CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 16, 2009

S. 1451
FAA Air Transportation Modernization and Safety Improvement Act

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 21, 2009

SUMMARY

S. 1451 would authorize appropriations, mainly over the 2010-2011 period, for activities of the Federal Aviation Administration (FAA) and other federal programs related to aviation. Provisions of the legislation also would affect direct spending and revenues. CBO and the Joint Committee on Taxation (JCT) estimate that implementing S. 1451 would:

- Increase discretionary spending by $27.9 billion over the 2010-2014 period;

- Reduce net direct spending by $67 million over the 2010-2014 period and increase it by $283 million over the 2010-2019 period; and

- Reduce revenues by $6 million over the 2010-2014 period and $150 million over the 2010-2019 period.

Enacting those provisions that would affect direct spending and revenues would reduce future deficits by $61 million over the 2010-2014 period and increase them by $433 million over the 2010-2019 period.

S. 1451 contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would impose new requirements on both public and private entities that own aircraft, helicopters, or airports. The bill also would require state and local governments to provide the FAA with access to data on certain criminal activity. CBO estimates that the aggregate cost of the intergovernmental mandates in the bill would fall below the annual threshold established in UMRA ($69 million in 2009, adjusted annually for inflation). In addition, the bill would impose private-sector mandates on owners and operators of certain aircraft, and commercial air carriers. Based on information from the FAA and industry sources, CBO estimates that

the aggregate cost of complying with the private-sector mandates in the bill would exceed the annual threshold established in UMRA ($139 million in 2009, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1451 is shown in Table 1. The costs of this legislation fall primarily within budget function 400 (transportation).

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1451 will be enacted near the start of fiscal year 2010. Outlay estimates are based on historical spending patterns for affected programs and on information provided by the Department of Transportation (DOT) and the FAA.

Spending Subject to Appropriation

S. 1451 would authorize appropriations, mainly over the 2010-2011 period, for the FAA and other federal programs related to aviation. We estimate that fully funding S. 1451 would increase discretionary spending by $27.9 billion over the 2010-2014 period, primarily for major programs administered by the FAA. That estimate assumes that amounts authorized and estimated to be necessary for later years are provided near the start of each fiscal year.

FAA Operations. S. 1451 would authorize appropriations totaling about $19.0 billion over the 2010-2011 period for FAA operations, particularly for salaries and expenses related to operating the air traffic control system. (Slightly more than $9.0 billion for FAA operations was appropriated for 2009.) Assuming appropriation of the authorized amounts, CBO estimates that fully funding FAA operations as authorized in S. 1451 would result in additional spending totaling about $19.0 billion over the 2010-2014 period.

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF S. 1451

	By Fiscal Year, in Millions of Dollars						
	2009	2010	2011	2012	2013	2014	2009-2014
SPENDING SUBJECT TO APPROPRIATION							
Spending Under Current Law							
Budget Authority/Authorization Level [a]	13,360	127	77	77	77	77	13,795
Estimated Outlays [b]	15,775	6,570	5,120	4,407	4,116	4,041	40,029
Proposed Changes							
FAA Operations							
Authorization Level	0	9,336	9,620	0	0	0	18,956
Estimated Outlays	0	8,309	9,589	1,058	0	0	18,956
Air Navigation Facilities and Equipment							
Authorization Level	0	3,500	3,600	0	0	0	7,100
Estimated Outlays	0	1,855	2,783	1,425	750	251	7,064
Airport Improvement Program [c]							
Authorization Level	0	0	0	0	0	0	0
Estimated Outlays	0	73	169	250	290	311	1,093
Research Engineering and Development							
Authorization Level	0	200	206	0	0	0	406
Estimated Outlays	0	106	177	92	27	4	406
Essential Air Service							
Authorization Level	0	48	48	48	48	48	240
Estimated Outlays	0	38	48	48	48	48	230
Other Provisions							
Estimated Authorization Level	0	78	63	28	27	27	223
Estimated Outlays	0	46	51	32	27	27	183
Total Changes							
Estimated Authorization Level	0	13,162	13,537	76	75	75	26,925
Estimated Outlays	0	10,427	12,817	2,905	1,142	641	27,932
Spending Under S. 1451							
Estimated Authorization Level	13,360	13,289	13,614	153	152	152	40,720
Estimated Outlays	15,775	16,997	17,937	7,312	5,258	4,682	67,961

Continued

TABLE 1. Continued.

	By Fiscal Year, in Millions of Dollars						
	2009	2010	2011	2012	2013	2014	2009-2014
DIRECT SPENDING							
Spending Under Current Law							
Estimated Budget Authority [c]	3,870	3,870	3,870	3,870	3,870	3,870	23,220
Estimated Outlays	50	50	50	50	50	50	300
Proposed Changes							
Estimated Budget Authority	0	180	299	294	280	180	1,233
Estimated Outlays	0	0	15	15	3	-100	-67
Spending Under S. 1451 [d]							
Estimated Authorization Level	3,870	4,050	4,169	4,164	4,150	4,050	24,453
Estimated Outlays	50	50	65	65	53	-50	233
CHANGES IN REVENUES							
Estimated Revenues [e]	0	-1	16	7	-12	-16	-6
NET IMPACT OF CHANGES IN DIRECT SPENDING AND REVENUES ON THE DEFICIT							
Net Increase or Decrease (-) in the Deficit	0	1	-1	8	15	-84	-61

Notes: FAA = Federal Aviation Administration.

a. The 2009 level is the amount appropriated for that year for FAA operations; facilities and equipment; research, engineering, and development; essential air service; and other aviation-related activities. The 2010-2014 levels reflect amounts authorized to be appropriated under current law for essential air service.

b. Estimated outlays under current law are from amounts appropriated for 2009 and previous years for FAA operations; facilities and equipment; research, engineering, and development; essential air service; and other aviation-related activities as well as discretionary outlays from the obligation limitations for the Airport Improvement Program.

c. Budget authority for the Airport Improvement Program is provided as contract authority, a mandatory form of budget authority; however, outlays from that contract authority are subject to limitations on obligations specified in annual appropriation acts and are therefore considered discretionary.

d. Enacting S. 1451 would increase direct spending by $283 million over the 2010-2019 period (see Table 2 for annual effects through 2019).

e. Enacting S. 1451 would reduce revenues by $150 million over the 2010-2019 period (see Table 2 for annual effects through 2019).

Air Navigation Facilities and Equipment. S. 1451 would authorize appropriations totaling $7.1 billion over the 2010-2011 period for facilities and equipment—primarily infrastructure and systems for communication, navigation, and radar surveillance related to air travel. (Public Law 111-5 and Public Law 111-8 provided a total of $2.9 billion for 2009 for those activities.) Assuming appropriation of the amounts authorized under S. 1451, CBO estimates that outlays would increase by about $7.1 billion over the 2010-2014 period.

By authorizing appropriations for air navigation facilities and equipment over the 2010-2011period, S. 1451 would authorize adjustments to contract authority for the airport improvement program in those years. Current law provides for increases to contract authority (a mandatory form of budget authority) for that program in any year that the amounts authorized to be appropriated for facilities and equipment exceed amounts actually provided in appropriation acts for such activities. Any such changes authorized under S. 1451 and triggered by annual appropriation acts would be considered changes in direct spending and are discussed later in this estimate (see the following section entitled "Direct Spending").

Airport Improvement Program (AIP). S. 1451 would provide $8.1 billion in contract authority (a mandatory form of budget authority) over the 2010-2011 period for the Airport Improvement Program. (Under current law, the FAA has about $3.8 billion in contract authority available through 2009.) Through that program, the FAA provides grants to airports for projects to enhance safety and increase airports' capacity for passengers and aircraft. Outlays from AIP contract authority are controlled by limitations on obligations set in annual appropriation acts and are therefore considered discretionary.

CBO estimates that enacting this provision would increase contract authority over levels assumed in CBO's current baseline by $460 million over the 2010-2011 period that is specifically covered under S. 1451 and by $280 million annually thereafter. (See the "Direct Spending"section of this estimate for a discussion of the budgetary treatment of AIP contract authority under the budget resolution baseline and for purposes of projecting costs under proposed legislation.)

In total, assuming that obligation limitations for AIP spending, as set forth in annual appropriation acts, are equal to the levels of contract authority projected under S. 1451, CBO estimates that implementing this provision would increase discretionary spending by about $1.1 billion over the 2010-2014 period, with additional spending occurring in later years. That amount includes about $900 million in spending from additional contract authority under the bill. It also includes nearly $200 million in accelerated outlays from contract authority assumed in the current baseline that CBO estimates would be spent faster under S. 1451, largely due to provisions that would increase the maximum federal share of certain airport projects and expand eligibility criteria for AIP grants.

Research, Engineering, and Development. S. 1451 would authorize appropriations totaling $406 million over the 2010-2011 period for aviation-related research activities. (Public Law 111-8 appropriated $171 million for FAA's research programs for 2009.) Assuming appropriation of the authorized amounts, CBO estimates that resulting outlays would total $406 million over the 2010-2014 period.

Essential Air Service (EAS). S. 1451 would permanently increase, from $77 million to $125 million a year, the amount authorized to be appropriated for the Essential Air Service program. Under that program, which received $73 million for 2009 under Public Law 111-8, DOT makes payments to air carriers that provide air service to certain rural communities. CBO estimates that fully funding EAS under S. 1451 would require additional appropriations totaling $240 million over the 2010-2014 period and result in outlays totaling $230 million over the next five years, with additional outlays occurring after 2014.

Other Provisions. CBO estimates that implementing other provisions of S. 1451 would require appropriations totaling $223 million over the 2010-2014 period. That amount includes:

- $125 million to provide financial support for projects related to modernizing the air traffic control system, particularly the installation of certain avionics equipment on aircraft;

- $70 million for the Small Community Air Service Development Program;

- $10 million for the Department of the Interior to develop a plan for managing air tours within national parks; and

- $18 million for various studies, reports, and activities to be carried out by the FAA, DOT, and other agencies.

Assuming appropriation of amounts specified and estimated to be necessary, CBO estimates that fully funding those activities would cost $183 million over the 2010-2014 period.

Direct Spending

CBO estimates that enacting S. 1451 would reduce net direct spending by $67 million over the 2010-2014 period and increase it by $283 million over the 2010-2019 period. Those changes, presented in detail in Table 2, would result from provisions that would provide additional contract authority for the AIP, increase direct spending of overflight fees, and extend the FAA's authority to sell certain insurance.

TABLE 2. EFFECTS ON DIRECT SPENDING AND REVENUES UNDER S. 1451

	By Fiscal Year, in Millions of Dollars											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2014	2009-2019
CHANGES IN DIRECT SPENDING												
AIP Contract Authority [a]												
Estimated Budget Authority	180	280	280	280	280	280	280	280	280	280	1,300	2,700
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Aviation War Risk Insurance												
Estimated Budget Authority	0	0	0	0	-100	-110	-50	30	240	240	-100	250
Estimated Outlays	0	0	0	0	-100	-110	-50	30	240	240	-100	250
Increased Spending of Overflight Fees												
Estimated Budget Authority	0	19	14	0	0	0	0	0	0	0	33	33
Estimated Outlays	0	15	15	3	0	0	0	0	0	0	33	33
Total Changes												
Estimated Budget Authority	180	299	294	280	180	170	230	310	520	520	1,233	2,983
Estimated Outlays	0	15	15	3	-100	-110	-50	30	240	240	-67	283
CHANGES IN REVENUES												
Passenger Facility Fees	-1	-3	-7	-12	-16	-20	-24	-29	-33	-37	-39	-183
Overflight Fees	0	19	14	0	0	0	0	0	0	0	33	33
Total Estimated Revenues	-1	16	7	-12	-16	-20	-24	-29	-33	-37	-6	-150
NET IMPACT ON THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Net Increase or Decrease (-) in the Deficit	1	-1	8	15	-84	-90	-26	59	273	277	-61	433

Note: AIP = Airport Improvement Program.

a. Budget authority for the Airport Improvement Program is provided as contract authority, a mandatory form of budget authority; however, outlays from that contract authority are subject to limitations on obligations specified in appropriation acts and are therefore discretionary.

Airport Improvement Program Contract Authority. CBO estimates that enacting S. 1451 would result in $2.7 billion in additional contract authority for the AIP over the 2010-2019 period. (Under current law, the FAA has about $3.8 billion in contract authority available through 2009.) As previously noted, spending from contract authority is controlled by obligation limitations specified in annual appropriation acts. Thus, outlays of the AIP are considered discretionary.

Baseline Treatment of AIP Contract Authority. Pursuant to rules that govern the calculation of CBO's baseline, funding for certain expiring programs—such as contract authority for AIP—is assumed to continue for budget projection purposes. Consistent with that practice, CBO’s baseline assumes that AIP contract authority over the 2010-2019 period will remain at the 2009 level of about $3.8 billion per year.

Net Increases to Contract Authority. Under S. 1451, AIP contract authority would total $4.0 billion in 2010 and increase to $4.1 billion in 2011. Consistent with CBO's methodology for projecting contract authority under proposed legislation, we assume that contract authority for AIP would continue after 2011 and would remain at $4.1 billion annually over the 2012-2019 period. In total, CBO estimates that contract authority under S. 1451 would exceed levels of contract authority already assumed in the CBO baseline by $2.7 billion over the 2010-2019 period.

Potential Adjustments to AIP Contract Authority. Public Law 106-181, the Wendell H. Ford Aviation Investment Reform Act for the 21st Century Act, enacted in 2000, created a permanent mechanism that provides for an increase to AIP contract authority in any year that the amount authorized to be appropriated for air navigation and facilities exceeds the amount provided for such activities in an appropriation act. By authorizing appropriations for facilities and equipment over the 2010-2011 period, S. 1451—in conjunction with that provision of current law—would authorize adjustments to AIP contract authority for those years. Any adjustment authorized under this legislation, once triggered by annual appropriation acts, would constitute new direct spending authority. All spending for AIP—including spending from such adjustments—would remain subject to obligation limitations established in appropriation acts. Although S. 1451 could result in additional AIP contract authority of as much as $7.1 billion over the 2010-2011 period if no appropriations were provided for air navigation facilities and equipment, CBO assumes that appropriations will equal the amounts authorized by the bill; thus, we project no additional increases to AIP contract authority under S. 1451.

Aviation War Risk Insurance. Under current law, the FAA offers a program for commercial air carriers and aircraft and engine manufacturers that, in exchange for a premium payment, insures policyholders against liabilities arising from losses caused by terrorist events. The FAA also offers a nonpremium insurance program to air carriers that participate in the Civil Reserve Air Fleet (CRAF). The FAA's authority to operate both of those programs is scheduled to expire on December 31, 2013. S. 1451 would extend that authority through October 2017. CBO estimates that extending the CRAF program through that time would have no significant budgetary impact; however, extending the FAA's authority to offer insurance for commercial air carriers and manufacturers through fiscal year 2017 would increase net direct spending by $250 million over the 2014-2019 period. Over the long run, we estimate that extending the authority to operate the program would result in additional net costs to the federal government after 2019.

Program Extension Through 2017. For this estimate, CBO assumes that the FAA would continue to offer commercial aviation insurance at rates that would not fully offset the government's cost of providing that coverage. Initial savings under S. 1451 would result because the FAA would collect premiums in full when coverage is sold, while payments for expected losses would likely begin slowly and occur over several years. Based on information from the FAA about current insurance terms and rates, CBO estimates that expected losses for claims would total $850 million over the 2014-2019 period and about

$750 million in later years for a total of roughly $1.6 billion over time. We further estimate that increased offsetting receipts from premiums (a credit against direct spending) would total $600 million over the 2014-2017 period. Thus, while we estimate that extending the commercial insurance program through 2017 would increase net direct spending by $250 million over the 2014-2019 period, we also estimate the program's net costs over a longer time period would total nearly $1.0 billion.

CBO cannot predict how much damage terrorists might cause in any specific year. Instead, our estimate of the cost of insurance coverage under S. 1451 represents an expected value of payments from the program—a weighted average that reflects the probability of various outcomes, from zero damages up to very large damages due to possible future terrorist attacks. The expected value can be thought of as the amount of an insurance premium that would be necessary to fully offset the risk of providing this insurance. CBO's estimate of the expected cost for S. 1451 is based on private-sector premiums for terrorism insurance that have been adjusted for differences in costs faced by private insurance firms that are not borne by the federal government. While this cost estimate reflects our best judgment on the basis of available information, costs are a function of inherently unpredictable future terrorist attacks. As such, actual costs could fall anywhere within an extremely broad range.

Increased Spending of Overflight Fees. Under current law, DOT has authority to spend, without further appropriation, revenues from overflight fees paid by air carriers to reimburse the FAA for the costs of providing navigational support to flights that neither take off nor land in the United States. As discussed below, JCT estimates that enacting S. 1451 would increase revenues from such fees starting in fiscal year 2011. CBO estimates that resulting increases in direct spending would total $33 million over the 2010-2019 period. Under the bill, such spending would support activities related to enhancing air service to rural communities.

Revenues

JCT estimates that enacting S. 1451 would reduce revenues by $6 million over the 2010-2014 period and $150 million over the 2010-2019 period. The estimated changes stem from provisions related to passenger facility fees and overflight fees.

Passenger Facility Fees. Under current law, airport agencies may collect, subject to DOT approval, fees of up to $4.50 per passenger to fund airport infrastructure programs. (Such fees are collected and spent by airport agencies and are not included in the federal budget.) S. 1451 would direct the Secretary of Transportation to establish a pilot program to allow up to six airport agencies to test alternate means of collecting passenger fees. Participating airports would be permitted to charge fees in excess of the statutory limit. JCT expects that the proposed changes would increase revenues to airports from such passenger facility fees, subsequently lead to increased tax-exempt financing for airport construction and related projects, and consequently, reduce federal revenues. JCT estimates that federal revenue losses would total $39 million over the 2010-2014 period and $183 million over the next 10 years

Overflight Fees. S. 1451 would direct the FAA, through an expedited rulemaking process, to increase fees for certain navigational services provided for flights that neither take off nor land in the United States, known as overflight fees. Such fees are generally paid by foreign air carriers and are recorded as revenues. Under current law, JCT expects the FAA would not increase such fees before 2012. JCT estimates that the agency's costs to provide support for overflights exceeds revenues from fees by about $19 million annually. The expedited rulemaking would generate increased revenues for fiscal years 2011 and 2012. JCT estimates that those resulting increases in revenues would total $33 million over the 2011-2012 period. (As discussed earlier, those increased revenues would result in corresponding increases in direct spending for certain activities related to enhancing air service to rural communities.)

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1451 contains intergovernmental and private-sector mandates as defined in UMRA because it would impose new requirements on both public and private entities that own aircraft, helicopters, or airports. The bill also would require state and local governments to provide the FAA with access to data on criminal activity. CBO estimates that the aggregate cost of intergovernmental mandates in the bill would fall below the annual threshold established in UMRA ($69 million in 2009, adjusted annually for inflation). In addition, the bill would impose private-sector mandates on owners and operators of certain aircraft, and commercial air carriers. Based on information from the FAA and industry sources, CBO estimates that the aggregate cost of complying with the private-sector mandates in the bill would exceed the annual threshold established in UMRA ($139 million in 2009, adjusted annually for inflation).

Mandates that Apply to Both Public and Private Entities

Next Generation Air Transportation System (NextGen) Equipment Requirements. Section 315 would require owners of aircraft to install two different types of NextGen equipment on their aircraft, one by 2015 and the other by 2018. According to industry sources, the equipment costs would average at least $4,000 per aircraft, and approximately 240,000 aircraft could be affected. CBO expects that the cost to comply with the mandate would be largest in the year before each of the equipment types is required to be installed. Therefore, the cost to private entities to comply with this mandate could exceed the threshold in at least one of those years. Because of the relatively small number of public aircraft affected, CBO estimates the cost to state and local governments would be minimal.

Helicopter Emergency Medical Service Safety Requirements. Section 507 would require operators of helicopters and fixed-wing aircraft for emergency medical service to comply with certain operating procedures whenever a medical crewmember is on board. It also would require such helicopters and fixed-wing aircraft acquired after the bill's enactment to have an operational terrain awareness and warning system that meets FAA specifications. The bill would require flight operators to use a standardized checklist of risk evaluation factors and standardized dispatch procedures (both to be developed by the FAA). In addition, the bill would require flight data and cockpit voice recorders on all helicopters and fixed-wing aircraft used for emergency medical services. Because the specific standards have not been established by the FAA and because of the large number of private aircraft that could be affected by those standards, the incremental costs that would be incurred by private-sector entities to comply with those standards is uncertain. Due to the small number of public entities affected by the requirements, however, CBO estimates that the costs to state and local governments would be small.

Procedural Requirements for PFC Charges. Section 201 would require airports that use passenger facility charges to submit annual reports of their activities. The bill also would reduce the number of activities for which airport operators could impose such charges. CBO estimates that the costs of the new requirements would be small relative to the annual threshold.

Contingency plans. Section 401 would require certain airport operators to provide DOT contingency plans for emergency circumstances that ground aircraft. Depending on how many airports have to submit plans, CBO estimates that the costs to state and local governments would range from $5 million to $10 million in the first year of implementation. According to the FAA, only a small number of private airports would be subject to the planning requirement. CBO, therefore, estimates that costs to private airports would be small.

Pilot History Reporting Requirements. Section 551 would require air carriers and public entities to submit to the FAA the flight history of pilots they employ. According to industry sources, air carriers currently keep flight histories in a database used by the air carrier industry. This information could easily be transmitted to the FAA, and therefore, the mandate would impose minimal costs, CBO estimates.

Mandates that Apply to Public Entities Only

Access to Criminal History Records. Section 505 would give the FAA the right to access criminal justice data maintained by the states. Requiring that access would be an intergovernmental mandate as defined in UMRA because state and local governments would be required to comply with requests for information from the FAA. Although we cannot predict the extent to which the FAA would request such access, CBO estimates that the additional costs to state, local, and tribal governments of complying would be small.

Mandates that Apply to Private Entities Only

S. 1451 contains several private-sector mandates as defined in UMRA. Those mandates include a prohibition on operating certain aircraft not in compliance with low-noise criteria, and requirements on air carriers related to airline employees and passenger service.

Prohibition on Aircraft Noise Levels Below Stage 3. Section 710 would prohibit, with certain exemptions, the operation of civil aircraft weighing 75,000 pounds or less in the 48 contiguous states if the aircraft does not comply with stage-3 noise levels. (The FAA classifies aircraft into four stages based on measurements of noise level: stage-3 is one of the quietest of those stages.) The prohibition would take effect five years after the date of enactment. According to industry sources, compliance could require engine modifications on existing aircraft when possible, or decommissioning of aircraft that cannot be adequately modified. Those sources estimate the total cost of bringing existing aircraft into compliance could range from a low of $300 million to more than $1 billion depending on the technology used. CBO expects that the direct cost to comply with the mandate would be largest in the year before the prohibition would take effect.

Airline Employee and Service Requirements. The bill would impose several new requirements on air carriers related to airline employees and passenger service. Based on information from industry sources, CBO expects that none of those mandates would impose significant additional costs on air carriers relative to UMRA's threshold.

Mandates related to airline employees would require air carriers to:

- Hire only maintenance workers for commercial aircraft who are certified and have submitted to a drug and alcohol test;
- Implement FAA standards that would help combat flight crew fatigue;
- Comply with limitations on hiring or contracting with safety inspectors previously employed by the FAA;
- Provide training for flight attendants and gate attendants that addresses serving alcohol, dealing with disruptive passengers, and recognizing intoxicated persons; and
- Hire only flight attendants on flights into the United States that can read, speak, and write English.

Mandates related to airline passenger service and safety would require air carriers to:

- Allow passengers to deplane if 3 hours have elapsed since the cabin doors were closed and the aircraft has not departed or if the aircraft has landed and has been on the ground for 3 hours;

- Develop and submit reports related to certain emergency contingencies and diverted or cancelled flights;

- Submit to random, unannounced, on-site inspections at least once a year;

- Develop a Safety Management System under the standards established by the FAA;

- Allow passengers to safely transport musical instruments as carry-on or checked baggage without charging an additional fee, or allow the instrument to be carried in seat next to the owner if the owner has purchased an additional seat; and

- Publish and disclose to customers information on chronically delayed flights and fees passengers might incur when the flight is being booked.

Other Impacts

The bill would benefit public and private airports by authorizing grants for planning, development, noise mitigation, and other initiatives. Any costs those entities incur to comply with grant requirements would result from complying with conditions of federal assistance.

PREVIOUS CBO ESTIMATE

On April 22, 2009, CBO transmitted a cost estimate for H.R. 915, the FAA Reauthorization Act of 2009, as ordered reported by the House Committee on Transportation and Infrastructure on April 3, 2009. Many provisions of S. 1451 are similar to H.R. 915.

Both bills would authorize appropriations for major FAA programs. Differences in our estimates of spending subject to appropriation reflect differences in amounts authorized to be appropriated to the FAA. The estimate of spending under H.R. 915 is higher, primarily because it would authorize one additional year of funding to continue FAA programs through 2012.

In total, S. 1451 would result in a greater increase in net direct spending over the 2010-2014 period than H.R. 915, primarily because of differences in estimates of provisions to extend FAA's authority to offer commercial aviation war-risk insurance. While S. 1451 would extend that authority only through fiscal year 2017, H.R. 915 would extend it through December 2019 thereby generating additional income from premiums that would help to offset the program's cost during the 2014-2019 period reflected in this cost estimate.

Under both H.R. 915 and S. 1451, changes to federal revenues would be driven primarily by provisions that JCT expects would increase levels of passenger fees charged by airport agencies. Compared to estimated fees under H.R. 915, JCT estimates that increased passenger fees under S. 1451, and subsequent increases in tax-exempt financing, would be less.

The House bill contains several private-sector mandates that are similar to those contained in S. 1451, including the prohibition on operating aircraft that do not meet certain noise standards and requirements on air carriers related to employees and passenger service. The House bill also contains a mandate that is not included in S.1451 that would impose new standards on public and private airports for aircraft rescue and firefighting. CBO determined that the aggregate cost of mandates in the House bill would exceed UMRA's annual thresholds for both intergovernmental and private-sector mandates.

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