would derive from the new requirement that air carriers report problems that occur during ground operations that

could affect flight safety.

The proposed rule would also explicitly permit the submission of the required reports in an electronic form. Electronic submission of data will give the FAA more timely information, thereby permitting earlier recognition of significant trends. In addition, the allowance of electronic reporting should reduce the processing and storage costs of the air carriers. The costs of duplicating these reports, mailing them to the FAA, and record-keeping should all be reduced. Because of the negligible nature of many of these processing costs, however, any cost-savings should be quite minor. In addition, the need for FAA-compatible equipment/software may dilute some of these cost-savings, at least initially. The FAA invites comments from the industry regarding the potential magnitude of these costsavings.

Regulatory Flexibility Determinations

The Regulatory Flexibility Act of 1980 (RFA) was enacted by Congress to ensure that small entities are not unnecessarily and disproportionately burdened by government regulations. The RFA requires agencies to review rules that may have a "significant economic impact on a substantial number of small entities."

Under FAA Order 2100.14A, the criterion for a "substantial impact" is a number that is not less than 11 and that is more than one third of the small entities subject to the rule. For operators of aircraft for hire, a small operator is one that owns, but not necessarily operates, nine or fewer aircraft. The FAA's criterion for a "significant impact" is \$116,300 or more per year for a scheduled operator whose entire fleet has a seating capacity of 60 seats or more, \$65,000 for a scheduled operator with a fleet including smaller aircraft, and \$4,600 or more for an unscheduled operator.

Any incremental costs or cost-savings per operator are likely to be nominal, however, for reasons previously noted. The FAA has therefore determined that the proposed rule would not have a significant impact on a substantial number of small entities. The FAA solicits comments from the affected segment of the aviation industry regarding the possible extent of any cost impacts.

International Trade Impact Assessment

The incremental costs and cost savings associated with the proposed rule changes are not significant enough to result in relative trade advantages to either U.S. or foreign entities. Therefore, the FAA has determined that they would have no impact on the sale of foreign products domestically, or the sale of U.S. products in foreign markets.

Federalism Implications

The regulations proposed herein will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 12612, it is determined that this proposed rule would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Conclusion

For the reasons discussed in the preamble, and based on the findings in the Regulatory Flexibility Determination and International Trade Impact Analysis, the FAA has determined that this proposed regulation is not a significant regulatory action under Executive Order 12866. In addition, the FAA certifies that this proposal, if adopted, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. This proposal is not considered significant under DOT Order 2100.5, Policies and Procedures for Simplification, Analysis, and Review of Regulations. The FAA has determined that a separate regulatory evaluation is not needed for this proposal, and all information related to the costs and benefits, including an initial Regulatory Flexibility Determination and an International Trade Impact Analysis, is included in this document under the heading "Regulatory Evaluation Summary.'

List of Subjects

14 CFR Part 121

Air carriers, Aircraft, Aviation safety, Reporting and recordkeeping requirements, Safety, Transportation.

14 CFR Part 125

Aircraft, Aviation safety, Reporting and recordkeeping requirements, Safety.

14 CFR Part 127

Air carriers, Aircraft, Aviation safety, Helicopters, Reporting and recordkeeping requirements.

14 CFR Part 135

Air taxis, Aircraft, Aviation safety, Reporting and recordkeeping requirements.

14 CFR Part 145

Aircraft, Aviation safety, Reporting and recordkeeping requirements.

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR parts 121, 125, 127, 135, and 145 of the Federal Aviation Regulations as follows:

PART 121—CERTIFICATION AND OPERATIONS: DOMESTIC, FLAG, AND SUPPLEMENTAL AIR CARRIERS AND COMMERCIAL OPERATORS OF LARGE AIRCRAFT

1. The authority citation for part 121 continues to read as follows:

Authority: 49 U.S.C. app. 1354(a), 1355, 1356, 1357, 1401, 1421–1430, 1472, 1485, and 1502; 49 U.S.C. 106(g).

2. Section 121.703 is amended by revising the heading and paragraphs (a), (c), (d), (e), (f), and (g) and by removing paragraph (h) to read as follows:

§121.703 Operational difficulty reports.

- (a) Each certificate holder shall report the occurrence or detection of each failure, malfunction, or defect concerning—
- (1) Any fire and, when monitored by a related fire-warning system, whether the fire-warning system functioned properly;
- (2) Any false fire or smoke warnings that require the use of emergency procedures;
- (3) An engine exhaust system that causes damage to the engine, adjacent structure, equipment, or components;
- (4) An aircraft component that causes the accumulation or circulation of smoke, vapor, or toxic or noxious fumes requiring the use of emergency procedures;
- (5) Any engine flameout or shutdown during ground or flight operations, excluding intentional engine shutdowns during such operations (e.g., flight crew training, test flights, or while taxiing to reduce fuel consumption);
- (6) A propeller feathering system or ability of the system to control overspeed;
- (7) A fuel or fuel-dumping system that affects fuel flow or causes hazardous leakage during flight;
- (8) A landing gear extension or retraction or the opening or closing of landing gear doors during flight;
- (9) Any brake system component that results in any detectable loss of brake actuating force when the aircraft is in motion on the ground, excluding failures, malfunctions, or defects that are deferrable according to the