

it to the Manager, Rotorcraft Certification Office.

Note 3: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Rotorcraft Certification Office.

(e) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the helicopter to a location where the requirements of this AD can be accomplished.

Note 4: The subject of this AD is addressed in Direction Generale De L'Aviation Civile (France) AD 96-156-071(B)R1 and AD 96-155-053(B)R1, both dated June 4, 1997.

Issued in Fort Worth, Texas, on February 24, 1998.

Eric Bries,

*Acting Manager, Rotorcraft Directorate,
Aircraft Certification Service.*

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-102144-98]

RIN 1545-AV90

Source and Grouping Rules for Foreign Sales Corporation Transfer Pricing

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing.

SUMMARY: In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations that provide guidance to taxpayers who have made an election to be treated as a foreign sales corporation (FSC). The regulations provide rules clarifying the special sourcing rules under section 927(e)(1) and provide a deadline for the election to group transactions. This document also provides notice of a public hearing on these proposed regulations. The text of the temporary regulations also serves as the text of the proposed regulations.

DATES: Written comments must be received by June 1, 1998. Requests to speak (with outlines of oral comments) to be discussed at the public hearing scheduled for June 24, 1998, at 10 a.m., must be received by June 3, 1998.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-102144-98), 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-102144-98), 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/prod/tax_regs/comments.html. The public hearing will be held in Room 2615, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Concerning the regulations, Elizabeth Beck (202) 622-3880; concerning submissions and the hearing, Michael Slaughter, (202) 622-7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Temporary regulations in the Rules and Regulations portion of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR part 1) relating to sections 925 and 927. The temporary regulations contain rules relating to the grouping of transactions under the FSC transfer pricing rules and the special source rules under section 927(e)(1). 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 has also 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. All

comments will be available for public inspection and copying.

A public hearing has been scheduled for June 24, 1998, 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 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 June 1, 1998 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 June 3, 1998.

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

An agenda showing the schedule of 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 the proposed regulations is Elizabeth Beck, of the Office of the Associate Chief Counsel (International). Other personnel from the IRS and Treasury Department also participated in the development of these regulations.

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 is amended by adding the following entries to the table in numerical order to read as follows:

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

Section 1.925(a)-1 is also issued under 26 U.S.C. 925(b)(1) and (2) and 927(d)(2)(B).

Section 1.925(b)-1 is also issued under 26 U.S.C. 925(b)(1) and (2) and 927(d)(2)(B).
* * *

§ 1.925(a)-1 [Added]

Par. 2. Section 1.925(a)-1 is added as follows:

[The text of proposed § 1.925(a)-1 consisting of paragraphs (c)(8)(i) and (e)(4) is the same as the text of § 1.925(a)-1T(c)(8)(i) and (e)(4) as amended elsewhere in this issue of the **Federal Register**.]

§ 1.925(b)-1 [Added]

Par. 3. Section 1.925(b)-1 is added as follows:

[The text of proposed § 1.925(b)–1 consisting of paragraph (b)(3)(i) is the same as the text of § 1.925(b)–1T(b)(3)(i) as amended elsewhere in this issue of the **Federal Register**].

§ 1.927(c)–1 [Added]

Par. 4. Section 1.927(e)–1 is amended as follows:

[The text of proposed § 1.927(e)–1 is the same as the text of § 1.927(e)–1T published elsewhere in this issue of the **Federal Register**].

Michael P. Dolan,

Deputy Commissioner of Internal Revenue.

[FR Doc. 98–5127 Filed 3–2–98; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 180

[OPP–300618; FRL–5772–4]

RIN 2070–AB18

Potassium Dihydrogen Phosphate; Proposed Exemption from the Requirement of a Tolerance

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA proposes to establish an exemption from the requirement of a tolerance for residues of potassium dihydrogen phosphate (KH_2PO_4) in or on all food commodities, when applied as a fungicide in accordance with good agricultural practices to control powdery mildew in fruits and vegetables. EPA is proposing this regulation on its own initiative.

DATES: Comments, identified by the docket control number [OPP–300618] must be received on or before May 4, 1998.

ADDRESSES: By mail, submit written comments to: Public Information and Records Integrity Branch, Information Resources and Services Division (7502C), Office of Pesticide Programs, Environmental Protection Agency, 401 M St., SW., Washington, DC 20460. In person, deliver comments to: Rm. 119, CM #2, 1921 Jefferson Davis Highway, Arlington, VA.

Comments and data may also be submitted electronically to: opp-docket@epamail.epa.gov. Follow the instructions under Unit IV of this document. No Confidential Business Information (CBI) should be submitted through e-mail.

Information submitted as a comment concerning this document may be

claimed confidential by marking any part or all of that information as CBI. Information so marked will not be disclosed except in accordance with procedures set forth in 40 CFR part 2. A copy of the comment that does not contain CBI must be submitted for inclusion in the public record. Information not marked confidential will be included in the public docket by EPA without prior notice. The public docket is available for public inspection in Rm. 119 at the Virginia address given above, from 8:30 a.m. to 4 p.m., Monday through Friday, excluding legal holidays.

FOR FURTHER INFORMATION CONTACT: By mail: Suku Oonnithan, c/o Product Manager (PM) 91, Biopesticides and Pollution Prevention Division (7511W), Office of Pesticide Programs, Environmental Protection Agency, 401 M St., SW., Washington, DC 20460. Office location; telephone number; and e-mail address: Crystal Station #1, 5th Floor, 2800 Crystal Drive, Arlington, VA 22202; 703–308–9524; oonnithan.suku@epamail.epa.gov.

SUPPLEMENTARY INFORMATION: Pursuant to section 408(e) of the Federal Food, Drug, and Cosmetic Act (FFDCA), 21 U.S.C. section 346a(d), EPA proposes to amend 40 CFR part 180 by establishing an exemption from the requirement of a tolerance for residues of potassium dihydrogen phosphate in or on all food commodities.

I. Risk Assessment and Statutory Authority

New section 408(c)(2)(A)(i) of FFDCA allows EPA to establish an exemption from the requirement of a tolerance (the legal limit for a pesticide chemical residue in or on a food commodity) only if EPA determines that the tolerance is “safe.” Section 408(c)(2)(A)(ii) defines “safe” to mean that “there is a reasonable certainty that no harm will result from aggregate exposure to the pesticide chemical residue, including all anticipated dietary exposures and all other exposures for which there is reliable information.” These include exposure through drinking water and in residential settings, but does not include occupational exposure. Section 408(b)(2)(B) requires EPA to give special consideration to exposure of infants and children to the pesticide chemical residue in establishing an exemption and to “ensure that there is a reasonable certainty that no harm will result to infants and children from aggregate exposure to the pesticide chemical residue.” EPA performs a number of analyses to determine the risks from aggregate exposure to pesticide residues.

First, EPA determines the toxicity of pesticides. Second, EPA examines exposure to the pesticide through food, drinking water, and through other exposures that occur as a result of pesticide use in residential settings.

II. Risk Assessment and Statutory Findings

Consistent with section 408(b)(2)(D) of FFDCA, EPA has reviewed the available scientific data and other relevant information in support of this action and considered its validity, completeness, reliability, and relationship to human risk. EPA has also considered available information concerning the variability of the sensitivities of major identifiable subgroups of consumers, including infants and children.

A. Toxicological Profile

Potassium dihydrogen phosphate is a naturally occurring mineral and is widely used as a fertilizer with no reported adverse effects. The acute toxicological data available on potassium dihydrogen phosphate include: acute oral toxicity in rats ($\text{LD}_{50} > 500 \text{ mg/kg}$ and Toxicity Category III), acute dermal toxicity in rabbits ($\text{LD}_{50} > 2,000 \text{ mg/kg}$ and Toxicity Category III), primary eye irritation in rabbits (Toxicity Category III), and primary skin irritation in rabbits (Toxicity Category IV).

Phosphate is ubiquitous and abundant in biological materials. Most of the phosphate ingested by humans and animals is converted to orthophosphate, both as H_2PO_4 and HPO_4 in the digestive tract, prior to absorption in the small intestine. Phosphate is found in blood, cytoplasm, bone, teeth, urine, and feces. It is essential in the tightly regulated physiological and metabolic processes of energy production, carbohydrate metabolism, iron absorption, plasma buffering, maintenance of certain hormone levels, and muscular contraction. Phosphates are molecular components of phospholipids, nucleic acids, energy generating compounds, certain sugars, and some proteins. Dietary phosphate, that is not absorbed is passed through the body via the feces and the absorbed excess phosphate is excreted renally via the urine.

Potassium also is ubiquitous in nature and in biological systems. It is an essential cationic component of body fluids and cytoplasm. It is essential for amino acid and sugar transport, cell permeability, muscle contraction, and is required as a cofactor for certain enzymes. Excess potassium is excreted in the urine. Potassium also is found in