

TABLE 2.—REPETITIVE INSPECTION COMPLIANCE TIMES

Engine model	Type of impulse coupling assembly	Inspect
Lycoming AEIO-540, HIO-540, 1o-540, O-540, and TIO-540 series engines.	(1) Riveted	Within 100 hours time-since-last inspection (TSLI).
	(2) Snap ring	Within 500 hours TSLI.

(j) Replace any impulse coupling that fails the inspection with a serviceable riveted or snap-ring impulse coupling. Paragraphs 2 through 2.6 of the Detailed Instructions of TCM MSB No. MSB645, dated April 4, 1994 contain information on replacing the impulse coupling.

(k) If you replace a snap-ring impulse coupling with a riveted-impulse coupling, strike out the "A" on the magneto data plate.

Optional Terminating Action

(1) Installing a "Shower-of-Sparks" ignition system in place of a magneto system that has a riveted-impulse coupling or a snap-ring impulse coupling ends the repetitive inspection requirements specified in paragraph (i) of this AD. You can find more information on installing a "Shower-of-Sparks" ignition system in TCM Service Information Letter No. SIL648, dated October 18, 1994.

Alternative Methods of Compliance

(m) The Manager, Atlanta Aircraft Certification Office, has the authority to approve alternative methods of compliance for this AD if requested using the procedures found in 14 CFR 19.19.

Related Information

(n) TCM SB No. 639, dated March 1993, contains additional information for replacing impulse couplings on a TCM magneto. TCM Service Information Letter No. SIL648, dated October 18, 1994, contains information for converting an engine to a "Shower-of-Sparks" ignition system.

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

Francis A. Favara,

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

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SUMMARY: In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations that 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 these regulations also serves as the text of these proposed regulations.

DATES: Written or electronic comments, and a request for a public hearing, must be received by March 22, 2005.

ADDRESSES: Send submissions to: CC:PA:LPD:sPR (REG-139683-04), 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-139683-04), 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/regs> or via the Federal eRulemaking Portal at <http://www.regulations.gov> (indicate IRS and REG-139683-04).

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Stephen R. Cleary; (202) 622-7750, concerning submissions of comments, Sonya Cruse, (202) 622-4693 (not toll-free numbers).

SUPPLEMENTARY INFORMATION

Background and Explanation of Provisions

Temporary Regulations in the Rules and Regulations section of this issue of the **Federal Register** amend 26 CFR part 1 relating to section 1374. The temporary regulations provide that (a) section 1374(d)(8) applies to any transaction described in that section that occurs on or after December 27, 1994, regardless of the date of the S corporation's election under section 1362, and (b) for purposes of section 633(d)(8) of the Tax Reform Act of 1986, as amended by the Technical and Miscellaneous Revenue Act of 1988, a corporation's most recent S election, not

an earlier election that has been revoked or terminated, determines whether or not it is subject to current section 1374. The text of those regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the amendments.

Special Analysis

It has been determined that this proposed regulation 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 § 1.1374-8(a)(2) of these regulations. Because § 1.1374-8(a)(2) does not impose a collection of information on small entities, it is not subject to the provisions of the Regulatory Flexibility Act (5 U.S.C. chapter 6). It is hereby certified that § 1.1374-10(c) of this regulation will not have a significant economic impact on a substantial number of small entities. This certification is based on the fact that § 1.1374-10(c) of this regulation addresses an uncommon fact situation not likely to affect a significant number of small entities. Therefore, a regulatory flexibility analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, these proposed regulations have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their 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 may be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date,

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-139683-04]

RIN 1545-BD95

Section 1374 Effective Dates

AGENCY: Internal Revenue Service (IRS), Treasury.

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

time, and place for the public hearing will be published in the **Federal Register**.

Drafting Information

The principal author of these regulations is Stephen R. Cleary of the Office of Associate Chief Counsel (Corporate). Other personnel from Treasury and the IRS 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 1.1374–8 is amended by redesignating paragraph (a) as paragraph (a)(1) and adding paragraph (a)(2) to read as follows:

§ 1.1374–8 Section 1374(d)(8) transactions.

(a) (1) * * *

(2) [The text of the proposed amendment to § 1.1374–8(a)(2) is the same as the text of § 1.1374–8T(a)(2) published elsewhere in this issue of the **Federal Register**.].

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Par. 3. In § 1.1374–10, paragraph (c) is added to read as follows:

§ 1.1374–10 Effective date and additional rules

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(c) The text of proposed § 1.1374–10(c) is the same as the text of § 1.1374–10T(c) published elsewhere in this issue of the **Federal Register**.].

Mark E. Matthews,

Deputy Commissioner for Services and Enforcement.

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DEPARTMENT OF EDUCATION

34 CFR Parts 606, 607, 611, 637, 648, 656, 657, 658, 660, 661, 662, 663, 664, and 669

Higher Education Programs

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Notice of proposed rulemaking.

SUMMARY: The proposed regulations will remove all references to points in the selection criteria the Department of Education (Department) uses to evaluate applications submitted under the higher education discretionary grant programs. We are proposing this action because the current point assignments are outdated and do not permit sufficient flexibility to establish important program objectives. Taking this action will allow us that flexibility and ensure grant awards are made to high quality applicants.

The proposed regulations also would remove the requirement that in competitions for grants under the Partnership and Teacher-Recruitment components of the Teacher Quality Enhancement Grants Program, the Secretary hold a two-stage competition in which applicants must submit a pre-application and a full application. The current structure has not proven effective in producing high quality applications for this program. Removing the requirement for a pre-application will reduce burden on applicants and the Department and allow both to target their resources on the full application stage.

There are some amendments in the proposed regulations that are purely technical corrections to the regulations.

DATES: We must receive your comments on or before January 21, 2005.

ADDRESSES: Address all comments about these proposed regulations to Lorraine Kennedy, U.S. Department of Education, PO Box 33553, Washington, DC 20033 or by e-mail at the following address: DiscretionaryGrantComments@ed.gov. You may also send your comments to us through the Internet at the U.S. Government Web site: <http://www.regulations.gov>.

If you want to comment on the information collection requirements, you must send your comments to the Office of Management and Budget at the address listed in the Paperwork Reduction Act section of this preamble. You may also send a copy of these comments to the Department representative named in this section.

FOR FURTHER INFORMATION CONTACT:

Lorraine Kennedy, U.S. Department of Education, 1990 K Street, NW., room 8018, Washington, DC 20006–8544. Telephone: (202) 502–7762. Pamela Maimier, U.S. Department of Education, 1990 K Street, NW., room 8014, Washington, DC 20006–8544. Telephone: (202) 502–7704.

If you use a telecommunications device for the deaf (TDD), you may call the Federal Information Relay Service (FIRS) at 1–800–877–8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the contact person listed under **FOR FURTHER INFORMATION CONTACT**.

Invitation To Comment

We invite you to submit comments regarding these proposed regulations.

We invite you to assist us in complying with the specific requirements of Executive Order 12866 and its overall requirement of reducing regulatory burden that might result from these proposed regulations. Please let us know of any further opportunities we should take to reduce potential costs or increase potential benefits while preserving the effective and efficient administration of the program.

During and after the comment period, you may inspect all public comments about these proposed regulations in room 8054, 1990 K Street, NW., Washington, DC, between the hours of 8:30 a.m. and 4 p.m., Eastern time, Monday through Friday of each week except Federal holidays.

Assistance to Individuals With Disabilities in Reviewing the Rulemaking Record

On request, we will supply an appropriate aid, such as a reader or print magnifier, to an individual with a disability who needs assistance to review the comments or other documents in the public rulemaking record for these proposed regulations. If you want to schedule an appointment for this type of aid, please contact one of the individuals listed under **FOR FURTHER INFORMATION CONTACT**.

SUPPLEMENTARY INFORMATION: The Secretary proposes to amend 34 CFR parts 606, 607, 637, 648, 656, 657, 658, 660, 661, 662, 663, 664, and 669 by removing the mandatory point values from the selection criteria in the regulations associated with the application process for discretionary grant programs. The current regulations that mandate specific point values to the selection criteria in these discretionary grant programs are out-of-date. The proposed regulations would give the Secretary the flexibility to select specific point values from year to year to address current priorities for the programs. The removal of the mandatory point values from the selection criteria for these grant programs is also consistent with the manner in which the Department assigns points to selection criteria for many other discretionary grant programs.