

not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

The FAA has determined that this regulation is an emergency regulation that must be issued immediately to correct an unsafe condition in aircraft, and that it is not a "significant regulatory action" under Executive Order 12866. It has been determined further that this action involves an emergency regulation under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979). If it is determined that this emergency regulation otherwise would be significant under DOT Regulatory Policies and Procedures, a final regulatory evaluation will be prepared and placed in the Rules Docket. A copy of it, if filed, may be obtained from the Rules Docket at the location provided under the caption **ADDRESSES**.

#### List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

#### Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

### **PART 39—AIRWORTHINESS DIRECTIVES**

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

#### **§ 39.13 [Amended]**

2. Section 39.13 is amended by adding the following new airworthiness directive:

96-26-07 BOEING: Amendment 39-9871.

Docket 96-NM-266-AD.

*Applicability:* All Model 737 series airplanes, certificated in any category.

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (b) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

*Compliance:* Required as indicated, unless accomplished previously.

To ensure that the flight crew is advised of the potential hazard associated with jammed or restricted flight controls and of the procedures necessary to address it, accomplish the following:

(a) Within 30 days after the effective date of this AD, accomplish paragraphs (a)(1) and (a)(2) of this AD.

(1) Revise the Emergency Procedures Section of the FAA-approved Airplane Flight Manual (AFM) to include the following recall item, which will enable the flight crew to take appropriate action to maintain control of the airplane during an uncommanded yaw or roll condition. This may be accomplished by inserting a copy of this AD in the AFM.

**"UNCOMMANDED YAW OR ROLL**

#### **RECALL**

Maintain control of the airplane with all available flight controls. If roll is uncontrollable, immediately reduce angle of attack and increase airspeed. Do not attempt to maintain altitude until control is recovered. If engaged, disconnect autopilot and autothrottle."

(2) Revise the section entitled "JAMMED FLIGHT CONTROLS" of the Normal Procedures Section (for Model 737-100 and -200 series airplanes) or the Non-Normal Procedures Section (for Model 737-300, -400, and -500 series airplanes), as applicable, of the FAA-approved AFM to include the following procedures, which will enable the flight crew to take appropriate action to maintain control of the airplane and to correct a jammed or restricted flight control condition. This may be accomplished by inserting a copy of this AD in the AFM.

**"JAMMED FLIGHT CONTROLS**

**JAMMED OR RESTRICTED ELEVATOR OR AILERON:**

In the event of a jammed elevator or aileron, do not hesitate to apply additional force to maintain control of the airplane. Do not turn off any flight control switches unless the faulty control is positively identified. Manual trim may be used to offload control forces.

**JAMMED OR RESTRICTED RUDDER:**

If the rudder pedals will not move to the pilot commanded position, or if the pedals are deflected in one direction and jammed, maintain control of the airplane with all available flight controls. Disengage the autopilot and autothrottle. Use maximum force (combined effort by both pilots) to overpower the rudder system.

After establishing control of the aircraft, check rudder pedal position. If the rudder pedals have centered, accomplish a normal descent, approach, and landing. If the rudder pedals remain jammed and are deflected to a degree that significantly affects the controllability of the airplane, select System B flight control switch to STBY RUD. If this action clears the jam/deflection, make a normal approach and landing, noting that rudder control may be limited. If moving the System B flight control switch to STBY RUD does not clear the jam, select System A flight

control switch to off. If pedals do not center, select System B flight control switch to off. Make approach and landing with flaps 15 at  $V_{REF}$  flaps 15. The crosswind capability of the airplane will be greatly reduced.

**YAW DAMPER:**

The yaw damper is a separate control and provides a limited rudder movement in opposition to the yaw rate of the airplane. Rudder (yaw damper) indicator displacement indicates yaw damper operation. Yaw damper light illuminates amber when the yaw damper is not engaged.

(b) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Seattle Aircraft Certification Office (ACO), FAA, Transport Airplane Directorate. Operators shall submit their requests through an appropriate FAA Principal Operations Inspector, who may add comments and then send it to the Manager, Seattle ACO.

Note 2: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Seattle ACO.

(c) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

(d) This amendment becomes effective on January 17, 1997.

Issued in Renton, Washington, on December 23, 1996.

S.R. Miller,

*Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.*

[FR Doc. 96-33104 Filed 12-30-96; 10:25 am]

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### **Office of the Secretary**

#### **14 CFR Part 382**

#### **49 CFR Part 27**

**[Docket No. 46872 and 45657]**

**RIN 2105-AB62**

### **Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting From Federal Financial Assistance; Nondiscrimination on the Basis of Handicap in Air travel**

**AGENCY:** Office of the Secretary, Department of Transportation (DOT).

**ACTION:** Correction to final regulations.

**SUMMARY:** On November 1, 1996, the Department of Transportation published final rules amending its regulations implementing Air Carrier Access Act and section 504 of the Rehabilitation Act. This document corrects certain editorial errors in that document. The

corrections do not affect the substance of the amendments.

**EFFECTIVE DATE:** January 2, 1997.

**FOR FURTHER INFORMATION CONTACT:** Robert C. Ashby, Deputy Assistant General Counsel for Regulation and Enforcement, Department of Transportation, 400 7th Street, S.W., Room 10424, Washington, D.C., 20590. (202) 366-9306 (voice); (202) 755-7687 (TDD)

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

The Department is making editorial corrections to its November 1, 1996, final rule (61 FR 56409), amending 49 CFR parts 27 and 14 CFR part 382, which implement section 504 of the Rehabilitation Act and the Air Carrier Access Act. The final rule concerned such subjects as lifts for small commuter aircraft, airport terminal accessibility, and passengers with communicable diseases.

##### **Need for Correction**

As published, the document contains errors which may prove to be misleading and are in need of correction. First, the title of an amendment to the Air Carrier Access Act regulation's "Provision of services and equipment" section is misnumbered (61 FR 56422). It reads "§ 382.49"; it should read "§ 382.39." Second, in the amendment to § 382.39(a)(2) (61 FR 56423), the word "commuter" in the final sentence is unnecessary and may be confusing, and should be deleted. In the same sentence, the words "fewer than 30" should be changed to "30 or fewer." Third, in the amendment to the section 504 rule (61 FR 56424), § 27.72(c)(2) inadvertently included the word "rule" in three places, and we are deleting it.

##### **Correction of Publication**

Accordingly, the publication on November 1, 1996, of the final regulations amending 14 CFR part 382 and 49 CFR part 27, which were the subject of FR Doc. 96-28084, is corrected as follows:

1. On page 56422, in the third column, following amendatory instruction 4, the title of the amended section is corrected to read as follows:

#### **§ 382.39 Provision of services and equipment.**

2. On page 56423, in the first column, the last sentence of the amended § 382.39(a)(2) is corrected by removing the word "commuter" and changing the words "fewer than 30" to "30 or fewer."

3. On page 56424, in the third column, the first sentence of new

§ 27.72(c)(2) is corrected by removing the word "rule" in three places: after the words "December 2, 1998", after the words "December 2, 1999", and after the words "December 4, 2000."

Robert C. Ashby,  
Deputy Assistant General Counsel for  
Regulation and Enforcement.  
[FR Doc. 96-33339 Filed 12-31-96; 8:45 am]

**BILLING CODE 4910-62-P**

## **DEPARTMENT OF THE TREASURY**

### **Internal Revenue Service**

#### **26 CFR Part 1**

**[TD 8704]**

**RIN 1545-AR31**

#### **Definition of Foreign Base Company Income and Foreign Personal Holding Company Income of a Controlled Foreign Corporation**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Final regulations.

**SUMMARY:** This document contains final regulations relating to the definitions of subpart F income and foreign personal holding company income of a controlled foreign corporation and the allocation of deficits for purposes of computing the deemed-paid foreign tax credit. These regulations are necessary to provide guidance that coordinates with previously published guidance under section 954. These regulations will affect United States shareholders of controlled foreign corporations.

**DATES:** These regulations are effective January 2, 1997.

For specific dates of applicability, see §§ 1.952-1(f)(5), 1.952-2(c)(1), 1.954-2(b)(3) and 1.960-1(i)(6).

**FOR FURTHER INFORMATION CONTACT:** Valerie Mark, (202) 622-3840 (not a toll-free call).

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

On September 7, 1995, proposed regulations (IL-75-92) amending the Income Tax Regulations (26 CFR Part 1) under sections 952, 954(c) and 960 of the Internal Revenue Code (Code) were published in the Federal Register (60 FR 46548). In final regulations under section 954 (TD 8618), also published on that date (60 FR 46500), a provision relating to the treatment of tax-exempt interest under the foreign personal holding company income rules was reserved. The proposed regulations provided rules for the treatment of tax-

exempt interest and also provided guidance under sections 952 and 960 to coordinate with the final regulations. No public hearing was requested or held. One written comment was received on the proposed regulations. After consideration of this comment, the proposed regulations are adopted as final regulations without amendment.

##### **Explanation of Provisions**

*Sections 1.952-1(e) and (f) and 1.960-1(i)*

Sections 1.952-1(e) and (f) and 1.960-1(i) are unchanged from the proposed regulations.

*Sections 1.952-2(c)(1) and 1.954-2(b)(3)*

Under § 1.954-2T(b)(6), interest income that was exempt from tax under section 103 was included in the foreign personal holding company income of the controlled foreign corporation. However, the net foreign base company income that was attributable to tax-exempt interest was treated as tax-exempt interest in the hands of the United States shareholder upon a deemed distribution under subpart F and therefore excluded for regular tax purposes but potentially subject to the alternative minimum tax. Section 1.954-2(b)(3), as proposed and finalized, amends the rule in the temporary regulations to provide that foreign personal holding company income includes interest income that is exempt from tax under section 103. The tax-exempt interest would not retain its character as such in the hands of the United States shareholder upon a deemed distribution under subpart F. As a result of the treatment of tax-exempt interest in these final regulations, Rev. Rul. 72-527 (1972-2 C.B. 456) is obsoleted.

A commentator argued that treatment of tax-exempt interest in the proposed regulations was contrary to section 103. This comment was rejected. The Code does not specifically address how section 103 applies in the context of subpart F. Although § 1.952-2 provides that, in general, U.S. tax principles apply in computing subpart F income, this regulation makes certain Code provisions inapplicable when necessary to serve the purposes of subpart F. See § 1.952-2(c)(1).

*Section 1.954-1(d)(4)(iii)*

The example in § 1.954-1(d)(4)(iii) is amended to correct a mathematical error.

*Section 1.954-2(g)(2)*

The regulations are amended to clarify that income derived in the trade or business of trading foreign currency