



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 15, 1997

S. 1196

Foreign Air Carrier Family Support Act

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on September 23, 1997*

CBO estimates that enacting S. 1196 would not have a significant impact on the federal budget. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply. S. 1196 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would not affect the budgets of state, local, or tribal governments. The bill would impose a private-sector mandate on foreign air carriers operating in the United States. CBO estimates, however, that the costs of complying with the mandate would not exceed the threshold established in UMRA.

Public Law 104-264 requires domestic aircraft carriers to submit plans to the Secretary of Transportation and the National Transportation Safety Board (NTSB) providing for family support services in the event of plane crash. S. 1196 would extend those same planning requirements to foreign air carriers operating in the United States. Carriers that do not submit a plan to the Secretary of Transportation could be denied permission to operate in this country.

CBO estimates that enacting this bill would result in no significant costs to the federal government because the Department of Transportation and the NTSB have already designated and trained staff to review the plans of domestic aircraft carriers and the additional costs associated with reviewing the plans of foreign aircraft carriers would be minimal.

S. 1196 would impose a private-sector mandate on foreign air carriers that use the United States as a point of embarkation, destination, or stop-over. Section 2 would require those foreign carriers to submit and comply with a plan that addresses the needs of the families of passengers involved in an aircraft accident within the United States resulting in a significant loss of life. Foreign air carriers would have to submit the plans to the Secretary of Transportation and the Chairman of the National Transportation Safety Board. The mandate would become effective six months after enactment of the bill. CBO estimates that the cost

of complying with the mandate would be well below the private-sector mandate threshold of \$100 million a year (adjusted for inflation) .

According to the Department of Transportation, approximately 340 Canadian and Mexican air taxis and fewer than 320 other foreign air carriers have permission to provide air service to the United States. Many large foreign air carriers, including those that are partners with U.S. air carriers, currently have plans in place that are consistent with the requirements outlined in S. 1196. Other foreign air carriers contract out for the necessary assistance in the event of an aircraft accident. Those foreign air carriers that do not have accident plans may use subscriber services or base their plans on model plans that are available. Netted against mandated costs would be savings that foreign air carriers might realize from a provision that would limit the liability of a foreign air carrier arising from its performance in preparing or providing a passenger list pursuant to the requirements of this bill.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Rachel Forward and Clare Doherty (for federal costs), and Jean Wooster (for the impact on the private sector). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.