

Subpart G—Advance Construction of Federal-Aid Projects

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Subpart G—Advance Construction of Federal-Aid Projects**§ 630.701 Purpose.**

The purpose of this subpart is to prescribe procedures for advancing the construction of Federal-aid highway projects without obligating Federal funds apportioned or allocated to the State.

§ 630.703 Eligibility.

(a) The State Highway Agency (SHA) may proceed with a highway substitute, congestion mitigation and air quality improvement program, surface transportation program, bridge replacement and rehabilitation, or planning and research project in accordance with this subpart, provided the SHA:

(1) Has obligated all funds apportioned or allocated to it under 23 U.S.C. 103(e)(4)(H), 104(b)(2), 104(b)(3), 104(f), 144, or 307, as the case may be for the proposed project, or

(2) Has used all obligation authority distributed to it, or

(3) Demonstrates that it will use all obligation authority distributed to it.

(b) The SHA may proceed with a National Highway System (NHS) or Interstate project in accordance with this subpart without regard to apportionment or obligation authority balances. Interstate projects include Interstate construction and Interstate maintenance.

§ 630.705 Procedures.

(a) An advance construction project shall meet the same requirements and be processed in the same manner as a regular Federal-aid project, except,

(1) The FHWA authorization does not constitute any commitment of Federal funds on the project, and

(2) The FHWA shall not reimburse the State until the project is converted under § 630.709.

(b) Project numbers shall be identified by the letters "AC" preceding the regular project number prefix.

(c) If the SHA plans to claim bond interest costs under § 630.711, it shall include in its request for authorization the estimated federally participating bond interest cost.

(d) The SHA shall submit a final voucher to the FHWA upon completion

of the project even though the project has not been converted. If the SHA is claiming bond interest costs under § 630.711, it shall certify on the final voucher that the bond proceeds were expended in the construction of the project and shall include a computation of the eligible interest costs.

§ 630.707 Limitation.

A request to approve an advance construction project is limited to a State's expected apportionment of authorized funds which are eligible to finance the project.

§ 630.709 Conversion to a regular Federal-aid project.

(a) The SHA may submit a written request to the FHWA that a project be converted to a regular Federal-aid project at any time provided that sufficient Federal-aid funds and obligation authority are available.

(b) Subsequent to FHWA approval the SHA may claim reimbursement for the Federal share of project costs incurred, provided the project agreement has been executed. If the SHA has previously submitted a final voucher, the FHWA will process the voucher for payment.

§ 630.711 Payment of bond interest.

(a) For Interstate projects authorized by the FHWA after January 6, 1983, and for Interstate 4R, Interstate maintenance, primary and NHS projects authorized by the FHWA after April 2, 1987, interest earned and payable on bonds issued by a State is an eligible cost of construction as follows:

(1) Participating interest cost is based on the actual expenditure of bond proceeds on the Federal-aid project. The interest on the bonds is applied to the amount of bond proceeds expended on the project from the date of expenditure.

(2) The amount of interest determined in paragraph (a)(1) of this section shall not exceed the estimated increase in the physical construction cost of the project which would have occurred had the project been authorized on the date of conversion. The estimated increase in the physical construction cost is determined by applying the increase, if any, in the national construction cost index in effect on the date of conversion over the index in effect on the date of the FHWA authorization, to the actual cost of physical construction.

(b) For Interstate projects under physical construction on January 1, 1983, and converted to a regular Federal-aid project after January 1, 1983, bond interest is eligible in accordance with paragraph (a)(1) of this section.

The restriction in paragraph (a)(2) of this section does not apply.

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DEPARTMENT OF THE TREASURY**Internal Revenue Service****26 CFR Part 1**

[TD 8601]

RIN 1545-AS71

Definition of Club

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final and temporary regulations relating to the definition of a *club organized for business, pleasure, recreation, or other social purpose* for purposes of the disallowance of a deduction for club dues. The regulations reflect changes to the law made by the Omnibus Budget Reconciliation Act of 1993 and affect persons who pay or incur club dues.

DATES: These regulations are effective July 19, 1995.

For dates of applicability, see § 1.274-2 (a) and (e).

FOR FURTHER INFORMATION CONTACT: Michael L. Gompertz, (202) 622-4910 (not a toll-free number).

SUPPLEMENTARY INFORMATION:**Background**

This document provides final and temporary Income Tax Regulations (26 CFR part 1) under section 274(a)(3) of the Internal Revenue Code of 1986 (Code). This provision was added by section 13210 of the Omnibus Budget Reconciliation Act of 1993 (107 Stat. 469).

On August 12, 1994, the IRS published a notice of proposed rulemaking defining *club* in the **Federal Register** (59 FR 41414). No public hearing on the proposed regulations was requested or held, but written comments were received. After consideration of all the comments, the proposed regulations are adopted by this Treasury decision with one minor editorial change in § 1.274-2(a)(2)(iii)(b).

On December 16, 1994, the IRS published a notice of proposed rulemaking in the **Federal Register** (59 FR 64909) relating, in part, to the tax treatment of payment by an employer of an employee's club dues. This Treasury decision has no effect on the notice of