

(including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

## V. Regulatory Flexibility Act

A final regulatory flexibility analysis has been prepared consistent with the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, and is summarized as follows:

The objective of this final rule is to (1) ensure that both independent research and development (IR&D) performers and their potential DoD customers have sufficient awareness of each other's efforts and (2) provide industry with feedback on the relevance of proposed and completed IR&D work.

There were no significant issues raised by the public in response to the initial regulatory flexibility analysis.

DoD does not expect this final rule to have a significant economic impact on a substantial number of small entities, because DFARS 231.205–18(c)(iii) applies only to major contractors, which are defined as those whose covered segments allocated a total of more than \$11 million in IR&D and bid and proposal costs to covered contracts during the preceding fiscal year. The final rule requires major contractors to communicate proposed new IR&D efforts to DoD personnel in a technical interchange prior to the initiation of such investments.

This rule impacts existing reporting and recordkeeping requirements in a very minor way. Only one element is being added to the existing reporting requirement to require major contractors to include the name of the DoD employee with which a technical interchange was held and the date of such interchange.

There are no known significant alternatives to the rule. The rule impacts major contractors and, as such, will have minimal impact on small entities.

## VI. Paperwork Reduction Act

The final rule affects the information collection requirements at Defense Federal Acquisition Regulation Supplement (DFARS) 231.205–18, currently approved under the Office of Management and Budget (OMB) Control Number 0704–0483, entitled “Independent Research and

Development Technical Descriptions,” in accordance with the Paperwork Reduction Act (44 U.S.C. chapter 35); however, the impact of this rule is negligible. Currently, contractors are required to (1) report IR&D projects to DTIC using the DTIC's online IR&D database and (2) update these inputs at least annually and when the project is completed. This rule merely changes the web address for submission of this report and requires major contractors to include in the report the name of the DoD Government employee with which a technical interchange was held and the date of such interchange.

## List of Subjects in 48 CFR Parts 231 and 242

Government procurement.

Jennifer L. Hawes,

Editor, Defense Acquisition Regulations System.

Therefore, 48 CFR parts 231 and 242 are amended as follows:

■ 1. The authority citation for 48 CFR parts 231 and 242 continues to read as follows:

**Authority:** 41 U.S.C. 1303 and 48 CFR chapter 1.

## PART 231—CONTRACT COST PRINCIPLES AND PROCEDURES

- 2. Amend section 231.205–18 by—
- a. Revising paragraph (c)(iii)(C);
- b. Redesignating paragraphs (c)(iv) and (v) as paragraphs (c)(v) and (vi), respectively; and
- c. Adding a new paragraph (c)(iv).

The revision and addition read as follows:

### 231.205–18 Independent research and development and bid and proposal costs.

\* \* \* \* \*

- (c) \* \* \*
- (iii) \* \* \*

(C) For annual IR&D costs to be allowable—

(1) The IR&D projects generating the costs must be reported to the Defense Technical Information Center (DTIC) using the DTIC's online input form and instructions at <http://www.defenseinnovationmarketplace.mil/>;

(2) The inputs must be updated at least annually and when the project is completed;

(3) Copies of the input and updates must be made available for review by the cognizant administrative contracting officer (ACO) and the cognizant Defense Contract Audit Agency auditor to support the allowability of the costs; and

(4) For IR&D projects initiated in the contractor's fiscal year 2017 and later, as

a prerequisite for the subsequent determination of allowability, the contractor shall—

(i) Engage in a technical interchange with a technical or operational DoD Government employee before IR&D costs are generated so that contractor plans and goals for IR&D projects benefit from the awareness of and feedback by a DoD Government employee who is informed of related ongoing and future potential interest opportunities. If the contractor does not have a point of contact for the technical interchange, the contractor may contact the Office of the Assistant Secretary of Defense for Research and Engineering (OASD R&E). Contact information for OASD R&E can be found at <http://www.acq.osd.mil/rd/contacts/>; and

(ii) Use the online input form for IR&D projects reported to DTIC to document the technical interchange, which includes the name of the DoD Government employee and the date the technical interchange occurred.

(iv) Contractors not meeting the threshold of a major contractor are encouraged to use the DTIC online input form to report IR&D projects to provide DoD with visibility into the technical content of the contractors' IR&D activities.

\* \* \* \* \*

## PART 242—CONTRACT ADMINISTRATION AND AUDIT SERVICES

### 242.771–3 [Amended]

■ 3. In section 242.771–3, amend paragraph (d) introductory text by removing “Director, Defense Research and Engineering (OUSD(AT&L)DDR&E)” and adding “Office of the Assistant Secretary of Defense for Research and Engineering (OASD R&E)” in its place.

[FR Doc. 2016–26366 Filed 11–3–16; 8:45 am]

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## DEPARTMENT OF DEFENSE

### Defense Acquisition Regulations System

### 48 CFR Part 247

[Docket DARS–2016–0036]

RIN 0750–AJ09

### Defense Federal Acquisition Regulation Supplement: Contiguous United States (DFARS Case 2016–D005)

**AGENCY:** Defense Acquisition Regulations System, Department of Defense (DoD).

**ACTION:** Final rule.

**SUMMARY:** DoD is issuing a final rule to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to remove the acronym for contiguous United States.

**DATES:** Effective November 4, 2016.

**FOR FURTHER INFORMATION CONTACT:** Ms. Julie Hammond, telephone 571–372–6174.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

DoD is amending the DFARS to remove the acronym for contiguous United States (CONUS). While the term “contiguous United States (CONUS)” is defined in Federal Acquisition Regulation (FAR) 2.101, the acronym is sometimes misinterpreted as “continental United States.” Spelling out the acronym in the DFARS will eliminate any confusion.

**II. Discussion and Analysis**

DFARS 274.301 is amended to update the reference to transportation guidance in DFARS Procedures, Guidance, and Information and, as a result, remove the acronym CONUS.

DFARS 274.301–71 is amended to spell out “the contiguous United States” in lieu of CONUS.

**III. Applicability to Contracts at or Below the Simplified Acquisition Threshold (SAT) and for Commercial Items, Including Commercially Available Off-the-Shelf (COTS) Items**

This case does not add any new provisions or clauses or impact any existing provisions or clauses.

**IV. Publication of This Final Rule for Public Comment Is Not Required by Statute**

The statute that applies to the publication of the FAR is 41 U.S.C. 1707 entitled “Publication of Proposed Regulations.” Paragraph (a)(1) of the statute requires that a procurement policy, regulation, procedure, or form (including an amendment or modification thereof) must be published for public comment if it relates to the expenditure of appropriated funds, and has either a significant effect beyond the internal operating procedures of the agency issuing the policy, regulation, procedure, or form, or has a significant cost or administrative impact on contractors or offerors. This final rule is not required to be published for public comment, because it is just removing and spelling out the acronym for “contiguous United States”.

**V. Executive Orders 12866 and 13563**

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

**VI. Regulatory Flexibility Act**

The Regulatory Flexibility Act does not apply to this rule because this final rule does not constitute a significant DFARS revision within the meaning of FAR 1.501–1, and 41 U.S.C. 1707 does not require publication for public comment.

**VII. Paperwork Reduction Act**

The rule does not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. chapter 35).

**List of Subjects in 48 CFR Part 247**

Government procurement.

**Jennifer L. Hawes,**  
*Editor, Defense Acquisition Regulations System.*

Therefore, 48 CFR part 247 is amended as follows:

**PART 247—TRANSPORTATION**

- 1. The authority citation for 48 CFR part 247 continues to read as follows:

**Authority:** 41 U.S.C. 1303 and 48 CFR chapter 1.

**247.301 [Amended]**

- 2. In section 247.301, remove the phrase “that require shipments to destinations outside CONUS”.

**247.301–71 [Amended]**

- 3. In section 247.301–71, remove “outside CONUS” and add “outside the contiguous United States” in its place.

[FR Doc. 2016–26367 Filed 11–3–16; 8:45 am]

**BILLING CODE 5001–06–P**

**DEPARTMENT OF DEFENSE**

**Defense Acquisition Regulations System**

**48 CFR Parts 212 and 252**

**[Docket DARS–2016–0015]**

**RIN 0750–AI93**

**Defense Federal Acquisition Regulation Supplement: Pilot Program on Acquisition of Military Purpose Nondevelopmental Items (DFARS Case 2016–D014)**

**AGENCY:** Defense Acquisition Regulations System, Department of Defense (DoD).

**ACTION:** Final rule.

**SUMMARY:** DoD is adopting as final, with changes, an interim rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to implement a section of the National Defense Authorization Act for Fiscal Year 2016 that changes the criteria for the pilot program for acquisition of military purpose nondevelopmental items.

**DATES:** Effective November 4, 2016.

**FOR FURTHER INFORMATION CONTACT:** Ms. Carrie Moore, telephone 571–372–6093.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

DoD published an interim rule in the **Federal Register** at 80 FR 42557 on June 30, 2016, to implement section 892 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2016 (Pub. L. 114–92). Section 892 removes the requirements under the pilot program for the use of competitive procedures and for awards to be made to nontraditional defense contractors. Section 892 also increases the threshold for use of the pilot program to contracts up to \$100 million. Two respondents submitted public comments in response to the interim rule.

**II. Discussion and Analysis**

DoD reviewed the public comments in the development of the final rule. A discussion of the comments received and the changes made to the rule as a result of those comments is provided, as follows:

*A. Summary of Significant Changes From the Interim Rule*

One change is made in the final rule as a result of a public comment. The prescription at DFARS 212.7103 for DFARS provision 252.212–7002, Pilot Program for Acquisition of Military-Purpose Nondevelopmental Items, is revised to clarify its use in solicitations