

**Comments Due Date**

(a) The Federal Aviation Administration (FAA) must receive comments on this airworthiness directive (AD) action by July 19, 2004.

**Affected ADs**

(b) None.

**Applicability**

(c) This AD applies to the Hartzell Propeller, Inc., McCauley Propeller Systems,

and Sensenich Propeller Manufacturing Company, Inc. propeller models last returned to service by Southern California Propeller Service of Inglewood, CA., listed in the following Table 1:

TABLE 1.—APPLICABLE PROPELLER MODELS

**Hartzell Propeller, Inc.**

( )HC-( )2,3,4Y( )-( )  
 ( )HC-( )2,3,4(X,V,MV,W,Z,P,R)(F,G,L,K,R,20,30,31)-( )  
 ( )HA-( )-( )  
 HC-B(3,4)(M,P,R,T)(A,N,P)-( )  
 HC-(D,E)(4,5)(A,B,N,P)-( )

**McCauley Propeller Systems**

( )2( )3( )C( )-( ) : All constant speed two-bladed propeller models.  
 ( )3( )3( )C( )-( ) : All constant speed three-bladed propeller models.  
 1( )-( ) : All metal propeller models.

**Sensenich Propeller Manufacturing Company, Inc.**

All metal propeller models.

(d) These actions are against propellers returned to service by Southern California Propeller Service. Southern California Propeller Service is not to be confused with propeller repair stations known as California Propeller or as Propeller Service of California. Southern California Propeller Service was issued Air Agency Certificate number of VXS617L in 1992, which was revoked in June of 1998.

(e) For Hartzell and McCauley propellers listed in Table 1 of this AD, any letter or number (or lack of a letter or number) could appear where open parentheses are shown in the model number. Model numbers could show any combination of letters or numbers where the model number shows parentheses with a series of numbers or letters.

(f) For propellers listed in Table 1 of this AD, that have been overhauled since being returned to service by Southern California Propeller Service by an authorized repair station other than Southern California Propeller Service, no further action is required.

**Unsafe Condition**

(g) This AD results from the investigation of a failed propeller blade and subsequent inspections of various propeller models returned to service by Southern California Propeller Service, of Inglewood, CA. We are issuing this AD to prevent blade failure that could result in separation of a propeller blade and loss of control of the airplane.

**Compliance**

(h) You are responsible for having the actions required by this AD performed within 10 hours time-in-service after the effective date of this AD.

**Required Actions**

(i) Perform the actions specified in paragraph (j) of this AD on propellers listed in Table 1 of this AD. You can find information on performing the actions in the applicable propeller manufacturer's service documentation.

(j) Perform the following actions:

- (1) Disassemble,
- (2) Clean,
- (3) Inspect for the following:

- (i) Cracks,
  - (ii) Corrosion or pits,
  - (iii) Nicks,
  - (iv) Scratches,
  - (v) Blade minimum dimensions,
  - (vi) Unapproved localized heating of blade,
  - (vii) Unapproved use of helicoil inserts in actuating pin holes,
  - (viii) Improperly drilled actuating pin holes,
  - (ix) Chemical conversion coat or paint or both applied over corrosion,
  - (x) Lack of chemical conversion coating,
  - (xi) Lack of paint on internal surfaces,
  - (xii) Bolts incorrectly torqued,
  - (xiii) Incorrect parts,
  - (xiv) Incorrect installation of parts,
  - (xv) Reinstallation of parts intended for one-time use, and
  - (xvi) Lack of proper shot peening.
- (4) Repair and replace with serviceable parts, as necessary,  
 (5) Reassemble and test.

**Alternative Methods of Compliance**

(k) The Manager, Chicago Aircraft Certification Office, has the authority to approve alternative methods of compliance for this AD if requested using the procedures found in 14 CFR 39.19.

**Special Flight Permits**

(l) Under 14 CFR part 39.23, we are limiting the special flight permits for this AD by not allowing any flights with apparent cracks in propellers.

**Material Incorporated by Reference**

(m) None.

**Related Information**

(n) Special Airworthiness Information Bulletin No. NE-01-19, dated March 20, 2001, pertains to the subject of this AD.

Issued in Burlington, Massachusetts, on May 14, 2004.

**Francis A. Favara,**

*Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.*

[FR Doc. 04-11408 Filed 5-19-04; 8:45 am]

**BILLING CODE 4910-13-P**

**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Part 1**

[REG-148399-02]

RIN 1545-BB62

**Uniform Capitalization of Interest Expense in Safe Harbor Sale and Leaseback Transactions**

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

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

**SUMMARY:** In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing final and temporary regulations relating to the capitalization of interest expense in sale and leaseback transactions under the Economic Recovery Tax Act of 1981 (ERTA) safe harbor leasing provisions. The regulations affect taxpayers that provide purchase money obligations in connection with these transactions. The text of those regulations also serves as the text of these proposed regulations.

**DATES:** Written or electronic comments must be received by August 18, 2004.

**ADDRESSES:** Send submissions to: CC:PA:LPD:RU (REG-148399-02), room 5203, 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 4 p.m. to: CC:PA:LPD:RU (REG-148399-02), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC, or sent electronically via the IRS Internet site at <http://www.irs.gov/reg> or the Federal

eRulemaking Portal at <http://www.regulations.gov> (indicate IRS and REG-148399-02 or RIN 1545-BB62).

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations, Grant Anderson, (202) 622-4970; concerning submission of comments and/or requests for a public hearing, LaNita VanDyke, (202) 622-7180 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:**

**Background and Explanation of Provisions**

Final and 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 263A(f) of the Internal Revenue Code (Code). The temporary regulations generally provide that a purchase money obligation given by the lessor to the lessee (or a party related to the lessee) in a safe harbor sale and leaseback transaction under former section 168(f)(8) is not "eligible debt" as defined in § 1.263A-9(a)(4). The text of those regulations also serves as the text of these proposed regulations. The preamble to the final and temporary regulations explains the amendments.

**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 also has 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 regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, this notice of proposed rulemaking will be 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 rule and how it 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 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 author of these regulations is Grant Anderson of the Office of Associate Chief Counsel (Income Tax & Accounting). 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.** Section 1.263A-9 is revised by adding a new paragraph (a)(4)(ix) to read as follows:

[The text of proposed § 1.263A-9(a)(4)(ix) is the same as the text of § 1.263A-9T(a)(4)(ix) published elsewhere in this issue of the **Federal Register**.]

**Par. 3.** Section 1.263A-15 is amended by adding a new paragraph (a)(3) to read as follows:

**§ 1.263A-15 Effective dates, transitional rules, and anti-abuse rules.**

(a) \* \* \*

(3) [The text of proposed paragraph (a)(3) of § 1.263A-15 is the same as the text of § 1.263A-15T(a)(3) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

**Mark E. Matthews,**

*Deputy Commissioner for Services and Enforcement.*

[FR Doc. 04-11361 Filed 5-19-04; 8:45 am]

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**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 165**

[CGD14-04-116]

RIN 1625-AA00

**Security Zones; Oahu, Maui, Hawaii, and Kauai, Hawaii**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Coast Guard proposes to make changes to existing permanent security zones in designated waters adjacent to the islands of Oahu, Maui, Hawaii, and Kauai, Hawaii. These revised security zones, which would extend from the surface of the water to the ocean floor, are necessary to protect personnel, vessels, and facilities from acts of sabotage or other subversive acts, accidents, or other causes of a similar nature. Some of the proposed revised security zones would be enforced at all times while others would only be subject to enforcement during heightened threat conditions. Entry into a security zone would be prohibited unless authorized by the Captain of the Port.

**DATES:** Comments and related material must reach the Coast Guard on or before July 19, 2004.

**ADDRESSES:** You may mail comments and related material to Commanding Officer, U.S. Coast Guard Sector Central Pacific, Sand Island Access Road, Honolulu, Hawaii 96819. Sector Central Pacific maintains the public docket for this rulemaking. Comments and material received from the public, as well as documents indicated in this preamble as being available in the docket, would become part of this docket and would be available for inspection or copying at Coast Guard Sector Central Pacific between 7 a.m. and 3:30 p.m., Monday through Friday, except Federal holidays.

**FOR FURTHER INFORMATION CONTACT:** LTJG C. Thomas, U. S. Coast Guard Sector Central Pacific at (808) 541-1440.

**SUPPLEMENTARY INFORMATION:**

**Request for Comments**

We encourage you to participate in this rulemaking by submitting comments and related material. If you do so, please include your name and address, identify the docket number for this rulemaking (CGD14-04-116), indicate the specific section of this document to which each comment applies, and give the reason for each