

deems appropriate. On A's death, the trust principal is to be distributed equally to A's issue, per stirpes. If A dies with no living descendants, the principal will be added to the trust for B and B's issue. The trust for B and B's issue is identical (except for the beneficiaries), and terminates at B's death at which time the trust principal is to be distributed equally to B's issue, per stirpes. If B dies with no living descendants, principal will be added to the trust for A and A's issue. The division of the trust into two trusts does not shift any beneficial interest in the trust to a beneficiary who occupies a lower generation (as defined in section 2651) than the person or persons who held the beneficial interest prior to the division. In addition, the division does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. Therefore, the two partitioned trusts resulting from the division will not be subject to the provisions of chapter 13 of the Internal Revenue Code.

Example 6. Merger of two trusts. In 1980, Grantor established an irrevocable trust for Grantor's child and the child's issue. In 1983, Grantor's spouse also established a separate irrevocable trust for the benefit of the same child and issue. The terms of the spouse's trust and Grantor's trust are identical. In 2002, the appropriate local court approved the merger of the two trusts into one trust to save administrative costs and enhance the management of the investments. The merger of the two trusts does not shift any beneficial interest in the trust to a beneficiary who occupies a lower generation (as defined in section 2651) than the person or persons who held the beneficial interest prior to the merger. In addition, the merger does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. Therefore, the trust that resulted from the merger will not be subject to the provisions of chapter 13 of the Internal Revenue Code.

Example 7. Modification that does not shift an interest to a lower generation. In 1980, Grantor established an irrevocable trust for the benefit of Grantor's grandchildren, A, B, and C. The trust provides that income is to be paid to A, B, and C, in equal shares for life. The trust further provides that, upon the death of the first grandchild to die, one-third of the principal is to be distributed to that grandchild's issue, per stirpes. Upon the death of the second grandchild to die, one-half of the remaining trust principal is to be distributed to that grandchild's issue, per stirpes, and upon the death of the last grandchild to die, the remaining principal is to be distributed to that grandchild's issue, per stirpes. In 2002, A became disabled. Subsequently, the trustee, with the consent of B and C, petitioned the appropriate local court and the court approved a modification of the trust that increased A's share of trust income. The modification does not shift a beneficial interest to a lower generation beneficiary because the modification does not increase the amount of a GST transfer under the original trust or create the possibility that new GST transfers not contemplated in the original trust may be made. In this case, the modification will

increase the amount payable to A who is a member of the same generation as B and C. In addition, the modification does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. Therefore, the trust as modified will not be subject to the provisions of chapter 13 of the Internal Revenue Code. However, the modification increasing A's share of trust income is a transfer by B and C to A for Federal gift tax purposes.

Example 8. Conversion of income interest into unitrust interest. In 1980, Grantor established an irrevocable trust under the terms of which trust income is payable to A for life and, upon A's death, the remainder is to pass to A's issue, per stirpes. In 2002, the appropriate local court approves a modification to the trust that converts A's income interest into the right to receive the greater of the entire income of the trust or a fixed percentage of the trust assets valued annually (unitrust interest) to be paid each year to A for life. The modification does not result in a shift in beneficial interest to a beneficiary who occupies a lower generation (as defined in section 2651) than the person or persons who held the beneficial interest prior to the modification. In this case, the modification can only operate to increase the amount distributable to A and decrease the amount distributable to A's issue. In addition, the modification does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. Therefore, the trust will not be subject to the provisions of chapter 13 of the Internal Revenue Code.

Example 9. Allocation of capital gain to income. In 1980, Grantor established an irrevocable trust under the terms of which trust income is payable to Grantor's child, A, for life, and upon A's death, the remainder is to pass to the A's issue, per stirpes. Under applicable state law, unless the governing instrument provides otherwise, capital gain is allocated to principal. In 2002, the trust is modified to allow the trustee to allocate capital gain to the income. The modification does not shift any beneficial interest in the trust to a beneficiary who occupies a lower generation (as defined in section 2651) than the person or persons who held the beneficial interest prior to the modification. In this case, the modification can only have the effect of increasing the amount distributable to A, and decreasing the amount distributable to A's issue. In addition, the modification does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. Therefore, the trust will not be subject to the provisions of chapter 13 of the Internal Revenue Code.

Example 10. Administrative change to terms of a trust. In 1980, Grantor executed an irrevocable trust for the benefit of Grantor's issue, naming a bank and five other individuals as trustees. In 2002, the appropriate local court approves a modification of the trust that decreases the number of trustees which results in lower administrative costs. The modification pertains to the administration of the trust and does not shift a beneficial interest in the trust to any beneficiary who occupies a lower

generation (as defined in section 2651) than the person or persons who held the beneficial interest prior to the modification. In addition, the modification does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. Therefore, the trust will not be subject to the provisions of chapter 13 of the Internal Revenue Code.

(ii) **Effective date.** The rules in this paragraph (b)(4) are applicable on and after December 20, 2000.

* * * * *
(c) * * * The last four sentences in paragraph (b)(1)(i) of this section are applicable on and after November 18, 1999.

Robert E. Wenzel,
Deputy Commissioner of Internal Revenue.

Approved: December 7, 2000.

Jonathan Talisman,
Acting Assistant Secretary of the Treasury.
[FR Doc. 00-31757 Filed 12-19-00; 8:45 am]
BILLING CODE 4830-01-P

DEPARTMENT OF DEFENSE

Department of the Navy

32 CFR Part 706

Certifications and Exemptions Under the International Regulations for Preventing Collisions at Sea, 1972

AGENCY: Department of the Navy, DOD.
ACTION: Final rule.

SUMMARY: The Department of the Navy is amending its certifications and exemptions under the International Regulations for Preventing Collisions at Sea, 1972 (72 COLREGS), to reflect that the Deputy Assistant Judge Advocate General of the Navy (Admiralty and Maritime Law) has determined that certain prior entries in 32 CFR part 706 are no longer applicable or that administrative corrections are required. The intended effect of this rule is to warn mariners in waters where 72 COLREGS apply.

EFFECTIVE DATE: December 20, 2000.

FOR FURTHER INFORMATION CONTACT: Commander Gregg A. Cervi, JAGC, U.S. Navy, Deputy Assistant Judge Advocate General (Admiralty and Maritime Law), Office of the Judge Advocate General, (Code 11), 1322 Patterson Avenue SE., Suite 3000, Washington Navy Yard, DC 20374-5066, Telephone number: (202) 685-5040.

SUPPLEMENTARY INFORMATION: Pursuant to the authority granted in 33 U.S.C. 1605, the Department of the Navy amends 32 CFR part 706. This amendment provides notice that the

Deputy Assistant Judge Advocate General of the Navy (Admiralty and Maritime Law), under authority delegated by the Secretary of the Navy, had certified that certain vessels are vessels of the Navy which, due to their special construction and purpose, could not fully comply with certain specific provisions of 72 COLREGS without interfering with their special function as naval vessels. The Deputy Assistant Judge Advocate General of the Navy (Admiralty and Maritime Law) also had certified that the lights involved were located in closest possible compliance with the applicable 72 COLREGS requirements. The Deputy Assistant Judge Advocate General of the Navy (Admiralty and Maritime Law) has now determined that previous entries for certain of these vessels require administrative correction, or no longer apply based on removal of the vessel from navigation or alterations resulting in compliance with the provisions of 72 COLREGS.

Moreover, it has been determined, in accordance with 32 CFR parts 296 and 701, that publication of this amendment for public comment prior to adoption is impracticable, unnecessary, and contrary to public interest because it is based on administrative corrections, alterations resulting in compliance with the 72 COLREGS, or removal of vessels from navigation.

List of Subjects in 32 CFR Part 706

Marine safety, Navigation (water), Vessels.

Accordingly, 32 CFR part 706 is amended as follows:

PART 706—[AMENDED]

1. The authority citation for 32 CFR part 706 continues to read as follows:

Authority: 33 U.S.C. 1605.

2. Section 706.2 is amended:

a. In Table One by:

i. Removing the entries for the following vessels:

AALC JEFF (B)
 USS OLIVER HAZARD PERRY
 USS WADSWORTH
 USS DUNCAN
 USS CLIFTON SPRAGUE
 USS ANTRIM
 USS FLATLEY
 USS FAHRION
 USS LEWIS B. PULLER
 USS JACK WILLIAMS
 USS COPELAND
 USS GALLERY
 USS MAHLON S. TISDALE
 USS REID
 USS STARK
 USS AUBREY FITCH

USS GUADALCANAL
 USS GUAM
 USS NEW ORLEANS
 USS IMPLICIT
 USS CONQUEST
 USS GALLANT
 USS PLEDGE
 USS TACOMA
 USS WELCH
 USS GATO
 USS WHALE
 USS TAUTOG
 USS GRAYLING
 USS POGY
 USS ASPRO
 USS SUNFISH
 USS PARGO
 USS PUFFER
 USS SANDLANCE
 USS GURNARD
 USS HAMMERHEAD
 USS HAWKBILL
 USS BERGALL
 USS SPADEFISH
 USS SEAHORSE
 USS FINBACK
 USS NARWHAL
 USS PINTADO
 USS FLYING FISH
 USS TREPANG
 USS BLUEFISH
 USS BILLFISH
 USS DRUM
 USS ARCHERFISH
 USS WILLIAM H BATES
 USS BATFISH
 USS TUNNY
 USS CAVALLA
 USS RICHARD B RUSSELL
 USS OMAHA
 USS CINCINNATI
 USS GROTON
 USS BIRMINGHAM
 USS NEW YORK CITY
 USS INDIANAPOLIS
 USS PHOENIX
 USS BOSTON
 USS BALTIMORE
 USS ATLANTA
 USS DANIEL WEBSTER
 USS STONEWALL JACKSON
 USS SIMON BOLIVAR
 USS JAMES K. POLK
 USS MARIANO G VALLEJO

ii. Amending the entry for USS INCHON by revising “LPH 12” to read “MCS 12” and adding it immediately preceding the entry for NR-1; and

iii. Amending the entry for USS KAMEHAMEHA by revising “SSBN 642” to read “SSN 642” and adding it immediately preceding the entry for USS MENDEL RIVERS.

b. In Table Two by:

i. Removing the entries for the following vessels:

AALC JEFF (B)
 USS FORRESTAL

USS SARATOGA
 USS INDEPENDENCE
 USS AMERICA
 USS GUADALCANAL
 USS GUAM
 USS NEW ORLEANS

ii. Removing and reserving footnote 1; and

iii. Amending the entry for USS INCHON by revising “LPH 12” to read “MCS 12” and adding it immediately preceding the entry for SLWT (class).

c. In Table Three by:

i. Removing the entries for the following vessels:

USS GATO
 USS WHALE
 USS TAUTOG
 USS GRAYLING
 USS POGY
 USS ASPRO
 USS SUNFISH
 USS PARGO
 USS PUFFER
 USS SANDLANCE
 USS GURNARD
 USS HAMMERHEAD
 USS HAWKBILL
 USS BERGALL
 USS SPADEFISH
 USS SEAHORSE
 USS FINBACK
 USS NARWHAL
 USS PINTADO
 USS FLYING FISH
 USS TREPANG
 USS BLUEFISH
 USS BILLFISH
 USS DRUM
 USS ARCHERFISH
 USS WILLIAM H. BATES
 USS BATFISH
 USS TUNNY
 USS CAVALLA
 USS RICHARD B. RUSSELL
 USS OMAHA
 USS CINCINNATI
 USS GROTON
 USS BIRMINGHAM
 USS NEW YORK CITY
 USS INDIANAPOLIS
 USS PHOENIX
 USS BOSTON
 USS BALTIMORE
 USS ATLANTA
 USS DANIEL WEBSTER
 USS STONEWALL JACKSON
 USS SIMON BOLIVAR
 USS JAMES K. POLK
 USS MARIANO G. VALLEJO
 YTB-752
 OSHKOSH
 YTB 758
 SAUGUS
 YTB 785
 WAPATO
 NATCHITOCHE
 PALATKA

HOUMA
YTB 826

ii. Amending the entry for USS KAMEHAMEHA by revising "SSBN 642" to read "SSN 642" and adding it immediately preceding the entry for USS PARCHE.

d. In Table Four by:

i. Amending paragraph 4 by removing the following entries from the table:

USS IMPLICIT
USS CONQUEST
USS GALLANT
USS PLEDGE

ii. Removing and reserving paragraph 6;

iii. Removing the following entries from paragraph 7:

USS OLIVER HAZARD PERRY
USS WADSWORTH
USS DUNCAN
USS CLIFTON SPRAGUE
USS ANTRIM
USS FLATLEY
USS FAHRION
USS LEWIS B. PULLER
USS JACK WILLIAMS
USS COPELAND
USS GALLERY
USS MAHLON S. TISDALE
USS REID
USS STARK
USS AUBREY FITCH

iv. Removing the following entries from paragraph 8:

USS OLIVER HAZARD PERRY
USS WADSWORTH
USS DUNCAN
USS CLIFTON SPRAGUE
USS ANTRIM
USS FLATLEY
USS FAHRION
USS LEWIS B. PULLER
USS JACK WILLIAMS
USS COPELAND
USS GALLERY
USS MAHLON S. TISDALE
USS REID
USS STARK
USS AUBREY FITCH

v. Removing and reserving paragraph 10;

vi. Removing the following entries from paragraph 14:

YTB 752
YTB 757
YTB 758
YTB 780
YTB 785
YTB 788
YTB 799
YTB 801
YTB 811
YTB 826

vii. Removing the second entry for USS PORTER in paragraph 16; and

viii. Removing the entry for KING-FISHER in paragraph 18.

e. In Table Five by:

i. Removing the entries for the following vessels:

USS SURIBACHI
USS MAUNA KEA
USS NITRO
USS PYRO
USS MARS
USS SYLVANIA
USS WHITE PLAINS
USS SAN DIEGO
USS DALE
USS RICHMOND K. TURNER
USS BELKNAP
USS LONG BEACH
USS BAINBRIDGE
USS TRUXTUN
USS CALIFORNIA
USS SOUTH CAROLINA
USS MISSISSIPPI
USS ARKANSAS
USS FORRESTAL
USS SARATOGA
USS INDEPENDENCE
USS COMTE DE GRASSE
USS MERRILL
USS CONOLLY
USS JOHN RODGERS
USS LEFTWICH
USS HARRY W. HILL
USS INGERSOLL
USS KIDD

The second entry for USS PORTER

USS CALLAGHAN
USS SCOTT
USS CHANDLER
USS ELK RIVER
USS GUADALCANAL
USS GUAM
USS NEW ORLEANS
USS ALAMO
USS HERMITAGE
USS PENSACOLA
USS FORT FISHER
USS SAGINAW
USS SPARTANBURG COUNTY
USS FAIRFAX COUNTY
USS BRISTOL COUNTY

ii. Amending the entry for USS INCHON by revising "LPH 12" to read "MCS 12" and adding it immediately preceding the entry for USNS KILAUEA.

3. Table One of § 706.3 is amended by removing the following entries:

USNS RANGE SENTINEL (T-AGM-22)
T-AGS 33 Class
USNS ALBERT J. MYER (T-ARC 6)
ARS 6 Class
ARS 38 Class
ASR 7 Class
ASR 21 Class
ATF 148 Class
ATS 1 Class
FF 1037 Class
USS GLOVER (FF 1098)
FFG 1 Class
MSO 422 Class

MSO 508 Class
PG 92 Class
SSBN 616 Class
SSBN 627 Class
SSBN 640 Class

Dated: December 8, 2000.

J.L. Roth,

Commander, JAGC, U.S. Navy, Federal Register Liaison Officer.

[FR Doc. 00-32209 Filed 12-19-00; 8:45 am]

BILLING CODE 3810-FF-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[AZ 063-0020a; FRL-6839-9]

Approval and Promulgation of Implementation Plans; Arizona State Implementation Plan Revision, Pinal County Air Quality Control District and Pinal-Gila Counties Air Quality Control District

AGENCY: Environmental Protection Agency (EPA).

ACTION: Direct final rule.

SUMMARY: EPA is taking direct final action to approve revisions to the Arizona State Implementation Plan (SIP). The revisions are rules from the Pinal County Air Quality Control District (PCAQCD). These rules were submitted by the State on behalf of the PCAQCD to provide support for general permitting requirements for stationary sources in the PCAQCD.

This action will clarify which PCAQCD rules were incorporated into the federally approved SIP on April 9, 1996 (61 FR 15717). This action will also remove inappropriate PCAQCD and Pinal-Gila Counties Air Quality Control District (PGCAQCD) rules from the SIP. Thus, EPA is approving this action on general permitting rules in the Arizona SIP under provisions of the CAA regarding EPA action on SIP submittals, SIPs for national primary and secondary ambient air quality standards, and plan requirements for maintenance attainment areas.

DATES: This rule is effective on February 20, 2001 without further notice, unless EPA receives adverse comments by January 19, 2001. If EPA receives such comment, it will publish a timely withdrawal in the **Federal Register** informing the public that EPA's approval of this rule will not take effect.

ADDRESSES: Comments must be submitted in writing to Andrew Steckel at the Region IX mailing address listed below. Copies of the rules and EPA's evaluation report are available for