

COD income from gross income, a statement that—

(1) Contains the name, address, and taxpayer identification number of the partnership; and

(2) States the amount of the reduction of the partner's proportionate interest in the adjusted bases of the partnership's depreciable property or depreciable real property, whichever is applicable.

(B) *Taxpayer's requirement.* Statements described in paragraph (g)(2)(iii)(A) of this section must be attached to a taxpayer's timely filed (including extensions) Federal income tax return for the taxable year in which the taxpayer has COD income that is excluded from gross income under section 108(a).

(iv) *Partner's share of partnership's adjusted basis.* [Reserved]

(3) *Partnership basis reduction.* The rules of this section (including this paragraph (g)) apply in determining the properties to which the partnership's basis reductions must be made.

(h) *Special allocation rule for cases to which section 1398 applies.* If a bankruptcy estate and a taxpayer to whom section 1398 applies (concerning only individuals under Chapter 7 or 11 of title 11 of the United States Code) hold property subject to basis reduction under section 108(b)(2)(E) or (5) on the first day of the taxable year following the taxable year of discharge, the bankruptcy estate must reduce all of the adjusted bases of its property before the taxpayer is required to reduce any adjusted bases of property.

(i) *Effective date.* This section applies to discharges of indebtedness occurring on or after October 22, 1998.

**§ 1.1017-2 [Removed]**

**Par. 11.** Section 1.1017-2 is removed.

**PART 301—PROCEDURE AND ADMINISTRATION**

**Par. 12.** The authority citation for part 301 continues to read as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

**§ 301.9100-13T [Removed]**

**Par. 13.** Section 301.9100-13T is removed.

**PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT**

**Par. 14.** The authority citation for part 602 continues to read as follows:

**Authority:** 26 U.S.C. 7805.

**Par. 15.** Section 602.101(c) is amended by:

1. Adding the following entries in numerical order to the table:

**§ 602.101 OMB Control numbers.**

CFR part or section where identified and described	Current OMB control No.
1.108-4	1545-1539
1.108-5	1545-1421
1.1017-1	1545-1539

2. Removing the following entries in numerical order from the table:

CFR part or section where identified and described	Current OMB control No.
1.108(a)-1	1545-0046
1.108(a)-2	1545-0046
1.108(c)-1	1545-1421
1.1017-2	1545-0028 1545-0046
301.9100-13T	1545-0046

Approved: September 14, 1998.

**Michael P. Dolan,**  
*Deputy Commissioner of Internal Revenue.*

**Donald C. Lubick,**  
*Assistant Secretary of the Treasury.*  
[FR Doc. 98-28263 Filed 10-21-98; 8:45 am]  
BILLING CODE 4830-01-U

**POSTAL SERVICE**

**39 CFR Part 111**

**Mailing OnLine Market Test Implementation Standards; Changes in Domestic Classifications and Fees; Final Rule and Notice**

**AGENCY:** Postal Service.  
**ACTION:** Final rule.

**SUMMARY:** This final rule sets forth the Domestic Mail Manual (DMM) standards adopted by the Postal Service to implement the Decision of the Governors of United States Postal Service on the Recommended Decision of the Postal Rate Commission on the Market Test of Mailing Online, Docket No. MC98-1.

The Postal Service's Request to the Postal Rate Commission proposed, in part, that the Postal Service be

permitted to establish new classifications and fees for Mailing Online on a market test basis. The market test is a limited one involving up to 5,000 customers, starting in the northeastern United States, that will provide a basis for subsequent nationwide experimental and permanent services. The experiment is also the subject of the current Postal Service Request. Mailing Online is a service that allows postal customers with access to a personal computer and the Internet to transmit electronic documents to a postal Web site for subsequent batching and transmission to a contract printer, who creates and enters the consequent physical mailpieces. Payment for postage and mailpiece preparation is made online via credit card.

**EFFECTIVE DATE:** October 22, 1998.  
**FOR FURTHER INFORMATION CONTACT:** Paul Lettmann, (202) 268-6261, or Kenneth N. Hollies, (202) 268-3083.

**SUPPLEMENTARY INFORMATION:** The Mailing Online market test, an anticipated precursor of a more permanent service offering of the Postal Service, will be of limited impact. Its purpose is to permit testing of Mailing Online as one component of PostOffice Online, a vehicle for the provision of a variety of services, under conditions that approximate those sought for a subsequent experimental service. These conditions include:

- Use of a hardware and software platform that can be adapted to the level of customer use, together with a printer whose contract prices are the basis for Mailing Online fees;
- Use of First-Class and Standard Mail automation presort, rather than First-Class single-piece, rate categories; and
- The collection of information to assist in subsequent mail classification and service design decisions.

This test is the second of four steps consisting of an operations test, market test, and possible experimental and permanent service. Postal Service data collection will be focused on mailpiece information, with collateral emphases upon resource utilization and costing. Additional information will also be collected, such as information concerning expenditures on the data links between the postal Web server and the print site.

The test will be conducted beginning October 22, 1998, until a time tied to action on the Request for a Mailing Online experiment. The test will be limited to 5,000 active PostOffice Online registrants located in certain northeastern ZIP Code areas and in the

operations test areas of Hartford, Connecticut and Tampa, Florida. There are no restrictions on the destinating addresses beyond the fact that only domestic rate categories are available. Market test customer mailpieces will be produced by a printer under contract with the Postal Service and mailed at a Waltham, Massachusetts postal facility.

### Background

On July 15, 1998, pursuant to its authority under 39 U.S.C. section 3621, et seq., the Postal Service filed with the Postal Rate Commission (PRC) a Request for a Recommended Decision on a Market Test Classification and Fee Schedule and a Recommended Decision on an Experimental Classification and Fee Schedule for Mailing Online Service. The PRC designated the filing as Docket No. MC98-1 and published a notice of the filing, with a description of the Postal Service's proposals, in the **Federal Register** on July 23, 1998 (63 FR 39600).

The Postal Service's Request to the PRC proposed that the Postal Service be permitted to establish new classifications and fees for Mailing Online, first as a market test and later as an experiment. The market test will permit assessment of the features and viability of the new service while providing input for PRC and Postal Service consideration of the experiment and perhaps a permanent form of Mailing Online.

### Service Description

Mailing Online is designed to take advantage of the capabilities of the Internet, a Web browser, and personal computer software to permit customers to create and submit documents and mailing lists in electronic form for subsequent printing, finishing, and entry as hard copy mail. The service will also allow postal customers to pay postage and fees online using a credit card.

The service utilizes technology advances to benefit postal customers, especially individuals and small- and home-based businesses, who would otherwise not have access to sophisticated digital printing technology and to bulk automation mail rates. It is expected to reduce the aggregate cost of producing and entering a small mailing and provide a lower cost and more efficient way to use the mail. There is no minimum number of documents that can be submitted via Mailing Online. However, there is an upper limit of 5,000 addresses per mailing. It will also provide convenient and easy-to-use electronic access to postal services for those small businesses not currently

using the mail due to a lack of mail production and preparation capabilities of their own.

A typical customer will compose a document using conventional desktop publishing or word processing software; access a postal Web site and select various printing, finishing, and payment options; submit a mailing list for standardization based on the Postal Service's current address database; and complete submission of the job by sending electronic versions of the document and a mailing list to the Web site. Any addresses that do not comply with postal addressing standards will be purged from the address list prior to quotation of a final price. (Move update requirements for address quality are waived temporarily pending final integration of the FASTforward system with Mailing Online.) Software applications currently supported are MS Word™, WordPerfect™, PageMaker™, Ventura™, and Quark.™ Customers will pay for the service online via credit card. The price of the service includes the creation of physical mailpieces and postage.

Additional features of the service include: online document proofing; provision of a "file cabinet" that retains customer mailing jobs for a period of 30 days and offers document and mailing list management capabilities; real-time online status reports of jobs submitted; and a quick calculator that provides immediate price quotations.

The Postal Service will batch all submitted jobs and send them via dedicated lines to a commercial digital printing contractor located in the Boston area (a permanent service would involve approximately 25 nationwide printers), who then prints the document, finishes it, places it in a letter or flat envelope bearing a delivery point barcode, and enters it as mail in Waltham, Massachusetts. In keeping with the Mailing Online goal of providing small-volume customers access to the benefits of automation, First-Class Mail and Standard Mail (A) will be entered at the automation basic rates. Special services are not being offered with Mailing Online during this market test.

### Test Participation

The Postal Service anticipates that users of the Mailing Online service may include a wide range of individuals, small businesses, and home offices. For example, Mailing Online offers to local merchants a convenient means for getting invoices into customers' hands quickly, thereby accelerating cash flow. While most customers are expected to be small organizations, some individual use is also anticipated, as well as that

of larger companies for small volume, high quality mailings.

Availability of Mailing Online during the market test is restricted to a maximum of 5,000 active customers located initially within certain ZIP Codes for the metropolitan areas of Boston, Massachusetts; New York, New York; Philadelphia, Pennsylvania; Hartford, Connecticut; and Tampa, Florida. The latter two areas also participated in an earlier operations test of the service. A registrant's continued participation is contingent on using PostOffice Online at least once each 30 calendar days. Less frequent usage will result in cancellation of a customer's registration and access to Mailing Online.

### Customer Procedures

Customers must register as PostOffice Online customers and obtain a customer ID and password by first accessing [www.postofficeonline.com](http://www.postofficeonline.com) on the Internet.

To use the Mailing Online service, a registered customer clicks on the "Make a Mailing" button and does the following:

1. Produces a document using one of the supported word processing, office suite, or desktop publishing software programs, and uploads it to the Web site;

2. Produces a database of recipients' names and addresses, ranging from one to 5,000 (maximum limit per mailing), and, optionally including variable data for merger into respective documents. These addresses and data may be obtained by customers from existing commercial vendors or created by the Mailing Online customer.

### Rates and Fees

Documents presented through Mailing Online are eligible for the following rate categories only:

- First-Class Mail Letters and Sealed Parcels-Automation Basic Letters and Flats
  - Standard Mail (A) Regular—Automation Basic Letters and Flats
- Fees are as follows:

Feature	Fee
Paper (per sheet):	
8½×11 .....	\$0.006
8½×14 .....	0.009
11×17 .....	0.014
Printing (per impression):	
Simplex (8½×11) .....	0.026
Simplex (8½×14) .....	0.026
Duplex (8½×11) .....	0.026
Duplex (8½×14) .....	0.026
Spot Color (per impression) .....	0.013
Finishing:	
Folding (per fold) .....	0.013

Feature	Fee
Stapling (per staple) .....	0.010
Saddle Stitch (per finished piece)	0.250
Tape Binding (8½×11) (per finished piece) .....	0.563
Tape Binding (8½×14) (per finished piece) .....	0.688
Applying Tabs to Self Mailer .....	0.088
Envelopes:	
#10 Envelope .....	0.019
Flat Envelope .....	0.068
Inserting (per envelope):	
#10 Envelope .....	0.017
Flat Envelope .....	0.194

**Implementation**

Pursuant to 39 U.S.C. 3624, the PRC on October 7, 1998, issued to the Governors of the Postal Service its Opinion and Recommended Decision on the Postal Service's Request. The PRC recommendation generally followed the mail classification structure and fees requested by the Postal Service.

After reviewing the PRC's Recommended Decision and its consequences for the Postal Service and postal customers, the Governors, pursuant to 39 U.S.C. 3625, acted on the PRC's recommendations on October 16, 1998. (Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on the Market Test of Mailing Online, Docket MC98-1.)

The Governors determined to approve the PRC's recommendations, and the Board of Governors set an implementation date of October 22, 1998, for those fee and classification changes to take effect.

This final rule contains the DMM standards adopted by the Postal Service to implement the Governors' decision.

As described above, market test fees apply only to preparation of Mailing Online mailpieces which must be entered in one of the identified automation basic categories. Mailing Online volume is ineligible for entry at deeper discounts or at single-piece rates.

Because of the limited scope of this market test, the Postal Service finds no need to solicit comment on the standards for Mailings Online or, pending their evaluation, to delay implementation of the market test.

**List of Subjects in 39 CFR Part 111**

Postal Service.

For the reasons discussed above, the Postal Service hereby adopts the following amendments to the Domestic Mail Manual, which is incorporated by reference in the Code of Federal Regulations (see 39 CFR part 111).

**PART 111—[AMENDED]**

1. The authority citation for 39 CFR part 111 continues to read as follows:

**Authority:** 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 3001-3011, 3201-3219, 3403-3406, 3621, 3626, 5001.

2. Amend the Domestic Mail Manual as follows:

**E Eligibility**

\* \* \* \* \*

**E110 Basic Standards**

**1.0 CLASSIFICATION AND DESCRIPTION**

\* \* \* \* \*

**1.3 Matter Closed Against Postal Inspection**

*[Amend 1.3 by adding documents created and mailed by means of Mailing Online as follows:]*

Matter closed against postal inspection includes First-Class Mail and Express Mail. Electronic documents created by means of Mailing Online (G093) for possible transmission as First-Class Mail are closed against inspection. Hard copy versions of electronic Mailing Online documents, while being prepared for entry as First-Class Mail, also are closed against postal inspection. The USPS may open mail other than First-Class Mail or Express Mail to determine whether the proper rate of postage is paid. Material wrapped or packaged so that it cannot be examined easily or examined without destruction or serious damage is closed against postal inspection and is charged the appropriate First-Class Mail or Express Mail rate.

\* \* \* \* \*

**4.0 FEES**

**4.1 Presort Mailing**

*[Amend 4.1 to indicate Mailing Online mailers pay fees in accordance with G093.]*

A First-Class Mail presort mailing fee must be paid once each 12-month period at each office of mailing by any person or organization entering mailings at automation or Presorted First-Class Mail rates and/or Presorted Priority Mail rates. Payment of one fee allows a mailer to enter mail at all those rates. Persons or organizations paying this fee may enter mail of their clients as well as their own mail. Mailing Online customers using pay fees in accordance with G093 and are not required to pay an annual mailing fee.

\* \* \* \* \*

**E140 Automation Rates**

**1.0 BASIC STANDARDS**

*[Amend 1.1b by adding a reference to Mailing Online in G093 as follows:]*

**1.1 All Pieces**

All pieces in a First-Class Mail automation rate mailing must:

\* \* \* \* \*

b. Be part of a single mailing of at least 500 pieces of automation rate First-Class Mail, subject to 1.2, or be provided for entry using Mailing Online service under G093.

\* \* \* \* \*

**E611 All Standard Mail**

**1.0 BASIC INFORMATION**

\* \* \* \* \*

**1.2 Postal Inspection**

*[Amend 1.2 by adding provision for Standard Mail documents created in electronic form by means of Mailing Online and subsequently mailed as follows:]*

Standard Mail is not sealed against postal inspection except that electronic documents retained by the Postal Service in connection with Mailing Online are sealed against postal inspection. Regardless of physical closure, the mailing of articles at Standard Mail rates, including mailpieces entered via Mailing Online mailings, constitutes consent by the mailer to postal inspection of the contents.

\* \* \* \* \*

**E612 Additional Standards for Standard Mail (A)**

\* \* \* \* \*

**4.0 BULK RATES**

\* \* \* \* \*

**4.7 Annual Fees**

*[Amend 4.7 by adding a reference to fees in G093 as follows:]*

Bulk rate Standard Mail (A) is subject to an annual mailing fee once each 12-month period. The fee may be paid in advance only for the next year and only during the last 30 days of the current service period. The fee charged is that in effect on the date of payment. Each mailer who enters mail at bulk rates paid with a meter or precanceled stamps must pay an annual bulk mailing fee at each post office of mailing; a mailer paying this fee may enter clients' mail as well as the mailer's own. The mailer whose permit imprint appears on pieces in a mailing paid with a permit imprint must show that permit number on the postage statement and must pay the

annual bulk mailing fee for that permit; this fee is in addition to the fee for an application to use permit imprints.

Mailing Online customers pay fees in accordance with G093 and are not required to pay the annual mailing fee.

\* \* \* \* \*

**4.9 Preparation**

Each bulk rate mailing is subject to these general standards:

\* \* \* \* \*

[Amend 4.9 by adding a reference to Mailing Online in G093 as follows:]

b. Each mailing must contain at least 200 pieces or 50 pounds of pieces or be provided for entry using Mailing Online service under G093. Other volume standards can also apply, based on the rate claimed.

\* \* \* \* \*

**G General Information**

\* \* \* \* \*

[Amend the title to add "Market Test" as follows:]

G090 Market Test and Experimental Classifications and Rates

\* \* \* \* \*

[G091 Reserved.]

\* \* \* \* \*

[Add new G093 as follows:]

G093 Mailing Online

**1.0 BASIC ELIGIBILITY**

**1.1 Description**

The standards in G093 apply to documents produced by a properly registered customer who has paid the appropriate fees established for the Mailing Online market test, and to mailpieces presented for entry by a printer under contract with USPS.

**1.2 Customer Eligibility**

Test participation is subject to the following conditions:

The customer must be registered as a user of PostOffice Online via the PostOffice Online Web site (www.postofficeonline.com). Registration requires an intent to use PostOffice Online and actual usage at least once each 30 calendar days. Registration is also currently limited based on the customer's ZIP Code.

**1.3 Mailings**

Electronic documents submitted to the postal Web site will be batched and sent to a commercial printer under contract with USPS, who then prints the document, finishes it, and places it in a letter or flat envelope bearing a delivery point barcode, and enters it as mail at a postal facility. First-Class Mail will be

charged postage at the automation basic rates and Standard Mail (A) will be charged postage at the automation basic rates. There is a limit of 5,000 addresses per mailing. Special services are not available during the market test.

**1.4 Address Quality**

Address quality requirements for automation rate pieces contained in E140 do not apply for customers who submit job orders under the market test.

**1.5 Rates and Fees**

The rates and fees applicable to documents created using Mailing Online are as follows:

a. Documents presented through Mailing Online during the market test are eligible for the following rate categories only:

- First-Class Mail Letters and Sealed Parcels—Automation Basic Letters and Flats
- Standard Mail (A) Regular—Automation Basic Letters and Flats

b. Fees are as follows:

Feature	Fee
Paper (per sheet):	
8½ x 11 .....	\$0.006
8½ x 14 .....	\$0.009
11 x 17 .....	\$0.014
Printing (per impression):	
Simplex (8½ x 11) .....	\$0.026
Simplex (8½ x 14) .....	\$0.026
Duplex (8½ x 11) .....	\$0.026
Duplex (8½ x 14) .....	\$0.026
Spot Color (per impression) .....	\$0.013
Finishing:	
Folding (per fold) .....	\$0.013
Stapling (per staple) .....	\$0.010
Saddle Stitch (per finished piece) .....	\$0.250
Tape Binding (8½ x 11) (per finished piece) .....	\$0.563
Tape Binding (8½ x 14) (per finished piece) .....	\$0.688
Applying Tabs to Self Mailer .....	\$0.088
Envelopes:	
#10 Envelope .....	\$0.019
Flat Envelope .....	\$0.068
Inserting (per envelope):	
#10 Envelope .....	\$0.017
Flat Envelope .....	\$0.194

**1.6 Sealed Against Inspection**

Documents will be treated as sealed against postal inspection while they are in an electronic form. Once the documents are printed and entered as mail, they will be treated in accordance with the provisions of E110.1.3 and E611.1.2, which, respectively, state that First-Class Mail is closed against postal inspection and that Standard Mail is not sealed against postal inspection.

\* \* \* \* \*

**P040 Permit Imprints**

\* \* \* \* \*

**5.0 MAILINGS**

**5.1 Minimum Quantity**

\* \* \* \* \*

[Amend 5.1 by adding a provision for Mailing Online as follows:]

Permit imprint mailings must contain at least 200 pieces or 50 pounds, except:

\* \* \* \* \*

d. A mailing may contain fewer pieces if provided for entry using Mailing Online service in G093.

\* \* \* \* \*

A transmittal letter making these changes in the pages of the Domestic Mail Manual will be published and will be transmitted to subscribers automatically. As provided by 39 CFR 111.3, notice of issuance will be published in the **Federal Register**.

**Neva R. Watson,**

*Attorney, Office of Legal Policy.*

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**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 52**

[FL-065-9623a; FRL-6167-4]

**Approval and Promulgation of Implementation Plans; State of Florida**

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

**ACTION:** Direct final rule.

**SUMMARY:** EPA is approving revisions to the Dade County, Broward County and Palm Beach County portions of the Florida State Implementation Plan (SIP) submitted on November 15, 1995, through the Florida Department of Environmental Protection (FDEP). The submittal revises emissions budgets for transportation conformity. The purpose of this action is to incorporate revised motor vehicle emissions budgets into the Southeast Florida maintenance plan for use in demonstration of conformity of transportation plans, programs, and projects with the Florida SIP for the Southeast Florida maintenance area. This action is in accordance with the Transportation Conformity Rule promulgated on November 24, 1993, and subsequent amendments.

**DATES:** This direct final rule will become effective on December 21, 1998, without further notice unless EPA receives adverse comments by November 23, 1998. Should the EPA receive such comments, it will publish a timely document in the **Federal Register** withdrawing this rule and