

be assumed that these small entities were generating sufficient revenues to meet tax and other obligations; however, the costs of complying with SFAR 94 are very high relative to the current revenues reported by the airports. As discussed in more detail in the full analysis, the security costs alone are more than 20 percent of the projected revenues, \$63,100 out of total airport revenue of \$259,000 at Potomac and \$78,600 out of total airport revenue of \$291,300 at Washington Executive Airport/Hyde Field.

The financial impact of the flight restrictions in place before the effective date of SFAR 94 is significant relative to the size of these airports. The reopening of the airports has not improved the financial posture of the airports. The May 17, 2002 temporary closing again of Washington Executive Airport/Hyde Field imperiled the survival of this airport. The complex and burdensome flight restrictions now in place are intimidating and have caused many private pilots to relocate to other airports. On the basis of the above, the FAA considers that the rule will threaten the viability of the impacted airports.

Competitiveness analysis—Airports located further away from the DCA VOR/DME are not subject to the security provisions and air traffic restrictions now in effect for College Park Airport, Potomac Airfield Airport, and Washington Executive Airport/Hyde Field. These airports offer a convenient alternative location for pilots seeking to avoid costly operational restrictions and security requirements. The availability of these airports has contributed to reducing the competitiveness of the affected airports. Pilots flying into the airports covered by this SFAR face additional costs in filing flight plans which they would not have at alternative airport; these costs sum to \$347,900 annually (\$33.13 per operation) at Potomac and \$563,300 annually (\$33.14 per operation) at Washington Executive Airport/Hyde Field.

Business Closure—The FAA is unable to determine with certainty whether the two small airports significantly impacted by this rule will remain open. On the basis of the Affordability Analysis provided above, the FAA considers that the rule will threaten the viability of the impacted airports.

Alternatives

This rule was brought about by the need to restore operations at the affected airports while providing increased protection against the threat of a terrorist strike to the Nation's capital.

The FAA found that the urgent need to provide relief made the use of advance notice impractical and contrary to public interests. The fact that the rule is in effect reduces the number of options to be examined in this analysis; meanwhile, the FAA and the TSA are considering all comments and reviewing other alternatives. Moreover, both agencies believe that any change to the security requirements or air traffic restrictions would be the equivalent of revoking the rule and increasing the vulnerability of the National Capital Region. Thus, the FAA has examined the following three alternatives.

Alternative 1—Rescind the rule immediately—This alternative would provide immediate relief to the airports by removing security provisions and restoring former air traffic control procedures and air space configurations. Implementation of this alternative would facilitate the return of pilots who, for the sake of operating simplicity and reduced flying costs, relocated to other airports. This would be the least costly option. The FAA believes that the threat of terrorists using aircraft as missiles must be guarded against. This makes this regulation necessary until such time that this threat is neutralized.

Conclusion: Rescinding the rule would increase the vulnerability and diminish the level of protection now in place to safeguard vital national assets located within the National Capital Region. This alternative is rejected because it would compromise the security of vital national assets and increase their vulnerability.

Alternative 2—Status Quo—Under this alternative, the FAA and TSA would maintain the present security and air traffic operational restrictions. The annual cost of compliance for the affected airports totals \$511,400; they increase to \$585,400 when the anticipated airport revenue losses are increased by 20%. The rule ensures that any aircraft operating to and from the affected airports and transiting the restricted area specified in the SFAR has been properly identified and cleared.

Conclusion: This alternative is preferred because it balances the security concerns against the impact on the three airports and related businesses.

Alternative 3—Close Airports Permanently—Under this alternative, the FAA would completely close the three airports to all aviation operations. This would effectively close all aviation-related businesses at or near the affected airports. They would be forced to move to other airports or close their businesses permanently. All pilots who have aircraft permanently based at

the airports would also be forced to move their aircraft to other locations, thereby imposing moving costs, including new hanger, tie-down, storage fees, etc. Workers at the airports would be forced to seek employment at one of the other general aviation airports in the Washington Metro area. This is the most costly option.

Conclusion: This alternative is not preferred because it causes the greatest financial burden on the airports, their tenants and aviation-related businesses, and individuals who work or store aircraft at the three affected airports.

International Trade Impact Statement

The Trade Agreement Act of 1979 prohibits Federal agencies from engaging in any standards or 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. In addition, consistent with the Administration's belief in the general superiority and desirability of free trade, it is the policy of the Administration to remove or diminish to the extent feasible, barriers to international trade, including both barriers affecting the export of American goods and services to foreign countries and barriers affecting the import of foreign goods and services into the United States.

In accordance with the above statute and policy, the FAA has assessed the potential effect of this final rule and has determined that it will have only a domestic impact and therefore no effect on any trade-sensitive activity.

Executive Order 13132, Federalism

The FAA has analyzed this rule under the principles and criteria of Executive Order 13132, Federalism. The FAA has determined that 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 have determined that this final rule does not have Federalism implications.

Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (the Act), enacted as Pub. L. 104-4 on March 22, 1995 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