

(AMM) P.180 Avanti report 9066) or Temporary Revision 11 into the maintenance program (AMM P.180 Avanti II report 180-MAN-0200-01105). The temporary revisions require confirmation that the steering manifold and steering actuator are compliant with Piaggio Aero Industries S.p.A. Service Bulletin (Mandatory) N.: 80-0236 Rev. 1, dated May 15, 2007.

#### FAA AD Differences

**Note 2:** This AD differs from the MCAI and/or service information as follows: The MCAI requires the initial inspection action within 5 hours TIS. We consider 5 hours TIS an urgent safety of flight compliance time, and we do not consider this unsafe condition to be an urgent safety of flight condition. Because we do not consider this unsafe condition to be an urgent safety of flight condition, we are issuing this proposed action through the normal notice of proposed rulemaking (NPRM) AD process. The initial inspection time of 30 hours TIS or 30 days, whichever occurs first, is an adequate compliance time for this proposed AD action and meets the FAA requirements for an NPRM followed by a final rule.

#### Other FAA AD Provisions

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

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, Standards Staff, 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: Sarjapur Nagarajan, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4145; fax: (816) 329-4090. 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 Airworthiness Directive EAD No: 2007-0147-E, dated May 22, 2007; and Piaggio Aero Industries S.p.A. Service Bulletin (Mandatory) N.: 80-0236 Rev. 1, dated May 15, 2007, for related information.

Issued in Kansas City, Missouri, on July 9, 2007.

**Sandra J. Campbell,**

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

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-121475-03]

RIN 1545-BC61

#### Qualified Zone Academy Bonds; Obligations of States and Political Subdivisions

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

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

**SUMMARY:** In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations relating to the Federal income tax treatment of qualified zone academy bonds. This document contains proposed regulations that provide guidance to state and local governments that issue qualified zone academy bonds and to banks, insurance companies, and other taxpayers that hold those bonds on the program requirements for qualified zone academy bonds. The regulations implement the amendments to section 1397E of the Internal Revenue Code (Code) and provide guidance on the maximum term, permissible use of proceeds, and remedial actions for qualified zone academy bonds. The text of those regulations also serves as the text of these proposed regulations. This document also withdraws proposed regulations published March 26, 2004.

**DATES:** Written or electronic comments and requests for a public hearing must be received by October 15, 2007.

**ADDRESSES:** Send submissions to: CC:PA:LPD:PR (REG-121475-03), room 5203, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-121475-03), 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-121475-03).

[www.regulations.gov/](http://www.regulations.gov/) (IRS REG-121475-03).

#### FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Zoran Stojanovic, (202) 622-3980; concerning submissions of comments and/or requests for a hearing, Richard A. Hurst, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Paperwork Reduction Act

The collection of information contained in these proposed regulations has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1908. Responses to this collection of information are required to obtain or retain a benefit. This collection of information is required by the IRS to verify compliance with section 1397E. Comments on the collection of information should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, SE:W:CAR:MP:T:T:SP; Washington, DC 20224. Comments on the collection of information should be received by September 14, 2007. Comments are specifically requested concerning:

Whether the proposed collection of information is necessary for the proper performance of the functions of the Internal Revenue Service, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proposed collection of information;

How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the proposed collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

The collection of information in this proposed regulation is in § 1.1397E-1(h). This collection of information is required by the IRS to verify compliance with section 1397E. This information will be used to identify issuers of qualified zone academy bonds that have established a defeasance escrow as a remedial action taken because of failure

to satisfy certain requirements of section 1397E. The collection of information is required to obtain or retain a benefit. The likely respondents are states or local governments that issue qualified zone academy bonds.

*Estimated total annual reporting burden:* 3 hours.

*Estimated average annual burden hours per respondent:* 30 minutes.

*Estimated number of respondents:* 6.

*Estimated annual frequency of responses:* varies.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books and records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

### Background and Explanation of Provisions

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR part 1) relating to section 1397E. The temporary regulations amend the final regulations adopted September 26, 2000 (TD 8903) (65 FR 57732), and provide guidance to state and local governments that issue qualified zone academy bonds and to bank, insurance companies, and other taxpayers that hold those bonds. The temporary regulations provide guidance on the program requirements for qualified zone academy bonds. The text of those 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 rule making 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. It is hereby certified that the collection of information in these regulations will not have a significant economic impact on a substantial number of small entities. It is estimated that each year six issuers of QZABs will be required to report the establishment of a defeasance escrow, and the average estimated burden of

each such reporting is 30 minutes. In addition, the establishment of a defeasance escrow need only be reported once. Therefore, a regulatory flexibility analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Pursuant to section 7805(f) of the Internal Revenue 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 comments (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. The IRS and Treasury Department specifically request comments on the clarity of the proposed rules and how they may 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 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 Timothy L. Jones and Zoran Stojanovic, Office of Division Counsel/Associate Chief Counsel, IRS (Tax Exempt and Government Entities). However, other personnel from the IRS and the Treasury Department participated in their development.

### List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

### Withdrawal of Proposed Regulations

Under the authority of 26 U.S.C. 7805, the notice of proposed rulemaking (REG-121475-03) published in the **Federal Register** on March 26, 2004 (69 FR 15747) is withdrawn.

### 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 is amended by adding an entry in numerical order to read as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*  
Section 1.1397E-1 also issued under 26 U.S.C. 1397E. \* \* \*

**Par. 2.** Section 1.1397E-1 is amended by revising paragraphs (a), (d), (h), (i), (j), (k), (l), and (m) to read as follows:

### § 1.1397E-1 Qualified zone academy bonds.

(a) [The text of the proposed amendment to § 1.1397E-1(a) is the same as the text of § 1.1397E-1T(a) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(d) [The text of the proposed amendment to § 1.1397E-1(d) is the same as the text of § 1.1397E-1T(d) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(h) [The text of the proposed amendment to § 1.1397E-1(h) is the same as the text of § 1.1397E-1T(h) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(i) [The text of the proposed amendment to § 1.1397E-1(i) is the same as the text of § 1.1397E-1T(i) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(j) [The text of the proposed amendment to § 1.1397E-1(j) is the same as the text of § 1.1397E-1T(j) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(k) [The text of the proposed amendment to § 1.1397E-1(k) is the same as the text of § 1.1397E-1T(k) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(l) [The text of the proposed amendment to § 1.1397E-1(l) is the same as the text of § 1.1397E-1T(l) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(m) [The text of the proposed amendment to § 1.1397E-1(m) is the same as the text of § 1.1397E-1T(m)(1) and (m)(2) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

**Kevin M. Brown,**

*Deputy Commissioner for Services and Enforcement.*

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