Congressional Budget Office
Cost Estimate

July 17, 2023

H.R. 3935 would authorize and amend programs administered by the Federal Aviation Administration (FAA) and National Transportation Safety Board for fiscal years 2024 through 2028. The bill also would extend certain excise taxes related to air travel through September 30, 2028. Those taxes, which are dedicated to the Airport and Airway Trust Fund, currently are scheduled to expire on September 30, 2023.

Estimated Budgetary Effects of H.R. 3935, the Securing Growth and Robust Leadership in American Aviation Act

As posted on the website of the House Committee on Rules on July 6, 2023

https://rules.house.gov/bill/118/hr-3935

By Fiscal Year, Millions of Dollars	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2023-2028	2023-2033
Increases or Decreases (-) in Direct Spending													
AIP Contract Authority[a]													
Estimated Budget Authority	0	650	650	650	650	650	650	650	650	650	650	3,250	6,500
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
National Center for the Advancement of Aerospace[b]													
Estimated Budget Authority	0	1	*	*	*	*	*	*	*	*	*	1	1
Estimated Outlays	0	1	*	*	*	*	*	*	*	*	*	1	1
Expand IIJA Programs[c]													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	1	6	12	16	13	8	3	1	0	0	48	60
UTM Activities[d]													
Estimated Budget Authority	0	5	5	5	5	5	6	6	6	6	6	25	55
Estimated Outlays	0	*	4	5	5	5	6	6	6	6	6	19	49
Service Contracts[e]													
Estimated Budget Authority	0	1	1	1	1	1	1	1	1	1	1	5	10
Estimated Outlays	0	1	1	1	1	1	1	1	1	1	1	5	10
Raise Retirement Age for Pilots[f]													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	-1	-3	-4	-4	-3	-1	1	1	2	4	-15	-8
Total Changes													
Estimated Budget Authority	0	657	656	656	656	656	657	657	657	657	657	3,281	6,566
Estimated Outlays	0	2	8	14	18	16	14	11	9	9	11	58	112
Decreases (-) in Revenues													
Estimated Revenues[g]	0	*	*	*	*	*	*	*	*	*	*	*	-2
Net Increase in the Deficit From Changes in Direct Spending and Revenues													
Effect on the Deficit	0	2	8	14	18	16	14	11	9	9	11	58	114

Components may not sum to totals because of rounding; AIP = Airport Improvement Program; IIJA = Infrastructure Investment and Jobs Act; UTM = Unmanned Aircraft System Traffic Management; * = between -$500,000 and $500,000.

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See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

a. Authorizing laws provide the AIP with contract authority (the authority to obligate funds in advance of an appropriation act), but outlays of that authority are generally considered discretionary; those outlays are controlled by obligation limitations in an annual appropriation act. (Obligation limitations are provisions of a law or legislation that restrict or reduce the availability of budget authority that would have become available under another law.) Following the rules in the Balanced Budget and Deficit Control Act of 1985, CBO's baseline and cost estimates are constructed under the assumption that the amount of contract authority provided in the last year of the AIP authorization continues in each subsequent year. Under current law, $3.35 billion in contract authority is provided annually for that program through 2023. H.R. 3935 would provide $4 billion in contract authority per year through 2028, yielding an annual increase of $0.65 billion relative to CBO's baseline.
b. Section 303 would establish and authorize appropriations for the National Center for the Advancement of Aerospace, which is tasked with improving access to education programs in the aerospace industry. In CBO's view, the center's cash flows should be treated as federal spending because it would work to achieve a governmental purpose and would be subject to a significant degree of federal control. The bill also would authorize the center to enter into contracts and obligate amounts in advance of receiving appropriations for those purposes, which is a form of direct spending.
c. Section 443 would amend the FAA's criteria for awarding grants under the Airport Infrastructure Grants (AIG) program for certain projects that extend secondary runways. The AIG program received $15 billion in advance appropriations through the Infrastructure Investment and Jobs Act; that funding was designated as an emergency requirement. CBO estimates that enacting section 443 would increase spending of those amounts by $60 million over the 2023-2033 period.
d. Section 610 would authorize the FAA to enter into contracts with third parties to finance activities related to traffic management for unmanned aircraft systems. Using information from the FAA and other federal agencies, CBO estimates that the costs to implement those agreements would initially total about $5 million per year and would rise annually with inflation.
e. Section 812 would authorize the FAA to enter into certain contracts for services provided by third parties in advance of receiving appropriations for those purposes. Using information from the FAA on the use of similar authority, CBO estimates that enacting that provision would increase direct spending by $10 million over the 2023-2033 period.
f. Section 330 would raise the mandatory retirement age from 65 to 67 for commercial pilots. Some affected pilots participate in pension plans that are administered by the Pension Benefit Guaranty Corporation. Pilots who delayed retirement would receive pension benefits later than under current law, but those benefits would be larger because the pilots would have worked longer. On net, CBO estimates that the proposal would result in savings through 2029, and increased costs in later years.
g. Section 418 would authorize certain airports to use AIP grants for innovative financing techniques; for example, they could use grants to pay interest, purchase commercial bond insurance, or obtain other credit enhancements associated with airport bonds. The staff of the Joint Committee on Taxation (JCT) expects that implementing that provision would lead to an increase in the issuance of tax-exempt bonds and thus reduce revenues. Using information about the use of similar authority, JCT estimates that enacting section 418 would reduce revenues by $2 million over the 2023-2033 period.

Direct Spending and Revenues
CBO estimates that enacting several other provisions in H.R. 3935 would affect direct spending by less than $500,000 over the 2023-2033 period, by increasing spending of previously appropriated balances or increasing collections of customs user fees.

Additionally, several sections would create new civil or criminal penalties for violating various aviation-related requirements. Civil and criminal penalties are recorded in the budget as revenues. Criminal fines are deposited in the Crime Victims Fund and later spent without further appropriation. CBO estimates that the increase in revenues and direct spending associated with those penalties would not be significant in any year and over the 2023-2033 period because of the relatively small number of cases likely to be affected.

Section 1202 would extend certain excise taxes related to air travel, which are dedicated to the Airport and Airway Trust Fund, through September 30, 2028. (Those taxes are scheduled to expire on September 30, 2023.) The Deficit Control Act requires CBO’s baseline projections to incorporate the assumption that expiring excise taxes dedicated to trust funds will be extended. On that basis, JCT estimates that, relative to CBO’s baseline, the extension would have no effect on revenues. In its baseline, CBO projects that those taxes will total about $100 billion over the 2024-2028 period.

Spending Subject to Appropriation

H.R. 3935 also would specifically authorize appropriations of about $108 billion over the 2024-2028 period. That amount includes $20 billion in obligation limitations for the AIP. CBO has not completed its analysis of the cost of activities under the bill without specifically authorized amounts.

Mandates

H.R. 3935 would impose mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the aggregate cost of the mandates would exceed the private-sector threshold established in UMRA but cannot determine whether the costs imposed on state, local, and tribal governments would exceed the threshold for intergovernmental mandates. (Those thresholds are $198 million and $99 million in 2023, respectively, adjusted annually for inflation.)

Duties imposed by the bill would include a private-sector mandate on air carriers that would prohibit them from assessing a fee to seat a minor next to an accompanying adult. Based on data on annual revenue for seat selection, CBO expects that the cost to air carriers would exceed the private-sector threshold.

The bill also would impose private-sector mandates on certain air carriers by requiring them to meet new standards for aircraft operations and passenger safety that would include installing secondary flightdeck barriers and safety management systems. In addition, the bill would require new services and standards for passengers with disabilities and additional training for crew members. Producers of certain unmanned aircraft systems would be required to meet new manufacturing standards.

The bill would impose intergovernmental and private-sector mandates on certain airports by establishing new access requirements for passengers with disabilities, cybersecurity standards, and technology requirements for managing air traffic. Air ambulance providers would be required to provide increased access to invoices and other notices. Because the FAA has not issued the relevant regulations, CBO cannot determine whether the costs for public entities to comply with the mandates would exceed the threshold.

Previous Estimate

On June 26, 2023, CBO transmitted a cost estimate for H.R. 3796, a bill to provide for the extension of taxes funding the Airport and Airway Trust Fund and to require the designation of certain airports as ports of entry, as ordered reported by the House Committee on Ways and Means on June 7, 2023. Title XII of H.R. 3935 is similar to H.R. 3796, and the estimated budgetary effects of those provisions are the same.

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