

specter of terrorists using civil aviation aircraft as a missile against civilian targets, government control centers, political targets, and economic, and/or socially prominent assets. This raises concern regarding the vulnerability of critical government and military facilities to the threat of terrorism. National security demands that a terrorist strike within the National Capital Region must be taken into consideration.

The experience of the past 30 years combating acts of air piracy confirms that the losses associated with aircraft bombings and hijackings are identifiable, measurable, and confined. The cost of a catastrophic terrorist act against a civilian aircraft can be estimated in terms of lives lost, property damage, decreased public utilization of air transportation, etc. A terrorist attack using a weapon of mass destruction on an urban area would inflict casualties and property damage on a far greater scale than any act perpetrated against a commercial aircraft. If successful, the economic impact would be enormous and in many ways incalculable as demonstrated by the September 11, 2001, attacks, for which the economic costs will not be fully realized for several years. However, even if such an attack failed, there would be a direct economic cost of reduced travel and tourism due to individuals' perceptions of safety and security.

The rule's objective is to reduce the risk that an airborne terrorist attack initiated from an airport moments away from vital national assets will occur. The cost of a major act of terrorism against a nationally prominent target or critical government infrastructure is extremely difficult to quantify. Dependent upon the target and extent of damages, etc., this type of terrorist act would have far reaching economic consequences and long lasting social and/or political implications. As such, losses associated with such an act are virtually impossible to estimate.

The following analysis describes an attempt at quantifying some of the elements involved with the impact of a small general aviation aircraft within the National Capital Region. This is intended to allow the reader to judge the likelihood of benefits of the rule equaling or exceeding its cost. The FAA recognizes that such an impact may not cause substantial damage to property or a large structure; however, it could potentially result in an undetermined number of fatalities and injuries and reduced tourism.

The FAA is unable to predict which target or location such an aircraft would crash into. In a worst-case scenario, a

general aviation aircraft could be flown into the dome of the Capitol Building. While the destruction of the aircraft is almost certain, it is not known to what extent the dome or the building would be damaged. Fatalities and casualties could number into the thousands in the case of a direct attack. According to the Capitol Visitor Center website, as many as 18,000 individuals visited the Capitol Building each day during peak season, and this does not take into account those who work or do business in the Capitol Building on a daily basis when Congress is in session. Due to the number of unknowns involved in a terrorist attack in the National Capital Region, the economic cost due to fatalities, casualties and property damage are inestimable.

In addition to casualties and property damage, which are difficult to quantify, there would be the potential loss of revenue from a decrease in travel and tourism resulting from a terrorist incident in the nation's capital. This negative impact that a terrorist attack, successful or not, would have on tourism is quantifiable. The heightened state of alert that follows a terrorist strike is typified by halted public tours, obstructed streets, off limits public buildings, closed down landmarks, and increased public apprehension. After the September 11th attacks, tours at the Capitol Building were curtailed and tourism as a whole declined. A terrorist attack specifically against the nation's capital would draw significant national and international media attention. The adverse publicity would weaken consumer confidence and further discourage travel and tourism to the Washington, DC Metropolitan area. The U.S. National Park Service and the District of Columbia Government's Office of Planning and Economic Development cite that tourism is the number one private sector industry in the region. An estimated 22 million visitors come to the Washington Region each year, and spent, on average, about \$116.00 per person.

Assuming that each person spends \$116 per visit, multiplying this times 22,000,000 tourist yields \$2.552 billion as the annual contribution visitors make to the Washington, DC economy. Based on the experience of September 11, 2001, the FAA believes that a decline of three percent is a conservative estimation as to the decline in overall tourism. Three percent of the \$2.552 billion would result in a \$76.56 million decline in revenues to the District of Columbia economy. The FAA believes that the casualty and property loss added to the estimated \$76.56 million revenue decline from reduced tourism

could easily be in the hundreds of millions of dollars.

This SFAR was promulgated on February 13, 2002 and will last for 3 years. Accordingly, these benefits need to be applied over this 3-year period. This analysis looks at the costs and benefits of the SFAR extension, for the final 2 years of this SFAR, so the benefits calculations need to be examined for this 2-year period, meaning that only two-thirds of the \$76.56 million can be applied to this rule; benefits sum to \$51.04 million (\$45.78 million, discounted); these benefits assume an equally likely chance that this incident will be avoided during any time over the 3-year period. The TSA regulatory evaluation will analyze the benefits for the first year of the SFAR.

The cost of this rule is estimated to be \$12.76 million (\$11.44 million, discounted). This cost needs to be compared to the possible unfortunate consequences that could occur if a terrorist attack using a small general aviation aircraft is carried out against a public facility or congested public assembly area located within National Capital Region. Using conservative assumptions, the FAA estimates that the costs of an airborne attack could equal \$76.56 million in terms of fatalities, injuries, the destruction of the airplane, and reduced tourism. Two-thirds of these costs can be counted as the benefits for this SFAR extension, and they need to be contrasted with the cost of implementing SFAR 94 for all three airports. The FAA concludes that the benefits vastly outweigh the costs.

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 Act. However, if an