CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 6, 2017

H.R. 3328
Cuban Airport Security Act of 2017

As reported by the House Committee on Homeland Security on September 13, 2017

H.R. 3328 would require the Department of Homeland Security (DHS) to report to the Congress on the status of security measures at international airports in Cuba. The bill also would direct DHS to establish an agreement with the Cuban government to permit U.S. federal air marshals to conduct missions on regularly scheduled passenger flights between the United States and Cuba and to allow inspectors from the Transportation Security Administration to access Cuban airports. Finally, the bill would prohibit U.S. air carriers from employing Cuban nationals unless those air carriers meet certain conditions.

CBO estimates that enacting H.R. 3328 would have no significant effect on the federal budget. Based on an analysis of information from DHS, CBO expects that any increase in federal costs to meet the bill's requirements, which are largely consistent with existing efforts, would not exceed $500,000 in any year. Such spending would be subject to the availability of appropriated funds.

Enacting H.R. 3328 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 3328 would not increase net direct spending or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3328 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 3328 would impose private-sector mandates as defined in UMRA because it would prohibit airlines from employing Cuban nationals, unless they publicly disclose the full text of their agreements with the government of Cuba for passenger air service; the bill also would prohibit airlines, to the extent practicable, from employing Cuban nationals who are recruited or trained by entities of the Cuba government. CBO estimates that the cost of disclosing an agreement would be small. However, if the terms of the current agreements with Cuba prohibit disclosure, airlines would either have to renegotiate those agreements (resulting in small costs) or, in the extreme case, terminate passenger air service between the United States and Cuba. The current arrangement between the United States and Cuba permits up to 110 daily roundtrip flights. Based on historical data from the Bureau of Transportation Statistics, CBO estimates that on average the net income from 110 daily roundtrip commercial flights to Cuba could amount to about $100 million annually. CBO expects that airlines would seek to minimize the cost of complying with the bill's mandates and therefore would probably not incur costs that large. In any event, we estimate that the aggregate compliance costs would fall below the annual threshold established in UMRA for private-sector mandates ($156 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Megan Carroll (for federal costs) and Amy Petz (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.