Related Information

(h) Refer to MCAI Brazilian Airworthiness Directives 2007–12–01 and 2007–12–02, both effective January 24, 2008, and EMBRAER Service Bulletins 170–24–0041, Revision 01, dated August 28, 2007; and 190–24–0012, Revision 01, dated August 21, 2007; for related information.

Issued in Renton, Washington, on July 23, 2008.

Ali Bahrami,

Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. E8–17777 Filed 8–1–08; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–120844–07]

RIN 1545–BG70

Rules for Home Construction Contracts

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and Notice of Public Hearing.

SUMMARY: This document contains proposed regulations amending the regulations under § 1.460 to provide guidance to taxpayers in the home construction industry regarding accounting for certain long-term construction contracts that qualify as home construction contracts under section 460(e)(6) of the Internal Revenue Code (Code) and to provide guidance to taxpayers with long-term contracts under section 460(f) regarding certain changes in method of accounting for long-term contracts. This document also provides a notice of a public hearing on these proposed regulations.

DATES: Written comments must be received by November 3, 2008. Outlines of topics to be discussed at the public hearing scheduled for December 5, 2008, at 10 a.m. must be received by November 13, 2008.

ADDRESSES: Send submissions to CC:PA:LPD:PR (REG–120844–07), room 5203, Internal Revenue Service, POB 7604 Ben Franklin Station, Washington, DC 20224. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG–120844–07), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the Federal eRulemaking Portal at *www.regulations.gov* (IRS REG–120844–07). The public hearing will be held in the auditorium, Internal Revenue Service Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Brendan P. O'Hara, (202) 622–4920; concerning submission of comments, the hearing, or to be placed on the building access list to attend the hearing, Richard Hurst, (202) 622–7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

This document contains a proposed amendment to the Income Tax Regulations, 26 CFR part 1, under section 460 and §§ 1.460–3, 1.460–4, 1.460–5 and 1.460–6 of the Income Tax Regulations. In general, section 460(a) requires taxpayers to use the percentage of completion method (PCM) to account for taxable income from any long-term contract. Section 460(e) exempts home construction contracts from the general requirement to use the percentage of completion method of accounting. Section 460(e)(6) defines a home construction contract to be any construction contract if 80 percent or more of the total estimated contract costs are reasonably expected to be attributable to the construction of (i) dwelling units contained in buildings containing 4 or fewer dwelling units, and (ii) improvements to real property directly related to such dwelling units and located on the site of such dwelling units. Section 460(e)(4) defines a construction contract to be any contract for the building, construction, reconstruction, or rehabilitation of, or the installation of any integral component to, or improvement of, real property.

These proposed regulations expand the types of contracts eligible for the home construction contract exemption and amend the rules for how taxpayer-initiated changes in methods of accounting to comply with the regulations under section 460 may be implemented.

Definition of a Home Construction Contract

Improvements to Real Property

The definition of a *construction contract* under section 460(e) includes many transactions involving land developers and construction service providers in the home construction industry. For example, a construction contract under section 460(e) includes a contract for the provision of land by the taxpayer if the estimated total allocable contract costs attributable to the taxpayer's construction activities (not including the cost of the land provided to the customer) are 10 percent or more of the contract's total contract price.

As noted, section 460(a) requires that the income from any long-term contract be recognized using the percentage of completion method. However, taxpayers with contracts that meet the definition of a ''home construction contract'' are not required to use the percentage of completion method for those contracts and may use an exempt method. Exempt methods commonly used to account for home construction contracts include the completed contract method (CCM) and the accrual method.

Under section 460, a home construction contract includes any construction contract if 80 percent of the total estimated contract costs are reasonably expected to be attributable to the construction of improvements to real property directly related to qualifying dwelling units and located on the site of such dwelling units. Commentators have suggested that many contracts entered into by land developers in the home construction industry should fall within the definition of a home construction contract.

The proposed regulations expand the scope of the home construction contract exemption by providing that a contract for the construction of common improvements is considered a contract for the construction of improvements to real property directly related to the dwelling unit(s) and located on the site of such dwelling unit(s), even if the contract is not for the construction of any dwelling unit. Therefore, under the proposed regulations, a land developer that is selling individual lots (and its contractors and subcontractors) may have long-term construction contracts that qualify for the home construction contract exemption.

Townhouses, Rowhouses, and Condominiums

Under section 460, a home construction contract also includes any construction contract if 80 percent of the total contract costs are reasonably expected to be attributable to the construction of dwelling units contained in buildings containing four or fewer dwelling units. Section 460(e)(6) states that each townhouse or rowhouse shall be treated as a separate building, regardless of the number of townhouses or rowhouses physically attached to each other. In certain circumstances, the terms condominium

and townhouse are used interchangeably to describe similar structures. Individual condominium units possess many of the characteristics generally associated with townhouses and rowhouses such as private ownership, shared portions of their structures, residential housing, and the economics of the underlying purchase transactions.

The proposed regulations expand what is considered a townhouse or rowhouse, for purposes of the home construction contract exemption, to include an individual condominium unit. This will have the effect of allowing each condominium unit to be treated as a separate building for purposes of determining whether the underlying contract qualifies as a home construction contract.

Completed Contract Method

Under the current regulations under section 460, the appropriate severing of a home construction contract requires a facts and circumstances analysis based upon certain factors that are neither specific nor always relevant to home construction contracts. Likewise, the date a home construction contract is considered completed and accepted is determined using a facts and circumstances analysis.

The IRS and Treasury Department are aware of controversies related to the application of the existing facts and circumstances analyses for determining the appropriate severance and final completion and acceptance of home construction contracts accounted for using the completed contract method. Expanding the definition of a home construction contract as provided in these proposed regulations may heighten the significance of these issues. As a result, the IRS and Treasury Department expect to propose specific severing and completion rules for home construction contracts accounted for using the completed contract method. Taxpayers are encouraged to submit comments on the types of severing and completion rules that would result in the clear reflection of income for home construction contracts accounted for using the completed contract method. Specifically, the IRS and the Treasury Department request comments on the circumstances (if any) in which it would not be appropriate to require severing and completion of a home construction contract to be determined on a dwelling unit by dwelling unit or lot by lot basis or, when a contract is not for the sale of a dwelling unit or lot, on the basis of when the taxpayer receives payment(s) under the contract.

Method of Accounting

Currently, the regulations under section 460 provide that a taxpayer that uses the percentage-of-completion method (PCM), the exempt-contract percentage-of-completion method (EPCM), or elects the 10-percent method or special alternative minimum taxable income (AMTI) method, or that adopts or elects a cost allocation method of accounting (or changes to another method of accounting with the Commissioner's consent) must apply the method(s) consistently for all similarly classified contracts until the taxpayer obtains the Commissioner's consent under section 446 to change to another method of accounting. The regulations further provide that a taxpayer-initiated change in method of accounting will be permitted only on a cut-off basis (that is, for contracts entered into on or after the year of change), and thus, a section 481(a) adjustment will not be permitted nor required. The proposed regulations continue this cut-off method of implementation but only for taxpayer-initiated changes from a permissible PCM method to another permissible PCM method for long-term contracts for which PCM is required and for taxpayer-initiated changes from a cost allocation method of accounting that complies with the cost allocation rules of § 1.460–5 to another cost allocation method of accounting that complies with the cost allocation rules of § 1.460–5. Under the proposed regulations all other taxpayer-initiated changes in method of accounting under section 460 will be made with a section 481(a) adjustment.

The proposed regulations provide that in determining the hypothetical underpayment or overpayment of tax for any year as part of the look-back computation, amounts reported as section 481(a) adjustments shall generally be taken into account in the tax year or years they are reported. For purposes of determining whether there is a hypothetical underpayment or overpayment of tax under the look-back computation, a taxpayer would use amounts reported under its old method for the years the old method was used and would use amounts reported under its new method for the years the new method was used, netted against the amount of any section 481(a) adjustments required to be taken into account. Thus, a look-back computation would not be required upon contract completion simply because the taxpayer has changed its method of accounting. However, a look-back computation would be required upon contract completion if actual costs or the contract price differ from the estimated amounts notwithstanding the fact a change in method of accounting occurred. For example, if a taxpayer using PCM changed its method of accounting for construction costs incurred in a contract reported under PCM, the section 460 look-back would be computed using the costs recognized prior to the year of change (reported under the taxpayer's old method of accounting) and the costs recognized in subsequent years using the new method of accounting, netted against any applicable section 481(a) adjustment. Similarly, for changes in methods of accounting where no costs were recognized under the old method of accounting (for example, a change in method of accounting from CCM to PCM), look-back would effectively only apply to years in which the taxpayer's new method of accounting was used to the extent that no costs were recognized prior to the year of change under the old method of accounting. This approach to the look-back computation is consistent with the underlying purpose of look-back as well as the general accounting method change procedures. Comments are specifically requested with respect to issues that taxpayers may foresee with respect to the rules provided in these proposed regulations for taking into account section 481(a) adjustments in the year reported for purposes of the look-back computation.

Proposed Effective/Applicability Date

These regulations are proposed to apply to taxable years beginning on or after the date the final regulations are published in the **Federal Register**. The final regulations will provide rules applicable to taxpayers that seek to change a method of accounting to comply with the rules contained in the final regulations. Taxpayers may not change or otherwise use a method of accounting in reliance upon the rules contained in these new proposed regulations until the rules are published as final regulations in the **Federal Register**.

Special Analyses

It has been determined that this proposed regulation is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code,

this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small businesses.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original with eight (8) copies) or electronic comments that are submitted timely to the IRS. The IRS and Treasury Department request comments on the clarity of the proposed regulations and how they may be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for December 5, 2008, beginning at 10 a.m., in the auditorium of the Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC. Due to building security procedures, visitors must enter at the Constitution Avenue entrance. In addition, all visitors must present photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area more than 30 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the **FOR FURTHER INFORMATION CONTACT** section of this preamble.

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing must submit electronic or written comments and an outline of the topics to be discussed and the time to be devoted to each topic (signed original and eight (8) copies) by November 13, 2008. A period of 10 minutes will be allotted to each person for making comments. An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

Drafting Information

The principal author of these regulations is Brendan P. O'Hara, Office of Associate Chief Counsel (Income Tax and Accounting). However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

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

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.460–3 is amended by:

1. Revising paragraph (b)(1)(ii).

2. Redesignating paragraphs (b)(2)(ii), (b)(2)(iii) and (b)(2)(iv) as paragraphs (b)(2)(iii), (b)(2)(iv) and (b)(2)(v), respectively, and revising them.

3. Adding a new paragraph (b)(2)(ii).

The revisions and addition read as follows:

§ 1.460–3 Long-term construction contracts.

* * * * *

(b) * * *

(1) * * *

(ii) Construction contract, other than a home construction contract, that a taxpayer estimates (when entering into the contract) will be completed within 2 years of the contract commencement date, provided the taxpayer satisfies the $10,000,000 gross receipts test described in paragraph (b)(3) of this section.

(2) * * *

(ii) *Land improvements.* For purposes of paragraph (b)(2)(i)(B) of this section, improvements to real property directly related to, and located on the site of, the dwelling units consist of improvements to land on which dwelling units (as described in paragraph (b)(2)(i)(A) of this section) are constructed, and common improvements as defined in paragraph (b)(2)(iv) of this section. A long-term construction contract is a home construction contract if a taxpayer (including a subcontractor working for a general contractor) meets the 80% test in paragraph (b)(2)(i) of this section as applied to either paragraph (b)(2)(i)(A) of this section or paragraph (b)(2)(i)(B) of this section, or both paragraphs (b)(2)(i)(A) and (b)(2)(i)(B) of this section, collectively.

(iii) *Townhouses and rowhouses.* For purposes of determining whether a long-term construction contract is a home construction contract under paragraph (b)(2) of this section, each townhouse or rowhouse is a separate building. For this purpose, the term townhouse and rowhouse includes an individual condominium unit.

(iv) *Common improvements*—(A) *In general.* A taxpayer includes in the cost of a dwelling unit or land its allocable share of the cost that the taxpayer incurs for any common improvements that benefit the dwelling unit or land.

(B) *Definition.* For purposes of this section, a *common improvement* is an improvement that the taxpayer is contractually obligated, or required by law, to construct within the tract or tracts of land containing the dwelling units (or the land on which dwelling units are to be constructed) and that benefits the dwelling units (or the land on which dwelling units are to be constructed). In general, a common improvement does not solely benefit any particular dwelling unit or any particular lot on which a dwelling unit is constructed. However, land clearing and grading are common improvements, even when performed on a particular lot. Other examples of common improvements are sidewalks, sewers, roads and clubhouses.

(v) *Mixed use costs.* If a contract involves the construction of both commercial units and dwelling units, a taxpayer must allocate the costs among the commercial units and dwelling units using a reasonable method or combination of reasonable methods. In general, the reasonableness of an allocation method will be based on facts and circumstances. Examples of methods that may be reasonable are specific identification, square footage, or fair market value.

* * * * *

Par. 3. Section 1.460–4 is amended by:

1. Revising the third sentence in paragraph (c)(1).

2. Redesignating paragraph (g) as paragraph (g)(1) and revising newly redesignated paragraph (g)(1).

3. Adding a paragraph (g)(2).

4. Revising *Example 5.* of paragraph (h).

The revisions and additions read as follows:

§ 1.460–4 Methods of accounting for long-term contracts.

* * * * *

(c) * * *

(1) * * * Permissible exempt contract methods are the PCM, the EPCM described in paragraph (c)(2) of this section, the CCM described in paragraph (d) of this section, the accrual method, and any other permissible method.

* * *

* * * * *

(g) *Method of accounting*—(1) *In general.* A taxpayer must apply its method(s) of accounting for long-term contracts consistently for all similarly classified long-term contracts until the taxpayer obtains the Commissioner's

consent under section 446(e) to change to another method of accounting.

(2) *Taxpayer-initiated change in method of accounting*—(i) *Change to PCM for long-term contracts for which PCM is required.* A taxpayer-initiated change in method of accounting for long-term contracts (or portion thereof) for which income must be determined using the PCM described in paragraph (b) of this section and the costs allocation rules described in § 1.460–5(b) or (c) (required PCM contracts) from a method of accounting that does not comply with paragraph (b) of this section and § 1.460–5(b) or (c) to a method that complies with paragraph (b) of this section and § 1.460–5(b) or (c) must be applied to all required PCM contracts entered into before the year of change and not reported as completed as of the beginning of the year of change. Accordingly, a section 481(a) adjustment will be required.

(ii) *Change from a permissible PCM method to another permissible PCM method for long-term contracts for which PCM is required.* A taxpayer initiated change in method of accounting for required PCM contracts, as defined in paragraph (g)(2)(i) of this section (or a portion thereof), from a method of accounting that complies with paragraph (b) of this section and § 1.460–5(b) or (c) to another method of accounting that complies with paragraph (b) of this section and § 1.460–5(b) or (c) must be made on a cut-off basis and applied only to contracts entered into during and after the year of change. Accordingly, a section 481(a) adjustment will be neither permitted nor required.

(iii) *Change to an exempt contract method for home construction contracts.* A taxpayer-initiated change in method of accounting for home construction contracts, as defined in § 1.460–3(b)(2), to a permissible exempt contract method, as described in paragraph (c)(1) of this section, must be applied to all home construction contracts entered into before the year of change and not reported as completed as of the beginning of the year of change. Accordingly, a section 481(a) adjustment will be required.

(iv) *Change to an exempt contract method for exempt contracts other than home construction contracts.* A taxpayer-initiated change in method of accounting for long-term contracts (or portion thereof) not described in paragraphs (g)(2)(i), (ii) and (iii) of this section to a permissible exempt contract method as described in paragraph (c)(1) of this section must be applied to all contracts that are eligible to use the exempt contract method entered into before the year of change and not reported as completed as of the beginning of the year of change. Accordingly, a section 481(a) adjustment will be required.

(h) * * *

* * * * *

Example 5. PCM—contract terminated. C, whose taxable year ends December 31, determines the income from long-term contracts using the PCM. During 2001, C buys land and begins constructing a building that will contain 50 apartment units on that land. C enters into a contract to sell the building to B for $2,400,000. B gives C a $50,000 deposit toward the purchase price. By the end of 2001, C has incurred $500,000 of allocable contract costs on the building and estimates that the total allocable contract costs on the building will be $1,500,000. Thus, for 2001, C reports gross receipts of $800,000 ($500,000/$1,500,000 × $2,400,000), current-year costs of $500,000, and gross income of $300,000 ($800,000 − $500,000). In 2002, after C has incurred an additional $250,000 of allocable contract costs on the building, B files for bankruptcy protection and defaults on the contract with C, who is permitted to keep B's $50,000 deposit as liquidated damages. In 2002, C reverses the transaction with B under paragraph (b)(7) of this section and reports a loss of $300,000 ($500,000 − $800,000). In addition, C obtains an adjusted basis in the building sold to B of $700,000 ($500,000 (current-year costs deducted in 2001) − $50,000 (B's forfeited deposit) + $250,000 (current-year costs incurred in 2002). C may not apply the look-back method to this contract in 2002.

* * * * *

Par. 4. Section 1.460–5 is amended by:

1. Adding a new sentence to the end of paragraph (c)(2).

2. Revising paragraph (g).

The revision and addition read as follows:

§ 1.460–5 Cost allocation rules.

* * * * *

(c) * * *

(2) * * * Further, this election is not available if a taxpayer is changing from a cost allocation method other than as prescribed in paragraph (b) of this section, in which case the taxpayer must follow the procedures under § 1.446–1(e) for obtaining the Commissioner's consent for the change in method of accounting.

* * * * *

(g) *Method of accounting.* A taxpayer that adopts, elects, or otherwise changes to a cost allocation method of accounting (or changes to another cost allocation method of accounting with the Commissioner's consent) must apply that method consistently for all similarly classified contracts, until the taxpayer obtains the Commissioner's consent under section 446 to change to another cost allocation method. A taxpayer-initiated change in cost allocation method from a method that does not comply with the cost allocation rules of this section to a method that complies with the cost allocation rules of this section must be applied to all long-term contracts to which the rules of this section apply, including contracts entered into before the year of change and not reported as completed as of the beginning of the year of change. Accordingly, a section 481(a) adjustment is required. Any other taxpayer-initiated change in cost allocation method to a method permitted under the rules of this section must be made on a cut-off basis and applied only to contracts entered into during and after the year of change, in which case a section 481(a) adjustment will be neither permitted nor required.

Par. 5. Section 1.460–6 is amended by:

1. Adding paragraph (c)(3)(vii).

2. Redesignating paragraph (d)(2)(iv) as paragraph (d)(2)(v).

3. Adding a new paragraph (d)(2)(iv).

The additions and revision read as follows:

§ 1.460–6 Look-back method.

* * * * *

(c) * * *

(3) * * *

(vii) *Section 481(a) adjustments.* For purposes of determining the hypothetical underpayment or overpayment of tax for any year, amounts reported as section 481(a) adjustments shall be taken into account in the tax year or years they are reported. However, any portion of a section 481(a) adjustment not yet reported as of the tax year in which the contract is completed shall be taken into account in the tax year the contract is completed for purposes of determining the hypothetical underpayment or overpayment of tax.

* * * * *

(d) * * *

(2) * * *

(iv) *Section 481(a) adjustments.* For purposes of determining the hypothetical underpayment or overpayment of tax for any year under the simplified marginal impact method, amounts reported as section 481(a) adjustments shall be taken into account in the tax year or years they are reported. However, any portion of a section 481(a) adjustment not yet reported as of the tax year in which the contract is completed shall be taken into account in the tax year the contract is completed for purposes of determining

the hypothetical underpayment or overpayment of tax.

* * * * *

Linda E. Stiff,

Deputy Commissioner for Services and Enforcement.

[FR Doc. E8–17830 Filed 8–1–08; 8:45 am]

BILLING CODE 4830–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R05–OAR–2006–0003; FRL–8696–4]

Approval and Promulgation of Air Quality Implementation Plans; Illinois

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA is proposing to approve a revision to the Illinois State Implementation Plan (SIP) for ozone. The state is incorporating revisions EPA made to its definition of volatile organic compound (VOC). This SIP revision adds one compound to the list of compounds that are exempt from being considered a VOC. This is because it was determined that the listed compound does not contribute to ozone formation.

DATES: Comments must be received on or before September 3, 2008.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA–R05–OAR–2006–0003, by one of the following methods:

1. *www.regulations.gov:* Follow the on-line instructions for submitting comments.
2. *E-mail: mooney.john@epa.gov.*
3. *Fax:* (312) 886–5824.
4. *Mail:* John M. Mooney, Chief, Criteria Pollutant Section, Air Programs Branch (AR–18J), U.S. Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois 60604.
5. *Hand Delivery:* John M. Mooney, Chief, Criteria Pollutant Section, Air Programs Branch (AR–18J), U.S. Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois 60604. Such deliveries are only accepted during the Regional Office normal hours of operation, and special arrangements should be made for deliveries of boxed information. The Regional Office official hours of business are Monday through Friday, 8:30 a.m. to 4:30 p.m. excluding Federal holidays.

Please see the direct final rule which is located in the Rules section of this **Federal Register** for detailed instructions on how to submit comments.

FOR FURTHER INFORMATION CONTACT: Matt Rau, Environmental Engineer, Criteria Pollutant Section, Air Programs Branch (AR–18J), Environmental Protection Agency, Region 5, 77 West Jackson Boulevard, Chicago, Illinois 60604, (312) 886–6524, *rau.matthew@epa.gov*.

SUPPLEMENTARY INFORMATION: In the Final Rules section of this **Federal Register**, EPA is approving the State's SIP submittal as a direct final rule without prior proposal because the Agency views this as a noncontroversial submittal and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule. If no adverse comments are received in response to this rule, no further activity is contemplated. If EPA receives adverse comments, the direct final rule will be withdrawn and all public comments received will be addressed in a subsequent final rule based on this proposed rule. EPA will not institute a second comment period. Any parties interested in commenting on this action should do so at this time. Please note that, if EPA receives adverse comment on an amendment, paragraph, or section of this rule and if that provision may be severed from the remainder of the rule, EPA may adopt as final those provisions of the rule that are not the subject of an adverse comment. For additional information, see the direct final rule which is located in the Rules section of this **Federal Register**.

Dated: July 14, 2008.

Walter W. Kovalick Jr.,

Acting Regional Administrator, Region 5.

[FR Doc. E8–17698 Filed 8–1–08; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R05–OAR–2008–0501; FRL–8698–8]

Approval and Promulgation of Air Quality Implementation Plans; Indiana

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA is proposing to approve a request submitted by the Indiana Department of Environmental Management on May 22, 2008, to revise the Indiana State Implementation Plan (SIP). The submission revises the Indiana Administrative Code (IAC) by amending and updating the definition of ''References to Code of Federal Regulations,'' to refer to the 2007 edition.

In the final rules section of this **Federal Register**, EPA is approving the SIP revision as a direct final rule without prior proposal, because EPA views this as a noncontroversial revision and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule. If we do not receive any adverse comments in response to these direct final and proposed rules, we do not contemplate taking any further action in relation to this proposed rule. If EPA receives adverse comments, we will withdraw the direct final rule and will respond to all public comments in a subsequent final rule based on this proposed rule. EPA will not institute a second comment period on this action. Any parties interested in commenting on this action should do so at this time.

DATES: Comments must be received on or before September 3, 2008.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA–R05–OAR–2008–0501 by one of the following methods:

- *www.regulations.gov:* Follow the on-line instructions for submitting comments.
- *E-mail: mooney.john@epa.gov.*
- *Fax:* (312) 886–5824.
- *Mail:* John Mooney, Chief, Criteria Pollutant Section, Air Programs Branch (AR–18J), U.S. Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois 60604.
- *Hand Delivery:* John Mooney, Chief, Criteria Pollutant Section, Air Programs Branch (AR–18J), U.S. Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois 60604. Such deliveries are only accepted during the Regional Office normal hours of operation, and special arrangements should be made for deliveries of boxed information. The Regional Office official hours of business are Monday through Friday, 8:30 a.m. to 4:30 p.m. excluding Federal holidays.

Please see the direct final rule which is located in the Rules section of this **Federal Register** for detailed instructions on how to submit comments.

FOR FURTHER INFORMATION CONTACT: Charles Hatten, Environmental Engineer, Criteria Pollutant Section, Air Programs Branch (AR–18J), Environmental Protection Agency, Region 5, 77 West Jackson Boulevard, Chicago, Illinois 60604, (312) 886–6031, *hatten.charles@epa.gov.*