



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

August 14, 1998

S. 268

National Parks Air Tour Management Act of 1998

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

SUMMARY

S. 268 would make clear that the Federal Aviation Administration (FAA) has the authority to regulate aircraft overflights affecting public and tribal lands, and would establish a process for FAA and the National Park Service (NPS) to coordinate the development and implementation of such regulations.

CBO estimates that enacting S. 268 would increase discretionary spending over the 1999-2003 period, but that the increase would total less than \$500,000 each year, subject to the availability of appropriated funds. Enacting the bill could further increase discretionary outlays over the next five years if the agencies implemented regulations on park overflights under the bill more quickly than they would under current law, but CBO estimates that there would probably be no significant change in FAA or NPS spending over the next five years. Because S. 268 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

S. 268 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would have no significant impact on the budgets of state, local, or tribal governments.

S. 268 would impose a private-sector mandate, as defined by UMRA, on operators of commercial air tours. CBO estimates that the total direct costs of the mandate would not exceed the annual threshold for private-sector mandates (\$100 million in 1996, adjusted for inflation).

DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

Under current law, the Administration has been formulating a policy and process to manage aircraft overflights over all national parks, with the goal of creating a national overflights rule. S. 268 would make clear that FAA has the authority to regulate aircraft overflights affecting public and tribal lands, and would establish a coordinated process for FAA and the NPS to develop and implement such regulations. Although the implementation of regulations on national park overflights will likely occur under current law, enacting H.R. 4268 could speed up that implementation.

S. 268 would require operators of commercial air tours to apply to FAA within 90 days of enactment for authority to operate over a national park or tribal lands (except in Grand Canyon National Park and the state of Alaska). The bill would require FAA and the NPS to develop an air tour management plan (ATMP) for any national park for which such a plan is not in effect within 24 months from when a person applies for permission to operate air tours over that area. The bill would require ATMPs to include an environmental decision document and incentives for air tour operators to adopt quieter aircraft technology. The bill would authorize the NPS and FAA to limit or prohibit air tour operations through the ATMPs.

The bill would require the NPS and FAA to jointly establish an advisory group on the operation of commercial air tours within one year of enactment. Members of the advisory group would be allowed travel expenses, and the bill would require the agencies to provide clerical assistance to the group. The bill also would require FAA to report within 180 days of enactment on the effects that proposed overflight fees would likely have on the commercial air tour industry. In addition, the bill would require FAA and the NPS to report jointly within 24 months of enactment on the success of S. 268 in providing incentives for quiet aircraft technology.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Based on information from the NPS and FAA, CBO estimates that discretionary outlays by the agencies to conduct planning and rulemaking, complete ATMPs (including environmental analyses), and monitor any overflight limits established in ATMPs would total about \$29 million over the 1999-2008 period. This process is already under way, and we expect that these costs will be incurred within the next 10 years under current law, assuming appropriation of the estimated amounts. S. 268 would require the NPS and FAA to complete the ATMPs within three years of enactment. Therefore, enacting S. 268 could increase discretionary outlays in the short term if the agencies implemented park overflight

regulations under the bill more quickly than they would under current law. If so, and if those plans limited overflights, the FAA would begin incurring monitoring costs sooner, thereby increasing total monitoring costs. However, CBO estimates that enacting the bill would probably cause no significant change in FAA or NPS spending over the 1999-2003 period. We estimate that operating the joint advisory group would cost the agencies about \$25,000 each year, subject to appropriation action.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 268 contains no intergovernmental mandates as defined in UMRA and would have no significant impact on the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 268 would impose a private-sector mandate, as defined by UMRA, on operators of commercial air tours. However, CBO estimates that the total direct costs of the mandates would not exceed the annual threshold for private-sector mandates (\$100 million in 1996, adjusted for inflation).

S. 268 would require operators of commercial air tours to apply for authority from FAA before they would be able to conduct tours over a national park or tribal land. Those tour operators that currently operate over national parks or tribal lands would be able to conduct tours for an interim period if they apply to FAA for that authority. Air tour management plans (ATMPs) would be developed for every park where an air tour operator flies. The ATMPs would affect all commercial air tour operations up to a half-mile outside each national park boundary. The plans could prohibit commercial air tour operations in whole or in part and could establish conditions for operation, such as maximum and minimum altitudes, the maximum number of flights, and time-of-day restrictions.

The major air tour areas are the Grand Canyon, Alaska, and Hawaii. According to testimony provided in a Congressional hearing, the industry consists of approximately 270 air tour operators with about \$500 million in annual revenues. Commercial air tour operations in the Grand Canyon generate about half of those revenues and tours in Hawaii generate approximately \$75 million. S. 268 would exempt commercial air tour operations over the Grand Canyon and Alaska. In November 1997, the National Parks Overflights Working

Group, an interagency working group composed of representatives from FAA, the NPS, the aviation industry, environmental groups, and Native Americans, released recommendations for proposed rules to reduce or prevent the adverse effects of commercial air tour operations over national parks. The FAA is currently drafting proposed rules on overflights of national parks.

CBO estimates that the bill would impose no additional costs on the private sector beyond those that are likely to be imposed by FAA regulations under current law. Although the cost of those regulations cannot be estimated with confidence until they are published, S. 268 would not add any conditions that would significantly change the likely cost to the private sector. Based on information provided by a private-sector participant in the working group, CBO expects that the cost of applying to FAA for authority would be negligible. The more significant cost would be the loss of revenues to the commercial air tour operators if the number of tours was reduced by the ATMPs.

PREVIOUS CBO ESTIMATES

On July 31, 1998, CBO prepared a cost estimate for H.R. 4268, as ordered reported by the House Committee on Transportation and Infrastructure on July 23, 1998. H.R. 4268 is similar to S. 268, and the estimated costs are the same. On July 30, 1998, CBO transmitted a cost estimate for S. 2279, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 14, 1998. Title VII of S. 2279 is nearly identical to S. 268, and the estimated costs are the same.

ESTIMATE PREPARED BY:

Federal Costs: Victoria V. Heid
Impact on the Private Sector: Jean Wooster

ESTIMATE APPROVED BY:

Robert A. Sunshine
Deputy Assistant Director for Budget Analysis