

Actions	Compliance	Procedures
<p>(3) If you choose not to utilize the Aero Advantage vacuum pump monitoring system per STC SA10126SC, then do the following:</p> <ul style="list-style-type: none"> (i) Remove the Airplane Flight Manual Supplement (AFMS) for STC SA10126SC and the placard for the vacuum pump monitoring system. (ii) Complete the appropriate logbook entry and Form 337 to show that the airplane is no longer equipped with STC SA10126SC. 	<p>Prior to further flight after removing any Aero Advantage ADV200 series vacuum pump.</p>	<p>Not Applicable.</p>
<p>(4) If you choose to utilize the Aero Advantage vacuum pump monitoring system per STC SA10126SC, then do the following:</p> <ul style="list-style-type: none"> (i) Connect the replacement vacuum pump to the vacuum pump monitoring system. (ii) Make the following notation to the front of the AFMS for STC SA10126SC: "The Aero Advantage vacuum pump was removed to comply with AD 2005--**--**, and this AFMS now gives instructions for the operation of the vacuum pump monitoring system with a replacement vacuum pump." (iii) Attach a copy of the Phoenix Group Service Bulletin No. 05-01, dated November 22, 2005, to the AFMS for STC SA10126SC. 	<p>Prior to further flight after removing any Aero Advantage ADV200 series vacuum pump.</p>	<p>Connect the vacuum pump monitoring system with the procedures in Phoenix Group, Service Bulletin No. 05-01, dated November 22, 2005.</p>
<p>(5) Do not install any Aero Advantage ADV200 series (P/Ns ADV211CC and ADV212CW) vacuum pump.</p>	<p>As of March 10, 2006 (the effective date of this AD).</p>	<p>Not Applicable.</p>

May I Request an Alternative Method of Compliance?

(f) The Manager, Special Certification Office, Rotorcraft Directorate, FAA, has the authority to approve alternative methods of compliance for this AD, if requested using the procedures found in 14 CFR 39.19. For information on any already approved alternative methods of compliance, contact Peter Hakala, Aerospace Engineer, Special Certification Office, Rotorcraft Directorate, FAA, 2601 Meacham Boulevard, Fort Worth, Texas 76193-0190; telephone: (817) 222-5145; facsimile: (817) 222-5785.

May I Get Copies of the Document Referenced in This AD?

(g) If you choose to utilize the vacuum pump monitoring system, you must connect the replacement vacuum pump with the instructions in Phoenix Group, Service Bulletin No. 05-01, dated November 22, 2005. The Director of the Federal Register approved the incorporation by reference of this service bulletin in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. To get a copy of this service information, contact Phoenix Group, 9608 Taxiway Dr., Granbury, TX 76049; e-mail: phoenixgroup2@yahoo.com. To review copies of this service information, go to the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html or call (202) 741-6030. To view the AD docket, go to the Docket Management Facility; U.S. Department of Transportation, 400 Seventh Street, SW.,

Nassif Building, Room PL-401, Washington, DC 20590-001 or on the Internet at <http://dms.dot.gov>. The docket number is FAA-200520440; Directorate Identifier 2005-CE-05-AD.

Issued in Kansas City, Missouri, on January 26, 2006.

David R. Showers,
Acting Manager, Small Airplane Directorate, Aircraft Certification Service.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2005-22875; Directorate Identifier 2005-NM-179-AD; Amendment 39-14469; AD 2006-03-05]

RIN 2120-AA64

Airworthiness Directives; Short Brothers Model SD3-60 SHERPA, SD3-SHERPA, and SD3-60 Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: The FAA is superseding an existing airworthiness directive (AD), which applies to all Short Brothers

Model SD3-60 and SD3-SHERPA airplanes. That AD currently requires an inspection of the fork end of the rear pintle pin on each main landing gear (MLG) to verify that sealant is properly applied and is undamaged, and related investigative/corrective actions if necessary. This new AD requires an additional inspection for correctly applied sealant on the MLG rear pintle pin assemblies, and related investigative/corrective actions if necessary. This AD also expands the applicability of the existing AD. This AD results from a new report of a cracked pintle pin fork end. We are issuing this AD to prevent stress-corrosion cracking and subsequent failure of the MLG.

DATES: This AD becomes effective March 14, 2006.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in the AD as of March 14, 2006.

On March 18, 1993 (58 FR 7983, February 11, 1993), the Director of the Federal Register approved the incorporation by reference of Shorts SD3-60 Service Bulletin SD360-32-33, dated August 7, 1992.

ADDRESSES: You may examine the AD docket on the Internet at <http://dms.dot.gov> or in person at the Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street,

SW., Nassif Building, room PL-401, Washington, DC.

Contact Short Brothers, Airworthiness & Engineering Quality, P.O. Box 241, Airport Road, Belfast BT3 9DZ, Northern Ireland, for service information identified in this AD.

FOR FURTHER INFORMATION CONTACT: Dan Rodina, Aerospace Engineer, International Branch, ANM-116, Transport Airplane Directorate, FAA, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (425) 227-2125; fax (425) 227-1149.

SUPPLEMENTARY INFORMATION:

Examining the Docket

You may examine the airworthiness directive (AD) docket on the Internet at <http://dms.dot.gov> or in person at the Docket Management Facility office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Docket Management Facility office

(telephone (800) 647-5227) is located on the plaza level of the Nassif Building at the street address stated in the **ADDRESSES** section.

Discussion

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to include an AD that supersedes AD 93-02-03, amendment 39-8485 (58 FR 7983, February 11, 1993).

The existing AD applies to all Short Brothers Model SD3-60 and SD3-SHERPA airplanes. That NPRM was published in the **Federal Register** on November 9, 2005 (70 FR 67949). That NPRM proposed to continue to require an inspection of the fork end of the rear pintle pin on each main landing gear (MLG) to verify that sealant is properly applied and is undamaged, and related investigative/corrective actions if necessary. That NPRM also proposed to require an inspection for correctly

applied sealant on the MLG rear pintle pin assemblies, and related investigative/corrective actions if necessary; it also proposed to expand the applicability of the existing AD.

Comments

We provided the public the opportunity to participate in the development of this AD. No comments have been received on the NPRM or on the determination of the cost to the public.

Conclusion

We have carefully reviewed the available data and determined that air safety and the public interest require adopting the AD as proposed.

Costs of Compliance

The following table provides the estimated costs for U.S. operators to comply with this AD.

ESTIMATED COSTS

Action	Work hours	Average labor rate per hour	Parts	Cost per airplane	Number of U.S. registered airplanes	Fleet cost
Inspection—(required by AD 93-02-03)	1	\$65	None	\$65	42	\$2,730
Inspection—(new action)	1	65	None	65	42	2,730

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in subtitle VII, part A, subpart III, Section 44701, "General requirements." Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

We have determined that this AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States,

or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

- (1) Is not a "significant regulatory action" under Executive Order 12866;
- (2) Is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and
- (3) Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a regulatory evaluation of the estimated costs to comply with this AD and placed it in the AD docket. See the **ADDRESSES** section for a location to examine the regulatory evaluation.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

■ Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

■ 2. The Federal Aviation Administration (FAA) amends § 39.13 by removing amendment 39-8485 (58 FR 7983, February 11, 1993) and by adding the following new airworthiness directive (AD):

2006-03-05 Short Brothers PLC:
Amendment 39-14469. Docket No. FAA-2005-22875; Directorate Identifier 2005-NM-179-AD.

Effective Date

(a) This AD becomes effective March 14, 2006.

Affected ADs

(b) This AD supersedes AD 93-02-03.

Applicability

(c) This AD applies to all Shorts Model SD3-60 SHERPA, SD3-SHERPA, and SD3-60 airplanes, certificated in any category.

Unsafe Condition

(d) This AD results from a new report of a cracked pintle pin fork end. We are issuing this AD to prevent stress-corrosion cracking

and subsequent failure of the main landing gear (MLG).

Compliance

(e) You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

Restatement of Requirements of AD 93-02-03

Inspection

(f) For Model SD3-60 and SD3-SHERPA airplanes: Within 300 hours' time-in-service or 30 days after March 18, 1993 (the effective date of AD 93-02-03), whichever occurs first, perform a visual inspection of the fork end of the rear pintle pin on each MLG to verify that an undamaged fillet of sealant is properly applied around the flanges of the bronze bushings, in accordance with Shorts SD3-60 Service Bulletin SD360-32-33, dated August 7, 1992.

(1) If an undamaged fillet of properly applied sealant is found: No further action is required by this AD.

(2) If no fillet of sealant is found at the joint line, or if a damaged fillet of sealant is found: Prior to the accumulation of 1,200 hours' time-in-service or 120 days after accomplishing the inspection required by paragraph (f) of this AD, whichever occurs first, remove the bushings and perform a magnetic non-destructive testing (NDT) inspection to detect faults of the bores in the fork end, in accordance with the service bulletin. If faults are found as a result of the NDT inspection, prior to further flight, repair the fork end of the rear pintle pin in a manner approved by the Manager,

International Branch, ANM-116, Transport Airplane Directorate, FAA.

New Requirements of This AD

Inspection

(g) For all airplanes: Within 3 months after the effective date of this AD, do a general visual inspection of the MLG rear pintle pin assemblies for correctly applied sealant, in accordance with Shorts Service Bulletin SD360-32-37, SD3 Sherpa-32-5, or SD360 Sherpa-32-4, all dated July 2004, as applicable.

(1) If the sealant is applied correctly: This AD requires no further work.

(2) If the sealant is applied incorrectly: Within 12 months after the effective date of this AD, do a magnetic flaw detection inspection to detect cracks of the rear pintle pin fork ends, in accordance with the service bulletin. If any cracked pintle pin fork end is found: Replace it before further flight with a serviceable part that has been inspected in accordance with the requirements of this AD.

Note 1: For the purposes of this AD, a general visual inspection is: "A visual examination of an interior or exterior area, installation, or assembly to detect obvious damage, failure, or irregularity. This level of inspection is made from within touching distance unless otherwise specified. A mirror may be necessary to ensure visual access to all surfaces in the inspection area. This level of inspection is made under normally available lighting conditions such as daylight, hangar lighting, flashlight, or droplight and may require removal or opening of access panels or doors. Stands, ladders, or platforms may be required to gain proximity to the area being checked."

Note 2: The service bulletins identified in paragraph (g) of this AD refer to Messier Dowty Special Inspection Service Bulletin 32-70SD, Revision 1, dated July 3, 1995, as an additional source of service information for the inspection and corrective actions.

(h) If any crack is detected during any inspection required by this AD and the service information specifies to contact the manufacturer for repair instructions: Before further flight, repair using a method approved by either the Manager, International Branch, ANM-116, Transport Airplane Directorate, FAA; or the Civil Aviation Authority (CAA) (or its delegated agent).

Alternative Methods of Compliance (AMOCs)

(i)(1) The Manager, International Branch, ANM-116, Transport Airplane Directorate, FAA, has the authority to approve AMOCs for this AD, if requested in accordance with the procedures found in 14 CFR 39.19.

(2) Before using any AMOC approved in accordance with § 39.19 on any airplane to which the AMOC applies, notify the appropriate principal inspector in the FAA Flight Standards Certificate Holding District Office.

Related Information

(j) British airworthiness directive G-2004-0022, dated August 25, 2004, also addresses the subject of this AD.

Material Incorporated by Reference

(k) You must use the service information identified in Table 1 of this AD to perform the actions that are required by this AD, unless the AD specifies otherwise.

TABLE 1.—ALL MATERIAL INCORPORATED BY REFERENCE

Shorts service bulletin	Date
SD3 Sherpa-32-5, including Messier Dowty Special Inspection Service Bulletin 32-70SD, Revision 1, dated July 3, 1995	July 2004
SD360 Sherpa-32-4, including Messier Dowty Special Inspection Service Bulletin 32-70SD, Revision 1, dated July 3, 1995 ..	July 2004.
SD360-32-33	August 7, 1992.
SD360-32-37, including Messier Dowty Special Inspection Service Bulletin 32-70SD, Revision 1, dated July 3, 1995	July 2004.

(1) The Director of the Federal Register approved the incorporation by reference of the documents identified in Table 2 of this

AD in accordance with 5 U.S.C. 552(a) and 1 CFR part 51.

TABLE 2.—NEW MATERIAL INCORPORATED BY REFERENCE

Shorts service bulletin	Date
SD3 Sherpa-32-5, including Messier Dowty Special Inspection Service Bulletin 32-70SD, Revision 1, dated July 3, 1995	July 2004.
SD360 Sherpa-32-4, including Messier Dowty Special Inspection Service Bulletin 32-70SD, Revision 1, dated July 3, 1995 ..	July 2004.
SD360-32-37, including Messier Dowty Special Inspection Service Bulletin 32-70SD, Revision 1, dated July 3, 1995	July 2004.

(2) On March 18, 1993 (58 FR 7983, February 11, 1993), the Director of the Federal Register approved the incorporation by reference of Shorts SD3-60 Service Bulletin SD360-32-33, dated August 7, 1992.

(3) Contact Short Brothers, Airworthiness & Engineering Quality, P.O. Box 241, Airport Road, Belfast BT3 9DZ, Northern Ireland, for a copy of this service information. You may review copies at the Docket Management

Facility, U.S. Department of Transportation, 400 Seventh Street SW., room PL-401, Nassif Building, Washington, DC; on the Internet at <http://dms.dot.gov>; or at the National Archives and Records Administration (NARA). For information on the availability of this material at the NARA, call (202) 741-6030, or go to http://www.archives.gov/federal_register/

code_of_federal_regulations/ibr_locations.html.

Issued in Renton, Washington, on January 24, 2006.

Ali Bahrami,

Manager, Transport Airplane Directorate,
Aircraft Certification Service.

[FR Doc. 06-992 Filed 2-6-06; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 602

[TD 9249]

RIN 1545-AR82

Escrow Funds and Other Similar Funds

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the taxation and reporting of income earned on qualified settlement funds and certain other escrow accounts, trusts, and funds, and other related rules. The final regulations affect qualified settlement funds, escrow accounts established in connection with sales of property, disputed ownership funds, and the parties to these escrow accounts, trusts, and funds.

DATES: *Effective Date:* These regulations are effective February 3, 2006.

Applicability Dates: For dates of applicability, see §§ 1.468B-5(c), 1.468B-7(f), and 1.468B-9(j).

FOR FURTHER INFORMATION CONTACT: Richard Shevak or A. Katharine Jacob Kiss, (202) 622-4930 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collections of information contained in these final regulations have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507(d)) under control number 1545-1631. The collections of information in §§ 1.468B-1(k)(2) and 1.468B-9(c)(2)(ii) are to obtain benefits and the collection of information in § 1.468B-9(g) is mandatory.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number assigned by the Office of Management and Budget.

The estimated annual burden per respondent is .40 hours.

Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be sent to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, SE:W:CAR:MP:T:T:SP, Washington, DC 20224, and to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Background

This document contains amendments to 26 CFR part 1 under section 468B of the Internal Revenue Code (Code). This document does not adopt § 1.468B-6 of a notice of proposed rulemaking (REG-209619-93) published in the **Federal Register** on February 1, 1999 (64 FR 4801), relating to the current taxation and reporting of income earned on qualified settlement funds and certain other escrow accounts, trusts, and funds, which is withdrawn and repropounded by a notice of proposed rulemaking published elsewhere in this issue of the **Federal Register**. This document also does not adopt § 1.468B-8 of the notice of proposed rulemaking, which is reserved.

Section 468B was added to the Code by section 1807(a)(7)(A) of the Tax Reform Act of 1986, Public Law 99-514 (100 Stat. 2814), and was amended by section 1018(f) of the Technical and Miscellaneous Revenue Act of 1988, Public Law 100-647 (102 Stat. 3582). Section 468B(g) provides that nothing in any provision of law shall be construed as providing that an escrow account, settlement fund, or similar fund is not subject to current income taxation, and that the Secretary shall prescribe regulations providing for the taxation of such accounts or funds, whether as a grantor trust or otherwise.

On December 23, 1992, final regulations (TD 8459) under section 468B(g) concerning the taxation of qualified settlement funds (QSF) were published in the **Federal Register** (57 FR 60983) (the QSF regulations). The QSF regulations do not address the taxation of other types of escrow accounts, trusts, or funds. The preamble to the QSF regulations states that future regulations would address the income tax treatment of accounts, trusts, or funds other than QSFs, specifically, escrow accounts used in the sale of

property and section 1031 qualified escrow accounts.

On February 1, 1999, the IRS and the Treasury Department published a notice of proposed rulemaking (REG-209619-93) in the **Federal Register** (64 FR 4801) regarding the proposed income tax treatment of these other funds. The proposed regulations provide rules for taxing income earned by (1) qualified escrow accounts and qualified trusts used in deferred like-kind exchanges under section 1031, (2) pre-closing escrows used in sales or exchanges of real or personal property, (3) contingent-at-closing escrows established on account of contingencies existing at the closing of certain sales of business or investment property, and (4) disputed ownership funds established under the jurisdiction of a court to hold money or property subject to disputed claims of ownership. Additionally, the proposed regulations provide rules permitting a transferor to a QSF to elect taxation of the QSF as a grantor trust.

Written comments responding to the notice of proposed rulemaking were received. A public hearing was held on May 12, 1999. After consideration of the comments, the proposed regulations are adopted as revised by this Treasury decision.

Explanation of Provisions and Summary of Comments

1. Election To Treat a Qualified Settlement Fund as a Grantor Trust Under § 1.468B-1(k)

The proposed regulations provide that, if there is only one transferor to a qualified settlement fund, the transferor may make an election to treat the qualified settlement fund as a grantor trust, all of which is treated as owned by the transferor (a grantor trust election). The election may be revoked only for compelling circumstances upon consent of the Commissioner by private letter ruling.

Commentators recommended expanding the scope of the grantor trust election by allowing the election even if there are multiple transferors to a qualified settlement fund. Certain commentators suggested that this rule could be limited to situations in which all of the grantors are members of the same consolidated group. These comments were not adopted because they would result in undue complexity. For example, extending the grantor trust election to multiple-transferor trusts would require the allocation of items of income, deduction and credit (including capital gains and losses) among the various transferors. Although § 1.671-3 of the Income Tax Regulations contains