



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 25, 1999

H.R. 661

A bill to direct the Secretary of Transportation to prohibit the commercial operation of supersonic transport category aircraft that do not comply with stage 3 noise levels if the European Union adopts certain aircraft noise regulations

*As ordered reported by the House Committee on Transportation and Infrastructure
on February 11, 1999*

H.R. 661 would require the Secretary of Transportation to prohibit the operation of civil supersonic aircraft to or from U.S. airports if the European Union adopts a final regulation affecting the use and sale of certain airline equipment retrofitted for noise control by American companies.

CBO estimates that enacting H.R. 661 would have no immediate impact on the federal budget, but the government could incur costs as the result of arbitration, litigation, or other efforts at dispute resolution in an international forum. It is possible that the federal government could be liable for damages, but CBO has no basis for predicting the likelihood or outcome of such proceedings. Pay-as-you-go procedures would apply because the bill could affect direct spending—if the United States has to pay damages and if it uses the permanent judgment fund appropriation for that purpose.

H.R. 661 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. By effectively banning the operation of Concorde aircraft at U.S. airports, H.R. 661 would impose a new private-sector mandate on British Airways and Air France, the operators of the Concorde. Based on information provided by the Department of Transportation, the Congressional Research Service, and industry sources, CBO estimates that the direct cost of the new private-sector mandate would not exceed the statutory threshold established in UMRA (\$100 million in 1996, adjusted annually for inflation).

The CBO staff contacts are Deborah Reis (for federal costs), and Lesley Frymier (for the private-sector impact). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.