

providing the factual basis for this determination, and the reasoning should be clear.

The FAA has determined that the final rule will potentially impact 12 small businesses and, for the purposes of this analysis, has assumed all these firms will operate under subpart K of part 91 thus imposing on an entity average compliance costs of approximately \$3.9 million over the 15-year period (in 2001 dollars). The annualized compliance cost to each small business will be approximately \$321,350 (in 2001 dollars) which the current operators have stated will be voluntarily incurred. Furthermore, 6 of these 12 entities will be new entrants. The FAA has determined that the rule will potentially impose on each new (small business) entrant a compliance cost of approximately \$617,400 over a 15-year period (in 2001 dollars). The annualized compliance cost to a new entrant will be approximately \$57,500 (in 2001 dollars). The FAA does not have information on the revenues of these small entrants but based on information about one of the current operators, the FAA estimates that a program aircraft generates approximately \$4.6 million in revenues. If a new entrant has two aircraft, the cost that this rule will impose on it is less than one percent of the approximate revenues generated by those two aircraft. The FAA therefore believes these costs will not have a significant impact on small entrants. Hence, the FAA has determined that the estimated compliance costs expected to be incurred by existing fractional aircraft ownership programs and new entrants over the 15-year period will be marginal.

Eligible on-demand part 135 operators who voluntarily elect to meet the requirement of part 135.4 will incur an annual cost of \$1,725 for one-third of its pilots. Thus, an operator of a single aircraft using three pilots will incur a total cost of \$1,725 which is less than the total cost of a single hour operating the type of turbine powered aircraft that meet the requirements of part 135.4. The FAA therefore believes this cost will not have a significant impact on small eligible on-demand entrants. Therefore, the FAA certifies that the rule will not have a significant economic impact on a substantial number of small entities.

International Trade Impact Assessment

The Trade Agreement Act of 1979 prohibits Federal agencies from engaging in any standards or 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 proposed rule and has determined that it will impose the same costs on domestic entities and on international entities and thus has a neutral trade impact.

Unfunded Mandates Act of 1995 Assessment

The Unfunded Mandates Reform Act of 1995 (the Act), enacted as Public Law 104-4 on March 22, 1995, is intended, among other things, to curb the practice of imposing unfunded Federal mandates on State, local, and tribal governments.

Title II of the Act requires each Federal agency to prepare a written statement assessing the effects of any Federal mandate in a proposed or final rule that may result in a \$100 million or more expenditure (adjusted annually for inflation) in any one year by State, local, and tribal governments, in the aggregate, or by the private sector; such a mandate is deemed to be a "significant regulatory action."

This proposed rule does not contain such a mandate. Therefore, the requirements of Title II of the Unfunded Mandates Reform Act of 1995 do not apply.

Federalism Implications

The regulations herein will not have substantial direct effects 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. Therefore, in accordance with Executive Order 13132, dated August 4, 1999, it is determined that this rule will not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Compatibility With ICAO Standards

In keeping with U.S. obligations under the Convention of International Civil Aviation, it is FAA policy to comply with the Standards and Recommended Practices of the International Civil Aviation Organization (ICAO) to the maximum extent practicable. ICAO does not specifically address fractional ownership. However, in view of the FAA's conclusion that fractional ownership program operations conducted in conformity with subpart K of 14 CFR part 91 are general aviation activities, this final rule does not

conflict with ICAO international standards applicable to international general aviation operations.

Environmental Analysis

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

Energy Impact

The energy impact of this rule has been assessed in accordance with 42 U.S.C. 6362, "Energy Conservation Policies and Practices," and Executive Order 13211, "Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use." It has been determined that the final rule is not a major regulatory action as identified in 42 U.S.C. 6362 or is not a significant energy action, as defined in Executive Order 13211.

List of Subjects

14 CFR Part 121

Air Carriers, Aircraft, Airmen, Aviation safety, Charter flights, Reporting and recordkeeping requirements, Safety, Transportation.

14 CFR Part 61

Aircraft, Airmen, Recreation and recreation areas, Reporting and recordkeeping requirements.

14 CFR Part 91

Aircraft, Airworthiness directives and standards, Aviation safety, Safety.

14 CFR Part 119

Administrative practice and procedure, Air carriers, Aircraft, Aviation safety, Charter flights, Reporting and recordkeeping requirements.

14 CFR Part 125

Aircraft, Airmen, Aviation safety, Reporting and recordkeeping requirements.

14 CFR Part 135

Aircraft, Airplanes, Airworthiness, Airmen, Rotorcraft, Aviation safety, Safety.

14 CFR Part 142

Training center.

The Amendment

■ In consideration of the foregoing, the Federal Aviation Administration