

That action would have required repetitive inspections to detect corrosion of the lower surface of the wing center section and the surrounding area, and follow-on actions. Since the issuance of the NPRM, the Federal Aviation Administration (FAA) has received new information that indicates that the unsafe condition does not exist on the airplanes identified in the proposed rule. Accordingly, the NPRM is withdrawn.

**FOR FURTHER INFORMATION CONTACT:** Stan Wood, Aerospace Engineer, Airframe Branch, ANM-120S, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (425) 227-2772; fax (425) 227-1181.

**SUPPLEMENTARY INFORMATION:** A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to add a new airworthiness directive (AD), applicable to certain Boeing Model 727-100 series airplanes, was published in the **Federal Register** as a Notice of Proposed Rulemaking (NPRM) on April 5, 2000 (65 FR 17827). The NPRM would have required repetitive inspections to detect corrosion of the lower surface of the wing center section and the surrounding area, and follow-on actions. The NPRM was prompted by a report from the manufacturer indicating that the affected airplanes were subject to corrosion progression through the lower surface of the wing center section into the center wing fuel tank, and subsequent fuel leakage into the ram air duct. The proposed actions were intended to detect and correct such conditions, which, if combined with a leak in the primary or secondary heat exchanger, could result in the release of fuel vapors into the cabin and consequent adverse effects on flight crew and passengers.

#### Actions Since the NPRM Was Issued

Since the issuance of the NPRM, the FAA has received new information concerning the configuration of Model 727-100 series airplanes, which are identified in the applicability of the NPRM. The NPRM was based on configuration similarities between those airplanes and Model 727-200 series airplanes, which are identified in the applicability of AD 85-24-02, amendment 39-5170 (50 FR 47356, November 18, 1985). That AD addresses a corrosion problem in the area of the lower surface of the wing center section, which forms the upper wall of the ram air plenum chambers. As a result of the corrosion problem, fuel leaked into the plenum chambers and fuel vapors were circulated into the airplane air

conditioning system and cockpit. The FAA has verified that the configuration of the subject area on Model 727-100 series airplanes is not the same as that on Model 727-200 series airplanes. Therefore, the three Model 727-100 series airplanes affected by the NPRM are not susceptible to the unsafe condition.

#### FAA's Conclusions

Upon further consideration, the FAA has determined that the identified unsafe condition does not exist on the airplanes identified in the NPRM. Accordingly, the proposed rule is hereby withdrawn.

Withdrawal of this notice of proposed rulemaking constitutes only such action, and does not preclude the agency from issuing another notice in the future, nor does it commit the agency to any course of action in the future.

#### Regulatory Impact

Since this action only withdraws a notice of proposed rulemaking, it is neither a proposed nor a final rule and therefore is not covered under Executive Order 12866, the Regulatory Flexibility Act, or DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979).

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

Air transportation, Aircraft, Aviation safety, Safety.

#### The Withdrawal

Accordingly, the notice of proposed rulemaking, Docket 2000-NM-27-AD, published in the **Federal Register** on April 5, 2000 (65 FR 17827), is withdrawn.

Issued in Renton, Washington, on July 10, 2001.

**Donald L. Riggan,**

*Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.*

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## DEPARTMENT OF THE TREASURY

### Bureau of Alcohol, Tobacco and Firearms

#### 27 CFR Part 20

[Notice No. 923]

RIN 1512-AB57

#### Distribution and Use of Denatured Alcohol and Rum (2000R-291P)

**AGENCY:** Bureau of Alcohol, Tobacco and Firearms (ATF), Department of the Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Bureau of Alcohol, Tobacco and Firearms (ATF) proposes to amend the regulations in 27 CFR part 20 by eliminating the requirement for users of specially denatured spirits (SDS) to file a bond. ATF believes that elimination of the requirement to file a bond will greatly reduce and simplify the qualification process for industrial alcohol user permits. ATF also proposes to liberalize certain qualification requirements relating to industrial alcohol user permits.

**DATES:** Written comments must be received on or before September 17, 2001.

**ADDRESSES:** Send written comments to: Chief, Regulations Division, Bureau of Alcohol, Tobacco and Firearms, P.O. Box 50221, Washington, DC 20091-0221, (Attention: Notice No. 923). See "Public Participation" section of this notice if you want to comment by facsimile or e-mail.

**FOR FURTHER INFORMATION CONTACT:** Lisa M. Gesser, Regulations Division, Bureau of Alcohol, Tobacco and Firearms, 650 Massachusetts Avenue NW, Washington, DC 20226, (202-927-9347) or e-mail at LMGesser@atfhq.atf.treas.gov.

#### SUPPLEMENTARY INFORMATION:

##### Background

##### Background on SDS

Specially denatured spirits (SDS) are alcohol or rum that have been treated with denaturants to make them unfit for beverage use. SDS include specially denatured alcohol (SDA) and specially denatured rum (SDR). A user purchases SDS to use in a process or in the manufacture of a substance, preparation, or product requiring SDS. SDS have many uses, such as:

- In laboratories as a solvent, for cleansing purposes, or in the preparation of indicator solutions and reagents.

- In the manufacture of such articles as perfumes, proprietary solvents, tobacco flavors, lotions, and sprays.

- In conversion processes to produce other substances, such as vinegar or ethyl acetate.

An industrial alcohol user permit is needed to procure, use, recover, or deal in SDS. To obtain an industrial alcohol user permit, certain registration requirements must be met. These requirements may include the submission of a detailed application with supporting data, the payment of special (occupational) tax (SOT), and the acquisition of bond coverage. Once

such registration requirements are met, the applicant is issued an industrial alcohol user permit and may commence conducting any of the uses authorized under the law and regulations for industrial alcohol user permittees. The permittee is allowed to purchase and acquire alcohol from a registered distilled spirits plant (DSP) free of the excise tax payments normally required by the DSP proprietor. For this reason, SDS authorized uses are limited or restricted under the law. Any permittee who uses SDS in a manner that violates the laws and regulations becomes liable for the tax and other provisions of the Internal Revenue Code of 1986, 26 U.S.C. 5001(a)(5).

#### *Bonds and Consents of Surety*

Section 5272 of the Internal Revenue Code of 1986 provides that bond coverage may be required as part of the industrial alcohol user permit qualification process. Prior to 1985, the regulations required applicants (other than States, political subdivisions, and the District of Columbia) who wished to obtain more than 120 gallons of SDS per year, to submit an Industrial Alcohol Bond, ATF Form 5150.25. In 1985, the SDS regulations were revised and the exemption from bond coverage was expanded. See, T.D. ATF-199, (50 FR 9152), published on March 6, 1985. Under those revisions, the percentage of users of SDS who were exempt from filing a surety bond increased from 43 percent, under the prior regulations, to 75 percent under the adopted regulations.

Subpart E of 27 CFR part 20 still reflects that expansion today. Specifically, applicants (other than States, political subdivisions, and the District of Columbia) who wish to obtain more than 5,000 gallons of SDS per year must, in addition to other requirements, submit an Industrial Alcohol Bond, ATF Form 5150.25.

Based on the post-1985 experience in administering part 20, ATF believes that bond coverage should no longer be required of any applicant for an industrial alcohol use permit. Additionally, ATF believes that elimination of the bond requirement under subpart E will result in substantially reduced administrative and financial burdens on industrial alcohol permittees. Therefore, ATF is soliciting public comments on the proposal to delete the bond requirements.

#### *Qualification Requirements*

Section 5271 of the Internal Revenue Code of 1986 requires the submission of an application before a permit may be

issued to procure, deal in, or use SDS. Current regulations require the submission of a detailed application with supporting data by all applicants. The appropriate ATF officer is authorized to waive some of the application and supporting data requirements for applicants who are a State, political subdivisions thereof, or the District of Columbia, or whose annual withdrawal and sale or usage of SDS will not exceed 5,000 proof gallons.

ATF believes that this waiver should be available to all applicants when the appropriate ATF officer concludes that the revenue is adequately protected with respect to the person submitting the application and that there is no hindrance to the effective administration of part 20. Therefore, ATF is soliciting public comments on the proposal to amend the regulations to allow the appropriate ATF officer to waive detailed applications with supporting data for all applicants.

#### **Regulatory Flexibility Act**

It is hereby certified that these proposed regulations will not have a significant economic impact on a substantial number of small entities. The proposed regulations will simplify the qualification process for an industrial alcohol user permit by eliminating the requirement to obtain a bond. A copy of the proposed rule was submitted to the Chief Counsel for Advocacy of the Small Business Administration in accordance with 26 U.S.C. 7805(f). No comments were received.

#### **Executive Order 12866**

It has been determined that this regulation is not a significant regulatory action as defined by Executive Order 12866. Accordingly, the proposed rule is not subject to the analysis required by this Executive Order.

#### **Paperwork Reduction Act**

The provisions of the Paperwork Reduction Act of 1995, 44 U.S.C. Chapter 35, and its implementing regulations, 5 CFR part 1320, do not apply to this proposed rule because there are no new reporting or recordkeeping requirements.

#### **Public Participation**

##### *Who May Comment on This Notice?*

ATF requests comments from all interested parties. In addition, ATF specifically requests comments on the clarity of this proposed rule and how it may be made easier to understand. Comments received on or before the closing date will be carefully considered. Comments received after

that date will be given the same consideration if it is practical to do so. However, assurance of consideration can only be given to comments received on or before the closing date.

##### *Can I Review Comments Received?*

Copies of the proposed regulations and any written comments received will be available for public inspection during normal business hours at the ATF Reading Room, Office of the Liaison and Public Information, Room 6480, 650 Massachusetts Avenue, NW., Washington, DC 20226.

##### *Will ATF Keep My Comments Confidential?*

ATF will not recognize any comment as confidential. All comments and materials may be disclosed to the public. If you consider your material to be confidential or inappropriate for disclosure to the public, you should not include it in the comments. We will also disclose the name of any person who submits a comment.

##### *Can I Request a Public Hearing?*

During the comment period, any person may request an opportunity to present oral testimony at a public hearing. However, the Director reserves the right to determine, in light of all circumstances, whether a public hearing will be held.

##### *How Do I Send Facsimile Comments?*

You may submit comments by facsimile transmission to (202) 927-8525.

Facsimile comments must:

- Be legible.
- Reference this notice number.
- Be on paper 8½" x 11" in size.
- Contain a legible written signature.
- Be not more than three pages.

We will not acknowledge receipt of facsimile transmissions. We will treat facsimile transmissions as originals.

##### *How Do I Send Electronic Mail (E-Mail) Comments?*

You may submit comments by e-mail by sending the comments to [nprm@atfhq.atf.treas.gov](mailto:nprm@atfhq.atf.treas.gov). You must follow these instructions. E-mail comments must:

- Contain your name, mailing address, and e-mail address.
- Reference this notice number.
- Be legible when printed on not more than three pages, 8½" x 11" in size.

We will not acknowledge receipt of e-mail. We will treat comments submitted by e-mail as originals.

### *How Do I Send Comments to the ATF Internet Web Site?*

You may also submit comments using the comment form provided with the online copy of the proposed rule on the ATF internet web site at [www.atf.treas.gov/alcohol/rules/index.htm](http://www.atf.treas.gov/alcohol/rules/index.htm).

### Drafting Information

The principal author of this document is Lisa M. Gesser, Regulations Division, Bureau of Alcohol, Tobacco and Firearms.

### List of Subjects in 27 CFR Part 20

Administrative practice and procedure, Advertising, Alcohol and alcohol beverages, Authority delegations, Claims, Excise taxes, Reporting and recordkeeping requirements, Surety bonds.

### Authority and Issuance

ATF is proposing to amend part 20 in title 27 of the Code of Federal Regulations as follows:

### PART 20—DISTRIBUTION AND USE OF DENATURED ALCOHOL AND RUM

**Paragraph. 1.** The authority citation for 27 CFR part 20 continues to read as follows:

**Authority:** 26 U.S.C. 5001, 5206, 5214, 5271–5275, 5311, 5552, 5555, 5607, 6065, 7805.

#### § 20.3 [Amended]

**Par. 2.** Amend § 20.3, Related Regulations, by removing the cite to “31 CFR Part 225.”

#### § 20.21 [Amended]

**Par. 3.** Amend § 20.21(a) by removing the word “bonds” from the first sentence.

#### § 20.22 [Amended]

**Par. 4.** Amend § 20.22 as follows:  
a. Remove paragraph (a)(3); and  
b. Redesignate paragraph (a)(4) as paragraph (a)(3).

#### § 20.26 [Removed]

**Par. 5.** Remove § 20.26.

**Par. 6.** Amend § 20.43 by revising paragraphs (a)(2) and (b) to read as follows:

#### § 20.43 Exceptions to application requirements.

(a) \* \* \*

(2) Applications, Form 5150.22, filed by applicants, where the appropriate ATF officer has determined that the waiver of such requirements does not pose any jeopardy to the revenue or a hindrance of the effective administration of this part.

(b) The waiver provided for in this section will terminate for a permittee, other than States or political subdivisions thereof or the District of Columbia, when the appropriate ATF officer determines that the conditions justifying the waiver no longer exist. In this case, the permittee will furnish the information in respect to the previously waived items, as provided in § 20.56(a)(2).

**Par. 7.** Amend the second sentence of § 20.58 to read as follows:

#### § 20.58 Adoption of documents by a fiduciary.

\* \* \* The fiduciary may adopt the formulas and statements of process of the predecessor. \* \* \*

#### § 20.59 [Amended]

**Par. 8.** Amend § 20.59 as follows:  
a. Remove paragraph (b);  
b. Redesignate paragraph (c) as paragraph (b); and  
c. Redesignate paragraph (d) as paragraph (c).

#### § 20.61 [Amended]

**Par. 9.** Amend § 20.61 by removing the last sentence of the text.

#### § 20.62 [Amended]

**Par. 10.** Amend § 20.62 as follows:  
a. Remove the paragraph letter and title designation “(a) Permit”; and  
b. Remove paragraph (b).

#### § 20.68 [Amended]

**Par. 11.** Amend § 20.68 as follows:  
a. Remove paragraph (b).  
b. Redesignate paragraph (c) as paragraph (b).

### Subpart E—[Removed and Reserved]

**Par. 12.** Remove and reserve Subpart E—Bonds and Consents of Surety.

**Par. 13.** Revise paragraph (c) of § 20.175 to read as follows:

#### § 20.175 Shipment for account of another dealer.

\* \* \* \* \*

(c) The dealer who ordered the shipment shall be liable for the tax while the specially denatured spirits are in transit and the person actually shipping the specially denatured spirits shall not be liable.

#### § 20.177 [Amended]

**Par. 14.** Amend paragraph (b) of § 20.177 by removing the word “bonded” in the first sentence.

#### § 20.232 [Amended]

**Par. 15.** Amend § 20.232 as follows:  
a. Remove paragraph (b).  
b. Redesignate paragraph (c) as paragraph (b).

#### § 20.241 [Amended]

**Par. 16.** Amend § 20.241 by removing the words “and filing of a bond are” and add, in their place, the word “is.”

Signed: April 20, 2001.

**Bradley A. Buckles,**

*Director.*

Approved: June 11, 2001.

**Timothy E. Skud,**

*Acting Deputy Assistant Secretary  
(Regulatory, Tariff and Trade Enforcement).*  
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## DEPARTMENT OF TRANSPORTATION

### Coast Guard

#### 33 CFR Part 100

[CGD05–01–013]

RIN 2115–AE46

#### Special Local Regulations for Marine Events; Fireworks Displays, Atlantic Ocean, Virginia Beach, VA

**AGENCY:** Coast Guard, DOT.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Coast Guard proposes to establish permanent special local regulations for fireworks displays to be held over the waters of the Atlantic Ocean, Virginia Beach, Virginia. These special local regulations are necessary to provide for the safety of life on navigable waters during the fireworks displays. This action is intended to temporarily restrict vessel traffic during the fireworks displays to protect spectator craft and other vessels transiting the event area from the dangers associated with the fireworks.

**DATES:** Comments and related material must reach the Coast Guard on or before September 17, 2001.

**ADDRESSES:** You may mail comments and related material to Commander (Aoax), Fifth Coast Guard District, 431 Crawford Street, Portsmouth, Virginia 23704–5004, hand-deliver them to Room 119 at the same address between 9 a.m. and 2 p.m., Monday through Friday, except Federal holidays, or fax them to (757) 398–6203. Commander (Aoax), Fifth Coast Guard District, 431 Crawford Street, Portsmouth, Virginia 23704–5004 maintains the public docket for this rulemaking. Comments and materials received from the public as well as documents indicated in this preamble as being available in the docket, will become part of this docket and will be available for inspection or copying at the above address between 9