

intends that the airport operator would have a specific program to ensure that persons for whom they are responsible carry out the requirements in parts 107 and the relevant security program.

Further, the NPRM did not specify a range of penalties that could be imposed, although the NRPM did address revocation of unescorted access authority. Often, effective programs use progressive disciplinary actions that include such corrective measures as mandated retraining, counseling, and suspension or revocation of unescorted access authority.

Since the comment period closed, the FAA has become aware that there is increased concern regarding employee compliance with requirements governing unescorted access to secured areas. Accordingly, the FAA is reopening the comment period for this section to allow for additional comments on the need for compliance programs and how they might best be structured to promote compliance.

Issued in Washington, DC on August 4, 1999.

**Quinten Johnson,**

*Deputy Director, Office of Civil Aviation Security Policy and Planning.*

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**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 108**

[Docket No. 28978; Notice No. 97-12]

RIN 2120-AD45

**Aircraft Operator Security**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Proposed rule; reopening of comment period.

**SUMMARY:** This document announces the reopening of the comment period for a specific issue addressed in the Aircraft Operator Security notice of proposed rulemaking (NPRM), published in the **Federal Register** on August 1, 1997 (62 FR 41730). That document proposed to amend the existing airplane operator security rules, by revising certain applicability provisions, definitions, and terms; reorganizing the rules into subparts containing related requirements; and incorporating some requirements already implemented in air carrier approved security programs. The comment period is being reopened to provide another opportunity for the public to submit additional comments

on the compliance program proposed in the NPRM.

**DATES:** Comments must be received on or before September 24, 1999.

**ADDRESSES:** Comments on the proposed rule should be mailed or delivered, in triplicate, to: Federal Aviation Administration, Office of the Chief Counsel, Attention: Rules Docket (AGC-200), Room 915-G, Docket No. 28978 800 Independence Ave., SW, Washington, DC 20591. Comments may also be sent electronically to the following internet address: 9-NPRM-CMTS@faa.gov. Comments may be examined in Room 915-G between 8:30 a.m. and 5 p.m. weekdays except Federal holidays.

**FOR FURTHER INFORMATION CONTACT:** Office of Civil Aviation Security Policy and Planning, Civil Aviation Security Division (ACP-100), Ann M. Zipser, Federal Aviation Administration, 800 Independence Ave., SW, Washington, DC 20591; telephone (202) 267-8058.

**SUPPLEMENTARY INFORMATION:**

**Comments Invited**

Interested persons are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire on proposed § 108.103(b)(11) and (c)(6). Substantive comments should be accompanied by cost estimates.

Comments should identify the regulatory docket or notice number and be submitted in triplicate to the Rules Docket (see **ADDRESSES**). All comments received on or before the closing date for comments specified will be considered by the Administrator before taking final action. Comments received on the section specified above will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons.

A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket. Commenters wishing the FAA to acknowledge receipt of their comments must include a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket No. 28978." The postcard will be date-stamped and mailed to the commenter. Internet users may reach the FAA's webpage at <http://www.faa.gov> or the Federal Register's webpage at [http://www.access.gpo.gov/su\\_docs](http://www.access.gpo.gov/su_docs) to access recently published rulemaking documents.

An electronic copy of this document may be downloaded using a modem and suitable communications software from

the FAA regulations section of the Fedworld electronic bulletin board service (telephone: (703) 321-3339) or the Federal Register's electronic bulletin board service (telephone: (202) 512-1661).

**Background**

The FAA proposed to amend the existing 14 CFR part 108 to update the overall regulatory structure for aircraft operator security. On August 1, 1997, the NPRM, Aircraft Operator Security (part 108), was published in the **Federal Register** for public comment. The original comment period closed on December 1, 1997.

On April 21, 1998, the FAA announced the reopening of the comment period and two additional public meetings on the NPRM (63 FR 19691). The second comment period closed on June 26, 1998.

The NPRM proposed, among other things, to require that aircraft operators have a compliance program to ensure that persons with access to certain areas of the airport comply with the rules governing those areas.

Section 108.103(b)(11) and (c)(6) was proposed in Notice 97-12 as follows:

*Section 108.103 Form, Content, and Availability.*

\* \* \* \* \*

(b) The security program shall include:

\* \* \* \* \*

(11) The procedures and curriculum of the training requirements under § 108.227 of this part; and a security compliance program that specifies procedures the air carrier will implement to ensure persons with authorized unescorted access to critical security areas and restricted operations areas comply with § 108.7 and § 108.9 of this part, including revocation of unescorted access authority of persons that fail to comply with security requirements.

(c) Each air carrier having an approved security program shall:

\* \* \* \* \*

(6) Implement a program to ensure that its employees and employees of contractors comply with the paragraphs (a) and (b) of § 108.103. The program's provisions shall include penalties to be imposed on individuals who fail to comply with paragraphs (a) and (b) of this section that are in accordance with the standards contained in its approved security program.

The FAA received a number of comments on this proposal, many of them not supportive. Some commenters interpret the proposal to mean that the aircraft operator would be required to enforce Federal regulations, and impose fines under the Federal statute. This is not what was intended. The FAA intends that the aircraft operator would have a specific program to ensure that persons for whom they are responsible

carry out the requirements in part 108 and the relevant security program.

Further, the NPRM did not specify a range of penalties that could be imposed, although the notice did address revocation of unescorted access authority. Often, effective programs use progressive disciplinary actions that include such corrective measures as mandated retraining, counseling, and suspension or revocation of unescorted access authority.

Since the comment period closed, the FAA has become aware that there is increased concern regarding employee compliance with requirements governing unescorted access to secured areas. Accordingly, the FAA is reopening the comment period for this section to allow for additional comments on the need for compliance programs and how they might best be structured to promote compliance.

Issued in Washington, DC on August 4, 1999.

**Quinten Johnson,**

*Deputy Director, Office of Civil Aviation Security Policy and Planning.*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-252487-96]

RIN 1545-AX25

#### Inbound Grantor Trusts With Foreign Grantors

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

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

**SUMMARY:** The IRS is proposing regulations relating to the definition of the term *grantor* for purposes of part I of subchapter J, chapter 1 of the Internal Revenue Code. The text of temporary regulations published elsewhere in this issue of the **Federal Register**, also serves as the text of these proposed regulations. This document also provides notice of a public hearing on these proposed regulations.

**DATES:** Written or electronic comments must be received by October 12, 1999. Requests to speak (with outlines of oral comments to be discussed) at the public hearing scheduled for November 2, 1999, at 10 a.m. must be submitted by October 12, 1999.

**ADDRESSES:** Send submissions to: CC:DOM:CORP:R (REG-252487-96), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-252487-96), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at [http://www.irs.ustreas.gov/tax\\_regs/reglist.html](http://www.irs.ustreas.gov/tax_regs/reglist.html). The public hearing will be held in room 2615, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations, James A. Quinn, (202) 622-3060; concerning submissions and the hearing, Guy R. Traynor, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background

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 671. The temporary regulations contain rules relating to the definition of *grantor* for purposes of part I of subchapter J, chapter 1 of the Internal Revenue Code.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary 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 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 regulation does 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 Internal Revenue 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 Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (preferably a signed original and eight (8) copies) that are submitted timely to the IRS. The IRS and Treasury Department specifically request comments on the clarity of the proposed regulations and how they can be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for November 2, 1999, at 10 a.m. in room 2615, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington DC. Because of access restrictions, visitors will not be admitted beyond the Internal Revenue Building lobby more than 15 minutes before the hearing starts.

The rules of 26 CFR 601.601(a)(3) apply to the hearing.

Persons that wish to present oral comments at the hearing must submit written comments by October 12, 1999, and submit an outline of the topics to be discussed and the time to be devoted to each topic (preferably a signed original and eight (8) copies) by October 12, 1999.

A period of 10 minutes will be allotted to each person for making comments.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

**Drafting information.** The principal author of these regulations is James A. Quinn of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). 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 as follows:

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

**Par. 2.** In § 1.671-2, paragraph (e) is revised to read as follows:

#### § 1.671-2 Applicable principles.

\* \* \* \* \*