

transactions are between unrelated persons, and tax liabilities are disregarded. \* \* \*

Example 1. \* \* \*

(d) \* \* \* Under section 301(d), P's basis in the T stock is \$60. Under § 1.1502-13, and paragraph (b)(2) of this section, S's \$160 gain from the distribution is deferred and taken into account in Year 5 as a result of P's sale of the T stock. \* \* \*

Example 4. \* \* \*

(b) Analysis. Under paragraph (c)(2) of this section, S is treated as disposing of each of its shares of T's stock immediately before T becomes a nonmember. \* \* \*

Example 6. \* \* \*

(b) Analysis. Under paragraph (c)(1)(iii)(A) of this section, P's excess loss account on each of its shares of S's stock ordinarily is taken into account at the time substantially all of S's assets are treated as disposed of, abandoned, or destroyed for Federal income tax purposes. \* \* \*

Par. 6. Section 1.1502-20 is amended as follows:

1. In paragraph (b)(6), Example 5. (iii) is revised.

2. In paragraph (e)(3), Example 1. (i), the third sentence is revised.

3. In paragraph (e)(3), Example 1. (ii) is revised.

The revisions read as follows:

§ 1.1502-20 Disposition or deconsolidation of subsidiary stock.

\* \* \* \* \*

(b) \* \* \*

(6) \* \* \*

Example 5. \* \* \*

(iii) T's issuance of additional shares to the public results in S's intercompany loss being taken into account under the acceleration rule of § 1.1502-13(d) because there is no difference between P's \$100 basis in the T stock and the \$100 basis the T stock would have had if P and S had been divisions of a single corporation. S's loss taken into account is disallowed under paragraph (a)(1) of this section.

\* \* \* \* \*

(e) \* \* \*

(3) \* \* \*

Example 1. \* \* \* (i) \* \* \* With the view described in paragraph (e)(1) of this section, P transfers land with a value of \$100 and a basis of \$100 to T in exchange for preferred stock with a \$200 redemption price and liquidation preference. \* \* \*

(ii) Under section 305, the redemption premium is treated as a distribution of property to which section 301 and § 1.1502-13(f)(2) apply. Under §§ 1.1502-13 and 1.1502-32, P's aggregate basis in the preferred and common stock is unaffected by the deemed distributions.

\* \* \* \* \*

Par. 7. Section 1.1502-32 is amended as follows:

1. In paragraph (b)(3)(ii)(A), the second sentence is revised.

2. In paragraph (b)(3)(v), the last sentence is revised.

3. In paragraph (b)(5)(ii), Example 5. (c), the second sentence is revised.

4. In paragraph (b)(5), Example 6. (b) is revised.

5. In paragraph (f), a sentence is added after the second sentence.

The addition and revisions read as follows:

§ 1.1502-32 Investment adjustments.

\* \* \* \* \*

(b) \* \* \*

(3) \* \* \*

(ii) \* \* \* (A) \* \* \* For example, S's dividend income to which § 1.1502-13(f)(2)(ii) applies, and its interest excluded from gross income under section 103, are treated as tax-exempt income. \* \* \*

\* \* \* \* \*

(v) \* \* \* See § 1.1502-13(f)(2)(iv) for taking into account distributions to which section 301 applies (but not other distributions treated as dividends) under the entitlement rule.

\* \* \* \* \*

(5) \* \* \*

(ii) \* \* \*

Example 5. \* \* \*

(c) \* \* \* Under § 1.1502-13(f)(2)(iv), S is treated as making a \$70 distribution to P at the time P becomes entitled to the distribution. \* \* \*

Example 6. \* \* \*

(b) Analysis. Under section 358, P's basis in the S stock is increased by its basis in the T stock. Under § 1.1502-13(f)(3) the money received is treated as being taken into account immediately after the transaction. Thus, the \$10 is treated as a dividend distribution under section 301 and under paragraph (b)(3)(v) of this section, the \$10 is a distribution to which paragraph (b)(2)(iv) of this section applies. Accordingly, P's basis in the S stock is \$160 immediately after the merger, which is then decreased by the \$10 distribution taken into account immediately after the transaction, resulting in a basis of \$150.

\* \* \* \* \*

(f) \* \* \* For example, if T merges into S, S is treated, as the context may require, as a successor to T and as becoming a member of the group. \* \* \*

\* \* \* \* \*

Par. 8. Section 1.1502-43 is amended by revising paragraph (a)(3)(iii) to read as follows:

§ 1.1502-43 Consolidated accumulated earnings tax.

(a) \* \* \*

(3) \* \* \*

(iii) Earnings and profits resulting from the disposition of a member's stock are determined without regard to the stock basis adjustments under §§ 1.1502-32 and 1.1502-33(c)(1).

\* \* \* \* \*

Par. 9. Section 1.1502-76 is amended by revising paragraph (b)(4), Example 1. (a) and the first sentence of Example 1. (c) to read as follows:

§ 1.1502-76 Taxable year of members of group.

\* \* \* \* \*

(b) \* \* \*

(4) \* \* \*

Example 1. Items allocated between consolidated and separate returns. (a) Facts. P and S are the only members of the P group. P sells all of S's stock to individual A on June 30, and therefore S becomes a nonmember on July 1 of Year 2.

\* \* \* \* \*

(c) Acquisition of another subsidiary before end of tax year. The facts are the same as in paragraph (a) of this Example 1, except that on July 31 P acquires all the stock of T (which filed a separate return for its year ending on November 30 of Year 1) and T therefore becomes a member on August 1 of Year 2. \* \* \*

\* \* \* \* \*

Par. 10. Section 1.1502-80 is amended as follows:

1. Paragraph (b) is revised.

2. In paragraph (d)(1), a sentence is added to the end of the paragraph.

The addition and revision reads as follows:

§ 1.1502-80 Applicability of other provisions of law.

\* \* \* \* \*

(b) Non-applicability of section 304. Section 304 does not apply to any acquisition of stock of a corporation in an intercompany transaction or to any intercompany item from such transaction occurring on or after July 24, 1991.

\* \* \* \* \*

(d) \* \* \* (1) \* \* \* For purposes of this paragraph (d), any reference to a transferor or transferee includes, as the context may require, a reference to a successor or predecessor.

\* \* \* \* \*

Cynthia E. Grigsby, Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

[FR Doc. 97-6068 Filed 3-13-97; 8:45 am]

BILLING CODE 4830-01-P

PENSION BENEFIT GUARANTY CORPORATION

29 CFR Part 4044

Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

**SUMMARY:** The Pension Benefit Guaranty Corporation's regulation on Allocation of Assets in Single-Employer Plans prescribes interest assumptions for valuing benefits under terminating single-employer plans. This final rule amends the regulation to adopt interest assumptions for plans with valuation dates in April 1997.

**EFFECTIVE DATE:** April 1, 1997.

**FOR FURTHER INFORMATION CONTACT:** Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202-326-4024 (202-326-4179 for TTY and TDD).

**SUPPLEMENTARY INFORMATION:** The PBGC's regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044) prescribes actuarial assumptions for valuing plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974.

Among the actuarial assumptions prescribed in part 4044 are interest assumptions. These interest assumptions are intended to reflect current conditions in the financial and annuity markets.

Two sets of interest assumptions are prescribed, one set for the valuation of benefits to be paid as annuities and one set for the valuation of benefits to be paid as lump sums. This amendment

adds to appendix B to part 4044 the annuity and lump sum interest assumptions for valuing benefits in plans with valuation dates during April 1997.

For annuity benefits, the interest assumptions will be 6.10 percent for the first 25 years following the valuation date and 5.00 percent thereafter. The annuity interest assumptions represent a decrease (from those in effect for March 1997) of 0.10 percent for the first 25 years following the valuation date and are otherwise unchanged. For benefits to be paid as lump sums, the interest assumptions to be used by the PBGC will be 4.75 percent for the period during which a benefit is in pay status and 4.00 percent during any years preceding the benefit's placement in pay status. The lump sum interest assumptions represent a decrease (from those in effect for March 1997) of 0.25 percent for the period during which a benefit is in pay status and for the seven years directly preceding that period; they are otherwise unchanged.

The PBGC has determined that notice and public comment on this amendment are impracticable and contrary to the public interest. This finding is based on the need to determine and issue new interest assumptions promptly so that the assumptions can reflect, as accurately as possible, current market conditions.

Because of the need to provide immediate guidance for the valuation of benefits in plans with valuation dates during April 1997, the PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

The PBGC has determined that this action is not a "significant regulatory action" under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects in 29 CFR Part 4044

Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR part 4044 is amended as follows:

**PART 4044—[AMENDED]**

1. The authority citation for part 4044 continues to read as follows:

Authority: 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.

2. In appendix B, a new entry is added to Table I, and Rate Set 42 is added to Table II, as set forth below. The introductory text of each table is republished for the convenience of the reader and remains unchanged.

Appendix B to Part 4044—Interest Rates Used to Value Annuities and Lump Sums

TABLE I.—ANNUITY VALUATIONS

[This table sets forth, for each indicated calendar month, the interest rates (denoted by  $i_1, i_2, \dots$ , and referred to generally as  $i_t$ ) assumed to be in effect between specified anniversaries of a valuation date that occurs within that calendar month; those anniversaries are specified in the columns adjacent to the rates. The last listed rate is assumed to be in effect after the last listed anniversary date.]

For valuation dates occurring in the month—	The values of $i_t$ are:					
	$i_t$	for t =	$i_t$	for t =	$i_t$	for t =
* * * * *						
April 1997 .....	.0610	1-25	.0500	>25	N/A	N/A

TABLE II.—LUMP SUM VALUATIONS

[In using this table: (1) For benefits for which the participant or beneficiary is entitled to be in pay status on the valuation date, the immediate annuity rate shall apply; (2) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $0 < y \leq n_1$ ), interest rate  $i_1$  shall apply from the valuation date for a period of  $y$  years, and thereafter the immediate annuity rate shall apply; (3) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $n_1 < y \leq n_1 + n_2$ ), interest rate  $i_2$  shall apply from the valuation date for a period of  $y - n_1$  years, interest rate  $i_1$  shall apply for the following  $n_1$  years, and thereafter the immediate annuity rate shall apply; (4) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $y > n_1 + n_2$ ), interest rate  $i_3$  shall apply from the valuation date for a period of  $y - n_1 - n_2$  years, interest rate  $i_2$  shall apply for the following  $n_2$  years, interest rate  $i_1$  shall apply for the following  $n_1$  years, and thereafter the immediate annuity rate shall apply.]

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		$i_1$	$i_2$	$i_3$	$n_1$	$n_2$
* * * * *								
42 .....	04-1-97	05-1-97	4.75	4.00	4.00	4.00	7	8

Issued in Washington, D.C., on this 10th day of March 1997.  
 John Seal,  
*Acting Executive Director, Pension Benefit Guaranty Corporation.*  
 [FR Doc. 97-6487 Filed 3-13-97; 8:45 am]  
 BILLING CODE 7708-01-P

**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 271**

[FRL-5691-8]

**Oklahoma: Final Authorization of State Hazardous Waste Management Program Revisions**

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

**ACTION:** Review of immediate final rule technical corrections.

**SUMMARY:** The State of Oklahoma has applied for Final authorization to revise

its hazardous waste program under the Resource Conservation and Recovery Act (RCRA). The EPA has reviewed Oklahoma's application and decided that its hazardous waste program revision satisfies all of the requirements necessary to qualify for final authorization. As such, EPA published an immediate final rule on October 9, 1996, for 30-day public review and comment period. The EPA did not receive comments by the close of business November 25, 1996. Today's publication is a technical correction to the State Analog chart, listing the State regulations that are equivalent to the Federal rules.

**DATES:** Effective date: March 14, 1997. This technical correction is in regard to final authorization for Oklahoma which affirms the immediate final decision previously published, and notifies the public that the final authorization was effective on December 23, 1996.

**FOR FURTHER INFORMATION CONTACT:** Alima Patterson, Authorization

Coordinator, Grants and Authorization Section (6PG-G), EPA Region 6, First Interstate Bank Tower at Fountain Place, 1445 Ross Avenue, Dallas, Texas 75202, Phone number: (214) 665-8533.

**SUPPLEMENTARY INFORMATION:**

**A. Technical Corrections**

The Oklahoma Department of Environmental Quality (ODEQ) submitted a comment containing technical corrections to the State Analog chart at 61 FR 52884-52886, listing the State regulations that are equivalent to the rules promulgated to the Federal RCRA implementing regulations in 40 CFR parts 124, 260-268, and 270 that were published on October 9, 1996. Many of the dates cited in that chart were incorrect and the following chart lists the correct dates of the State analogs that are being recognized as equivalent to the appropriate Federal requirements. The following chart replaces the previously published chart.

Federal Citation	State analog
1. Requirements for Preparation, Adoption, and Submittal of Implementation Plans, [58 FR 38816] July 20, 1993. (Checklist 125).	Oklahoma Hazardous Waste Management Act (OHWMA), as amended, 27A Oklahoma Statutes (O.S.), Supp. 1994, §§2-7-107 (A), (4) and (5), and 2-2-104, effective 1994; and Oklahoma Administrative Code (OAC) Rules 252:200-3-1, 252-200-3-2 through 252:200-3-6, effective July 1, 1995.
2. Testing and Monitoring Activities, [58 FR 46040] August 31, 1993. (Checklist 126)	OHWMA, as amended, 27A O.S., Supp. 1994, §§2-2-106, effective 1994, OAC Rules 252:200-3-1 through 252:200-3-6, effective July 1, 1995.
3. Burning of Hazardous Waste in Boilers and Industrial Furnaces, [58 FR 59598] November 9, 1993. (Checklist 127)	OHWMA, as amended, 27A O.S., Supp. 1994, §§2-2-104, and 2-7-107(A)(5), effective 1994 and OAC Rules 252:200-3-1 through 252:200-3-6, effective July 1, 1995.
4. Hazardous Waste Management Systems; Identification and Listing of Hazardous Waste; Waste from Wood Surface Protection, [59 FR 458] January 4, 1994. (Checklist 128)	OHWMA, as amended, 27A O.S., Supp. 1994 §§2-2-104 and §2-7-106, effective 1994 and OAC Rules 252:200-3-1 through 252:200-3-6, effective July 1, 1995.
5. Hazardous Waste Management System; Identification and Listing of Hazardous Waste; Treatability Studies Sample Exclusion, [59 FR 8362] February 18, 1994. (Checklist 129)	OHWMA, as amended, 27A O.S., Supp. 1994 §§2-2-104 and 2-7-106, effective 1994 and OAC Rules 252:200-3-1 through 252:200-3-6, effective July 1, 1995.
6. Hazardous Waste Management System; Identification and Listing of Hazardous Waste; Recycled Used Oil Management Standards, [59 FR 10550] March 4, 1994. (Checklist 130).	OHWMA, as amended, 27A O.S., Supp. 1994, §§2-2-104, and 2-7-107(A)(5) effective 1994, and OAC Rules 252:200-3-1 through 252:200-3-6, effective July 1, 1995.
7. Recordkeeping Instructions, [59 FR 13891] March 24, 1994. (Checklist 131).	OHWMA, as amended, 27A O.S., Supp. 1994, §2-2-104, and 2-7-105(5), and 2-7-106, effective 1994, and OAC Rules 252:200-3-1 through 252:200-3-6, effective July 1, 1995.
8. Hazardous Waste Management System; Identification and Listing of Hazardous Wastes; Wastes from Wood Surface Protection; Correction, [59 FR 28484] June 2, 1994. (Checklist 132).	OHWMA, as amended, 27A O.S., Supp. 1994 §2-7-106, and 2-2-104, effective 1994, and OAC Rules 252:200-3-1 through 252:200-3-6, effective July 1, 1995.
9. Standards Applicable to Owners and Operators of Hazardous Waste Treatment, Storage, and Disposal Facilities, Underground Storage, Tanks, and Underground Injection Control Systems; Financial Assurance; Letter of Credit, [59 FR 29958] June 10, 1994. (Checklist 133).	OHWMA, as amended, 27A O.S., Supp. 1994, §§2-2-104, effective 1994, and OAC Rules 252:200-3-1 through 252:200-3-6 effective July 1, 1995.
10. Hazardous Waste Management System; Correction of Listing of P015-Beryllium Powder, [59 FR 31551-31552] June 20, 1994. (Checklist 134).	OHWMA, as amended, 27A O.S., Supp. 1994, §§2-2-104, and 2-7-106, effective 1994, and OAC Rules 252:200-3-1 through 252:200-3-6, effective July 1, 1995.

Under Executive Order 12866 (58 FR 51735, October 4, 1993), this action is not a "significant regulatory action"

and, is therefore not subject to review by the Office of Management and Budget. In addition, this action does not impose

any enforceable duty or contain any unfunded mandate as described in the Unfunded Mandates Reform Act of 1995