

thereafter at intervals not to exceed 330 flight hours or 7 months, whichever occurs first.

#### Alternative Methods of Compliance

(d) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, International Branch, ANM-116. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, International Branch, ANM-116.

**Note 3:** Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the International Branch, ANM-116.

#### Special Flight Permits

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

**Note 4:** The subject of this AD is addressed in French airworthiness directives 1999-038-008(B), dated January 27, 1999 (for Falcon 2000 series airplanes); and 1999-082-024(B) dated February 24, 1999 (for Falcon 900 and Mystere Falcon 900EX series airplanes).

Issued in Renton, Washington, on April 26, 1999.

#### D.L. Riggan,

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

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 108

[Docket No. FAA-1999-5536; Notice No. 99-05]

RIN 2120-AG51

#### Security of Checked Baggage on Flights Within the United States; Correction

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking; correction.

**SUMMARY:** This document contains a correction to the notice of proposed rulemaking, published in the **Federal Register** on April 19, 1999 (64 FR 19220). That NPRM clarified that each certificate holder required under § 108.5 to adopt and implement an FAA-approved security program screen checked baggage or conduct passenger-to-bag matching for scheduled passenger operations within the United States

when using an airplane having a passenger seating configuration of more than 60 seats.

**FOR FURTHER INFORMATION CONTACT:** Lon M. Siro, 202-267-3414.

#### Correction of Publication

In proposed rule FR Doc. 99-9635, beginning on page 19220 in the **Federal Register** issue of April 19, 1999, make the following corrections:

1. On page 19220, in column 1, in the **ADDRESSES** section, beginning on line 5, correct the "Docket No. FAA-1999-5336" to read "Docket No. FAA-1999-5536".

2. On page 19220, in column 2, in Comments Invited section, beginning on line 7 in the fourth paragraph, correct the "Docket No. FAA-1999-5336" to read "Docket No. FAA-1999-5536".

Issued in Washington, DC on April 22, 1999.

#### Donald P. Byrne,

*Assistant Chief Counsel, Regulations Division.*

[FR Doc. 99-10734 Filed 4-30-99; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-106004-98]

RIN 1545-AW71

#### Guidance Under Section 355(d); Recognition of Gain on Certain Distributions of Stock or Securities

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking and notice of public hearing.

**SUMMARY:** This document contains proposed regulations relating to recognition of gain on certain distributions of stock or securities of a controlled corporation. These proposed regulations affect corporations and their shareholders. Proposed regulations are necessary because of statutory changes made by the Omnibus Budget Reconciliation Act of 1990. This document also provides notice of a public hearing on these proposed regulations.

**DATES:** Written and electronic comments must be received by August 2, 1999. Outlines of topics to be discussed at the public hearing scheduled for September 21, 1999, at 10 a.m. must be received by August 31, 1999.

**ADDRESSES:** Send submissions to CC:DOM:CORP:R (REG-106004-98),

room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-106004-98), 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/tax\\_regs/reglist.html](http://www.irs.ustreas.gov/tax_regs/reglist.html). The public hearing will be held in room 2615, Internal Revenue Building, 1111 Constitution Avenue, N.W., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations, Robert Hawkes (202) 622-7530 or Phoebe Bennett (202) 622-7750; concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing, Guy R. Traynor (202) 622-7190 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background

If the requirements of section 355(a) are met, a distributing corporation (Distributing) may distribute the stock or securities of a controlled corporation (Controlled) to its shareholders or security holders (Distributees) with no gain or loss recognized to the Distributees. A Distributee allocates its basis in Distributing stock or securities between the Controlled stock or securities received in the distribution and any Distributing stock or securities retained in proportion to the fair market value of each. See section 358; §§ 1.358-1 and 1.358-2. If neither section 355 (d) nor (e) applies, then Distributing generally recognizes no gain on the distribution of stock or securities. See section 355(c)(2) or 361(c)(2).

With limited exceptions, the Tax Reform Act of 1986 (Public Law 99-514, 100 Stat. 208) (TRA), repealed the doctrine of *General Utilities & Operating Co. v. Helvering*, 296 U.S. 200 (1935), by requiring a corporation to recognize gain on both liquidating and nonliquidating distributions of appreciated property. In retaining section 355 as an exception to *General Utilities* repeal, Congress intended to permit historic shareholders to carry on their historic corporate businesses in separate corporations. See H. R. Rep. 101-881, at 341 (1990). However, Congress became concerned that, after the TRA, a person could purchase a historic shareholder's