

We used the most reliable economic data available to us from the U.S. Census Bureau among other government data sources. In the notice of public meeting (67 FR 78742, December 20, 2002), we presented a preliminary cost analysis and requested comments and data be submitted to assist us in drafting our estimates. We amended our cost estimates incorporating comments and input we received. While the analysis may or may not be useful to the reader, we must develop a regulatory assessment for all significant rules, as required by Executive Order 12866.

One commenter stated that Florida laws require a double-gating standard for certain shipyards, which poses an economic burden on affected facilities, and the State of Florida has yet to conduct an economic assessment of the economic burden.

The economic impact of State security requirements is beyond the scope of these rules and is best addressed to the States imposing such requirements.

Cost Assessment

For the purposes of good business practice or pursuant to regulations promulgated by other Federal and State agencies, many companies already have spent a substantial amount of money and resources to upgrade and improve security. The costs shown in this assessment do not include the security measures these companies have already taken to enhance security. Because the changes in this final rule do not affect the original cost estimates presented in the temporary interim rule (68 FR 39319) (part 105), the costs remain unchanged.

We realize that every company engaged in maritime commerce will not implement this final rule exactly as presented in the assessment. Depending on each company's choices, some companies could spend much less than what is estimated herein while others could spend significantly more. In general, we assume that each company will implement this final rule differently based on the type of facilities it owns or operates and whether it engages in international or domestic trade.

The population affected by this final rule is approximately 5,000 facilities, and the estimated Present Value cost to these facilities is approximately present value \$5.399 billion (2003 to 2012, 7 percent discount rate). Approximately present value \$2.718 billion of this total is attributed to facilities engaged in the transfer of hazardous bulk liquids (petroleum, edible oils, and liquified gases). The remaining present value \$2.681 billion is attributable to facilities that receive vessels on international voyages or carry more than 150 passengers, or fleet barges carrying certain dangerous cargoes or subchapter D or O cargoes in bulk. During the initial year of compliance, the cost is attributable to purchasing and installing equipment, hiring security officers, and preparing paperwork. The initial cost is an estimated \$1.125 billion (non-discounted, \$498 million for the facilities with hazardous bulk liquids, \$627 million for the other facilities). Following initial implementation, the annual cost is an estimated \$656 million (non-discounted, \$341 million for the facilities with hazardous bulk liquids, \$315 million for the other facilities).

Approximately 51 percent of the initial cost is for installing or upgrading equipment, 30 percent for hiring and training Facility Security Officers, 14 percent for hiring additional security guards, and 5 percent for paperwork (Facility Security Assessments and Facility Security Plans). Following the first year, approximately 52 percent of the annual cost is for Facility Security Officers (cost and training), 24 percent for security guards, 9 percent for paperwork (updating Facility Security Assessments and Facility Security Plans), 9 percent for operations and maintenance for equipment, and approximately 6 percent for drills. The cost of facility security consists primarily of installing or upgrading equipment and designating Facility Security Officers.

Benefit Assessment

This rule is one of six final rules that implement national maritime security initiatives concerning general

provisions, Area Maritime Security, vessels, facilities, Outer Continental Shelf facilities, and Automatic Identification System (AIS). The Coast Guard used the National Risk Assessment Tool (N-RAT) to assess benefits that would result from increased security for vessels, facilities, OCS facilities, and areas. The N-RAT considers threat, vulnerability, and consequences for several maritime entities in various security-related scenarios. For a more detailed discussion on the N-RAT and how we employed this tool, refer to "Applicability of National Maritime Security Initiatives" in the temporary interim rule titled "Implementation of National Maritime Security Initiatives" (68 FR 39243) (part 101). For this benefit assessment, the Coast Guard used a team to calculate a risk score for each entity and scenario before and after the implementation of required security measures. The difference in before and after scores indicated the benefit of the proposed action.

We recognized that the final rules are a "family" of rules that will reinforce and support one another in their implementation. We have ensured, however, that risk reduction that is credited in one rule is not also credited in another. For a more detailed discussion on the benefit assessment and how we addressed the potential to double-count the risk reduced, refer to "Benefit Assessment" in the temporary interim rule titled "Implementation of National Maritime Security Initiatives" (68 FR 39274) (part 101).

We determined annual risk points reduced for each of the six final rules using the N-RAT. The benefits are apportioned among the Vessel, Facility, OCS Facility, AMS, and AIS requirements. As shown in Table 1, the implementation of facility security for the affected population reduces 473,659 risk points annually through 2012. The benefits attributable for part 101, General Provisions, were not considered separately since it is an overarching section for all the parts.

TABLE 1.—ANNUAL RISK POINTS REDUCED BY THE FINAL RULES

Maritime entity	Annual risk points reduced by final rule				
	Vessel security	Facility security	OCS facility security	AMS	AIS
Vessels	778,633	3,385	3,385	3,385	1,317
Facilities	2,025	469,686	.....	2,025	.....
OCS Facilities	41	.....	9,903	.....	.....
Port Areas	587	587	.....	129,792	105