

significant impact on a substantial number of small entities and find that the preparation of a Regulatory Flexibility Analysis is unnecessary.

Paperwork Reduction Act

This action does not contain a collection of information requirement for purposes of the Paperwork Reduction Act of 1980, 44 U.S.C. Chapter 35, as implemented by the Office of Management and Budget (OMB) in 5 CFR Part 1320.

National Environmental Policy Act

The agencies have analyzed this action for the purpose of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*) and have determined that it will not have any significant impact on the quality of the human environment.

The Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (Public Law 104-4) requires agencies to prepare a written assessment of the costs, benefits and other effects of final rules that include a Federal mandate likely to result in the expenditure by State, local or tribal governments, in the aggregate, or by the private sector, of more than \$100 million annually. This interim final rule does not meet the definition of a Federal mandate. It is a voluntary program in which States can choose to participate, solely at their option. The costs to States to qualify for participation in this program are minimal, and will result in annual expenditures that will not exceed the \$100 million threshold. Moreover, States that choose to participate in this program will receive Federal incentive grants, which will provide funds for activities that are eligible under Title 23 of the United States Code.

Executive Order 12612 (Federalism Assessment)

This action has been analyzed in accordance with the principles and criteria contained in Executive Order 12612, and it has been determined that this action does not have sufficient federalism implications to warrant the preparation of a federalism assessment. Accordingly, the preparation of a Federalism Assessment is not warranted.

List of Subjects in 23 CFR Part 1225

Alcohol and alcoholic beverages, Grant programs, Transportation, Highway safety.

In consideration of the foregoing, the interim final rule published in the **Federal Register** of September 3, 1998,

63 FR 46886, adding a new Part 1225 to chapter II of Title 23 of the Code of Federal Regulations, is adopted as final, with the following changes:

PART 1225—OPERATION OF MOTOR VEHICLES BY INTOXICATED PERSONS

1. The authority citation for Part 1225 continues to read as follows:

Authority: 23 U.S.C. 163; delegation of authority at 49 CFR 1.48 and 1.50.

2. Section 1225.4 is amended by revising paragraph (a)(1), removing paragraph (a)(6), and revising paragraph (a)(5) to read as follows:

§ 1225.4 General requirements.

(a) * * *

(1) To qualify for a first-year grant under 23 U.S.C. 163, a State must submit a certification by an appropriate State official, that the State has enacted a 0.08 BAC per se law that conforms to 23 U.S.C. 163 and § 1225.5 of this part and will become effective and be enforced in the current fiscal year and that the funds will be used for eligible projects and programs.

(i) If the State's 0.08 BAC per se law is currently in effect and is being enforced, the certification shall be worded as follows:

(Name of certifying official), (position title), of the (State or Commonwealth) of _____, do hereby certify that the (State or Commonwealth) of _____ has enacted and is enforcing a 0.08 BAC per se law that conforms to 23 U.S.C. 163 and 23 CFR 1225.5, (citations to State law), and that the funds received by the (State or Commonwealth) of _____ under 23 U.S.C. 163 will be used for projects eligible for assistance under Title 23 of the United States Code, which include highway construction as well as highway safety projects and programs.

(ii) If the State's 0.08 BAC per se law is not currently in effect, but will become effective and be enforced before the end of the current fiscal year, the certification shall be worded as follows:

(Name of certifying official), (position title), of the (State or Commonwealth) of _____, do hereby certify that the (State or Commonwealth) of _____ has enacted a 0.08 BAC per se law that conforms to 23 U.S.C. 163 and 23 CFR 1225.5, (citations to State law), and will become effective and be enforced as of (effective date of the law), and that the funds received by the (State or Commonwealth) of _____ under 23 U.S.C. 163 will be used for projects eligible for assistance under Title 23 of the United States Code, which include highway construction as well as highway safety projects and programs.

* * * * *

(5) To qualify for grant funds in FY 1999 or in a subsequent fiscal year,

certifications must be received by the agencies not later than July 15 of that fiscal year.

* * * * *

3. Section 1225.6 is revised to read as follows:

§ 1225.6 Award procedures.

(a) In each Federal fiscal year, grant funds will be apportioned to eligible States upon submission and approval of the documentation required by § 1225.4(a) and subject to the limitations in § 1225.4(b). The obligation authority associated with these funds is subject to the limitation on obligations pursuant to section 1102 of TEA 21.

(b) As soon as practicable after the apportionment in a fiscal year, but in no event later than September 30 of the fiscal year, the Governor's Representative for Highway Safety and the Secretary of the State's Department of Transportation for each State that receives an apportionment shall jointly identify, in writing to the appropriate NHTSA Regional Administrator and FHWA Division Administrator, the amounts of the State's apportionment that will be obligated to highway safety program areas and to Federal-aid highway projects.

Issued on: June 25, 1999.

Kenneth R. Wykle,

Administrator, Federal Highway Administration.

Ricardo Martinez,

Administrator, National Highway Traffic Safety Administration.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 8826]

RIN 1545-AX23

Qualified Zone Academy Bonds; Obligations of States and Political Subdivisions

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Temporary regulations.

SUMMARY: This document contains temporary regulations that provide guidance to state and local government issuers of qualified zone academy bonds. These temporary regulations change the method of ascertaining the qualified zone academy bond credit rate and provide reimbursement rules. State and local governments that issue

qualified zone academy bonds will be affected by these temporary regulations. The text of these temporary regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section of this issue of the **Federal Register**.

DATES: Effective Date: These regulations are effective July 1, 1999.

Applicability Date: For dates of applicability, see § 1.1397E-1T(j).

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Timothy L. Jones (202) 622-3980 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

Section 226(a) of the Taxpayer Relief Act of 1997, Public Law 105-34 (111 Stat. 788), amended the Internal Revenue Code by redesignating section 1397E as 1397F and adding a new section 1397E. Section 1397E authorizes a new type of debt instrument known as a qualified zone academy bond. Temporary regulations interpreting section 1397E were published on January 7, 1998 (63 FR 671).

Explanation of Provisions

In General

A qualified zone academy bond is a taxable bond issued by a state or local government, the proceeds of which are used to improve certain eligible public schools. In lieu of receiving periodic interest payments from the issuer, an eligible holder of a qualified zone academy bond is generally allowed annual federal income tax credits while the bond is outstanding. These credits compensate the holder for lending money to the issuer and function as payments of interest on the bond.

Credit Rate

Under section 1397E(b)(2), the Secretary shall determine a credit rate for qualified zone academy bonds that the Secretary estimates will permit the bonds to be issued without discount and without interest cost to the issuer. Section 1.1397E-1T(b) provides that the credit rate for a qualified zone academy bond is equal to 110 percent of the long-term applicable Federal rate (AFR), compounded annually, for the month in which the bond is issued.

Comments have been received that the credit rate established by § 1.1397E-1T(b) is generally lower than the rate required to permit the issuance of qualified zone academy bonds without discount and without interest cost to the issuer. Comments have also been received that a single credit rate

applicable to obligations issued during a monthly period is too rigid and non-responsive to market interest rate movements.

The revised regulations state that the Secretary will determine monthly (or more often as the Secretary deems necessary) a credit rate that will generally permit the issuance of qualified zone academy bonds without discount and without interest cost to the issuers. The revised regulations also provide that the manner for ascertaining the credit rate determined by the Secretary will be set forth in procedures, notices, forms, and instructions as prescribed by the Commissioner. A notice to be published in the Internal Revenue Bulletin will further provide that, until otherwise provided, the qualified zone academy bond credit rate will be determined daily and will be published on the Internet site for State and Local Government Bonds. The credit rate to be applied to a qualified zone academy bond will be the daily rate for the first day on which there is a binding contract in writing for the sale or exchange of the bond. Treasury and the Internal Revenue Service will monitor the issuance of qualified zone academy bonds to determine if future adjustments in the credit rate may be required.

Coordination with Reimbursement Rules

These temporary regulations provide that the proceeds of a qualified zone academy bond may be used to reimburse a qualified expenditure (including any qualified non-capital expenditure) made prior to the date the bond was issued. The temporary regulations provide that rules similar to the reimbursement rules set forth in § 1.150-2 will apply. Comments are solicited about whether these rules provide adequate guidance regarding reimbursement matters for issuers of qualified zone academy bonds.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply. See also the Special Analysis Section of the notice of proposed rulemaking on qualified zone academy bonds in the Proposed Rules Section of this issue of the **Federal Register**. Pursuant to section 7805(f) of the Internal Revenue Code, these temporary regulations will be submitted to the

Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Timothy L. Jones, Office of Assistant Chief Counsel (Financial Institutions & Products). However, other personnel from IRS and the Treasury Department participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

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

Par. 2. Section 1.1397E-1T is amended as follows:

1. Revising paragraphs (b) and (j).
 2. Redesignating paragraph (h) as paragraph (i).
 3. Adding new paragraph (h).
- The revisions and additions read as follows:

§ 1.1397E-1T Qualified zone academy bonds (temporary).

* * * * *

(b) *Credit rate.* The Secretary shall determine monthly (or more often as deemed necessary by the Secretary) the credit rate the Secretary estimates will generally permit the issuance of a qualified zone academy bond without discount and without interest cost to the issuer. The manner for ascertaining the credit rate for a qualified zone academy bond as determined by the Secretary shall be set forth in procedures, notices, forms, or instructions prescribed by the Commissioner.

* * * * *

(h) *Reimbursement.* An expenditure for a qualified purpose may be reimbursed with proceeds of a qualified zone academy bond. For this purpose, rules similar to those in § 1.150-2 shall apply.

* * * * *

(j) *Effective dates.* Except as provided in this paragraph (j), this section applies to a qualified zone academy bond issued on or after January 1, 1998. Paragraph (b) and paragraph (h) of this section shall apply to a qualified zone academy bond sold on or after July 1, 1999. Paragraph (b) of this section as in effect

on January 7, 1998 (See 26 CFR Part 1 as revised April 1, 1999), shall apply to a qualified zone academy bond sold prior to July 1, 1999. This section shall not apply to a qualified zone academy bond sold after January 5, 2001.

Robert E. Wenzel,

Deputy Commissioner of Internal Revenue.

Approved: June 22, 1999.

Donald C. Lubick,

Assistant Secretary of the Treasury (Tax Policy).

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Chapter V

Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Foreign Terrorist Organizations, and Specially Designated Narcotics Traffickers: Additional Sudanese Government Designations and Supplementary Information, and Removal of One Individual

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Amendment of final rule.

SUMMARY: The Treasury Department is amending appendix A to 31 CFR chapter V by adding the names of 60 entities and providing additional identifying information on 3 entities that have been determined to act for or on behalf of, or to be owned or controlled by, the Government of Sudan, and by adding the names of one organization and 3 individuals who are specially designated terrorists. In addition, the name of one specially designated national of the Government of Iraq is being removed because the Office of Foreign Assets Control has determined that this individual no longer meets the criteria for designation as an SDN.

EFFECTIVE DATE: June 28, 1999.

FOR FURTHER INFORMATION CONTACT: Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220, tel.: 202/622-2520.

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document is available as an electronic file on *The Federal Bulletin Board* the day of publication in the **Federal Register**. By modem, dial 202/512-1387 and type "/GO FAC," or call 202/512-1530 for disk or paper

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Additional information concerning the programs of the Office of Foreign Assets Control is available for downloading from the Office's Internet Home Page: http://www.treas.gov/ofac, or in fax form through the Office's 24-hour fax-on-demand service: call 202/622-0077 using a fax machine, fax modem, or (within the United States) a touch-tone telephone.

Background

Appendix A to 31 CFR chapter V contains the names of blocked persons, specially designated nationals, specially designated terrorists, foreign terrorist organizations, and specially designated narcotics traffickers designated pursuant to the various economic sanctions programs administered by the Office of Foreign Assets Control ("OFAC"). Pursuant to Executive Order 13067 of November 3, 1997, "Blocking Sudanese Government Property and Prohibiting Transactions With Sudan" (62 FR 59989, 3 CFR, 1997 Comp., p. 230), and § 538.305 of the Sudanese Sanctions Regulations (31 CFR part 538), 60 Sudanese entities are added to appendix A to 31 CFR chapter V as entities which have been determined to act for or on behalf of, or to be owned or controlled by, the Government of Sudan (specially designated nationals or "SDNs"). Any property subject to the jurisdiction of the United States in which an SDN has an interest is blocked, and U.S. persons are prohibited from engaging in any transactions or in dealing in any property in which an SDN has an interest. In addition, appendix A is being amended by modifying the entries for three existing SDNs of the Government of Sudan to provide additional identifying information regarding these entities.

Pursuant to Executive Order 13099 of August 20, 1998, "Prohibiting Transactions with Terrorists Who

Threaten to Disrupt the Middle East Peace Process" (63 FR 45167, 3 CFR, 1998 Comp., p. 208), and the Terrorism Sanctions Regulations (31 CFR part 595), 3 individuals and 1 organization are being added to appendix A to 31 CFR chapter V as persons who have been designated in the Executive order as terrorists who threaten to disrupt the Middle East peace process (specially designated terrorists or "SDTs"). Any property subject to the jurisdiction of the United States in which an SDT has an interest is blocked, and U.S. persons are prohibited from engaging in any transactions or in dealing in any property in which an SDT has an interest.

Pursuant to the Iraqi Sanctions Regulations, 31 CFR part 575, the name of one specially designated national of the Government of Iraq is being removed from appendix A because the Office of Foreign Assets Control has determined that this individual no longer meets the criteria for designation as an SDN of the Government of Iraq. All real and personal property of this individual, including all accounts in which he has any interest, that had been blocked solely due to his designation as an SDN are unblocked; and all lawful transactions involving U.S. persons and this individual are permissible.

Designations of foreign persons blocked pursuant to the Order and Regulations are effective upon the date of determination by the Director of the Office of Foreign Assets Control, acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the **Federal Register**, or upon prior actual notice.

Because the Executive orders and regulations under which these actions are taken involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act (5 U.S.C. 553), requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

For the reasons set forth in the preamble, and under the authority of (1) 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230, with respect to SDN entries for the Government of Sudan; (2) 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 287c; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-513, 104