

DEPARTMENT OF THE TREASURY (TREAS)

Statement of Regulatory Priorities

The primary missions of the Department of the Treasury are: Protecting and collecting the revenue under the Internal Revenue Code and customs laws; supervising national banks and thrift institutions; managing the Community Development Financial Institutions Program and the Bank Enterprise Award Program; managing the fiscal operations of the Federal Government; enforcing laws relating to counterfeiting, Federal Government securities, firearms and explosives, foreign commerce in goods and financial instruments, and smuggling and trafficking in contraband; protecting the President, Vice President, and certain foreign diplomatic personnel; training Federal, State, and local law enforcement officers; and producing coins and currency.

Consistent with these missions, most regulations of the Department and its constituent bureaus are promulgated to interpret and implement the laws as enacted by the Congress and signed by the President. Unless circumstances require otherwise, it is the policy of the Department to issue a notice of proposed rulemaking (NPRM) and carefully consider public comments before adopting final regulations. Also, in particular cases the Department invites interested parties to submit views on rulemaking projects while the NPRM is being developed, and to hold public hearings to discuss a proposed rule.

To the extent permitted by law, it is the policy of the Department to adhere to the regulatory philosophy and principles set forth in Executive Order 12866 and to develop regulations that maximize aggregate net benefits to society while minimizing the economic and paperwork burdens imposed on persons and businesses subject to those regulations.

Pursuant to the President's regulatory reform initiative, each of the Department's regulatory offices and bureaus conducted a thorough page-by-page review of all of its regulations. As a result of this process, which included consultation with regulated entities, the Department identified over 2,200 pages of its nontax regulations in the Code of Federal Regulations (CFR) that will be streamlined or eliminated. In addition, the Internal Revenue Service identified over 1,200 pages of CFR regulations and other ruling documents that will be streamlined or eliminated. During fiscal

year 1996, the Department will accord priority to implementing as many of these changes as possible, taking into consideration its ongoing regulatory responsibility to issue regulations necessary to implement or interpret the laws as enacted by the Congress.

Internal Revenue Service

The Internal Revenue Service (IRS), working with the Office of the Assistant Secretary (Tax Policy), promulgates regulations that interpret and implement the Internal Revenue Code and related tax statutes. In developing these regulations, every effort is made to carry out the tax policy determined by Congress in a fair, impartial, and reasonable manner, taking into account the intent of Congress, the realities of relevant transactions, the need for the Government to administer the rules and monitor compliance, and the overall integrity of the Federal tax system. The goal is to make the regulations practical and user-friendly by providing guidance that is as clear and simple as possible.

Most IRS regulations interpret tax statutes to resolve ambiguities or fill gaps in the tax statutes. This includes interpreting particular words, applying rules to broad classes of circumstances, and resolving apparent and potential conflicts between various statutory provisions.

During fiscal year 1996, the IRS will accord priority to the following regulations:

- *Substantiation and Disclosure Requirements for Certain Charitable Contributions.* The Omnibus Budget Reconciliation Act (OBRA) of 1993 amended the Internal Revenue Code to require a taxpayer desiring an income tax deduction for a charitable contribution of \$250 or more to obtain a written acknowledgment of the contribution from the donee organization containing information not typically provided by donee organizations. In addition, OBRA 1993 amended the Internal Revenue Code to require donee organizations to supply a disclosure statement to the donor when the organization provided goods or services in return for a payment in excess of \$75. In fiscal year 1995, proposed regulations were issued providing a number of simplifying and clarifying provisions to facilitate taxpayers' compliance with the new provisions. For example, the proposed regulations provide that certain token items and customary membership benefits that are offered to donors can be disregarded when calculating

charitable contribution deductions or preparing acknowledgment and disclosure statements. Final regulations providing additional guidance will be published in fiscal year 1996.

- *Mark-to-Market Accounting for Dealers in Securities.* OBRA 1993 amended the Internal Revenue Code to require dealers in securities to account for their securities by marking them to market. The statutory definitions of the terms "security" and "dealer in securities" are extremely broad. Preliminary guidance in the form of temporary regulations was provided in 1993. A regulation providing additional guidance will be published in fiscal year 1996.
- *Allocation of Interest Expense to U.S. Trade or Business of a Foreign Corporation.* Section 882(a) of the Internal Revenue Code imposes a tax on the income of a foreign corporation that is effectively connected with the conduct of a trade or business within the United States (effectively connected income, or ECI). Section 882(c) allows deductions and credits only to the extent that they are connected with ECI, and further provides that the proper allocation and apportionment of deductions shall be determined as provided in regulations. Current regulations prescribe rules for allocating interest expense, using an approach that combines concepts of fungibility of funding and tracing of interest expense. Proposed regulations published in 1992 to replace existing rules better reflect the current economic environment and changes in the law since the original regulations were promulgated. The proposed regulations, among other things, impose a 96 percent cap on a bank's actual debt-to-assets ratio; reduce the elective fixed ratio to 93 percent; and eliminate the separate currency pool method of determining the appropriate interest rate for U.S. liabilities.
- *Original Issue Discount; Debt Instruments With Contingent Payments.* Sections 1271-1275 of the Internal Revenue Code, added by the Tax Reform Act of 1984, govern the taxation of debt instruments with original issue discount (OID). These sections provide that OID must be currently accrued by both issuers and holders of debt instruments on a constant yield basis, but the rules provided apply only to debt instruments calling for payments of principal and interest that are fixed

both as to timing and amount. Section 1275(d) of the Internal Revenue Code authorizes the issuance of regulations to address the taxation of OID on debt instruments providing for contingent payments. Proposed regulations issued in December 1994 address this issue; these regulations are expected to be finalized in fiscal year 1996.

- **Amortization of Intangible Assets.** OBRA 1993 added section 197 of the Internal Revenue Code to provide for a 15-year amortization of goodwill and certain other intangible assets. In addition, OBRA 1993 amended section 167 to provide specified amortization periods for certain computer software and mortgage-servicing rights. These provisions are generally effective for intangibles acquired after August 10, 1993. Proposed regulations will be issued to implement these two Code sections and provide guidance to taxpayers on the meaning and scope of certain provisions of the statute and its anti-churning rules.
- **Withholding Tax Regulations Under Section 1441.** Section 1441 requires withholding of income tax on most payments of U.S. source income made to foreign persons. New regulations under section 1441 will streamline and modernize the existing regulations by coordinating the domestic reporting and backup withholding provisions and the section 1441 withholding requirements. Special provisions for omnibus accounts also will be provided.

Office of the Comptroller of the Currency

The primary mission of the Office of the Comptroller of the Currency (OCC) is to ensure a strong, safe-and-sound banking system that supports economic growth. The OCC's other goals include promoting bank competitiveness, increasing the efficiency of bank supervision (including reducing regulatory burden), and ensuring fair and equal access to credit. The OCC achieves these goals by regularly examining approximately 3,100 national banks with about \$2 trillion in assets, representing approximately 56 percent of the total assets of commercial banks. In addition, the OCC issues rules and regulations that implement Federal law governing national banks, as well as taking actions against national banks that do not conform to laws and regulations, or that engage in unsound banking practices. The OCC also approves or denies applications for new national bank charters, branches,

capital, or other changes in corporate or banking structure.

The OCC's Regulation Review Program, which was instituted in mid-1993, comprises a top-to-bottom review of all OCC regulations. This review embodies a fundamental rethinking of the OCC's approach to regulation, designed to better tailor the rules it imposes to the goals it seeks to achieve. The program is part of the agency's overall effort to promote the President's Regulatory Reform efforts by creating an environment where risk is prudently managed by banks and appropriately monitored by their regulator, without imposing unnecessary regulatory burdens that undermine the ability of banks to operate efficiently and provide credit and other financial products and services to their customers.

The program seeks to ensure that all OCC regulations are focused on those activities and products that present the greatest risks to safety and soundness, the payments system, or the general economic stability of the Nation. Critical elements of the program are to identify and eliminate rules that impose burdens on banks that are not necessary to maintain bank safety and soundness, to support equitable access to banking services for consumers, or to accomplish other statutory responsibilities of the OCC. Rules also are being examined to determine if they achieve their purpose at the least possible cost to the regulated institutions.

The following are some of the OCC's priority Regulation Review Program projects for fiscal year 1996:

- **Investment Securities:** The regulation that prescribes standards under which national banks purchase, sell, deal in, and underwrite investment securities are being substantially revised and rewritten. The revisions will reorganize the rules by placing related subjects together, clarify areas where the rules are unclear, and update various provisions to address market developments and to incorporate significant OCC interpretations, judicial decisions, and amendments to the governing statute.
- **Corporate Activities:** The OCC has published proposed regulations to revise the rules, policies, and procedures for national bank corporate activities and corporate transactions to make the regulations more user-friendly and to incorporate more flexible supervisory approaches for banks that are healthy and well-managed. The proposed revised rules (a) restructure and update the regulations by incorporating

interpretive rulings and significant OCC interpretative positions; (b) establish procedures that will allow certain eligible banks to receive expedited approval of their applications for branches, corporate reorganizations, operating subsidiaries, and office relocations; (c) seek to achieve greater clarity by setting forth the application requirements for various filings and including directions that explain the contents of each section; and (d) recognize the evolution of the "business of banking" by introducing new approaches in areas such as operating subsidiaries and branching which provide additional flexibility for national bank activities.

- **Interpretive Rulings:** The OCC has proposed a revision to its interpretive rulings pertaining to national banks. Under the proposal the rulings are being reorganized and updated to reflect current policies and interpretations and to delete obsolete provisions, and to add new interpretive rulings to address current issues regarding permissible national bank activities.
- **Fiduciary Powers and Collective Investment Funds:** The regulation pertaining to the exercise of fiduciary powers by national banks is being modified to make less burdensome the requirements regarding the exercise of fiduciary powers, while preserving appropriate protection for trust customers. The review will also consider the manner in which investment advisory services are currently regulated, and whether provisions more tailored to investment advisory functions should be added. The revised regulation will also reflect recent court and administrative decisions relating to, among other things, collective funds for IRA and Keogh accounts.
- **Community Development Corporation and Project Investments:** The regulation relating to community development corporations and project investments is being revised to conform its standards and procedures to the processes and concepts employed in other OCC regulations. The OCC also is exploring alternatives that would give banks greater flexibility in conducting their community development activities and investments.
- **International Banking:** The regulations governing the international operations of national banks and the operations of foreign banks through Federal branches and agencies in the United States are being streamlined to reduce

compliance costs. The revised regulations will consolidate most of the OCC's regulations relating to international activities into Part 28, to improve clarity. The new regulations also will implement and clarify provisions of the Foreign Bank Supervisory Enhancement Act of 1991 relating to Federal branches and agencies.

- *Extensions of Credit to Insiders:* The rules limiting extensions of credit to national bank insiders are being reviewed to determine the extent to which burden and complexity can be reduced by achieving greater conformity with the standards in the OCC lending limits regulations.
- *Real Estate Lending and Appraisals:* The OCC has begun a comprehensive review of its real estate lending and appraisal regulations. The OCC has already published a final rule that relieved unnecessary burdens imposed by the original appraisal rule by raising the threshold loan amount for which appraisals are required, and providing other, prudent exceptions to the appraisal requirements.

Office of Thrift Supervision

As the primary Federal regulator of the thrift industry, the Office of Thrift Supervision (OTS) has established regulatory objectives and priorities to effectively and efficiently supervise thrift institutions. These include maintaining and enhancing the safety and soundness of the thrift industry; a flexible, responsive regulatory structure that enables savings associations to provide credit and other financial services to their communities, particularly housing credit; and an approach to supervision that is risk-focused and proactive. These objectives and priorities are consistent with those established by the President.

Pursuant to section 303(a) of the Community Development and Regulatory Improvement Act of 1994 (CDRIA) and the President's regulatory reform initiative, the OTS has conducted a page-by-page review of its regulations to determine whether each is necessary, imposes the least possible burden consistent with safety and soundness, and is written in a clear and straightforward manner. As a result of this review, OTS is undertaking a five-step process to improve its regulations:

First, the OTS is seeking public comment on a number of potential ways the OTS could streamline and restructure its regulations to make them more user-friendly.

Second, the OTS is seeking comment on the elimination of a number of individual regulations as well as entire parts of the Code of Federal Regulations that the agency has identified as outdated or unnecessary.

Third, under the auspices of the Federal Financial Institutions Examination Council, the OTS is participating with the other Federal banking agencies in implementing section 303(a)(2) of CDRIA by making regulations and guidance implementing common statutory provisions and supervisory policies more uniform.

Fourth, the OTS has identified and brought to the attention of the Congress certain statutory impediments to updating some regulations. These include the liquidity regulations required by section 6 of the Home Owners' Loan Act (HOLA), the requirement that Federal savings associations maintain membership in a Federal Home Loan Bank required by HOLA section 5(f), and additional lending flexibility under the Qualified Thrift Lender Test required by HOLA section 10(m).

Finally, the OTS will be substantively revising a number of its regulations. During fiscal year 1996, the OTS will accord priority to developing regulatory proposals to make significant burden-reducing changes in a number of key areas of its regulations, including those governing lending, subsidiaries, charters and bylaws, insurance, preemption, and adjustable-rate mortgages.

In its regulatory plan for fiscal year 1995, the OTS identified as its most important significant regulatory action the overall review of its regulations implementing the Community Reinvestment Act (CRA). The OTS adopted a final rule completing this regulatory reform action and revising its CRA regulations on May 4, 1995 (60 FR 22156). This final rule emphasizes performance, rather than process, in establishing a framework to assess depository institutions' records of helping to meet the credit needs of their communities. The rule should promote consistency in evaluations, eliminate unnecessary burdens, and reduce recordkeeping and reporting requirements.

United States Customs Service

The United States Customs Service is responsible for administering laws concerning the importation of goods into the United States. This includes inspecting imports, collecting applicable duties, overseeing the activities of persons and businesses

engaged in importing, and enforcing the laws concerning smuggling and trafficking in contraband. The regulatory priorities of Customs for fiscal year 1996 are to continue to facilitate procedures for legitimate commercial transactions and to provide further obstacles to the flow of narcotics and other contraband into the United States.

During fiscal year 1995, one of Customs priorities was to issue a regulation to permit the Commissioner of Customs to conduct limited test programs to implement the National Customs Automation Program mandated under the customs modernization provisions of the North American Free Trade Agreement Implementation Act (NAFTA). Customs did issue that regulation, which enables Customs to ask members of the trade community to volunteer and participate in tests that will help evaluate alternative approaches to achieving more efficient and effective processing of passengers, carriers, and merchandise before rulemaking procedures are initiated. Two tests are underway now—one relating to remote location filing and another relating to reconciliation. Customs plans to conduct more tests this year that will assist Customs in modernizing and streamlining the way it does business with the trade community.

During fiscal year 1996, Customs plans to undertake several regulatory actions that will affect the traveling and importing public, customs brokers, carriers, and commercial importers. Customs will be continuing the reinvention of its regulatory procedures begun under authority granted by NAFTA. Customs reinvention efforts, in accordance with the principles of Executive Order 12866, have involved and will continue to involve much input from the importing public. During fiscal year 1996, Customs will accord priority to several regulatory actions focusing on the development of a more automated environment to expedite the entry, processing, and release of imported commercial merchandise. These regulations will benefit the importing public by facilitating the work of Customs officers and the trade community. Among the actions that Customs will pursue in this regard, which will improve the efficiency of Customs operations, reduce paperwork and administrative costs, are:

- Allowing for paperless procedures regarding extension and suspension of liquidation notices, and generally improving and clarifying the administrative process and

- simplifying the regulations pertaining to liquidations and extensions and suspensions of liquidation notices.
- Allowing elements of an entry, other than those relating to the admissibility of merchandise, that are undetermined at the time an entry summary or an import activity summary statement is required to be submitted, to be provided to Customs at a later date. This reconciliation process will expedite the release of commercial merchandise.
- Accrediting commercial laboratories to permit them to analyze a wide range of commercial products for Customs purposes. This change will facilitate the release of merchandise because it will enable importers to receive laboratory results earlier.

Also during fiscal year 1996, Customs plans to:

- Develop more uniform rules for determining the country of origin of merchandise under the Customs and related laws (including for-country-of-origin marking and duty assessment purposes) to provide predictability and certainty for Customs and the trade community; and
- Amend its regulations to reflect a reorganization that will make the agency more efficient and responsive to its customers.

Bureau of Alcohol, Tobacco and Firearms

The Bureau of Alcohol, Tobacco and Firearms (ATF) issues regulations to enforce the Federal laws relating to the manufacture and commerce of alcohol products, tobacco products, firearms, and explosives.

ATF's regulations carry out these missions and are designed to:

- Curb illegal traffic in, and criminal use of, firearms and assist State, local, and other Federal law enforcement agencies in reducing crime and violence;
- Facilitate investigations of violations of Federal explosives laws, including arson-for-profit schemes;
- Regulate the alcohol, tobacco, firearms, and explosives industries, including the issuance of licenses and permits;
- Assure the collection of all alcohol, tobacco, firearms, and ammunition tax revenues and obtain a high level of voluntary compliance with those laws;
- Suppress commercial bribery, consumer deception, and other prohibited practices in the alcoholic beverage industry;

- Suppress the illicit manufacture and sale of alcoholic beverages for which Federal tax has not been paid; and
- Assist the States in their efforts to eliminate interstate trafficking in, and the sale and distribution of, cigarettes in avoidance of State taxes.

In its fiscal year 1995 regulatory plan, ATF accorded priority to issuing regulations implementing the provisions of the Brady handgun law and adding standards necessary to effectively enforce the exclusion provisions of the Federal Alcohol Administration (FAA) Act. Final regulations implementing the Brady law were issued on February 27, 1995 (60 FR 10782); final regulations concerning the exclusion provisions of the FAA Act were issued on April 26, 1995 (60 FR 20402).

Pursuant to the President's regulatory reform initiative, ATF conducted a page-by-page review of all of its regulations. In addition, ATF published a notice in the Federal Register requesting comments from the public concerning obsolete, unnecessary, and burdensome regulations. Copies of this notice were mailed to 30 trade associations representing the alcohol, tobacco, firearms, ammunition, and explosives industries. As a result of this process, ATF identified over 650 pages of its regulations in the Code of Federal Regulations that it will streamline or eliminate. During fiscal year 1996, ATF will accord priority to making as many of these changes as possible. For example, ATF expects to replace the alcoholic beverage label and formula approval system with a simplified registration system, to streamline the registration and operational activity requirements for small breweries (brewpubs), and to reduce the administrative burdens associated with the current basic permit application process for producers, wholesalers, and importers of alcoholic beverages.

ATF is also according priority during fiscal year 1996 to issuing a final rule implementing Public Law 103-322, the Violent Crime Control and Law Enforcement Act of 1994. This project is described below, as RIN 1512-AB35.

Financial Management Service

Regulations of the Financial Management Service (FMS) are promulgated to implement its mission of improving the quality of government financial management by linking program and financial management objectives, and by providing financial services, information, advice, and assistance. The FMS serves taxpayers, the Treasury Department, Federal

program agencies, and government policymakers.

FMS's regulatory objectives for fiscal year 1996 include integrating new technologies to process Federal payments and collections more efficiently. The FMS plans to implement an Electronic Federal Tax Payment System in April 1996. This system will eliminate paper processing. Concurrent with this effort, the FMS plans to revise the Government's Automated Clearinghouse (ACH) standards to meet the needs of the new tax payment system. These changes will speed the flow of funds to the Treasury and ease the regulatory burden on private industry. These initiatives relate to the President's goals of improving technology to streamline financial services, and of using electronic funds transfers where possible.

Bureau of the Public Debt

The Bureau of the Public Debt administers regulations governing transactions in government securities effected by government securities brokers and dealers to fulfill the Treasury's statutory responsibility to safeguard the efficient functioning of the government securities market.

The Government Securities Act of 1986 (GSA), as amended, authorizes the Secretary of the Treasury to prescribe rules governing financial responsibility, the protection of customer funds and securities, and recordkeeping and reporting for all government securities brokers and dealers, including financial institutions. These rules are designed to prevent fraudulent and manipulative acts and practices and to protect the integrity, efficiency, and liquidity of the government securities market. The Department is committed to implementing rules that make sense from both a regulatory and market efficiency perspective. Accordingly, pursuant to Executive Order 12866, the Department seeks to balance the benefits of regulation with the compliance costs imposed on the government securities market and its participants.

The GSA regulations establish a consistent regulatory approach for all government securities brokers and dealers, including both securities firms and financial institutions, in a manner which minimizes the creation of any competitive advantages for any class of firm. Consistent with the principles in Executive Order 12866 and regulatory reform initiatives, regulations are only developed after actively involving market participants in the rulemaking process and fully considering existing

regulations applicable to various broker/dealers, including financial institutions. The regulations are designed to minimize burdens and duplication or overlap with existing regulations. To help meet this objective, the Treasury actively consults with other regulatory organizations, including the Securities and Exchange Commission (SEC) and the bank regulators, to better coordinate its activities in securities regulation.

During fiscal year 1996, priority will be accorded to the following regulation:

- **Holders of Large Positions in Treasury Securities.** This regulation will establish recordkeeping and reporting requirements for holders of large positions in specific Treasury securities. The objectives of the regulation are to identify and monitor concentrations of ownership in Treasury securities, to assist regulators in conducting market surveillance, and to help the SEC carry out its enforcement duties under the Federal securities laws. This regulation will be promulgated under authority granted the Treasury in the Government Securities Act Amendments of 1993.

Financial Crimes Enforcement Network

The regulations of the Financial Crimes Enforcement Network (FinCEN) constitute the core of Treasury's anti-money-laundering initiative and are an essential component of Treasury's law enforcement and antinarcotics efforts. The Bank Secrecy Act (BSA) authorizes the Secretary of the Treasury to issue regulations requiring financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, or regulatory proceedings, and to implement counter-money-laundering programs and compliance procedures.

Since mid-1994, FinCEN has been engaged in a thorough review of its regulatory policies and has been building a partnership between Government and the financial sector to fight money-laundering. The keystone of that partnership is the recognition that only a cooperative relationship between Government and industry can provide a way to implement a three-pronged strategy of prevention, detection, and enforcement against those who truly seek to use the financial system to promote or further illegal activity. FinCEN recognizes that BSA compliance imposes costs on the financial community, and that it should only require recordkeeping and reporting when the benefits to the

Government are clear. In the coming year, FinCEN will continue to review and revise its existing regulations. In all cases, FinCEN will continue to work with the financial community to reduce administrative burdens associated with complying with the statutes while enhancing the usefulness of BSA information for law enforcement, financial regulators, and policymakers.

During fiscal year 1995, FinCEN completed a number of important regulatory projects, including the following:

- **Simplified Cash Transaction Report (CTR) Form.** As part of the general effort to reduce reporting burdens and emphasize the reporting of suspicious transactions, FinCEN developed and introduced a new CTR form, which became effective October 1, 1995.
- **Casino Recordkeeping Rules.** After extensive consultations with the industry, FinCEN issued final recordkeeping rules for casinos that were significantly less burdensome than the rules originally proposed.
- **Funds Transfer Regulations.** FinCEN, both independently and jointly with the Board of Governors of the Federal Reserve System, published in early 1995 final rules relating to recordkeeping for funds transfers. FinCEN will accord priority to revising certain aspects of these regulations during fiscal year 1996 (see below).

During fiscal year 1995, FinCEN also withdrew as unnecessary proposed regulations (a) regarding the mandatory aggregation of currency transactions and the filing of CTRs by magnetic media, and (b) requiring that financial institutions verify and record identifying information about purchasers of certain monetary instruments valued at \$3,000 or more.

During fiscal year 1996, FinCEN is initiating a general revision and simplification of all of its regulations, and will also accord priority to the following projects:

- **Funds Transfer Regulations.** In response to concerns raised by the banking industry, FinCEN expects to finalize amendments to its funds transfer regulations.
- **Indian Gaming.** FinCEN will issue final regulations governing reporting and recordkeeping by tribal casinos, implementing a 1994 amendment to the BSA. This project is one step in a general effort to unify and simplify the application of the Bank Secrecy Act to gaming establishments.
- **Suspicious Transaction Reports.** FinCEN will issue final regulations

concerning suspicious transaction reporting by banks. A similar regulation concerning nonbank financial institutions will also be issued. The new reporting system will greatly reduce the burdens on the financial industry.

- **Exemptions from CTR Requirements.** As required by legislation enacted in 1994, FinCEN will seek to reduce the number of CTRs required to be filed by 30 percent. FinCEN expects to exempt many transactions from the CTR filing requirement, including those between banks, between banks and Government entities, and between banks and certain businesses.

Community Development Financial Institutions Fund

The Community Development Financial Institutions Fund was established by the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 et seq.) The primary purpose of the Fund is to provide investments in and assistance to community development financial institutions (CDFIs), principally through the CDFI Program. The Fund also administers the Bank Enterprise Award (BEA) Program, which encourages insured depository institutions to engage in certain eligible development activities and to make equity investments in CDFIs. The Fund's regulatory priorities for fiscal year 1996 are to issue a temporary regulation for public comment in October 1995 in order to immediately conduct an initial round of funding for the CDFI and BEA Programs, and to finalize these regulations in May 1996. This project is described below (RIN 1505-AA71).

TREAS—Departmental Offices (DO)

FINAL RULE STAGE

96. • COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS PROGRAM; BANK ENTERPRISE AWARD PROGRAM REGULATIONS

Priority:

Other Significant

Legal Authority:

12 USC 4703; 12 USC 4713; PL 104-19; 42 USC 4332

CFR Citation:

12 CFR 1805 (New); 12 CFR 1806 (New); 12 CFR 1815 (New)

Legal Deadline:

None

Abstract:

Not applicable; any costs and benefits associated with this rule are derived from the CDFI and BEA provisions of the Community Development Banking and Financial Institutions Act of 1994 as enacted by the Congress.

Statement of Need:

The Department of the Treasury is issuing a temporary rule for public comment to implement two new programs that will be administered by the Community Development Financial Institutions (CDFI) Fund: the CDFI Program and the Bank Enterprise Award (BEA) Program. These programs were authorized by the Community Development Banking and Financial Institutions Act of 1994. The CDFI Program will provide financial and technical assistance to selected applicants in order to enhance their ability to make loans and investments and provide services for the benefit of designated investment areas and targeted populations. The purpose of the BEA Program is to encourage insured depository institutions to engage in certain eligible development activities within distressed communities and to make equity investments in CDFIs. The regulations establish eligibility criteria and application procedures for financial assistance through these programs. The regulations also establish the appropriate environmental review procedures for these two programs.

Summary of the Legal Basis:

Section 119 of the Community Development Banking and Financial Institutions Act of 1994 requires the promulgation of regulations to carry out the CDFI and BEA programs.

Alternatives:

Not applicable; this regulation merely implements the CDFI and BEA provisions of the Community Development Banking and Financial Institutions Act of 1994 as enacted by the Congress.

Anticipated Costs and Benefits:

Not applicable; any costs and benefits associated with this rule are derived from the CDFI and BEA provisions of the Community Development Banking and Financial Institutions Act of 1994 as enacted by the Congress.

Risks:

Not applicable.

Timetable:

| Action | Date | FR Cite |
|---|----------------------|-------------|
| Interim Final Rule Comment Period End | 01/15/95 | |
| Interim Final Rule Final Action | 10/19/95 03/00/96 | 60 FR 54110 |

Small Entities Affected:

None

Government Levels Affected:

None

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RIN: 1505-AA71

TREAS—Bureau of Alcohol, Tobacco and Firearms (BATF)**FINAL RULE STAGE****97. IMPLEMENTATION OF PUBLIC LAW 103-322, THE VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994****Priority:**

Other Significant

Legal Authority:

5 USC 522(a); 18 USC 847; 18 USC 921 to 930; 18 USC 1261; 19 USC 1607; 19 USC 1610; 19 USC 1612 to 1613; 19 USC 1618; 26 USC 7101; 26 USC 7322 to 7326; 31 USC 9301; 31 USC 9303 to 9304; 31 USC 9306; 40 USC 304(k); 44 USC 3504(h); ...

CFR Citation:

27 CFR 55; 27 CFR 72; 27 CFR 178;
27 CFR 179

Legal Deadline:

None

Abstract:

The Bureau of Alcohol, Tobacco, and Firearms (ATF) is issuing this temporary rule to implement the provisions of Public Law 103-322, the Violent Crime Control and Law Enforcement Act of 1994, enacted September 13, 1994. These regulations implement the law by restricting the

manufacture, transfer, and possession of certain semiautomatic assault weapons and large-capacity ammunition feeding devices. Regulations are also prescribed with regard to reports of theft or loss of firearms from a licensee's inventory or collection, new requirements for Federal firearms licensing, responses by firearms licensees to requests for gun trace information, possession of firearms by persons subject to restraining orders, and possession of a handgun, or ammunition for a handgun, by juveniles.

Statement of Need:

Issuance of this regulation is necessary to implement the provisions of the Violent Crime Control and Law Enforcement Act of 1994, and ATF issued a temporary rule and a cross-reference notice of proposed rulemaking in April 1995. The temporary rule implements this law by restricting the manufacture, transfer, and possession of certain semiautomatic assault weapons and large-capacity ammunition-feeding devices. The regulation also concerns reports of the theft or loss of firearms from a licensee's inventory or collection; new requirements for Federal firearms licensing; responses by firearms licensees to requests for gun trace information; possession of firearms by persons subject to restraining orders; and possession of a handgun, or ammunition for a handgun, by juveniles. AFT expects to issue a final rule in early 1996.

Summary of the Legal Basis:

The Violent Crime Control and Law Enforcement Act of 1994 amended the Gun Control Act of 1968 (GCA) by prohibiting the manufacture, transfer and possession of semiautomatic assault weapons (with certain exceptions). The 1994 Act also amended the GCA to make it unlawful to transfer or possess large capacity ammunition-feeding devices, as well as the possession of firearms by certain persons.

Alternatives:

Not applicable; no alternatives are possible because this regulation merely implements the provisions of the Violent Crime Control and Law Enforcement Act of 1994 as enacted by the Congress.

Anticipated Costs and Benefits:

Not applicable; any costs and benefits associated with this rule are derived from the Violent Crime Control and

Law Enforcement Act of the 1994 as enacted by the Congress.

Risks:

Not applicable.

Timetable:

| Action | Date | FR Cite |
|----------------------------|----------|-------------|
| NPRM | 04/06/95 | 60 FR 17494 |
| Interim Final Rule | 04/06/95 | 60 FR 17446 |
| NPRM Comment Period End | 07/05/95 | |
| Final Action | 01/00/96 | |

Small Entities Affected:

None

Government Levels Affected:

None

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