LLC and LLC2, as allocated among those debts in a reasonable and consistent manner pursuant to paragraph (k)(3) of this section.

(iii) No events have occurred that would allow a valuation of LLC under paragraph (k)(2)(iii) of this section. Therefore, LLC's net value remains $175,000. LLC2's net value as of December 31, 2010, when LP determines its partners' shares of its liabilities, is $140,000. Under paragraph (k)(3) of this section, LP must allocate the net values of LLC and LLC2 between its $100,000 and $300,000 debts in a reasonable and consistent manner. Because the $100,000 debt is senior in priority to the $300,000 debt, LP first allocates the net values of LLC and LLC2, pro rata, to its $100,000 debt. Thus, LP allocates $56,000 of LLC's net value and $44,000 of LLC2's net value to its $100,000 debt, and A is treated as bearing the economic risk of loss for all of LP's $100,000 debt. As a result, all of LP's $100,000 debt is characterized as recourse under § 1.752–1(a) and is allocated to A under this section. LP then allocates the remaining $119,000 of LLC's net value and LLC2's $96,000 net value to its $300,000 debt, and A is treated as bearing the economic risk of loss for a total of $215,000 of the $300,000 debt. As a result, $215,000 of LP's $300,000 debt is characterized as recourse under § 1.752–1(a) and is allocated to A under this section, and the remaining $85,000 of LP's $300,000 debt is characterized as nonrecourse under § 1.752–1(a) and is allocated as required by § 1.752–3. This example illustrates one reasonable method of allocating net values of disregarded entities among multiple partnership liabilities.

Example 4. Disregarded entity with interests in two partnerships. (i) In 2007, B forms a wholly owned domestic limited liability company, LLC, with a contribution of $175,000. B has no liability for LLC's debts and LLC has no enforceable right to contribution from B. Under § 301.7701–3(b)(1)(ii) of this chapter, LLC is a disregarded entity. LLC contributes $50,000 to LP1 in exchange for a general partnership interest in LP1, and $25,000 to LP2 in exchange for a general partnership interest in LP2. LLC retains the $100,000 in cash. Both LP1 and LP2 have taxable years than end on December 31 and, under both LP1's and LP2's partnership agreements, only LLC is required to make up any deficit in its capital account. During 2007, LP1 and LP2 incur partnership liabilities that are general obligations of the partnership. LP1 borrows $300,000 (Debt 1), and LP2 borrows $60,000 (Debt 2) and $40,000 (Debt 3). Debt 2 is senior in priority to Debt 3. LP1 and LP2 make payments of only interest on Debts 1, 2, and 3 during 2007. As of the end of taxable year 2007, LP1 and LP2 each have a net taxable loss and must determine its partners' shares of partnership liabilities under §§ 1.705–1(a) and 1.752–4(d) as of December 31, 2007. As of that date, LLC's interest in LP1 has a fair market value of $45,000, and LLC's interest in LP2 has a fair market value of $15,000.

(ii) Because LLC is a disregarded entity, B is treated as the partner in LP1 and LP2 for federal tax purposes. Only LLC has an obligation to make a payment on account of Debts 1, 2, and 3 if LP1 and LP2 were to constructively liquidate as described in paragraph (b)(1) of this section. Therefore, under this paragraph (k), B is treated as bearing the economic risk of loss for LP1's and LP2's liabilities only to the extent of LLC's net value as of the allocation date, December 31, 2007.

(iii) LLC's net value with respect to LP1 is $115,000 ($100,000 cash + $15,000 interest in LP2). Therefore, under paragraph (k)(1) of this section, B is treated as bearing the economic risk of loss for $115,000 of Debt 1. Accordingly, $115,000 of LP1's $300,000 debt is characterized as recourse under § 1.752–1(a) and is allocated to B under this section. The balance of Debt 1 ($185,000) is characterized as nonrecourse under § 1.752–1(a) and is allocated as required by § 1.752–3.

(iv) LLC's net value with respect to LP2 is $145,000 ($100,000 cash + $45,000 interest in LP1). Therefore, under paragraph (k)(1) of this section, B is treated as bearing the economic risk of loss with respect to Debts 2 and 3 only to the extent of $145,000. Because Debt 2 is senior in priority to Debt 3, LP2 first allocates $60,000 of LLC's net value to Debt 2. LP2 then allocates $40,000 of LLC's net value to Debt 3. As a result, both Debts 2 and 3 are characterized as recourse under § 1.752–1(a) and allocated to B. This example illustrates one reasonable method of allocating the net value of a disregarded entity among multiple partnership liabilities.

(l) *Effective dates.* Paragraph (a), the last sentence of paragraph (b)(6), and paragraphs (h)(3) and (k) of this section apply to liabilities incurred or assumed by a partnership on or after October 11, 2006, other than liabilities incurred or assumed by a partnership pursuant to a written binding contract in effect prior to that date. The rules applicable to liabilities incurred or assumed (or subject to a binding contract in effect) prior to October 11, 2006 are contained in § 1.752–2 in effect prior to October 11, 2006, (see 26 CFR part 1 revised as of April 1, 2006).

PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

■ **Par. 5.** The authority citation for part 602 continues to read as follows:

Authority: 26 U.S.C. 7805.

■ **Par. 6.** Section 602.101 paragraph (b) is amended by adding a new entry to the table for ''1.752–2'' to read as follows:

§ 602.101 OMB Control numbers.

* * * * *

(b) * * *

CFR part or section where identified and described	Current OMB Control No.
* * * * *	
1.752–2	1545–1905
* * * * *	

Mark E. Matthews,

Deputy Commissioner for Services and Enforcement.

Approved: June 30, 2006.

Eric Solomon,

Acting Deputy Assistant Secretary of the Treasury.

Editorial Note: This document was received at the Office of the Federal Register on October 4, 2006.

[FR Doc. E6–16719 Filed 10–10–06; 8:45 am]

BILLING CODE 4830–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R04–OAR–2005–AL–0004–200619a; FRL–8229–8]

Approval and Promulgation of Implementation Plans; Alabama: Volatile Organic Compounds

AGENCY: Environmental Protection Agency (EPA).

ACTION: Direct final rule.

SUMMARY: EPA is approving revisions to the Alabama State Implementation Plan (SIP), submitted by the Alabama Department of Environmental Management (ADEM) on November 18, 2005. The revisions include modifications to Alabama's Volatile Organic Compounds (VOCs) rules found at Alabama Administrative Code (AAC) Chapter 335–3–1. ADEM is taking an action that was similarly approved by EPA on November 29, 2004 (69 FR 69298). The revision adds several compounds to the list of compounds excluded from the definition of VOC on the basis that they make a negligible contribution to ozone formation. This action is being taken pursuant to section 110 of the Clean Air Act (CAA).

DATES: This direct final rule is effective December 11, 2006 without further notice, unless EPA receives adverse comment by November 13, 2006. If adverse comment is received, EPA will publish a timely withdrawal of the direct final rule in the **Federal Register** and inform the public that the rule will not take effect.

ADDRESSES: Submit your comments, identified by Docket ID No. ''EPA–R04–OAR–2005–AL–0004,'' by one of the following methods:

1. *www.regulations.gov:* Follow the on-line instructions for submitting comments.
2. *E-mail: difrank.stacy@epa.gov.*
3. *Fax:* 404–562–9019.
4. *Mail:* ''EPA–R04–OAR–2005–AL–0004,'' Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW., Atlanta, Georgia 30303–8960.
5. *Hand Delivery or Courier:* Stacy DiFrank, Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division 12th floor, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW., Atlanta, Georgia 30303–8960. Such deliveries are only accepted during the Regional Office's normal hours of operation. The Regional Office's official hours of business are Monday through Friday, 8:30 to 4:30, excluding federal holidays.

Instructions: Direct your comments to Docket ID No. ''EPA–R04–OAR–2005–AL–0004.'' EPA's policy is that all comments received will be included in the public docket without change and may be made available online at *www.regulations.gov,* including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit through *www.regulations.gov* or e-mail, information that you consider to be CBI or otherwise protected. The *www.regulations.gov* website is an ''anonymous access'' systems, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an e-mail comment directly to EPA without going through *www.regulations.gov,* your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD–ROM you submit. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses. For additional information about EPA's public docket visit the EPA Docket Center homepage at *http://www.epa.gov/epahome/dockets.htm.*

Docket: All documents in the electronic docket are listed in the *www.regulations.gov* index. Although listed in the index, some information is not publicly available, i.e., CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically in *www.regulations.gov* or in hard copy at the Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW., Atlanta, Georgia 30303–8960. EPA requests that if at all possible, you contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section to schedule your inspection. The Regional Office's official hours of business are Monday through Friday, 8:30 to 4:30 excluding legal holidays.

FOR FURTHER INFORMATION CONTACT: Stacy DiFrank, Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW., Atlanta, Georgia 30303–8960. The telephone number is (404) 562–9042. Ms. DiFrank can also be reached via electronic mail at *difrank.stacy@epa.gov.*

SUPPLEMENTARY INFORMATION:

I. Today's Action

On November 18, 2005, ADEM submitted proposed SIP revisions to EPA for review and approval into the Alabama SIP. The revisions include changes made by the State of Alabama to AAC Chapter 335–3–1, regarding VOCs. The rules became state effective on December 12, 2005. EPA is now taking direct final action to approve the proposed revisions, which include revising the definition of VOC, which is a part of the State's strategy to meet the national ambient air quality standards (NAAQS) by reducing emissions of VOCs. In summary, the revisions submitted by ADEM added four compounds to the list of those excluded from the definition of VOC, on the basis that these compounds make a negligible contribution to ozone formation. The revision modified the definition to say that: 1,1,1,2,2,3,3-heptafluoro-3-methoxy-propane (n-$C_3F_7OCH_3$) (known as HFE–7000); 3-ethoxy-1,1,1,2,3,4,4,5,5,6,6,6-dodecafluro-2-(trifluoromethyl) hexane (known as HFE–7500), 1,1,1,2,3,3,3-heptafluoropropane (known as HFC–227ea); and methyl formate ($HCOOOCH_3$) will be considered to be negligibly reactive. The revisions summarized above are approvable pursuant to section 110 of the CAA.

II. Background

Tropospheric ozone, commonly known as smog, occurs when VOCs and nitrogen oxides (NO_X) react in the atmosphere. Because of the harmful health effects of ozone, EPA limits the amount of VOCs and NO_X that can be released into the atmosphere. VOCs are those compounds of carbon (excluding carbon monoxide, carbon dioxide, carbonic acid, metallic carbides, or carbonates, and ammonium carbonate) which form ozone through atmospheric photochemical reactions. Compounds of carbon (or organic compounds) have different levels of reactivity; they do not react at the same speed, or do not form ozone to the same extent.

It has been EPA's policy that compounds of carbon with a negligible level of reactivity need not be regulated to reduce ozone (see 42 FR 35314, July 8, 1977). EPA determines whether a given carbon compound has ''negligible'' reactivity by comparing the compound's reactivity to the reactivity of ethane. EPA lists these compounds in its regulations at 40 CFR 51.100(s), and excludes them from the definition of VOC. The chemicals on this list are often called ''negligibly reactive.'' EPA may periodically revise the list of negligibly reactive compounds to add compounds to or delete them from the list.

EPA finalized a similar rule on November 29, 2004 (69 FR 69298), approving the addition of the four compounds listed in Section I above to the list of those excluded from the definition of VOC.

III. Final Action

EPA is approving revisions to the Alabama SIP to include changes made to Alabama's VOC regulations which are part of the State's strategy to meet the NAAQS. These changes are consistent with the CAA.

EPA is publishing this rule without prior proposal because the Agency views this as a noncontroversial submittal and anticipates no adverse comments. However, in the proposed rules section of this **Federal Register** publication, EPA is publishing a separate document that will serve as the proposal to approve the SIP revision should adverse comments be filed. This rule will be effective December 11, 2006 without further notice unless the

Agency receives adverse comments by November 13, 2006.

If EPA receives such comments, then EPA will publish a document withdrawing the final rule and informing the public that the rule will not take effect. All public comments received will then be addressed in a subsequent final rule based on the proposed rule. EPA will not institute a second comment period. Parties interested in commenting should do so at this time. If no such comments are received, the public is advised that this rule will be effective on December 11, 2006 and no further action will be taken on the proposed rule.

IV. Statutory and Executive Order Reviews

Under Executive Order 12866 (58 FR 51735, October 4, 1993), this action is not a ''significant regulatory action'' and therefore is not subject to review by the Office of Management and Budget. For this reason, this action is also not subject to Executive Order 13211, ''Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use'' (66 FR 28355, May 22, 2001). This action merely approves state law as meeting Federal requirements and imposes no additional requirements beyond those imposed by state law. Accordingly, the Administrator certifies that this rule will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). Because this rule approves pre-existing requirements under state law and does not impose any additional enforceable duty beyond that required by state law, it does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104–4).

This rule also does not have tribal implications because it will not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes, as specified by Executive Order 13175 (65 FR 67249, November 9, 2000). This action also does not have Federalism implications because it does 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, as specified in Executive Order 13132 (64 FR 43255, August 10, 1999). This action merely approves a state rule implementing a Federal standard, and does not alter the relationship or the distribution of power and responsibilities established in the CAA. This rule also is not subject to Executive Order 13045 ''Protection of Children from Environmental Health Risks and Safety Risks'' (62 FR 19885, April 23, 1997), because it is not economically significant.

In reviewing SIP submissions, EPA's role is to approve state choices, provided that they meet the criteria of the CAA. In this context, in the absence of a prior existing requirement for the State to use voluntary consensus standards (VCS), EPA has no authority to disapprove a SIP submission for failure to use VCS. It would thus be inconsistent with applicable law for EPA, when it reviews a SIP submission, to use VCS in place of a SIP submission that otherwise satisfies the provisions of the CAA. Thus, the requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) do not apply. This rule does not impose an information collection burden under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

The Congressional Review Act, 5 U.S.C. 801 *et seq.*, as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the **Federal Register**. A major rule cannot take effect until 60 days after it is published in the **Federal Register**. This action is not a ''major rule'' as defined by 5 U.S.C. 804(2).

Under section 307(b)(1) of the CAA, petitions for judicial review of this action must be filed in the United States Court of Appeals for the appropriate circuit by December 11, 2006. Filing a petition for reconsideration by the Administrator of this final rule does not affect the finality of this rule for the purposes of judicial review nor does it extend the time within which a petition for judicial review may be filed, and shall not postpone the effectiveness of such rule or action. This action may not be challenged later in proceedings to enforce its requirements. (See section 307(b)(2)).

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Carbon monoxide, Intergovernmental relations, Nitrogen dioxide, Ozone, Particulate matter, Reporting and recordkeeping requirements, Volatile organic compounds.

Dated: September 18, 2006.

A. Stanley Meiburg,

Acting Regional Administrator, Region 4.

■ 40 CFR part 52 is amended as follows:

PART 52—[AMENDED]

■ 1. The authority citation for part 52 continues to read as follows:

Authority: 42 U.S.C. 7401 et seq.

Subpart B—Alabama

■ 2. Section 52.50(c) is amended by revising entries for ''Section 335–3–1.02'' to read as follows:

§ 52.50 Identification of plan.

* * * * *

(c) * * *

EPA APPROVED ALABAMA REGULATIONS

State citation	Title/subject	State effective date	EPA approval date	Explanation
	Chapter 335–3–1 General provisions			
*	* * * *	*	*	*
Section 335–3–1–.02.	Definitions	12/12/2005	10/11/06 [Insert citation of publication].	
*	* * * *	*	*	*

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[FR Doc. E6–16812 Filed 10–10–06; 8:45 am]
BILLING CODE 6560–50–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

49 CFR Part 213

[Docket No. FRA–2005–22522]

RIN 2130–AB71

Track Safety Standards; Inspections of Joints in Continuous Welded Rail (CWR)

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: FRA is amending the Federal Track Safety Standards to improve the inspection of rail joints in continuous welded rail (CWR). On November 2, 2005, FRA published an Interim Final Rule (IFR) addressing the inspection of rail joints in CWR. FRA requested comments on the provisions of the IFR and stated that a final rule would be issued after a review of those comments. This final rule adopts a portion of the IFR and makes changes to other portions. This final rule requires track owners to develop and implement a procedure for the detailed inspection of CWR rail joints and also requires track owners to keep records of those inspections.

DATES: This final rule is effective October 31, 2006.

FOR FURTHER INFORMATION CONTACT: Kenneth Rusk, Staff Director, Office of Safety, FRA, 1120 Vermont Avenue NW., Washington, DC 20590, Telephone: (202) 493–6236; or Sarah Grimmer, Trial Attorney, Office of Chief Counsel, FRA, 1120 Vermont Ave NW., Washington, DC 20950, Telephone (202) 493–6390.

SUPPLEMENTARY INFORMATION:

Background

I. Continuous Welded Rail (CWR)

A. General

CWR refers to the way in which rail is joined together to form track. In CWR, rails are welded together to form one continuous rail that may be several miles long. Although CWR is normally one continuous rail, there can be joints [1] in it for one or more reasons: the need for insulated joints that electrically separate track segments for signaling purposes, the need to terminate CWR installations at a segment of jointed rail, or the need to remove and replace a section of defective rail.

B. Statutory and Regulatory History of CWR

The Federal Railroad Administration (FRA) issued the first Federal Track Safety Standards in 1971. *See* 36 FR 20336 (October 20, 1971). FRA addressed CWR in a rather general manner, stating, in § 213.119, that railroads must install CWR at a rail temperature that prevents lateral displacement of track or pull-aparts of rail ends and that CWR should not be disturbed at rail temperatures higher than the installation or adjusted installation temperature.

In 1982, FRA deleted § 213.119, because FRA believed it was so general in nature that it provided little guidance to railroads and it was difficult to enforce. *See* 47 FR 7275 (February 18, 1982) and 47 FR 39398 (September 7, 1982). FRA stated: ''While the importance of controlling thermal stresses within continuous welded rail has long been recognized, research has not advanced to the point where specific safety requirements can be established.'' 47 FR 7279. FRA explained that continuing research might produce reliable data in this area in the future.

The Rail Safety Enforcement and Review Act of 1992 (Public Law 102–365, September 3, 1992), required that FRA evaluate procedures for installing and maintaining CWR. In 1994, Congress required DOT to evaluate cold weather installation procedures for CWR (Federal Railroad Safety Reauthorization Act (Pub. L. 103–272, July 5, 1994)). In light of the evaluation of those procedures, as well as information resulting from FRA's own research and development, FRA addressed CWR procedures by adding § 213.119 during its 1998 revision of the Track Safety Standards. *See* 63 FR 33992 (June 22, 1998).

Section 213.119, as added in 1998, requires railroads to develop procedures that, at a minimum, provide for the installation, adjustment, maintenance, and inspection of CWR, as well as a training program and minimal recordkeeping requirements. Section 213.119 does not dictate which procedures a railroad must use in its CWR plan. It allows each railroad to develop and implement its individual CWR plan based on procedures which have proven effective for it over the years. Accordingly, procedures can vary from railroad to railroad.

On August 10, 2005, President Bush signed the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU), (Pub. L. 109–59, August 10, 2005) into law. Section 9005(a) of SAFETEA–LU amended 49 U.S.C. 20142 by adding a new subsection (e) as follows:

> (e) Track Standards.—
> (1) In General.—Within 90 days after the date of enactment of this subsection, the Federal Railroad Administration shall—
> (A) require each track owner using continuous welded rail track to include procedures (in its procedures filed with the Administration pursuant to section 213.119 of title 49, Code of Federal Regulations) to improve the identification of cracks in rail joint bars;
> (B) instruct Administration track inspectors to obtain copies of the most recent continuous welded rail programs of each railroad within the inspectors' areas of responsibility and require that inspectors use those programs when conducting track inspections; and
> (C) establish a program to review continuous welded rail joint bar inspection data from railroads and Administration track inspectors periodically.
> (2) Inspection.—Whenever the Administration determines that it is necessary or appropriate, the Administration may require railroads to increase the frequency of inspection, or improve the methods of inspection, of joint bars in continuous welded rail.

Pursuant to this mandate, on November 2, 2005, FRA revised the Track Safety Standards of 49 CFR part 213 by publishing the IFR, 70 FR 66288, which addresses CWR. FRA requested comments on the IFR and provided the Railroad Safety Advisory Committee (RSAC) with an opportunity to review the comments on the IFR. On February 22, 2006, RSAC established the Track Safety Standards Working Group (working group). The working group was given two tasks: (1) Resolution of comments on the IFR, and (2) recommendations regarding FRA's role in oversight of CWR programs, including analysis of data to determine effective management of CWR safety by the railroads. The first task, referred to as ''Phase I'' of the CWR review, includes analyzing the IFR on inspection of joint bars in CWR territory, reviewing the comments to the IFR, and preparing recommendations for the final rule. The publication of this final rule concludes ''Phase I'' of RSAC's referral to the working group. The working group is currently reviewing ''Phase II'' of RSAC's referral, which involves an examination of all of § 213.119. The working group plans to

[1] Rail joints commonly consist of two joint bars that are bolted to the sides of the rail and that contact the rail at the bottom surface of the rail head and the top surface of the rail base.