

**PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS**

1. The authority citation for part 71 continues to read as follows:

**Authority:** 49 U.S.C. 106(g); 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

**§ 71.1 [Amended]**

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9P, Airspace Designations and Reporting Points, dated September 1, 2006, and effective September 15, 2006, is amended as follows:

*Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.*

\* \* \* \* \*

**ACE E5 Tarkio, MO [New]**

Gould Peterson Municipal Airport, Tarkio, MO

(Lat. 40°26'45" N., long. 95°21'46" W.)

That airspace extending upward from 700 feet above the surface within a 7.6-mile radius of Gould Peterson Municipal Airport, Tarkio, MO.

\* \* \* \* \*

Issued in Fort Worth, Texas, on August 7, 2007.

**Donald R. Smith,**

*Manager, System Support Group, ATO Central Service Center.*

[FR Doc. 07–4107 Filed 8–21–07; 8:45 am]

**BILLING CODE 4910–13–M**

**DELAWARE RIVER BASIN COMMISSION**

**18 CFR Part 410**

**Proposed Temporary Amendments to the Water Quality Regulations, Water Code and Comprehensive Plan To Extend the Designation of the Lower Delaware River as a Special Protection Water**

**AGENCY:** Delaware River Basin Commission.

**ACTION:** Proposed rule; notice of public hearing.

**SUMMARY:** The Delaware River Basin Commission (“Commission” or DRBC) will hold a public hearing to receive comments on a proposed amendment to the Commission’s *Water Quality Regulations, Water Code, and Comprehensive Plan* to extend through May 15, 2008 the temporary classification of the Lower Delaware

River as Significant Resource Waters (SRW). Permanent classification is anticipated following an additional notice and comment rulemaking that is expected to begin shortly. Extending the temporary classification will help to protect the exceptional scenic, recreational and water quality values of the Lower Delaware from degradation pending completion of that process.

**DATES:** The public hearing will take place on Wednesday, September 26, 2007 during the Commission’s regular business meeting, beginning at 1:30 p.m. Written comments will be accepted through the close of the public hearing; however earlier submittals would be appreciated. Persons wishing to testify are asked to register in advance with the Commission Secretary, at (609) 883–9500 ext. 203.

**ADDRESSES:** The public hearing will take place at the Commission’s office building, located at 25 State Police Drive, West Trenton, New Jersey. Directions are available on the Commission’s Web site, <http://www.drbc.net>. Please do not rely upon MapQuest or other Internet mapping services for driving directions, as they may not provide accurate directions to the DRBC. Written comments may be submitted by e-mail to [paula.schmitt@drbc.state.nj.us](mailto:paula.schmitt@drbc.state.nj.us); by U.S. Mail to Commission Secretary, DRBC, P.O. Box 7360, West Trenton, NJ 08628–0360; or by fax to 609–883–9522. In all cases, the commenter’s name, affiliation if any, and address should be provided in the comment document, and “Lower Delaware SPW Extension” should appear in the subject line.

**FOR FURTHER INFORMATION CONTACT:** For further information, please contact Pamela M. Bush, Commission Secretary and Assistant General Counsel, Delaware River Basin Commission, at 609–883, 9500 ext. 203.

**SUPPLEMENTARY INFORMATION:** The Lower Delaware extends from the southern boundary of the Delaware Water Gap National Recreation Area at River Mile (“RM”) 209.4 to the head of tide at Trenton, New Jersey, RM 144.4. The effect of temporary classification of the Lower Delaware as SRW has been to make this portion of the main stem Delaware River and its drainage area subject to all applicable provisions of the Commission’s Special Protection Waters regulations, Section 3.10.3 A.2 of the Commission’s *Water Code* and *Water Quality Regulations*, incorporated by reference at 18 CFR Part 410, and those that depend for implementation upon the use of numeric values for existing water quality.

Key provisions of the Special Protection Waters Regulations that will continue to apply within the drainage area to the Lower Delaware River if the proposed extension of the SRW classification is approved include but are not limited to the following: Subsections 3.10.3 A.2.c.1 through 3, in part requiring that no new or expanded wastewater discharges may be permitted in waters classified as Special Protection Waters until all non-discharge-load reduction alternatives have been fully evaluated and rejected because of technical or financial infeasibility; subsections 3.10.3 A.2.d.1 through 7., setting forth requirements for wastewater treatment facilities; and subsections 3.10.3 A.2.e.1. and 2., conditioning project approval on the existence of an approved Non-Point Source Pollution Control Plan for the project area and requiring that approval of a new or expanded withdrawal and/or wastewater discharge project be subject to the condition that new connections to the project system be limited to service areas regulated by a non-point source pollution control plan approved by the Commission.

Temporary SRW classification of the Lower Delaware was enacted by Commission Resolution No. 2005–2 on January 19, 2005 and initially was due to expire on September 30, 2005. By Resolution No. 2005–15 approved on September 26, 2005, the temporary classification was extended through September 30, 2006 in order to allow time for the Commission to evaluate implementation options and establish numeric values for existing water quality. By Resolution No. 2006–22 on September 27, 2006, the Commission extended temporary designation a second time, through September 30, 2007, because it had not completely resolved implementation issues. The Commission has nearly resolved all remaining issues with respect to implementation, but in order to allow time to complete this process and conduct notice and comment rulemaking on permanent designation of the Lower Delaware as Special Protection Waters, the Commission is proposing to extend the temporary classification for approximately eight months more. If approved, the classification would thus expire on May 15, 2008 unless the Commission should either permanently classify the Lower Delaware River or once again extend the temporary classification by rule amendment prior to that date.

Previous **Federal Register** notices concerning designation of the Lower Delaware River as Special Protection Waters include notices published on

September 23, 2004 (69 FR 57008) (proposed Special Protection Waters designation), August 22, 2005 (70 FR 48923) (proposed extension through September 30, 2006), and August 21, 2006 (71 FR 48497) (proposed extension through September 30, 2007). The proposed and final versions of the initial designation, approved by Resolution No. 2005–2, and the subsequent extensions approved by Resolutions Nos. 2005–15 (extension through September 30, 2006) and 2006–22 (extension through September 30, 2007) were also published on the Commission's Web site, <http://www.drbc.net>.

Resolution No. 2005–2, temporarily amending the *Water Quality Regulations, Water Code*, and *Comprehensive Plan* of the Commission by designating the Lower Delaware River a Special Protection Water, and Resolutions Nos. 2005–15 and 2006–22, extending the temporary amendment approved by Resolution No. 2005–2, are available on the Commission's Web site at <http://www.drbc.net> or upon request from the Delaware River Basin Commission, P.O. Box 7360, West Trenton, NJ 08628–0360. Maps depicting the designated area are also available on the Web site.

Dated: August 16, 2007.

**Pamela M. Bush,**

*Commission Secretary.*

[FR Doc. E7–16549 Filed 8–21–07; 8:45 am]

BILLING CODE 6360–01–P

## DEPARTMENT OF THE TREASURY

### 26 CFR Part 1

[REG–143397–05]

RIN 1545–BE99

#### Partner's Distributive Share

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed regulations and notice of public hearing.

**SUMMARY:** This document contains regulations that provide rules concerning the application of sections 704(c)(1)(B) and 737 to distributions of property after two partnerships engage in an assets-over merger. The proposed regulations affect partnerships and their partners. This document also provides a notice of public hearing on these proposed regulations.

**DATES:** Written or electronic comments must be received by November 20, 2007. Outlines of the topic to be discussed at the public hearing scheduled for

December 5, 2007 at 10 a.m. must be received by November 21, 2007.

**ADDRESSES:** Send submissions to: CC:PA:LPD:PR (REG–143397–05), room 5203, Internal Revenue Service, PO Box 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:LPD:PR (REG–143397–05), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC or sent electronically via the Federal eRulemaking Portal at <http://www.regulations.gov> (IRS REG–143397–05). The public hearing will be held in the Auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations, Jason Smyczek or Laura Fields (202) 622–3050, concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, Richard Hurst, [Richard.A.Hurst@irscounsel.treas.gov](mailto:Richard.A.Hurst@irscounsel.treas.gov), (202) 622–7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background

Section 704(c)(1)(B) provides that a partner that contributes section 704(c) property to a partnership must recognize gain or loss on the distribution of such property to another partner within seven years of its contribution to the partnership in an amount equal to the gain or loss that would have been allocated to such partner under section 704(c) if the distributed property had been sold by the partnership to the distributee partner for its fair market value at the time of the distribution.

Section 737(a) provides that a partner that contributes section 704(c) property to the partnership and then receives a distribution of property (other than money) within seven years of its contribution must recognize gain in an amount equal to the lesser of (1) The excess (if any) of (A) the fair market value of property (other than money) received in the distribution over (B) the adjusted basis of the partner's interest in the partnership immediately before the distribution reduced (but not below zero) by the amount of money received in the distribution, or (2) the net pre-contribution gain of the partner.

Section 737(b) provides that for purposes of section 737, the term "net pre-contribution gain" means the net gain (if any) which would have been recognized by the distributee partner under section 704(c)(1)(B) if all property

which (1) Had been contributed to the partnership by the distributee partner within seven years of the distribution, and (2) is held by the partnership immediately before the distribution, had been distributed by the partnership to another partner.

Rev. Rul. 2004–43, 2004–1 CB 842, (see § 601.601(d)(2) of this chapter) issued on April 12, 2004, addressed the application of sections 704(c)(1)(B) and 737 in an assets-over partnership merger described in § 1.708–1(c)(3). Rev. Rul. 2004–43 held that section 704(c)(1)(B) applies to newly created section 704(c) gain or loss in property contributed by the transferor partnership to the transferee partnership in an assets-over partnership merger. The revenue ruling also held that for purposes of section 737(b), net pre-contribution gain includes newly created section 704(c) gain or loss in property contributed by the transferor partnership to the transferee partnership in an assets-over partnership merger. In addition, the revenue ruling held that section 704(c)(1)(B) will not apply to, and, for purposes of section 737, net pre-contribution gain will not include, reverse section 704(c) gain or loss resulting from a revaluation of property of the transferee partnership.

Some commentators argued that Rev. Rul. 2004–43 was not consistent with the existing regulations under sections 704(c)(1)(B) and 737, and that the conclusions contained in the ruling should not be applied retroactively. In response to these comments, the Treasury Department and the IRS issued Notice 2005–15, 2005–7 IRB 527, (see § 601.601(d)(2) of this chapter) indicating their intent to issue regulations under sections 704(c)(1)(B) and 737 implementing the principles of the ruling, and issued Rev. Rul. 2005–10, 2005–7 IRB 492 (see § 601.601(d)(2) of this chapter) officially revoking Rev. Rul. 2004–43. The Notice provided that any such regulations would be effective for distributions made after January 19, 2005.

#### Explanation of Provisions

##### A. Assets-Over Partnership Mergers

These proposed regulations implement the principles articulated in Rev. Rul. 2004–43. The proposed regulations under § 1.704–4(c)(4) and § 1.737–2(b) provide that in an assets-over merger, sections 704(c)(1)(B) and 737 do not apply to the transfer by a partnership (the transferor partnership) of all of its assets and liabilities to another partnership (the transferee partnership), followed by a distribution of the interests in the transferee