

restrictions on the interstate movement of regulated articles from that portion of Manatee County, FL.

The area we are proposing to remove from quarantine represents only a small portion of the total production in Manatee County. The table below shows

statistics for Manatee County after trees were removed to limit the spread of citrus canker.

	Boxes of citrus produced in 1999–2000 season	Total acres January 2000	Total number of trees January 2000
All Round Oranges	8,365,000	21,236	2,631,200
All Grapefruit	422,000	1,197	111,900
Speciality Fruit	279,000	821	98,300
All Citrus	9,066,000	23,254	2,841,400

While producers in the area that would be removed from the list of quarantined areas would benefit from removal of movement restrictions, it is unlikely that the benefit would be big enough to measure statistically. This proposed action would not impose any costs on producers or on government entities.

Most of the citrus producers in and around the quarantined area in Manatee County, FL, would qualify as small entities under Small Business Administration (SBA) guidelines. The Regulatory Flexibility Act requires that the Agency specifically consider the economic impact associated with rule changes on small entities. The SBA defines a firm engaged in agriculture as "small" if it has less than \$750,000 in annual receipts.

Citrus producers in the area that would be removed from the list of quarantined areas would have greater choice of where to market their fruit. This would benefit producers by providing them with more alternatives. It is unlikely, however, that producer income or expenses would be affected in a measurable way.

It is difficult to quantify the benefits of removing an area from quarantine. While producers would have greater choice of where to market their citrus crops, most of the trees in the quarantined area have been destroyed. It is unlikely that a reduction in the quarantined area would have any measurable effect on producers or consumers.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action would not have a significant economic impact on a substantial number of small entities.

Executive Order 12372

This program/activity is listed in the Catalog of Federal Domestic Assistance under No. 10.025 and is subject to Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR part 3015, subpart V.)

Executive Order 12988

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. If this proposed rule is adopted: (1) State and local laws and regulations will not be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings will not be required before parties may file suit in court challenging this rule.

Paperwork Reduction Act

This proposed rule contains no new information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 7 CFR Part 301

Agricultural commodities, Plant diseases and pests, Quarantine, Reporting and recordkeeping requirements, Transportation.

Accordingly, we are proposing to amend 7 CFR part 301 as follows:

PART 301—DOMESTIC QUARANTINE NOTICES

1. The authority citation for part 301 would continue to read as follows:

Authority: 7 U.S.C. 166, 7711, 7712, 7714, 7731, 7735, 7751, 7752, 7753, and 7754; 7 CFR 2.22, 2.80, and 371.3.

Section 301.75–15 also issued under Sec. 204, Title II, Pub. L. 106–113, 113 Stat. 1501A–293; sections 301.75–15 and 301.75–16 also issued under Sec. 203, Title II, Pub. L. 106–224, 114 Stat. 400 (7 U.S.C. 1421 note).

2. In § 301.75–4, paragraph (a), in the entry for Manatee County, the second paragraph would be revised to read as follows:

§ 301.75–4 Quarantined areas.

(a) * * *
Florida
* * * * *

Manatee County. * * *

That portion of the county bounded by a line drawn as follows: Beginning at the northwest corner of sec. 24, T. 33 S., R. 17 E.; then east along the northern boundary of sec. 24, T. 33. S., R. 17 E.

(Bishop Harbor Road) until it becomes SR 683 (Moccasin Wallow Road); then east on SR 683 to the northeast boundary of sec. 22, T. 33 S., R. 18 E., then south along the eastern boundary of sec. 22, T. 33 S., R. 18 E. to 69th Street East; then east on 69th Street East to Erie Road; then south on Erie Road to U.S. Highway 301; then south on U.S. Highway 301 to Interstate 75; then south on Interstate 75 to the southern boundary of sec. 24, T. 35 S., R. 18 E.; then west along the southern boundaries of secs. 24, 23, and 22 to where the southern boundary of sec. 22 meets Whitfield Avenue; then west on Whitfield Avenue to U.S. Highway 301; then north on U.S. Highway 301 to SR 70; then west on SR 70 to U.S. Highway 41; then north on U.S. Highway 41 to where it becomes 14th Street West; then north on 14th Street West to 1st Avenue West; then east on 1st Avenue West to 9th Street West; then north on 9th Street West to the north bank of the Manatee River; then west along the north bank of the Manatee River to Terra Ceia Bay; then north along the western boundaries of secs. 25 and 24 to the point of the beginning.

* * * * *

Done in Washington, DC, this 15th day of November 2001.

W. Ron DeHaven,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 01–29473 Filed 11–26–01; 8:45 am]

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FEDERAL RESERVE SYSTEM

12 CFR Parts 208 and 225

[Regulations H and Y; Docket No. R–1117]

Risk-Based Capital Guidelines; Supplementary Capital Elements (Tier 2 Capital); Deferred Tax Assets

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule with request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is proposing to amend its risk-based capital guidelines to clarify that deferred tax assets in excess of the allowable amount (disallowed deferred tax assets) are included in the items that are deducted from tier 1 capital for the purpose of determining the maximum allowable amount of tier 2 capital that a banking organization may include in qualifying total capital and the maximum allowable amount of term subordinated debt and intermediate-term preferred stock that may be treated as supplementary capital. The proposed rule would reduce the maximum allowable amount of tier 2 capital for institutions that have disallowed deferred tax assets, as well as the amount of term subordinated debt and intermediate-term preferred stock that those institutions could include in supplementary capital. This clarification will make the Federal Reserve's capital guidelines consistent with those of the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS).

DATES: Comments must be received by December 27, 2001.

ADDRESSES: Comments should refer to Docket No. R-1117 and should be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551, or mailed electronically to regs.comments@federalreserve.gov. Comments addressed to Ms. Johnson may also be delivered to the Board's mail facility in the West Courtyard between 8:45 a.m. and 5:15 p.m., located on 21st Street between Constitution Avenue and C Street, NW. Members of the public may inspect comments in Room MP-500 of the Martin Building between 9:00 a.m. and 5:00 p.m. on weekdays pursuant to § 261.12, except as provided in § 261.14, of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

FOR FURTHER INFORMATION CONTACT: Barbara Bouchard, Associate Director (202/452-3072), or David Adkins, Supervisory Financial Analyst (202/452-5259), Division of Banking Supervision and Regulation. For users of Telecommunications Device for the Deaf ("TDD") only, contact 202/263-4869.

SUPPLEMENTARY INFORMATION: Under the Board's risk-based capital guidelines, banking organizations must deduct disallowed deferred tax assets from tier

1 capital, along with goodwill and certain other intangible assets.¹ As a general rule, the maximum amount of tier 2 capital that may be included in an organization's qualifying total capital is limited to 100 percent of tier 1 capital. In addition, the aggregate amount of term subordinated debt (excluding mandatory convertible debt) and intermediate-term preferred stock that may be treated as supplementary capital is limited to 50 percent of tier 1 capital. However, for purposes of these two limitations, the Board's current guidelines define tier 1 capital as net of goodwill and certain other intangible assets but not of disallowed deferred tax assets. This treatment is inconsistent with that of the OCC, the FDIC, and the OTS (the other federal banking agencies), whose capital guidelines specifically require disallowed deferred tax assets to be deducted from tier 1 capital in determining these limitations. The Board is proposing to amend its risk-based capital guidelines so that, in addition to goodwill and certain other intangible assets, disallowed deferred tax assets will also be netted out of tier 1 capital for the purpose of determining these two limitations. These changes are being proposed in order to make the Federal Reserve's risk-based capital guidelines consistent with current market practice, and, in keeping with the mandate of section 303(a)(1) of the Riegle Community Development and Regulatory Improvement Act of 1994, to make the Federal Reserve's risk-based capital rules consistent with those of the other Federal banking agencies.

Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act, the Board has determined that this rule would not have a significant impact on a substantial number of small entities in accord with the spirit and purposes of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). An analysis of recent Call Report data indicates that less than four percent of banks with assets of \$100 million or less carry disallowed deferred tax assets on their balance sheets. In addition, many of these banks may already be making the proper deduction of these disallowed deferred tax assets from tier 1 capital. Accordingly, a

¹ The amount of deferred tax assets that may be included in a banking organization's capital may not exceed the lesser of (i) the amount of deferred tax assets that the banking organization is expected to realize within one year, or (ii) 10 percent of tier 1 capital. Amounts in excess of this threshold represent disallowed deferred tax assets and must be deducted from a banking organization's core capital elements in determining tier 1 capital.

regulatory flexibility analysis is not required.

Paperwork Reduction Act

The Board has determined that this proposed rule does not involve a collection of information pursuant to the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Solicitation of Comments Regarding the Use of "Plain Language"

Section 722 of the Gramm-Leach-Bliley Act of 1999 requires the Board to use "plain language" in all proposed and final rules published after January 1, 2000. The Board invites comments about how to make the rule easier to understand, including answers to the following questions:

- (1) Is the material organized in an effective manner? If not, how could the material be better organized?
- (2) Are the terms of the proposed rule clearly stated? If not, how could the terms be more clearly stated?
- (3) Does the proposed rule contain technical language or jargon that is unclear? If not, which language requires clarification?
- (4) Would a different format (with respect to the grouping and order of sections and use of headings) make the proposed rule easier to understand? If so, what changes to the format would make the proposed rule easier to understand?
- (5) Would increasing the number of sections (and making each section shorter) clarify the proposed rule? If so, which portions of the proposed rule should be changed in this respect?
- (6) What additional changes would make the proposed rule easier to understand?

List of Subjects

12 CFR Part 208

Accounting, Agriculture, Banks, banking, Confidential business information, Crime, Currency, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements, Securities.

12 CFR Part 225

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Securities.

For the reasons set forth in the preamble, part 208 and part 225 of chapter II of title 12 of the Code of Federal Regulations are proposed to be amended as set forth below:

PART 208—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (REGULATION H)

1. The authority citation for part 208 continues to read as follows:

Authority: 12 U.S.C. 24, 36, 92a, 93a, 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1816, 1818, 1820(d)(9), 1823(j), 1828(o), 1831, 1831o, 1831p-1, 1831r-1, 1835a, 1882, 2901–2907, 3105, 3310, 3331–3351, and 3906–3909; 15 U.S.C. 78b, 78l(b), 78l(g), 78l(i), 78o-4(c)(5), 78q, 78q-1, and 78w, 6801, and 6805; 31 U.S.C. 5318; 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128.

2. In appendix A to part 208, section II.A.2. is amended by revising the first undesignated paragraph following paragraph (v), and section II.A.2.d. is amended by revising paragraph (i) to read as follows:

Appendix A to Part 208—Capital Adequacy Guidelines for State Member Banks: Risk-Based Measure

- II. * * *
- A. * * *
- 2. * * *
- (v) * * *

The maximum amount of Tier 2 capital that may be included in a bank's qualifying total capital is limited to 100 percent of Tier 1 capital (net of goodwill, other intangible assets required to be deducted in accordance with section II.B.1.b. of this appendix, and deferred tax assets required to be deducted in accordance with section II.B.4. of this appendix).

* * * * *

(d) *Subordinated debt and intermediate term preferred stock.* (i) The aggregate amount of term subordinated debt (excluding mandatory convertible debt) and intermediate-term preferred stock that may be treated as supplementary capital is limited to 50 percent of Tier 1 capital (net of goodwill, other intangible assets required to be deducted in accordance with section II.B.1.b. of this appendix, and deferred tax assets required to be deducted in accordance with section II.B.4. of this appendix).

* * * * *

PART 225—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (REGULATION Y)

1. The authority citation for part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3310, 3331–3351, 3907, and 3909; 15 U.S.C. 6801 and 6805.

2. In appendix A to part 225, section II.A.2. is amended by revising the first undesignated paragraph following paragraph (v), and section II.A.2.d. is amended by revising paragraph (i) to read as follows:

Appendix A to Part 225—Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure

- II. * * *
- A. * * *
- 2. * * *
- (v) * * *

The maximum amount of Tier 2 capital that may be included in an organization's qualifying total capital is limited to 100 percent of Tier 1 capital (net of goodwill, other intangible assets required to be deducted in accordance with section II.B.1.b. of this appendix, and deferred tax assets required to be deducted in accordance with section II.B.4. of this appendix).

* * * * *

(d) *Subordinated debt and intermediate term preferred stock.* (i) The aggregate amount of term subordinated debt (excluding mandatory convertible debt) and intermediate-term preferred stock that may be treated as supplementary capital is limited to 50 percent of tier 1 capital (net of goodwill, other intangible assets required to be deducted in accordance with section II.B.1.b. of this appendix, and deferred tax assets required to be deducted in accordance with section II.B.4. of this appendix).

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By order of the Board of Governors of the Federal Reserve System, November 19, 2001.

Jennifer J. Johnson,
Secretary of the Board.

[FR Doc. 01–29331 Filed 11–26–01; 8:45 am]
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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 2001–CE–31–AD]

RIN 2120–AA64

Airworthiness Directives; Pilatus Britten-Norman Limited BN–2, BN–2A, BN–2B, BN–2T, and BN2A MK. III Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes to adopt a new airworthiness directive (AD) that would apply to all Pilatus Britten-Norman Limited (Pilatus Britten-Norman) Limited BN–2, BN–2A, BN–2B, BN–2T, and BN2A MK. III series airplanes. This proposed AD would require you to replace the emergency exit window sealant. This proposed AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for

the United Kingdom. The actions specified by this proposed AD are intended to correct the problems with emergency exit windows failing to open. Such failure could lead to the inability to exit the airplane in an emergency.

DATES: The Federal Aviation Administration (FAA) must receive any comments on this proposed rule on or before January 3, 2002.

ADDRESSES: Submit comments to FAA, Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 2001–CE–31–AD, 901 Locust, Room 506, Kansas City, Missouri 64106. You may view any comments at this location between 8 a.m. and 4 p.m., Monday through Friday, except Federal holidays.

You may get service information that applies to this proposed AD from Pilatus Britten-Norman Limited, Bembridge, Isle of Wight, United Kingdom PO35 5PR; telephone: +44 (0) 1983 872511; facsimile: +44 (0) 1983 873246. You may also view this information at the Rules Docket at the address above.

FOR FURTHER INFORMATION CONTACT: Doug Rudolph, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329–4059; facsimile: (816) 329–4090.

SUPPLEMENTARY INFORMATION:

Comments Invited

How do I comment on this proposed AD? The FAA invites comments on this proposed rule. You may submit whatever written data, views, or arguments you choose. You need to include the rule's docket number and submit your comments to the address specified under the caption **ADDRESSES**. We will consider all comments received on or before the closing date. We may amend this proposed rule in light of comments received. Factual information that supports your ideas and suggestions is extremely helpful in evaluating the effectiveness of this proposed AD action and determining whether we need to take additional rulemaking action.

Are there any specific portions of this proposed AD I should pay attention to? The FAA specifically invites comments on the overall regulatory, economic, environmental, and energy aspects of this proposed rule that might suggest a need to modify the rule. You may view all comments we receive before and after the closing date of the rule in the Rules Docket. We will file a report in the Rules Docket that summarizes each contact we have with the public that concerns the substantive parts of this proposed AD.