

controlled taxpayer, such participant's benefits from the transferred intangibles must be measured by reference to the transferee's benefits, disregarding any consideration paid by the transferee to the controlled participant (such as a royalty pursuant to a license agreement).

* * *
 (iii) * * *
 (E) * * *

Example 8. U.S. Parent (USP), Foreign Subsidiary 1 (FS1) and Foreign Subsidiary 2 (FS2) enter into a cost sharing arrangement to develop computer software that each will market and install on customers' computer systems. The participants divide costs on the basis of projected sales by USP, FS1, and FS2 of the software in their respective geographic areas. However, FS1 plans not only to sell but also to license the software to unrelated customers, and FS1's licensing income (which is a percentage of the licensees' sales) is not counted in the projected benefits. In this case, the basis used for measuring the benefits of each participant is not the most reliable because all of the benefits received by participants are not taken into account. In order to reliably determine benefit shares, FS1's projected benefits from licensing must be included in the measurement on a basis that is the same as that used to measure its own and the other participants' projected benefits from sales (e.g., all participants might measure their benefits on the basis of operating profit).

* * * * *
 (j) * * *

(2) *Documentation*—(i) *Requirements.*
 * * *

(ii) *Coordination with penalty regulation.* The documents described in paragraph (j)(2)(i) of this section will satisfy the principal documents requirement under § 1.6662-6(d)(2)(iii)(B) with respect to a qualified cost sharing arrangement.

* * * * *

Approved: May 2, 1996.
 Margaret Milner Richardson,
Commissioner of Internal Revenue.
 Leslie Samuels,
Assistant Secretary of the Treasury.
 [FR Doc. 96-11781 Filed 5-9-96; 8:45 am]

BILLING CODE 4830-01-U

DEPARTMENT OF TRANSPORTATION
Coast Guard
33 CFR Part 3
[CGD 96-016]
RIN 2115-AF31
First and Fifth District Boundaries, Marine Inspection and Captain of the Port Zone Boundaries
AGENCY: Coast Guard, DOT.

ACTION: Final rule.

SUMMARY: The Coast Guard is changing the boundary between the First and Fifth Districts and revising the descriptions of several Marine Inspection and Captain of the Port Zone boundaries in the First and Fifth Districts. The Marine Inspection Zone that covers the New York and Long Island Sound Captain of the Port Zones is being split into two Marine Inspection Zones, each of which will be the same geographic area as its respective Captain of the Port Zone. These changes clarify Coast Guard geographic area responsibilities both in the First and Fifth Coast Guard Districts. These changes are administrative and will impact Coast Guard services.

EFFECTIVE DATE: This rule is effective on April 15, 1996.

ADDRESSES: Unless otherwise indicated, documents referred to in this preamble are available for inspection or copying at the office of the Executive Secretary, Marine Safety Council (G-LRA/3406), U.S. Coast Guard Headquarters, 2100 Second Street SW., room 3406, Washington, DC 20593-0001, between 8 a.m. and 3 p.m., Monday through Friday, except Federal Holidays. The telephone number is (202) 267-1477.

FOR FURTHER INFORMATION CONTACT: Richard Schaefer, Project Manager, Program Branch, Search Rescue Division (G-NRS-1), (202) 267-1089.

SUPPLEMENTARY INFORMATION:
 Background and Purpose

The Coast Guard is revising 33 CFR part 3 to reflect a change in the boundaries of the First and Fifth Districts. The First District, headquartered in Boston, includes New England and the State and City of New York and is located immediately to the north of the Fifth District which includes the mid-Atlantic area and is headquartered in Portsmouth, Virginia. The Coast Guard has moved the boundary between the districts approximately 21 miles north, thereby enlarging the area of the Fifth District and reducing the area of the First District.

Portions of the area transferred from the First to the Fifth District which are currently part of the New York Captain of the Port Zone become part of the Philadelphia Marine Inspection Zone and Captain of the Port Zone, and the Hampton Roads Marine Inspection Zone and Captain of the Port Zone. The boundaries of the Philadelphia and Hampton Roads Zones are amended to reflect this additional area.

Additionally, within the First District, two new Marine Inspection Zones are being established. Previously, the New York and Long Island Captain of the Port Zones together comprised a single Marine Inspection Zone. This single Marine Inspection Zone is being divided into two new zones. One new Marine Inspection Zone will have the same boundaries as the New York Captain of the Port Zone, and the other new Marine Inspection Zone will have the same boundaries as the Long Island Sound Captain of the Port Zone.

Discussion of Changes

The current descriptions do not reflect the changes in these District and Marine Inspection and Captain of the Port Zone boundaries. This rule revises these descriptions. The Coast Guard is proceeding directly to a final rule under section 553(b)(3)(A) of the Administrative Procedures Act (5 U.S.C. 551 et seq.) which excludes rulemakings relating to agency organization, procedure, or practice from the requirements of public notice and comment. These changes are administrative and will not impact Coast Guard services.

Section 3.05-1. This section is revised to describe the First District's new boundaries. Portions of northern New Jersey which were formerly in the First District are now in the Fifth District. The new boundary line between the districts in New Jersey moves approximately 21 miles north from 39°57' N. latitude at the Toms River to 40°18' N. latitude, just south of the Shrewsbury River. The offshore boundary in the Atlantic Ocean moves north an equal distance.

Section 3.05-25. This section, describing the New York Marine Inspection Zone, is removed.

Section 3.05-30. This section, describing the New York Captain of the Port Zone, is revised to describe the boundaries of the new New York Captain of the Port Zone and the new New York Marine Inspection Zone, both of which have the same boundaries.

Section 3-05-35. This section, describing the Long Island Sound Captain of the Port Zone, is revised to describe the boundaries of the new Long Island Sound Captain of the Port Zone and the new Long Island Sound Marine Inspection Zone, both of which have the same boundaries.

Section 3-25-1. This section, describing the Fifth District boundaries, is revised to add those portions of New Jersey and adjacent offshore waters of the Atlantic Ocean which previously were in the First District. All of Ocean County, NJ, the southern half of

Monmouth County, NJ, north of 40°18' N. latitude and Atlantic Ocean waters adjacent will be within the boundaries of the Fifth District.

3.25-05. This section, describing the Philadelphia Marine Inspection Zone and Captain of the Port Zone, is revised to add those portions of New Jersey and adjacent offshore waters of the Atlantic Ocean north of 38°28' N. latitude which previously were in the New York Captain of the Port Zone. All of Ocean County, NJ, the southern half of Monmouth County, NJ, north of 40°18' N. latitude and Atlantic Ocean waters adjacent will be within the boundaries of the Philadelphia Marine Inspection and Captain of the Port Zones.

Section 3.25-10. This section, describing the Hampton Roads Marine Inspection Zone and Captain of the Port Zone, is revised to add those portions of the Atlantic Ocean south of 38°28' N. latitude which previously were in the New York Captain of the Port Zone.

Regulatory Evaluation

This rule is not a significant regulatory action under section 3(f) of Executive Order 12866 and does not require an assessment of potential costs and benefits under section 6(a)(3) of that order. It has not been reviewed by the Office of Management and Budget under that order. It is not significant under the regulatory policies and procedures of the Department of Transportation (DOT) (44 FR 11040; February 26, 1979). The Coast Guard expects the economic impact of this rule to be so minimal that full Regulatory Evaluation under paragraph 10e of the regulatory policies and procedures of DOT is unnecessary. As this rule involves internal agency practices and procedures, it will not impose any costs on the public.

Collection of Information

This rule contains no collection of information requirements under the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).

Federalism

The Coast Guard has analyzed this rule under the principles and criteria contained in Executive Order 12612 and has determined that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Environment

The Coast Guard considered the environmental impact of this rule and concluded that under paragraph 2.B.2 of Commandant Instruction M16475.1B, this rule is categorically excluded from further environmental documentation.

This exclusion is in accordance with paragraphs 2.B.2.e (34) (a) and (b), concerning regulations that are editorial or procedural and concerning internal agency functions or organization. A "Categorical Exclusion Determination" is available in the docket for inspection or copying where indicated under **ADDRESSES**.

List of Subjects in 33 CFR Part 3

Organization and functions (Government agencies). For the reasons set out in the preamble, the Coast Guard amends 33 CFR part 3 as follows:

PART 3—COAST GUARD AREAS, DISTRICTS, MARINE INSPECTION ZONES, AND CAPTAIN OF THE PORT ZONES

1. The authority citation for part 3 continues to read as follows:

Authority: 14 U.S.C. 633; 49 CFR 1.45, 1.46.

2. In section 3.05-1, paragraph (b) is revised to read as follows:

§ 3.05-1 First district.

* * * * *

(b) The First Coast Guard District is comprised of: Maine; New Hampshire; Vermont; Massachusetts; Rhode Island; Connecticut; New York except that part north of latitude 42° N. and west of longitude 74°39' W; that part of New Jersey north of 40°18' N. latitude, east of 74°30.5' W. longitude, and northeast of a line from 40°18' N. 74°30.5' W. north-northwesterly to the New York, New Jersey & Pennsylvania boundaries at Tristate; all U.S. Naval reservations on shore at Newfoundland; the ocean area encompassed by the Search and Rescue boundary between Canada and the United States easterly to longitude 63° W.; thence due south to latitude 41° N.; thence southwest along a line bearing 219°T to the point of intersection at 37° N. latitude, 67°13' W. longitude with a line bearing 122°T from the New Jersey shoreline at 40°18' N. latitude (just south of the Shrewsbury River); thence northwesterly along this line to the coast.

§ 3.05-25 [Removed]

3. Section 3.05-25 is removed.
4. Section 3.05-30 is revised to read as follows:

§ 3.05-30 New York Marine Inspection Zone and Captain of the Port Zone.

(a) The New York Marine Inspection Office and Captain of the Port Office is located in New York, New York.

(b) The boundary of the New York Marine Inspection Zone and Captain of the Port Zone starts on the south shore

of Long Island at 40°35.4' N. latitude, 73°46.6' W. longitude and proceeds southeasterly along a line bearing 127.5°T to 38°28' N. latitude, 70°11' W. longitude; thence northwesterly along a line bearing 122°T from the New Jersey coast at 40°18' N. latitude; thence west along 40°18' N. latitude to 74°30.5' W. longitude; thence northwesterly to the intersection of the New York-New Jersey-Pennsylvania boundaries at Tristate; thence northwesterly along the east bank of the Delaware River to 42°00' N. latitude; thence east to 74°39' W. longitude; thence north to the Canadian border; thence easterly along the Canadian Border to the northeast corner of the Orleans County line in Vermont; thence following the eastern and southern boundaries of Orleans, Franklin, Chittenden, Addison, and Rutland Counties to the Vermont-New York boundary; thence southerly along the New York boundary to 41°01.5' N. latitude, 73°40' W. longitude; thence southerly to the southern shore of Manursing Island at 40°58' N. latitude, 73°40' W. longitude; thence southeasterly to 40°52.5' N. latitude, 73°37.2' W. longitude; thence southerly to 40°40' N. latitude, 73°40' W. longitude; thence southwest to the point of origin.

5. Section 3.05-35 is revised to read as follows:

§ 3.05-35 Long Island Sound Marine Inspection and Captain of the Port Zone.

(a) The Long Island Sound Marine Inspection Office and Captain of the Port Office is located in New Haven, Connecticut.

(b) The boundary of the Long Island Sound Marine Inspection Zone and Captain of the Port Zone starts at 40°35.4' N. latitude, 73°46.6' W. longitude; thence proceeds along a line northwesterly to 40°40' N. latitude, 73°40' W. longitude; thence to 40°52.5' N. latitude, 73°37.2' W. longitude; thence northwest to the south shore of Manursing Island at 40°58' N. latitude, 73°40' W. longitude; thence northerly to the Connecticut-New York boundary at 41°01.5' N. latitude, 73°40' W. longitude; thence north along the western boundary of Connecticut to the Massachusetts-Connecticut boundary; thence east along the southern boundary of Massachusetts, including the waters of the Congamond Lakes, to the Rhode Island boundary; thence south along the Connecticut-Rhode Island boundary, excluding the waters of Beach Pond, to 41°24' N. latitude, 71°48' W. longitude; thence southerly to 41°21' N. latitude, 71°48.5' W. longitude at Westerly, Rhode Island; thence southwest to Watch Hill Light, Rhode Island. The

northern offshore boundary is a line bearing 132°T from Watch Hill Light to the outermost extent of the EEZ. The southern offshore boundary extends along a line bearing 127.5°T from the south shore of Long Island at 40°35.4' N. latitude, 73°46.6' W. longitude to 38°28' N. latitude, 70°11' W. longitude; thence easterly to the outermost extent of the EEZ; thence northerly along the outermost extent of the EEZ to the intersection of the northern boundary.

6. In section 3.25-1, paragraph (b) is revised to read as follows:

§ 3.25-1 Fifth district.

* * * * *

(b) The Fifth Coast Guard District is comprised of: North Carolina; Virginia; District of Columbia; Maryland; Delaware; that part of Pennsylvania east of a line drawn along 78°55' W. longitude south to 41°00' N. latitude, thence west to 79°00' W. longitude, and thence south to the Pennsylvania-Maryland boundary; that portion of New Jersey that lies south and west of a line drawn from the New Jersey shoreline at 40°18' N. latitude (just south of the Shrewsbury River), thence westward to 40°18' N. latitude, 74°30.5' W. longitude, thence north-northwesterly to the junction of the New York, New Jersey, and Pennsylvania boundaries at Tristate; and the ocean area encompassed by a line bearing 122°T from the coastal end of the First and Fifth Districts' land boundary at the intersection of the New Jersey shoreline and 40°18' N. latitude (just south of the Shrewsbury River) to the southernmost point in the First Coast Guard District (a point located at approximately 37° N. latitude, 67°13' W. longitude); thence along a line bearing 219°T to the point of intersection with the ocean boundary between the Fifth and Seventh Coast Guard Districts, which is defined as a line bearing 122°T from the coastal end of the Fifth and Seventh Districts' land boundary at the shoreline at the North Carolina-South Carolina border, point located at approximately 30°55' N. 73° W.; thence northwesterly along this line to the coast.

7. In section 3.25-05, paragraph (b) is revised to read as follows:

§ 3.25-05 Philadelphia Marine Inspection Zone and Captain of the Port Zone.

* * * * *

(b) The boundary of the Philadelphia Marine Inspection zone and Captain of the Port Zone starts at the New Jersey coast at 40°18' N. latitude, thence proceeds westward to 40°18' N. latitude, 74°30.5' W. longitude, thence north-northwesterly to the junction of the New York, New Jersey, and Pennsylvania

boundaries at Tristate; thence northwesterly along the east bank of the Delaware River to 42°00' N. latitude; thence west along the New York-Pennsylvania boundary to 78°55' W. longitude; thence south to 41°00' N. latitude; thence west to 79°00' W. longitude; thence south to the Pennsylvania-Maryland boundary; thence east to the intersection of the Maryland-Delaware boundary; thence south and east along the Maryland-Delaware boundary to the sea, including Fenwick Island Light. The offshore boundary starts at Fenwick Island Light and proceeds east along 38°28' N. latitude to 70°11' W. longitude; thence northwesterly along a line bearing 122°T from the New Jersey Coast at 40°18' N. latitude.

8. In section 3.25-10, paragraph (b) is revised to read as follows:

§ 3.25-10 Hampton Roads Marine Inspection Zone and Captain of the Port Zone.

* * * * *

(b) The boundary of the Hampton Roads Marine Inspection Zone and Captain of the Port Zone starts at the intersection of the Maryland-Delaware boundary and the coast and proceeds along the Maryland-Delaware boundary to a point 75°30' W. longitude; thence southerly to a point 75°30' W. longitude on the Maryland-Virginia boundary, thence westerly along the Maryland-Virginia boundary as it proceeds across the Delmarva Peninsula, Pocomoke River, Tangier and Pocomoke Sounds, and Chesapeake Bay; thence northwesterly along the Maryland-Virginia boundary and the District of Columbia-Virginia boundary as those boundaries are formed along the southern bank of the Potomac River to the intersection of the Virginia-Maryland-West Virginia boundaries; thence southerly along the Virginia-West Virginia boundary and the Virginia-Kentucky boundary to the Tennessee boundary; thence eastward along the Virginia-Tennessee boundary to the Virginia-North Carolina boundary; thence eastward along the Virginia-North Carolina boundary to Kerr (Buggs Island) Lake; thence along the shore of Kerr Lake in North Carolina back to the Virginia-North Carolina boundary; thence eastward along the Virginia-North Carolina boundary to the west bank of the Chowan River; thence southerly along the west bank of the Chowan River to a point 36°00' N. latitude, 76°41' W. longitude; thence generally southerly and easterly along the western boundaries of Washington, and Hyde Counties to a point 35°37' N. latitude, 76°32' W. longitude; thence

easterly to a point 35°37' N. latitude, 76°00.5' W. longitude; thence generally southwesterly to a point 35°01.5' N. latitude, 76°20' W. longitude; thence easterly to the sea at 34°59.8' N. latitude, 76°07.8' W. longitude. The offshore boundary starts at the intersection of the Maryland-Delaware boundary and the coast and proceeds east to a point 38°28' N. latitude, 70°11' W. longitude; thence southeasterly on a line bearing 122° T to the outermost extent of the EEZ; thence southerly along the outermost extent of the EEZ to 34°59.8' N. latitude; and thence westerly along 34°59.8' latitude to the coast at 76°07.8' W. longitude.

Dated: April 10, 1996.
 Rudy K. Peschel,
Rear Admiral, U.S. Coast Guard, Chief, Office of Navigation Safety and Waterway Services.
 [FR Doc. 96-11899 Filed 5-10-96; 8:45 am]
 BILLING CODE 4910-14-M

33 CFR Part 100

[CGD01-95-017]

RIN 2115-AE 46

Special Local Regulation: Harvard-Yale Regatta, Thames River, New London, CT

AGENCY: Coast Guard, DOT.
ACTION: Final rule.

SUMMARY: The annual Harvard-Yale Regatta is a rowing competition held on the Thames River in New London, CT. This regulation establishes the date and time for this year's event and amends the permanent regulation. These regulations are necessary to control vessel traffic within the immediate vicinity of the event due to the confirmed nature of the waterway and anticipated congestion at the time of the event, thus providing for the safety of life and property on the affected navigable waters.

EFFECTIVE DATE: This section is effective on June 12, 1996.

FOR FURTHER INFORMATION CONTACT: Lieutenant (Junior Grade) Benjamin M. Algeo, Chief Boating Affairs Branch, First Coast Guard District, (617) 223-8310.

SUPPLEMENTARY INFORMATION:
 Regulatory History

A notice of proposed rulemaking (NPRM) was published on April 24, 1995, (60 FR 20065) in the Federal Register proposing a permanent change to the effective period in 33 CFR 100.101. No comments were received and no hearing was requested.