

as necessary, to ensure their effectiveness.

As all three criteria above have been met, the Service has determined that lands on the island of Oahu which fall under U.S. Army jurisdiction do not meet the definition of critical habitat in the Act. According to the Service's published recovery plans, the major extinction threats to Oahu plants involve the persistent and expanding presence of alien species and their associated impacts. In general, for most of these species there is less relative concern associated with Federal activities or proposed development. Recovery of these listed species will require active management such as plant propagation and reintroduction, management of fire risk, alien species removal, and ungulate and rat management. Failure to implement these management measures, all of which require active intervention and participation, virtually assures the extinction of these species. The Army is carrying out many of these actions on their lands, in some cases to a degree that surpasses that of other Federal, State, and private landowners in Hawaii. We are, therefore, not designating critical habitat on these lands. Should the status of these commitments change, the Service will reconsider whether these lands meet the definition of critical habitat. If the definition is met, we have the authority to propose to amend critical habitat to include identified areas at that time (50 CFR section 424.14(g)). Although these areas are removed from the final critical habitat designation, the number of populations that habitat on these installations provides is applied toward the overall conservation goal of 8 to 10 populations for each species because these lands will be managed under the INRMP with recovery goals.

Analysis of Impacts 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 such areas from critical habitat when such exclusion will result in the extinction of the species concerned.

Economic Impacts

Following the publication of the proposed critical habitat designation on May 28, 2002, a draft economic analysis was prepared to estimate the potential direct and indirect economic impacts associated with the designation, in accordance with recent decisions 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 December 26, 2002 (67 FR 78763). Following the close of the comment period, an addendum was completed that incorporated public comments on the draft analysis and made other changes as necessary. These changes were primarily the result of modifications made to the proposed critical habitat designation based on biological information received during the comment periods. Together, the draft economic analysis and the addendum constitute our final economic analysis.

Our economic analysis evaluated the potential direct and indirect economic impacts associated with the proposed critical habitat designation for the 99 plant species from the island of Oahu over the next 10 years. Direct impacts are those related to consultations under section 7 of the Act. They include the cost of completing the section 7 consultation process and potential project modifications resulting from the consultation. Indirect impacts are secondary costs and benefits not directly related to operation of the Act. Examples of indirect impacts include potential effects to property values, redistricting of land from agricultural or urban to conservation, and social welfare benefits of ecological improvements.

The categories of potential direct and indirect costs considered in the analysis included the costs associated with: (1) Conducting section 7 consultations, including incremental consultations and technical assistance; (2) modifications to projects, activities, or land uses resulting from the section 7 consultations; (3) uncertainty and public perceptions resulting from the designation of critical habitat including potential effects on property values and potential indirect costs resulting from the loss of hunting opportunities and the interaction of State and local laws; and (4) potential offsetting beneficial costs 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 (*i.e.*, direct costs).

The analysis in the DEA incorporated two baselines: one that addressed the impact of the proposed critical habitat designation that may be attributable coextensively to the listing of the species, and one that addressed the incremental impact of the proposed designation.

The Addendum utilizes only the first of the two baselines. Because of the uncertainty about the benefits and economic costs resulting solely from critical habitat designations, the Service believes that it is reasonable to estimate the economic impacts of a designation utilizing this single baseline. It is important to note that the inclusion of impacts attributable coextensively to the listing does not convert the economic analysis into a tool to be used in deciding whether or not a species should be added to the Federal list of threatened and endangered species.

The final economic analysis estimates that, over the next 10 years, the designation (co-extensive with the listing in some instances) may result in potential direct economic effects from implementation of section 7 ranging from approximately \$8.3 million to \$20.3 million in quantifiable costs. This is an increase from the range of \$1.1 to \$2.4 million in the draft economic analysis. The increase is primarily due to revised estimates associated with section 7 consultations on Army lands. All other direct costs stay the same or decrease, due primarily to the exclusion of proposed units Oahu C, Oahu M, Oahu P, and Oahu V from final designation and the significant reduction in size to proposed units Oahu A, Oahu G, Oahu L, and Oahu W because they lacked the primary constituent elements or were not essential to the conservation of the species. Overall, the largest portion of this estimate includes Army lands that were proposed as critical habitat but have been removed from the final designation. Therefore, the direct cost of designating critical habitat for these 99 plant species will be far less than this estimate.

While our final economic analysis includes an evaluation of potential indirect costs associated with the designation of critical habitat for 99 plant species on Oahu, the reported costs are often unquantifiable and discussed in qualitative terms. In general, most of the potential indirect effects are thought to have a low probability of occurrence. The final economic analysis concludes the probability that some land within the Urban and Agricultural Districts would be redistricted to Conservation is considered moderate to high. However,