agency, obtain tax-free tobacco products for gratuitous distribution to present and former members of the Armed Forces of the United States. These procedures and controls are inconsistent with VA policy against promotion of the use of tobacco products. Accordingly, we are deleting the provisions concerning tax-free tobacco products. Further, this document removes provisions stating that contracting officers will submit requests for legal advice, through channels, to the General Counsel. These provisions are internal VA instructions to contracting officers and are not required to be published in the **Federal Register** or the Code of Federal Regulations. In addition, this document removes provisions stating that the VAAR contains refund procedures for State and local taxes, since the VAAR does not contain such provisions.

DATES: Effective Date: August 18, 1999.

FOR FURTHER INFORMATION CONTACT: Don Kaliher, Acquisition Policy Team (95A), Office of Acquisition and Materiel Management, Department of Veterans Affairs, 810 Vermont Ave., NW, Washington, DC 20420, telephone number (202) 273–8819.

SUPPLEMENTARY INFORMATION: On January 29, 1999, we published in the **Federal Register** (64 FR 4607) a proposal to amend the Department of Veterans Affairs Acquisition Regulation (VAAR). We solicited comments concerning the proposal for 60 days, ending March 30, 1999. We did not receive any comments. Based on the rationale set forth in the proposed rule document and this document, we are adopting the provisions of the proposed rule as a final rule with no changes. The actions taken by this document are described in the SUMMARY portion of this document.

The Secretary of Veterans Affairs hereby certifies that this rule would not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601–612. This rule would have a minuscule effect, if any, on small businesses. Therefore, pursuant to 5 U.S.C. 605(b), this rule is exempt from the initial and final regulatory flexibility analysis requirements of §§ 603 and 604.

List of Subjects in 48 CFR part 829

Government procurement, Taxes.

Approved: June 30, 1999.

Togo D. West, Jr.,

Secretary of Veterans Affairs.

For the reasons set forth in the preamble, 48 CFR part 829 is amended as follows:

PART 829—TAXES

1. The authority citation for part 829 is revised to read as follows:

Authority: 38 U.S.C. 501 and 40 U.S.C. 486(c).

2. Section 829.000 is revised to read as follows:

829.000 Scope of part.

This part prescribes policies and procedures for exemptions from Federal excise taxes imposed on alcohol products purchased for use in the Department of Veterans Affairs medical care program.

Subpart 829.1 [Removed]

3. Subpart 829.1 consisting of 829.101 is removed.

829.270 through 829.270–2 [Removed]

4. Sections 829.270 through 829.270–2 are removed.

[FR Doc. 99–18157 Filed 7–16–99; 8:45 am]

BILLING CODE 8320–01–P

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 567

[Docket No. NHTSA–99–5937]

RIN 2127–AH49

Vehicle Certification; Contents of Certification Labels for Altered Vehicles

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation.

ACTION: Final rule.

SUMMARY: This document amends NHTSA's regulations on vehicle certification that specify the contents of the certification labels that vehicle alterers are required to affix to motor vehicles that they alter. The amendment requires the certification label affixed by the alterer to state that the vehicle, as altered, conforms to all applicable Federal motor vehicle safety, bumper, and theft prevention standards affected by the alteration. The prior regulations did not require the certification labels on altered vehicles to state that the vehicles, as altered, complied with the Theft Prevention Standard. This amendment makes the certification requirements for vehicle alterers consistent with those for vehicle manufacturers.

DATES: 1. *Effective Date:* The amendment established by this final rule will become effective on September 2, 1999.

2. *Deadline for Submission of Petitions for Reconsideration:* Any petitions for reconsideration must be received by NHTSA not later than September 2, 1999.

3. *Compliance Date:* The amendment established by this final rule applies to vehicles manufactured on or after January 1, 2000. However, any alterer who wishes to voluntarily affix certification labels that meet the requirements of this final rule to vehicles manufactured before that date may do so.

ADDRESSES: Any petitions for reconsideration should refer to the docket number above and be submitted to Docket Management, Room PL–401, 400 Seventh Street, SW, Washington, DC 20590. Docket hours are 9 am to 5 pm, Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Coleman Sachs, Office of Chief Counsel, National Highway Traffic Safety Administration, 400 Seventh Street, SW, Washington, DC 20590. (202–366–5238).

SUPPLEMENTARY INFORMATION:

A. Background

This rule was preceded by a notice of proposed rulemaking (NPRM) published on February 11, 1999 (64 FR 6852). As explained in the NPRM, a final rule published on February 11, 1999 (64 FR 6815), had amended the regulations on vehicle certification at 49 CFR 567.4 to require the certification label for multipurpose passenger vehicles (MPVs) and trucks with a gross vehicle weight rating (GVWR) of 6,000 pounds or less to specify that the vehicle complies with all applicable Federal motor vehicle safety and theft prevention standards. This amendment was prompted by a letter that NHTSA had received from a vehicle manufacturer noting that under a provision of the Anti Car Theft Act of 1992, now codified at 49 U.S.C. 33101, the definition of vehicles subject to the major parts marking requirements of the Theft Prevention Standard was expanded to include ''a multi-purpose passenger vehicle or light duty truck when that vehicle or truck is rated at not more than 6,000 pounds gross vehicle weight.''

One of the comments submitted in response to the notice of proposed rulemaking (NPRM) (published on June 25, 1998 at 63 FR 34623) that preceded the final rule on the contents of certification labels for MPVs and light duty trucks was from John Russell Deane III, the General Counsel of the Speciality Equipment Market

Association (SEMA). In his comment, Mr. Deane recommended that NHTSA amend 49 CFR 567.7, the provision in the certification regulations that prescribes requirements for persons who alter certified vehicles, so that it is consistent with the amendments to the certification requirements for manufacturers that the agency was proposing.

The certification requirements in section 567.7 apply to a person who alters a previously certified vehicle before it is first purchased for purposes other than resale. The certification requirements are triggered only when the vehicle is altered ''other than by the addition, substitution, or removal of readily attachable components such as mirrors or tire and rim assemblies, or minor finishing operations such as painting,'' or when the vehicle is altered ''in such a manner that its stated weight ratings are no longer valid.''

In his comment, Mr. Deane noted that although vehicle alterers have a statutory responsibility to certify that any vehicle they alter that is subject to the Theft Prevention Standard remains in compliance with that standard following the completion of the alterations, section 567.7 was never amended to reflect that requirement.

In its response to Mr. Deane's comment, NHTSA acknowledged the validity of the issue that he raised, and stated that the agency would commence a rulemaking to address the disparity between the certification responsibilities for manufacturers and those for alterers with regard to the Theft Prevention Standard.

Accordingly, NHTSA proposed to amend the certification regulations to require the label affixed by vehicle alterers to state that the vehicle, as altered, conforms to all applicable Federal motor vehicle safety, bumper, and theft prevention standards affected by the alteration. The NPRM stated that this requirement would apply to vehicles manufactured on or after September 1, 1999 so that vehicle alterers have adequate lead time to exhaust their existing inventory of certification labels and have new labels printed if the amendment were adopted.

B. Comments

Three comments were submitted in response to the NPRM. The first of these was from John Russell Deane III, who was again commenting on behalf of SEMA. Mr. Deane stated that SEMA was pleased to see that the agency was proposing to adopt the amendment to the certification requirements for altered vehicles that he had recommended. Mr. Deane expressed concern, however, that the proposal for the amendment to apply to vehicles manufactured on or after September 1, 1999 would not provide sufficient lead time for label makers and vehicle alterers to be apprized of the changes that will be required in the contents of the certification label.

As stated in the NPRM, NHTSA proposed September 1, 1999 as the compliance date for this amendment because it assumed that this would provide vehicle alterers with adequate lead time to exhaust their existing inventory of certification labels and have new labels printed. The agency was additionally motivated by the belief that a September 1, 1999 compliance date would eliminate confusion for vehicle alterers because that date also coincides with the commonly recognized start of production for model year (MY) 2000 vehicles.

In a comment responding to the NPRM on certification requirements for manufacturers of MPVs and light duty trucks, the Association of International Automobile Manufacturers (AIAM) requested that manufacturers be given 120 days lead time to implement the proposed changes and to exhaust their existing supply of certification labels. Based on this comment, NHTSA assumed that 120 days would provide adequate lead time for vehicle alterers as well.

The agency notes, however, that owing to a delay in the publication of this final rule, a September 1, 1999 compliance date will no longer provide vehicle alterers with 120 days of lead time. Accordingly, the agency has decided to postpone the compliance date of this amendment for an additional 120 days. As a consequence, the amendment will apply to vehicles manufactured on or after January 1, 2000. The additional delay in the compliance date of this amendment should address Mr. Deane's concern that there be adequate lead time for label makers and vehicle alterers to be apprised of the required changes in the contents of the certification label for altered vehicles.

The second comment was submitted by the National Truck Equipment Association (NTEA), a trade association representing distributors and manufacturers of multi-stage produced, work-related trucks, truck bodies, and equipment. In its comment, the NTEA questioned the need for amending the certification label for altered MPVs and light duty trucks because those vehicles will already have labels affixed by their manufacturers certifying the vehicles' compliance with all applicable Federal motor vehicle safety and theft prevention standards as a result of the February 11, 1999 amendment to 49 CFR 567.4. The NTEA noted that the manufacturer's label will remain on these vehicles after they are altered. As a consequence, the NTEA contended that it would be redundant to require the alterer's certification label to also state that the vehicles comply with the Theft Prevention Standard.

The NTEA also requested six months lead time if the agency decided to change the required contents of certification labels for altered vehicles so that it has adequate time to redesign the labels, have them printed, and sufficiently reduce its current inventory of labels to mitigate the cost of the change. The NTEA noted that many of its members obtain labels far in advance of their intended use and that it is not unusual for a member company to purchase labels once a year.

With respect to the first issue raised by the NTEA, the agency notes that the certification responsibilities of vehicle alterers are distinct from those of vehicle manufacturers. A manufacturer must certify that its vehicle conforms to all applicable standards in effect on the vehicle's date of manufacture, while an alterer must certify that the vehicle, as altered, remains in conformity with those standards. As such, any statement on the certification label affixed by the manufacturer that a MPV or light duty truck conforms to the Theft Prevention Standard as of the date of the vehicle's manufacture does not relieve the alterer from certifying that the vehicle, as altered, remains in conformity with that standard. Because of the different function they serve, NHTSA sees no redundancy between the certification statements made by the vehicle manufacturer and those made by the vehicle alterer.

Addressing the second issue raised by the NTEA, the agency notes that the January 1, 2000 compliance date that is being adopted for this final rule will provide an amount of lead time for changing the contents of certification labels for altered vehicles that is close to what the organization has requested for its members.

The third comment was received from the National Automobile Dealers Association (NADA). In its comment, NADA expressed the opinion that NHTSA is relying on 49 U.S.C. 33108(c) to expand the contents of the certification label for altered vehicles to include a reference to the Theft Prevention Standard. NADA stated that it is concerned that section 33108(c) ''fails to vest NHTSA with the necessary discretion and authority to require an

alterer to certify conformity with the theft prevention standard.''

Section 33108(c) states, in relevant part, that the ''manufacturer of a motor vehicle subject to the standard * * * shall provide at the time of delivery of the vehicle * * * a certification that the vehicle * * * conforms to the applicable motor vehicle theft prevention standard.'' The section further authorizes the Secretary of Transportation to prescribe the type and form of the certification by regulation. NHTSA has accordingly relied on this section, and other similar provisions, as statutory authority for the vehicle certification regulations at 49 CFR part 567, which, as previously noted, include requirements for persons who alter certified vehicles at 49 CFR 567.7. The alteration of certified vehicles is not a subject that is specifically addressed within 49 U.S.C. 33108(c) or the other sources of statutory authority for the vehicle certification regulations. Because the operations performed by vehicle alterers could affect a vehicle's compliance with applicable Federal motor vehicle safety, bumper, and theft prevention standards, and potentially introduce safety-related defects into the vehicle, NHTSA has identified alterers as having the same duties and responsibilities as vehicle manufacturers, and has accordingly regulated them as such. The statutes that authorize NHTSA to prescribe the manner and form in which manufacturers are to certify compliance with applicable safety, bumper, and theft prevention standards apply equally to vehicle alterers.

In its comment, NADA also observed that no reference to the Theft Prevention Standard need be provided in an alterer's label for a vehicle that is exempted by NHTSA from that standard under 49 CFR Part 543. The agency disagrees with this observation. As part of the rulemaking that established Part 543, NHTSA solicited comments on whether the exemption status of a vehicle with respect to the Theft Prevention Standard should be reflected on the vehicle's certification label. Most of the comments that were received disfavored this requirement because it would have imposed additional costs on manufacturers to have different labels printed for vehicle lines that were subject to, exempted from, and not subject to the standard, without providing any apparent benefit to law enforcement organizations that the standard was intended to assist. See Final Rule published on September 8, 1987 at 52 FR 33821, 33823–24. Based on these comments, NHTSA concluded that it was unnecessary for the exemption status of a vehicle to be reflected on the vehicle's certification label. As a consequence, the certification regulations at 49 CFR 567.4(g)(5) require manufactures to state that 1987 and subsequent model year passenger cars conform to ''all applicable Federal motor vehicle safety, bumper, and theft prevention standards.'' The agency notes that this certification statement is appropriate for vehicle lines that are exempted from the Theft Prevention Standard, because that standard is not ''applicable'' to those vehicles. In like manner, where a vehicle has been exempted from the Theft Prevention Standard, alterers will face no additional burden in certifying that the vehicle conforms to all ''applicable,'' standards, including the Theft Prevention Standard.

Rulemaking Analyses and Notices

1. Executive Order 12866 (Federal Regulatory Planning and Review) and DOT Regulatory Policies and Procedures

This rule was not reviewed under E.O. 12866. NHTSA has analyzed this rule and determined that it is not ''significant'' within the meaning of the Department of Transportation's regulatory policies and procedures.

2. Regulatory Flexibility Act

In accordance with the Regulatory Flexibility Act, NHTSA has evaluated the effects of this action on small entities. Based upon this evaluation, I certify that the amendment resulting from this final rule will not have a significant economic impact on a substantial number of small entities. Although most vehicle alterers are likely to qualify as small entities, the amendment will have no adverse economic impact upon them because they are being afforded adequate lead time to exhaust their existing inventory of certification labels and have new labels printed. This amendment also will have no effect on small organizations and small governmental units. Accordingly, no regulatory flexibility analysis has been prepared.

3. Executive Order 12612 (Federalism)

This action has been analyzed in accordance with the principles and criteria contained in Executive Order 12612, and it has been determined that the rule does not have sufficient Federalism implications to warrant preparation of a Federalism Assessment. No State laws will be affected.

4. National Environmental Policy Act

The agency has considered the environmental implications of this rule in accordance with the National Environmental Policy Act of 1969 and determined that the rule will not significantly affect the human environment.

5. Civil Justice Reform

This rule does not have any retroactive effect. It modifies an existing Federal regulation to make it consistent with a statutory requirement. A petition for reconsideration or other administrative proceeding will not be a prerequisite to an action seeking judicial review of this rule. This rule does not preempt the states from adopting laws or regulations on the same subject, except that it does preempt a state regulation that is in actual conflict with the Federal regulation or makes compliance with the Federal regulation impossible or interferes with the implementation of the Federal statute.

List of Subjects in 49 CFR Part 567

Labeling, Motor vehicle safety, Motor vehicles.

In consideration of the foregoing, § 567.7, *Requirements for persons who alter certified vehicles*, in Title 49 of the Code of Federal Regulations at Part 567 is amended as follows:

PART 567—[AMENDED]

1. The authority citation for Part 567 is revised to read as follows:

Authority: 49 U.S.C. 322, 30111, 30115, 30117, 30166, 32502, 32504, 33101–33104, 33108, and 33109; delegation of authority at 49 CFR 1.50

2. Section 567.7 is amended by revising paragraph (a) to read as follows:

§ 567.7 Requirements for persons who alter certified vehicles.

* * * * *

(a) The statement: ''This vehicle was altered by (individual or corporate name) in (month and year in which alterations were completed) and as altered it conforms to all applicable Federal Motor Vehicle Safety Standards affected by the alteration and in effect in (month, year).'' The second date shall be no earlier than the manufacturing date of the original vehicle, and no later than the date alterations were completed.

(1) In the case of passenger cars manufactured on or after January 1, 2000, the expression ''safety, bumper, and theft prevention'' shall be substituted in the statement for the word ''safety''.

(2) In the case of multipurpose passenger vehicles (MPVs) and trucks with a GVWR of 6,000 pounds or less manufactured on or after January 1, 2000, the expression ''and theft

prevention'' shall be included in the statement following the word ''safety''.

* * * * *

Issued on: July 14, 1999.

Ricardo Martinez,

Administrator.

[FR Doc. 99–18324 Filed 7–16–99; 8:45 am]

BILLING CODE 4910–59–P