

Therefore, interested persons may submit written comments on the proposed rule until December 21, 1977. Comments received after that date will be considered if practicable. Comments and any accompanying data or material should be submitted, preferably in 5 copies, to the Office of the Secretary, Consumer Product Safety Commission, Washington, D.C. 20207. Comments may be supported by a memorandum or brief. Any comments may be seen in the Office of the Secretary, 1111 18th Street NW., Third Floor, Washington, D.C. 20207.

Dated: November 30, 1977.

RICHARD E. RAPPS,
Secretary,

Consumer Product Safety Commission.

[FR Doc.77-34817 Filed 12-5-77;8:45 am]

[1505-01]

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Parts 601, 610, and 650]

[Docket No. 76N-0480]

SKIN TEST ANTIGENS

Proposed Implementation of Efficacy
Review

Correction

In FR Doc. 77-28050 appearing at page 52674 in the issue for Friday, September 30, 1977, make the following corrections:

1. On page 52675, in the first column, in the list of submissions by firms, in the entry for "Institut Merieux," in the second line, "Lederle Laboratories" should begin a new entry.

2. On page 52687, in the third column, in the list of references, reference 3 should have read:

(3) BER Volume 5001.

3. On page 52697, in the first column, in the last paragraph "(2) Purity," in the second line, "\$.02" should read "0.02".

4. On page 52697, in the middle column, the center heading "Trichinella Extract General Statement", should have read "Trichinella Extract Generic Statement".

5. On page 52699, in the third column, in the first paragraph, the fifth line reading "persons. At the present time in the", should be moved up and inserted between the third and fourth lines.

6. On page 52700, in the first column, in the second full paragraph, the first line now reading "Specifically is intimately * * *" should begin "Specificity is intimately * * *".

7. On page 52706, in the first column, in paragraph "(2) Measurement.", in the third line, insert the word "other" before "tuberculinus".

8. On page 52706, in the middle column, the third paragraph "(i) Test material." should be designated "(ii) Test material."

9. On page 52712, in the first column there are two paragraphs designated (46). The first line of the first paragraph (46) should be redesignated and corrected as follows:

(45) Selbert, F. B. "History of the Davel—"

10. On page 52714, in the third column, in the 8th line from the top, the word "slides" should be "studies".

11. On page 52716, in the first column, in the third paragraph beneath the heading "Tuberculin, PPD (Mantoux) by Connaught", in the 20th line, "(Tween-80R)", should read "(Tween-80[®])".

12. On page 52721, in the third column, in paragraph "3.", in the second line "610.1" should read "610.12".

[4830-01]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[26 CFR Part 1]

[LR-70-77]

INCOME TAX

Refundings of Industrial Development
Bonds

AGENCY: Internal Revenue Service,
Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations relating to refundings of industrial development bonds. The regulations are intended to clarify the treatment of refunding issues under the provisions governing industrial development bonds. They affect purchasers and governmental issuers of tax-exempt bonds.

DATES: Written comments and requests for a public hearing must be delivered or mailed by January 20, 1978. The proposed regulations apply generally to issues issued after 5 p.m. e.s.t. on November 4, 1977. For certain issues specified in the regulations, however, the proposed regulations apply to issues issued after December 1, 1977.

ADDRESS: Send comments and requests for a public hearing to: Commissioner of Internal Revenue, Attention: CC:LR:T (LR-70-77), Washington, D.C. 20224.

FOR FURTHER INFORMATION CONTACT:

David Dolan of the Legislation and Regulations Division, Office of Chief Counsel, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, D.C. 20224, Attention: CC:LR:T, 202-566-3803 not a toll-free call.

SUPPLEMENTARY INFORMATION:

BACKGROUND

This document contains proposed amendments to the Income Tax Regulations (26 CFR Part 1) under section 103 of the Internal Revenue Code of 1954. These amendments are proposed to clarify

the regulations and are to be issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).

ADVANCE REFUNDINGS

Section 103(a) (1) provides that gross income does not include interest on obligations of a State or local government. Under section 103(b), however, the general rule of section 103(a) (1) does not apply to interest on an issue of industrial development bonds unless the proceeds of such an issue are used for a purpose specified in section 103(b) (4), (5), or (6) and certain other requirements are satisfied.

Section 1.103-7(d) of the regulations provides guidance for determining whether an issue of refunding bonds is an issue of industrial development bonds and, if so, whether a refunding issue satisfies the requirements of section 103 (b) (4), (5), or (6). Those rules do not, however, specify the extent to which they are applicable to advance refunding issues. Accordingly, the proposed regulations would clarify the treatment of advance refunding issues under section 103(b).

For purposes of the proposed regulations, advance refunding issues are those which are issued more than 180 days before the prior issue is redeemed. Under the proposed regulations, if the proceeds of an advance refunding issue are used to redeem an issue of industrial development bonds and the refunding issue is itself considered to be an issue of industrial development bonds, interest on the refunding issue is not exempt, regardless of whether the prior issue satisfied the requirements of section 103(b) (4), (5), or (6). If the proceeds of an advance refunding or other refunding issue are used to redeem obligations which were issued before the effective date of section 103(b) (May 1, 1968, or January 1, 1969, if the transitional rules of § 1.103-12 are applicable) and which would be industrial development bonds had they been issued after the effective date of section 103(b), interest on the issue is exempt only if the refunding issue matures no later than the prior issue.

The proposed regulations would also provide guidance regarding the treatment of multipurpose issues. Multipurpose issues are those the proceeds of which are used for purposes other than to redeem a single prior issue.

COMMENTS AND REQUESTS FOR A
PUBLIC HEARING

Before adopting these proposed regulations, consideration will be given to any written comments that are submitted (preferably six copies) to the Commissioner of Internal Revenue. All comments will be available for public inspection and copying. A public hearing will be held upon written request to the Commissioner by any person who has submitted written comments. If a public hearing is held, notice of the time and place will be published in the FEDERAL REGISTER.

DRAFTING INFORMATION

The principal author of these proposed regulations was David Dolan of the Legislation and Regulations Division of the Office of Chief Counsel, Internal Revenue Service. However, personnel from other offices of the Internal Revenue Service and Treasury Department participated in developing the regulation, both on matters of substance and style.

PROPOSED AMENDMENTS TO THE REGULATIONS

The proposed amendments to 26 CFR Part 1 are as follows:

Section 1.103-7 is amended by adding two new sentences at the end of paragraph (d) (1) and adding a new paragraph (e) to read as follows:

§ 1.103-7 Industrial development bonds.

(d) *Refunding obligations; old rules—*
(1) *General rule.* * * * This paragraph does not apply to refunding issues to which paragraph (e) applies. See paragraph (e) (8).

(e) *Refunding obligations; new rules—*
(1) *Treatment as industrial development bonds.* A refunding issue satisfies the trade or business test of section 103(b) (2) (A) if the prior issue satisfied the trade or business test. If the refunding issue also satisfies the security interest test of section 103(b) (2) (B), the refunding issue is an issue of industrial development bonds.

(2) *Special transitional rule.* (i) Notwithstanding paragraph (e) (1), a refunding issue is not an issue of industrial development bonds if—

(A) The prior issue was issued before the effective date of section 103(b) (May 1, 1968, or January 1, 1969, if the transitional rules of § 1.103-12 are applicable); and

(B) The refunding issue matures no later than the prior issue.

(ii) For purposes of paragraph (e) (2) (1) (B), if portions of the prior issue mature on different dates, corresponding portions of the refunding issue must mature on or before each such maturity date. Thus, for example, if one half of the prior issue matures on January 1, 1980, and the other half matures on January 1, 1985, then one half of the refunding issue must mature on or before January 1, 1980, and the other half must mature on or before January 1, 1985.

(iii) A portion of an issue is deemed to mature at the time a mandatory sinking fund redemption is made.

(iv) The issuer may treat particular obligations which are part of a multipurpose issue (defined in paragraph (e) (7) (i)) as used to refund particular prior issues. See example (5) of paragraph (e) (9).

(3) *Exempt facilities.* In general, the proceeds of a refunding issue are used to provide an exempt facility (within the meaning of section 103(b) (4)) if substantially all of the proceeds of the prior issue were used to provide an exempt facility. However, the proceeds of

a refunding issue are not used to provide an exempt facility if the refunding issue is issued more than 180 days before the prior issue is redeemed.

(4) *Industrial parks.* In general, the proceeds of a refunding issue are used to acquire or develop land as the site for an industrial park (within the meaning of section 103(b) (5)) if substantially all of the proceeds of the prior issue were used for such acquisition or development. However, the proceeds of a refunding issue are not used for such acquisition or development if the refunding issue is issued more than 180 days before the prior issue is redeemed.

(5) *Small issues.* The proceeds of a refunding issue are not used as described in section 103(b) (6) (A) (i) or (ii) if the refunding issue is issued more than 180 days before the prior issue is redeemed.

(6) *Definitions.* (i) A refunding issue is an issue the proceeds of which are used to pay principal, interest, or call premium on another issue (the "prior issue") or reasonable incidental costs of the refunding (e.g., legal and accounting fees, printing costs, and rating fees). An issue is not a refunding issue for purposes of this paragraph if the prior issue had a term of less than three years and was sold in anticipation of permanent financing. However, the aggregate term of all issues sold in anticipation of the permanent financing may not exceed three years.

(ii) An issue is redeemed at the time interest ceases to accrue on the issue.

(7) *Multipurpose issues.* (i) For purposes of this paragraph, the term "multipurpose issue" means an issue the proceeds of which are used—

(A) To refund two or more prior issues, or

(B) To refund one or more prior issues and also for other purposes (e.g., to provide additional facilities or working capital).

(ii) The portion of a multipurpose issue used to refund each prior issue is treated as a separate refunding issue for purposes of this paragraph. Any remaining portion of the multipurpose issue is treated as a separate issue for purposes of section 103(b).

(8) *Effective dates.* (i) Except as provided in paragraph (e) (8) (ii), this paragraph applies to refunding issues issued after 5:00 p.m. EST on November 4, 1977.

(ii) This paragraph does not apply to a refunding issue issued on or before December 15, 1977, if substantially all of the proceeds of the prior issue were used to provide residential real property for family units within the meaning of section 103(b) (4) (A).

(9) *Examples.* The following examples illustrate the application of this paragraph:

Example (1). On February 1, 1975, State A issued \$20 million of 20-year revenue bonds. The bond proceeds were used to construct a sports stadium owned and operated by X, a nonexempt person, for use by the general public. The revenues derived from the sports stadium secured payment of the principal and interest on the bonds. On Jan-

uary 1, 1980, State A issues \$15 million of 20-year refunding bonds at par. On February 1, 1980, State A uses \$14.5 million of proceeds to redeem the outstanding principal amount of the prior issue. The remaining \$.5 million of proceeds is used solely to pay call premium and reasonable incidental costs of the refunding. The sports stadium revenues secure payment of the principal and interest on the refunding issue. Because the prior issue satisfied the trade or business test of section 103(b) (2) (A), under paragraph (e) (1) the refunding issue also satisfies that test. In addition, the refunding issue satisfies the security interest test. Accordingly, the refunding obligations are industrial development bonds. Since, however, substantially all of the proceeds of the original issue were used to provide an exempt sports facility within the meaning of section 103(b) (4) (B), under paragraph (e) (3) the proceeds of the refunding issue are used to provide an exempt facility. As a result, section 103(b) (1) does not apply to the refunding issue.

Example (2). The facts are the same as in example (1), except that the prior issue is not callable until February 1, 1985. During the period when both the refunding and prior issues are outstanding, the proceeds of the refunding issue are invested in United States Treasury obligations. The interest earned on the Treasury obligations is used to pay debt service on the prior issue. Because the prior issue satisfied the trade or business test of section 103(b) (2) (A), under paragraph (e) (1) the refunding issue also satisfies that test. In addition, the refunding issue satisfies the security interest test of section 103(b) (2) (B), since the revenues from the sports stadium will be used to pay the debt service on the refunding issue. Accordingly, the refunding bonds are industrial development bonds. Since the refunding issue is issued more than 180 days before the prior issue is redeemed, the proceeds of the refunding issue are not considered under paragraph (e) (3) to be used to provide an exempt facility. As a result, section 103(b) (1) applies to the refunding issue, and interest on the refunding issue is included in gross income.

Example (3). The facts are the same as in example (2), except that interest earned on the Treasury obligations is used to pay debt service on the refunding issue until the prior issue is redeemed. The sports stadium revenues are used to pay debt service on the refunding issue beginning on February 1, 1985 (the date of redemption), rather than on January 1, 1980 (the date of issuance). The refunding issue satisfies the security interest test because the sports stadium revenues will be used to pay debt service on the refunding issue after the prior issue is redeemed. Accordingly, the result is the same as in example (2).

Example (4). On January 1, 1965 (before the effective date of section 103(b)), city B issued \$10 million of 30-year revenue bonds. The bond proceeds were used to construct a manufacturing facility for corporation Y, a nonexempt person. Lease payments by Y secured payment of the principal and interest on the bonds. On January 1, 1978, B issues \$7 million of refunding bonds which mature on January 1, 2005. On April 1, 1978, the proceeds of the refunding issue are used to redeem the outstanding principal amount of the prior issue. The lease payments by Y secure payment of the principal and interest on the refunding issue. Because the refunding issue matures later than the prior issue, the special transitional rule of paragraph (e) (2) does not apply. Moreover, the refunding issue is treated as an issue of industrial development bonds under paragraph (e) (1). Since the proceeds of the prior issue

were not used to provide an exempt facility described in section 103(b)(4) or to acquire or develop land as the site for an industrial park described in section 103(b)(5), interest on the refunding issue is included in gross income.

Example (5). (a) On January 1, 1968, state D issued \$20 million of 20-year revenue bonds to construct an office building. The office building is leased to and operated by Y, a nonexempt person. Lease payments by Y secured the payment of principal and interest on the bonds. One million dollars in principal amount of the 1968 issue matures on January 1 of each year 1969 to 1988.

(b) On January 1, 1970, state D issued \$15 million of 20-year revenue bonds to construct a sports stadium. The sports stadium is owned and operated by Y for use by the general public. The revenues derived from the sports stadium secured the payment of principal and interest on the 1970 issue.

(c) On February 1, 1978, State D issues a \$20.5 million multipurpose issue at par. The payment of principal and interest on the multipurpose issue is secured by lease payments by Y and by revenues derived from the sports stadium. The 1978 issue matures according to the following schedule:

January 1, 1979.....	\$850,000
January 1, 1980.....	850,000
January 1, 1981.....	850,000
January 1, 1982.....	850,000
January 1, 1983.....	850,000
January 1, 1984.....	850,000
January 1, 1985.....	850,000
January 1, 1986.....	850,000
January 1, 1987.....	850,000
January 1, 1988.....	850,000
after January 1, 1988.....	12,000,000

On March 1, 1978, State D uses \$12 million of the proceeds of the multipurpose issue to redeem the outstanding principal amount of the 1970 issue. State D uses the remaining \$8.5 million of proceeds to pay principal on the 1968 issue as it comes due.

(d) Under paragraph (e)(7), the multipurpose issue is treated as two separate issues—one \$12 million refunding issue and one \$8.5 million refunding issue. Under paragraph (e)(2)(iv), state D treats the \$8.5 million refunding issue as having the following maturities:

January 1, 1979.....	\$850,000
January 1, 1980.....	850,000
January 1, 1981.....	850,000
January 1, 1982.....	850,000
January 1, 1983.....	850,000
January 1, 1984.....	850,000
January 1, 1985.....	850,000
January 1, 1986.....	850,000
January 1, 1987.....	850,000
January 1, 1988.....	850,000

(e) Under paragraph (e)(1), the \$12 million refunding issue satisfies the trade or business test since the prior issue satisfied that test. Because the \$12 million refunding issue also satisfies the security interest test, it is an issue of industrial development

bonds. However, since substantially all of the proceeds of the 1970 issue was used to provide an exempt sports facility within the meaning of section 103(b)(4)(B), under paragraph (e)(3) the proceeds of the \$12 million refunding issue are used to provide an exempt facility.

(f) One tenth of the 1968 issue (disregarding the portion of the issue retired before February 1, 1978) matures on January 1 of each year 1979 to 1988. Because one tenth of the \$8.5 million refunding issue also matures on January 1 of each year 1979 to 1988, the \$8.5 million refunding issue satisfies the requirement in paragraph (e)(2)(ii). Because the requirements in paragraph (e)(2)(i) are also satisfied, the \$8.5 million refunding issue is not treated as an issue of industrial development bonds.

(g) Section 103(b)(1) does not apply to any portion of the multipurpose issue.

Example (6). On January 1, 1983, city D issues \$40 million of revenue bonds at par. Of the \$40 million of bond proceeds, \$37 million is used to refund a prior issue (i.e., to pay principal and interest on the prior issue, call premium, and reasonable incidental costs of refunding). The remaining \$3 million is used to provide working capital to corporation X, a nonexempt person. Under paragraph (e)(7), the issue of revenue bonds is a multipurpose issue and is treated as two separate issues—a \$37 million refunding issue and a \$3 million issue to provide working capital. Assume that the \$3 million issue satisfies the security interest test of section 103(b)(2)(B). Based on these facts, the \$3 million issue is treated as an issue of industrial development bonds and does not satisfy the requirements of section 103(b)(4), (5), or (6). Accordingly, section 103(b)(1) applies to the \$3 million issue.

Example (7). On January 1, 1967 (before the effective date of section 103(b)), city E issued \$50 million of 25-year revenue bonds. The proceeds of the 1967 issue were used to provide a manufacturing facility for use by corporation Z, a nonexempt person and the 1967 issue therefore satisfied the trade or business test of section 103(b)(2)(A). On January 1, 1978, city E issues \$40 million of 14-year revenue bonds to refund the 1967 issue. Under paragraph (e)(1), the 1978 issue satisfies the trade or business test of section 103(b)(2)(A). However, the 1978 issue is not treated as an issue of industrial development bonds. (See paragraph (e)(2).) On January 1, 1980, city E issues \$38 million of 12-year revenue bonds to refund the 1978 issue. Under paragraph (e)(1), the 1980 issue satisfies the trade or business test of section 103(b)(2)(A). Assume that the 1980 issue also satisfies the security interest test of section 103(b)(2)(B). Based on these facts, the transitional rule in paragraph (e)(2) does not apply to the 1980 issue because the 1978 issue was issued after the effective date of section 103(b). Moreover, the proceeds of the 1980 issue are not treated under paragraph (e)(3) or (4) as used to provide an exempt facility or to acquire or develop land as the

site for an industrial park. Section 103(b)(1) applies to the 1980 issue, and interest on the 1980 issue is included in gross income.

JEROME KURTZ,
Commissioner of Internal Revenue.
[FR Doc.77-34876 Filed 12-1-77;4:30 pm]

[4510-26]

DEPARTMENT OF LABOR

Occupational Safety and Health Administration

[29 CFR Part 1904]

ACCESS TO THE LOG OF OCCUPATIONAL INJURIES AND ILLNESSES TO EMPLOYEES AND THEIR REPRESENTATIVES

Additional Comment Period

AGENCY: Occupational Safety and Health Administration, Department of Labor.

ACTION: Additional time to comment on proposed rule.

SUMMARY: On Tuesday, October 18, 1977, a proposed rule was published in the FEDERAL REGISTER (42 FR 55623), on which the agency requested comments no later than November 17, 1977. We have received a written request, and some informal petitions, for an additional comment period. In response to these requests, we believe that an additional period of 15 days from publication of this notice is reasonable and adequate to permit the submission of additional views.

DATES: Comments must be submitted on or before December 21, 1977.

ADDRESS: Comments should be sent to: Theodore J. Golonka, Assistant Commissioner, Occupational Safety and Health Statistics, U.S. Department of Labor, Washington, D.C. 20210.

FOR FURTHER INFORMATION CONTACT:

Norman Root, Chief, Division of Record Requirements and Information, Bureau of Labor Statistics, U.S. Department of Labor, 200 Constitution Avenue, NW., Washington, D.C. 20210, telephone: 202-423-9281.

Signed at Washington, D.C., this 28th day of November 1977.

EULA BINGHAM,
Assistant Secretary of Labor.

[FR Doc.77-34640 Filed 12-5-77;8:45 am]