

On July 30, 2001, FAA issued "Repair Stations; Final rule with request for comments and direct final rule with request for comments," (66 FR 41088; August 6, 2001). In that rulemaking action, FAA further amended §§ 145.63 and 145.79 by—

(1) Combining the provisions of §§ 145.63 and 145.79 and re-designating the requirements as § 145.221, Service Difficulty Reporting;

(2) Standardizing the requirements for reporting failures, malfunctions, or defects to apply to all certificated repair stations, regardless of location;

(3) Replacing the phrases "serious defect" and "other unairworthy condition" with the phrase "failure, malfunction, or defect"; and

(4) Including language that would allow repair stations to submit SDRs to FAA in a format acceptable to the Administrator.

That amendment to part 145 becomes effective January 31, 2004.

Statement of the Problem

After issuing the SDR final rule, FAA received extensive comments opposing the rule. To give the agency time to consider industry's concerns about the SDR final rule, the FAA previously extended the effective date of the SDR rule. The FAA is again extending the effective date of the SDR rule this time to January 30, 2006. This extension affects the July 2001 repair station reporting final rule, because that amendment to part 145 will become effective January 31, 2004, and it references sections in parts 121, 125, and 135 that will now not become effective until January 30, 2006.

Also, several repair stations have expressed concern about FAA's removal in July 2001 of the word "serious" to describe the type of defect that must be reported. Repair stations contend the language in § 145.221(a) requires them to report all failures, malfunctions, or defects, regardless of severity.

FAA Action

To avoid the need to amend § 145.221 to track specific sections of parts 121, 125, and 135, FAA is amending § 145.221 by removing references to specific sections in parts 121, 125, and 135. FAA is replacing the specific section references with the applicable part numbers. This amendment will require repair stations to follow whatever requirements are set out in parts 121, 125, and 135, depending on the certificate holder.

Also, FAA agrees with the repair station industry concerning the word "serious". It was not the agency's intent to require repair stations to report "any"

failure, malfunction, or defect. When FAA combined §§ 145.63 and 145.79 to create § 145.221, FAA standardized language in that section to match language in parts 121, 125, and 135, which do not include the word "serious." In doing so, FAA removed the word "serious" to describe the type of failures, malfunctions, and defects repair stations must report. Again, it was not FAA's intent to require repair stations to report *all* failures, malfunctions, and defects. Repair stations are required to report only serious failures, malfunctions, and defects. Therefore, FAA is reinserting the word "serious" before the word "failure" in § 145.221(a).

Effect of This Action

This action becomes effective on January 31, 2004, along with the new requirements for part 145 issued on July 30, 2001. Repair stations submitting SDRs for part 121, 125, or 135 certificate holders will be required to report in accordance with the requirements of the appropriate part. For example, a repair station reporting a failure, malfunction, or defect for a part 121 certificate holder would submit the report in accordance with whatever provisions of part 121 are in effect on the date the report is sent. By removing references to specific sections in parts 121, 125, and 135, FAA will be able to amend the requirements for SDRs in the future without making further amendments to part 145.

FAA notes the repair station industry should interpret the word "serious" the same way it is interpreted under the current rule. Repair stations should continue to report failures, malfunctions, or defects as they are currently reported. This amendment will not change current practice in determining which failures, malfunctions, or defects repair stations should report.

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996 requires FAA to comply with small entity requests for information or advice about compliance with statutes and regulations within its jurisdiction. Therefore, any small entity that has a question regarding this document may contact their local FAA official, or the person listed under **FOR FURTHER INFORMATION CONTACT**. You can find out more about SBREFA on the Internet at our site, <http://www.gov/avr/arm/sbreffa.htm>. For more information on SBREFA, e-mail us at 9-AWA-SBREFA@faa.gov.

Paperwork Reduction Act

Information collection requirements on service difficulty reporting have previously been approved by the Office of Management and Budget (OMB) under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. section 3507(d)), and have been assigned OMB Control Number 2120-0682.

International Compatibility

In keeping with U.S. obligations under the Convention on International Civil Aviation, it is FAA policy to comply with International Civil Aviation Organization (ICAO) Standards and Recommended Practices to the maximum extent practicable. FAA has reviewed the corresponding ICAO Standards and Recommended Practices and has identified some differences with these regulations.

Economic Summary, Regulatory Flexibility Act, Trade Impact Assessment, and Unfunded Mandates Assessment

Economic Summary

Changes to Federal regulations must undergo several economic analyses. First, Executive Order 12866 directs each Federal agency to propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs. Second, the Regulatory Flexibility Act of 1980 requires agencies to analyze the economic impact of regulatory changes on small entities. Third, the Trade Agreements Act (19 U.S.C. 2531-2533) prohibits agencies from setting standards that create unnecessary obstacles to the foreign commerce of the United States. In developing U.S. standards, this Trade Agreements Act also requires agencies to consider international standards and, where appropriate, use them as the basis for U.S. standards. Fourth, the Unfunded Mandates Reform Act of 1995 (Pub. L. 104-4) requires agencies to prepare a written assessment of the costs, benefits, and other effects of proposed or final rules that include a Federal mandate likely to result in the expenditure by State, local, or tribal governments, in the aggregate, or by the private sector, of \$100 million or more annually (adjusted for inflation.)

In conducting these analyses, FAA has determined that this rule: (1) Will generate benefits and will not impose any costs, is not a "significant regulatory action" as defined in section 3(f) of Executive Order 12866, and is not "significant" as defined in DOT's Regulatory Policies and Procedures; (2)