

any factual errors or clarify any issues raised by the audit.

(g) *Costs of the verification procedure.* The Copyright Owner or Performer requesting the verification procedure shall pay the cost of the procedure, unless it is finally determined that there was an underpayment of 10% or more, in which case the Designated Agent shall, in addition to paying the amount of any underpayment, bear the reasonable costs of the verification procedure.

§ 262.8 Unclaimed funds.

If a Designated Agent is unable to identify or locate a Copyright Owner or Performer who is entitled to receive a royalty payment under this part, the Designated Agent shall retain the required payment in a segregated trust account for a period of three years from the date of payment. No claim to such payment shall be valid after the expiration of the three-year period. After the expiration of this period, the Designated Agent may apply the unclaimed funds to offset any costs deductible under 17 U.S.C. 114(g)(3). The foregoing shall apply notwithstanding the common law or statutes of any state.

Dated: April 28, 2003.

David O. Carson,
General Counsel.

[FR Doc. 03-10795 Filed 4-30-03; 8:45 am]

BILLING CODE 1410-33-P

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 39

RIN 2900-AH46

State Cemetery Grants

AGENCY: Department of Veterans Affairs.

ACTION: Proposed rule.

SUMMARY: The Department of Veterans Affairs (VA) is proposing to amend its regulations governing grants to States to establish, expand, or improve State veterans' cemeteries. We propose to implement through regulation the statutory increase of up to 100 percent of certain costs that can be covered by a grant, to simplify the preapplication process, and to establish a system of prioritizing grant applications. These changes are consistent with a statutory change effected by the Veterans Programs Enhancement Act of 1998, which changed the grant formula from a 50-50 Federal-State matching program to a program that authorizes up to 100 percent Federal funding. The changes

will also facilitate States' applications, and make the best use of available funds.

DATES: Comments must be received by VA on or before June 30, 2003.

ADDRESSES: Mail or hand-deliver written comments to: Director, Regulations Management (02D), Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420; or fax comments to (202) 273-9289; or e-mail comments to OGCRegulations@mail.va.gov.

Comments should indicate that they are submitted in response to "RIN 2900-AH46." All comments received will be available for public inspection in the Office of Regulation Policy and Management, Room 1158, between the hours of 8 a.m. and 4:30 p.m., Monday through Friday (except holidays).

FOR FURTHER INFORMATION CONTACT: William Jayne, Director of State Cemetery Grants Service, National Cemetery Administration, Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington DC 20420. Telephone: (202) 565-6152 (this is not a toll-free number).

SUPPLEMENTARY INFORMATION: The goal of the State Cemetery Grants Program (SCGP) is to complement the mission of the National Cemetery Administration (NCA) by providing a mechanism for States to establish, expand, or improve veterans' cemeteries. The SCGP encourages States to provide burial service to our Nation's veterans by operating veterans' cemeteries in areas where the most number of veterans would benefit as determined by VA. Under Public Law 95-476, the State Cemetery Grants Program was authorized to provide Federal assistance to States for the establishment, expansion, and improvement of veterans' cemeteries. The amount of the Federal grant to a State was limited to 50 percent of the combined value of the land to be acquired or dedicated for cemetery purposes, and the cost of the improvements to be made. The remaining 50 percent of the project's cost was to be contributed by the State.

Public Law 105-368, the Veterans Programs Enhancement Act of 1998, revised the funding formula for the SCGP to authorize the Federal Government to pay up to 100 percent of the costs of development associated with the establishment, expansion, or improvement of a veterans' cemetery as well as to provide for purchase of initial operating equipment. The intent of the increase in the amount of the grant was to encourage and facilitate State participation in the SCGP.

The proposed rule places in regulation the statutory increase of up to 100 percent funding of certain costs related to the establishment, expansion, or improvement of a veterans' cemetery, as well as for purchase of initial operating equipment by the States for establishment grants. In addition, the proposed rule establishes a system of prioritization at the preapplication stage of the application process as VA anticipates increased participation by the States in the SCGP.

The proposed rule simplifies the preapplication process to reduce the initial burden of application by prospective participating States. Many requirements from the previous preapplication process have been incorporated into the actual application process, while other requirements have been removed altogether. The preapplication process is now designed to serve as a means for planning, screening, and opening lines of communication between NCA and potential participating States. As a part of the preapplication process, the State will certify that it will be able to adhere to the requirements of the grant. The application process then becomes a certification of actual adherence to the requirements of the grant. This change allows the process to begin with State certification to avoid the potential for future adherence difficulties.

With the increased amount of the grant, NCA expects more participation by States. Once a project is approved, VA may award a grant up to 100 percent of the amount requested, provided that sufficient funds are available. The proposed rule establishes a prioritization process for fair and equitable administration of the program. This system of prioritization is simple and direct. There are four priorities. These are:

- Priority I—Projects for gravesite expansion or improvements that are needed to continue service at an existing veterans' cemetery. This includes phased development of currently undeveloped land.
- Priority II—Projects for the establishment of new cemeteries.
- Priority III—Planned phased gravesite developments prior to need.
- Priority IV—Other improvements to cemetery infrastructure such as building expansion and upgrades to roads and irrigation systems that are not directly related to the development of new gravesites.

Within priority categories I, II and III, individual projects will be ranked based on the greatest number of veterans who will benefit from the project as determined by VA. This prioritization