

is inventory in the hands of the taxpayer to conform to these regulations must compute a section 481(a) adjustment and revalue its beginning inventory in the year of change as if the new method of accounting had been in effect during all prior years.

**Special Analyses**

It has been determined that these final regulations are not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has 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 the 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 that preceded these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

**Drafting Information**

The principal authors of these regulations are Christian Wood and Grant Anderson of the Office of Associate Chief Counsel (Income Tax & Accounting). 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 recordkeeping requirements.

**Proposed 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.** In § 1.263A-9, paragraph (a)(4)(ix) is added to read as follows:

**§ 1.263A-9 The avoided cost method.**

- (a) \* \* \*
- (4) \* \* \*

(ix) A purchase money obligation given by the lessor to the lessee (or a party that is related to the lessee) in a sale and leaseback transaction involving an agreement qualifying as a lease under § 5c.168(f)(8)-1 through § 5c.168(f)(8)-11 of this chapter. See § 5c.168(f)(8)-1(e) *Example (2)* of this chapter.

\* \* \* \* \*

**§ 1.263A-9T [Removed]**

**Par. 3.** Section 1.263A-9T is removed.

**Par. 4.** In § 1.263A-15, paragraph (a)(3) is added to read as follows:

**§ 1.263A-15 Effective dates, transitional rules, and anti-abuse rule.**

- (a) \* \* \*

(3) Section 1.263A-9(a)(4)(ix) generally applies to interest incurred in taxable years beginning on or after May 20, 2004. In the case of property that is inventory in the hands of the taxpayer, § 1.263A-9(a)(4)(ix) applies to taxable years beginning on or after May 20, 2004. Taxpayers may elect to apply § 1.263A-9(a)(4)(ix) to interest incurred in taxable years beginning on or after January 1, 1995, or, in the case of property that is inventory in the hands of the taxpayer, to taxable years beginning on or after January 1, 1995. A change in a taxpayer's treatment of interest to a method consistent with § 1.263A-9(a)(4)(ix) is a change in method of accounting to which sections 446 and 481 apply.

\* \* \* \* \*

**§ 1.263A-15T [Removed]**

**Par. 5.** Section 1.263A-15T is removed.

**Mark E. Mathews,**  
*Deputy Commissioner for Services and Enforcement.*

Approved: February 15, 2005.

**Eric Solomon,**  
*Acting, Deputy Assistant Secretary of the Treasury (Tax Policy).*

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**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 117**

[CGD11-05-009]

**Drawbridge Operation Regulations; Sacramento River, CA**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of temporary deviation from regulations.

**SUMMARY:** The Commander, Eleventh Coast Guard District, has issued a temporary deviation from the regulation governing the operation of the I Street Drawbridge across the Sacramento River, mile 59.4, at Sacramento, CA. This deviation allows the bridge to remain in the closed-to-navigation position. The deviation is necessary to

repair the operating machinery to prevent unexpected drawspan failure.

**DATES:** This deviation is effective from 8 a.m. March 10, 2005, through 5 p.m. on March 17, 2005.

**ADDRESSES:** Materials referred to in this document are available for inspection or copying at Commander (oan), Eleventh Coast Guard District, Building 50-3, Coast Guard Island, Alameda, CA 94501-5100, between 8 a.m. and 4 p.m., Monday through Friday, except Federal holidays. The telephone number is (510) 437-3516.

**FOR FURTHER INFORMATION CONTACT:** David Sulouff, Bridge Section, (510) 437-3516.

**SUPPLEMENTARY INFORMATION:** The Union Pacific Railroad Company requested to secure the I Street Drawbridge, mile 59.4, Sacramento River, at Sacramento, CA, in the closed-to-navigation position from 8 a.m. March 10, 2005, through 5 p.m. on March 17, 2005, during essential operating machinery repair, to prevent unexpected failure of the draw span. The drawbridge provides 109 ft. vertical clearance in the full open-to-navigation position, and 30 ft. vertical clearance above Mean High Water when closed. The drawbridge normally opens on signal from approaching vessels, as required by 33 CFR 117.189.

The proposed work was coordinated with waterway users. It was determined that potential navigational impacts will be reduced if the repairs are performed during March 2005, resulting in Coast Guard approval of the proposed work from 8 a.m. March 10, 2005, through 5 p.m. March 17, 2005.

During these times, the drawspan may be secured in the closed-to-navigation position and need not open for vessels.

The drawspan will resume normal operation at the conclusion of the essential repair work. Mariners may contact the I Street Drawbridge by telephone at (916) 444-8999, in advance, to determine conditions at the bridge.

The drawspan will be unable to open during the repair. Vessels that can safely pass through the closed drawbridge may continue to do so at any time.

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

Dated: February 14, 2005.

**Kevin J. Eldridge,**  
*Rear Admiral, U.S. Coast Guard, Commander, Eleventh Coast Guard District.*

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