

insurance is a separate issue from establishing the amount of loss that must be sustained before an indemnity is due.

Comment: One comment received from an insurance company suggested that the Act specifically addresses CAT coverage for production based programs but leaves discretion as to how to apply CAT to dollar amount of insurance crops.

Response: The Act stipulates that CAT coverage shall offer a producer coverage for a 50 percent loss in yield on an individual basis, indemnified at 60 percent of the expected market price, or comparable coverage (as determined by the Corporation). For dollar amount of insurance crops like Florida Citrus, the CAT dollar amount of insurance is stated in the actuarial table. The 50% loss threshold for CAT is not discretionary and applies to dollar amount of insurance crops.

Comment: One comment received from an insurance company suggested that changing the loss calculation for CAT represents a material change in the program and essentially creates a second Florida Citrus program.

Response: Changing the Florida Citrus CAT loss calculation did not create another program. CAT coverage was a new insurance coverage level that was required to be implemented by the Act. The change explains how CAT losses will be calculated.

Comment: One comment received from an insurance company stated their belief that CAT payment values are far short of 60% of the market value called for in the Act. Consequently, loss guidelines which result in a CAT producer being indemnified once they have sustained a loss greater than 10% helped to compensate for the insufficient CAT dollar amount of coverage.

Response: FCIC believes that it would be inappropriate to compensate for a perceived insufficient dollar amount of coverage by manipulating loss calculations, since it would violate crop loss guidelines established in the Act.

Comment: One comment received from an insurance company suggested that the rule change would not reduce paperwork nor simplify the program and could cost more money to administer since agents would have two quoting systems.

Response: FCIC disagrees with this comment. The rule change is not expected to either increase or decrease paperwork. The change does not create two quoting systems, it only informs the CAT policyholder how a claim for indemnity is calculated for this new coverage level.

Comment: One comment received from an insurance company suggested that the rule will spread confusion and bad will among their growers and creates additional work for companies and agents who are already "undercompensated" for CAT.

Response: The Act mandates guidelines for implementing CAT coverage and FCIC does not have the liberty to deviate from the guidelines. Therefore, Florida citrus producers with CAT policies will be treated the same as CAT policyholders of other crops.

Comment: One comment received from an insurance company stated that while they believed the rule change was required to bring the program in compliance with legislation, the change was made well after the April 15, 1995 contract change date, and thus it was inappropriate to implement it for the 1996 crop year.

Response: FCIC's position is that CAT was implemented when the interim rules, Catastrophic Risk Protection Endorsement and Subpart T-Regulations for Implementation, were published in the Federal Register on January 6, 1995. The Florida Citrus interim rule was a continuation of implementing CAT. Implementing legislation (the Act) takes precedence over a crop policy's contract change date.

Comment: One comment received from an insurance company stated that the only changes allowable after the April 15, 1995 contract change date would be a liberalization which would benefit the policyholders, as described in section 11 of the General Provisions of the MPC Policy. Furthermore a 500% increase in the CAT policy deductible does not qualify as a liberalization.

Response: Implementing legislation takes precedence over a crop policy's contract change date. CAT insureds who sustain a complete loss of their Florida citrus can realize 100% of their CAT coverage, while under the previous loss calculation, based on 10% deductible, they would have received only 90% of their CAT coverage.

List of Subjects in 7 CFR Part 401

Crop insurance, Florida citrus.
Final Rule

Accordingly, pursuant to the authority contained in the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*) the Federal Crop Insurance Corporation hereby adopts as a final rule, the interim rule as published at 60 FR 29749 on June 6, 1995.

Done in Washington, DC, on November 29, 1995.

Kenneth D. Ackerman,
Manager, Federal Crop Insurance
Corporation.

[FR Doc. 95-29570 Filed 12-4-95; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

13 CFR Part 140

Debt Collection Through Offset

AGENCY: Small Business Administration.
ACTION: Final rule.

SUMMARY: In response to President Clinton's regulatory review directive, the Small Business Administration has completed a page-by-page and line-by-line review of its regulations. As a result, SBA is proposing to clarify and streamline its regulations, revising or eliminating any duplicative, outdated, inconsistent, or confusing provisions. This rule reorganizes all of Part 140 covering agency debt collection, clarifying it and making it easier to use through the use of "plain language." It also amends the Part by removing redundant provisions and applying, where permitted by applicable statute, uniform procedural rights to all debt collection procedures. The name of the regulation has been changed from simply Debt Collection to Debt Collection Through Offset. There are no substantive changes.

EFFECTIVE DATE: This rule is effective January 4, 1996.

FOR FURTHER INFORMATION CONTACT: Cheri Wolff, Chief Counsel for General Litigation, Office of General Counsel, at (202) 205-6643.

SUPPLEMENTARY INFORMATION: 13 CFR Part 140 establishes procedures for the collection of debts owed to SBA. This rule reorganizes the entire Part, clarifying it and making it easier to use. Where permitted by relevant statute, it also amends Part 140 to give all debtors similar procedural rights.

Currently, Part 140 does not give all debtors the same procedural rights. Where a salary deduction or administrative offset procedure is used, debtors have thirty days to present evidence in response to SBA's notice of intent to collect a debt. On the other hand, where the deduction from income tax refund procedure is used, debtors are given sixty days to present evidence in response to SBA's notice. The rule eliminates this distinction and provides all debtors with the same procedural rights. All debtors will be given sixty days to present their relevant evidence.

Section-by-Section Analysis

The authority citations are amended by specifying the statutory authority for each of the three debt collection procedures.

The following is a section by section analysis of each provision of this Rule affected by these changes:

140.1: Revises section 140.1 by inserting clear language as to coverage of the regulation.

140.2: Deletes, in most respects, section 140.2 (the definition section). The definitions of administrative offset and salary offset are now included in proposed section 140.2 ("What is a debt and how can the SBA collect it through offset?"). Several other definitions are retained for clarity, but are defined as the terms appear in the text. Section 140.2 also clarifies the three debt collection procedures.

140.3: Current sections 140.3 ("Information disclosure"), 140.4 ("Salary offset"), 140.5 ("Administrative offset"), and 140.6 ("Income tax refund offset") are deleted and replaced with new Section 140.3 ("What rights do you have when SBA tries to collect a debt from you through offset?"). Section 140.3 specifies, in clear language, debtors' rights. These rights apply to all persons affected by SBA debt collection offset procedures.

Compliance With Executive Orders 12612, 12778, and 12866, the Regulatory Flexibility Act (5 U.S.C. 601, et seq.), and the Paperwork Reduction Act (44 U.S.C. Ch. 35)

SBA certifies that this rule involves internal administrative procedures and would not be considered a significant rule within the meaning of Executive Order 12866 and would not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, et seq. It is not likely to have an annual economic effect of \$100 million or more, result in a major increase in costs or prices, or have a significant adverse effect on competition or the United States economy.

For purposes of the Paperwork Reduction Act, 44 U.S.C. Ch. 35, SBA certifies that this rule contains no new reporting or recordkeeping requirements.

For purposes of Executive Order 12612, SBA certifies that this rule would not have any federalism implications warranting the preparation of a Federalism Assessment.

For purposes of Executive Order 12778, SBA certifies that this rule is drafted, to the extent practicable, in

accordance with the standards set forth in Section 2 of that Order.

List of Subjects in 13 CFR Part 140

Claims; Government employees; Income taxes; Wages.

For the reasons set forth above, SBA revises Part 140 of Title 13 of the Code of Federal Regulations to read as follows:

PART 140—DEBT COLLECTION THROUGH OFFSET

Sec.

§ 140.1 What does this part cover?

§ 140.2 What is a debt and how can the SBA collect it through offset?

§ 140.3 What rights do you have when SBA tries to collect a debt from you through offset?

Authority: 31 U.S.C. 3711, Collection and compromise; 31 U.S.C. 3720A, Reduction of tax refund by amount of debt; 5 U.S.C. 5514, Installment deduction for indebtedness to the United States; 31 U.S.C. 3716, Administrative offset; 15 U.S.C. 634(b)(6), Small Business Act.

§ 140.1 What does this part cover?

This part establishes procedures which SBA may use in the collection, through offset, of past-due debts owed to the Government. SBA's failure to comply with any provision of the regulations in this part is not available to any debtor as a defense against collection of the debt through judicial process.

§ 140.2 What is a debt and how can the SBA collect it through offset?

(a) A debt means an amount owed to the United States from loans made or guaranteed by the United States, and from fees, leases, rents, royalties, services, sales of real or personal property, overpayments, fines, penalties, damages, interest, forfeitures, or any other source. You are a debtor if you owe an amount to the United States from any of these sources.

(b) SBA may collect past-due debts through offset by using any of three procedures: administrative offset, salary offset, or IRS tax refund offset. A past-due debt is one which has been reduced to judgment, has been accelerated, or has been due for at least 90 days.

(1) *Administrative offset.* SBA may withhold money it owes to the debtor in order to satisfy the debt. This procedure is an "administrative offset" and is authorized by 31 U.S.C. 3716.

(2) *Salary offset.* If the debtor is a federal employee (a civilian employee as defined by 5 U.S.C. 2105, an employee of the U.S. Postal Service or Postal Rate Commission, or a member of the Uniformed Services or Reserve of the Uniformed Services), SBA may

deduct payments owed to SBA or another federal agency from the debtor's paycheck. This procedure is a "salary offset" and is authorized by 5 U.S.C. 5514.

(i) Any amount deducted from salary in any one pay period will not exceed 15 percent of a debtor's disposable pay, unless the debtor agrees in writing to a greater percentage.

(ii) SBA also may collect against travel advances, training expenses, disallowed payments, retirement benefits, or any other amount due the employee, including lump-sum payments.

(iii) If an employee has terminated employment after salary offset has been initiated, there are no limitations on the amount that can be withheld or offset.

(3) *IRS tax refund offset.* SBA may request that IRS reduce a debtor's tax refund by the amount of the debt, as authorized by 31 U.S.C. 3720A. Where available, administrative and salary offsets must be used before collection is attempted through income tax offset. SBA may refer a debt to the IRS for a tax refund offset and take additional action against the debtor to collect the debt at the same time or in sequence. When SBA makes simultaneous or sequential referrals (within six months of the initial notice), only one review pursuant to the rules in this part and the statutes authorizing them is required.

§ 140.3 What rights do you have when SBA tries to collect a debt from you through offset?

(a) SBA must write to you and tell you that it proposes to collect the debt by reducing your federal paycheck, withholding money the Government owes you, and/or reducing your tax refund.

(b) In its written notice to you, SBA must tell you the nature and amount of the debt; that SBA will begin procedures to collect the debt through reduction of your federal paycheck, administrative offset, or reduction of your tax refund; that you have an opportunity to inspect and copy Government records relating to the debt at your expense; and that, before collection begins, you have an opportunity to agree with SBA on a schedule for repayment of your debt.

(c) SBA also must tell you that unless you respond within 60 days from the date of the notice, it will disclose to consumer reporting agencies (also known as credit bureaus or credit agencies) that you are responsible for the debt and the specific information it intends to disclose in order to establish your identity. The amount, status, history of the debt, and agency program

under which it arose also will be disclosed.

(d) If you respond to SBA within 60 days from the date of the notice, SBA will not disclose the information to consumer reporting agencies until it considers your response and determines that you owe a past-due, legally enforceable debt.

(e) Within 60 days of the notice you may present evidence that all or part of the debt is not past due or not legally enforceable.

(1) Where a salary offset or administrative offset is proposed, you will have the opportunity to present your evidence to SBA's Office of Hearings and Appeals ("OHA"). The rules in part 134 of this title govern the procedural rights to which you are entitled. In order to have a hearing before OHA, you must request a hearing within 15 days of receipt of the written notice described in this section. An OHA judge will issue a decision within 60 days of the date you filed your petition/request for a review or hearing with OHA, unless you were granted additional time within which to file your request for review.

(2) Where an income tax refund offset is proposed, you will have the opportunity to request a review and present your evidence to the appropriate SBA Commercial Loan Servicing Center at the address provided in the notice.

(f) SBA must consider any evidence you present and must first decide that a debt is past due and legally enforceable. A debt is legally enforceable if there is any forum, including a State or Federal Court or administrative agency, in which SBA's claim would not be barred on the date of offset. Non-judgment debts are enforceable for ten years; judgment debts are enforceable beyond ten years. You will be notified of SBA's decision at least 30 days before any offset deduction is made. You also will be notified of the amount, frequency, proposed beginning date, and duration of the deductions, as well as any obligation to pay interest, penalties, and administrative costs.

(g) If there is any substantial change in the status or amount of your debt, SBA will promptly report that change to each consumer reporting agency it originally contacted.

(h) SBA will obtain satisfactory assurances from each consumer reporting agency that the consumer reporting agency has complied with all federal laws relating to provision of consumer credit information.

(i) If your debt is being repaid by reduction of your income tax refund and you make any additional payments to

SBA, SBA will notify the IRS of these payments and your new balance within 10 business days of receiving your payment.

(j) When the debt of a federal employee is reduced to court judgment, the employee is not entitled to further review by SBA, but is only entitled to notice of a proposed salary offset resulting from the judgment. The amount deducted may not exceed 15% of disposable pay, except when the deduction of a greater amount is necessary to completely collect the debt within the employee's remaining period of employment.

(k) When another federal agency asks SBA to offset a debt for it, SBA will not initiate the requested offset until it has received from the creditor agency a written certification that the debtor owes a debt, its amount, and that the provisions of all applicable statutes and regulations have been complied with fully.

(l) SBA may make an offset prior to completion of the procedures described in this part, if:

(1) Failure to make an offset would substantially prejudice the government's ability to collect the debt; and

(2) The time before the payment would otherwise be made to you does not reasonably permit the completion of the procedures.

(3) Such prior offset then must be followed by the completion of the procedures described in this part.

(m) Where an IRS tax refund offset is sought, SBA must follow the Department of the Treasury's regulations governing offset of a past-due, legally enforceable debt against tax overpayment.

Dated: November 22, 1995.

Philip Lader,

Administrator.

[FR Doc. 95-29564 Filed 12-4-95; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 94-NM-247-AD; Amendment 39-9449; AD 95-01-06 R1]

Airworthiness Directives; Boeing Model 737-200 and -300 Series Airplanes Equipped With Cargo Doors Installed in Accordance With Supplemental Type Certificate (STC) SA2969SO

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule; request for comments.

SUMMARY: This amendment revises an existing airworthiness directive (AD), applicable to certain Boeing Model 737-200 and -300 series airplanes, that currently requires inspections to detect cracking in the radii on the support angles on the lower jamb (latch lug fittings) of the main deck cargo door, and replacement of cracked parts. That amendment was prompted by reports of premature fatigue cracking on the support angles on the lower jamb of the main deck cargo door. The actions specified in that AD are intended to prevent in-flight separation of the main deck cargo door from the airplane due to fatigue cracking on the support angles on the lower door jamb. This amendment requires a change in the cognizant aircraft certification office for requesting approvals of alternative methods of compliance with the provisions of this AD.

DATES: Effective December 20, 1995.

The incorporation by reference of certain publications listed in the regulations was approved previously by the Director of the Federal Register as of January 24, 1995 (60 FR 2323, January 9, 1995).

Comments for inclusion in the Rules Docket must be received on or before February 5, 1996.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM-103, Attention: Rules Docket No. 94-NM-247-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056.

The service information referenced in this AD may be obtained from Pemco Aeroplex, Inc., P.O. Box 2287, Birmingham, Alabama 35201-2287. This information may be examined at the FAA, Small Airplane Directorate, Atlanta Aircraft Certification Office, Campus Building, 1701 Columbia Avenue, Suite 2-160, College Park, Georgia; or at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Curtis Jackson, Aerospace Engineer, Airframe Branch, ACE-120A; FAA, Small Airplane Directorate, Atlanta Aircraft Certification Office, Campus Building, 1701 Columbia Avenue, Suite 2-160, College Park, Georgia 30337-2748; telephone (404) 305-7358; fax (404) 305-7348; or Della Swartz, Aerospace Engineer, Airframe Branch,