



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 26, 2004

**H.R. 4226
Cape Town Treaty Implementation Act of 2004**

*As ordered reported by the House Committee on Transportation and Infrastructure
on May 12, 2004*

The Cape Town Treaty, which CBO expects to come into force during fiscal year 2005, will extend asset-based financing laws, already applied in the United States, to international transactions involving the sale, financing, or leasing of aircraft and aircraft engines. Under that treaty, an international organization will establish a registry to record security interests in aircraft and aircraft engines.

The Federal Aviation Administration (FAA) currently operates a similar registry for domestic aircraft and aircraft engines. To implement the Cape Town Treaty in the United States, H.R. 4226 would expand the FAA's authority to operate that registry and authorize the agency to provide access to the new international registry. The bill also would direct the FAA to issue regulations to implement these changes.

According to the FAA, H.R. 4226 would require no major changes to the agency's existing registry or recording processes, and any increases in administrative costs would be less than \$500,000 a year. Hence, CBO estimates that implementing H.R. 4226 would not significantly affect the federal budget. The bill would not affect direct spending or revenues.

Section 4 of the Unfunded Mandates Reform Act excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that because H.R. 4226 would implement the Cape Town Treaty, it falls within that exclusion. CBO has thus not reviewed the bill for the presence of mandates.

The CBO staff contact for this estimate is Megan Carroll. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.