

(2) Activities that alter watershed characteristics in ways that would appreciably reduce groundwater recharge or alter natural, dynamic wetland or other vegetative communities. Such activities may include manipulation of vegetation such as timber harvesting, residential and commercial development, and grazing of livestock that degrades watershed values;

(3) Rural residential construction that includes concrete pads for foundations and the installation of septic systems in wetlands where a permit under section 404 of the Clean Water Act would be required by the Corps;

(4) Recreational activities that appreciably degrade vegetation;

(5) Mining of sand or other minerals;

(6) Introducing or encouraging the spread of non-native plant species into critical habitat units; and

(7) Importation of non-native species for research, agriculture, and aquaculture, and the release of biological control agents that would have unanticipated effects on the listed species and the primary constituent elements of their habitats.

If you have questions regarding whether specific activities will likely constitute adverse modification of critical habitat, contact the Field Supervisor, Pacific Islands Ecological Services Field Office (see **ADDRESSES** section). Requests for copies of the regulations on listed plants and animals, and inquiries about prohibitions and permits may be addressed to the U.S. Fish and Wildlife Service, Branch of Endangered Species/Permits, 911 N.E. 11th Ave., Portland, OR 97232-4181 (telephone 503/231-2063; facsimile 503/231-6243).

Exclusions Under Section 4(b)(2)

Section 4(b)(2) of the Act requires us to designate critical habitat on the basis of the best scientific and commercial information available, and to consider the economic and other relevant impacts of designating a particular area as critical habitat. We may exclude areas from critical habitat upon a determination that the benefits of such exclusions outweigh the benefits of specifying such areas as critical habitat. We cannot exclude areas from critical habitat when the exclusion will result in the extinction of the species concerned.

Economic Impacts

Following the publication of the proposed critical habitat designation, a draft economic analysis was conducted to estimate the potential economic impact of the designation, in accordance with the recent decision in the *N.M.*

Cattlegrowers Ass'n v. U.S. Fish and Wildlife Serv., 248 F.3d 1277 (10th Cir. 2001). The draft analysis was made available for review on August 16, 2002 (67 FR 46626). We accepted comments on the draft analysis until the comment period closed on August 30, 2002, and again from November 15, 2002 to November 25, 2002 (67 FR 69176).

We have not excluded or modified critical habitat units from the proposed rule based on economic impacts. Our draft economic analysis evaluated the potential future section 7 effects, including indirect effects, associated with designating critical habitat for 32 species (*Abutilon eremitopetalum*, *Adenophorus periens*, *Bidens micrantha* ssp. *kalealaha*, *Bonamia menziesii*, *Brighamia rockii*, *Cenchrus agrimonoides*, *Centaurium sebaeoides*, *Clermontia oblongifolia* ssp. *mauiensis*, *Ctenitis squamigera*, *Cyanea grimesiana* ssp. *grimesiana*, *Cyanea lobata*, *Cyanea macrostegia* ssp. *gibsonii*, *Cyperus trachysanthos*, *Cyrtandra munroi*, *Diellia erecta*, *Diplazium molokaiense*, *Gahnia lanaiensis*, *Hedyotis mannii*, *Hedyotis schlehtendahlana* var. *remyi*, *Hesperomannia arborescens*, *Hibiscus brackenridgei*, *Isodendron pyriformis*, *Labordia tinifolia* var. *lanaiensis*, *Melicope munroi*, *Neraudia sericea*, *Portulaca sclerocarpa*, *Sesbania tomentosa*, *Solanum incompletum*, *Spermolepis hawaiiensis*, *Tetramolopium remyi*, *Vigna o-wahuensis*, and *Viola lanaiensis*) on Lanai. However, given the difficulty of determining precisely what section 7 impacts should be attributed alone to critical habitat, we have analyzed the total section 7 impacts as well.

The categories of potential costs considered in the analysis included the costs associated with: (1) Conducting section 7 consultations associated with the listing or with the critical habitat, including incremental consultations and technical assistance; (2) modifications to projects, activities, or land uses resulting from the section 7 consultations; (3) potential delays associated with reinitiating completed consultations after critical habitat is finalized; (4) uncertainty and public perceptions resulting in loss of land value from the designation of critical habitat; (5) potential effects on property values including potential indirect costs resulting from the loss of hunting opportunities and increased regulation related costs due to the interaction of State and local laws; and (6) potential offsetting benefits associated with critical habitat, including educational benefits. The most likely economic effects of critical habitat designation are

on activities funded, authorized, or carried out by a Federal agency.

Following the close of the comment period on the draft economic analysis, a final addendum was completed that incorporated public comments on the draft analysis and made other changes in the draft, for example, to account for changes in unit boundaries due to the receipt of information during the comment period indicating that certain areas do not contain the necessary primary constituent elements or were not essential to the conservation of the species. Together, the draft analysis as modified by the addendum constitute our final economic analysis. The final economic analysis estimates that, over the next 10 years, the designation may result in potential economic effects ranging from approximately \$450,000 to \$530,000 in quantifiable costs, and concludes that economic impacts from the designation of critical habitat would not be significant. This is a reduction of approximately \$1.7 million from the costs estimated in the draft economic analysis, and is due to the exclusion of proposed units Lanai A, Lanai C, and Lanai F from final designation and the significant reduction in size to proposed units Lanai B and Lanai G (designation of 6,181 ha (15,271 ac) versus the 7,853 ha (19,405 ac) proposed as critical habitat, a reduction of approximately 1,672 ha (4,134 ac)). As described in the analysis, direct costs result from conservation projects and secondary costs result from investigations of the implications of critical habitat designation. Indirect costs attributed to critical habitat that were considered major in the draft economic analysis are avoided by the modifications made to units based on new biological information (*i.e.*, excluding unit F and removing much of the land zoned as rural). The Addendum to the economic analysis states that the indirect cost of reduction in property values is not expected to occur, and ensuring that clear and correct information on the effects of a critical habitat designation is available to all potential buyers will further reduce the potential for such a scenario. A more detailed discussion of our economic analysis is contained in the draft economic analysis and the addendum. Both documents are included in our administrative record and are available for inspection at the Pacific Islands Fish and Wildlife Office (see **ADDRESSES** section).

Other Impacts

As described above, section 4(b)(2) of the Act requires us to consider other relevant impacts, in addition to economic impacts, of designating