

083, Am-Index: 01.a, dated February 26, 2008.

(4) *For sailplanes that had P/Ns M476 replaced with P/Ns 10M-181 in compliance with AD 2008-11-20:* Before further flight after the effective date of this AD, do a leak test as specified in STEMME F & D Service Bulletin A31-10-083, Am-Index: 01.a, dated February 26, 2008.

(5) If a leak is found during the leak test required in paragraph (f)(4) of this AD, before further flight, repair the leak following an FAA-approved procedure. The appropriate maintenance manual contains these procedures.

(6) *For all sailplanes affected by this AD:* If no leak is found during the inspection required in paragraph (f)(2) of this AD, within the next 12 months after the effective date of this AD, replace all P/Ns M476 in the fuel system with P/Ns 10M-181. Do the replacements following STEMME F & D Service Bulletin A31-10-083, Am-Index: 01.a, dated February 26, 2008.

(7) Before further flight after doing the replacement required in paragraph (f)(6) of this AD, do a leak test as specified in STEMME F & D Service Bulletin A31-10-083, Am-Index: 01.a, dated February 26, 2008.

(8) If a leak is found during the leak test required in paragraph (f)(7) of this AD, before further flight, repair the leak following an FAA-approved procedure. The appropriate maintenance manual contains these procedures.

(9) *For all sailplanes affected by this AD:* After June 23, 2008 (the compliance date retained from AD 2008-11-20), do not install plastic "T" and "Y" shape connectors and P/N M476 single-ear clamps in the fuel system.

#### FAA AD Differences

**Note:** This AD differs from the MCAI and/or service information as follows: No differences.

#### Other FAA AD Provisions

(g) The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, Standards Office, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. Send information to ATTN: Greg Davison, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4130; fax: (816) 329-409. Before using any approved AMOC on any airplane to which the AMOC applies, notify your appropriate principal inspector (PI) in the FAA Flight Standards District Office (FSDO), or lacking a PI, your local FSDO.

(2) *Airworthy Product:* For any requirement in this AD to obtain corrective actions from a manufacturer or other source, use these actions if they are FAA-approved. Corrective actions are considered FAA-approved if they are approved by the State of Design Authority (or their delegated agent). You are required to assure the product is airworthy before it is returned to service.

(3) *Reporting Requirements:* For any reporting requirement in this AD, under the

provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*), the Office of Management and Budget (OMB) has approved the information collection requirements and has assigned OMB Control Number 2120-0056.

#### Related Information

(h) Refer to MCAI European Aviation Safety Agency (EASA) Emergency AD No. 2008-0053-E, dated March 5, 2008; STEMME F & D Service Bulletin A31-10-082, AM-Index: 01.a, dated November 30, 2007; and STEMME F & D Service Bulletin A31-10-083, Am-Index: 01.a, dated February 26, 2008, for related information.

Issued in Kansas City, Missouri, on June 27, 2008.

#### John Colomy,

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

[FR Doc. E8-15177 Filed 7-2-08; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-138355-07]

RIN 1545-BG98

#### Modifications to Subpart F Treatment of Aircraft and Vessel Leasing Income

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

**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations and notice of proposed rulemaking.

**SUMMARY:** In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations relating to the subpart F treatment of aircraft and vessel leasing income under sections 954 and 956 of the Internal Revenue Code (Code) and the transfer of tangible property incorporated in aircraft and vessels that are used predominantly outside the United States under section 367 of the Code. The regulations reflect statutory changes made by section 415 of the American Jobs Creation Act of 2004 (AJCA). In general, the regulations will affect United States shareholders of controlled foreign corporations that derive income from the leasing of aircraft or vessels in foreign commerce and that transfer property subject to these leases to a foreign corporation. The text of those temporary regulations also serves as the text of these proposed regulations.

**DATES:** Written or electronic comments and requests for a public hearing must be received by October 1, 2008.

**ADDRESSES:** Send submissions to: CC:PA:LPD:PR (REG-138355-07), Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-138355-07), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC., or sent electronically, via the Federal eRulemaking Portal at <http://www.regulations.gov> (IRS-REG-138355-07).

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations under section 367, John H. Seibert, at (202) 622-3860; concerning the proposed regulations under section 954 or 956, Paul J. Carlino at (202) 622-3840; concerning submissions of comments or a public hearing, Richard Hurst, at (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

#### Background and Explanation of Provisions

Temporary regulations in this issue of the **Federal Register** provide guidance under section 367 of the Code, relating to the nonrecognition of gain on certain property transferred to a foreign corporation if the property is used by the foreign corporation in the active conduct of a trade or business outside of the United States. The regulations also provide guidance under section 954 relating to the determination of whether rents derived from leasing an aircraft or vessel in foreign commerce will be treated as derived in the active conduct of a trade or business under section 954(c)(2)(A), and section 956, relating to whether an aircraft or vessel used in the transportation of persons or property in foreign commerce is excluded from U.S. property. The text of the temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations and these proposed regulations.

#### Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the proposed regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. Ch. 6) does not apply.

Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

### Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. The IRS and Treasury Department request comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available for public inspection and copying. A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

### Drafting Information

The principal authors of these regulations are John H. Seibert and Paul J. Carlino, Office of Associate Chief Counsel (International). However, other personnel from the IRS and Treasury Department participated in their development.

### List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

### Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

#### PART 1—INCOME TAXES

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

**Authority:** 26 U.S.C. 7805. \* \* \*

**Par. 2.** In § 1.367(a)–2 is added to read as follows:

#### § 1.367(a)–2 Exception for transfers of property for use in the active conduct of a trade or business.

[The text of the proposed § 1.367(a)–2 is the same as the text for § 1.367(a)–2T(a) through (e)(2) published elsewhere in this issue of the **Federal Register**.]

**Par. 3.** In § 1.367(a)–4 is added to read as follows:

#### § 1.367(a)–4 Special rules applicable to specified transfers of property (temporary).

[The text of the proposed § 1.367(a)–4 is the same as the text for § 1.367(a)–

4T(a) through (i)(1) published elsewhere in this issue of the **Federal Register**.]

**Par. 4.** In § 1.367(a)–5 is added to read as follows:

#### § 1.367(a)–5 Property subject to section 367(a)(1) regardless of use in trade or business.

[The text of the proposed § 1.367(a)–5 is the same as the text for § 1.367(a)–5T(a) through (f)(3)(ii) published elsewhere in this issue of the **Federal Register**.]

**Par. 5.** Section 1.954–2(c)(2)(ii), (c)(2)(v) and (c)(3) *Example 6* and (i) are revised to read as follows:

#### § 1.954–2 Foreign personal holding company income.

\* \* \* \* \*

(c) \* \* \*

(2) \* \* \*

(ii) [The text of the proposed amendment to § 1.954–2(c)(2)(ii) is the same as the text of § 1.954–2T(c)(2)(ii) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(v) [The text of the proposed amendment to § 1.954–2(c)(2)(v) is the same as the text for § 1.954–2T(c)(2)(v) published elsewhere in this issue of the **Federal Register**.]

(vi) [The text of the proposed amendment to § 1.954–2(c)(2)(vi) is the same as the text for § 1.954–2T(c)(2)(vi) published elsewhere in this issue of the **Federal Register**.]

(vii) [The text of the proposed amendment to § 1.954–2(c)(2)(vii) is the same as the text for § 1.954–2T(c)(2)(vii) published elsewhere in this issue of the **Federal Register**.]

(3) \* \* \*

*Example 6.* [The text of the proposed amendment to § 1.954–2(c)(3) *Example 6* is the same as the text for § 1.954–2T(c)(3) *Example 6* published elsewhere in this issue of the **Federal Register**.]

(i) [The text of the proposed amendment to § 1.954–2(c)(3)(i) is the same as the text for § 1.954–2T(c)(3)(i) published elsewhere in this issue of the **Federal Register**.]

**Par. 6.** Section 1.956–2(b)(1)(vi) and (e) are revised to read as follows:

#### § 1.956–2 Definition of United States Property.

\* \* \* \* \*

(b) \* \* \*

(1) \* \* \*

(vi) [The text of the proposed amendment to § 1.956–2(b)(1)(vi) is the same as the text for § 1.956–2T(b)(1)(vi) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(e) [The text of the proposed amendment to § 1.956–2(e) is the same

as the text of § 1.956–2T(e) published elsewhere in this issue of the **Federal Register**.]

**Linda E. Stiff,**

*Deputy Commissioner for Services and Enforcement.*

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## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 52

[EPA–R09–OAR–2008–0337; FRL–8565–1]

### Revisions to the California State Implementation Plan, South Coast Air Quality Management District

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** EPA is proposing to approve revisions to the South Coast Air Quality Management District (SCAQMD) portion of the California State Implementation Plan (SIP). These revisions concern oxides of nitrogen (NO<sub>x</sub>) and oxides of sulfur (SO<sub>x</sub>) emissions from facilities emitting 4 tons or more per year of NO<sub>x</sub> or SO<sub>x</sub> in the year 1990 or in any subsequent year under the SCAQMD's Regional Clean Air Incentives Market (RECLAIM) program. We are approving local rules that regulate these emission sources under the Clean Air Act as amended in 1990 (CAA or the Act).

**DATES:** Any comments on this proposal must arrive by August 4, 2008.

**ADDRESSES:** Submit comments, identified by docket number EPA–R09–OAR–2008–0337, by one of the following methods:

1. *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the on-line instructions.

2. *E-mail:* [steckel.andrew@epa.gov](mailto:steckel.andrew@epa.gov).

3. *Mail or deliver:* Andrew Steckel (Air–4), U.S. Environmental Protection Agency Region IX, 75 Hawthorne Street, San Francisco, CA 94105–3901.

*Instructions:* All comments will be included in the public docket without change and may be made available online at <http://www.regulations.gov>, including any personal information provided, unless the comment includes Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Information that you consider CBI or otherwise protected should be clearly identified as such and should not be submitted through <http://www.regulations.gov> or e-mail. <http://www.regulations.gov> is an “anonymous access” system, and EPA will not know