(4) Updating regulations to clarify the extent of the shoreward sanctuary boundary line.

(5) Ensuring that salvors operating within MBNMS meet minimum industry standards for safety, liability, capacity, and environmentally sensitive salvage techniques during both emergency and non-emergency operations.

(6) Clarifying the definition of “cruise ship” to include not only ships with berths for hire as is currently defined, but also ships with condominiums under private ownership.

(7) Clarifying the intent and applicability of the existing prohibition on deserting a vessel in MBNMS.

Education, Outreach and Citizen Science

Enhancing the public’s awareness and appreciation of sanctuary resources is a cornerstone of MBNMS’s mission. Recent initiatives, such as visitor centers, video media production, and partnering with recreation and tourism industry offer opportunities for NOAA and other entities to expand educational and outreach contributions and reach larger audiences. NOAA is seeking the public’s view on developing and enhancing programs designed to enhance public awareness, including opportunities to participate in environmental research and monitoring.

Condition Report

To inform the MBNMS management plan review, NOAA is updating the Monterey Bay National Marine Sanctuary Condition Report, which was first published in 2009. The 2009 report provided a summary of resources in MBNMS, pressures on those resources, current conditions and recent trends within the Sanctuary, and management responses to mitigate negative impacts. The 2015 Condition Report will update current conditions and recent changes for water quality, habitat, living resources and maritime archaeological resources in the sanctuary. It will also include an assessment of the Davidson Seamount Management Zone which NOAA added to MBNMS in 2009.

A summary of the 2015 Condition Report will be available to the general public during the public scoping period and on the Internet at: http://sanctuaries.noaa.gov/science/condition/welcome.html. The final report will be made available in late December 2015 on the same Web site.

Public Comments

NOAA is interested in hearing the public’s view on:

• The potential impacts of the proposed actions discussed above and ways to mitigate these impacts.

• The topics discussed above for the next five to ten years and whether these are the right topics, the priority topics, or if there are additional topics NOAA should consider.

• The effectiveness of the existing management plan in meeting both the mandates of the NMSA and MBNMS goals and objectives.

• The public’s view on the effectiveness of the MBNMS programs, including programs focused on: Resource protection; research and monitoring; education; volunteer; and outreach.

• NOAA’s implementation of MBNMS regulations and permits.

• Adequacy of existing boundaries to protect sanctuary resources.

• Assessment of the existing operational and administrative framework (staffing, offices, vessels, etc.).

Federal Consultations

This document also advises the public that NOAA will coordinate its consultation responsibilities under section 7 of the Endangered Species Act (ESA), Essential Fish Habitat (EFH) under the Magnuson Stevens Fishery Conservation and Management Act (MSA), section 106 of the National Historic Preservation Act (NHPA, 16 U.S.C. 470), and Federal Consistency review under the Coastal Zone Management Act (CZMA), along with its ongoing NEPA process including the use of NEPA documents and public and stakeholder meetings to also meet the requirements of other federal laws.

In fulfilling its responsibility under the NHPA and NEPA, NOAA intends to identify consulting parties; identify historic properties and assess the effects of the undertaking on such properties; initiate formal consultation with the State Historic Preservation Officer, the Advisory Council of Historic Preservation, and other consulting parties; involve the public in accordance with NOAA’s NEPA procedures, and develop in consultation with identified consulting parties alternative and proposed measures that might avoid, minimize or mitigate any adverse effects on historic properties and describe them in any environmental assessment or draft environmental impact statement.

Authority: 16 U.S.C. 1431 et seq.
Section 937(a) provides rules for determining if an individual is a bona fide resident of a U.S. possession (generally referred to in this preamble as a “U.S. territory”).

On April 11, 2005, the Federal Register published temporary regulations (TD 9194, 70 FR 18920) and proposed regulations (REG—159243–03, 70 FR 18949) under section 937, providing rules to implement section 937 and conforming existing regulations to other legislative changes with respect to the U.S. territories. On January 31, 2006, the Federal Register published final regulations (TD 9248, 71 FR 4996) under section 937(a) concerning whether an individual is a bona fide resident of a U.S. territory. Section 937–1 was amended on November 14, 2006, and on April 9, 2008, to provide additional guidance concerning bona fide residency in the U.S. territories. See TD 9297 (71 FR 66232) and TD 9391 (73 FR 19350).

Section 937(a) provides that an individual is a bona fide resident of a U.S. territory if the individual meets a presence test, a tax home test, and a closer connection test. In order to satisfy the presence test, an individual must be present in the U.S. territory for at least 183 days during the taxable year (183-day rule), unless otherwise provided in regulations.

Section 937–1 provides several alternatives to the 183-day rule. An individual who does not satisfy the 183-day rule nevertheless meets the presence test if the individual satisfies one of four alternative tests: (1) the individual is present in the relevant U.S. territory for at least 549 days during the three-year period consisting of the current taxable year and the two immediately preceding taxable years, provided the individual is present in the U.S. territory for at least 60 days during each taxable year of the period; (2) the individual is present no more than 90 days in the United States during the taxable year; (3) the individual has no more than $3,000 of earned income from U.S. sources and is present for more days in the U.S. territory than in the United States during the taxable year; or (4) the individual has no significant connection to the United States during the taxable year. The term “significant connection” is generally defined as a permanent home, voter registration, spouse, or minor child in the United States. See § 1.937–1(c)(5). Section 937–1 also provides that certain days count as days of presence in the relevant U.S. territory for purposes of the presence test if the individual is not physically present in the U.S. territory (constructive presence).

Explanation of Provisions

Following the original issuance of § 1.937–1, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) received comments requesting that the presence test be revisited to make it more flexible. These comments included a proposal to allow days of constructive presence for business or personal travel outside of the relevant U.S. territory. The Treasury Department and the IRS have concluded that it would be appropriate to allow additional days of constructive presence subject to certain limitations. Accordingly, these proposed regulations provide an additional rule for calculating days of presence in the relevant U.S. territory for purposes of the presence test in § 1.937–1(c)(1).

Under the proposed amendment, an individual would be considered to be present in the relevant U.S. territory for up to 30 days during which the individual is outside of both the United States and the relevant U.S. territory. The proposed amendment would not apply, however, if the number of days that the individual is considered to be present in the United States during the taxable year equals or exceeds the number of days that the individual is considered to be present in the relevant U.S. territory during the taxable year, determined without taking into account any days for which the individual would be treated as present in the U.S. territory under this proposed amendment. Furthermore, the 30-day constructive presence rule would not apply for purposes of calculating the minimum 60 days of presence in the relevant U.S. territory that is required for the 549-day test under § 1.937–1(c)(1)(ii). Therefore, an individual invoking § 1.937–1(c)(1)(ii) must otherwise be considered to have been present at least 60 days in the relevant U.S. territory in each of the three years in order to benefit from the 30-day constructive presence rule.

Proposed Effective/Applicability Date

These amendments to the regulations are proposed to apply to taxable years beginning after the date these regulations are published as final regulations in the Federal Register.

Reliance on Proposed Regulations

Until these regulations are published as final regulations in the Federal Register, taxpayers may rely on these proposed regulations with respect to taxable years beginning on or after the date these proposed regulations are published in the Federal Register.

Special Analyses

Certain IRS regulations, including this one, are exempt from the requirements of Executive Order 12866, as supplemented and reaffirmed by Executive Order 13563. Therefore, a regulatory impact 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 these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Requests for Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the addresses heading. The Treasury Department and the IRS request comments on all aspects of the proposed rules. All comments will be available at www.regulations.gov or upon request. A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the Federal Register.

Drafting Information

The principal author of these proposed regulations is Cleve Lisecki, formerly of the Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

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

Authority: 26 U.S.C. 7805 *(a)*

Section 1.937–1 also issued under 26 U.S.C. 937(a). *(a)*
§ 1.937–1 Bona fide residency in a possession.

...the rules of paragraphs (d) and (e) of this section respectively, then regardless of whether H was a bona fide resident of Possession N in 2016 and 2017, H is a bona fide resident of Possession N for taxable year 2018.

Example 2. Presence test. Same facts as Example 1, except that in 2018, H spends 30 days in Possession N, 110 days in foreign countries, and 125 days in the United States. Because H satisfies the requirements of paragraph (c)(3)(i)(D) of this section, 30 of the days spent in foreign countries during 2018 are treated as days of presence in Possession N. Thus, H will be treated as being present for at least 183 days in Possession N for 2018. Under paragraph (c)(1)(ii) of this section, H meets the presence test of paragraph (c) of this section with respect to Possession N for taxable year 2018 because H is present in Possession N for 550 days (more than the required 549 days) during the three-year period of 2016 through 2018 and is present in Possession N for at least 60 days of each of those taxable years. As in Example 1, assuming that in 2018 H does not have a tax home outside of Possession N and does not have a closer connection to the United States or a foreign country under paragraphs (d) and (e) of this section respectively, then regardless of whether H was a bona fide resident of Possession N in 2016 and 2017, H is a bona fide resident of Possession N in 2018.

Example 3. Presence test. Same facts as Example 1, except that in 2018, H spends 30 days in Possession N, 100 days in foreign countries, and 135 days in the United States. Under these facts, H does not satisfy paragraph (c)(1)(ii) of this section as treated as days spent in Possession N for taxable year 2018 because H is present in Possession N for only 520 days (less than the required 549 days) during the three-year period of 2016 through 2018. The rule of paragraph (c)(3)(i)(D) of this section does not apply for purposes of determining whether H is present in Possession N for more than the required 549 days during the three-year period, H is only present for 45 days in Possession N during one of the taxable years (2017) of the period, less than the 60 days of minimum presence required under paragraph (c)(1)(iii) of this section. The rule of paragraph (c)(3)(i)(D) of this section does not apply for purposes of determining whether H is present in Possession N for the 60-day minimum required under paragraph (c)(1)(iii) of this section.

Example 5. Presence test. W, a U.S. citizen, owns a condominium in Possession P where she spends part of the taxable year. W also owns a house in State N near her grown children and grandchildren. W is retired and her income consists solely of pension payments, dividends, interest, and Social Security benefits. For 2016, W spends 145 days in Possession P, 101 days in Europe and Asia on vacation, and 120 days in State N. For taxable year 2016, W is not present in Possession P for at least 183 days, is present in the United States for more than 90 days, and has a significant connection to the United States by reason of her permanent home. However, under paragraph (c)(1)(iv) of this section, W still satisfies the presence test of paragraph (c) of this section with respect to Possession P for taxable year 2016 because she has no earned income in the United States and is present for more days in Possession P than in the United States.

Notwithstanding the foregoing, paragraph (c)(3)(i)(D) and Examples 1, 2, 3, 4, and 5 of paragraph (g) of this section apply for taxable years beginning after the date these regulations are published as final regulations in the Federal Register.

John Dalrymple,
Deputy Commissioner for Services and Enforcement.

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