

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 99-NM-63-AD]

RIN 2120-AA64

Airworthiness Directives; Dassault Model 2000, 900EX, and Mystere Falcon 900 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to all Dassault Model Falcon 2000 series airplanes; and certain Dassault Model 900EX, and Mystere Falcon 900 series airplanes. This proposal would require repetitive operational tests of the flap asymmetry detection system to verify proper functioning, and repair, if necessary; repetitive replacement of the inboard flap jackscrews with new jackscrews; repetitive measurement of the screw/nut play to detect discrepancies; and corrective action, if necessary. This proposal is prompted by issuance of mandatory continuing airworthiness information by a foreign civil airworthiness authority. The actions specified by the proposed AD are intended to prevent jamming of the flap jackscrews, which could result in the inability to move the flaps or an asymmetric flap condition, and consequent reduced controllability of the airplane.

DATES: Comments must be received by May 24, 1999.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM-114, Attention: Rules Docket No. 99-NM-63-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056. Comments may be inspected at this location between 9:00 a.m. and 3:00

p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Norman B. Martenson, Manager, International Branch, ANM-116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (425) 227-2110; fax (425) 227-1149.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications shall identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket Number 99-NM-63-AD." The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, Transport Airplane Directorate, ANM-114, Attention: Rules Docket No. 99-NM-63-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056.

Discussion

The Direction Générale de l'Aviation Civile (DGAC), which is the airworthiness authority for France, notified the FAA that an unsafe condition may exist on all Dassault

Model Falcon 2000 series airplanes. The DGAC advises that several operators of these airplanes have reported jamming of the inboard flap jackscrew during extension of the flaps while the airplanes were in the approach-to-landing phase of the flight. The same inboard flap jackscrew is installed on certain Dassault Model 900EX, and Mystere Falcon 900 series airplanes, therefore, the identified unsafe condition may also exist on these airplane models. Such jamming of the flap jackscrews, if not corrected, could result in inability to move the flaps or an asymmetric flap condition, and consequent reduced controllability of the airplane.

FAA's Conclusions

This airplane model is manufactured in France and is type certificated for operation in the United States under the provisions of § 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. Pursuant to this bilateral airworthiness agreement, the DGAC has kept the FAA informed of the situation described above. The FAA has examined the findings of the DGAC, reviewed all available information, and determined that AD action is necessary for products of this type design that are certificated for operation in the United States.

Explanation of Requirements of Proposed Rule

Since an unsafe condition has been identified that is likely to exist or develop on other airplanes of the same type design registered in the United States, the proposed AD would require repetitive operational tests of the flap asymmetry detection system to verify proper functioning, and repair of any discrepancy. The proposal also would require repetitive replacement of the inboard flap jackscrews with new jackscrews; and repetitive measurement of the screw/nut play of the outboard and center flap jackscrews to detect discrepancies, and corrective action, if necessary. The corrective action consists of replacement of any discrepant jackscrew with a new jackscrew.

The actions would be required to be accomplished in accordance with the applicable Dassault Aviation Falcon 2000, 900EX, or Mystere Falcon 900 Airplane Maintenance Manual, and/or a

method approved by the FAA or the DGAC (or its delegated agent).

Interim Action

This is considered to be interim action. The manufacturer has advised that it currently is developing a modification that will positively address the unsafe condition addressed by this AD. Once this modification is developed, approved, and available, the FAA may consider additional rulemaking.

Cost Impact

The FAA estimates that 159 airplanes of U.S. registry would be affected by this proposed AD. It would take approximately 1 work hour per airplane to accomplish the proposed operational test, at an average labor rate of \$60 per work hour. Based on these figures, the cost impact of the operational test proposed by this AD on U.S. operators is estimated to be \$9,540, or \$60 per airplane, per test cycle.

It would take approximately 8 work hours per airplane to accomplish the proposed flap jackscrew replacement, at an average labor rate of \$60 per work hour. Required parts would cost approximately \$21,200 per airplane. Based on these figures, the cost impact of the replacement proposed by this AD on U.S. operators is estimated to be \$3,447,120 or \$21,680 per airplane, per replacement cycle.

It would take approximately 8 work hours per airplane to accomplish the proposed measurement, at an average labor rate of \$60 per work hour. Based on these figures, the cost impact of the inspection proposed by this AD on U.S. operators is estimated to be \$76,320, or \$480 per airplane, per measurement cycle.

The cost impact figures discussed above are based on assumptions that no operator has yet accomplished any of the proposed requirements of this AD action, and that no operator would accomplish those actions in the future if this AD were not adopted.

Regulatory Impact

The regulations proposed herein would not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 12612, it is determined that this proposal would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this proposed regulation (1)

is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting 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.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend 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:

Dassault Aviation [Formerly Avions Marcel Dassault-Breguet Aviation (AMD/BA)]:
Docket 99-NM-63-AD.

Applicability: All Model Falcon 2000 series airplanes; Falcon 900EX series airplanes, serial numbers 161 and subsequent; and Mystere Falcon 900 series airplanes, serial numbers 04 and subsequent; 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 (d) 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 prevent jamming of the flap jackscrews, which could result in inability to move the flaps or an asymmetric flap condition, and

consequent reduced controllability of the airplane, accomplish the following:

Repetitive Operational Test

(a) Within 5 flight cycles after the effective date of this AD: Perform an operational test of the flap asymmetry detection system to ensure that the system is functioning correctly, in accordance with the procedures specified in Falcon 2000 Airplane Maintenance Manual (AMM) 27-502, dated November 1995; Falcon 900 AMM 27-502, dated January 1995; or Falcon 900EX AMM 27-502, dated September 1996, as applicable. Prior to further flight, repair any discrepancy detected in accordance with a method approved by the Manager, International Branch, ANM-116, FAA, Transport Airplane Directorate; or the Direction Générale de l'Aviation Civile (or its delegated agent). Repeat the operational test thereafter at intervals not to exceed 330 flight hours or 7 months, whichever occurs first.

Repetitive Replacement

(b) Prior to the accumulation of 1,000 total flight cycles on the inboard flap jackscrews, or within 25 flight cycles after the effective date of this AD, whichever occurs later: Replace the inboard flap jackscrews with new jackscrews in accordance with the procedures specified in Falcon 2000 AMM 27-510, dated November 1995; Falcon 900 AMM 27-521, dated December 1998; or Falcon 900EX AMM 27-510, dated September 1996, as applicable. Repeat the replacement thereafter at intervals not to exceed 1,000 flight cycles.

Repetitive Inspection

(c) Prior to the accumulation of 1,000 total flight cycles on the outboard and center flap jackscrews, or within 25 flight cycles after the effective date of this AD, whichever occurs later: Measure the screw/nut play of the outboard and center flap jackscrews to detect discrepancies, in accordance with the procedures specified in Falcon 2000 AMM, Temporary Revision (TR) 27-504, dated October 1998; Falcon 900 AMM, TR 27-514, dated February 1999; or Falcon 900EX AMM, TR 27-514, dated February 1999, as applicable.

Note 2: The AFM revisions required by paragraph (c) of this AD may be accomplished by inserting a copy of the TR's into the applicable AFM. When these TR's have been incorporated into the general revisions of the AFM, the general revisions may be inserted into the AFM, provided that the information contained in the general revisions is identical to that specified in the TR's.

(1) If the measurement is greater than 0.014 inch, prior to further flight, replace the discrepant flap jackscrew with a new jackscrew in accordance with the procedures specified in Falcon 2000 AMM 27-510, dated November 1995; Falcon 900 AMM 27-521, dated December 1998; or Falcon 900EX AMM 27-510, dated September 1996, as applicable. Repeat the inspection thereafter at intervals not to exceed 330 flight hours or 7 months, whichever occurs first.

(2) If the measurement is less than or equal to 0.014 inch, repeat the measurement

thereafter at intervals not to exceed 330 flight hours or 7 months, whichever occurs first.

Alternative Methods of Compliance

(d) 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, International Branch, ANM-116. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, International Branch, ANM-116.

Note 3: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the International Branch, ANM-116.

Special Flight Permits

(e) Special flight permits may be issued in accordance with §§ 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.

Note 4: The subject of this AD is addressed in French airworthiness directives 1999-038-008(B), dated January 27, 1999 (for Falcon 2000 series airplanes); and 1999-082-024(B) dated February 24, 1999 (for Falcon 900 and Mystere Falcon 900EX series airplanes).

Issued in Renton, Washington, on April 26, 1999.

D.L. Riggins,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 99-10962 Filed 4-30-99; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 108

[Docket No. FAA-1999-5536; Notice No. 99-05]

RIN 2120-AG51

Security of Checked Baggage on Flights Within the United States; Correction

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking; correction.

SUMMARY: This document contains a correction to the notice of proposed rulemaking, published in the **Federal Register** on April 19, 1999 (64 FR 19220). That NPRM clarified that each certificate holder required under § 108.5 to adopt and implement an FAA-approved security program screen checked baggage or conduct passenger-to-bag matching for scheduled passenger operations within the United States

when using an airplane having a passenger seating configuration of more than 60 seats.

FOR FURTHER INFORMATION CONTACT: Lon M. Siro, 202-267-3414.

Correction of Publication

In proposed rule FR Doc. 99-9635, beginning on page 19220 in the **Federal Register** issue of April 19, 1999, make the following corrections:

1. On page 19220, in column 1, in the **ADDRESSES** section, beginning on line 5, correct the "Docket No. FAA-1999-5336" to read "Docket No. FAA-1999-5536".

2. On page 19220, in column 2, in Comments Invited section, beginning on line 7 in the fourth paragraph, correct the "Docket No. FAA-1999-5336" to read "Docket No. FAA-1999-5536".

Issued in Washington, DC on April 22, 1999.

Donald P. Byrne,

Assistant Chief Counsel, Regulations Division.

[FR Doc. 99-10734 Filed 4-30-99; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-106004-98]

RIN 1545-AW71

Guidance Under Section 355(d); Recognition of Gain on Certain Distributions of Stock or Securities

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to recognition of gain on certain distributions of stock or securities of a controlled corporation. These proposed regulations affect corporations and their shareholders. Proposed regulations are necessary because of statutory changes made by the Omnibus Budget Reconciliation Act of 1990. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written and electronic comments must be received by August 2, 1999. Outlines of topics to be discussed at the public hearing scheduled for September 21, 1999, at 10 a.m. must be received by August 31, 1999.

ADDRESSES: Send submissions to CC:DOM:CORP:R (REG-106004-98),

room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-106004-98), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.ustreas.gov/tax_regs/regslst.html. The public hearing will be held in room 2615, Internal Revenue Building, 1111 Constitution Avenue, N.W., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Robert Hawkes (202) 622-7530 or Phoebe Bennett (202) 622-7750; concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, Guy R. Traynor (202) 622-7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

If the requirements of section 355(a) are met, a distributing corporation (Distributing) may distribute the stock or securities of a controlled corporation (Controlled) to its shareholders or security holders (Distributees) with no gain or loss recognized to the Distributees. A Distributee allocates its basis in Distributing stock or securities between the Controlled stock or securities received in the distribution and any Distributing stock or securities retained in proportion to the fair market value of each. See section 358; §§ 1.358-1 and 1.358-2. If neither section 355 (d) nor (e) applies, then Distributing generally recognizes no gain on the distribution of stock or securities. See section 355(c)(2) or 361(c)(2).

With limited exceptions, the Tax Reform Act of 1986 (Public Law 99-514, 100 Stat. 208) (TRA), repealed the doctrine of *General Utilities & Operating Co. v. Helvering*, 296 U.S. 200 (1935), by requiring a corporation to recognize gain on both liquidating and nonliquidating distributions of appreciated property. In retaining section 355 as an exception to *General Utilities* repeal, Congress intended to permit historic shareholders to carry on their historic corporate businesses in separate corporations. See H. R. Rep. 101-881, at 341 (1990). However, Congress became concerned that, after the TRA, a person could purchase a historic shareholder's