CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 11, 2010

S. 554
Motorcoach Enhanced Safety Act of 2009

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 17, 2009

SUMMARY

S. 554 would require two agencies within the Department of Transportation (DOT) to establish new safety standards and regulations for most interstate buses, complete research on bus safety, and create a new training curriculum for operators of interstate buses. Based on information from DOT, CBO estimates that implementing the bill would cost $34 million over the 2010-2015 period, assuming appropriation of the necessary amounts.

Pay-as-you-go procedures apply because enacting the legislation would affect revenues. However, CBO estimates that the expansion of civil penalties authorized by the bill would not result in a significant increase in revenues in any year.

S. 554 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on state transportation agencies, motorcoach owners, and medical examiners. CBO estimates that the costs to comply with the intergovernmental mandates would fall below the annual threshold for such mandates ($70 million in 2010, adjusted annually for inflation). Based on information from DOT and industry sources, CBO estimates that the costs to comply with the private-sector mandates could range from tens of millions of dollars to hundreds of millions of dollars annually, depending on the enhanced safety standards that DOT would require. Thus, CBO cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual threshold for private-sector mandates ($141 million in 2010, adjusted annually for inflation).

CBO has not reviewed section 6(a) of the bill for mandates. Section 4 of UMRA excludes from the application of that act any legislative provisions that enforce statutory rights prohibiting discrimination. CBO has determined the provisions of section 6(a) fall within that exclusion because they involve compliance with the Americans with Disabilities Act of 1990.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 554 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars						
	2010	2011	2012	2013	2014	2015	2010-2015
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	3	9	6	6	6	6	36
Estimated Outlays	1	7	7	7	6	6	34

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 554 will be enacted in fiscal year 2010 and that the amounts estimated to be necessary will be appropriated each year, including a supplemental appropriation for 2010.

Spending Subject to Appropriation

S. 554 would require the Federal Motor Carrier Safety Administration (FMCSA) and the National Highway Traffic Safety Administration (NHTSA) to establish new safety standards and regulations for most interstate buses, complete research on bus safety, and create a new training curriculum for operators of interstate busses.

Under the provisions in the bill, FMCSA would be required to provide safety checks for new motor coach carriers before the carriers were authorized to provide transportation services, assess the possibility of conducting a mandatory state inspection program for motor coach carriers, and increase oversight of the medical exams given to operators of motor coaches. The agency also would be required to establish a safety training curriculum for operators of motor coaches. NHTSA would be required to speed up current research and regulatory proceedings concerning the safety and structural features of motorcoaches as well as conduct research into new areas, including fire safety on motorcoaches. Based on information from FMCSA and NHTSA, CBO estimates that implementing the bill would cost $34 million over the 2010-2015 period.

Revenues

S. 554 would expand violations of certain safety and registration requirements that are subject to civil penalties. Thus, the federal government might collect additional fines if the bill is enacted. Collections of civil fines are recorded as revenues and deposited in the Treasury; however, based on information from FMCSA and the level of current collections, CBO expects that any increase in revenues related to those penalties would not be significant.

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. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 554, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 17, 2009

	By Fiscal Year, in Millions of Dollars												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010-2015	2010-2020
	NET INCREASE OR DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	0	0	0	0	0	0	0	0	0	0	0	0

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

Mandates that Apply to Public Entities Only

S. 554 would impose intergovernmental mandates, as defined in UMRA, on state transportation agencies. CBO estimates that the aggregate cost of complying with the mandates would fall below the annual threshold for intergovernmental mandates ($70 million in 2010, adjusted annually for inflation).

Commercial Motor Vehicle Inspections. S. 554 would direct the Secretary of Transportation to consider requiring states to conduct annual inspections of commercial motor vehicles used to transport passengers. If the rulemaking proceeding were to result in a requirement that states conduct such inspections, that requirement would be a mandate as defined in UMRA.

Almost half of all states currently inspect motorcoaches, and more than two-thirds of covered vehicles are subject to those inspections. The remaining states would have to implement an inspection program in the event the Secretary issued a new rule. CBO assumes that states would conduct on-site inspections of vehicles and estimates that additional personnel, equipment, and travel expenses would total about $10 million annually.

Driver Training Certificates. The bill would require state agencies that issue commercial drivers licenses (CDLs) to compare training certificates received from applicants and from training schools to ensure they are identical. If such certificates are not the same, states would be required to refuse to administer any tests for that applicant. States receive about 5,000 entry-level applications for CDLs annually. Given the relatively small additional effort involved in manually comparing training certificates for those applications, CBO estimates that the cost of this mandate would be small.

Mandates that Apply to Private Entities Only

S. 554 would impose private-sector mandates, as defined in UMRA, on motorcoach owners, and medical examiners. Based on information from DOT and industry sources, CBO estimates that the cost to comply with the mandates could range from tens of millions of dollars to hundreds of millions of dollars per year, depending on the enhanced safety standards that NHTSA would require. Thus, CBO cannot determine whether the aggregate cost of mandates in the bill would exceed the annual threshold for private-sector mandates ($141 million in 2010, adjusted annually for inflation).

Safety Standards. The bill would direct NHTSA to establish standards for such things as safety belts, stability-enhancing technology, and the level of resistance of motorcoach roofs. The regulations would apply to all motorcoaches manufactured more than two years after the rule is made final. NHTSA also could require existing motorcoaches to comply with any of the safety standards established under the bill. According to industry sources, approximately 500 to 2,000 new motorcoaches are sold each year in the United States, and more than 33,000 motorcoaches are currently in operation. Based on information from NHTSA and industry sources about the incremental cost of potential requirements, CBO estimates that the costs to comply with the new standards could be significant. Because the types of safety requirements implemented and the number of entities affected by those requirements would be determined by future regulations, CBO cannot estimate the cost of those mandates.

Training Requirements. The bill would establish new requirements for entities that train entry-level drivers of motorcoaches. According to FMCSA, there are approximately 5,000 new motorcoach drivers per year. Based on information from FMCSA and industry sources on current industry practices and the cost of incremental changes, CBO estimates that the cost of the mandate would be small, relative to the annual threshold.

Electronic On-Board Recorders. The bill would require all motorcoaches to install electronic on-board recorders (EOBRs). According to information from industry sources and FMCSA, a minimally compliant EOBR would cost about $30 per month to lease. Motorcarriers that violate hours-of-service rules at least 10 percent of the time are already required to install EOBRs on all of their motorcoaches by June 2012. Based on information from FMCSA on the additional number of motorcarriers that would have to comply with the requirement, and assuming motorcarriers use the minimum-cost lease option, the mandate would cost about $10 million per year.

FMCSA Registration. S. 554 would require owners of companies that rent or lease motorcoaches to register with FMCSA. The cost of the mandate would be the amount of money spent to meet the requirements to qualify for registration. Based on information from FMCSA on the number of companies that could be affected and from industry sources on the costs of meeting the requirements for registration, CBO estimates that the cost of the mandate would total less than $5 million per year.

Other Mandates. CBO estimates that the costs of several private-sector mandates imposed by the bill would be minimal. For example, the legislation would:

- Require new motorcoach carriers to undergo audits;
- Expand the number of motorcoach carriers that have to submit to safety reviews;
- Depending on the outcome of a rulemaking procedure, require motorcoach carriers to submit to annual state inspections;
- Require medical examiners, who certify the medical fitness of applicants to be commercial drivers, to file paperwork with state licensing agencies; and
- Prohibit motorcoach operators from using distracting electronic devices such as cell phones.

Provisions Excluded under UMRA

CBO has not reviewed section 6(a) of the bill for intergovernmental or private-sector mandates. Section 4 of UMRA excludes from the application of that act any legislative provisions that enforce statutory rights that prohibit discrimination. CBO has determined that the provisions of section 6(a) fall within that exclusion because they involve compliance with the Americans with Disabilities Act of 1990.

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