

J1850/ISO 9141-2 and ISO 14230-4 which will remain referenced in the table at 40 CFR 86.1(b)(5). By today's action EPA is clarifying that ISO 14230-4 is acceptable for vehicles being certified today as well as vehicles certified through the 2007 model year. Adoption of ISO 15765-4.3 is also acceptable, in addition to ISO 14230-4, to all 2004 and later model year light-duty vehicles, light-duty trucks, medium duty passenger vehicles, heavy-duty vehicles and otto-cycle engines intended for vehicles weighing less than 14,000 pounds GVWR where the manufacturer chooses to comply with Option 1 or 2 according to 40 CFR 86.005-01(c)(1) or (c)(2), and all 2005 and later model year heavy-duty diesel engines intended for vehicles weighing less than 14,000 pounds GVWR. Beginning in the 2008 and later model year, ISO 15765-4.3 will be the only acceptable protocol used for standardized on-board to off-board communications. Thus a new entry is added to the table at § 86.1(b)(5) for ISO 15765-4.3 and is incorporated by reference into §§ 86.005-17, 86.1806-04, and 86.1806-05 and ISO 14230-4 contains new part 86 regulatory references (§§ 86.1806-01 and 86.1806-04) incorporated by reference.

Today's action also updates the incorporation by reference of several SAE standardized practices. Specifically, procedures J1850, J1962, J1979, and J2012. The existing references to these four SAE procedures within the table at § 86.1(b)(2) remain in effect along with the other SAE procedures already referenced in the table. The four SAE procedures noted here have been updated and thus shall apply beginning in model year 2004. Thus new entries are added to incorporate the updated J1850, J1962, J1979, and J2012 and are incorporated by reference into §§ 86.005-17, 86.1806-04, and 86.1806-05. In addition, today's action also incorporates SAE J1930 and SAE J1978 into the table found in § 86.1(b)(2). These new SAE procedures are incorporated by reference into §§ 86.005-17, 86.1806-04, and 86.1806-05. Lastly, the references to SAE J1939-11, J1939-13, J1939-21, J1939-71, J1931-73, and J1931-81 are modified to reflect that such procedures are applicable to all 2004 and later model year light-duty vehicles, light-duty trucks and medium-duty passenger vehicles and thus incorporate by reference the new regulatory provision at § 86.1806-04.

IV. Cost Effectiveness

This rulemaking alters an existing provision by allowing optional compliance with the most recently "revised" California OBD II requirements for the purposes of demonstrating compliance with federal OBD requirements. EPA believes that today's regulation will provide cost savings by eliminating the need to incur significant recalibration and/or retesting costs and efforts associated with having two sets of OBD regulations with which to comply. Because this rulemaking alters an existing provision that provides regulatory relief by means of optional compliance methods, and since most of the industry currently complies with the California OBD II requirements under our provisions for optional compliance and because industry may thus minimize resource requirements, EPA believes that continued cost savings will be achieved. No adverse environmental consequences are anticipated as EPA expects manufacturers with vehicles complying with the new California OBD II requirements, and which also seek anything but a California-only federal certificate, will have OBD systems calibrated to federal Tier 2 standards and thus will be as environmentally protective as systems calibrated to federal Tier 1 standards.

V. Statutory and Executive Order Reviews

A. Executive Order 12866: Regulatory Planning and Review

Under Executive Order 12866 (58 FR 51735, Oct. 4, 1993), the Agency is required to determine whether this regulatory action would be "significant" and therefore subject to review by the Office of Management and Budget (OMB) and the requirements of the Executive Order. The Order defines a "significant regulatory action" as any regulatory action that is likely to result in a rule that may: (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or state, local, or tribal governments or communities; (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or, (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or

the principles set forth in the Executive Order.

Pursuant to the terms of Executive Order 12866, we have determined that this final rule is not a "significant regulatory action."

B. Paperwork Reduction Act

Today's action does not impose any new information collection burden. The modifications noted above do not change the information collection requirements submitted to and approved by OMB in association with the OBD final rulemakings (58 FR 9468, February 19, 1993; and 59 FR 38372, July 28, 1994).

C. Regulatory Flexibility Act

EPA has determined that it is not necessary to prepare a regulatory flexibility analysis in connection with this direct final rule. After considering the economic impacts of today's direct final rule on small entities, EPA has determined that this action will not have a significant economic impact on a substantial number of small entities.

For purposes of assessing the impacts of today's direct final rule on small entities, small entity is defined as: (1) Those businesses meeting the definition provided by the Small Business Administration (2) a small governmental jurisdiction that is a government of a city, county, town, school district or special district with a population of less than 50,000; and (3) a small organization that is any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.

This rulemaking will provide regulatory relief to both large and small volume automobile and heavy-duty vehicle and engine manufacturers by maintaining consistency with California OBDII requirements. This rulemaking will not have a significant impact on businesses that manufacture, rebuild, distribute, or sell automotive parts, nor those involved in automotive service and repair, as the revisions affect only requirements on automobile and heavy-duty truck and engine manufacturers. See *United Distribution Companies v. FERC*, 88 F. 3d 1005, 1170 (D.C. Cir. 1996). Most manufacturers have thus far chosen to reduce their costs by producing vehicle OBD systems to California specifications, thereby avoiding the necessity of developing significantly different OBD calibrations meeting the existing federal specifications for the non-California markets. Today's continuation of the optional compliance option to California's OBDII requirements continues this cost reduction.