paying bank's or returning bank's Administrative Reserve Bank); and

(iv) Another Reserve Bank, if any, that receives the returned check from a Reserve Bank.

(2) A Reserve Bank that is not described in paragraph (b)(1) of this section is not a party that handles a returned check and is not a returning bank with respect to a returned check.

(3) The identity and order of the parties under paragraph (b)(1) of this section determine the relationships and the rights and liabilities of the parties under this subpart, part 229 of this chapter (Regulation CC), and the Uniform Commercial Code.

(c) *Paying bank's and returning bank's agreement.* * * *

(1) Authorizes the paying or returning bank's Administrative Reserve Bank, and any other Reserve Bank or returning bank to which the returned check is sent, to handle the returned check (and authorizes any Reserve Bank that handles settlement for the returned check to make accounting entries) subject to this subpart and to the Reserve Banks' operating circulars;

* * * * *

(d) *Warranties by Reserve Bank.* By handling a returned check under this subpart, a Reserve Bank makes the returning bank warranties as set forth in § 229.34 of this chapter, subject to the terms of part 229 of this chapter (Regulation CC). * * *

* * * * *

(f) *Methods of recovery.* (1) The Reserve Bank may recover the amount stated in paragraph (d) of this section by charging any account on its books that is maintained or used by the paying or returning bank (or by charging another returning Reserve Bank), if—

(i) The Reserve Bank made seasonable written demand on the paying or returning bank to assume defense of the action or proceeding; and

(ii) The paying or returning bank has not made any other arrangement for payment that is acceptable to the Reserve Bank.

(2) The Reserve Bank is not responsible for defending the action or proceeding before using this method of recovery. A Reserve Bank that has been charged under this paragraph may recover from the paying or returning bank in the manner and under the circumstances set forth in this paragraph. A Reserve Bank's failure to avail itself of the remedy provided in this paragraph does not prejudice its enforcement in any other manner of the indemnity agreement referred to in paragraph (c)(3) of this section.

* * * * *

(h) *Settlement.* A subsequent returning bank or depositary bank shall settle with its Administrative Reserve Bank for returned checks in the same manner and by the same time as for cash items presented for payment under this subpart. Settlement with its Administrative Reserve Bank is deemed to be settlement with the Reserve Bank from which the returning bank or depositary bank received the item.

(i) *Security interest.* When a paying or returning bank sends a returned check to a Reserve Bank, the paying bank, returning bank, and any prior returning bank grant to the paying bank's or returning bank's Administrative Reserve Bank a security interest in all of their respective assets in the possession of, or held for the account of, any Reserve Bank, to secure their respective obligations due or to become due to the Administrative Reserve Bank under this subpart or subpart C of part 229 of this chapter (Regulation CC). * * *

By order of the Board of Governors of the Federal Reserve System, May 14, 1997.

William W. Wiles,

Secretary of the Board.

[FR Doc. 97–13028 Filed 5–19–97; 8:45 am]

BILLING CODE 6210–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 96–SW–28–AD]

Airworthiness Directives; Bell Helicopter Textron, Inc. Model 47B, 47B–3, 47D, 47D–1, 47G, 47G–2, 47G–2A, 47G–2A–1, 47G–3, 47G–3B, 47G–3B–1, 47G–3B–2, 47G–3B–2A, 47G–4, 47G–4A, 47G–5, 47G–5A, 47H–1, 47J, 47J–2, 47J–2A, and 47K Helicopters

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to Bell Helicopter Textron, Inc. (BHTI) Model 47B, 47B–3, 47D, 47D–1, 47G, 47G–2, 47G–2A, 47G–2A–1, 47G–3, 47G–3B, 47G–3B–1, 47G–3B–2, 47G–3B–2A, 47G–4, 47G–4A, 47G–5, 47G–5A, 47H–1, 47J, 47J–2, 47J–2A, and 47K helicopters. This proposal would require installing a safety washer kit designed to preclude separation of the stabilizer bar damper link (damper link) if the damper link rod end bushing (bushing) loosens and exits the damper link rod end. This proposal is prompted by two reported incidences in which the bushings loosened and exited the damper link rod ends, allowing the damper link to slide over the retention bolt and separate from the stabilizer bar (in the first incident), and from the hydraulic damper (in the second incident). The actions specified by the proposed AD are intended to prevent failure of the stabilizer bar damper link assembly, which can result in degraded control response and subsequent loss of control of the helicopter.

DATES: Comments must be received by July 21,1997.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Office of the Assistant Chief Counsel, Attention: Rules Docket No. 96–SW–28–AD, 2601 Meacham Blvd., Room 663, Fort Worth, Texas 76137. Comments may be inspected at this location between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Bell Helicopter Textron, Inc., P.O. Box 482, Fort Worth, Texas 76101. This information may be examined at the FAA, Office of the Assistant Chief Counsel, 2601 Meacham Blvd., Room 663, Fort Worth, Texas.

FOR FURTHER INFORMATION CONTACT: Mr. Jurgen E. Priester, Aerospace Engineer, Rotorcraft Certification Office, Rotorcraft Directorate, FAA 2601 Meacham Blvd., Fort Worth, Texas 76137; telephone (817) 222–5159, fax (817) 222–5960.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact

concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket No. 96–SW–28–AD.'' The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, Office of the Assistant Chief Counsel, Attention: Rules Docket No. 96–SW–28–AD, 2601 Meacham Blvd., Room 663, Fort Worth, Texas 76137.

Discussion

This document proposes the adoption of a new AD that is applicable to BHTI Model 47B, 47B–3, 47D, 47D–1, 47G, 47G–2, 47G–2A, 47G–2A–1, 47G–3, 47G–3B, 47G–3B–1, 47G–3B–2, 47G–3B–2A, 47G–4, 47G–4A, 47G–5, 47G–5A, 47H–1, 47J, 47J–2, 47J–2A, and 47K helicopters. This proposal would require installing a safety washer kit designed to preclude separation of the damper link if the bushing loosens and exits the damper link rod end. This proposal is prompted by two reported incidences in which the bushings loosened and exited the damper link rod ends, allowing the damper link to slide over the retention bolt and separate from the stabilizer bar (in the first incident), and from the hydraulic damper (in the second incident). In the first incident, an inspection revealed that the rod end bearing had not been lubricated for an extended period of time prior to failure. In the second incident, a pilot safely landed the aircraft after reporting degraded control response. A post-flight inspection revealed that one damper link had separated from the hydraulic damper. A later inspection indicated that the bushing had not been properly roll-staked by the damper manufacturer. Therefore, one of the occurrences is attributed to a quality control problem with the damper link manufacturer. This condition, if not corrected, could result in failure of the stabilizer bar damper link assembly, which can result in degraded control response and subsequent loss of control of the helicopter.

The FAA has reviewed BHTI Alert Service Bulletin (ASB) No. 47–96–22, dated August 16, 1996, which describes procedures for removing and marking the stabilizer and damper link assemblies, installing a safety washer kit, part number (P/N) CA–047–96–022–1, applying a corrosion preventive compound, and reinstalling the stabilizer bar damper link assemblies. The ASB states that these actions are to be accomplished at the next 100-hour inspection, or no later than December 31, 1996. The FAA has determined that the compliance time should be within the next 100 hours time-in-service (TIS) or no later than 120 calendar days after the effective date of the AD, whichever occurs first.

Since an unsafe condition has been identified that is likely to exist or develop on other BHTI Model 47B, 47B–3, 47D, 47D–1, 47G, 47G–2, 47G–2A, 47G–2A–1, 47G–3, 47G–3B, 47G–3B–1, 47G–3B–2, 47G–3B–2A, 47G–4, 47G–4A, 47G–5, 47G–5A, 47H–1, 47J, 47J–2, 47J–2A, and 47K helicopters of the same type design, the proposed AD would require, within the next 100 hours TIS or within the next 120 calendar days after the effective date of the proposed AD, whichever occurs first, removing and marking the stabilizer and damper link assemblies, installing a safety washer kit, P/N CA–047–96–022–1, applying a corrosion preventive compound, and reinstalling the stabilizer and damper link assemblies. The actions would be required to be accomplished in accordance with the service bulletin described previously.

The FAA estimates that 1,868 helicopters of U.S. registry would be affected by this proposed AD, that it would take 1 work hour per helicopter to accomplish the proposed actions, and that the average labor rate is $60 per work hour. Required parts would cost approximately $188 per helicopter. Based on these figures, the total cost impact of the proposed AD on U.S. operators is estimated to be $463,264.

The regulations proposed herein would not have substantial direct effects 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. Therefore, in accordance with Executive Order 12612, it is determined that this proposal would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this proposed regulation (1) Is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, 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. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend part 39 of the Federal Aviation Regulations (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. Section 39.13 is amended by adding a new airworthiness directive to read as follows:

Bell Helicopter Textron, Inc.: Docket No. 96–SW–28–AD.

Applicability: Model 47B, 47B–3, 47D, 47D–1, 47G, 47G–2, 47G–2A, 47G–2A–1, 47G–3, 47G–3B, 47G–3B–1, 47G–3B–2, 47G–3B–2A, 47G–4, 47G–4A, 47G–5, 47G–5A, 47H–1, 47J, 47J–2, 47J–2A, and 47K helicopters, certificated in any category.

Note 1: This AD applies to each helicopter identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For helicopters that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must use the authority provided in paragraph (b) to request approval from the FAA. This approval may address either no action, if the current configuration eliminates the unsafe condition, or different actions necessary to address the unsafe condition described in this AD. Such a request should include an assessment of the effect of the changed configuration on the unsafe condition addressed by this AD. In no case does the presence of any modification, alteration, or repair remove any helicopter from the applicability of this AD.

Compliance: Required within the next 100 hours time-in-service or within the next 120 calendar days after the effective date of this AD, whichever occurs first, unless accomplished previously.

To prevent failure of the stabilizer bar damper link assembly, which can result in degraded control response and subsequent loss of control of the helicopter, accomplish the following:

(a) Remove the stabilizer bar damper link assemblies from the helicopter, install a

safety washer kit, part number (P/N) CA–047–96–022–1, and reinstall the stabilizer bar damper link assemblies onto the helicopter in accordance with the Accomplishment Instructions contained in Bell Helicopter Textron, Inc. Alert Service Bulletin No. 47–96–22, dated August 16, 1996.

(b) 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, Rotorcraft Certification Office, Rotorcraft Directorate, FAA. Operators shall submit their requests through an FAA Principal Maintenance Inspector, who may concur or comment and then send it to the Manager, Rotorcraft Certification Office.

Note 2: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Rotorcraft Certification Office.

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

Issued in Fort Worth, Texas, on May 9, 1997.

Eric Bries,

Acting Manager, Rotorcraft Directorate, Aircraft Certification Service.

[FR Doc. 97–13083 Filed 5–19–97; 8:45 am]

BILLING CODE 4910–13–U

DEPARTMENT OF COMMERCE

15 CFR Part 3

[Docket No. 960828234–7093–04]

RIN 0690–AA25

Empowerment Contracting

AGENCY: Department of Commerce.

ACTION: Proposed regulations; request for comment.

SUMMARY: The Department of Commerce is reissuing these proposed guidelines requesting public comment on policies and procedures intended to promote economy and efficiency in Federal procurement by grating qualified large businesses and qualified small businesses appropriate incentives to encourage business activity in areas of general and severe economic distress. This actions taken in accordance with the President's Executive Order entitled, ''Empowerment Contracting.'' The standards and procedures set forth in these proposed guidelines serve as the basis for a proposed revision to the Federal Acquisition Regulation (''FAR''): Information obtained from public comment on these guidelines will be used to help draft the final Commerce and FAR regulations.

DATES: Comments must be submitted on or before July 21, 1997.

ADDRESSES: Comments may be mailed to the Department of Commerce, Office of the Assistant General Counsel for Finance and Litigation, Room 5896, 14th and Constitution Street, NW., Washington, DC 20230.

FOR FURTHER INFORMATION CONTACT: Joe Levine, 202–482–1071.

SUPPLEMENTARY INFORMATION:

A. Background

On May 21, 1996, President Clinton issued Executive Order 13005, ''Empowerment Contracting'' (the ''Order''). The purpose of the Order is to strengthen the economy and secure broad-based competition for Federal contracts by fostering growth of Federal contractors in economically distressed communities. In the Order, the President charged the Secretary of Commerce (the ''Secretary''), in consultation with the Secretaries of Housing and Urban Development, Labor and Defense; and the Administrators of the General Services Administration, the National Aeronautics and Space Administration, the Small Business Administration, and the Office of Federal Procurement Policy, to develop policies and procedures to ensure that Federal agencies, when awarding contracts in unrestricted competitions, grant qualified large and small businesses appropriate price or evaluation incentives to encourage business activity in areas of general economic distress.

Specifically, the Order requires the Secretary to ''develop policies and procedures to ensure that agencies, to the extent permitted by law, grant qualified large businesses and qualified small businesses appropriate incentives to encourage business activity in areas of general economic distress, including a price or a non-price evaluation credit, when assessing offers for government contracts in unrestricted competitions, where the incentives would promote the policy set forth in this Order.'' The Order also calls upon the Secretary to (1) monitor the implementation and operation of the procedures developed; (2) ensure proper administration of the program and reduce the potential for fraud by intended beneficiaries; (3) develop a process to evaluate the effectiveness of the procedures developed; and (4) issue an annual report to the President on the status and effectiveness of the program. In addition, the Secretary must ensure that all policies, procedures and regulations developed pursuant to the Order minimize the administrative burden on affected agencies and the procurement process.

On September 13, 1996, the Department published, in the **Federal Register,** its proposed Guidelines for implementing Executive Order 13005 (61 FR 48463). After several extensions, the period for public comment closed on January 6, 1997. These revised Guidelines, and the proposed amendments to the FAR, which were published on April 18, 1997 (62 FR 19200), for a 60 day public comment period, are based on comments received under that process and further internal analysis.

B. Public Comments

Comments were received from 40 commentors. They included businesses of all sizes, not-for-profit entities, industry and trade associations, Federal agencies, State and local governments and one member of Congress.

Federal agency comments included the following recommended revisions to the proposed guidelines:

(1) Firms should be required to have met the eligibility criteria prior to award of contracts. Eligibility based on prospective criteria will raise monitoring and compliance problems.

(2) If firms are required to meet the eligibility criteria prior to award of contracts, challenges to their status can be resolved prior to award.

(3) The initial test phase of six months is too short. It should be eighteen months.

(4) The third test of significant economic activity, ''ownership'', should be deleted as not relevant.

(5) Criteria should apply to areas, not an area.

(6) The areas of general economic distress should include labor surplus areas.

(7) The criteria for ''eligibility'' should not have ranges, but rather a fixed percentage and higher targets.

(8) The threshold for applicability is too low. It should be $1 million.

(9) Qualification should be based on pre-certifications, not a ''showing''.

(10) The incentives should be revised to reflect the increasing number of ''best value'' awards.

(11) The Department of Commerce needs to establish regulations to cover challenges of eligibility.

(12) The preferences/incentives should not be cumulative with incentives of other programs implemented through the procurement system. To allow cumulative preferences will encourage ''front'' companies.

(13) The incentives are too high. The application of cumulative incentives