

(b) \* \* \*

(2) \* \* \*

(iv) *Trusts.* In the case of a trust described in section 1361(c)(2)(A) (including a trust treated under section 1361(d)(1)(A) as a trust described in section 1361(c)(2)(A)(i) and excepting an electing small business trust described in section 1361(c)(2)(A)(v) (ESBT)), only the person treated as the shareholder for purposes of section 1361(b)(1) must consent to the election. When stock of the corporation is held by a trust, both husband and wife must consent to any election if the husband and wife have a community interest in the trust property. See paragraph (b)(2)(i) of this section for rules concerning community interests in S corporation stock. In the case of an ESBT, the trustee and the owner of any portion of the trust that consists of the stock in one or more S corporations under subpart E, part I, subchapter J, chapter 1 of the Internal Revenue Code must consent to the S corporation election. If there is more than one trustee, the trustee or trustees with authority to legally bind the trust must consent to the S corporation election.

\* \* \* \* \*

**Par. 8.** Section 1.1362-7 is amended by:

1. Revising the section heading.
2. Adding a sentence to the end of paragraph (a).

The revision and addition read as follows:

**§ 1.1362-7 Effective dates.**

(a) \* \* \* Section 1.1362-6(b)(2)(iv) is applicable for taxable years beginning on and after May 14, 2002.

\* \* \* \* \*

**Par. 9.** Section 1.1377-0 is amended by adding an entry for § 1.1377-1(a)(2)(iii) to read as follows:

**§ 1.1377-0 Table of contents.**

\* \* \* \* \*

**§ 1.1377-1 Pro rata share.**

(a) \* \* \*

(2) \* \* \*

(iii) Shareholder trust conversions.

\* \* \* \* \*

**Par. 10.** Section 1.1377-1 is amended by:

1. Adding paragraph (a)(2)(iii).
  2. Adding *Example 3* to paragraph (c).
- The additions read as follows:

**§ 1.1377-1 Pro rata share.**

(a) \* \* \*

(2) \* \* \*

(iii) Shareholder trust conversions. If, during the taxable year of an S corporation, a trust that is an eligible

shareholder of the S corporation converts from a trust described in section 1361(c)(2)(A)(i), (ii), (iii), or (v) for the first part of the year to a trust described in a different subpart of section 1361(c)(2)(A)(i), (ii), or (v) for the remainder of the year, the trust's share of the S corporation items is allocated between the two types of trusts. The first day that a qualified subchapter S trust (QSST) or an electing small business trust (ESBT) is treated as an S corporation shareholder is the effective date of the QSST or ESBT election. Upon the conversion, the trust is not treated as terminating its entire interest in the S corporation for purposes of paragraph (b) of this section, unless the trust was a trust described in section 1361(c)(2)(A)(ii) or (iii) before the conversion.

\* \* \* \* \*

(c) \* \* \*

*Example 3. Effect of conversion of a qualified subchapter S trust (QSST) to an electing small business trust (ESBT). (i) On January 1, 2003, Trust receives stock of S corporation. Trust's current income beneficiary makes a timely QSST election under section 1361(d)(2), effective January 1, 2003. Subsequently, the trustee and current income beneficiary of Trust elect, pursuant to § 1.1361-1(j)(12), to terminate the QSST election and convert to an ESBT, effective July 1, 2004. The taxable year of S corporation is the calendar year. In 2004, Trust's pro rata share of S corporation's nonseparately computed income is \$100,000. (ii) For purposes of computing the income allocable to the QSST and to the ESBT, Trust is treated as a QSST through June 30, 2004, and Trust is treated as an ESBT beginning July 1, 2004. Pursuant to section 1377(a)(1), the pro rata share of S corporation income allocated to the QSST is \$49,727 (\$100,000 x 182 days/366 days), and the pro rata share of S corporation income allocated to the ESBT is \$50,273 (\$100,000 x 184 days/366 days).*

**Par. 11.** Section 1.1377-3 is revised to read as follows:

**§ 1.1377-3 Effective dates.**

Section 1.1377-1 and 1.1377-2 apply to taxable years of an S corporation beginning after December 31, 1996, except that § 1.1377-1(a)(2)(iii), and (c) *Example 3* are applicable for taxable years beginning on and after May 14, 2002.

**PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT**

**Par. 12.** The authority citation for part 602 continues to read as follows:

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

**Par. 13.** In § 602.101, paragraph (b) is amended by adding an entry for 1.444-4 and revising the entry for 1.1361-1 in

numerical order to the table to read as follows:

**§ 602.101 OMB Control numbers.**

\* \* \* \* \*

(b) \* \* \*

CFR part or section where identified and described	Current OMB control No.
* * * * *	* * * * *
1.444-4 .....	1545-1591
* * * * *	* * * * *
1.1361-1 .....	1545-0731 1545-1591
* * * * *	* * * * *

Approved: May 3, 2002.

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*

**Pamela Olson,**

*Acting Assistant Secretary of the Treasury.*

[FR Doc. 02-11791 Filed 5-13-02; 8:45 am]

**BILLING CODE 4830-01-P**

**DEPARTMENT OF THE TREASURY**

**31 CFR Part 1**

**Departmental Offices; Disclosure of Records; Freedom of Information Act and Privacy Act of 1974; Implementation**

**AGENCY:** Department of the Treasury.

**ACTION:** Final rule.

**SUMMARY:** The Department of the Treasury is amending its regulations concerning the Freedom of Information Act (FOIA), and the Privacy Act, (Privacy Act), by revising regulations to specify new addresses for the Bureau of the Public Debt. We are also identifying a new official responsible for administrative appeals of initial determinations.

**EFFECTIVE DATE:** May 14, 2002.

**FOR FURTHER INFORMATION CONTACT:**

Edward C. Gronseth, Deputy Chief Counsel, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692, [Edward.Gronseth@bpd.treas.gov](mailto:Edward.Gronseth@bpd.treas.gov) or Elizabeth S. Gracia, Senior Attorney, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692, [Lisa.Gracia@bpd.treas.gov](mailto:Lisa.Gracia@bpd.treas.gov).

**SUPPLEMENTARY INFORMATION:** The Bureau of the Public Debt has decided to move its FOIA and Privacy Act program responsibilities to Parkersburg, West Virginia. We are providing the proper addresses where the public may

send the following: (a) Initial FOIA requests, (b) Privacy Act requests for notification, access to records, accountings of disclosure, and amendment of records, (c) FOIA and Privacy Act administrative appeals of initial determinations, and (d) service of process.

Also, we have identified the new official responsible for reviewing FOIA administrative appeals of initial determinations to deny records and for making appellate decisions on initial determinations refusing amendment of records under the Privacy Act. The existing regulations name the "Commissioner of the Public Debt" as the reviewing official. We have determined that the reviewing official should be changed to the "Executive Director, Administrative Resource Center, Bureau of the Public Debt."

These regulations are being published as a final rule because the amendment does not impose any requirements on any member of the public. This amendment is the most efficient means for us to implement internal requirements for complying with FOIA and the Privacy Act. Pursuant to the administrative procedure provisions in 5 U.S.C. 553, we find good cause that prior notice and other public procedure with respect to this rule are impracticable and unnecessary. We find good cause for making this rule effective on the date of publication in the **Federal Register**.

In accordance with Executive Order 12866, it has been determined that this final rule is not a "significant regulatory action" and, therefore, does not require a Regulatory Impact Analysis.

Because no notice of proposed rulemaking is required, the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) do not apply.

#### List of Subjects in 31 CFR Part 1

Freedom of Information, Privacy.

Part 1 of Title 31 of the Code of Federal Regulations is amended as follows:

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

**Authority:** 5 U.S.C. 301 and 31 U.S.C. 321. Subpart A also issued under 5 U.S.C. 552, as amended. Subpart C also issued under 5 U.S.C. 552a.

#### PART 1—[AMENDED]

##### Subpart A—Freedom of Information Act

2. Amend 31 CFR part 1, subpart A, Appendix I-Bureau of the Public Debt to revise paragraphs 3, 4, and 5 to read as follows:

#### Appendix I-Bureau of the Public Debt

\* \* \* \* \*

3. *Requests for records.* Initial determinations under 31 CFR 1.5(h) whether to grant requests for records will be made by the Disclosure Officer of the Bureau of the Public Debt. Requests may be sent to: Freedom of Information Act Request, Disclosure Officer, Administrative Resource Center, Bureau of the Public Debt, Department of the Treasury, 200 Third Street, Room 211, Parkersburg, WV 26101-5312.

4. *Administrative appeal of initial determination to deny records.* Appellate determinations under 31 CFR 1.5(i) with respect to records of the Bureau of the Public Debt will be made by the Executive Director, Administrative Resource Center, Bureau of the Public Debt. Appeals may be sent to: Freedom of Information Act Appeal, Executive Director, Administrative Resource Center, Bureau of the Public Debt, Department of the Treasury, 200 Third Street, Room 211, Parkersburg, WV 26101-5312.

5. *Delivery of process.* Service of process will be received by the Chief Counsel, Bureau of the Public Debt, or the delegate of such officer, and shall be delivered to the following location: Chief Counsel's Office, Bureau of the Public Debt, 200 Third Street, Room G-15, Parkersburg, WV 26106-1328.

\* \* \* \* \*

#### Subpart C—Privacy Act

3. Amend 31 CFR part 1, Subpart C, APPENDIX I—BUREAU OF THE PUBLIC DEBT, paragraph 2, by revising the last sentence to read as follows:

2. \* \* \* Requests for information and specific guidance on where to send requests for records may be mailed or delivered personally to: Privacy Act Request, Disclosure Officer, Administrative Resource Center, Bureau of the Public Debt, Department of the Treasury, 200 Third Street, Room 211, Parkersburg, WV 26101-5312.

4. Amend 31 CFR part 1, subpart C, APPENDIX I—BUREAU OF THE PUBLIC DEBT, paragraph 3, by removing in the last sentence, "Information Officer, Bureau of the Public Debt, Department of the Treasury, 999 E Street NW., Room 553, Washington, DC 20239." and adding in its place "Disclosure Officer, Administrative Resource Center, Bureau of the Public Debt, Department of the Treasury, 200 Third Street, Room 211, Parkersburg, WV 26101-5312."

5. Amend 31 CFR part 1, subpart C, APPENDIX I—BUREAU OF THE PUBLIC DEBT, paragraph 4 as follows:

a. Remove "Commissioner of the Public Debt" and add in its place "Executive Director, Administrative Resource Center, Bureau of the Public Debt;"

b. Remove "999 E Street NW., Room 503, Washington, DC 20239." and add in its place "200 Third Street, Room G-15, Parkersburg, WV 26106-1328."

6. Amend 31 CFR part 1, subpart C, APPENDIX I—BUREAU OF THE PUBLIC DEBT, paragraph 6, by removing "999 E Street NW., Room 503, Washington, DC 20239." and adding in its place "200 Third Street, Room G-15, Parkersburg, WV 26106-1328."

Dated: April 15, 2002.

**W. Earl Wright, Jr.,**

*Chief Management and Administrative Programs Officer.*

[FR Doc. 02-11885 Filed 5-13-02; 8:45 am]

**BILLING CODE 4810-39-P**

#### DEPARTMENT OF THE TREASURY

##### 31 CFR Part 1

[Docket No. 02-06]

**RIN 1557-AB83**

##### Office of the Comptroller of the Currency; Privacy Act of 1974; Implementation

**AGENCY:** Office of the Comptroller of the Currency, Treasury.

**ACTION:** Final rule; technical amendment.

**SUMMARY:** In accordance with the requirements of the Privacy Act of 1974, as amended, the Office of the Comptroller of the Currency (OCC) and the Department of the Treasury (Department) issue a final rule to exempt five OCC systems of records from certain provisions of the Privacy Act. The OCC and the Department also issue a technical amendment made necessary by the renumbering and renaming of one revised system of records that previously had been exempted from certain provisions of the Privacy Act.

**EFFECTIVE DATE:** May 14, 2002.

##### FOR FURTHER INFORMATION CONTACT:

Harold J. Hansen, Assistant Director, or Ellen S. Warwick, Special Counsel, Administrative & Internal Law Division, (202) 874-4460.

**SUPPLEMENTARY INFORMATION:** On October 26, 2001, the OCC, with the concurrence of the Department, published a notice of proposed rulemaking to exempt five systems of records from certain provisions of the Privacy Act of 1974, as amended (66 FR 54175-54178, October 26, 2001). This notice of proposed rulemaking was published in the same **Federal Register** in which the OCC published notices of five new Privacy Act systems of records (66 FR 54327-54333) and proposed alterations to six Privacy Act systems of records (66 FR 54333-54340). The notice of proposed rulemaking reflected