



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 30, 1999

### **H.R. 2607** **Commercial Space Transportation Competitiveness Act of 1999**

*As approved by the Subcommittee on Space and Aeronautics of the  
House Committee on Science on July 29, 1999*

#### **SUMMARY**

Implementing H.R. 2607 would affect federal spending and regulation related to commercial space transportation activities. The bill would provide a five-year extension of the Department of Transportation's (DOT's) authority to indemnify nonfederal entities involved in commercial space transportation services licensed by DOT. The existing authorization, which is set to expire December 31, 1999, allows DOT to pay claims in excess of the amounts covered by private insurance under certain terms and conditions. This authority is contingent upon funding being provided in advance in an appropriation act or other legislation. In addition, the bill would authorize appropriations for the Office of Commercial Space Transportation (OCST) at DOT and for the Office of Space Commercialization at the Department of Commerce. Finally, the bill would direct DOT and other agencies to prepare various reports, including a report by the General Accounting Office (GAO) on the effect of fiscal year 2000 appropriations on the future development of the commercial space industry.

CBO estimates that appropriating the amounts authorized by the bill would result in discretionary spending totaling \$27 million over the 2000-2003 period. Extending DOT's indemnification authority could result in additional discretionary spending over the next five years, but CBO expects that any such costs would be negligible. H.R. 2607 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 2607 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2607 is shown in the following table. The costs of this legislation fall within budget functions 400 (transportation) and 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003	2004
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law						
Budget Authority <sup>a</sup>	7	0	0	0	0	0
Estimated Outlays	7	1	0	0	0	0
Proposed Changes						
Authorization Level	0	8	9	10	0	0
Estimated Outlays	0	7	9	10	1	0
Spending Under H.R. 2607						
Authorization Level <sup>a</sup>	7	8	9	10	0	0
Estimated Outlays	7	8	9	10	1	0

a. The 1999 level is the amount appropriated for that year for OCST and the Office of Space Commercialization.

## BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that the amounts authorized will be appropriated for each fiscal year and that outlays will follow the historical patterns for these programs. (The bill would authorize about \$100,000 more than the amount appropriated for OCST for fiscal year 1999, but we estimate that this increase would have no effect on discretionary spending.) CBO estimates that the GAO report, which would be due within 90 days after enactment of the bill, would cost less than \$200,000.

Based on information from DOT, we estimate that extending the agency's indemnification authority would have no significant budgetary effect over the next five years. DOT has never had to pay claims to third parties for incidents involving commercial space vehicles or services. Thus far, the costs associated with incidents have been small and have been covered by private insurance.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

**INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2607 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

**PREVIOUS CBO ESTIMATE**

On July 8, 1999, CBO transmitted a cost estimate for S. 832, a bill to extend the commercial space launch damage indemnification provisions of section 70113 of title 49, United States Code, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on June 23, 1999. Differences between the two estimates are the result of differences in the two bills. S. 832 would not authorize appropriations for activities at DOT or the Department of Commerce but would extend DOT's indemnification authority for 10 years.

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