Congressional Budget Office
Cost Estimate

May 6, 2024

Senate Amendment 1911 to H.R. 3935 would authorize and amend programs administered by the Federal Aviation Administration (FAA) and the National Transportation Safety Board for fiscal years 2024 through 2028. The legislation also would extend, through September 30, 2028, certain excise taxes related to air travel. Those taxes, which are dedicated to the Airport and Airway Trust Fund, currently are scheduled to expire on May 10, 2024.
https://ats.senate.gov/Display.aspx?ID=1911

Estimated Budgetary Effects of Senate Amendment 1911 to H.R. 3935, the FAA Reauthorization Act of 2024
As posted on the Senate Amendment Tracking System on May 1, 2024

	By Fiscal Year, Millions of Dollars											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024-2028	2024-2033
	Increases in Direct Spending											
AIP Contract Authority[a]												
Estimated Budget Authority	0	650	650	650	650	650	650	650	650	650	2,600	5,850
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Expand IIJA Programs[b]												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	*	7	12	16	13	8	3	1	0	0	48	60
War Risk Insurance[c]												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	1	2	2	2	2	0	0	0	0	0	9	9
Service Contracts[d]												
Estimated Budget Authority	*	1	1	1	1	1	1	1	1	1	4	9
Estimated Outlays	*	1	1	1	1	1	1	1	1	1	4	9
Total Changes												
Estimated Budget Authority	*	651	651	651	651	651	651	651	651	651	2,604	5,859
Estimated Outlays	1	10	15	19	16	9	4	2	1	1	61	78
	Increases or Decreases (-) in Revenues											
Aviation Civil Penalties[e]												
Estimated Revenues	0	1	2	2	2	2	2	2	2	2	7	17
Innovative Financing Techniques[f]												
Estimated Revenues	*	*	*	*	*	*	*	*	*	*	*	-2
Total Changes												
Estimated Revenues	*	1	2	2	2	2	2	2	2	2	7	15
	Net Increase or Decrease (-) in the Deficit From Changes in Direct Spending and Revenues											
Effect on the Deficit	*	9	13	17	14	7	2	0	-1	-1	54	63

Components may not sum to totals because of rounding; AIP = Airport Improvement Program; FAA = Federal Aviation Administration; IIJA = Infrastructure Investment and Jobs Act; * = between -$500,000 and $500,000.

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

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

a. Authorizing laws provide the Airport Improvement Program 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.) Senate Amendment 1911 to H.R. 3935 would provide the AIP with $4 billion in contract authority each year over the 2025-2028 period. In addition, the legislation would provide $1.3 billion in contract authority for the remainder of fiscal year 2024. That amount is reflected in CBO's baseline, which includes an annualized amount for the year that is based on the amount authorized through May 10, 2024. In keeping with the Balanced Budget and Emergency 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 final year of the AIP's authorization continues in each subsequent year. Therefore, CBO estimates annual increases of $0.65 billion in AIP contract authority over the 2025-2033 period, relative to CBO's baseline.
b. Section 741 would amend the criteria for awarding grants under the FAA's Airport Infrastructure Grants program for certain projects to extend secondary runways. The Infrastructure Investment and Jobs Act provided $15 billion in advance appropriations, designated as an emergency requirement, for that program. CBO estimates that enacting section 741 would increase direct spending of those amounts by $60 million over the 2024-2033 period.
c. Section 104 would reauthorize the FAA's Non-Premium War Risk Insurance Program through 2028. That program, currently scheduled to expire on May 10, 2024, provides free insurance to certain air carriers engaged in operations that are deemed essential to U.S. foreign policy or national security. In general, amounts in the Aviation Insurance Revolving Fund are available without further appropriation to support the program; any associated spending is classified as mandatory. Using historical information on program claims and administrative costs, CBO estimates that enacting section 104 would increase direct spending by $9 million over the 2024-2033 period.
d. Section 618 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 the section would increase direct spending by $9 million over the 2024-2033 period.
e. Section 507 would increase civil penalties for violations of aviation-related laws and regulations. Civil penalties are recorded in the budget as revenues. Under current law the maximum penalty is $25,000; adjusted for inflation, that amount is $42,000 in 2024. Section 507 would increase the maximum amount to $75,000. Using information from the FAA, CBO estimates that enacting the section would reduce the number of violations but would increase collections of civil penalties, on net, by $17 million over the 2024-2033 period because of the higher amount of the maximum penalty.
f. Section 721 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 721 would reduce revenues by $2 million over the 2024-2033 period.

Direct Spending and Revenues
CBO estimates enacting Senate Amendment 1911 to H.R. 3935 would increase direct spending by $78 million over the 2024-2033 period; and, on net, CBO and JCT estimate that enacting the amendment would increase revenues by $15 million over that period.

Additionally, CBO estimates that enacting several provisions in the amendment would affect direct spending by less than $500,000 over the 2024-2033 period, by increasing spending of previously appropriated balances.

Several sections of the legislation would create new civil or criminal penalties for violating various aviation-related laws and regulations. Civil and criminal penalties are recorded in the budget as revenues. Criminal penalties 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 or over the 2024-2033 period because of the relatively small number of cases likely to be affected.

Section 1302 would extend, through September 30, 2028, certain excise taxes related to air travel that are dedicated to the Airport and Airway Trust Fund. (Those taxes are scheduled to expire on May 10, 2024.) 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

Senate Amendment 1911 to H.R. 3935 also would specifically authorize appropriations of about $106 billion over the 2024-2028 period. That amount includes $16 billion in obligation limitations for the AIP. CBO has not completed its analysis of the cost of the activities under the legislation that do not have specific amounts authorized to be appropriated.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting the legislation would increase direct spending and revenues over the 2024-2033 period.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting Senate Amendment 1911 to H.R. 3935 would not increase net direct spending by more than $2.5 billion in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting Senate Amendment 1911 to H.R. 3935 would not increase on budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2034.

Mandates

S.A. 1911 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 $200 million and $100 million in 2024, respectively, adjusted annually for inflation.)

Duties imposed by the legislation 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. It also would require air carriers to refund the tickets of certain passengers with disabilities if the passenger is unable to travel because the cargo hold of an aircraft cannot accommodate their wheelchair. Based on data on annual revenue for ticket and seat selections, CBO expects that the cost to air carriers would exceed the private-sector threshold.

The legislation 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 safety management systems and new equipment standards like voice and data recorders with longer retention times. In addition, the legislation would require new services and standards for passengers with disabilities and additional training for crew members. Producers and operators of certain unmanned aircraft systems would be required to meet new manufacturing standards and comply with regulations on use.

Finally, the legislation 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. 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 intergovernmental threshold established in UMRA.

Previous Estimates
On July 17, 2023, CBO transmitted a cost estimate for 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.

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