

for its intended function may be reduced.

Reducing the likelihood of an unapproved part from being installed would lessen the potential for an accident or an incident. The FAA has documented cases of fatal aircraft accidents where unapproved parts (that could have been installed due to false or misleading statements) have been installed on the subject aircraft. Unapproved parts that have been found installed in aircraft involved in accidents include fuel lines, propeller system/drive assemblies, engine bearings, and electrical systems.

#### *Conclusions*

Based on the low compliance cost coupled with the potential safety benefits, the FAA concludes that the proposed rule is cost beneficial.

#### **Regulatory Flexibility Determination**

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601–612, establishes “as a principle of regulatory issuance that agencies shall endeavor, consistent with the objective of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of the business, organizations, and governmental jurisdictions subject to regulation.” To achieve that principle, the RFA requires agencies to request and consider flexible regulatory proposals and to explain the reason for their actions. The RFA covers a wide-range of small entities, including small businesses, not-for-profit organizations, and small governmental jurisdictions.

Agencies must perform a review to determine whether a proposed or final rule will have a significant economic impact on a substantial number of small entities. If the determination is that it will, the agency must prepare a regulatory flexibility analysis as described in the RFA.

If an agency determines, however, that a proposed or final rule is not expected to have a significant economic impact on a substantial number of small entities, section 605(b) of the RFA provides that the head of the agency may so certify and a regulatory flexibility analysis is not required. The certification must include a statement providing the factual basis for this determination, and the reasoning should be clear.

For the entities that would be affected by this proposed rule, the FAA expects the annualized compliance costs to be minimal. Thus, the FAA certifies that the rule will not have a significant economic impact on a substantial number of small entities. The FAA

solicits comments from the public regarding this finding.

#### **Trade Impact Assessment**

The Trade Agreement Act of 1979 prohibits Federal agencies from establishing any standards or engaging in related activities that create unnecessary obstacles to the foreign commerce of the United States. Legitimate domestic objectives, such as safety, are not considered unnecessary obstacles. The statute also requires consideration of international standards and, where appropriate, that they be the basis for U.S. standards.

In accordance with the above statute, the FAA has assessed the potential effect of this rulemaking and has determined that it will have only a domestic impact and therefore no effect on any trade-sensitive activity.

#### **Unfunded Mandates Assessment**

Title II of the Unfunded Mandates Reform Act of 1995 (the Act), requires each Federal agency, to the extent permitted by law, to prepare a written assessment of the effects of any Federal mandate in a proposed or final agency rule that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation) in any one year. Section 204(a) of the Act, 2 U.S.C. 1534(a), requires the Federal agency to develop an effective process to permit timely input by elected officers (or their designees) of State, local, and tribal governments on a proposed “significant intergovernmental mandate.” A “significant intergovernmental mandate” under the Act is any provision in a Federal agency regulation that would impose an enforceable duty upon State, local, and tribal governments, in the aggregate, of \$100 million (adjusted annually for inflation) in any one year. Section 203 of the Act, 2 U.S.C. 1533, which supplements section 204(a), provides that before establishing any regulatory requirements that might significantly or uniquely affect small governments, the agency shall have developed a plan that, among other things, provides for notice to potentially affected small governments, if any, and for a meaningful and timely opportunity to provide input in the development of regulatory proposals.

This proposed rule does not meet the cost thresholds described above. Further, this proposed rule would not impose a significant cost on small governments and would not uniquely affect those small governments. The

requirements of Title II of the Act of 1995, therefore, do not apply.

#### **Executive Order 13132, Federalism**

The FAA has analyzed this proposed rule under the principles and criteria of Executive Order 13132, Federalism. We determined that this action would not have a substantial direct effect 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. We determined, therefore, that this notice of proposed rulemaking would not have federalism implications.

#### **Environmental Analysis**

FAA Order 1050.1D defines FAA actions that may be categorically excluded from preparation of a National Environmental Policy Act (NEPA) environmental impact statement. In accordance with FAA Order 1050.1D, appendix 4, paragraph 4(j), this proposed rulemaking action qualifies for a categorical exclusion.

#### **Energy Impact**

The energy impact of the proposed rule has been assessed in accordance with the Energy Policy and Conservation Act (EPCA) Public Law 94–163, as amended (42 U.S.C. 6362) and FAA Order 1053.1. It has been determined that the proposed rule is not a major regulatory action under the provisions of the EPCA.

#### **List of Subjects in 14 CFR Part 3**

Aircraft, Aviation safety, False, Fraud, Misleading.

#### **The Proposed Amendment**

In consideration of the foregoing, the Federal Aviation Administration proposes to add a new part 3 to Chapter I of Title 14, Code of Federal Regulations as follows:

#### **PART 3—GENERAL REQUIREMENTS**

Sec.

3.1 Applicability.

3.5 Statements regarding aircraft, and aircraft products, parts, and materials.

**Authority:** 49 U.S.C. 106(g), 40113, 44701, and 44704.

##### **§ 3.1 Applicability.**

This part applies to persons engaged in aviation-related activities, as set forth in this part.

##### **§ 3.5 Statements regarding aircraft, and aircraft products, parts, and materials.**

(a) *Applicability of this section.* This section applies to all records regarding type certificated products, and to parts