

in exchange for J's shares of Class A stock of Corporation X and a Corporation Y security in exchange for its Corporation X security and such terms are economically reasonable, such terms control. Pursuant to section 354, J recognizes no gain on either exchange. Under paragraph (a)(2)(i) of this section, J has 10 shares of Corporation Y stock, each of which has a basis of \$2 and is treated as having been acquired on Date 1, and a security that has a basis of \$100 and is treated as having been acquired on Date 2.

\* \* \* \* \*

*Example 11.* (i) \* \* \*

(ii) *Analysis.* Under paragraph (a)(2)(iii) of this section, J is deemed to have received shares of Corporation Y stock with an aggregate fair market value of \$1,000 in exchange for J's Corporation X shares. Consistent with the economics of the transaction and the rights associated with each class of stock of Corporation Y owned by J, J is deemed to receive additional shares of Corporation Y common stock. Because the value of the common stock indicates that the liquidation preference associated with the Corporation Y preferred stock could be satisfied even if the reorganization did not occur, it is not appropriate to deem the issuance of additional Corporation Y preferred stock. Given the number of outstanding shares of common stock of Corporation Y and their value immediately before the effective time of the reorganization, J is deemed to have received 100 shares of common stock of Corporation Y in the reorganization. Under paragraph (a)(2)(i) of this section, each of those shares has a basis of \$1 and is treated as having been acquired on Date 1. Then, the common stock of Corporation Y is deemed to be recapitalized in a reorganization under section 368(a)(1)(E) in which J receives 100 shares of Corporation Y common stock in exchange for those shares of Corporation Y common stock that J held immediately prior to the reorganization and those shares of Corporation Y common stock that J is deemed to have received in the reorganization. Under paragraph (a)(2)(i), immediately after the reorganization, J holds 50 shares of Corporation Y common stock, each of which has a basis of \$2 and is treated as having been acquired on Date 1, and 50 shares of Corporation Y common stock, each of which has a basis of \$4 and is treated as having been acquired on Date 2. Under paragraph (a)(2)(vii) of this section, on or before the date on which the basis of any share of J's Corporation Y common stock becomes relevant, J may designate which of those shares have a basis of \$2 and which have a basis of \$4.

\* \* \* \* \*

#### § 1.1502-19T [Corrected]

■ **Par. 4.** Section 1.1502-19T is amended by removing the cross reference for paragraphs (b)(2) through (c) and adding a cross reference for paragraphs (a) through (c) in its place and revising the text to paragraph (h)(2)(iv) to read as follows:

#### § 1.1502-19T Excess loss accounts (temporary).

(a) through (c) [Reserved]. For further guidance, see § 1.1502-19 (a) through (c).

\* \* \* \* \*

(h)(2)(iv) \* \* \* For guidance regarding determinations of the basis of the stock of a subsidiary acquired in an intercompany reorganization on or after January 23, 2006, see paragraphs (d) and (g) *Example 2* of this section.

\* \* \* \* \*

#### § 1.1502-32 [Corrected]

■ **Par. 5.** Section 1.1502-32 is amended by revising the text of paragraph (h)(8) to read as follows:

#### § 1.1502-32 Investment adjustments.

\* \* \* \* \*

(h) \* \* \*

(h)(8) \* \* \* Paragraph (b)(5)(ii) *Example 6* of this section applies only with respect to determinations of the basis of the stock of a subsidiary on or after January 23, 2006. For determinations of the basis of the stock of a subsidiary before January 23, 2006, see § 1.1502-32(b)(5)(ii) *Example 6* as contained in the 26 CFR part 1 edition revised as of April 1, 2005.

\* \* \* \* \*

Guy R. Traynor,

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

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## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

#### 33 CFR Part 100

[CGD07-06-191]

RIN 1625-AA08

#### Special Local Regulation; ChampBoat Grand Prix of Savannah; Savannah, GA

**AGENCY:** Coast Guard, DHS.

**ACTION:** Temporary final rule.

**SUMMARY:** The Coast Guard is establishing a temporary special local regulation (SLR) for the ChampBoat Grand Prix of Savannah, a speed boat race occurring on the Savannah River. The regulated area is defined as all waters located between the width of the Savannah River bounded on the northern end by the U. S. Highway 17

(Talmadge) Bridge across the Savannah River and on the southern end by a line drawn at 146 degrees True from Day Board 62 on the left descending bank of the Savannah River. This special local regulation is necessary to ensure the safety of commercial and recreational vessels and personnel within the regulated area.

**DATES:** This rule is effective from 7 a.m. on November 4, 2006, until 9 p.m. on November 5, 2006.

**ADDRESSES:** Documents indicated in this preamble as being available in the docket are part of docket CGD07-06-191, and are available for inspection or copying at Coast Guard Marine Safety Unit Savannah, 100 West Oglethorpe Avenue, Suite 1017, Savannah, Georgia 31401 between 7:30 a.m. and 4 p.m., Monday through Friday, except Federal Holidays.

**FOR FURTHER INFORMATION CONTACT:** LT Robert Webb, Waterways Management Officer, Coast Guard Marine Safety Unit Savannah, 912-652-4353.

#### SUPPLEMENTARY INFORMATION:

##### Regulatory Information

We did not publish a notice of proposed rulemaking (NPRM) for this rule. Under 5 U.S.C. 553(b), the Coast Guard finds that good cause exists for not publishing an NPRM. The sponsor's application for this event was not submitted to the Coast Guard with sufficient time for a public comment period before the event date. Publishing an NPRM, which would incorporate a comment period before a final rule could be issued, would be contrary to public safety interests since it would delay the effective date of the rule until after the date of the event. For the same reasons, 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**. The Coast Guard will issue a broadcast notice to mariners to advise mariners of the regulated area and its requirements.

##### Background and Purpose

Speedway Group, Inc. and ChampBoat Series, LLC., submitted an application for a marine event permit for the ChampBoat Grand Prix of Savannah, to be held November 4-5, 2006, in Savannah, GA. After close review of the application and through extensive conversation with port stakeholders, the Coast Guard approved the application. The approval of the application and issuance of the marine permit was contingent on the ability of race coordinators to periodically open the river to commercial traffic. The race

course will consist of a four-buoy, rectangle race course within the regulated area. The race buoys although within the regulated area will be placed outside of the navigational channel. Scheduled vessel traffic will be allowed to transit through the regulated area during a planned 20-minute stoppage time during each hour of racing. In addition, vessel traffic will be allowed to transit in the morning and evening prior to and after race events. In the event there is a last minute change in scheduled traffic or exigent circumstances, the race coordinators will clear the river for vessel traffic to transit through the regulated area. Because of the high speeds and inherent dangers associated with powerboat racing, the Coast Guard is establishing this temporary special local regulation (SLR). This temporary SLR is necessary to ensure the safety of commercial and recreational vessels and personnel within the regulated area.

#### Discussion of Rule

The ChampBoat Grand Prix of Savannah will be held November 4–5, 2006, in Savannah, GA and will consist of powerboats racing a rectangular course at speeds up to 120 miles per hour. The regulated area is defined as all waters located between the width of the Savannah River bounded on the northern end by the U. S. Highway 17 (Talmadge) Bridge across the Savannah River and on the southern end by a line drawn at 146 degrees True from Day Board 62 on the left descending bank of the Savannah River.

#### 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.

We expect the economic impact of this rule to be so minimal that a full Regulatory Evaluation is unnecessary. Commercial vessel traffic will be allowed to transit through the regulated area at scheduled times throughout the day and before and after race activities.

#### 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 would affect the following entities, some of which might be small entities: the owners or operators of vessels intending to transit or anchor in a portion of the Savannah River between 8 a.m. and 6 p.m. on November 4–5, 2006. This SLR would not have a significant economic impact on a substantial number of small entities because it would only be in effect between 8 a.m. and 9 p.m. and vessel traffic would be allowed to pass through the zone with permission from the Coast Guard patrol commander.

#### Assistance for Small Entities

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pubic Law 104–121), we offer to assist small entities in understanding the rule so that they can better evaluate its effects on them and participate in the rulemaking process. Small entities may contact the person listed under **FOR FURTHER INFORMATION CONTACT** for assistance in understanding and participating in this rulemaking. We also have a point of contact for commenting on actions by employees of the Coast Guard. 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).

#### 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 would 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 might 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.ID and Department of Homeland Security Management Directive 5100.1, which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321–4370f), and have made a preliminary determination 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, we believe that this rule should be categorically excluded, under figure 2–1, paragraph (34)(h) of the Instruction from further environmental documentation. Under figure 2–1, paragraph (34)(h), of the Instruction, an “Environmental Analysis Check List” is not required for this rule.

### List of Subjects in 33 CFR Part 100

Marine Safety, Navigation (water), Reporting and recordkeeping requirements, Waterways.

■ For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 100 as follows:

### PART 100—SAFETY OF LIFE ON NAVIGABLE WATERS

■ 1. The authority citation for part 100 continues to read as follows:

**Authority:** 33 U.S.C. 1233; Department of Homeland Security Delegation No. 0170.1.

■ 2. A new temporary section § 100.35T07–06–191 is added to read as follows:

#### § 100.35T07–06–191 **ChampBoat Grand Prix of Savannah; Savannah, Georgia.**

(a) *Regulated Area.* The regulated area is defined as all waters located between the width of the Savannah River bounded on the northern end by the U.S. Highway 17 (Talmadge) Bridge across the Savannah River and on the southern end by a line drawn at 146 degrees True from Day Board 62 on the left descending bank of the Savannah River.

(b) *Definitions.* The following definitions apply to this section:

*Coast Guard Patrol Commander.* The Coast Guard Patrol Commander is a commissioned, warrant, or petty officer of the Coast Guard who has been designated by the Commander, Coast Guard Sector Charleston, Charleston, South Carolina.

(c) *Special Local Regulations.* Entry into the regulated area in paragraph (a) by other than event participants is prohibited unless otherwise authorized by the Coast Guard Patrol Commander. If entry is authorized, all persons shall be required to follow the instructions of the Coast Guard Patrol Commander. At the completion of scheduled races and departure of participants from the regulated area, and between scheduled racing events, traffic may resume normal operations, at the discretion of the Coast Guard Patrol Commander.

(d) *Enforcement period.* This section will be enforced from 7 a.m. through 9 p.m. on November 4 and 5, 2006.

(e) *Effective period.* This section is effective from 7 a.m. on November 4, 2006, until 9 p.m. on November 5, 2006.

Dated: October 16, 2006.

**D.W. Kunkel,**

*Rear Admiral, U.S. Coast Guard, Commander, Seventh Coast Guard District.*

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### DEPARTMENT OF DEFENSE

#### Defense Acquisition Regulations System

#### 48 CFR Parts 208, 209, and 225

#### Defense Federal Acquisition Regulation Supplement; Technical Amendments

**AGENCY:** Defense Acquisition Regulations System, Department of Defense (DoD).

**ACTION:** Final rule.

**SUMMARY:** DoD is making technical amendments to the Defense Federal Acquisition Regulation Supplement (DFARS) to update cross-references and to add a reference to the DFARS companion resource, Procedures, Guidance, and Information.

**EFFECTIVE DATE:** October 26, 2006.

**FOR FURTHER INFORMATION CONTACT:** Ms. Michele Peterson, Defense Acquisition Regulations System, OUSD (AT&L) DPAP (DARS), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301–3062. Telephone (703) 602–0311; facsimile (703) 602–0350.

#### SUPPLEMENTARY INFORMATION:

This final rule amends DFARS text as follows:

- *Sections 208.7400 and 209.105–2.* Updates cross-references.

- *Section 225.004.* Adds a reference to reporting instructions found in the DFARS companion resource, Procedures, Guidance, and Information (PGI).

#### List of Subjects in 48 CFR Parts 208, 209, and 225

Government procurement.

**Michele P. Peterson,**

*Editor, Defense Acquisition Regulations System.*

■ Therefore, 48 CFR parts 208, 209, and 225 are amended as follows:

■ 1. The authority citation for 48 CFR parts 208, 209, and 225 continues to read as follows:

**Authority:** 41 U.S.C. 421 and 48 CFR Chapter 1.

#### PART 208—REQUIRED SOURCES OF SUPPLIES AND SERVICES

##### 208.7400 [Amended]

■ 2. Section 208.7400 is amended in paragraph (d) by removing “8.404(b)(4)” and adding in its place “8.405 and 208.405–70”.

#### PART 209—CONTRACTOR QUALIFICATIONS

■ 3. Section 209.105–2 is revised to read as follows:

##### 209.105–2 Determinations and documentation.

(a) The contracting officer shall submit a copy of a determination of nonresponsibility to the appropriate debarring and suspending official listed in 209.403.

#### PART 225—FOREIGN ACQUISITION

■ 4. Section 225.004 is added to read as follows: