

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

14 CFR Parts 255 and 399

[Docket Nos. OST-97-2881, OST-97-3014, OST-98-4775, and OST-99-5888]

RIN 2105-AC65

Computer Reservations System (CRS) Regulations; Statements of General Policy

AGENCY: Office of the Secretary, Department of Transportation.

ACTION: Notice of public hearing.

SUMMARY: On Thursday, May 22, 2003, at 9:30 a.m., the Department will conduct a public hearing on its pending rulemaking on computer reservations systems (CRSs). The public hearing will be held at the Marriott at Metro Center, 775 12th Street, NW., Washington, DC.

DATES: The hearing will be held on Thursday, May 22, 2003 at 9:30 a.m. Notices from those who wish to participate in the hearing must be submitted as soon as possible.

ADDRESSES: The hearing will be held at the Marriott at Metro Center, 775, 12th St. NW., Washington, DC. Notices of intent to participate must be marked with the docket number, OST-97-2881, and should be submitted by only one of the following means:

(1) By hand delivery to room PL-401 on the Plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The telephone number is 202-366-9329.

(2) Electronically through the Web site for the Docket Management System at <http://dms.dot.gov>.

(3) By mail to the Docket Management Facility, U.S. Department of Transportation, room PL-401, 400 Seventh Street, SW., Washington, DC 20590-0001.

FOR FURTHER INFORMATION CONTACT: Thomas Ray, Office of the General

Counsel, 400 Seventh St., SW., Washington, DC 20590, (202) 366-4731.

SUPPLEMENTARY INFORMATION: The Department is conducting a rulemaking to determine whether its rules governing CRS operations, 14 CFR Part 255, remain necessary and, if so, whether the current rules are effective. We issued a notice of proposed rulemaking that set forth our tentative proposals regarding the existing rules and our tentative belief that we should not extend the rules to cover the sale of airline tickets through the Internet. 67 FR 69366 (November 15, 2002). We have given all interested persons the opportunity to file comments and reply comments and established a lengthy comment period totaling more than six months. However, we have decided that a public hearing where interested persons may express their views on the major issues would also be useful. We are therefore holding such a hearing on May 22. We have chosen to hold the hearing before the end of the comment period, which we have extended to June 9, so that interested persons can address points raised at the hearing in their reply comments. 98 FR 24896 (May 9, 2003). In addition, holding the hearing before the end of the comment period will enable us to invite both participants in the hearing and other commenters to discuss specific points in their reply comments.

The presiding official will be Michael Reynolds, the Deputy Assistant Secretary for Aviation and International Affairs. Participants will have the opportunity to present a statement of their views on the issues. Our presiding officer may ask questions on factual, policy, and legal issues. If a participant appearing on behalf of a firm or organization is not familiar with all of the issues, that person can bring someone who can answer questions. The hearing will not serve as a forum where speakers may cross-examine other commenters or Department officials and staff members. We have previously explained why a hearing with cross-examination would be neither particularly useful nor consistent with our intent to complete this rulemaking as promptly as possible. 68 FR 12883, 12884 (March 18, 2003).

Persons who wish to speak at the hearing should submit requests to us as soon as possible in Docket OST-97-2881, the principal docket for this

proceeding. To help us organize the hearing, each notice should state generally which issues the person plans to address. Each person should also provide an E-mail address or phone number so that if necessary we may provide additional information on procedures during the last few days before the hearing.

In view of our decision to limit the hearing to one day and the likelihood that a number of persons will wish to speak, we are limiting the time for each speaker and the number of persons who may speak. We currently plan to allow people to speak on a first-come, first-served basis, based on the time of our receipt of their submission of their notice of their wish to participate. Only one person from each individual firm, trade association, or other group will be allowed to speak, except as necessary to answer questions from the presiding official. To ensure a balance of views and interests, we may choose to include some persons with divergent views in addition to the first requesters. Persons who are unable to speak at the hearing may, of course, present their views on the issues (and on statements made at the hearing) in their reply comments.

After we obtain the notices from persons wishing to participate, we will provide more detailed information on the procedures for the hearing and the time available for each speaker.

The hearing will be most beneficial to us if participants focus on the following specific issues:

Whether rules governing system operations are still necessary, and, if so, whether they should cover all systems, only systems owned or marketed by airlines, or both systems and Internet distribution channels that may be comparable to the systems.

Whether the mandatory participation rule and the rule prohibiting discriminatory booking fees (sections 255.6(a) and 255.7 of the current rules) should be eliminated or modified.

Whether the rules should restrict which marketing and booking data generated by the systems can be obtained by airlines.

Whether and how rules should restrict the systems' travel agency contract practices.

Each participant at the hearing, however, may choose which issues to discuss and may address other issues if he or she wishes.

Seating is restricted to about 150 people. If more people appear than can be accommodated, the first ones to arrive will be seated. We plan to prepare a record of the hearing and place it in the docket for this rulemaking, so that anyone who is unable to attend the hearing can learn what was said.

Any person who wishes to have a sign language interpreter present at the hearing should so advise us by Monday, May 19, so that we may make the necessary arrangements.

Finally, Sabre on its own initiative has filed a document stating its views on when a hearing should be held and how it should be organized. Other commenters have filed responses supporting or opposing Sabre's proposals. We have reviewed these documents and determined that the hearing procedures and timing set forth in this notice will best suit our purpose of supplementing the record without delaying a final decision. The opportunity to submit comments and reply comments will give all interested persons the ability to set forth in detail their positions on the factual, legal, and policy issues presented in this proceeding. As some of the commenters requested, however, we have extended the reply comment period to June 9. That will give interested persons additional time for their preparation of reply comments and their participation in the hearing.

Issued in Washington, DC, on May 9, 2003.

Read C. Van de Water,

Assistant Secretary for Aviation and International Affairs.

[FR Doc. 03-12072 Filed 5-12-03; 2:32 pm]

BILLING CODE 4910-62-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-113007-99]

RIN 1545-AU98

Obligations of States and Political Subdivisions

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations on the definition of private activity bond applicable to tax-exempt bonds issued by State and local governments. These regulations affect issuers of tax-exempt bonds and provide needed guidance for applying

the private activity bond restrictions to refunding issues. This document also contains a notice of public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by August 19, 2003. Outlines of topics to be discussed at the public hearing scheduled for September 9, 2003, at 10 a.m., must be received by August 19, 2003.

ADDRESSES: Send submissions to CC:PA:RU (REG-113007-99), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:RU (REG-113007-99), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically to the IRS Internet site at www.irs.gov/regs. The public hearing will be held in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Gary W. Bornholdt, (202) 622-3980; concerning submissions and the hearing, Treena Garrett, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

In general, under section 103 of the Internal Revenue Code (Code), gross income does not include the interest on any State or local bond. However, this exclusion does not apply to private activity bonds (other than certain qualified bonds). Section 141(a) defines a private activity bond as any bond issued as part of an issue that meets either (1) the private business use test in section 141(b)(1) and the private security or payment test in section 141(b)(2) (the private business tests) or (2) the private loan financing test in section 141(c) (the private business tests and the private loan financing test are referred to collectively as the "private activity bond tests").

The private business use test is met if more than 10 percent of the proceeds of an issue are to be used for any private business use. Section 141(b)(6) defines private business use as use directly or indirectly in a trade or business that is carried on by any person other than a governmental unit.

The private security or payment test is met if the payment of the principal of, or the interest on, more than 10 percent of the proceeds of an issue is directly or indirectly (1) secured by an interest in

property used or to be used for a private business use, (2) secured by an interest in payments in respect of such property, or (3) to be derived from payments, whether or not to the issuer, in respect of property, or borrowed money, used or to be used for a private business use.

The private loan financing test is satisfied if more than the lesser of \$5 million or 5 percent of the proceeds of an issue are to be used to make or finance loans to persons other than governmental units.

In 1994, proposed regulations (FI-72-88) were published in the **Federal Register** (59 FR 67658) (the 1994 Proposed Regulations) to provide guidance under the Code with respect to the application of the private activity bond tests. Generally, the 1994 Proposed Regulations provide that the private business use of a facility is equal to the greatest percentage of private business use of that facility for any one year period during the term of the bonds. The amount of private security or private payments is determined by comparing the present value of the private security or private payments to the present value of the debt service to be paid over the term of the issue, using the bond yield as the discount rate.

With respect to refunding issues, the 1994 Proposed Regulations provide that the determination of whether a refunding issue satisfies either the private business tests or the private loan financing test is made without regard to whether the prior issue satisfied those tests. In general, under the 1994 Proposed Regulations, the private business tests and the private loan financing test are applied to a refunding issue by treating the proceeds of the refunding issue as used for the same purposes as the proceeds of the prior issue, but disregarding any use of the property financed with the prior issue that occurred before the issue date of the refunding issue. In addition, in applying the private business tests to a refunding issue under the 1994 Proposed Regulations, an issuer may treat the refunding issue as a continuation of the prior issue.

On January 16, 1997, final regulations (TD 8712) relating to the definition of private activity bond and related rules under sections 103, 141, 142, 144, 145, 147, 148, and 150 were published in the **Federal Register** (62 FR 2275) (the Final Regulations). Under the Final Regulations, the amount of private business use of property financed by an issue is equal to the average percentage of private business use of that property during a defined measurement period. The measurement period begins on the later of the issue date of the issue or the