CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 9, 1999

S. 383
Airline Customer Service Commitment Act

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on June 23, 1999

SUMMARY

CBO estimates that implementing S. 383 would cost the federal government less than $500,000 annually in fiscal years 2000 and 2001, assuming appropriation of the estimated amounts. In addition, CBO estimates that the bill would increase revenues by about $500,000 annually, beginning in fiscal year 2000. Because enacting S. 383 would affect receipts, pay-as-you-go procedures would apply.

S. 383 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. S. 383 would impose new private-sector mandates on air carriers that provide scheduled passenger air transportation and are members of the Air Transport Association (ATA). CBO estimates that the cost of the mandates would be well below the statutory threshold established in UMRA ($100 million in 1996, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Spending Subject to Appropriation

S. 383 would require that each air carrier that has entered into the voluntary customer service agreement established by the ATA provide a copy of its customer service plan to the Secretary of Transportation. The bill would direct the Inspector General of the Department of Transportation (DOT) to monitor implementation of each air carrier's customer service plan and to make interim and final reports to the Congress on that implementation. For the final report, the bill would require the Inspector General to evaluate each carrier's plan and to analyze the carrier's performance in implementing the plan. Based on information from DOT, CBO estimates that implementing this bill would cost the Inspector General's office a total of $500,000 over the fiscal years 2000 and 2001.

The bill also would direct the Secretary of Transportation to revise regulations to increase the liability limit on domestic baggage. According to DOT, other revisions to the rules on domestic baggage are already underway; therefore, implementing this provision would have no significant impact on DOT's expenditures. Finally, S. 383 would require the General Accounting Office (GAO) to study and report on the potential effects on aviation consumers of a requirement that air carriers allow a ticketed passenger to use, without penalty, any portion of a multi-stop or round-trip ticket, regardless of whether any other portion is used. Based on information from GAO, CBO estimates that completing the study would cost less than $200,000 over the next few years.

Revenues

S. 383 would increase the civil penalty for violators of laws and regulations intended to protect commercial air transportation consumers from $1,000 to $2,500. Based on information from the Federal Aviation Administration, CBO estimates that this provision would increase revenues by about $500,000 a year.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	Not applicable										
Changes in receipts	0	1	1	1	1	1	1	1	1	1	1

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 383 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 383 would impose new private-sector mandates on air carriers that provide scheduled passenger air transportation and are members of the ATA. Those air carriers entered into a voluntary agreement on June 17, 1999, to improve customer service throughout the airline industry. The bill would require such air carriers to provide copies of the customer service plans created as a result of that agreement to the Secretary of Transportation. The bill also would require each air carrier to provide any information that the Inspector General may need to evaluate the implementation of its customer service plan. In addition, S. 383 would require the Secretary of Transportation to initiate a rulemaking proceeding to increase the liability limit on domestic baggage. Based on information from DOT and the ATA, CBO estimates that the total costs of those mandates would fall well below the statutory threshold for private-sector mandates ($100 million in 1996, adjusted annually for inflation).

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