



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas W. Elmendorf, Director

February 2, 2011

Honorable Kent Conrad
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed estimate of the effects on direct spending and revenues of enacting S. 223, the FAA Air Transportation Modernization and Safety Improvement Act, as introduced on January 27, 2011.

CBO estimates that enacting S. 223 would reduce net direct spending by \$185 million over the 2011-2016 period and increase it by \$675 million over the 2011-2021 period. The staff of the Joint Committee on Taxation (JCT) estimate that the legislation would increase revenues by \$241 million over the 2011-2016 period and by \$216 million over the 2011-2021 period. In total, CBO and JCT estimate that enacting S. 223 would reduce deficits by \$426 million over the 2011-2016 period and increase them by \$459 million over the 2011-2021 period.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Megan Carroll.

Sincerely,

A handwritten signature in cursive script that reads "Douglas W. Elmendorf".

Douglas W. Elmendorf

Enclosure

cc: Honorable Jeff Sessions
Ranking Member

Honorable John D. Rockefeller IV

CBO ESTIMATE OF EFFECTS ON DIRECT SPENDING AND REVENUES OF ENACTING S. 223, THE FAA AIR TRANSPORTATION MODERNIZATION AND SAFETY IMPROVEMENT ACT AS INTRODUCED ON JANUARY 27, 2011

	By Fiscal Year, in Millions of Dollars													
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2016	2011-2021	
CHANGES IN DIRECT SPENDING														
Changes to AIP Contract Authority ^a														
Budget Authority	400	400	400	400	400	400	400	400	400	400	400	2,400	4,400	
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aviation War-Risk Insurance														
Expected Claims Payments														
Estimated Budget Authority	0	0	0	20	50	110	190	230	240	210	150	180	1,200	
Estimated Outlays	0	0	0	20	50	110	190	230	240	210	150	180	1,200	
Premiums														
Estimated Budget Authority	0	0	0	-110	-150	-150	-160	0	0	0	0	-410	-570	
Estimated Outlays	0	0	0	-110	-150	-150	-160	0	0	0	0	-410	-570	
Spending of Updated Overflight Fees														
Estimated Budget Authority	5	13	15	9	3	0	0	0	0	0	0	45	45	
Estimated Outlays	5	13	15	9	3	0	0	0	0	0	0	45	45	
Rescission of Highway Contract Authority ^a														
Estimated Budget Authority	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-600	-1,100	
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Changes in Direct Spending														
Estimated Budget Authority	305	313	315	219	203	260	330	530	540	510	450	1,615	3,975	
Estimated Outlays	5	13	15	-81	-97	-40	30	230	240	210	150	-185	675	
CHANGES IN REVENUES														
Passenger Facility Charges	*	-1	-2	-3	-5	-7	-8	-10	-12	-13	-15	-18	-76	
Update on Overflight Fees	5	13	15	9	3	0	0	0	0	0	0	44	44	
Modification of Tax on Kerosene Used for Aviation	25	56	58	2	0	0	0	0	0	0	0	141	141	
Change to Exemption for Certain Small Aircraft	1	4	4	4	5	5	6	6	6	7	8	23	56	
Change in Treatment of Fractional Aircraft Ownership Program	2	31	1	17	0	0	0	0	0	0	0	51	51	
Total, Estimated Revenues	33	103	76	29	3	-2	-2	-4	-6	-6	-7	241	216	
NET IMPACT ON THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES														
Net Increase or Decrease (-) in the Deficit ^b	-28	-90	-61	-110	-100	-38	32	234	246	216	157	-426	459	

Notes: AIP = Airport Improvement Program; * = between -\$500,000 and \$500,000.
Components may not sum to totals due to rounding.

Sources: Congressional Budget Office and Joint Committee on Taxation

- a. Budget authority for the Airport Improvement Program and Highways 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.
- b. CBO and JCT estimate that S. 223 would reduce the deficit by \$288 million over the 2011-2014 period and increase it by \$89 million over the 2011-2019 period.