

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the capital account maintenance rules under section 704 of the Internal Revenue Code. These regulations expand the rules regarding a partnership's right to adjust capital accounts to reflect unrealized appreciation and depreciation in the value of partnership assets.

DATES: *Effective Date:* These regulations are effective May 6, 2004.

FOR FURTHER INFORMATION CONTACT: Laura Nash at (202) 622-3050 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On July 2, 2003, proposed regulations [68 FR 39498] relating to the capital account maintenance rules under section 704 of the Internal Revenue Code (Code) were published in the **Federal Register**. The proposed regulations expanded the circumstances under which a partnership is permitted to increase or decrease the capital accounts of the partners to reflect a revaluation of partnership property on the partnership's books. Specifically, the regulations proposed to allow revaluations in connection with the grant of an interest in the partnership (other than a *de minimis* interest) on or after the date these final regulations are published in the **Federal Register** as consideration for the provision of services to or for the benefit of the partnership by an existing partner acting in a partner capacity, or by a new partner acting in a partner capacity or in anticipation of being a partner. In addition, the notice of proposed rulemaking requested comments on other situations in which revaluations of partnership property should be permitted. No written or electronic comments were received in response to the notice of proposed rulemaking. No requests for a public hearing were received, and accordingly, no hearing was held.

Explanation of Provisions

This Treasury decision adopts the proposed regulations without change. The regulations apply to the grant of an interest in a partnership (other than a *de minimis* interest) on or after May 6, 2004, as consideration for the provision of services to or for the benefit of the partnership by an existing partner acting in a partner capacity, or by a new partner acting in a partner capacity or in anticipation of being a partner.

Special Analysis

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 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) does not apply to these regulations, and because these regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, the notice of proposed rulemaking preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small businesses.

Drafting Information

The principal author of these regulations is Laura Nash, Office of Associate Chief Counsel (Passthroughs and Special Industries), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and record keeping 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 1.704-1 is amended as follows:

■ 1. Paragraph (b)(2)(iv)(f)(5)(iii) is redesignated as paragraph (b)(2)(iv)(f)(5)(iv).

■ 2. New paragraph (b)(2)(iv)(f)(5)(iii) is added to read as follows:

§ 1.704-1 Partner's distributive share.

* * * * *

(b) * * *

(2) * * *

(iv) * * *

(f) * * *

(5) * * *

(iii) In connection with the grant of an interest in the partnership (other than a *de minimis* interest) on or after May 6, 2004, as consideration for the provision of services to or for the benefit of the partnership by an existing partner acting in a partner capacity, or by a new

partner acting in a partner capacity or in anticipation of being a partner.

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Mark E. Matthews,

Deputy Commissioner for Services and Enforcement.

Approved: April 29, 2004.

Gregory F. Jenner,

Acting Assistant Secretary of the Treasury.

[FR Doc. 04-10360 Filed 5-5-04; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 117

[CGD08-04-017]

Drawbridge Operation Regulations; Gulf Intracoastal Waterway, Galveston, TX

AGENCY: Coast Guard, DHS.

ACTION: Notice of temporary deviation from regulations.

SUMMARY: The Commander, Eighth Coast Guard District, has issued a temporary deviation from the regulation governing the operation of the Galveston Causeway Railroad Bascule Bridge across the Gulf Intracoastal Waterway, mile 357.2 west of Harvey Locks, at Galveston, Galveston County, Texas. This deviation allows the bridge to remain closed to navigation for eight hours on May 25, 2004. The deviation is necessary to repair and replace joints on the bearing plates of the bridge.

DATES: This deviation is effective from 7:30 a.m. until 5:30 p.m. on Tuesday, May 25, 2004.

ADDRESSES: Materials referred to in this document are available for inspection or copying at the office of the Eighth Coast Guard District, Bridge Administration Branch, Hale Boggs Federal Building, room 1313, 500 Poydras Street, New Orleans, Louisiana 70130-3310 between 7 a.m. and 3 p.m., Monday through Friday, except Federal holidays. The telephone number is (504) 589-2965. The Bridge Administration Branch of the Eighth Coast Guard District maintains the public docket for this temporary deviation.

FOR FURTHER INFORMATION CONTACT: David Frank, Bridge Administration Branch, telephone (504) 589-2965.

SUPPLEMENTARY INFORMATION: The BNSF RR has requested a temporary deviation in order to remove and replace damaged portions of the Galveston Causeway Railroad Bascule Bridge across the Gulf

Intracoastal Waterway, mile 357.2 west of Harvey Locks, at Galveston, Galveston County, Texas. The repairs are necessary to ensure the safety of the bridge. This temporary deviation will allow the bridge to remain in the closed-to-navigation position from 7:30 a.m. until 11:30 a.m. and from 1:30 p.m. until 5:30 p.m. on Tuesday, May 25, 2004.

The bridge has a vertical clearance of 10 feet above mean high water in the closed-to-navigation position. Navigation at the site of the bridge consists mainly of tows with barges and some recreational pleasure craft. Due to prior experience, as well as coordination with waterway users, it has been determined that this closure will not have a significant effect on these vessels. No alternate routes are available.

In accordance with 33 CFR 117.35(c), this work will be performed with all due speed in order to return the bridge to normal operation as soon as possible. This deviation from the operating regulations is authorized under 33 CFR 117.35.

Dated: April 21, 2004.

J.W. Stark,

*Captain, U.S. Coast Guard, Acting
Commander, 8th Coast Guard Dist.*

[FR Doc. 04-10355 Filed 5-5-04; 8:45 am]

BILLING CODE 4910-15-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 117

[CGD01-04-039]

Drawbridge Operation Regulations: Newtown Creek, Dutch Kills, English Kills, and Their Tributaries, NY

AGENCY: Coast Guard, DHS.

ACTION: Notice of temporary deviation from regulations.

SUMMARY: The Commander, First Coast Guard District, has issued a temporary deviation from the drawbridge operation regulations for the Metropolitan Avenue Bridge, mile 3.4, across English Kills at New York City, New York. Under this temporary deviation the bridge may remain closed from 7 a.m. on May 17, 2004 through 4 p.m. on May 22, 2004, to facilitate bridge maintenance.

DATES: This deviation is effective from May 17, 2004 through May 22, 2004.

FOR FURTHER INFORMATION CONTACT: Judy Leung-Yee, Project Officer, First Coast Guard District, at (212) 668-7195.

SUPPLEMENTARY INFORMATION: The New York City Department of Transportation (NYCDOT) Metropolitan Avenue Bridge has a vertical clearance in the closed position of 10 feet at mean high water and 15 feet at mean low water. The existing drawbridge operation regulations are listed at 33 CFR 117.801(e).

NYCDOT, requested a temporary deviation from the drawbridge operation regulations to facilitate bridge maintenance repairs. The bridge must remain in the closed position to perform these repairs.

Under this temporary deviation the NYCDOT Metropolitan Avenue Bridge may remain in the closed position from 7 a.m. on May 17, 2004 through 4 p.m. on May 22, 2004.

This deviation from the operating regulations is authorized under 33 CFR 117.35, and will be performed with all due speed in order to return the bridge to normal operation as soon as possible.

Dated: April 27, 2004.

John L. Grenier,

*Captain, U.S. Coast Guard, Acting
Commander, First Coast Guard District.*

[FR Doc. 04-10356 Filed 5-5-04; 8:45 am]

BILLING CODE 4910-15-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[CGD01-04-040]

RIN 1625-AA00

Safety Zone; Transit of Rig Pride Portland, Portland, ME

AGENCY: Coast Guard, DHS.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone around the oilrig Pride Portland and its assisting tugs during the unmooring and outbound transit of the rig from the vicinity of the Portland Ocean Terminal in Portland Harbor out to conduct sea trials, the return of the rig from sea trials and the final transit out of Portland Harbor upon completion of the rig's construction. This safety zone is needed to protect persons, facilities, vessels and others in the maritime community from the safety hazards associated with the transit of a large tow with limited maneuverability. Entry into this safety zone is prohibited unless authorized by the Captain of the Port, Portland, Maine.

DATES: Effective Date: This rule is effective from April 29, 2004 through June 30, 2004.

ADDRESSES: Documents indicated in this preamble as being available in the docket are part of docket CGD01-04-040 and are available for inspection or copying at Marine Safety Office Portland, 27 Pearl Street, Portland, ME 04101 between the hours of 8 a.m. and 4 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Lieutenant R. F. Pigeon, Port Operations Department, Marine Safety Office Portland at (207) 780-3251.

SUPPLEMENTARY INFORMATION:

Regulatory Information

We did not publish a notice of proposed rulemaking (NPRM) for this regulation. Under 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing an NPRM. Due to the complex planning and coordination involved, final details for the transit were not provided to the Coast Guard until April 23, 2004, making it impossible to publish a NPRM or a final rule 30 days in advance.

Under 5 U.S.C. 533(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. Any delay in implementing this rule would be contrary to the public interest due to the risks inherent in the transit of a large rig and assisting tugs with limited maneuverability in a narrow channel.

Background and Purpose

On April 23, 2004 representatives of Petrodrill Engineering NV presented the Coast Guard with plans for the transit of the oilrig Pride Portland. The rig will be towed from the Portland Ocean Terminal in Portland Harbor through the main channel out to sea with the assistance tugs. The tentative date for this operation is April 29, 2004 but may be changed due to weather, winds, or other unexpected delays. The rig will remain on sea trials for approximately two weeks and will then return to Portland. The tentative date for the return is May 15, 2004. Once final repairs and adjustments are made, and provisions loaded, the rig will depart Portland Harbor for its final destination. The tentative date for this departure is May 29, 2004 but may be earlier or later depending upon the necessary repairs, adjustments and provision schedules. This safety zone will remain in effect anytime the rig is underway, in the process of mooring or unmooring in Portland Harbor and during its