

- as defined in DOT's Regulatory Policies and Procedures;
- (2) Will have a significant impact on a substantial number of small entities;
- (3) Imposes no barriers to international trade; and
- (4) Does not impose an unfunded mandate on State, local, or tribal governments, or on the private sector.

These analyses, available in the docket, are summarized below.

Description of Affected Operators and Aircraft

Based on surveys of FSDOs and an analysis of the FAA's *General Aviation Survey* data, this analysis estimates that one or more provisions of the proposed rule could affect approximately 2,100 operators and 4,400 aircraft. Approximately 1,670 operators with 3,100 aircraft currently provide commercial air tour flights under part 91, and about 450 operators with 1,300 aircraft provide commercial air tours under part 135.

However, these estimates include operators subject to the provisions of the National Parks Air Tour Management Act of 2000 (the Act), and operators that may be eligible for an exception under 14 CFR 119.1(e)(2), and thus are overstated.

The Act required part 91 air tour operators conducting commercial air tour operations over units of the national park system or abutting tribal lands to apply for certification under part 119 with certain exceptions. Therefore, some part 91 air tours already are required to obtain a part 119 certificate. In addition, an unknown number of air tour operators will qualify for an exception from the Act's requirement to obtain a part 119 certificate. An exception in the Act allows operators to continue operating over parks under Part 91 if such activity is permitted under Part 119, and the operator secures a letter from the Administrator and the national park superintendent for that particular park. The total number of all operations under this exception is limited to not more than 5 flights in any 30-day period. When these operators are identified through the implementation of the National Parks Air Tour Management rule the cost and benefit will be adjusted.

Under 14 CFR 119.1(e)(11), part 91 operators engaged in certain air tours or aircraft rides provided in conjunction with charitable or community events, for a local community cause not covered by the preceding exceptions would not have to obtain a part 119 certificate. Data are not available to estimate the number of operators that would be

affected by this exception and the cost and benefit will be adjusted when these operators are identified through the exception process.

Analysis of Costs

The proposed rule is estimated to cost approximately \$238 million (\$148 million, discounted) over ten years. Costs associated with individual provisions are described below.

The proposed amendments, by removing regulatory differences between part 91 sightseeing and part 135 commercial air tour operations, would impose certification and increased operating costs on existing part 91 operators. The FAA expects that part 91 sightseeing operators would take one of three options following issuance of the rule: exit the sightseeing industry; become certificated under part 135 as a single pilot operation, thereby reducing certification costs; or become certificated under part 135 and operate with more than one pilot. Existing part 91 sightseeing operators, therefore, would incur the following costs if required to operate under the current requirements of part 135: (1) Revenue losses to firms that exit the air tour industry; (2) revenue losses to firms that scale back to a single-pilot operation under part 135; (3) administrative costs incurred during the part 135 certification process; and (4) additional operating expenses associated with part 135 operations, including increased personnel and maintenance costs and additional reporting and recordkeeping requirements.

The FAA estimates there are a total of 1,670 operators who conduct operations under part 91, pursuant to the exception at 119.1(e)(2). These operators use a total of 3,100 aircraft. A portion of these operators conduct flights over national parks and they are already required to be certificated under part 91. Approximately 41 percent of these operators conduct air tours less than 10 hours a year. These would likely exit the industry. Approximately 57 percent are one pilot operations, and would likely convert their operations to part 135 operations as one pilot operators. Approximately 2 percent would convert to part 135 operations with more than one pilot.

Based on these cost categories, the FAA estimates that affected part 91 entities would incur approximately \$137 million (\$85 million, discounted) in certification related costs over a ten-year period. About three percent of these costs, \$4.7 million, reflect net revenue losses to entities that choose to exit the industry as a result of the rule.

In addition to the costs of converting to and operating under current part 135 requirements, the proposed rule would impose costs related to a new subpart A in part 136. The FAA estimates that the following part 136 provisions added by this proposal would impose costs on commercial air tour operators already operating under part 135, as well as those obtaining new part 135 certificates: (1) The combined effect of altitude minima, visibility, and ceiling requirements; (2) helicopter float systems; (3) personal life preservers for aircraft occupants, (4) helicopter performance plans, and (5) passenger briefings.

The proposed rule would establish minimum flight altitudes, visibility, and cloud clearance requirements. The cost of these provisions—measured as the expected net revenue loss associated with commercial air tour flights that would be canceled as a result of this proposed rule—is approximately \$7.45 million per year. Over ten years, the costs would be approximately \$74.5 million (\$46 million, discounted). Of the total, approximately \$61.5 million (\$37.7 million, discounted) would be borne by those currently operating under part 135 and the balance would be borne by part 91 operators that convert to part 135.

While the FAA believes that the requirements described above would reduce the probability of emergency ditching, the FAA also believes that the additional water safety equipment proposed in this rule would contribute to saving lives and is an important element of the overall strategy to improve commercial air tour safety. The proposed rule would require any helicopter flown over water beyond any shoreline to be equipped with floats. Incremental costs associated with this requirement include: (1) Flotation system design approval or certification costs; (2) equipment costs; (3) installation labor costs; (4) aircraft downtime required for installation; (5) maintenance and inspection costs; and (6) operating costs due to the weight of the system.

Assuming that about 25 percent of commercial air tour helicopters, or 112 helicopters, would be affected by these provisions, the total cost of helicopter floats is estimated to be \$15.4 million over ten years (\$10.3 million, discounted).

When a helicopter without floats lands in water, it typically sinks quickly. Life preservers that were worn un-inflated prior to ditching would increase the chances of surviving either an airplane or helicopter emergency ditching by assisting passengers to swim