



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 10, 1998

S. 1353

**Market-based Passenger Air Transportation Improvement and
Smaller Airport Development Act**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on July 14, 1998*

SUMMARY

CBO estimates that S. 1353 would have no significant impact on the federal budget. The bill would require the Secretary of Transportation to study the need for a federal loan guarantee program for the purchase of regional jets by commuter airlines and to report to the Congress. In addition, the bill would allow the secretary to grant slot exemptions at certain airports to improve service at airports not receiving sufficient air service and would change existing limitations on the frequency of flights for certain types of aircraft used at Ronald Reagan Washington National Airport.

S. 1353 would create 24 new daily slots for takeoff and landing operations at National Airport between 7 a.m. and 10 p.m., with 12 of those new slots provided for flights beyond the current 1,250-mile perimeter limit on flights to and from the airport. The new slots would be allocated fairly evenly over the 15 operating hours (with no more than two slots added per hour). The bill would require the secretary to prepare, within one year of enactment and biannually thereafter, a report to the Congress on the impact of the new flight exemptions on noise, air traffic and airport vehicular congestion, safety of operations, and the adequacy of service to certain airports covered by the perimeter restriction on most flights to or from National Airport.

S. 1353 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no significant costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that S. 1353 would have no significant impact on the federal budget. We estimate that completing the study and reports required by the bill would cost less than \$500,000 over the 1999-2003 period, subject to the availability of appropriated funds. Any potential costs for creating and implementing a new federal loan guarantee program would be subject to future legislation because S. 1353 would only require a study of the need for such a program.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1353 contains no intergovernmental mandates as defined in UMRA and would impose no significant costs on state, local, or tribal governments. The bill would increase the number of slots available at Ronald Reagan Washington National Airport by 24, and would allow the Secretary of Transportation to grant air carriers flying to or from an underserved airport a small number of exemptions from federal slot regulations at Chicago O'Hare and New York's La Guardia and John F. Kennedy Airports. In general, as a condition of receiving aid from the Airport Improvement Program, airports must agree to provide gate access, if available, to air carriers granted such exemptions.

In addition, for 12 of the 24 new slots, the bill would change the current federal law that prohibits flights into Ronald Reagan Washington National Airport from outside a 1,250-mile radius. The Secretary of Transportation would be directed to grant exemptions from this federal rule if those exemptions meet specific criteria. Based on information from the affected airports, CBO estimates that these changes would have an insignificant budgetary impact.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill would impose no new private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On July 30, 1998, CBO provided a cost estimate on S. 2279, the Wendell H. Ford National Air Transportation System Improvement Act of 1998 as ordered reported by the Senate Committee on Commerce, Science and Transportation on July 14, 1998. The language contained in S. 1353 is identical to selected provisions contained in S. 2279.

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