in April 1999. The Park Service was contacted to provide input on the requested closure time and expressed no objections.

The closure dates of January 1 until April 25, 2000, were determined by Commander Ninth Coast Guard District to be appropriate in keeping the planned maintenance from interrupting the operations of the bridge during the traditional boating season in the waterway. Requests for openings by recreational boaters do not normally begin until approximately June 1 each year.

This temporary rule is being promulgated without a notice of proposed rulemaking. Under 5 U.S.C. 553(b)(3)(B) the Coast Guard finds that good cause exists for not publishing an NPRM. The factors underlying this finding include the extensive input already received from affected mariners, limited vessel activity during the authorized closure period due to severe weather and ice, and the need to perform the work necessary to maintain the bridge in a safe and operable condition during regular operating times.

Regulatory Evaluation

This temporary rule is not a significant regulatory action under section 3(f) of Executive Order 12866

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 this rule under that order. It is not significant under the regulatory policies and procedures of the Department of Transportation (DOT) (44 FR 11040; February 26, 1979).

The Coast Guard expects the economic impact of this proposed rule to be so minimal that a full Regulatory Evaluation under paragraph 10e of the regulatory policies and procedures of DOT is unnecessary. There have been no bridge openings for commercial vessels in previous years during the authorized closure period.

Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the Coast Guard must consider whether this temporary rule will have a significant impact on a substantial number of small entities. “Small entities” may include small businesses and 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.

Marine activity in the waterway is virtually non-existent during the authorized closure period due to extreme weather and ice. Therefore, the Coast Guard certifies under 5 U.S.C. 605(b) that this temporary rule will not have a significant economic impact on a substantial number of small entities.

Collection of Information

This temporary rule does not provide for a collection-of-information requirement under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

Federalism

The Coast Guard has analyzed this temporary rule under the principles and criteria contained in Executive Order 13132 and has determined that this temporary rule does not have federalism implications under that Order.

Environment

The Coast Guard considered the environmental impact of this temporary rule and concluded that, under figure 2–1, paragraph 32(e) of Commandant Instruction M16475.IC, this temporary rule is categorically excluded from further environmental documentation. 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.

For the reasons set out in the preamble, the Coast Guard temporarily amends Part 117 of Title 33, Code of Federal Regulations, as follows:

PART 117—DRAWBRIDGE OPERATION REGULATIONS

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

Authority: 33 U.S.C. 499; 49 CFR 1.46; 33 CFR 1.05–1(g); section 117.255 also issued under the authority of Pub. L. 102–587, 106 Stat. 5039.

2. Effective from 12:01 a.m., January 1, 2000, to 11:59 p.m., April 25, 2000, § 117.635 is suspended and a new § 117.T636 is added to read as follows:

§ 117.T636 Keweenaw Waterway.

The draw of the U.S. 41 bridge, mile 16.0 over the Keweenaw Waterway in Houghton, Michigan, need not open for the passage of vessels and may be maintained in the closed-to-navigation position.

Dated: November 9, 1999.

James D. Hull,

Rear Admiral, U.S. Coast Guard, Commander, Ninth Coast Guard District.

[FR Doc. 99–31439 Filed 12–2–99; 8:45 am]

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DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Parts 1 and 2

[Docket No. 991105297–9297–01]

RIN 0651–AB01

Revision of Patent and Trademark Fees for Fiscal Year 2000

AGENCY: Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The Patent and Trademark Office (PTO) is amending the rules of practice in patent and trademark cases to adjust certain patent fee amounts to conform to the fee amounts set by law in the American Inventors Protection Act of 1999 as part of the conference report (H. Rep. 106–479) on H.R. 3194, Consolidated Appropriations Act, Fiscal Year 2000. The text of the American Inventors Protection Act of 1999 is contained in title IV of S. 1948, the Intellectual Property and Communications Omnibus Reform Act of 1999, which is incorporated by reference in Division B of the conference report. The PTO is also