

See § 1.671-4(a) of this chapter. The trustee must also furnish to each grantor a statement that shows all items of income, deduction, and credit of the trust for the taxable year attributable to the portion of the trust treated as owned by the grantor. The statement must provide the grantor with the information necessary to take the items into account in computing the grantor's taxable income, including information necessary to properly take into account items under the economic performance rules of section 461(h) and the regulations thereunder. See § 1.461-4 of this chapter for rules relating to economic performance.

(3) All amounts contributed to an environmental remediation trust by a grantor (cash-out grantor) who, pursuant to an agreement with the other grantors, contributes a fixed amount to the trust and is relieved of any further obligation to make contributions to the trust, but remains liable or potentially liable under the applicable environmental laws, will be considered amounts contributed for remediation. An environmental remediation trust agreement may direct the trustee to expend amounts contributed by a cash-out grantor (and the earnings thereon) before expending amounts contributed by other grantors (and the earnings thereon). A cash-out grantor will cease to be treated as an owner of a portion of the trust when the grantor's portion is fully expended by the trust.

(4) The provisions of this paragraph (e) may be illustrated by the following example:

Example. (a) X, Y, and Z are calendar year corporations that are liable for the remediation of an existing waste site under applicable federal environmental laws. On June 1, 1996, pursuant to an agreement with the governing federal agency, X, Y, and Z create an environmental remediation trust within the meaning of paragraph (e)(1) to collect funds contributed to the trust by X, Y, and Z and to carry out the remediation of the waste site to the satisfaction of the federal agency. X, Y, and Z are jointly and severally liable under the federal environmental laws for the remediation of the waste site, and the federal agency will not release X, Y, or Z from liability until the waste site is remediated to the satisfaction of the agency.

(b) The estimated cost of the remediation is \$20,000,000. X, Y, and Z agree that, if Z contributes \$1,000,000 to the trust, Z will not be required to make any additional contributions to the trust, and X and Y will complete the remediation of the waste site and make additional contributions if necessary.

(c) On June 1, 1996, X, Y, and Z each contribute \$1,000,000 to the trust. The trust agreement directs the trustee to spend Z's contributions to the trust and the income allocable to Z's portion before spending X's

and Y's portions. On November 30, 1996, the trustee pays \$2,000,000 for remediation work performed from June 1, 1996, through September 30, 1996. As of November 30, 1996, the trust had \$75,000 of interest income, which is allocated in equal shares of \$25,000 to X, Y, and Z's portions of the trust.

(d) Pursuant to the agreement between X, Y, and Z, Z made no further contributions to the trust. Pursuant to the trust agreement, the trustee expended Z's portion of the trust before expending X's and Y's portion. Therefore, Z's share of the remediation payment made in 1996 is \$1,025,000 (\$1,000,000 contribution by Z plus \$25,000 of income allocated to Z's portion of the trust). Z must take the \$1,025,000 payment into account under the appropriate federal tax accounting rules. In addition, X's share of the remediation payment made in 1996 is \$487,500, and Y's share of the remediation payment made in 1996 is \$487,500. X and Y must take their respective shares of the payment into account under the appropriate federal tax accounting rules.

(e) The trustee made no further remediation payments in 1996, and X and Y made no further contributions in 1996. From December 1, 1996, to December 31, 1996, the trust had \$5,000 of interest income, which is allocated \$2,500 to X's portion and \$2,500 to Y's portion. Accordingly, for 1996, X and Y each had income of \$27,500 from the trust.

(5) This paragraph (e) is applicable to trusts meeting the requirements of paragraph (e)(1) of this section that are formed on or after the date of publication of these proposed regulations as final regulations in the **Federal Register**.

Margaret Milner Richardson,

Commissioner of Internal Revenue.

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ASSASSINATION RECORDS REVIEW BOARD

36 CFR Part 1415

Rules Implementing the Privacy Act

AGENCY: Assassination Records Review Board.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: Each Federal agency is required by the Privacy Act of 1974 to promulgate rules that set forth procedures by which individuals can examine and request correction of agency records containing personal information. In this notice the Review Board proposes a rule to satisfy that requirement.

DATES: To be considered, comments must be mailed, delivered in person or faxed to the address listed below by 5 p.m. on September 5, 1995.

ADDRESSES: Comments on these proposed regulations should be mailed, faxed, or delivered to T. Jeremy Gunn, Acting General Counsel, Assassination Records Review Board, 600 E Street NW., 2nd Floor, Washington, DC 20530, FAX (202) 724-0457 (Attention: Privacy Act NPRM). All comments will be placed in the Board's public files and will be available for inspection between 10 a.m. and 4:30 p.m., Mondays through Fridays (except legal holidays), in the Board's Public Reading Room at the same address.

FOR FURTHER INFORMATION CONTACT: T. Jeremy Gunn, Acting General Counsel, Assassination Records Review Board, 600 E Street NW., 2nd Floor, Washington, DC 20530.

SUPPLEMENTARY INFORMATION: Section(f) of the Privacy Act of 1974, U.S.C. 552a(f), requires each Federal agency to promulgate rules that set forth procedures by which individuals can examine and request correction of agency records containing personal information. The Review Board, established by the President John F. Kennedy Assassination Records Collection Act of 1992, is therefore obligated to publish such regulations.

Because Privacy Act regulations are intended for use by the general public, the Review Board has tried to keep its proposed rule simple and straightforward. Some aspects of the Privacy Act dealing solely with the Review Board's internal procedures and safeguards may be dealt with by directive to the Review Board's staff rather than by rule.

Paperwork Reduction Act Statement

The proposed rule is not subject to the provisions of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501, *et seq.*) because it does not contain any information collection requirements within the meaning of 44 U.S.C. 3502(4).

Regulatory Flexibility Act Certification

As required by the Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601-12, the Review Board certifies that this rule, if adopted, will not have a significant economic impact on a substantial number of small entities and that, therefore, a regulatory flexibility analysis need not be prepared, 5 U.S.C. 605(b).

List of Subjects in 36 CFR Part 1415

Privacy Act.

The Proposed Regulations

Accordingly, the Review Board proposes to amend chapter XIV in title 36 of the Code of Federal Regulations by