

**Authority for This Rulemaking**

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, Section 106, describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701, "General requirements." Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

**Regulatory Findings**

We have determined that this AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect 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.

For the reasons discussed above, I certify that this AD:

- (1) Is not a "significant regulatory action" under Executive Order 12866;
- (2) Is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and
- (3) 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.

We prepared a summary of the costs to comply with this AD and placed it in the AD Docket. You may get a copy of this summary by sending a request to us at the address listed under **ADDRESSES**. Include "AD Docket No. 2003-NE-67-AD" in your request.

**List of Subjects in 14 CFR Part 39**

Air transportation, Aircraft, Aviation safety, Safety.

**Adoption of the Amendment**

■ Accordingly, under the authority delegated to me by the Administrator, the Federal Aviation Administration amends 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. The FAA amends § 39.13 by adding the following new airworthiness directive (AD):

**2004-26-02 GE Aircraft Engines (GE):**  
Amendment 39-13914. Docket No. 2003-NE-67-AD.

**Effective Date**

(a) This AD becomes effective January 26, 2005.

**Affected ADs**

(b) None.

**Applicability**

(c) This AD applies to GE CF34-3A, CF34-3A2, CF34-1A, CF34-3A1, CF34-3B, and CF34-3B1 series turbofan engines with high pressure compressor (HPC) forward spool, part number (P/N) 6078T56P03 or 6078T56P04, installed. These engines are installed on, but not limited to, Bombardier series Business Jet Model CL-600-2A12 (CL-601), Bombardier series Business Jet Model CL-600-2B16 (CL-601-3A, CL-601-3R, and CL-604), and Bombardier series Regional Jet Model CL-600-2B19 (Regional Jet Series 100 and 440) airplanes.

**Unsafe Condition**

(d) This AD results from an updated low-cycle fatigue (LCF) analysis performed on HPC forward spools, P/Ns 6078T56P03 and 6078T56P04, by GE. We are issuing this AD to prevent LCF cracks and failure of the HPC forward spool, which could result in an uncontained engine failure and damage to the airplane.

**Compliance**

(e) You are responsible for having the actions required by this AD performed within the compliance times specified unless the actions have already been done.

**HPC Spool Replacement**

(f) For CF34-3B engines, remove from service HPC forward spools, P/Ns 6078T56P03 and 6078T56P04 at the first piece-part exposure after 6,000 cycles-since-new (CSN), but no later than 20,000 CSN.

(g) For CF34-3A, CF34-3A2, CF34-1A, CF34-3A1, and CF34-3B1 engines, remove from service HPC forward spools, P/Ns 6078T56P03 and 6078T56P04 at the first piece-part exposure after 6,000 CSN, but no later than 22,000 CSN.

(h) After the effective date of this AD:

(1) Do not install any HPC forward spool, P/N 6078T56P03.

(2) Do not install any HPC forward spool, P/N 6078T56P04, with more than 0 CSN.

**Definition**

(i) For the purpose of this AD, the definition of piece-part exposure for the HPC forward spool is when the spool is completely disassembled.

**Alternative Methods of Compliance**

(j) The Manager, Engine 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.

**Material Incorporated by Reference**

(k) None.

**Related Information**

(l) None.

Issued in Burlington, Massachusetts, on December 15, 2004.

**Francis A. Favara,**

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

[FR Doc. 04-27948 Filed 12-21-04; 8:45 am]

**BILLING CODE 4910-13-P**

**FEDERAL TRADE COMMISSION****16 CFR Part 1****Federal Civil Penalties Inflation Adjustment Act**

**AGENCY:** Federal Trade Commission (FTC).

**ACTION:** Final rule amendments.

**SUMMARY:** The FTC is making adjustments to certain civil penalty amounts within its jurisdiction, as required by law. These adjustments reflect inflation since the penalty amounts were last adjusted.

**EFFECTIVE DATE:** January 21, 2005.

**FOR FURTHER INFORMATION CONTACT:** Alex Tang, Attorney, Office of General Counsel, FTC, 600 Pennsylvania Avenue, NW., Washington, DC 20580, (202) 326-2447, [atang@ftc.gov](mailto:atang@ftc.gov).

**SUPPLEMENTARY INFORMATION:** As required at least once every four years by the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. 2461 note, as amended by the Debt Collection Improvement Act of 1996, Pub. L. 104-134, § 31001, 110 Stat. 1321-373, the FTC is making certain regulatory adjustments to civil penalty amounts within its jurisdiction. The civil penalty amounts adjusted by the FTC are set forth in Commission Rule 1.98, 16 CFR 1.98. The FTC published the original adjustments in 1996. *See* 61 FR 54548 (Oct. 21, 1996), 55840 (Oct. 29, 1996). No adjustments were warranted under the law in 2000. *See* 65 FR 69665 (Nov. 20, 2000).

Adjustments are based on the increase in the Consumer Price Index (CPI) between June of the year in which the prior adjustment was made and June of the year preceding the year in which the adjustment is being made. Thus, for the relevant period between June 1996 and

June 2003, the CPI has increased from 156.7 to 183.7, or 17.2%. Applying this percentage increase to currently adjusted civil penalty amounts, the FTC is adjusting civil penalty amounts currently set at \$5,500 under two statutes: Clayton Act § 11(I), for violations of cease-and-desist orders issued under § 11(b) of that Act; and § 525(a) of the Energy Policy and Conservation Act, for recycled oil labeling violations. Each will be adjusted to \$6,500, in accordance with the rounding rules of the adjustment statute, and the FTC is amending paragraphs (b) and (I) of Rule 1.98 to reflect these adjustments, which will become effective thirty days following publication. The FTC is thus deleting the second sentence of the Rule's introductory text, regarding the prior effective date, which is potentially confusing and, in any event, superfluous.

The statute's rounding rules do not authorize the FTC at this time to increase the amounts of the other civil penalties within its jurisdiction. Increases in civil penalties of greater than \$10,000 and less than or equal to \$100,000 must be in \$5,000 increments, and the increase in the CPI was not high enough to round up any adjustment to \$5,000. Likewise, increases in civil penalties of greater than \$100 and less than or equal to \$1,000 must be in \$100 increments, and the increase in the CPI was not high enough to round up any adjustment to \$100. Accordingly, all other paragraphs of Rule 1.98 remain unchanged.

Likewise, the FTC is not adding any new adjustments to the rule for other statutory civil penalty amounts that have been enacted since the last adjustments, such as § 621(a)(2) of the Fair Credit Reporting Act, 15 U.S.C. 1681s, or § 1115(a) of the Medicare Act, Pub. L. 108-173. These authorities are too recent to warrant adjustments for inflation.

In light of the ministerial nature of the adjustments, the public comment requirements of the Administrative Procedure Act (APA) do not apply to this action. 5 U.S.C. 553(b)(B) (exception when public comment is unnecessary). For this reason, the requirements of the Regulatory Flexibility Act also do not apply. 5 U.S.C. 603, 604 (no regulatory flexibility analyses required where the APA does not require public comment).

#### List of Subjects for 16 CFR Part 1

Administrative practice and procedure, Penalties, Trade practices.

■ For the reasons set forth in the preamble, the Federal Trade Commission amends Title 16, chapter I, subchapter A, of the Code of Federal Regulations, as follows:

#### PART 1—GENERAL PROCEDURES

##### Subpart L—Civil Penalty Adjustments Under the Federal Civil Penalties Inflation Adjustment Act of 1990 as Amended by the Debt Collection Improvement Act of 1996

■ 1. The authority citation for subpart L continues to read as follows:

**Authority:** 28 U.S.C. 2461 note.

■ 2. Revise the introductory text of § 1.98 and paragraphs (b) and (I) to read as follows:

##### § 1.98 Adjustment of civil monetary penalty amounts.

This section makes inflation adjustments in the dollar amounts of civil monetary penalties within the Commission's jurisdiction.

\* \* \* \* \*

(b) Section 11(I) of the Clayton Act, 15 U.S.C. 21(I)—\$6,500;

\* \* \* \* \*

(I) Sections 525(a) and (b) of the Energy Policy and Conservation Act, 42 U.S.C. 6395(a) and (b), respectively—\$6,500 and \$11,000, respectively; and

\* \* \* \* \*

By direction of the Commission.

**Donald S. Clark,**  
*Secretary.*

[FR Doc. 04-27980 Filed 12-21-04; 8:45 am]

**BILLING CODE 6750-01-P**

#### DEPARTMENT OF THE TREASURY

##### Internal Revenue Service

##### 26 CFR Part 1

[TD 9170]

RIN 1545-BD99

##### Section 1374 Effective Dates

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

**ACTION:** Final and temporary regulations.

**SUMMARY:** These temporary regulations provide guidance concerning the applicability of section 1374 to S corporations that acquire assets in carryover basis transactions from C corporations on or after December 27, 1994, and to certain corporations that terminate S corporation status and later elect again to become S corporations.

The text of the temporary regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section in this issue of the **Federal Register**.

**DATES:** *Effective Date:* These regulations are effective December 22, 2004.

*Applicability Dates:* Section 1.1374-8T applies to any transaction described in section 1374(d)(8) that occurs on or after December 27, 1994. Section 1.1374-10T applies for taxable years beginning after December 22, 2004. The applicability of § 1.1374(d)-8T and § 1.1374(d)-10T will expire on or before December 21, 2007.

**FOR FURTHER INFORMATION CONTACT:** Stephen R. Cleary; (202) 622-7750, (not a toll-free number).

##### SUPPLEMENTARY INFORMATION:

##### Background and Explanation of Provisions

##### 1. Section 1374 and Its Effective Dates

Under the *General Utilities* doctrine, see *General Utilities & Operating Co. v. Helvering*, 296 U.S. 200 (1935), a C corporation, in certain cases, could distribute appreciated assets to its shareholders or sell appreciated assets without recognizing gain. Section 1374 of the Internal Revenue Code of 1986 (Code), amended in the Tax Reform Act of 1986 (TRA) as part of the repeal of the *General Utilities* doctrine, prevents a corporation from circumventing *General Utilities* repeal by converting to S corporation status before distributing appreciated assets to its shareholders or selling appreciated assets.

Section 1374 generally imposes a corporate level tax on an S corporation's net recognized built-in gain attributable to assets that it held on the date it converted from a C corporation to an S corporation. This tax is imposed on built-in gain recognized during the 10-year period beginning on the first day the corporation is an S corporation. Section 1374(d)(8), which was added by the Technical and Miscellaneous Revenue Act of 1988 (TAMRA), imposes a corporate level tax on an S corporation's net recognized built-in gain attributable to assets that it acquired in a carryover basis transaction from a C corporation for the 10-year recognition period beginning on the day of the carryover basis transaction.

Under section 1374(d)(9), which also was added by TAMRA, any reference in section 1374 to the first taxable year the corporation was an S corporation is a reference to the first taxable year it was an S corporation pursuant to its most recent S corporation election under section 1362.