

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

SPECIAL ANNOUNCEMENT

Announcement 2004-35, page 839.

In Announcement 2003-68, 2003-45 I.R.B. 1050, the Office of Professional Responsibility delayed the implementation of the renewal of enrollment schedule for enrolled agents having social security numbers that end with a 0, 1, 2, or 3 (affected enrolled agents). This announcement provides that June 1, 2004, through July 31, 2004, will be the period for the affected enrolled agents to renew their enrollment.

INCOME TAX

Rev. Rul. 2004-42, page 824.

LIFO; price indexes; department stores. The February 2004 Bureau of Labor Statistics price indexes are accepted for use by department stores employing the retail inventory and last-in, first-out inventory methods for valuing inventories for tax years ended on, or with reference to, February 29, 2004.

T.D. 9119, page 825.

Final regulations eliminate the references to manually signed returns in the current regulations under section 6695 of the Code. In addition, the regulations provide that the Commissioner may prescribe, in forms, instructions, or other appropriate guidance, the manner in which preparers may satisfy their obligations under section 6107 to furnish returns to taxpayers and to retain copies of returns.

Notice 2004-29, page 828.

Electricity produced from certain renewable resources; calendar year 2004 inflation adjustment factor and reference prices. This notice announces the calendar year 2004

inflation adjustment factor and reference prices for the renewable electricity production credit under section 45 of the Code.

Notice 2004-30, page 828.

S corporation tax shelter. This notice advises taxpayers and their representatives about a tax shelter in which a shareholder of an S corporation donates nonvoting stock of the S corporation to an organization described in section 1361(c)(6) of the Code that is not subject to tax on unrelated business income under section 511 or that has UBIT carry-over losses. The transaction is made in order to defer taxation on S corporation income. The notice notifies taxpayers and their representatives that the claimed tax benefits purportedly generated by these transactions are not allowable for federal income tax purposes. The notice also states that this transaction is a listed transaction and warns of the potential penalties that may be imposed if taxpayers participate in such a transaction.

Notice 2004-31, page 830.

This notice identifies as a listed transaction under section 6111 of the Code certain equity financing structures using partnerships, special allocations of partnership items, and guaranteed payments that are entered into to avoid the limitations of section 163(j).

EXEMPT ORGANIZATIONS

Announcement 2004-30, page 833.

A list is provided of organizations now classified as private foundations.

(Continued on the next page)

Finding Lists begin on page ii.
Index for January through April begins on page vi.



Announcement 2004–37, page 839.

American Legacy Foundation of Taylorsville, UT, no longer qualifies as an organization to which contributions are deductible under section 170 of the Code.

ADMINISTRATIVE**T.D. 9119, page 825.**

Final regulations eliminate the references to manually signed returns in the current regulations under section 6695 of the Code. In addition, the regulations provide that the Commissioner may prescribe, in forms, instructions, or other appropriate guidance, the manner in which preparers may satisfy their obligations under section 6107 to furnish returns to taxpayers and to retain copies of returns.

Notice 2004–30, page 828.

S corporation tax shelter. This notice advises taxpayers and their representatives about a tax shelter in which a shareholder of an S corporation donates nonvoting stock of the S corporation to an organization described in section 1361(c)(6) of the Code that is not subject to tax on unrelated business income under section 511 or that has UBIT carry-over losses. The transaction is made in order to defer taxation on S corporation income. The notice notifies taxpayers and their representatives that the claimed tax benefits purportedly generated by these transactions are not allowable for federal income tax purposes. The notice also states that this transaction is a listed transaction and warns of the potential penalties that may be imposed if taxpayers participate in such a transaction.

Notice 2004–31, page 830.

This notice identifies as a listed transaction under section 6111 of the Code certain equity financing structures using partnerships, special allocations of partnership items, and guaranteed payments that are entered into to avoid the limitations of section 163(j).

Rev. Proc. 2004–27, page 831.

This procedure permits certain owners of royalty interests (RI) to claim the credit for producing fuel from a nonconventional source in the taxable year (including a 2003 taxable year) in which they receive the income from the sale of qualified fuel, rather than in a prior taxable year in which the owner of the operating interest (OI) sold the qualified fuel.

Announcement 2004–39, page 840.

The document contains corrections to final regulations (T.D. 9088, 2003–42 I.R.B. 841) under section 482 of the Code that clarify that stock-based compensation is taken into account in determining the intangible development costs of a controlled participant in a qualified cost sharing arrangement.

Announcement 2004–40, page 840.

This document contains corrections to proposed regulations (REG–166012–02, 2004–13 I.R.B. 655) under section 446 of the Code that relate to the inclusion into income or deduction of a contingent nonperiodic payment made pursuant to a notional principal contract.

Announcement 2004–42, page 840.

This announcement explains that Rev. Proc. 2004–27, as published in this Bulletin, differs from the version that was advance released on April 5, 2004, in that all references to the cash method of accounting have been removed.

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by

applying the tax law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are compiled semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations,

court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

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Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 163.—Interest

A notice describes as a listed transaction under §§ 6111 and 6112 an inter-company financing transaction that uses guaranteed payments and special allocations from a partnership to circumvent the deduction limitations of § 163(j). See Notice 2004-31, page 830.

Section 472.—Last-in, First-out Inventories

26 CFR 1.472-1: Last-in, first-out inventories.

LIFO; price indexes; department stores. The February 2004 Bureau of Labor Statistics price indexes are accepted

for use by department stores employing the retail inventory and last-in, first-out inventory methods for valuing inventories for tax years ended on, or with reference to, February 29, 2004.

Rev. Rul. 2004-42

The following Department Store Inventory Price Indexes for February 2004 were issued by the Bureau of Labor Statistics. The indexes are accepted by the Internal Revenue Service, under § 1.472-1(k) of the Income Tax Regulations and Rev. Proc. 86-46, 1986-2 C.B. 739, for appropriate application to inventories of

department stores employing the retail inventory and last-in, first-out inventory methods for tax years ended on, or with reference to, February 29, 2004.

The Department Store Inventory Price Indexes are prepared on a national basis and include (a) 23 major groups of departments, (b) three special combinations of the major groups — soft goods, durable goods, and miscellaneous goods, and (c) a store total, which covers all departments, including some not listed separately, except for the following: candy, food, liquor, tobacco, and contract departments.

BUREAU OF LABOR STATISTICS, DEPARTMENT STORE
INVENTORY PRICE INDEXES BY DEPARTMENT GROUPS
(January 1941 = 100, unless otherwise noted)

Groups	Feb. 2003	Feb. 2004	Percent Change from Feb. 2003 to Feb. 2004 ¹
1. Piece Goods	461.9	469.3	1.6
2. Domestics and Draperies	562.9	536.5	-4.7
3. Women's and Children's Shoes	647.0	609.9	-5.7
4. Men's Shoes	861.9	850.4	-1.3
5. Infants' Wear	596.6	583.8	-2.1
6. Women's Underwear	525.6	506.7	-3.6
7. Women's Hosiery	340.6	354.3	4.0
8. Women's and Girls' Accessories	551.3	556.6	1.0
9. Women's Outerwear and Girls' Wear	358.2	341.9	-4.6
10. Men's Clothing	550.5	534.0	-3.0
11. Men's Furnishings	569.2	572.3	0.5
12. Boys' Clothing and Furnishings	454.8	436.6	-4.0
13. Jewelry	870.4	895.7	2.9
14. Notions	784.1	793.9	1.2
15. Toilet Articles and Drugs	969.5	984.6	1.6
16. Furniture and Bedding	626.9	624.2	-0.4
17. Floor Coverings	592.4	592.6	0.0
18. Housewares	736.7	715.2	-2.9
19. Major Appliances	219.7	206.8	-5.9
20. Radio and Television	46.9	43.3	-7.7
21. Recreation and Education ²	84.0	81.6	-2.9
22. Home Improvements ²	125.6	128.9	2.6
23. Automotive Accessories ²	112.3	112.1	-0.2
Groups 1-15: Soft Goods	559.3	549.5	-1.8
Groups 16-20: Durable Goods	402.9	388.6	-3.5
Groups 21-23: Misc. Goods ²	95.2	93.9	-1.4
Store Total ³	502.3	491.9	-2.1

¹Absence of a minus sign before the percentage change in this column signifies a price increase.

²Indexes on a January 1986 = 100 base.

³The store total index covers all departments, including some not listed separately, except for the following: candy, food, liquor, tobacco and contract departments.

DRAFTING INFORMATION

The principal author of this revenue ruling is Michael Burkom of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Burkom at (202) 622-7924 (not a toll-free call).

Section 704.—Partner's Distributive Share

A notice describes as a listed transaction under §§ 6111 and 6112 an inter-company financing transaction that uses guaranteed payments and special allocations that may lack substantial economic effect under Treas. Reg. § 1.704-1(b)(2)(iii). See Notice 2004-31, page 830.

Section 707.—Transactions Between Partner and Partnership

A notice describes as a listed transaction under §§ 6111 and 6112 an inter-company financing transaction that uses guaranteed payments and special allocations from a partnership to circumvent the deduction limitations of § 163(j). See Notice 2004-31, page 830.

Section 6111.—Registration of Tax Shelters

A notice describes as a listed transaction under §§ 6111 and 6112 an inter-company financing transaction that uses guaranteed payments and special allocations from a partnership to circumvent the deduction limitations of § 163(j). See Notice 2004-31, page 830.

Section 6112.—Organizers and Sellers of Potentially Abusive Tax Shelters Must Keep Lists of Investors

A notice describes as a listed transaction under §§ 6111 and 6112 an inter-company financing transaction that uses guaranteed payments and special allocations from a partnership to circumvent the deduction limitations of § 163(j). See Notice 2004-31, page 830.

Section 6695.—Other Assessable Penalties With Respect to the Preparation of Income Tax Returns for Other Persons

26 CFR 1.6695-1: Other assessable penalties with respect to the preparation of income tax returns for other persons.

T.D. 9119

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Tax Return Preparers — Electronic Filing

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document provides final regulations to facilitate electronic filing of returns prepared by tax return preparers. They provide that preparers may avoid paper copies by retaining and furnishing to taxpayers copies of returns in an electronic or digital format prescribed by the Commissioner.

DATES: *Effective Date:* These regulations are effective March 25, 2004.

Applicability Dates: For dates of applicability, see § 1.6107-2(b) and § 1.6695-1(b)(5).

FOR FURTHER INFORMATION CONTACT: Richard Charles Grosenick, (202) 622-7950 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document amends the Income Tax Regulations (26 CFR part 1) under sections 6107 and 6695 of the Internal Revenue Code to facilitate electronic filing and recordkeeping by tax return preparers. Section 6695 of the Code imposes various

penalties on tax return preparers, including a penalty for failure to sign the returns they prepare. Originally, the regulations under section 6695 contemplated only manually signed (paper) returns. Although the regulations under section 6695 were amended in 1996 to permit tax return preparers to sign and file returns electronically in the manner prescribed by the Secretary (see T.D. 8689, 1997-1 C.B. 214 [61 FR 65319], Dec. 12, 1996), § 1.6695-1(b) of the regulations continue to refer to manually signed returns and copies. Those references resulted in uncertainty over whether preparers must produce manually signed, paper copies of returns to satisfy their obligations under section 6107 to provide copies of returns to taxpayers and keep copies of returns in their records.

On April 24, 2003, temporary regulations (T.D. 9053, 2003-1 C.B. 914 [68 FR 20069]) relating to the signing of returns and retention of copies by tax return preparers were published in the **Federal Register**. A notice of proposed rulemaking (REG-141659-02, 2003-1 C.B. 927 [68 FR 20089]) cross-referencing the temporary regulations was published in the **Federal Register** for the same day.

The temporary regulations eliminated the references to manually signed returns in § 1.6695-1(b). In addition, they provided that the Commissioner may prescribe, in forms, instructions, or other appropriate guidance, the manner in which preparers may satisfy their obligations under section 6107 to furnish returns to taxpayers and to retain copies of returns. These changes and the applicable forms, instructions, and guidance clarified that preparers may maintain electronic (paperless) filing systems. These final regulations adopt the temporary regulations without change.

Summary of Comments

The IRS and the Department of the Treasury received four comments pertaining to the regulations. One commentator had concerns about identity theft. The commentator requested a change to the regulation that would allow taxpayers to

decide whether the paid return preparer should keep a copy of the tax return.

One commentator requested that the copy the preparer is required to retain be in a specific electronic format. Another commentator requested that the preparer be permitted to use any electronic format, so long as the preparer's computer can print a copy of the return.

One commentator endorsed upgrading current recordkeeping requirements under section 6107(b) to allow electronic storage. The commentator requested that published guidance clarify whether certain forms must continue to be maintained on paper due to signature requirements. With the exception of these forms, the commentator requested that preparers be allowed to choose to maintain taxpayer data on electronic media, with the ability to recreate the tax return.

After consideration of the comments, the temporary regulations under sections 6107 and 6695 are adopted without change by this Treasury decision, and the corresponding temporary regulations are removed. The final regulations give the IRS the authority to prescribe in forms, instructions, or other appropriate guidance acceptable methods of signing. Issues raised in the comments are more appropriately addressed in those other forms of guidance.

Special Analyses

It has been determined that this regulation 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 this regulation and, because the regulation does not impose a collection of information on small entities, that the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, this regulation will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of this regulation is Richard Charles Grosenick, Office of Assistant Chief Counsel (Administrative

Provisions & Judicial Practice). However, other personnel from the IRS and the Treasury Department participated in its development.

* * * * *

Adoption of Amendment to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by removing the entry for "Section 1.6695-1T" and continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Section 1.6695-1 also issued under 26 U.S.C. 6060(b) and 6695(b) * * *

Par. 2. Section 1.6107-2 is added to read as follows:

§1.6107-2 Form and manner of furnishing copy of return and retaining copy or record.

(a) *In general.* The Commissioner may prescribe the form and manner of satisfying the requirements imposed by section 6107(a) and (b) and §1.6107-1(a) and (b) in forms, instructions, or other appropriate guidance (see §601.601(d)(2) of this chapter).

(b) *Effective date.* To the extent this section relates to section 6107(a) and §1.6107-1(a), it applies to income tax returns and claims for refund presented to a taxpayer for signature after December 31, 2002. To the extent this section relates to section 6107(b) and §1.6107-1(b), it applies after December 31, 2002, to returns and claims for refund for which the 3-year period described in section 6107(b) expires after December 31, 2002.

§1.6107-2T [Removed].

Par. 3. Section 1.6107-2T is removed.

Par. 4. Section 1.6695-1 is amended by revising paragraph (b) to read as follows:

§1.6695-1 Other assessable penalties with respect to the preparation of income tax returns for other persons.

* * * * *

(b) *Failure to sign return.* (1) An individual who is an income tax return preparer with respect to a return of tax under subtitle A of the Internal Revenue Code or claim for refund of tax under subtitle A of the Internal Revenue Code shall sign the return or claim for refund after it is completed and before it is presented to the taxpayer (or nontaxable entity) for signature. If the preparer is unavailable for signature, another preparer shall review the entire preparation of the return or claim for refund, and then shall sign the return or claim for refund. The preparer shall sign the return in the manner prescribed by the Commissioner in forms, instructions, or other appropriate guidance.

(2) If more than one income tax return preparer is involved in the preparation of the return or claim for refund, the individual preparer who has the primary responsibility as between or among the preparers for the overall substantive accuracy of the preparation of such return or claim for refund shall be considered to be the income tax return preparer for purposes of this paragraph (b).

(3) The application of this paragraph (b) is illustrated by the following examples:

Example 1. X law firm employs Y, a lawyer, to prepare for compensation returns and claims for refund of taxes. X is employed by T, a taxpayer, to prepare his Federal tax return. X assigns Y to prepare T's return. Y obtains the information necessary for completing the return from T and makes determinations with respect to the proper application of the tax laws to such information in order to determine T's tax liability. Y then forwards such information to C, a computer tax service which performs the mathematical computations and prints the return by means of computers. C then sends the completed return to Y who reviews the accuracy of the return. Y is the individual preparer who is primarily responsible for the overall accuracy of T's return. Y must sign the return as preparer.

Example 2. X partnership is a national accounting firm which prepares for compensation returns and claims for refund of taxes. A and B, employees of X, are involved in preparing the tax return of T Corporation. After they complete the return, including the gathering of the necessary information, the proper application of the tax laws to such information, and the performance of the necessary mathematical computations, C, a supervisory employee of X, reviews the return. As part of this review, C reviews the information provided and the application of the tax laws to this information. The mathematical computations and carried-forward amounts are proved by D, an employee of X's comparing and proving department. The policies and practices of X require that P, a partner, finally review the return. The scope of P's review includes reviewing the information provided by applying to this information his knowledge of T's affairs,

observing that X's policies and practices have been followed, and making the final determination with respect to the proper application of the tax laws to determine T's tax liability. P may or may not exercise these responsibilities, or may exercise them to a greater or lesser extent, depending on the degree of complexity of the return, his confidence in C (or A and B), and other factors. P is the individual preparer who is primarily responsible for the overall accuracy of T's return. P must sign the return as preparer.

Example 3. C corporation maintains an office in Seattle, Washington, for the purpose of preparing for compensation returns and claims for refund of taxes. C makes compensatory arrangements with individuals (but provides no working facilities) in several States to collect information from taxpayers and to make determinations with respect to the proper application of the tax laws to the information in order to determine the tax liabilities of such taxpayers. E, an individual, who has such an arrangement in Los Angeles with C, collects information from T, a taxpayer, and completes a worksheet kit supplied by C which is stamped with E's name and an identification number assigned to E by C. In this process, E classifies this information in appropriate income and deduction categories for the tax determination. The completed worksheet kit signed by E is then mailed to C. D, an employee in C's office, reviews the worksheet kit to make sure it was properly completed. D does not review the information obtained from T for its validity or accuracy. D may, but did not, make the final determination with respect to the proper application of tax laws to the information. The data from the worksheet is entered into a computer and the return form is completed. The return is prepared for submission to T with filing instructions. E is the individual preparer primarily responsible for the overall accuracy of T's return. E must sign the return as preparer.

Example 4. X employs A, B, and C to prepare income tax returns for taxpayers. After A and B have collected the information from the taxpayer and applied the tax laws to the information, the return form is completed by computer service. On the day the returns prepared by A and B are ready for their signatures, A is away from the city for 1 week on another assignment and B is on detail to another office for the day. C may sign the returns prepared by A, provided that C reviews the information obtained by A relative to the taxpayer, and C reviews the preparation of each return prepared by A. C may not sign the returns prepared by B because B is available.

(4) An individual required by this paragraph (b) to sign a return or claim for refund shall be subject to a penalty of \$50 for each failure to sign, with a maximum of \$25,000 per person imposed with respect to each calendar year, unless it is shown that the failure is due to reasonable cause and not due to willful neglect. If the preparer asserts reasonable cause for failure to sign, the Internal Revenue Service will require a written statement in substantiation of the preparer's claim of reasonable cause. For purposes of this paragraph (b), reasonable cause is a cause which arises despite ordinary care and prudence exercised by the individual preparer. Thus, no penalty may be imposed under section 6695(b) and this paragraph (b) upon a person who is an income tax return preparer solely by reason of—

(i) Section 301.7701-15(a)(2) and (b) of this chapter on account of having given advice on specific issues of law; or

(ii) Section 301.7701-15(b)(3) of this chapter on account of having prepared the return solely because of having prepared another return which affects amounts reported on the return.

(5) *Effective date.* This paragraph (b) applies to income tax returns and claims for refund presented to a taxpayer for signature after December 31, 2002.

* * * * *

§1.6695-1T [Removed].

Par. 5. Section 1.6695-1T is removed.

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

Approved March 15, 2004.

Gregory Jenner,
Acting Assistant Secretary of the Treasury.

(Filed by the Office of the Federal Register on March 24, 2004, 8:45 a.m., and published in the issue of the Federal Register for March 25, 2004, 69 F.R. 15248)

Part III. Administrative, Procedural, and Miscellaneous

Renewable Electricity Production Credit, Publication of Inflation Adjustment Factor and Reference Prices for Calendar Year 2004

Notice 2004-29

This notice publishes the inflation adjustment factor and reference prices for calendar year 2004 for the renewable electricity production credit under § 45(a) of the Internal Revenue Code. The 2004 inflation adjustment factor and reference prices are used in determining the availability of the credit. The 2004 inflation adjustment factor and reference prices apply to calendar year 2004 sales of kilowatt-hours of electricity produced in the United States or a possession thereof from qualified energy resources.

BACKGROUND

Section 45(a) provides that the renewable electricity production credit for any tax year is an amount equal to the product of 1.5 cents multiplied by the kilowatt-hours of specified electricity produced by the taxpayer and sold to an unrelated person during the tax year. This electricity must be produced from qualified energy resources and at a qualified facility during the 10-year period beginning on the date the facility was originally placed in service.

Section 45(b)(1) provides that the amount of the credit determined under § 45(a) is reduced by an amount that bears the same ratio to the amount of the credit — as (A) the amount by which the reference price for the calendar year in which the sale occurs exceeds 8 cents, bears to (B) 3 cents. Under § 45(b)(2), the 1.5 cents in § 45(a) and the 8 cents in § 45(b)(1) are each adjusted by multiplying the amount by the inflation adjustment factor for the calendar year in which the sale occurs.

Section 45(c)(1) defines qualified energy resources as wind, closed-loop biomass, and poultry waste. Section 45(c)(3) defines a qualified facility as any facility owned by the taxpayer that originally is placed in service after December 31, 1993 (in the case of a facility using

wind to produce electricity), December 31, 1992 (in the case of a facility using closed-loop biomass to produce electricity), or December 31, 1999 (in the case of a facility using poultry waste to produce electricity), and before January 1, 2004. See § 45(d)(7) for rules relating to the inapplicability of the credit to electricity sold to utilities under certain contracts.

Section 45(d)(2)(A) requires the Secretary to determine and publish in the Federal Register each calendar year the inflation adjustment factor and the reference prices for the calendar year. The inflation adjustment factor and the reference prices for the 2004 calendar year were published in the Federal Register on March 25, 2004, (69 Fed. Reg. 15436).

Section 45(d)(2)(B) defines the inflation adjustment factor for a calendar year as the fraction the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 1992. The term “GDP implicit price deflator” means the most recent revision of the implicit price deflator for the gross domestic product as computed and published by the Department of Commerce before March 15 of the calendar year.

Section 45(d)(2)(C) provides that the reference price is the Secretary’s determination of the annual average contract price per kilowatt hour of electricity generated from the same qualified energy resource and sold in the previous year in the United States. Only contracts entered into after December 31, 1989, are taken into account.

INFLATION ADJUSTMENT FACTOR AND REFERENCE PRICES

The inflation adjustment factor for calendar year 2004 is 1.2230. The reference prices for calendar year 2004 are 3.24 cents per kilowatt-hour for facilities producing electricity from wind energy resources and 0 cents per kilowatt-hour for facilities producing electricity from closed-loop biomass and poultry waste energy resources.

PHASE-OUT CALCULATION

Because the 2004 reference prices for electricity produced from wind, closed-loop biomass, and poultry waste energy resources do not exceed 8 cents per kilowatt hour multiplied by the inflation adjustment factor, the phaseout of the credit provided in § 45(b)(1) does not apply to electricity produced from wind, closed-loop biomass, or poultry waste energy resources sold during calendar year 2004.

CREDIT AMOUNT

As required by § 45(b)(2), the 1.5¢ amount in § 45(a)(1) is adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale occurs. If any amount as increased under the preceding sentence is not a multiple of 0.1¢, such amount is rounded to the nearest multiple of 0.1¢. Under the calculation required by § 45(b)(2), the renewable electricity production credit for calendar year 2004 is 1.8¢ per kilowatt hour on the sale of electricity produced from wind energy, closed-loop biomass, and poultry waste resources.

DRAFTING INFORMATION CONTACT

The principal author of this notice is David A. Selig of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Mr. Selig at (202) 622-3040 (not a toll-free call).

S Corporation Tax Shelter

Notice 2004-30

The Internal Revenue Service and the Treasury Department are aware of a type of transaction, described below, in which S corporation shareholders attempt to transfer the incidence of taxation on S corporation income by purportedly donating S corporation nonvoting stock to an exempt organization, while retaining the economic benefits associated with that stock. This notice alerts taxpayers and their representatives that these transactions are tax avoidance transactions and identifies these

transactions, and substantially similar transactions, as listed transactions for purposes of § 1.6011-4(b)(2) of the Income Tax Regulations and §§ 301.6111-2(b)(2) and 301.6112-1(b)(2) of the Procedure and Administration Regulations. This notice also alerts parties involved with these transactions to certain responsibilities that may arise from their involvement with these transactions.

FACTS

In a typical transaction, an S corporation, its shareholders, and an organization exempt from tax under § 501(a) and described in either § 501(c)(3) or § 401(a) of the Internal Revenue Code (such as a tax-qualified retirement plan maintained by a state or local government) (the exempt party) undertake the following steps. An S corporation issues, *pro rata* to each of its shareholders (the original shareholders), nonvoting stock and warrants that are exercisable into nonvoting stock. For example, the S corporation issues nonvoting stock in a ratio of 9 shares for every share of voting stock and warrants in a ratio of 10 warrants for every share of nonvoting stock. Thus, if the S corporation has 1,000 shares of voting stock outstanding, the S corporation would issue 9,000 shares of nonvoting stock and warrants exercisable into 90,000 shares of nonvoting stock to the original shareholders. The warrants may be exercised at any time over a period of years. The strike price on the warrants is set at a price that is at least equal to 90 percent of the purported fair market value of the newly issued nonvoting stock on the date the warrants are granted. For this purpose, the fair market value of the nonvoting stock is claimed to be substantially reduced because of the existence of the warrants.

Shortly after the issuance of the nonvoting stock and the warrants, the original shareholders donate the nonvoting stock to the exempt party. The parties to the transaction claim that, after the donation of the nonvoting stock, the exempt party owns 90 percent of the stock of the S corporation. The parties further claim that any taxable income allocated on the nonvoting stock to the exempt party is not subject to tax on unrelated business income (UBIT) under §§ 511 through 514 (or the exempt party has offsetting UBIT net operating losses).

The original shareholders might also claim a charitable contribution deduction under § 170 for the donation of the nonvoting stock to the exempt party. In some variations of this transaction, the S corporation may issue nonvoting stock directly to the exempt party.

Pursuant to one or more agreements (typically redemption agreements, rights of first refusal, put agreements, or pledge agreements) entered into as part of the transaction, the exempt party can require the S corporation or the original shareholders to purchase the exempt party's nonvoting stock for an amount equal to the fair market value of the stock as of the date the shares are presented for repurchase. In some cases, the S corporation or the original shareholders guarantee that the exempt party will receive the fair market value of the nonvoting stock as of the date the stock was given to the exempt party if that amount is greater than the fair market value on the repurchase date.

Because they own 100 percent of the voting stock of the S corporation, the original shareholders have the power to determine the amount and timing of any distributions made with respect to the voting and nonvoting stock. The original shareholders exercise that power to cause the S corporation to limit or suspend distributions to its shareholders while the exempt party purportedly owns the nonvoting stock. For tax purposes, however, during that period, 90 percent of the S corporation's income is allocated to the exempt party and 10 percent of the S corporation's income is allocated to the original shareholders. The transaction is structured for the original shareholders to exercise the warrants and dilute the shares of nonvoting stock held by the exempt party, or for the S corporation or the original shareholders to purchase the nonvoting stock from the exempt party at a value that is substantially reduced by reason of the existence of the warrants. In either event, the exempt party will receive a share of the total economic benefit of stock ownership that is substantially lower than the share of the S corporation income allocated to the exempt party.

DISCUSSION

The transaction described in this notice is designed to artificially shift the incidence of taxation on S corporation income

away from taxable shareholders to the exempt party. In this manner, the original shareholders attempt to avoid paying income tax on most of the S corporation's income over a period of time.

The Service intends to challenge the purported tax benefits from this transaction based on the application of various theories, including judicial doctrines such as substance over form. Under appropriate facts and circumstances, the Service also may argue that the existence of the warrants results in a violation of the single class of stock requirement of § 1361(b)(1)(D), thus terminating the corporation's status as an S corporation. *See, e.g.*, §§ 1.1361-1(l)(4)(ii) and (iii).

Transactions that are the same as, or substantially similar to, the transaction described in this notice are identified as "listed transactions" for purposes of §§ 1.6011-4(b)(2), 301.6111-2(b)(2), and 301.6112-1(b)(2) effective April 1, 2004, the date this notice was released to the public. Independent of their classification as listed transactions, transactions that are the same as, or substantially similar to, the transaction described in this notice may already be subject to the disclosure requirements of § 6011 (§ 1.6011-4), the tax shelter registration requirements of § 6111 (§ 301.6111-1T and § 301.6111-2), or the list maintenance requirements of § 6112 (§ 301.6112-1). Under the authority of § 1.6011-4(c)(3)(i)(A), the exempt party in the listed transaction described in this notice will also be treated as a participant in the transaction (whether or not otherwise a participant). The exempt party will be treated as participating in the transaction for the taxable year of the purported donation, the taxable year of the reacquisition, and all intervening taxable years. Pending further review and possible additional guidance, this notice does not apply to any investment in employer securities, as defined in § 409(l), by an employee stock ownership plan subject to the requirements of § 409(p).

Persons who are required to register these tax shelters under § 6111 but have failed to do so may be subject to the penalty under § 6707(a). Persons who are required to maintain lists of investors under § 6112 but have failed to do so (or who fail to provide those lists when requested by the Service) may be subject to the penalty under § 6708(a). In addition, the

Service may impose penalties on parties involved in these transactions or substantially similar transactions, including the accuracy-related penalty under § 6662.

The Service and the Treasury Department recognize that some taxpayers may have filed tax returns taking the position that they were entitled to the purported tax benefits of the type of transaction described in this notice. These taxpayers should take appropriate corrective action and ensure that their transactions are disclosed properly.

The principal author of this notice is Tara P. Volungis of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice, contact Ms. Volungis at (202) 622-3070 (not a toll-free call).

Intercompany Financing Using Guaranteed Payments

Notice 2004-31

The Internal Revenue Service and Treasury Department are aware of a type of transaction, described below, in which a corporation claims inappropriate deductions for payments made through a partnership. This notice alerts taxpayers and their representatives that these transactions are tax avoidance transactions and identifies these transactions, and substantially similar transactions, as listed transactions for purposes of § 1.6011-4(b)(2) of the Income Tax Regulations and §§ 301.6111-2(b)(2) and 301.6112-1(b)(2) of the Procedure and Administration Regulations. This notice also alerts parties involved with these transactions of certain responsibilities that may arise from their involvement with these transactions.

FACTS

The transactions described in this notice use a partnership in an attempt to convert interest payments that would not be currently deductible under § 163(j) into deductible payments. One such transaction involves the formation of a partnership (PRS) by a domestic corporation (DC2) and a foreign person (FP). FP is the common foreign parent, or an affiliate of the common foreign parent,

of the affiliated group (within the meaning of § 1504(a), but without regard to § 1504(b)(3)) to which DC2 and a second domestic corporation (DC1) belong. In the transaction, FP and DC2 contribute property to PRS. PRS contributes a substantial portion of the contributed assets to DC1 in exchange for preferred stock. Under the partnership agreement, FP is entitled to (1) a substantial guaranteed payment for the use of capital, and (2) a disproportionately small share (relative to FP's capital contribution) of both the gross dividend income from DC1 and PRS's deductions for guaranteed payments. Under the partnership agreement, DC2 is entitled to a disproportionately large share (relative to DC2's capital contribution) of both the gross dividend income from DC1 and PRS's deductions for guaranteed payments.

Each year, DC1 pays substantial dividend income to PRS on the preferred stock. PRS allocates to DC2 the dividend income as well as PRS's deductions for guaranteed payments. If the guaranteed payment right to FP were instead debt of DC1 to FP, then interest on such indebtedness would be subject to the limitations imposed by § 163(j).

DC2 claims, based on its affiliation with DC1 (the corporation paying the dividend), a 100 percent dividends received deduction under § 243(a)(3) for its distributive share of dividend income. In addition, DC2 deducts its distributive share of the guaranteed payment. Consequently, DC2 claims a substantial net deduction.

In one variation of this transaction, PRS has an obligation to make guaranteed payments to a partner (X) unrelated to FP and its affiliates and PRS's obligation to make guaranteed payments to X is assured by a related party, such as FP, in a manner similar to a disqualified guarantee as defined in § 163(j)(6)(D), so as to avoid treatment as disqualified interest under § 163(j)(3)(B).

DISCUSSION

The Service intends to challenge the purported tax benefits of these transactions on various grounds. The Service may treat FP as directly acquiring an equity investment in DC1, because FP and DC2 lack the requisite non-tax business purpose to form a valid partnership. See *ASA In-*

vesterings Partnership. v. Commissioner, T.C. Memo 1998-305, *aff'd*, 201 F.3d 505 (D.C. Cir. 2000), *cert. denied*, 531 U.S. 871 (2000); *Andantech, L.L.C. v. Commissioner*, T.C. Memo 2002-97, *aff'd*, 331 F.3d 972 (D.C. Cir. 2003). The Service also may challenge the transaction under the partnership anti-abuse rule contained in § 1.701-2. In addition, the Service may challenge the purported tax results on the grounds that the allocations under the partnership agreement lack substantial economic effect (as discussed below) and are not in accordance with the partners' interests in the partnership as required by § 704(b).

In particular cases, the Service may argue that the allocations lack economic effect. Alternatively, where the allocations have economic effect, or are deemed to have economic effect, the Service may assert that such economic effect is not substantial. The economic effect of allocations is not substantial if, at the time the allocations became part of the partnership agreement, (i) the after-tax economic consequences to one partner might, in present value terms, have been enhanced compared to such consequences if the allocations had not been contained in the partnership agreement, and (ii) there was a strong likelihood that the after-tax economic consequences of no partner would, in present value terms, have been substantially diminished compared to such consequences if the allocations were not contained in the partnership agreement.

In the example described above, under the partnership agreement, DC2 is entitled to a disproportionately large share of both the gross dividend income from DC1 and PRS's deductions for guaranteed payments. To the extent the dividend income and guaranteed payment deduction offset, this allocation will not alter the economic returns of DC2 and FP compared to their returns if such items were allocated to FP. Neither DC2 nor FP suffers a detriment to its after-tax economic consequences as a result of the special allocations. However, the allocations in the agreement will improve the after-tax consequences to DC2 because a larger share of partnership items will allow DC2 to claim a larger net deduction attributable to the dividends received deduction. The Service may argue, based on this analysis or on other relevant analyses, that the economic effect of the allo-

cations in the agreement is not substantial and that the allocations are not in accordance with the partners' interests in the partnership.

Transactions that are the same as, or substantially similar to, the transactions described in this notice are identified as "listed transactions" for purposes of §§ 1.6011-4(b)(2), 301.6111-2(b)(2) and 301.6112-1(b)(2) effective April 1, 2004, the date this notice was released to the public.

Independent of their classification as "listed transactions," transactions that are the same as, or substantially similar to, the transactions described in this notice may already be subject to the disclosure requirements of § 6011 (§ 1.6011-4), the tax shelter registration requirements of § 6111 (§§ 301.6111-1T, 301.6111-2), or the list maintenance requirements of § 6112 (§ 301.6112-1). Persons who are required to register these tax shelters under § 6111 but have failed to do so may be subject to the penalty under § 6707(a). Persons who are required to maintain lists of investors under § 6112 but have failed to do so (or who fail to provide those lists when requested by the Service) may be subject to the penalty under § 6708(a). In addition, the Service may impose penalties on parties involved in these transactions or substantially similar transactions, including the accuracy-related penalty under § 6662.

The principal authors of this notice are David J. Sotos of the Office of Associate Chief Counsel (International) and Sean Kahng of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Mr. Sotos at (202) 622-3860 or Mr. Kahng at (202) 622-3050 (not a toll-free call).

26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.
(Also, Part I, § 29.)

Rev. Proc. 2004-27

SECTION 1. PURPOSE

This revenue procedure permits certain owners of royalty interests (RI Owners) to claim the credit for producing fuel from a

nonconventional source under § 29 of the Internal Revenue Code in the taxable year (including a 2003 taxable year) in which they receive the income from the sale of qualified fuel, rather than in a prior taxable year in which the owner of the operating interest (OI Owner) sold the qualified fuel.

SECTION 2. BACKGROUND

.01 Section 29 provides a credit for producing fuel from a nonconventional source. Section 29(a) provides, in part, that there shall be allowed as a credit against the tax imposed by Chapter 1 for the taxable year an amount equal to (1) \$3, multiplied by (2) the barrel-of-oil equivalent of qualified fuels, the production of which is attributable to the taxpayer, that are sold by the taxpayer to an unrelated person during the taxable year.

.02 Section 29(c)(1) provides that the term "qualified fuels" means (A) oil produced from shale and tar sands, (B) gas produced from (i) geopressured brine, Devonian shale, coal seams, or a tight formation, or (ii) biomass, and (C) liquid, gaseous, or solid synthetic fuels produced from coal (including lignite), including such fuels when used as feedstocks.

.03 Section 29(f) provides that the credit provided in § 29 applies only to qualified fuels produced from a well drilled, or in a facility placed in service, after December 31, 1979, and before January 1, 1993, and only to fuels sold before January 1, 2003.

.04 Section 29(g) extends the period for which the credit is applicable for certain facilities producing (1) gas from biomass or (2) liquid, gaseous, or solid synthetic fuels from coal (including lignite).

.05 The credit under § 29 does not arise as a result of an expenditure, and the availability of the credit does not depend on a recognition of the corresponding income. Rather, the credit arises as a result of a sale of the qualified fuel "during the taxable year." Section 29(a). Therefore, a taxpayer is entitled to the credit under § 29 in the taxable year in which the qualified fuel is sold.

.06 Typically, an RI Owner must rely upon the statement provided by the OI Owner regarding the quantity of qualified fuel that the OI Owner sold on behalf of the RI Owner's interest. An RI Owner generally receives its share of the income one or

more months after the OI Owner sells the qualified fuel. For instance, an RI Owner usually does not receive income from the sale of qualified fuel occurring in the last quarter of Year 1 until the first quarter of Year 2. It has come to the Service's attention that many RI Owners have been claiming the credit under § 29 in the taxable year in which they receive the income from the sale of qualified fuel, rather than in the prior year of the sale. Many of these RI Owners are concerned that they will be unable to claim the § 29 credit on their federal income tax returns for 2003 with respect to income they received in that taxable year for sales of qualified fuel occurring prior to January 1, 2003. Although the proper taxable year to claim the credit under § 29(a) is the taxable year in which the OI Owner sells the fuel, in order to promote consistency and as a matter of administrative convenience, the Service will allow RI Owners within the scope of this revenue procedure to claim an otherwise allowable § 29 credit with respect to a sale of qualified fuel in the taxable year (including a 2003 taxable year) in which they receive the income from the sale of qualified fuel, subject to the provisions of section 4 of this revenue procedure.

SECTION 3. SCOPE

.01 This revenue procedure applies to an RI Owner that:

(1) is eligible to claim an otherwise allowable credit under § 29 in respect of sales of qualified fuel; and

(2) has, in all prior taxable years in which the RI Owner claimed the § 29 credit, consistently followed a practice of claiming the credit under § 29 with respect to a sale of qualified fuel in the taxable year in which the RI Owner received the income from the sale.

.02 For purposes of this revenue procedure, the term "RI Owner" includes the unitholders of trusts that own royalty interests where such unitholders are the grantors of the trust.

SECTION 4. PROCEDURE

An RI Owner within the scope of this revenue procedure may claim an otherwise allowable credit under § 29 with respect to a sale of qualified fuel in the taxable year (including a 2003 taxable year) in which

the RI Owner receives the income from a sale.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for taxable years ending after December 31, 1979.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Jaime C. Park of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this revenue procedure,

contact Jaime C. Park at (202) 622-3120 (not a toll-free call).

Part IV. Items of General Interest

Foundations Status of Certain Organizations

Announcement 2004–30

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

Former Public Charities. The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

Academy of Community Action, Inc., Terrell, TX
Acadiana Wildlife Education and Rehabilitation, Lafayette, LA
Accrediting Commission International, Inc., Beebe, AR
Act Like Me Foundation, Inc., Miami, FL
Active Life Adult Day Care, El Paso, TX
ADFAC African Diaspora Fine Art Committee, Inc., Coconut Grove, FL
Adoption Medical History International Registry, Inc., West Palm Beach, FL
African American Parents for Higher Education, Irving, TX
Agape Learning Center a Non Profit Corporation, Baton Rouge, LA
Ahepa Camps, Inc., San Antonio, TX
Air and Ground Museum, San Antonio, TX
Air Oklahoma Starts Basketball Club, Inc., Edmond, OK
Alice & Jim Wells County Community Foundation, Alice, TX
Alpha & Omega, Forrest City, AR
Alpha Phi Alpha Fraternity, Inc., Birmingham, AL
Alpha Phi Alpha Zeta Alpha Lambda Chapter Educational and Charitable, Ft. Lauderdale, FL

American Aircraft Museum, Inc., Enid, OK
American Indian Cultural Society, Inc., Desoto, TX
American Society of Extra-Corporeal Technology Region VIII, San Antonio, TX
American University Delta Chi Educational Foundation, Washington, DC
Anterra Ranch, Inc., El Reno, OK
Arboretum Family Council, San Marcos, TX
Arkansas Coalition for Choice Foundation, Inc., Little Rock, AR
Arkansas Waiver Association, Little Rock, AR
Art Light Institute, Inc., Santa Fe, NM
Artscope South, Inc., Jackson, MS
Artspace Center for the Arts, Inc., Port Charlotte, FL
Asian-American Womens Business Council, Irving, TX
Asian Pacific American Youth of Worcester, Inc., Houston, TX
Asociacion De Mujeres Hispanas Contra La Discriminacion Y La Violencia De Genero, Hallandale, FL
Assisted and Safe Homes, Inc., Natchitoches, LA
Association for Disabled Cubans, Inc., Hialeah, FL
Association of Nigerian Christians in One Accord, Incorporated, N. Little Rock, AR
At His Feet Music, Duncanville, TX
Athens Area Chamber Foundation, Inc., Athens, TX
Atoka Youth Network, Inc., Atoka, OK
Avenue Proactive Resource Center, Dallas, TX
Ayuda De Grandes Ligas, Inc., Baymon, PR
B & B Books for Children Foundation, Inc., Ft. Lauderdale, FL
Barleys Bay Festival, Inc., Key Largo, FL
BDP Training, Inc., Miami, FL
Bedwell Financial Services, Inc., Tulsa, OK
Begotten of Him Ministries, Inc., Tyler, TX
Behavioral Intervention Experiences, Inc., Houston, TX
Bess Development Corporation of South Florida, Hialeah, FL

Bessemer Family Service Center, Bessemer, AL
Bethlehem Community Council, Gilmer, TX
Beverage Education Assistance and Training, Inc., Houston, TX
Bnai Brith Hillel of San Antonio Texas, Inc., San Antonio, TX
Bob Nicholls Ministries, Inc., Fort Worth, TX
Bodean Youth Garden Project, Inc., Tulsa, OK
Borders Learning Community, Austin, TX
Boys & Girls Club, McLoud, OK
Bringing Responsible Ownership Through Helping Each Resident Succeed, Inc., Waco, TX
Broken Yokes Ministries, Inc., San Antonio, TX
Brother Lawrence Society, Inc., Jackson, MS
Broward County Archaeological Society, Inc., Davie, FL
Budapest Orchestral Foundation for Young Musicians, Houston, TX
Buddy Owens Ministries, Inc., McAllen, TX
Business Service Center of Arkansas, Inc., Jacksonville, AR
Byars Foundation, Inc., Boca Raton, FL
Caddo Bossier Youth Sporting Club, Inc., Shreveport, LA
Calling All Colors of Florida, Inc., Lake Worth, FL
Calvin Lane Foundation, Cedar Hill, TX
Canutillo Community Center, Inc., Canutillo, TX
Capital Area Community Mediation Center, Inc., Baton Rouge, LA
Carbon Hill Brotherhood Society, Carbon Hill, AL
C A R E Creating Awareness Reaching Equity, Inc., Lubbock, TX
Care-Givers Plus, Inc., New Orleans, LA
Caring Place, Inc., Ft. Lauderdale, FL
Carpenters Center, Inc., W. Palm Beach, FL
CCA Housing, Inc., Lewisville, TX
Center for Learning Through the Arts, Rowlett, TX
Center for Self-Sufficient Living, Inc., Clearlake, CA
Center of Applied Health Research, Austin, TX

Centre for Community Enrichment, Inc., Olla, LA
 CH of Manatee, Inc., Bradenton, FL
 Chaplains for Assisted Living, Inc., Priceton, TX
 Chestnut Neighborhood Revitalization Corporation, Austin, TX
 Children First Child Care and Learning Center, Inc., Baton Rouge, LA
 Childrens Advocacy Center of Central Texas, Belton, TX
 Childrens Counseling Center, Inc., Boca Raton, FL
 Chisum Parent Teacher Organization, Paris, TX
 Christian Alliance for Sexual Recovery, Inc., Eden Prairie, MN
 Christian Alliance of Florida, Tampa, FL
 Christian Brothers, Incorporated, Jennings, LA
 Christian Connection, Inc., Ruston, LA
 Christians Against Sinful Actions, Houston, TX
 Christlove International Christian Ministries, Baton Rouge, LA
 Christopher Ryan Swartout Foundation, Carrollton, TX
 Ciboney Tribe, Inc., Sarasota, FL
 Circle of Voices, Lafayette, CA
 Citizens Foundation for Education Charitable Trust, Dallas, TX
 Citycharities Org., Dallas, TX
 Clowns Who Care, Corpus Christi, TX
 Club Hoops, Folsom, CA
 Coalition Pour Le Development De La Commune De Jean Rabel, Inc., Lauderhill, FL
 Collaborative Family Services, Inc., Gretna, LA
 College Source, Incorporated, Lauderhill, FL
 Collier County Microenterprise Corporation, Naples, FL
 Committee Action for Relief of Department of Artibonite, Inc., Lake Worth, FL
 Common Enterprise, Inc., San Antonio, TX
 Communities for Kidz, Rockwell, TX
 Communities United Partnership, Albuquerque, NM
 Community Development Corporation of Bossier City, Bossier City, LA
 Community Oriented Policing Services-Helping Hands, Inc., Lake Charles, LA
 Community Power, Lake Charles, LA
 Community Preschool and Daycare of Guerneville, Guerneville, CA
 Community Resource and Transition Centers, Inc., Pembroke Pines, FL
 Comprehensive Health Network, Inc., Hialeah, FL
 Computer Unlimited Foundation, Inc., Riviera Beach, FL
 Convicts of Christ, Inc., Ft. Lauderdale, FL
 C O P D Support, Tulsa, OK
 Cottonwoods Foundation for Excellent Schools, Inc., Cottonwood, CA
 Council of Parent Attorneys and Advocates, Inc., Washington, DC
 Courthouse Crusade Ministries, Inc., Fort Payne, AL
 Coughatta Museum, Inc., Coughatta, LA
 Crape Myrtle Trails of McKinney Foundation, McKinney, TX
 Creole Cottage, New Orleans, LA
 Creole Museum & Multi Cultural Center, Inc., Scott, LA
 Crossroads Ministries, Inc., Stigler, OK
 Crosswind Playground, Inc., Spicewood, TX
 Crosswise Productions, Inc., Cedar Hill, TX
 Cuddly Love Preschool & Day Care Center, Inc., Shreveport, LA
 Culture Link, Santa Fe, NM
 Cyprus Cove Geriatric Care Center, Jackson, MS
 Cystic Fibrosis Support Association, Inc., Hattiesburg, MS
 D 4 D, Inc., Dallas, TX
 D Ella Foundation, Inc., Sarasota, FL
 Dales Dream Ranch, Incorporated, Austin, TX
 Dallas Area Chess-in-the-Schools, Inc., Dallas, TX
 Dallas County Dental Society Foundation, Dallas, TX
 Darnay Scott Foundation, San Diego, CA
 Deaf Abused Women and Children Advocacy Services, Austin, TX
 Deer Park Citizens Police Academy Alumni Association, Deer Park, TX
 Delta Resource Initiatives Development Corporation, West Memphis, AR
 Denton Hockey Club, Inc., Denton, TX
 DeSoto First Foundation, Southaven, MS
 Dimensions Danze Company, Dallas, TX
 Dive in Austin, Inc., Austin, TX
 Diversity in Law Foundation, Sacramento, CA
 Donation Station for Education, Baton Rouge, LA
 Dorcas, Inc., Avondale, LA
 Douglas Arant Non-Profit Corp., Birmingham, AL
 Downtown Community Development Corporation Holy Cross, New Orleans, LA
 Drug and Violence Task of Baxter County, Mountain Home, AR
 Dumas Area Crisis Pregnancy Center, Dumas, TX
 Durham Area Swimming Association, Durham, CA
 E. A. Henry Community Development Corporation, New Orleans, LA
 Eagle Foundation, El Prado, NM
 Earth Rangers, Inc., Coral Springs, FL
 Earth Tone Media, Garland, TX
 East Austin Jacobs Ladder Room and Board Home, Inc., Austin, TX
 East Texas Electric Eels, Inc., Henderson, TX
 Eastern Johnson County Medical Development, Inc., Alvarado, TX
 Economic Development Eternal Networking, Inc., Princeton, FL
 Ecumenical Church of God, Inc., Singer Island, FL
 Educare 2001, Inc., New Orleans, LA
 Educational Foundation of the Americas, Inc., San Antonio, TX
 Educational Learning Corporation, Jackson, MS
 Edward Madison Community Development Corporation, Inc., New Orleans, LA
 Egbe Lukumi, Inc., Miami, FL
 El Grupo Folklorico De Martin De Leon, Victoria, TX
 El Paso Arms of Love Aids Ministry, El Paso, TX
 El Paso Parks and Recreation Foundation, El Paso, TX
 El Shaddai Economic Education Development, Inc., Laud Lakes, FL
 Elder Legacy Fund, Oklahoma City, OK
 Electronic Conservative Clearinghouse Library, Inc., Shawnee, OK
 Elijah & Isaac Foundation, Chico, CA
 End Time Champions, Inc., Sarasota, FL
 Enugu State Progressive Union, Arlington, TX
 Environmental Research Consortium of Louisiana, Inc., New Orleans, LA
 Ephphatas Adam & Eve Garden, Austin, TX
 Erin Tierney Kramp Encouragement Foundation, Dallas, TX

Eugene Powell Community Development Corporation, New Orleans, LA
 Evening Star Youth Foundation, Inc., Harvey, LA
 Excellence Foundation, Jackson, MS
 Explore World of Venture, Houston, TX
 Express Dental, Inc., Miami, FL
 Faith Community Development Center a Not-for-Profit-Corp., Fort Smith, AR
 Faith Development, Inc., Opa-Locka, FL
 Farmers Branch Youth Football & Cheerleaders Association, Farmers Branch, TX
 Federation of Professional Baseball Players, Inc., Miami, FL
 Fe-Fundacao Esperanca, Austin, TX
 Fellowship of Racing Christians Everywhere, Inc., Aleander, AR
 Festival of Freedom Foundation, Dallas, TX
 Fihi, Inc., Madison, AL
 First District Community Development Corporation, New Orleans, LA
 Florida Development Enterprises Corporation, W. Palm Beach, FL
 Fly the Kids, Inc., Arlington, TX
 Foothills Future, Cameron Park, CA
 For Youth for Change, Inc., Pembroke Pines, FL
 Fort Myers Baseball Club, Inc., Fort Myers, FL
 Foundation Amistad, Inc., Arlington, TX
 Foundation for Natural Child Development, Austin, TX
 Frank Sepulveda-Handy Andy Supermarkets Scholarship Foundation, San Antonio, TX
 Friends for Life Foundation, Leander, TX
 Friends of Good Shepherd Mobay, Inc., Miramar, FL
 Friends of Sacramento Fencing Club, Carmichael, CA
 Friends of the Point Comfort Branch Library, Point Comfort, TX
 From the Heart Employee Benevolent Fund, Fort Worth, TX
 Gamma Lambda Chapter Building Corporation, Tulsa, OK
 Garfield County Chapter of Childrens Horizons, Enid, OK
 Garland Hispanic Business Association, Garland, TX
 Georgetown Community Television, Inc., Georgetown, TX
 Gibson Trust, Inc., Pompano Beach, FL
 Giddings Community Charitable Association, Giddings, TX
 Gideons Army Ministries, Port Arthur, TX
 Give Us This Day Our Daily Bread, Incorporated, Deerfield Beach, FL
 Global Family Foundation, Inc., Oklahoma City, OK
 Global Outreach & Development Corporation, Boca Raton, FL
 Gold Coast Music Programs, Inc., West Palm Beach, FL
 Golden Beach Improvement Foundation Trust, Inc., Miami Lakes, FL
 Golden Hammer Awards, New Orleans, LA
 Good Action, Inc., Miami, FL
 Good Faith Foundation, Houston, TX
 Grand Prix Charities of Houston, Houston, TX
 Greater Baton Rouge Community Clinic, Inc., Baton Rouge, LA
 Greater Broward Church of Christ, Inc., Ft. Lauderdale, FL
 Greater Faith Outreach Ministries, Blytheville, AR
 Greater St. Stephen Manor, Inc., Harvey, LA
 Greek American Medical Society of South Florida, Inc., Boca Raton, FL
 Greyhound Adoption League S-F, Inc., West Palm Beach, FL
 Guadalupe Neighborhood Association, Inc., Skidmore, TX
 Guine-Bissau Association of Students & Immigrants, Santa Rosa, CA
 H. M. Willis Community Development Corporation, New Orleans, LA
 Haitian-American Social Service Council, Inc., Lake Worth, FL
 Hammers Motorcycle Outreach, Gilmer, TX
 Happin, New Orleans, LA
 Harmony Health, Marble Falls, TX
 Healdsburg Hospital Foundation, Healdsburg, CA
 Health Culture Technologies, Inc., Houston, TX
 Health for Moore Clinic, Inc., Moore, OK
 Health Resource Network of Texas, Arlington, TX
 Heart Center for Healing and Art, New York, NY
 Heart of Fair Haven, Inc., Lindale, TX
 Heber Springs Tiny Town Learning Center, Inc., Quitman, AR
 Helping Hands Economic Development, Inc., Miami, FL
 Helping Out Parents Through Education, Leander, TX
 Hepburn Family Foundation, Inc., Hallandale, FL
 Hidden Valley Sports Park, Canyon Lake, TX
 Hispanic 50, Dallas, TX
 Hivus, Inc., Miami, FL
 Hobart Youth Association, Inc., Hobart, OK
 Hollywood Park Community Center, Inc., Hollywood, FL
 Holy Spirit Co-op, Breaux Bridge, LA
 Home of Champions Curtis Cokes Foundation, Inc., Dallas, TX
 Homestead Fest, Inc., Homestead, FL
 Hoopla, Inc., Southlake, TX
 Hopeace, Inc., Montgomery, AL
 House of Mercy, Mamou, LA
 Housing Coalition of Mississippi, Inc., Taylorsville, MS
 Housing Counselors of Texas, Inc., Dallas, TX
 Houston Area Friends of Florida College, Houston, TX
 Houston Texas Fencing Association, Inc., Houston, TX
 Human Source Foundation, Fort Worth, TX
 Hunter Trapper Trader Museum, Inc., Cliff, NM
 I Love the Kids Foundation, Inc., Miramar, FL
 Ice Plant, Inc., Jourdanton, TX
 Ici of Mississippi, Inc., Jackson, MS
 Impact San Antonio, Inc., San Antonio, TX
 In His Place, Dallas, TX
 In Our World, Inc., Inglewood, CA
 In Spirit and in Truth Ministry, Garland, TX
 Indian Territory Arts & Humanities Council, Inc., Broken Arrow, OK
 Infinity Network and Programs, Inc., New Orleans, LA
 Inkind, Inc., Austin, TX
 Institute for American Indian Development, Richmond, CA
 Institute for Education Grants and Scholarships, Inc., Monroeville, AL
 International Adoption Services of Florida, Bradenton, FL
 International Aid for Under Priviledge Children, Inc., Miami, FL
 International Connections, Inc., Shawnee, OK
 International Development Institute 05-01-97, Lodi, CA
 International Medicine Network, Inc., Tulsa, OK

International Society for Sexually Transmitted Diseases Research, New Orleans, LA

International Wind Synthesis Association, Inc., Ft. Lauderdale, FL

Inverness Village, Tulsa, OK

Iredell Baseball Association, Iredell, TX

Islamorada Firefighters Benevolent Association, Inc., Islamorada, FL

Its Not About Us Ministries, Huntsville, AL

J C Ministries, Inc., Lewisville, TX

J Paul Ministries, Inc., Huntsville, AL

James Madison High School Booster Club, Dallas, TX

Jennifers Heart-Friends of Victims Outreach, Dallas, TX

Jhankar School of Dancing, Inc., Houston, TX

John D. Flowers Scholarship Fund, Tuskegee, AL

John Jacobs and the Power Team, Inc., Dallas, TX

Joy of Learning Child Development Center, Inc., Mansfield, LA

Jurisdiction Independent Regional Emergency Helicopters, Whitewright, TX

K-SMH Radio, Tahoma, CA

Keith L. Straghn Memorial & Scholarship Fund, Delray Beach, FL

Kevin G. Wooldridge Memorial Foundation, Inc., New Orleans, LA

Keys, Little Rock, AR

Keys to Kenai, Inc., Scarborough, ME

Kiddieland Daycare and Nursery, Monroe, LA

K I D S Ketchum Involved in Developing Students, Inc., Kethcum, OK

Kids We Care, Inc., Edmond, OK

Kids World Day Care & Pre School, Ville Platte, LA

King Solomon Community Development Corporation, Inc., Fort Smith, AR

Kingston International Center for African Music, Austin, TX

Kipling Family Ministries International, Inc., Broken Arrow, OK

Korean American Social Service Center, Killeen, TX

Krop, Inc., St. Augustine, FL

KTF Foundation, Lauderhill, FL

L. C. & Daisy Bates Museum Foundation, Jacksonville, AR

La Fundacion Maria, Miami, FL

La Petite Kingdom, Inc., Grosse Tete, LA

La Raza Unida Center, Inc., Pompano Beach, FL

Lake County Community Radio, Lakeport, CA

Lake Highlands Youth Football Association, Dallas, TX

Lake Whitney All-Branch Law Enforcement, Whitney, TX

Lamesa Youth Football, Inc., Lamesa, TX

Lasonrisa Productions, Inc., Austin, TX

Lathan Memorial Scholarship Fund, Inc., Port Arthur, TX

Latin American Center for the Arts, Inc., Miami, FL

Law Enforcement Officers Charitable Foundation, Inc., Miami, FL

LBI Childrens Foundation, Inc., Coral Springs, FL

Leadership Lake Country, Inc., Hawkins, TX

Leakey Volunteer Fire Department, Inc., Leakey, TX

Lee County Pulling Together, Fort Myers, FL

Lee County Youth Committee, Giddings, TX

Lehmann Research Foundation, San Antonio, TX

Light in the Darkness Ministries, Mt. Pleasant, TX

Light of the Cross Ministries International, Mason, TX

Lil Rabbits, Inc., Ralls, TX

Linden Keiffer Educational Foundation, Inc., Marrero, LA

Little Lambs Daycare Learning Center, New Roads, LA

Lone Star State Taekwondo Association, Fort Worth, TX

Longview 2020 Forum, Longview, TX

Lorean Roberts Foundation, Plano, TX

Loud Daycare Center, Inc., Ringgold, LA

Louis A. Martinet Foundation, Baton Rouge, LA

Louisiana Crime Resistance Association, Inc., Belle Chasse, LA

Louisiana High Scope Educators Association, Leesville, LA

Love Hope & Charity, Inc., Dallas, TX

Love in Action, Inc., Miami, FL

Love in Action, Inc., Tulsa, OK

Loving Hands Ministry, Inc., Plantation, FL

M L C Guidance, Incorporated, Idabel, OK

Mabryer Foundation, Richvale, CA

Mabuhay Verde Living Centers, Inc., Elgin, TX

Magnause, Marina, CA

Main Street Siloam Springs, Inc., Siloam Springs, AR

Mansfield I S D Education Foundation, Inc., Mansfield, TX

Marietta Business District Association, Marietta, OK

Maritime Heritage Preservation Society, Fairhope, AL

Marley Homes & Addition Tenants Council, Frederiksted, VI

Martin County Regional Land Tr, Inc., Stuart, FL

Mayim Ministries, Inc., Burnet, TX

Mediation Center for the Espanola Valley, Espanola, NM

Megan Enterprise, Inc., Baton Rouge, LA

Mendocino Coast Model Railroad and Historical Society, Fort Bragg, CA

Mensana Foundation, Inc., Sarasota, FL

Mental Health Association in Northwest Arkansas, Fayetteville, AR

Messiah Reign Ministries, Inc., Nesbit, MS

Metropolitan Musical Theatre Company, Key West, FL

Miami Manatees Baseball Club, Incorporated, Miami, FL

Migdal Ohr, Inc., Miami Beach, FL

Mighty Rock Ministries, Alma, AR

Millien Economic Development, Inc., Miami, FL

Mimi Correa Scholarship Fund, Inc., Harlingen, TX

Ministries of Enlightenment, Houston, TX

Minority Health Consortium of Arkansas, Incorporated, Little Rock, AR

Mission Mississippi-Pine Belt, Hattiesburg, MS

Mississippi Animal Control & Protection Association, Raymond, MS

Mississippi Center for Freedom of Information, Inc., Jackson, MS

MM Cybertech Group, Dallas, TX

Mobile River Basin Coalition, Birmingham, AL

Molly Marine Restoration Society, Inc., New Orleans, LA

Moore Ministries, Inc., McAllen, TX

Moore Child Dev. Center, Inc., Jackson, MS

Morgan City Making a Difference, Inc., Morgan City, LA

Mount Neighborhood Development, New Orleans, LA

Mountain Movers Ministries, Inc., Brandon, MS

Moving in the Right Direction Girls, Inc., Mesquite, TX

Mt. Moriah Youth Community Center, Inc., Miami, FL
 Musa Institute, Inc., Garland, TX
 Muslims of Abilene Community Center, Inc., Abilene, TX
 Mustang Education Foundation, Chico, CA
 My Sisters House, Inc., Richardson, TX
 Myhelp, Houston, TX
 Narrative Publishing, Hewitt, TX
 National Institute for Dialogueson Multi-Culturalism and Anti-Racism, New York, NY
 Natural Hormone Research Institute, Inc., Dallas, TX
 Natural Woman Natural Man, Inc., Nevada City, CA
 Nehemiah Ministry International, Plano, TX
 Neighborhood Improvement Association Community Development Corp., Dallas, TX
 New Beginning Christian Camp, Everman, TX
 New Bethel H O P, Inc., Clarksdale, MS
 New Creation Ministries, Inc., Bartlesville, OK
 New Era of Hollywood, Inc., Hollywood, FL
 New Hope Community Outreach, Inc., Forest, MS
 New Jerusalem Treatment Center, Kenner, LA
 New Orleans Works, Inc., New Orleans, LA
 New World Ballet, Richardson, TX
 Next Step Adolescent and Youth Community Center, Inc., Pmbk Pines, FL
 Night Group of the Tuscaloosa Genealogical Society, Tuscaloosa, AL
 Noble H. Willingham Jr. Foundation, Los Angeles, CA
 Non-Secure Detention Home, Inc., Miami, FL
 Nora Mae Polk Scholarship and Mentoring Foundation, Inc., San Antonio, TX
 North Hopkins Scholarship Foundation, Inc., Sulphur Springs, TX
 North Texas Football Conference, Garland, TX
 North Texas Hockey Club, Southlake, TX
 Northeast Huntsville Community Improvement Organization, Huntsville, AL
 Northern California Merchants Girls A S A Team, Vacaville, CA
 Northwest Broward Youth Football League, Inc., Margate, FL
 NSU Soccer Foundation, Inc., Tulsa, OK
 Nueces County Community Initiatives Council, Corpus Christi, TX
 Oasis New Life Ministries, Incorporated, Boynton Beach, FL
 Oasis of Life Ministries International, Inc., Tulsa, OK
 ODCJ, Inc., N. Miami, FL
 Odessa Community Partners for Children, Inc., Odessa, TX
 Oklahoma Appleseed for Law and Justice, Norman, OK
 Oklahoma City Partners in Home Ownership, Incorporated, Oklahoma City, OK
 Olympia Educational Systems Institute, Universal City, TX
 On the Way Outreach Program, Inc., Miami, FL
 One on One Educational and Enrichment Center, Inc., Laud Lakes, FL
 Opelousas Dog Round Boosters, Opelousas, LA
 Orange Community Playground, Orange, TX
 Osceola Gardens, Inc., Batesville, AR
 Our Family Community Foundation, Sacramento, CA
 Outreach Clinic, Inc., Huntsville, AL
 Ozark Outdoor Activities Association, Inc., Fayetteville, AR
 Panache Youth Outreach, Inc., Palm Beach Gardens, FL
 Parent Advisory Organization, Deer Park, TX
 Parrots & People, Colleyville, TX
 Pathway Community Development Corporation, Dermott, AR
 Pathway Evangelistic Association, Inc., Hartselle, AL
 People First International Foundation, Dunnellon, FL
 Permian Basin Open Association, Midland, TX
 Perrin Field Historical Society, Sherman, TX
 Perspectives, Inc., Austin, TX
 Pet Adoption Services, Inc., Chalmette, LA
 Pet Therapy, Inc., Tallevast, FL
 Pilgrimage Health and Education Initiatives, Inc., Ft. Lauderdale, FL
 Pleasant Grove Chargers Youth Athletic Association, Dallas, TX
 Pocket Fund, Inc., Sacramento, CA
 Pockets of Hope, Dallas, TX
 Policewives, Littleton, CO
 Polonia, Inc., St. Petersburg, FL
 Ponca City Police Foundation Trust, Ponca City, OK
 Positive Touch Plus, New Orleans, LA
 Powerhouse Prayer and Deliverance Ministries, Inc., Orlando, FL
 Primary Learning Academy, Inc., W. Memphis, AR
 Prince of Peace Foundation, Escondido, CA
 Pro-Kidney Foundation, Inc., Miami Beach, FL
 Project Intervention Wyandanch, Inc., North Babylon, NY
 Project Rescue, Lake Charles, LA
 Prophetic People Ministries, San Antonio, TX
 Public Access Defibrillator League, Sacramento, CA
 Rainbow for Children, Inc., Plano, TX
 Ray Orr Ministries, Inc., Dallas, TX
 Real People Ministries, Inc., Olathe, KS
 Real World Ministries, Inc., Bradenton, FL
 Red River Humane Society, Inc., Coushatta, LA
 Red River Valley Bluegrass Club, Inc., Paris, TX
 Refreshing Winds Ministries, Inc., Houston, TX
 Rehabilitation the Christian Way, West Palm Beach, FL
 Rescue Rottie, Oakland, CA
 Restoration & Reconciliation Outreach, Inc., Miami, FL
 Revival Ministries of Palm Beach, Inc., N. Palm Beach, FL
 Richie Cunninghams Happy Days Foundation, Irving, TX
 Richmond Jaguars-East Bay Track Club, Richmond, CA
 Rio Americano Aquatics Foundation, Sacramento, CA
 Rivers of Grace Ministries, Cedar Hill, TX
 Rockport-Fulton Christian Community Corps, Fulton, TX
 Rogers County Fire and Life Safety Association, Claremore, OK
 Rolling Hills Independent Living Community, Inc., Desoto, TX
 Round Rock Heritage Society, Round Rock, TX
 Rural Hidden Treasures, Inc., Bogalusa, LA
 Sacramento Center for Intercultural Relations, Elk Grove, CA
 Sacramento Interfaith Hospital Network, Sacramento, CA

Sadler-Allen Inter-Tribal Enrichment Group, Amarillo, TX

Sage House, Springdale, AR

Salt of the Earth Restoration Outreach, Inc., Houston, TX

Samantha Hope Foundation, Richardson, TX

Sao Paulo Association of the Sovereign Military Order of Malta, Delray Beach, FL

Sarasota Council of Science Educators, Sarasota, FL

S A W P Organization, New Orleans, LA

Scarrella Ministries, Inc., Kansas City, MO

Schoenstatt Movement of Austin, Inc., Austin, TX

Scranton Rough Riders, Inc., Scranton, AR

Senior Citizens Housing II of Moore Oklahoma, Inc., Edmond, OK

Serenity Park Foundation, Inc., Mansfield, TX

Serna Neighborhood Partnership in Education, San Antonio, TX

Seventh Street Community Development Corporation, Hempstead, TX

Shake the Nations, Inc., Sacramento, CA

Shaken Baby Prevention, Inc., Sacramento, CA

Shalom Zone Community, Inc., New Orleans, LA

Shelby Payne, Baton Rouge, LA

Sheldon Baseball Club, Sacramento, CA

Show Biz Kids, Jupiter, FL

Shri Ambalal J Patel Charitable Foundation, Inc., USA, Inc., Plano, TX

Simon Rozen Foundation for the Higher Education of Oncology, Surfside, FL

Single Friends Network, Euless, TX

Sixteenth Street Foundation, Inc., Birmingham, AL

SLC Sportsplex, Inc., Port St. Lucie, FL

Society for the Early Detection of Endangered Marine Mammals, Inc., Key West, FL

Sonoma County Reserve Deputies Association, Santa Rosa, CA

South Bay Youth League Program, Inc., South Bay, FL

South Florida Community Service Center, Inc., Plantation, FL

South Sarasota County Ballet Education Program, Inc., Venice, FL

South Texas EMS of Orange Grove, Orange Grove, TX

South Texas Sports Charity, Inc., Brownsville, TX

South Texas Youth Ranch-Pharr, Inc., Pharr, TX

Southeast Asia Evangelism Ministries, Fort Worth, TX

Southern Clogging Organization, Inc., Kenner, LA

Southern Oklahoma Animal Care, Inc., Healdton, OK

Southernmosts Homeless Assistance League, Inc., Key West, FL

Southlake Arts Foundation, Inc., Southlake, TX

Southwest Mule Deer Foundation, Inc., Austin, TX

Southwest Non-Profit Corporation, Inc., Birmingham, AL

Spirit & Truth Community Empowerment Center, Inc., Miami, FL

St. Anthony Outreach, Inc., Clayton, LA

St. Croix Womens Ministries Corp., St. Croix USVI, VI

St. Francis County Workforce Alliance, Forrest City, AR

Steve Byron Walker Jr. Memorial Scholarship Fund, Carthage, TX

Stir-Up Ministries, Bells, TX

Stonybrook Neighborhood Network, Inc., Rivera Beach, FL

Streetsmarts Coalition, Inc., Miami, FL

S T R I P E S, Inc., Brookshire, TX

Success Through Enjoyable Elementary Education, Dallas, TX

Suffer the Children Foundation, Port St. Lucie, FL

Summerhill, Inc., Pipe Creek, TX

Sun City Seals, Carlsbad, NM

Sunny Slope-Pasadena Heights Neighborhood Association, San Antonio, TX

Support Your Own, Inc., Antioch, CA

Supporting Economic Empowerment and Development, Oakland, CA

Symonds Economic Association, Rosedale, MS

Tagalog Association of Texas, Inc., Houston, TX

Taking the Word to the World Ministries, Dallas, TX

Tapestry Singers, Austin, TX

Tara De Christo, Inc., Austin, TX

Team for Evangelism, Inc., Homewood, AL

Team Huntsville, Inc., Huntsville, AL

Technical and Professional Careers Institute, Inc., Miami, FL

Technology Research Institute, Sacramento, CA

Teddy Bear Land, Inc., Pinson, AL

Teddy Tum Tum, Inc., Palestine, TX

Teen Consciousness and Awareness Resource Association, Fort Worth, TX

Tele Lumiere International, Inc., Dallas, TX

Telugu Association of South Florida, Inc., Ft. Lauderdale, FL

Temporary Emergency Services of Arab, Inc., Arab, AL

Tentmakers Ministries, Inc., N. Richland Hills, TX

Texans for the Betterment of Nursing Home Residents, Austin, TX

Texarkana Positive Support, Inc., Texarkana, TX

Texas AFL-CIO Scholarship Fund, Austin, TX

Texas Alliance for Public Archaeology, Round Rock, TX

Texas Foundation for Volunteerism and Community Service, Austin, TX

Texas Historical Aviation Museum, Waco, TX

Texas Immigrant and Refugee Coalition, Inc., Austin, TX

Texas Institute for Housing Opportunities, Inc., San Marcos, TX

Texas Midwest Foundation for Health Care Prevention Education & Treatment, Abilene, TX

Texas Water Foundation, Inc., Austin, TX

Texas Writers Project, Austin, TX

Texoma Critical Incident Stress Management Team, Wichita Falls, TX

Thai Community Center of North Texas, Inc., Dallas, TX

Thompson Community Development Corporation, New Orleans, LA

Tim Abel Ministries, Ohatchee, AL

Timpson Area Genealogical and Heritage Society of Shelby County TX, Beckville, TX

T L G Creation Preschool, Inc., Ft. Lauderdale, FL

Tori Foundation, Inc., Hobe Sound, FL

Touch of Grandma, N. Little Rock, AR

Touchdown Club Foundation, Birmingham, AL

Townview Hope, Inc., Desoto, TX

Transitional Gardens, Boynton Beach, FL

Tri County Affordable Housing, Inc., Miramar, FL

Trinity Outreach Jail and Prison Ministry, Incorporated, Dallas, TX

Tulsa Blue-T Club, Tulsa, OK

Turning Point Community Outreach, Covington, LA

Union Fidelity Development, Inc.,
 Belle Glade, FL
 United Brothers International, Inc.,
 West Palm Beach, FL
 United Care of Hico, Hico, TX
 United Resource Foundation of Southern
 Oklahoma, Ardmore, OK
 United Way of Maverick County,
 Eagle Pass, TX
 Uniting Our People in Unity,
 Birmingham, AL
 University of Pennsylvania Alumni
 Association of the Florida Gold Co.,
 Boca Raton, FL
 Upper Keys Volunteer Search & Rescue,
 Inc., Key Largo, FL
 Us & the One God, Inc., Cabot, AR
 US-Africa-Caribbean House of
 Commerce, Inc., Greenacres, FL
 USNP, Inc., Las Vegas, NV
 Vagabond Repertory Theater, Inc.,
 Cedar Park, TX
 Video Evangelism, Pharr, TX
 Vietnamese Childrens Assistance
 Program, Inc., Miami, FL
 Virtual Museum, Ross, CA
 Vision of Living Hope International, Inc.,
 San Antonio, TX
 Vision Team, Dallas, TX
 Visions Track and Field Club,
 Houston, TX
 Vista Media Ministries International, Inc.,
 Amarillo, TX
 W A A R, Incorporated, New Orleans, LA
 Waco Childrens Theater, Inc., Waco, TX
 Waco Community Fellowship, Waco, TX
 Winner in You Foundation, Stockton, CA
 Wise Area Relief Mission, Inc.,
 Decatur, TX
 Woman to Woman Mothers of Creation,
 Inc., Miramar, FL
 Woodland Artworks, Woodland, CA
 Working Parents Foundation, Inc.,
 Miami, FL
 World IGBO Congress Foundation, Inc.,
 Houston, TX
 Youth Building a Better America,
 Austin, TX
 Youth Exchange, Inc., Houston, TX

If an organization listed above submits information that warrants the renewal of its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon

such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

Implementation of Rolling Renewal Schedule for Enrolled Agents Under Section 10.6(d)(1) of Treasury Department Circular No. 230, 31 CFR Part 10

Announcement 2004-35

The Internal Revenue Service announces the schedule for enrolled agents to renew their enrollment under section 10.6(d)(1) of the Regulations Governing Practice Before the Internal Revenue Service, Treasury Department Circular No. 230, 31 CFR part 10. Individuals enrolled to practice before the Internal Revenue Service who received their initial enrollment on or before November 1, 2003, and who have a social security number that ends with the numbers 0, 1, 2, or 3 (affected enrolled agents) must apply for renewal of enrollment between **June 1, 2004, and July 31, 2004.**

The Internal Revenue Service previously announced a delay in the renewal of enrollment for affected enrolled agents in Announcement 2003-68, 2003-45 I.R.B. 1050. This delay in the renewal of enrollment did not impact an affected enrolled agent's current status as an enrolled agent in good standing. This delay also did not affect the number of hours of continuing professional education required for renewal or the time period within which these hours must be completed.

Affected enrolled agents must apply for renewal of enrollment by submitting to the Internal Revenue Service a completed Form 8554, *Application for Renewal of Enrollment to Practice Before the Internal Revenue Service*. This form can be downloaded at www.irs.gov. Enrollment cards will be issued shortly after applications for renewal of enrollment are processed by the Office of Professional Responsibility.

Enrolled agents not affected by this announcement should refer to sections 10.6(d)(2) and (3) of Treasury Department

Circular No. 230 (July 26, 2002) to determine the period within which to apply for renewal of enrollment. Additional changes, if any, to the renewal periods for enrolled agents not affected by this announcement will be published in the Internal Revenue Bulletin and on the Office of Professional Responsibility webpage at <http://www.irs.gov/taxpros/agents/index.html>. Additional information regarding enrollment and continuing professional education can be found on the Office of Professional Responsibility webpage at <http://www.irs.gov/taxpros/agents/index.html>.

The principal author of this announcement is Heather L. Dostaler of the Office of Associate Chief Counsel (Procedure and Administration). For further information regarding this announcement, contact Heather L. Dostaler at (202) 622-4940 (not a toll-free call).

Deletions From Cumulative List of Organizations Contributions to Which are Deductible Under Section 170 of the Code

Announcement 2004-37

The name of an organization that no longer qualifies as an organization described in section 170(c)(2) of the Internal Revenue Code of 1986 is listed below.

Generally, the Service will not disallow deductions for contributions made to a listed organization on or before the date of announcement in the Internal Revenue Bulletin that an organization no longer qualifies. However, the Service is not precluded from disallowing a deduction for any contributions made after an organization ceases to qualify under section 170(c)(2) if the organization has not timely filed a suit for declaratory judgment under section 7428 and if the contributor (1) had knowledge of the revocation of the ruling or determination letter, (2) was aware that such revocation was imminent, or (3) was in part responsible for or was aware of the activities or omissions of the organization that brought about this revocation.

If on the other hand a suit for declaratory judgment has been timely filed, contributions from individuals and organiza-

tions described in section 170(c)(2) that are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on March 18, 2002, and would end on the date the court first determines that the organization is not described in section 170(c)(2) as more particularly set forth in section 7428(c)(1). For individual contributors, the maximum deduction protected is \$1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual, in whole or in part, for the acts or omissions of the organization that were the basis for revocation.

American Legacy Foundation
Taylorsville, UT

Compensatory Stock Options Under Section 482; Correction

Announcement 2004-39

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains a correction to T.D. 9088 (2003-42 I.R.B. 841 [68 FR 51171]), which was published in the **Federal Register** on August 26, 2003, that provide guidance regarding the application of the rules of section 482 governing qualified cost sharing arrangements.

EFFECTIVE DATE: This correction is effective August 26, 2003.

FOR FURTHER INFORMATION CONTACT: Douglas Giblen (202) 435-5265 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of this correction are under section 482 of the Internal Revenue Code.

Need for Correction

As published, the final regulations (T.D. 9088) contain an error which may prove to be misleading and is in need of clarification.

Correction of Publication

Accordingly, the publication of final regulations (T.D. 9088), which are the subject of FR Doc. 03-21355, is corrected as follows:

§1.482-7 [Corrected]

On page 51179, column 1, §1.482-7 (d)(2)(iii)(C), line 9 from the bottom of the paragraph, the language “paragraph (d)(2)(iii)(B)(2) of this section,” is corrected to read “paragraph (d)(2)(iii)(B)(4) of this section.”

Cynthia E. Grigsby,
*Acting Chief, Publications
and Regulations Branch,
Legal Processing Division,
Associate Chief Counsel
(Procedure and Administration).*

(Filed by the Office of the Federal Register on March 22, 2004, 8:45 a.m., and published in the issue of the Federal Register for March 23, 2004, 69 F.R. 13473)

Notional Principal Contracts; Contingent Nonperiodic Payments; Correction

Announcement 2004-40

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains corrections to proposed regulations (REG-166012-02, 2004-13 I.R.B. 655) that were published in the **Federal Register** on February 26, 2004 (69 FR 8886) that relate to the inclusion into income or deduction of a contingent nonperiodic payment provided for under a notional principal contract (NPC).

FOR FURTHER INFORMATION CONTACT: Kate Sleeth, (202) 622-3920 (not toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking and notice of public hearing that are the subject

of these corrections are under section 446 of the Internal Revenue Code.

Need for Correction

As published, the notice of proposed rulemaking and notice of public hearing (REG-166012-02) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the notice of proposed rulemaking and notice of public hearing (REG-166012-02), which were the subject of FR Doc. 04-4151, are corrected as follows:

1. On page 8886, column 1, in the heading, the subject line “National Principle Contracts; Contingent Nonperiodic Payments” is corrected to read “Notional Principle Contracts; Contingent Nonperiodic Payments”.

§1.446-3 [Corrected]

2. On page 8897, column 1, paragraph (v) of §1.446-3(g)(7), *Example 8*, line 7, the language “(\$734,347-363,693), the difference between” is corrected to read “(\$734,347-\$363,693), the difference between”.

3. On page 8897, column 1, paragraph (viii) of §1.446-3(g)(7), *Example 8*, line 3, the language “at 11.0% times \$5,000,000, or \$5,500,000. W” is corrected to read “at 11.0% times \$50,000,000, or \$5,500,000. W”.

Cynthia E. Grigsby,
*Acting Chief, Publications
and Regulations Branch,
Legal Processing Division,
Associate Chief Counsel
(Procedure and Administration).*

Credit for Producing Fuel From a Nonconventional Source

Announcement 2004-42

On April 5, 2004, the Internal Revenue Service released, in advance of publication, Rev. Proc. 2004-27, which allows certain owners of royalty interests (RI

Owners) to claim the credit for producing fuel from a nonconventional source under § 29 of the Internal Revenue Code in the taxable year (including a 2003 taxable year) in which they receive the income from the sale of qualified fuel, rather than in a prior taxable year in which the owner of the operating interest sold the qualified

fuel. The version of Rev. Proc. 2004-47 that was advance released applied only to RI Owners using the cash receipts and disbursements method of accounting. The Service has since determined that it is appropriate to extend the relief granted in Rev. Proc. 2004-27 to taxpayers using an accrual method of accounting. Accord-

ingly, Rev. Proc. 2004-27 as published in this Bulletin differs from the version that was advance released in that all references therein to the cash method of accounting have been removed.

For further information regarding this announcement, contact Jaime Park at (202) 622-3120 (not a toll-free call).

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A

and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance

of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.

ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.

PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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Key to Abbreviations:

Ann	Announcement
CD	Court Decision
DO	Delegation Order
EO	Executive Order
PL	Public Law
PTE	Prohibited Transaction Exemption
RP	Revenue Procedure
RR	Revenue Ruling
SPR	Statement of Procedural Rules
TC	Tax Convention
TD	Treasury Decision
TDO	Treasury Department Order

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