

will not have a significant economic impact on a substantial number of small entities; (3) will not constitute a barrier to international trade; and (4) does not impose an unfunded mandate on state, local, or tribal governments, or on the private sector.

Department of Transportation (DOT) Order 2100.5 prescribes policies and procedures for simplification, analysis, and review of regulations. If it is determined that the expected impact is so minimal that the rule does not warrant a full evaluation, a statement to that effect and the basis for the determination is included in the preamble to the rule. Given the reasons presented below, FAA has determined the expected impact of this rule is minimal and the final rule does not warrant a full evaluation.

This amendment will remove specific references found in 14 CFR parts 121, 125, and 135 concerning the requirements for SDRs. This change will eliminate the need to revise part 145 when revising the SDR requirements in the future. Also, the amendment will require repair stations to submit the reports for "serious" failures, malfunctions, and defects, as intended originally. The costs associated with these provisions were addressed in both the Service Difficulty Reports final rule (65 FR 56192; September 15, 2000) and the Repair Stations final rule (66 FR 41088; August 6, 2001).

Regarding benefits, this rule will provide repair stations some cost savings by limiting reports to serious failures, malfunctions, or defects, rather than "any" defect. Also, FAA finds the removal of conflicting effective dates and potential cost savings justify adoption of this rule.

Regulatory Flexibility Determination

The Regulatory Flexibility Act of 1980 (RFA) establishes "as a principle of regulatory issuance that agencies shall endeavor, consistent with the objective of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of the business, organizations, and governmental jurisdictions subject to regulation." To achieve that principle, the RFA requires agencies to solicit and consider flexible regulatory proposals and to explain the rationale for their actions. The RFA covers a wide-range of small entities, including small businesses, not-for-profit organizations and small governmental jurisdictions.

Agencies must perform a review to determine whether a proposed or final rule will have a significant economic impact on a substantial number of small entities. If the agency determines that it

will, the agency must prepare a regulatory flexibility analysis as described in the RFA.

However, if an agency determines that a proposed or final rule is not expected to have a significant economic impact on a substantial number of small entities, section 605(b) of the RFA provides that the head of the agency may so certify and a regulatory flexibility analysis is not required. The certification must include a statement providing the factual basis for this determination, and the reasoning should be clear.

This rule will have a minimal impact on repair stations since it reduces reporting and imposes no costs. FAA, therefore, certifies the rule will not have a significant economic impact on a substantial number of small operators.

Trade Impact Assessment

The Trade Agreement Act of 1979 prohibits Federal agencies from establishing any standards or engaging in 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. FAA has assessed the potential effect of this final rule and has determined that it will impose the same requirements on domestic and international entities and thus has a neutral trade impact.

Unfunded Mandates Assessment

The Unfunded Mandates Reform Act of 1995 (the Act) 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 agency rule that may result in an expenditure of \$100 million or more (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 final rule does not contain such a mandate. The requirements of Title II do not apply.

Executive Order 13132, Federalism

FAA has analyzed this final rule under the principles and criteria of Executive Order 13132, Federalism. We determined this action will not have a substantial direct effect on the States, or the relationship between the national

Government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, we determined this final rule does not have federalism implications.

Environmental Analysis

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

Regulations that Significantly Affect Energy Supply, Distribution, or Use

The FAA has analyzed this NPRM under Executive Order 13211, Actions Concerning Regulations that Significantly Affect Energy Supply, Distribution, or Use (May 18, 2001). We have determined that it is not a "significant energy action" under the executive order because it is not a "significant regulatory action" under Executive Order 12866, and it is not likely to have a significant adverse effect on the supply, distribution, or use of energy.

List of Subjects in 14 CFR Part 145

Air carriers, Air transportation, Aircraft, Aviation safety, Recordkeeping and reporting, Safety.

Adoption of the Amendment

■ Accordingly, the Federal Aviation Administration amends part 145 of Title 14, Code of Federal Regulations as follows:

PART 145—REPAIR STATIONS

■ 1. The authority citation for part 145 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701–44702, 44707, 44717.

■ 2. Section 145.221 is amended by revising paragraphs (a), (c), and (d)

§ 145.221 Reports of failures, malfunctions, or defects.

(a) A certificated repair station must report to the FAA within 96 hours after it discovers any serious failure, malfunction, or defect of an article. The report must be in a format acceptable to the FAA.

* * * * *

(c) The holder of a repair station certificate that is also the holder of a part 121, 125, or 135 certificate; type certificate (including a supplemental type certificate); parts manufacturer approval; or technical standard order