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Issued in Washington, DC, on January 5, 2021.

George Gonzalez,

Acting Manager, Rules and Regulations Group.

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DEPARTMENT OF TRANSPORTATION

Office of the Secretary of Transportation

14 CFR Parts 241 and 298

[Docket No. DOT–OST–2018–0132]

RIN 2105–AE45

Updates to the Origin—Destination Survey of Airline Passengers

AGENCY: Office of the Secretary of Transportation (OST), U.S. Department of Transportation (DOT).

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The Department is proposing to update the method of collecting and processing aviation traffic data in the Origin-Destination Survey of Airline Passenger Traffic (O&D Survey), as well as to expand the number of reporting air carriers, the sample size collected, and the scope of the data reported. These changes would align the current O&D Survey with modern industry business and accounting practices, enable cost savings, reduce burden through automation, and provide enhanced utility for users of the data. In addition, DOT is proposing to change the timing of the release of the Form 41, Schedule T–100(f) ''Foreign Air Carrier Traffic Data by Nonstop Segment and On-flight Market'' from a 6-month delay to a 3-month delay to match that of Form 41, Schedule T–100 ''Air Carrier Traffic and Capacity Data by Non-Stop Segment and On-Flight Market.''

DATES: Submit comments on or before March 19, 2021, 11:59 p.m. Eastern Time. The Department will consider late comments to the extent practicable.

ADDRESSES: To ensure that you do not duplicate your docket submissions, please submit all comments by only one of the following means:

- *Federal eRulemaking Portal:* Go to *http://www.regulations.gov* and follow the online instructions for submitting comments.
- *Mail:* Docket Management Facility, U.S. Department of Transportation, 1200 New Jersey Ave. SE, West Building, Ground Floor, Room W12–140, Washington, DC 20590–0001.
- *Hand Delivery:* U.S. Department of Transportation, 1200 New Jersey Ave. SE, West Building, Ground Floor, Room W12–140, Washington, DC 20590–0001, between 9:00 a.m. and 5:00 p.m. ET, Monday through Friday, except Federal holidays.

Instructions: At the beginning of your comments, include the agency name, docket name, and docket number (DOT–OST–2018–0132) or Regulation Identifier Number (RIN) for this rulemaking (2105–AE45). All comments received will be posted without change to *http://www.regulations.gov,* including any personal information provided. Physical access to the Docket is available at the Hand Delivery address noted above.

Electronic Access and Filing: You can view this document by going to the Federal eRulemaking Portal: *http://www.regulations.gov* and search for docket DOT–OST–2018–0132. The website is available 24 hours each day, 365 days each year. Electronic submission and retrieval help and guidelines are available under the help section of the website. An electronic copy of this document is available for download from the Office of the Federal Register's home page at: *http://www.archives.gov/federal-register* and the U.S. Government Publishing Office's web page at: *https://www.gpo.gov/fdsys/.*

FOR FURTHER INFORMATION CONTACT: Mark Raggio, Office of Aviation Analysis, 1200 New Jersey Ave. SE, Room W86–470, Washington, DC 20590–0001, 202–366–1271 (phone) or *Mark.Raggio@dot.gov* (email).

SUPPLEMENTARY INFORMATION:

I. Background

A. Legal Authority

Section 429(b)(1) of Title 49, U.S.C., requires the Department to collect and disseminate information on the origin and destination of airline passengers including, at a minimum, information on: (1) The origin and destination of passengers in interstate air transportation, and (2) the number of passengers traveling by air between any two points in interstate air transportation. In addition, 49 U.S.C. 40101(a)(7) states that the Secretary shall respond to the needs of the public, including the airline industry, all levels of government, and airports, by disseminating information to foster a national air transportation system capable of meeting the present and future needs of U.S. commerce. In fulfillment of these responsibilities, DOT collects data submitted under:

- *14 CFR part 217:* Reporting Traffic Statistics by Foreign Air Carriers in Civilian Scheduled, Charter, and Nonscheduled Services, whereby foreign air carriers that are authorized by DOT to provide scheduled passenger services to or from the U.S. must file Form 41 Schedule T–100(f), accumulated in accordance with the data elements prescribed in § 217.5.
- *14 CFR part 241:* Uniform System of Accounts and Reports for Large Certificated Air Carriers, under which all large certificated air carriers must report their traffic movements by filing Form 41 Schedule T–100, Financials Information, and O&D fare information.
- *14 CFR part 298:* Exemptions for Air Taxi and Commuter Air Carriers, whereby air taxi operators and commuter air carriers, which are provided certain exemptions from some of the economic regulatory provisions of Subtitle VII of Title 49 of the United States Code, are required to submit simplified Financials and T–100 traffic.

In this rulemaking, the Department proposes to update its method of collecting and processing O&D fare information under part 241 to: (1) Allow full automation of the reporting of the O&D Survey by aligning it with current airline passenger accounting practices; and (2) enhance the accuracy and usefulness of DOT's collection of aviation traffic data.

B. Background on the O&D Survey

Currently, the O&D Survey, as outlined in 14 CFR part 241, Sec. 19–7, collects airline tickets from select air carriers,[1] ''O&D Survey Reporting Carriers,'' each quarter. The O&D Survey Reporting Carriers combine the information from tickets with the same itinerary and price into a summary record reported every 3 months. Under 49 U.S.C. 329(b)(1), the Department is obligated to collect and disseminate this information. There are many private and public stakeholders that depend on this data to make decisions on aviation business and policy. For example, this data is used by the industry to plan air services, develop commercial aviation

[1] 49 U.S.C. 40102(a)(2).

infrastructure, measure the economic impact of passenger flows, and create business plans for start-up airlines. The O&D Survey is also a primary source of information used to quantify and evaluate the effectiveness of Federal aviation policy and programs as well as to develop and implement new policies and infrastructure initiatives.

When the current rules for collection of the O&D Survey were established in the 1960s, the O&D Survey provided the best reasonably obtainable measure of passenger aviation activity. The mainframe technologies of the era dictated many aspects of the O&D survey business process and the elements selected for collection. A key driver of the process was that data storage was expensive in that era which resulted in a minimum of data elements being included. This meant more robust descriptive data, such as the time of arrival and departure, were not included in the collection. Because mainframes were centralized computing resources, the O&D Survey process was designed to route paper tickets to a centralized facility for processing and loading into the systems. In the intervening years, changes in airline business models and accounting practices enabled by technology improvements were not reflected in DOT's collection methodology, leading to a misalignment between the rules for reporting the information and current accounting practices that generally requires human intervention to reconcile differences and prevents O&D Survey Reporting Carriers from fully automating the system of data collection. The primary design issue that prevents current improvements is the regulatory requirement that the operating carrier that first touches the ticket is the carrier that has responsibility to report the ticket, known as the ''first reporting carrier rule.'' In the 1960s, this rule was selected because the most efficient process was physically to detach the ticket coupons as they were flown for each flight and send all the coupons to the centralized processing facility to be matched and combined with the relevant revenue information. Because the carrier that issued the ticket, which had all the necessary information on hand, often did not first touch the ticket, the carrier with the least amount of information was by rule responsible for reporting the ticket. Modern and decentralized E-ticket systems eliminate the need for a physical coupon matching process and enables more efficient reporting rules and access to more relevant data.

DOT has worked with representatives of the aviation industry trade association Airlines for America (A4A) to determine the best way to improve the methodology, collection, and utility of the O&D Survey. DOT is proposing this rule to reform and simplify the O&D Survey, principally by reorienting the reporting requirements so that air carriers report primarily information for tickets that they issue.

II. The Need To Modernize Current Data Collection Requirements

The data collected in the O&D Survey provides DOT with the information to help foster an air transportation system capable of meeting the present and future needs of commerce in the United States. However, the current O&D Survey methodology was designed based on accounting processes long abandoned by airlines, including manual accounting systems that often had handwritten records. As a result, the Survey's data collection methodology does not reflect today's decentralized and integrated industry-wide practices and technologies, and, in some cases, it is not capable of accurately documenting consumer behavior. For example, in today's environment, it is far more efficient for the carrier that issues the ticket to be responsible for reporting the ticket because it is the issuing carrier that has all the information about the ticket. Current process requires the operating carrier that flies the first coupon of the ticket to report and this is often not the issuing carrier. Because current reporting does not contain information about the length of stay at each intermediate point in a ticket, the system must impute the intended destination of round trip tickets. With the advent of large-scale connecting services, this has made the determination of intended destination less accurate. Though the Survey remains a unique and foundational pillar of industry economic analysis, its limitations create high levels of uncertainty in certain situations, such as identifying the true origin and destination of some passengers; the month of travel; and the portion of the total amount paid that is the revenue retained by the air carrier, as opposed to taxes and fees remitted to other government entities. By aligning the O&D Survey with current industry technology and integrated business process, this proposal would vastly simplify the reporting of appropriate data elements and increase the utility of the Survey to its users.

A. Changes in Airline and Consumer Behavior Since 1978

The way the airline industry markets and delivers air transportation services to the public changed significantly following the Airline Deregulation Act of 1978.[2] The 1978 Act enabled airlines to set their own fares, flight frequencies, and route structure. The current rules for the collection of ticket information were specifically designed to measure the relatively static air travel industry of the 1960s, when fares and flight frequencies were set by the Federal Civil Aeronautics Board and tended to be from a single point to a single point. The current O&D Survey data collection rules do not reflect the increasingly dynamic and complex business practices that have emerged since deregulation, including the development of hub-and-spoke systems, frequent flier programs, revenue management systems, internet distribution of tickets, and other industry-transforming innovations. For example, under the post-deregulation hub-and-spoke model developed by legacy air carriers, it became increasingly common to fly initially to a single, large ''hub airport'' where some passengers would change planes to complete their journey, while others remained on the same plane during intervening stop(s), known as a ''direct'' passenger flight. In the case of the ''direct'' passenger, the carriers would use a single ticket that identifies the origin and ultimate destination, but not the intermediate stop(s). Furthermore, in combination with these changes, new airline loyalty programs altered passenger ticket purchasing behavior; travelers in these programs were increasingly incentivized to take longer, indirect routes, often through an airline's large hub airport, that would allow them to accumulate more mileage-based loyalty points, exacerbating reporting issues, such as identification of the intended destination of travel, with the O&D Survey. The industry innovations forged after deregulation changed the fundamentals of airline competition, but the process used and the data DOT collects did not modernize concomitant with these changes.

B. Reevaluation of O&D Survey Burden and Data Quality

Considering these developments, DOT initiated a retrospective analysis of its aviation traffic reporting rules. The Department recognizes that there are concerns with the quality of the current O&D Survey, and that it is expensive

[2] Public Law 95–504.

and burdensome to collect, validate, and use. Collaborative discussion with A4A representatives revealed that there is a substantial hidden cost of compliance in reporting aviation statistics due to the difficulty in identifying and investigating problems that are often only revealed during post-submission quality control processing. The carriers are also often in the position of having to interpret how to stay in compliance with outdated rules that require them to deviate from their current accounting practices. For these reasons, the Department believes that the O&D Survey no longer meets the guidance outlined in OMB Circular A–130 [3] or the data collection standards of the Information Quality Act.[4] In addition, DOT identified instances in the reporting regulations that contribute to deficiencies in data quality. These deficiencies are often not observable until after the data from all the carrier submissions is combined during post-processing analysis. Moreover, ambiguity in the current regulation may lead O&D Survey Reporting Carriers to interpret reporting instructions differently, contributing to the degradation of the O&D Survey data quality and increasing the air carrier's reporting burden as they must review the suspected data and resubmit once the problem is found.

Furthermore, DOT determined that the collection and dissemination of the O&D Survey remains justified under the regulatory philosophy stated in Executive Order (E.O.) 12866, sec. 1(a) which is that ''the Federal Government should . . . promulgate regulations as required . . .'' It was also determined that, given its role and statutory duties, DOT is best positioned to collect uniform, accurate, and complete data on the Nation's civil aeronautics sector as well as ensure widespread dissemination of the collected data. Diverse public and private stakeholders, including air carriers, investors, and aircraft manufacturers, rely on this data to inform business decisions, infrastructure improvements, and aviation regulations or public policies. For example, the airline industry continues to use the O&D Survey to plan air services, develop commercial aviation infrastructure, measure the economic impact of passenger flows, and create business plans for start-up airlines. The data is also a primary source of information used to measure and evaluate the effectiveness of Federal aviation policy and programs, including by: (1) Improving international air services by seeking market liberalization, (2) ensuring the benefits of a deregulated, competitive domestic airline industry, and (3) developing policies to improve air service and access to the national air transportation system for small and rural communities. Furthermore, the Federal Aviation Administration (FAA) requires airports to use accurate aviation data for qualifying, planning, allocating, and monitoring of Airport Improvement Program (AIP) funds and to justify the need for Passenger Facility Charges (PFCs). The outdated and cumbersome O&D Survey methodologies impose excessive burdens on O&D Survey Reporting Carriers and diminish the data's utility to its users due to quality, objectivity, and completeness issues, and therefore requires modernization. In addition, ensuring universal participation across air carriers and collection of the best reasonably obtainable measurements of economic activity in the aviation sector requires updating the O&D Survey methodologies.

C. Meeting Reporting and Data Quality Demands

This proposed rule would modernize the O&D Survey to reflect current airline passenger behavior and revenue accounting practices, which allow air carriers to track the sale and the usage of every ticket sold, including through partner carriers. In doing so, the proposed rule would ensure that the O&D Survey meets the requirements and objectives of the Information Quality Act,[5] E.O. 12866, E.O. 13771, and OMB Implementation Guidance for Title V of the E-Government Act, Confidential Information Protection and Statistical Efficiency Act of 2002.[6]

III. Development of the Proposed Rule

A. Prior Related Rulemakings

The Department initiated a retrospective analysis of its passenger traffic statistics on July 15, 1998, when DOT published an advance notice of proposed rulemaking (ANPRM),[7] requesting comment on a variety of issues related to aviation economic data collection.

On February 17, 2005, DOT published a notice of proposed rulemaking (NPRM) [8] as part of DOT's effort to revise the rules governing the nature, scope, source, and means for collecting and processing aviation traffic data as well as modernize the collection, processing, and dissemination of this data. While there was considerable support for these changes among stakeholders, the comments from the airlines indicated that the burdens of reporting the data would be unacceptably high relative to the current collection. The 2005 proposal to collect all relevant data on the ticket was overly broad and too costly to implement. The Department withdrew the proposal on June 1, 2011, stating that the proposed approach did not adequately address some issues, including measures that could both enhance the utility, integrity, and accuracy of the data and reduce the cost of reporting. The current proposal, by comparison, is more narrowly tailored to address specific well-known quality problems that have been identified by both producers and users of the data over a long period of time, maintains the same data structure of the current reporting allowing for reuse of as much of the existing infrastructure as possible, removes elements that are no longer required, adds new useful elements, and improves reporting rules.

B. Summary of Modifications Suggested by the Industry

This proposed rule renews DOT's effort to revise its aviation statistical reporting process. In an October 5, 2015, letter to DOT, A4A recommended changes to the reporting regulation that would increase the utility and accuracy of the data while simplifying reporting. Representatives of A4A notified DOT that their members favored updating the rule governing the collection of the O&D Survey under prescribed circumstances. A4A identified changes to reporting that would increase the utility of the data and, at the same time, simplify reporting. These proposed changes were reflective of numerous interactions related to the data collection between government and industry over many years. The series of ideas that stemmed from this collaboration are listed below.

Methodology Changes

(1) Change the responsibility of reporting tickets from the First Reporting Carrier Rule to the Issuing Carrier; [9]

[3] Circular A–130 requires DOT to take affirmative steps to ensure data quality objectivity and utility of Federal statistics before disseminating them and notes that public and private resources are allocated inefficiently when uncertainty is introduced due to inexact or incorrect data.

[4] Public Law 106–554 Section 515 charges Federal agencies with a responsibility to produce the best reasonably obtainable scientific and economic information available to measure the impact of their regulatory responsibilities.

[5] Public Law 106–554, sec. 515.

[6] 72 FR 33362 (June 15, 2007).

[7] 63 FR 28128.

[8] 70 FR 8140.

[9] The current regulation places the reporting responsibility on the first O&D Survey Reporting Carrier in the sequence of travel for a ticket. The

(2) Classify all Certificated air carriers and commuter air carriers holding out scheduled passenger service as O&D Survey Reporting Carriers by removing the exemptions from reporting given to U.S.-based air carriers and commuter air carriers with a business model that limits them to flying aircraft with fewer than 60 seats;

(3) Refrain from requiring foreign air carriers to report O&D Survey data, other than foreign air carriers granted anti-trust immunity under 49 U.S.C. 41308 and 41309; instead, the responsibility to report tickets issued by a foreign air carrier (that does not submit data under 49 U.S.C. 41308 and 41309) should remain with the O&D Survey Reporting Carrier that appears first in the travel sequence of the ticket;

(4) Change the period of reporting from quarterly to monthly;

(5) Increase the sample size to 40% of airline tickets so that the sample size is statistically valid for measuring travel to small and rural communities; and

(6) Shorten time lag for the release of T–100(f) data from the current 6 months to 3 months, consistent with the release of T–100 Domestic data. Historically this time lag has existed because of technological and business practice limitations.

New Data Items To Be Collected

(1) ''Dwell Time,'' an indication of the hours that the passenger spends at an airport between their arriving and departure flights;

(2) ''Via Airport,'' an entry for airlines to report hidden airports or ''via'' airports where a passenger lands, but does not necessarily deplane;

(3) ''Total Tax,'' a value of the total taxes and government-imposed fees collected for each ticket, to distinguish this value from the Total Amount of the fare collected;

(4) ''Travel Year and Month,'' to include a field detailing the year and month the passenger travels for each segment of travel;

(5) ''Exchanged Ticket Indicator,'' alerting data users that a reported fare may not comport with the reported itinerary; and

(6) ''Reporting Record Identifier,'' facilitating easier record identification by the O&D Survey Reporting Carrier when correcting tickets reported with errors.

Data Items the Department Proposed No Longer Be Collected

(1) The fare class the passenger uses on each of the flights;

(2) The cabin class the passenger uses on each of the flights; and

(3) The date of ticket purchase.

In November 2015, the Airline Tariff Publishing Company (ATPCO), the leading distributor of airline fares and airline fare information for the industry notified DOT that it had the ability to report the proposed restructured O&D Survey as envisioned by A4A and DOT and that ATPCO could offer that capability as a third-party service to airlines.

C. Goals and Objectives of This Regulatory Action

The Department established the following objectives for this rulemaking: (1) Reduce the long-term reporting burden on the O&D Survey Reporting Carriers; (2) make the O&D Survey more relevant and useful to airlines, aviation policy makers, researchers, and stakeholders; (3) obtain more accurate ticket data from a broader group of air carriers and markets; (4) reduce the time it takes to disseminate the O&D Survey and the T–100(f); and (5) increase the statistical correlation between the O&D Survey and the T–100/T100(f) for data validation purposes. Taken together, this proposed rule would alleviate unnecessary regulatory burdens placed on the American people and businesses.

IV. Proposed Changes to the Collection of Data

The Department proposes the following modifications to its collection of scheduled passenger aviation data:

D. Altering the Reporting Framework

The general process for reporting O&D data is to collect the ticket information once there is an indication that the ticket has been flown, combine all the ticket coupons to determine all the points flown and the sequence of travel on the ticket, and integrate the flown information with revenue information related to the price the consumer paid for the ticket.

1. Selection of Tickets to Report

a. Making the Ticket the Basic Unit of Reporting

This proposed rule would give O&D Survey Reporting Carriers the responsibility for reporting a ticket when it is the Issuing Carrier for that ticket, relieving air carriers of the responsibility to report any ticket issued by another O&D Survey Reporting Carrier. Under the proposed rule, Issuing Carriers would know when a coupon from one of their tickets is used for transportation by any other air carrier on the ticket, triggering a Reporting Event. Moving the responsibility to report to the Issuing Carrier would simplify the reporting process by establishing one identifiable air carrier that has all the information on a ticket and is responsible for reporting the ticket. These types of tickets will account for the majority of reported tickets. Tickets issued by an O&D Survey Reporting Carrier would be referred to as ''Category One Tickets.''

In addition to Category One tickets, tickets may be issued by air carriers who would not fall under the new definition of O&D Survey Reporting Carriers; however, those tickets may still present information that should be recorded. The proposed rule would continue to require each O&D Survey Reporting Carrier to report these encountered tickets issued by Non-O&D Survey Reporting Carriers. These tickets would be referred to as ''Category Two Tickets.'' Category Two Tickets would require a process for recognizing a Reporting Event that is different than that for Category One Tickets. The proposed Category Two reporting process would be like the existing process, but the expected volume of Category Two Tickets will be significantly less under this proposed rule due to the expansion of the pool of O&D Survey Reporting Carriers and the Category One reporting rule, which will have primacy.[10]

The Department recognizes that it could eliminate Category Two Tickets, and therefore the associated burden of reporting these tickets, by requiring all foreign air carriers providing scheduled service to the United States to submit O&D Survey data. The Department, therefore, seeks comment on whether to require all foreign air carriers providing scheduled service to the United States submit O&D Survey data.

b. Increasing Sample Size to 40 Percent

This proposed rule would increase the number of passenger tickets air carriers are required to report, which would create a statistically valid sample for meaningful analysis of smaller markets that is not available under the current O&D Data collection. The current sample size of 10 percent is only sufficient for analyzing large markets and the national air transportation

proposed regulation will place the reporting responsibility on the carrier that issued the ticket. It is the carrier that issues the ticket that will have the most information about the ticket.

[10] For evaluating Category 2 tickets, foreign air carriers that have been granted Antitrust Immunity under 49 U.S.C. 41308 and 41309 will be responsible for reporting Eligible Tickets they issue and U.S. air carriers will no longer have to report these.

system at a broad level. Studies indicate that a 40 percent sample is sufficient to allow proper evaluation of small aviation markets, and so the Department is proposing to increase the number of passenger tickets are required to report to 40 percent.[11] The ability to measure small markets is important to air carriers and to policy makers in order to monitor the effectiveness of Federal dollars spent in programs such as the Essential Air Service (EAS) and the Small Community Air Service Development Program (SCASDP), that are designed to ensure that small and rural communities have access to the national air transportation system. The 40 percent sample, in combination with expanding the universe of O&D Survey Reporting Carriers, would substantially improve the ability to measure smaller markets accurately.

c. Providing an Unbiased Sample Selection

The proposed rule would designate the final, right-most digit of the standard ticket document number as the basis for the new, random sample size. Analyses by DOT suggest that the final digit of a ticket number does not pertain directly to any particular type of passenger or journey, and every digit (0–9) has an equal probability of appearing. This method ensures that the random sampling of 40 percent of Eligible Tickets for the O&D Survey would be truly unbiased and random, protecting the validity and integrity of the data.

Any O&D Survey Reporting Carrier that does not assign ticket numbers to passenger journeys or does not assign ticket numbers such that the final, right-most digit is not randomly assigned would be required to develop an alternative method of creating a valid 40 percent sample. Those O&D Survey Reporting Carriers would need to submit their alternative sample methods to DOT for approval within 90 days of the date that the O&D Survey Reporting Carrier recognizes that it must make use of the alternative sample selection method to comply with the proposed reporting regulation for determining an Eligible Ticket.

2. Removing the Requirement for Summarization

Under the proposed rule, O&D Survey Reporting Carriers would report individual tickets as separate records, rather than aggregating tickets with identical characteristics into a single reporting record. Currently, the number of tickets in each grouping is tracked and reported as a passenger count. This process was initially instituted because the cost of data transmission and storage exceeded the cost of processing the records into summarized records. However, due to significant advances in data transmission and storage technology, any such savings are now minimal. The process of grouping and summarizing similar tickets into one summary reporting record creates an additional, unnecessary step for the O&D Survey Reporting Carriers, and is inconsistent with modern revenue accounting practices. Combining the tickets also increased the difficulty of correcting the occasional, inevitable mistakes that arise in reporting to the O&D Survey because the individual records that cause the problem are not identifiable in the summary record that is provided.

E. Modification to O&D Survey Reporting Carriers

The proposed rule would simplify the identification of the air carriers responsible for reporting a ticket, correcting the current onerous and burdensome process. It would also all but eliminate the need for an air carrier that may not have information on a ticket in its internal systems to obtain the information from other sources outside its normal business process.

1. U.S. Air Carriers [12] as O&D Survey Reporting Carriers

The proposed rule would require that all U.S. air carriers that hold either a certificate of public convenience and necessity for scheduled passenger air transportation pursuant to 49 U.S.C. 41102 or that hold a Commuter Air Carrier Authorization pursuant to 14 CFR part 298 and that hold out a schedule and issue tickets for scheduled passenger air transportation be considered O&D Survey Reporting Carriers for the O&D Survey. This proposed rule would require all O&D Survey Reporting Carrier to submit O&D Survey data to capture travel in markets served by all types of air carriers. However, by making the reporting regulation compatible with industry accounting structures, DOT expects this reporting would add minimal additional burden to affected air carriers. Carriers would only report tickets that satisfy the reporting criteria. In most cases, air carriers operating as contract lift providers (*i.e.,* code-share branded regional partners) would not have to report tickets. If necessary, DOT would work with outside third-party vendors, such as ATPCO, to make data collection and reporting services available to all O&D Survey Reporting Carriers. The Department seeks comment on whether any further accommodation is necessary for these smaller air carriers.

2. Foreign Air Carriers That Are Not O&D Survey Reporting Carriers

Under the proposed rule, foreign air carriers would not report passenger O&D data under 14 CFR part 241, Sec. 19–8, which is consistent with current reporting requirements. However, foreign air carriers would still need to report data as required by a grant of antitrust immunity under 49 U.S.C. 41308 and 41309, which represent a separate set of reporting regulations. O&D Survey Reporting Carriers will determine if a foreign air carrier that reports under 49 U.S.C. 41308 and 41309 issued a ticket, and if so, the O&D Survey Reporting Carrier will not be responsible for reporting the ticket.

3. O&D Survey Reporting Carriers List

The proposed rule would require that DOT post the O&D Survey Reporting Carriers List one month in advance of its monthly effective date to ensure that O&D Survey Reporting Carriers are aware of all updates and give the O&D Survey Reporting Carriers time to update their internal processes to comply with reporting requirements.[13] For example, an update to the list posted January 31st would be effective for reporting beginning in March. The O&D Survey Reporting Carriers List would be updated as soon as administratively possible when an O&D Survey Reporting Carrier becomes qualified or is disqualified as an O&D Survey Reporting Carrier.

F. Increasing the Frequency of Reporting

The proposed rule would require O&D Survey Reporting Carriers to report data monthly instead of the current quarterly reporting period. Information would have to be reported to the Department no later than 45 days after the last day of a reporting month. This would make the data available to stakeholders on an

[11] Statistical analyses by Michael Wittman (Michael D. Wittman, *A Note on the Use of U.S. DB1B Passenger Ticket Data for Estimating Airfares in Thin Airline Markets or Small Airports,* Massachusetts Institute of Technology), and Eric Amel (Eric Amel, *Report on the Results of Different Sampling Rates on the Reliability of the US DOT O&D Survey,* Compass Lexecon, May 18, 2015) are available in the Docket.

[12] 49 U.S.C. 40102(a)(2).

[13] Domestic air carriers may change their business model from one of only providing contract lift, not holding out scheduled air service and not issuing tickets, to selling their own services. When this occurs, the carrier will need to be added to the O&D Survey Reporting List. The same may happen in reverse requiring a carrier to be removed from the list. This same process applies to foreign air carriers immunized under 49 U.S.C. 41308 and 41309. They may also be added or removed from the list depending on their immunity status.

expedited basis compared to the existing quarterly reporting and enables users to validate it against other data disseminated monthly, such as the T–100.

G. Expanding Data Elements Collected

Through discussions with A4A, the Department determined the expanded data elements selected below are already collected and maintained by industry and therefore are minimally burdensome to collect. The Department may expand or change the regulatory language to include further definition of the requirements for submission, subject to the comments received for the final rulemaking.

1. Reporting Scheduled Year and Month of Travel

The proposed rule would require the O&D Survey Reporting Carriers to report the scheduled year and month of departure of each flight coupon. Providing this level of granularity would increase the utility of the O&D Survey by enabling users to, for example, better compare economic activity in the aviation sector against other measures of economic activity in the economy that are reported monthly, or with other aviation traffic data collected by DOT. Including month of travel also would make it easier to validate the submissions against other data sources, such as the T100 and T–100(f). Data in the O&D Survey currently cannot properly support a direct comparison to 3 months of T–100/T–100(f) data because the current survey reporting includes data with travel dates outside of the three months of the quarterly O&D reporting window that cannot be identified in the collected data; therefore, the data cannot be accurately segmented on specific time periods for comparison with the T–100 or T–100(f).

2. Reporting All Airports in the Itinerary Including Via Airports

The proposed rule would require reporting of Eligible Tickets to include all airports wherein the passenger is scheduled to travel, even when the passenger does not deplane. Whereas most tickets document travel that consists of flight coupons with one aircraft take-off and one aircraft landing, sometimes the passenger is on a flight that lands at an airport but the passenger remains on board. This airport is not expressly identified in the ticket, and is generally referred to as a ''via'' airport. The current rules of the O&D Survey do not allow for the reporting of ''via'' airports. Collecting this information would enable data users to understand better how passengers travel through various airline networks, and would provide the necessary information for relating T100/T100(f) segment data directly to O&D Survey information.

Identifying the ''via'' airports, currently hidden in an itinerary, requires knowledge of the flight number, because each flight number has its own unique routing, as well as the date of the scheduled travel, because schedules change within monthly boundaries and some flight number schedules change by day-of-week (*e.g.,* differing weekday and weekend flight itineraries). The Department is not proposing to require the reporting of flight number and flight date. Instead, DOT proposes that the O&D Survey Reporting Carriers report the ''via'' airport in a ''Via Airport'' field because the O&D Survey Reporting Carrier knows the flight number and flight date while the Department does not.

3. Reporting Dwell Time

The proposed rule would assist DOT in creating a more accurate record of the passenger's intended destination (*i.e.,* true O&D) by requiring O&D Survey Reporting Carriers to report the number of hours elapsed between the passenger's arrival at an airport on a flight and the passenger's departure from the next airport in the tickets travel sequence. The standard measure of continuity of a journey in the industry is time between flights at an airport, or ''dwell time.'' Reporting ''dwell time'' would enable users to make an accurate determination of when a passenger has reached a destination versus when the passenger is simply waiting for a connecting flight to the intended destination. For example, when a passenger stays only an hour or two at an airport, the airline assumes that this airport is not an intended destination but, instead, the passenger was only at that airport to travel onward to an intended destination.

As the O&D Survey Reporting Carrier knows the flight dates and flight times on an individual ticket, the Department proposes that the O&D Survey Reporting Carriers report in one hour increments the number of hours elapsed between a passenger's arrival and the passenger's departure from an Airport, rounding up to the nearest whole hour. This measure of time would be reported as a new element, ''Dwell Time.''

4. Reporting an Exchanged Ticket Indicator

The proposed rule adds a new element, the ''Exchanged Ticket Indicator,'' to notify O&D Survey data users that a ticket may warrant further examination. The proposed rule would continue to require that tickets issued in exchange for unused coupons of a previously issued ticket be reported. For Exchanged Tickets, the user of the data would be alerted that the value reported as the Total Amount may include a form of payment from unused coupons of a previously issued ticket.

5. Reporting a Frequent Flyer Program Ticket

The Department seeks comment on whether O&D Survey Reporting Carriers should report whether a ticket was purchased in part or in whole by redemption through a Frequent Flyer Program (FFP). The user of the data would be alerted that the value reported as the Total Amount may include a form of payment by redemption of FFP miles or points.

6. Reporting Total Amount and Tax Amount

The rule proposes adding a data element for the ''Tax Amount'' to understand the effect of government policy on aviation and allow data users the ability to separate taxes paid from the total fare. The rule also proposes to rename the currently reported element ''Total Dollar Value'' to ''Total Amount.''

a. Total Amount

The proposed rule would keep the reporting element ''Total Dollar Value'' but change the name of the reporting element to the industry standard term ''Total Amount'' and clarify the instructions for populating the data element. For all Eligible Tickets, the O&D Survey Reporting Carrier would report the Total Amount paid for the ticket that was mandatory for the passenger to board the aircraft. The Department proposes that the Total Amount would include all mandatory carrier-imposed charges and government-imposed fees and taxes. Carrier-imposed charges, which are variously described as fuel surcharges, ticketing, check-in, seat, or other fees or charges that are mandatory, that a passenger must pay to board the aircraft would be included. In addition, the amount of non-airline imposed taxes and fees for the ticket would be included. The Total Amount would not include charges for optional or ancillary services such as baggage fees, premium seat fees, or ticket change fees. For example, if a consumer can choose a no-cost seat or seating category, but chooses to purchase a particular seat or seating category, that fee should not be included. However, if a passenger has a

choice of seats or seating categories, but there is a cost associated with all the options and the consumer must pay a fee regardless of which option is chosen, the fee is mandatory and that fee should be included in the total cost of the ticket. Regarding mandatory ticket purchase fees, if the passenger must pay a fee the amount of which depends on the outlet from which the ticket is purchased (*e.g.,* one fee for online purchases, a slightly higher (or lower) fee for telephone purchases, and a slightly lower (or higher) fee for purchases at the ticket counter), payment of one of those fees is mandatory, and the fee paid by the passenger should be reported. However, if there is an outlet for which there is no ticket fee (*e.g.,* online purchases) and the only additional purchase fees are for tickets purchased via the airline's disfavored outlets, such as telephone or in-person sales, then the fee is not mandatory and would not need to be included in the ''Total Amount'' reported to the Department.

The Department seeks comment on whether an ''optional'' ticket purchase fee collected from most tickets sold by a carrier should be included in the Total Amount of the ticket. For example, if there is a disfavored outlet, such as in-person sales, for which there is no ticket fee, but a ticket fee is collected from tickets sold from the outlet a majority of passengers use (*e.g.,* online purchases), should this fee be included in the Total Amount of the ticket? If yes, what should the threshold be—greater than 50 percent of tickets sold?

When reporting Category Two Tickets, the O&D Survey Reporting Carrier may not have access to the accounting system of the Issuing Carrier. However, because ticket information is routinely shared between air carriers and foreign air carriers when transporting shared passengers, it can be expected that the O&D Survey Reporting Carrier would report as accurately as possible the Total Amount based on the information shared by the Issuing Carrier.

b. Tax Amount

The proposed rule would create a new reporting element, ''Tax Amount.'' Along with informing tax policy, this change would allow users of the data to determine the actual passenger revenue retained by an airline. For Category One Tickets, the O&D Survey Reporting Carrier would report the aggregate of fees and taxes imposed by external entities (*e.g.,* airport operating authorities and government jurisdictions) and paid by the passenger as the Tax Amount, and would exclude all carrier-imposed fees.

When reporting Category Two Tickets, the O&D Survey Reporting Carrier may not have access to the accounting system of the Issuing Carrier. However, since ticket information is routinely shared between air carriers and foreign air carriers in the normal course of business when transporting interline passengers, it can be expected that the O&D Survey Reporting Carrier would report as accurately as possible the Tax Amount based on the information shared by the Issuing Carrier.

An alternative approach would be to require that the O&D Survey Reporting Carrier report all taxes and non-carrier fees separately, instead of the current proposal to aggregate the taxes and fees into one lump sum. The Department seeks comment regarding the utility to users and additional burden to O&D Survey Reporting Carriers of reporting individual tax and fee amounts instead of reporting the aggregate amount of taxes and fees.

c. Currency and Fractions of a Dollar

The rule proposes all amounts would be reported in United States Dollars (USD), rounded to two decimal places. The rule does not propose to impose a uniform methodology for the conversion of foreign currency to USD. O&D Survey Reporting Carriers would, however, be expected to use a currency conversion methodology that is generally accepted within the industry.

7. Record Identification Number

The rule proposes the creation of a unique Record Identification Number (Record ID) generated by the O&D Survey Reporting Carrier for each Eligible Ticket submitted to the O&D Survey. This would allow the Department to communicate precisely to the O&D Survey Reporting Carrier any records that may have missing or incomplete data elements, or are otherwise flagged for review. The Department seeks comment on how to standardize the format of the Record ID by incorporating helpful elements, such as the month and year of travel, plate code of the O&D Survey Reporting Carrier, ticket number, or origin/destination, while at the same time preserving the number as a unique record identifier.

8. Removal of Fare Basis Code

The Department seeks comment on whether to cease reporting the Fare Basis Code as currently collected, the usefulness of such a data element, and how this data element could be revised to minimize the burden on O&D Survey Reporting Carriers. Currently, O&D Survey Reporting Carriers must map their fare types to a standard set of government-defined definitions that do not always match well with their business model-specific products, resulting in inconsistent fare basis codes being assigned across carriers. Ceasing to report Fare Basis Codes would also decrease the burden on the O&D Survey Reporting Carriers. Alternatively, the O&D Survey could collect fare class or a replacement data element instead, such as cabin class of ticket purchased. The Department believes that such a data element would prove useful to a variety of industry stakeholders, and would also allow users of the data to segment average fares.

V. Proposed Changes to Dissemination of Data

A. Changes to Dissemination of O&D Survey Data

By collecting data on a monthly basis, instead of quarterly, this proposed rule would allow DOT the ability to disseminate the O&D Survey statistics more frequently. The Department, however, must balance the value of providing timely information to stakeholders with the need to protect the business confidentiality of the air carriers. Currently, O&D Survey data is typically released 90 days from the end of the reporting quarter. The Department proposes withholding the O&D Survey monthly data for a minimum of 60 days from the end of the Reporting Year and Month. DOT seeks comment on the appropriate amount of time to withhold data from dissemination that would still protect the competitive interests of the air carriers.

Another data dissemination issue is the restrictions placed on the release of domestic carrier-submitted itineraries with foreign origin and destination points in the O&D Survey to non-U.S. citizens. Currently, because data covering the operations of foreign air carriers that is similar to the information collected in the O&D Survey is not available, international itinerary data in the Passenger Origin-Destination Survey is not generally disclosed because of the potential damaging competitive impact on U.S. carriers and the adverse effect upon the public interest that would result from unilateral disclosure of data related to foreign markets (14 CFR part 241, Sec. 19–7(d)). The disclosure policy identifies exceptions for government interests and for air carriers contributing data to the O&D Survey. The international travel data is available to persons upon a showing that the

release of the data will serve specifically identified needs of U.S. users which are consistent with U.S. interests (14 CFR part 241, Sec. 19–7(d)).

The Department is not contemplating a change to its policy regarding the release of international travel data; however, DOT proposes adding the descriptor ''citizens and non-citizens'' to the other persons offered an opportunity to receive the data based on specifically identified needs and consistency with U.S. interests. The Department seeks comment on the advisability of this clarification of language, and whether to grant non-citizens access to the O&D Survey data under these circumstances. Finally, DOT seeks comment on whether to replace the phrase ''specifically identified need'' with a defined list of permissible, specifically identified needs that would be codified in the regulation, and, if so, what that defined list should include.

All itineraries that contain a foreign point and involve a U.S. O&D Survey Reporting Carrier in the itinerary, regardless of whether a domestic or foreign air carrier reports it, would continue to be made available under the disclosure policy discussed above.

B. Changes to Dissemination of T–100/T–100(f)

The Department is considering shortening the time that it withholds public release of the T–100(f). Such a change would not only expedite public access to O&D Survey data, but it would also make the T–100(f) release more consistent with T–100 domestic data by having each released on the same schedule. This would simplify the process of using DOT's aviation data products by making it easier to harmonize domestic and international planning tasks. Considering the increased utility of the data in the O&D Survey, DOT is requesting comment on shortening the time that T–100(f) is withheld from the current 6 months to 3 months.

VI. Complete List of Elements To Report

Below is the proposed list of all elements that would be reported in the O&D Survey. Elements marked with an asterisk (*) indicate new or significantly changed elements. Elements for each submitted report would be submitted only once with each report; elements for each submitted ticket would be submitted once for each ticket; and elements submitted for each airport in the ticket sequence of travel would be submitted once for each airport in the sequence of travel.

A. Elements for Each Submitted Report

- *O&D Survey Reporting Carrier Identifier:* The two-character International Air Transport Association (IATA) identifier of the air carrier that reports the ticket.
- *Reporting Year:* Year in which a coupon in a ticket is used for air transportation for the first time.
- *Reporting Month:** Month in which a coupon in a ticket is used for air transportation for the first time.

B. Elements for Each Submitted Ticket

- *Record Identification Number:** A unique number assigned by the O&D Survey Reporting Carrier to each Eligible Ticket submitted to the O&D Survey, allowing DOT to precisely communicate to the O&D Survey Reporting Carrier any records that may have missing or incomplete data elements, or are otherwise flagged for review.
- *Issuing Carrier:** The two character IATA/DOT identifier of the air carrier or foreign air carrier that issued the ticket.
- *Total Amount:* The gross total of funds collected on a ticket by the Issuing Carrier for the transportation of a passenger, inclusive of taxes and fees imposed by non-carrier entities or air carriers, and exclusive of ancillary fees not required to board the plane charged by the air carrier.
- *Tax Amount:* The* portion of the Total Amount that is imposed by and remitted to a non-air carrier entity, such as a government. This value may also include airport-imposed taxes or fees assessed by privately operated airports.
- *Exchanged Ticket Indicator:** A record indicator when at least one form of payment for the ticket is one or more Coupons of a previously issued ticket.

C. Elements for Each Airport in the Ticket Sequence of Travel

- *Airport:* The IATA/DOT airport code of the station in the ticket's sequence of travel that represents the point of embarkation for the flight segment indicated by Operating Carrier, Marketing Carrier, Scheduled Flight Year, Scheduled Flight Month. The elements Dwell Time, and Via Airport would apply to this Airport.
- *Operating Carrier:* The IATA/DOT designator code for the air carrier or foreign air carrier whose aircraft are used to operate from the subject airport.
- *Marketing Carrier:* The IATA/DOT designator code for the air carrier or foreign air carrier which marketed the seat on the aircraft that is scheduled to depart that appears on the flight segment for the subject airport. In the case of a Franchise (contract lift) or Marketing Codeshare, the Operating Carrier would be different than the Marketing Carrier.
- *Scheduled Flight Year:** Departure year in which the flight is scheduled to depart the subject Airport.
- *Scheduled Flight Month:** Departure Month in which the flight is scheduled to depart the subject Airport.
- *Dwell Time:** A value that describes the time reported in one hour increments between the time a passenger arrived at the subject airport and departed from the subject airport. When an itinerary shows that the passenger arrives at an airport that is different from the departure airport (*i.e.,* there is a surface segment in the itinerary), the Dwell Time would still report the elapsed time between arrival and departure by air.
- *Via Airport(s):** Any points of scheduled stopover or connection at airports as part of a ''direct'' or ''through'' flight.

VII. Implementation and Compliance Date

The Department proposes that the compliance date for these improvements to the O&D Survey would be no earlier than one year from the publication of the final rule. The Department envisions the submission of 12 months of data under Sec. 19–8 for testing and validation as sufficient to resolve any problems that may arise in the submission and processing of data. DOT seeks comment on what a reasonable compliance date would be based on the scope of the proposal in this NPRM.

Carriers would continue to report under Sec. 19–7 until such a time that it is determined by DOT that testing and validation of data submitted under Sec. 19–8 is complete and suitable to replace data collected under Sec. 19–7 as the statistics of record. The Department seeks comment on this reporting requirement.

VIII. Regulatory Analysis and Notices

A. E.O. 12866 (Regulatory Planning and Review), E.O. 13563 (Improving Regulation and Regulatory Review), E.O. 13771 (Reducing Regulation and Controlling Regulatory Costs), and DOT Regulatory Policies and Procedures (49 CFR Part 5)

This rulemaking is not considered a significant regulatory action under section 3(f) of E.O. 12866,[14] as supplemented by E.O. 13563,[15] which define a significant regulatory action as one that is likely to result in a rule that may have an annual effect on the

[14] 58 FR 51735; September 30, 1993.

[15] 76 FR 3821; January 21, 2011.

economy of $100 million or more or adversely affect, in a material way, the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities. The impact on the economy would be less than $100 million; it would create no conflicts with actions taken by other agencies; it would not alter budgetary impacts of entitlements, grants, fees, or loans; nor would it raise any unusual legal or policy issues.

This proposed regulatory action would modify an existing regulation and is expected to result in cost savings to producers and users of the data as well as to the Federal government. The proposed action is also expected to result in benefits to users of the data, including the O&D Survey Reporting Carriers themselves.

1. Cost Savings

The net costs of the proposed rule were determined by comparing the costs of the existing system to the projected costs with the proposed modification. The Department's analysis identified three primary categories of potential cost reductions:

- Cost reductions to data producers: The reduction in the costs of producing information for government reporting, due to technological simplification of data processing and submission.
- Cost reductions to the government: The reduction in costs to edit, manipulate, and validate the O&D data for release.
- Cost reductions to the public/users of the data: The reduction in time that users must spend applying specialized analytical skills to manipulate and adjust the data to account for current deficiencies in the Origin and Destination Survey.

Cost reductions to data producers include costs for accounting and auditing clerks, computer systems analysts, and computer programming analysts that are part of the ongoing production of data by the air carriers. Labor rates were taken based on Bureau of Labor Statistic's Standard Occupational Classification (SOC) and hours were estimated based on industry input for current operations. Average cost per airline based on the labor rates and estimated hours was then calculated, and this was multiplied by the expected number of carriers that will report over a 10-year timeframe. The ''as is'' costs were then compared to the ''to be'' costs that would be achieved under the proposed rule. The ''to be'' costs include the transition costs from the current system to the new system as well as an ongoing cost estimate for the processing of the data by a third-party fee-for-service provider. ATPCO, the leading distributor of airline fares and airline fare information, notified DOT that it can create software to assemble the O&D Survey report for any air carrier that exchanges ticket information using their services. ATPCO is a non-profit industry consortium that provides tariff services and other ticket-related services to air carriers and foreign air carriers ''at-cost.'' ATPCO's shared software would relieve air carriers from the cost of maintaining separate systems, each of which carries attendant secondary expenses for training and technical maintenance. This option would not only simplify the information technology operations, but also amortize the cost of creating and maintaining the software. Therefore, upfront costs resulting from this proposed action are expected to include the expenses related to developing, installing, and maintaining an automated reporting system. These upfront costs have been accounted for as ongoing payments to a third-party provider.

Cost reductions to the government include systems investment costs and ongoing production costs. Labor rates were taken based on Bureau of Labor Statistic's Standard Occupational Classification (SOC) and hours were based on estimates provided by the Bureau of Transportation Statistics (BTS), the agency responsible for the current processing. The ''as is'' comparison assumed the use of existing infrastructure while the ''to be'' assumed a 2-year development and implementation window as well as ongoing production costs.

Cost reductions to the public/users estimated for the ''as is'' total hours users of the data spend on computer systems analysts to further prepare the data and the number of hours an analyst may take to perform final data quality procedures that must be done to ensure clean data for final analysis outputs. The comparison ''to be'' calculation includes an estimated investment cost for creating processes for the new data prior to its release to public/users.

All costs were estimated over 10 years and discounted at a 7 percent rate.

SUMMARY OF COST SAVINGS

Stakeholder	Costs under the current regulation	Costs under the proposed regulation	Cost savings
Regulated Entities (Data Producers)	$8,355,747	$7,458,801	$896,946
Government	18,127,583	10,912,800	7,214,783
Public (Data Users)	2,452,586	196,613	2,255,973
Total Cost Savings (10 years @7% Discount Rate)			*10,367,702*
Annualized Cost Savings			*1,476,128*

This analysis finds that the proposed modification would result in annualized cost savings of approximately $1.5 million at a 7 percent discount rate.

2. Implementation and Transition Costs

To comply with the proposed revised O&D Survey, a certain investment is likely necessary by data producers. The proposed modification would simplify the design of the O&D Survey sufficiently, allowing for third-party providers to create fee-for-service software that would produce the Survey reporting records for all air carriers.

3. Benefits to Users of the Data

Users of the data include both air carriers and industry-related entities, such as airports, manufacturers, researchers, and investors, who often cite the O&D Survey as one of the most critical datasets used to formulate short- and long-term business plans and forecast industry trends. Improving the quality of the O&D Survey data would also yield several other unquantified benefits to users of the data, including:

- Reporting the Dwell Time between flights would help reduce the

difficulties and potential errors associated with determining when a passenger has reached a destination (''Trip Break'') and when the passenger is simply waiting for a connecting flight to the intended destination.

• Reporting all the cities in the itinerary would better align O&D Survey data with the T–100, removing much of the uncertainty in market validation analysis. This would allow the T–100 to facilitate validation of O&D Survey data submissions.

• Reporting a larger sample size to capture small and rural markets with the statistically significant equivalence of larger markets would reduce the need to make much less accurate manual statistical adjustments as well as increase the accuracy of data available for the analysis of small markets.

• Differentiating the amount of tax collected from the amount of total fare collected would remove uncertainty in determining the actual passenger revenue retained by the airlines.

• Reporting the month and year of travel would enable determinations of market trends that are not discernable inside the quarterly data reports and would allow direct cross-validation to other datasets such as the T–100.

4. Cost-Benefit Analysis Summary

Major provisions of this regulatory action	Benefit	10-Year costs (discounted at 7%)
Change sample size to 40%	Would enable more effective oversight of Congressional programs designed to help small communities and provide more accurate market information for a wide variety of research and industry uses.	The estimated total reduction in cost over 10 years discounted at 7% for all the major provisions would provide a reduction of $10,367,702 from the cost of continuing the current methodology.*
Report each ticket as a single record.	Would simplify reporting and improves quality assurance.	
Designate all certificated air carriers and commuter air carriers holding out scheduled passenger service as O&D Survey Reporting Carriers and require them to report the tickets that they sell.	Would simplify the reporting procedures to enable full automation of reporting, which enhances efficiency and accuracy; and eliminate loopholes in collection secure integrity of the sample of tickets.	
Move to monthly reporting	Would create more useful and timely economic information; and align the reporting process with the corresponding industry accounting process.	
Report the month/year of travel	Would create more useful, timely economic information; and align reporting process with the corresponding industry accounting process.	
Report all airports in the itinerary.	Would provide clarity and completeness in passenger movements.	
Report Dwell Time as the number of hours between each arrival and next departure in the itinerary.	Would allow accurate determination of the passenger's intended destination based on industry standard practice.	
Report an Exchanged Ticket Indicator.	Would alert data users that the fare on a specific ticket may require further investigation.	
Elimination of Fare Basis Code reporting.	Would remove sensitive business information that is burdensome to report.	
Report taxes paid on the ticket	Would inform tax policy and allow data users to separate taxes paid from the total fare.	
Report a Record Identification Number.	Would enable communication between a O&D Survey Reporting Carrier and DOT regarding data quality.	

* The industry requests to align the regulation with current accounting practices, which means that the system is to be restructured, so all new provisions can be included in a one-time programming cost.

This proposed rule is expected to be an E.O. 13771 deregulatory action.[16] As is described above in the discussion of the benefit-cost analysis that was conducted for the proposed rule, this action is expected to result in annualized cost savings (to producers and users of the data and the Federal Government) of approximately $1.5 million per year, while also yielding additional unquantified benefits to users of the data through improved data quality and utility.

B. The Unfunded Mandates Reform Act of 1995.

The Unfunded Mandates Reform Act of 1995 [17] requires Federal agencies to prepare a written assessment of the costs, benefits, and other effects of proposed or final rules that include a Federal mandate likely to result in expenditures by State, local, or tribal governments, in the aggregate, or by the private sector, of more than $100 million annually. The proposed changes we are considering making to the aviation data collections would not result in expenditures by State, local, or tribal governments.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act [18] requires an agency to assess the impacts of proposed and final rules on small entities unless the agency determines that a rule is not expected to have a significant economic impact on a substantial number of small entities. The Department has evaluated the effects of this action on small entities and anticipates that the action will not have a significant economic impact on a substantial number of small entities.

[16] 82 FR 9339; Feb. 3, 2017.

[17] 2 U.S.C. 1531–1538.

[18] 5 U.S.C. 601 *et seq.*

The small entities which will begin reporting the data collected under this proposed rule routinely collect this data as a normal course of business, as a necessity to common industry accounting practices. The Department hereby certifies that this action would not have a significant economic impact on a substantial number of small entities.

D. E.O. 13132 (Federalism)

E.O. 13132 [19] requires agencies to ensure meaningful and timely input by State and local officials in the development of regulatory policies that may have a substantial, direct effect on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. The Department has analyzed this action in accordance with the principles and criteria contained in E.O. 13132. This rule does not include any provision that substantially directly affect the States, the relationship between the National Government and the States, or the distribution of power and responsibilities among the various levels of government. It imposes no direct compliance costs on State and local governments nor does it preempt State law. States are already preempted from regulating in this area by the Airline Deregulation Act.[20] Therefore, the consultation and funding requirements of E.O. 13132 do not apply.

E. E.O. 13175 (Consultation and Coordination With Indian Tribal Governments)

The proposed changes to the O&D Survey would not have tribal implications, impose substantial direct compliance costs on Indian tribal governments, or preempt tribal law. Therefore, this NPRM is exempt from the consultation requirements of E.O. 13175, ''Consultation and Coordination with Indian Tribal Governments.'' [21] If tribal implications are identified during the comment period, the Department will undertake appropriate consultations with the affected Indian tribal officials.

F. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) [22] requires that the Department consider the impact of paperwork and other information collection burdens imposed on the public and obtain approval from the Office of Management and Budget (OMB) for each collection of information it conducts, sponsors, or requires through regulations.

This action contains the following proposed amendments to the existing information collection requirements previously approved under OMB Control Number 2105–AE45. As required by the PRA, DOT has submitted these proposed information collection amendments to OMB for its review.

Summary: Origin-Destination Survey of Airline Passenger Traffic (O&D Survey), which collects information on the origin and destination of passengers including, at a minimum, information on: (1) The origin and destination of passengers in interstate air transportation, and (2) the number of passengers traveling by air between any two points in interstate air transportation. Modifications to the existing requirements would include making the air carrier that issues the ticket primarily the carrier responsible for submitting the ticket, reporting each ticket as a single record, expanding the O&D Survey Reporting Carrier threshold, changing the period of reporting to monthly, increasing the sample size to 40 percent, reducing the lag time for release of T–100(f), adding dwell time, adding a Via Airport data element, adding a Total Tax element, adding Travel Year and Travel Month as recorded elements, adding an Exchange Ticket Indicator, adding a Reporting Record Identifier, and removing the requirement to record the Fare Basis Code.

Use: The Department is obligated by statute to collect and disseminate this information. There are many private and public stakeholders that depend on this data to make decisions on aviation business and policy. For example, this data is used by the industry to plan air services, develop commercial aviation infrastructure, measure the economic impact of passenger flows, and create business plans for start-up airlines. The O&D Survey is also a primary source of information used to quantify and evaluate the effectiveness of Federal aviation policy and programs as well as develop and implement new policies and infrastructure initiatives.

Respondents (including number of): All certificated air carriers and commuter air carriers holding out scheduled passenger service. The Department currently estimates approximately 27 air carriers will qualify to submit data to the O&D Survey as envisioned by this rulemaking.

Frequency: Monthly.

Annual Burden Estimate: The Department is soliciting comments to—

(1) Evaluate whether the proposed information requirement is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of collecting information on those who are to respond, including by using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Individuals and organizations may send comments on the information collection requirement by March 19, 2021, 11:59 p.m. Eastern Time, and should direct them to the address listed in the **ADDRESSES** section at the beginning of this preamble. Comments should also be submitted to the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention: Desk Officer for OST, New Executive Building, Room 10202, 725 17th Street NW, Washington, DC 20053.

G. National Environmental Policy Act

The Department has analyzed the environmental impacts of this proposed action pursuant to the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321, *et seq.*) and has preliminarily determined that it is categorically excluded pursuant to DOT Order 5610.1C, Procedures for Considering Environmental Impacts (44 FR 56420, Oct. 1, 1979). Categorical exclusions are actions identified in an agency's NEPA implementing procedures that do not normally have a significant impact on the environment and therefore do not require either an environmental assessment (EA) or environmental impact statement (EIS). The purpose of this rulemaking is to update the method of collecting and processing aviation traffic data as well as expanding the number of reporting air carriers, the sample size collected, and the scope of the data reported in the O&D Survey. The Department does not anticipate any environmental impacts, and there are no extraordinary circumstances present in connection with this rulemaking.

H. Regulation Identifier Number

2105–AE45.

[19] 64 FR 43255; August 10, 1999.

[20] 49 U.S.C. 41713.

[21] 65 FR 67249; November 9, 2000.

[22] 44 U.S.C. 3501, *et seq.*

List of Subjects

14 CFR Part 241

Air carriers, Reporting and recordkeeping requirements, Uniform system of accounts.

14 CFR Part 298

Air taxis, Reporting and recordkeeping requirements.

Issued in Washington, DC.

Elaine L. Chao,

Secretary of Transportation.

Proposed Rule

Accordingly, the Department proposes to amend 14 CFR parts 241 and 298 as follows:

PART 241—UNIFORM SYSTEM OF ACCOUNTS AND REPORTS FOR LARGE CERTIFICATED AIR CARRIERS

■ 1. The authority citation for part 241 continues to read as follows:

Authority: 49 U.S.C. 329, 41101, 41708, and 41709.

Sec. 19–7 [Removed]

■ 2. Remove Sec. 19–7.

■ 3. Add Sec. 19–8 to read as follows:

Sec. 19–8 Passenger Origin—Destination Survey applicability.

(a) All U.S. certificated and commuter air carriers conducting scheduled passenger services (except helicopter carriers) shall participate in a Passenger Origin-Destination (O&D) Survey covering domestic and international air carrier operations, as prescribed by the Department's Bureau of Transportation Statistics (BTS), Office of Airline Information (OAI).

(b) A statistically valid sample of flight coupons shall be selected for reporting purposes. The sample shall consist of a selection of all Tickets involving a Reporting Carrier that meet the reporting criteria as defined in the Instructions, or further defined in Directives, except those participating O&D carriers with nonstandard ticketing procedures, or other special operating characteristics, may propose alternative procedures. Such departures from standard O&D Survey practices shall not be authorized unless approved in writing by the Director, Office of Airline Information under the procedures in Sec. 1–2. The data to be recorded and reported, as stipulated in the Instructions and Directives, shall include at a minimum the following data elements: Reporting Carrier, Reporting Month, Reporting Year, Record Identification Number, Issuing Carrier, Total Amount, Tax Amount, Exchanged Ticket Indicator, Airport, Operating Carrier, Marketing Carrier, Scheduled Flight Year, Scheduled Flight Month, Dwell Time and Via Airport(s).

(c) Any Ticket that is submitted that involves a O&D Survey Reporting Carrier providing service in whole or in part under this part or 49 U.S.C. 41308 or 41309 and any data covering the operations of foreign air carriers that are similar to the information collected in the Passenger Origin-Destination Survey are generally not available to the Department, the U.S. carriers, or U.S. interests. Therefore, because of the damaging competitive impact on U.S. carriers and the adverse effect upon the public interest that would result from unilateral disclosure of the U.S. survey data, the Department will not disclose the international data in the Passenger Origin-Destination Survey except:

(1) To an air carrier directly participating in and contributing input data to the Survey or to a legal or consulting firm designated by an air carrier to use on its behalf O&D data in connection with a specific assignment by such carrier;

(2) To parties to any proceeding before the Department to the extent that such data are relevant and material to the issues in the proceeding upon a determination to this effect by the Administrative Law Judge or by the Department's decision-maker. Any data to which access is granted pursuant to this section may be introduced into evidence subject to the normal rules of admissibility of evidence.

(3) To agencies and other components of the U.S. Government.

(4) To other persons upon a showing that the release of the data will serve specifically identified needs of U.S. users which are consistent with U.S. interests.

(5) To foreign governments and foreign users as provided in formal reciprocal arrangements between the foreign and U.S. Governments for the exchange of comparable O&D data.

(6) Or as otherwise determined by the Department as consistent with its regulatory functions and responsibilities.

(d) Each O&D Survey Reporting Carrier shall maintain its prescribed reportable records in a manner and at such locations as will permit ready accessibility for examination by representatives of DOT. The record retention requirements are prescribed in part 249 of this chapter.

PART 298—EXEMPTIONS FOR AIR TAXI AND COMMUTER AIR CARRIER OPERATIONS

■ 4. The authority citation for part 298 continues to read as follows:

Authority: 49 U.S.C. 329 and chapters 401, 411, and 417.

■ 5. In § 298.60, revise paragraph (a) to read as follows:

§ 298.60 General reporting instructions.

(a) Each commuter air carrier and each small certificated air carrier shall file the applicable schedules of Form 298–C, ''Report of Financial and Operating Statistics for Small Aircraft Operators'', Schedule T–100, ''U.S. Air Carrier Traffic and Capacity Data by Nonstop Segment and On-Flight Market'', and the ''Passenger Origin—Destination Survey'' prescribed in part 241, Sec. 19–8, of this subchapter.

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SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 230, 232, 239, and 249

[Release Nos. 33–10911; 34–90773; File No. S7–24–20]

RIN 3235–AM78

Rule 144 Holding Period and Form 144 Filings

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission (''Commission'') is proposing to amend Rule 144 to revise the holding period determination for securities acquired upon the conversion or exchange of certain market-adjustable securities of issuers that do not have securities listed on a national securities exchange. Under the proposed amendments, the holding period for those securities would not begin until the securities are acquired upon the conversion or exchange of the market-adjustable security. The Commission is also proposing to mandate electronic filing of Form 144 with respect to securities issued by issuers subject to Exchange Act reporting requirements, to amend the filing deadline for Form 144 to coincide with the filing deadline for Form 4, and to streamline the filing process in cases where both Form 4 and Form 144 are required to report the same transaction. Finally, the Commission is proposing to eliminate