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PUBLIC LAW 108–176—DEC. 12, 2003

VISION 100—CENTURY OF AVIATION REAUTHORIZATION ACT

Public Law 108–176
108th Congress

An Act

Dec. 12, 2003
[H.R. 2115]

To amend title 49, United States Code, to reauthorize programs for the Federal Aviation Administration, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Vision 100—Century of Aviation Reauthorization Act.
49 USC 40101 note.

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Vision 100—Century of Aviation Reauthorization Act".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

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SEC. 2. AMENDMENTS TO TITLE 49, UNITED STATES CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 49, United States Code.

SEC. 3. APPLICABILITY. 49 USC 106 note.

Except as otherwise specifically provided, this Act and the amendments made by this Act shall apply only to fiscal years beginning after September 30, 2003.

SEC. 4. FINDINGS. 49 USC 40101 note.

Congress finds the following:

(1) The United States has revolutionized the way people travel, developing new technologies and aircraft to move people more efficiently and more safely.

(2) Past Federal investment in aeronautics research and development has benefited the economy and national security of the United States and the quality of life of its citizens.

(3) The total impact of civil aviation on the United States economy exceeds $900,000,000,000 annually and accounts for 9 percent of the gross national product and 11,000,000 jobs in the national workforce. Civil aviation products and services generate a significant surplus for United States trade accounts, and amount to significant numbers of the Nation's highly skilled, technologically qualified work force.

(4) Aerospace technologies, products, and services underpin the advanced capabilities of our men and women in uniform and those charged with homeland security.

(5) Future growth in civil aviation increasingly will be constrained by concerns related to aviation system safety and

security, aviation system capabilities, aircraft noise, emissions, and fuel consumption.

(6) Revitalization and coordination of the United States efforts to maintain its leadership in aviation and aeronautics are critical and must begin now.

(7) A recent report by the Commission on the Future of the United States Aerospace Industry outlined the scope of the problems confronting the aerospace and aviation industries in the United States and found that—

(A) aerospace will be at the core of the Nation's leadership and strength throughout the 21st century;

(B) aerospace will play an integral role in the Nation's economy, security, and mobility; and

(C) global leadership in aerospace is a national imperative.

(8) Despite the downturn in the global economy, projections of the Federal Aviation Administration indicate that upwards of 1,000,000,000 people will fly annually by 2013. Efforts must begin now to prepare for future growth in the number of airline passengers.

(9) The United States must increase its investment in research and development to revitalize the aviation and aerospace industries, to create jobs, and to provide educational assistance and training to prepare workers in those industries for the future.

TITLE I—AIRPORT AND AIRWAY IMPROVEMENTS

Subtitle A—Funding of FAA Programs

SEC. 101. AIRPORT PLANNING AND DEVELOPMENT AND NOISE COMPATIBILITY PLANNING AND PROGRAMS.

(a) AUTHORIZATION.—Section 48103 is amended—

(1) by striking "September 30, 1998" and inserting "September 30, 2003"; and

(2) by striking paragraphs (1) through (5) and inserting the following:

"(1) $3,400,000,000 for fiscal year 2004;

"(2) $3,500,000,000 for fiscal year 2005;

"(3) $3,600,000,000 for fiscal year 2006; and

"(4) $3,700,000,000 for fiscal year 2007.".

(b) OBLIGATIONAL AUTHORITY.—Section 47104(c) is amended by striking "September 30, 2003" and inserting "September 30, 2007".

SEC. 102. AIR NAVIGATION FACILITIES AND EQUIPMENT.

Section 48101 is amended—

(1) in subsection (a) by striking paragraphs (1) through (5) and inserting the following:

"(1) $3,138,000,000 for fiscal year 2004;

"(2) $2,993,000,000 for fiscal year 2005;

"(3) $3,053,000,000 for fiscal year 2006; and

"(4) $3,110,000,000 for fiscal year 2007.";

(2) by striking subsections (b), (d), and (e) and redesignating subsection (c) as subsection (b);

(3) by inserting after subsection (b) (as so redesignated) the following:

"(c) ENHANCED SAFETY AND SECURITY FOR AIRCRAFT OPERATIONS IN THE GULF OF MEXICO.—Of amounts appropriated under subsection (a), such sums as may be necessary for fiscal years 2004 through 2007 may be used to expand and improve the safety, efficiency, and security of air traffic control, navigation, low altitude communications and surveillance, and weather services in the Gulf of Mexico.

"(d) OPERATIONAL BENEFITS OF WAKE VORTEX ADVISORY SYSTEM.—Of amounts appropriated under subsection (a), such sums as may be necessary for each of fiscal years 2004 through 2007 may be used for the development and analysis of wake vortex advisory systems.

"(e) GROUND-BASED PRECISION NAVIGATIONAL AIDS.—Of amounts appropriated under subsection (a), such sums as may be necessary for each of fiscal years 2004 to 2007 may be used to establish a program for the installation of a precision approach aid designed to improve aircraft accessibility at mountainous airports with limited land if the approach aid is able to provide curved and segmented approach guidance for noise abatement purposes and other such approach aids and is certified or approved by the Administrator.";

(4) in subsection (f)—

(A) by striking "for fiscal years beginning after September 30, 2000"; and

(B) by inserting "may be used" after "necessary"; and

(5) by adding at the end the following:

"(h) STANDBY POWER EFFICIENCY PROGRAM.—Of amounts appropriated under subsection (a), such sums as may be necessary for each of fiscal years 2004 through 2007 may be used by the Secretary of Transportation, in cooperation with the Secretary of Energy and, where applicable, the Secretary of Defense, to establish a program to improve the efficiency, cost effectiveness, and environmental performance of standby power systems at Federal Aviation Administration sites, including the implementation of fuel cell technology.

"(i) PILOT PROGRAM TO PROVIDE INCENTIVES FOR DEVELOPMENT OF NEW TECHNOLOGIES.—Of amounts appropriated under subsection (a), $500,000 for fiscal year 2004 may be used for the conduct of a pilot program to provide operating incentives to users of the airspace for the deployment of new technologies, including technologies to facilitate expedited flight routing and sequencing of takeoffs and landings.".

SEC. 103. FEDERAL AVIATION ADMINISTRATION OPERATIONS.

(a) IN GENERAL.—Section 106(k)(1) is amended to read as follows:

"(1) SALARIES, OPERATIONS, AND MAINTENANCE.—There is authorized to be appropriated to the Secretary of Transportation for salaries, operations, and maintenance of the Administration—

"(A) $7,591,000,000 for fiscal year 2004;

"(B) $7,732,000,000 for fiscal year 2005;

"(C) $7,889,000,000 for fiscal year 2006; and

"(D) $8,064,000,000 for fiscal year 2007.

Such sums shall remain available until expended.".

(b) AUTHORIZED EXPENDITURES.—Section 106(k)(2) is amended—

(1) by striking subparagraphs (A) and (B) and subparagraphs (F) through (I);

(2) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (A), (B), and (C), respectively;

(3) in subparagraphs (A), (B), and (C) (as so redesignated) by striking "fiscal years 2000 through 2003" and inserting "fiscal years 2004 through 2007"; and

(4) by adding after subparagraph (C) (as so redesignated) the following:

"(D) Such sums as may be necessary for fiscal years 2004 through 2007 for the Center for Management Development of the Federal Aviation Administration to operate training courses and to support associated student travel for both residential and field courses.

"(E) Such sums as may be necessary for fiscal years 2004 through 2007 to carry out and expand the Air Traffic Control Collegiate Training Initiative.

"(F) Such sums as may be necessary for fiscal years 2004 through 2007 for the completion of the Alaska aviation safety project with respect to the 3 dimensional mapping of Alaska's main aviation corridors.

"(G) Such sums as may be necessary for fiscal years 2004 through 2007 to carry out the Aviation Safety Reporting System.".

Appropriation authorization.

(c) AIRLINE DATA AND ANALYSIS.—There is authorized to be appropriated to the Secretary of Transportation, out of the Airport and Airway Trust Fund established by section 9502 of the Internal Revenue Code of 1986 (26 U.S.C. 9502), $3,971,000 for fiscal year 2004, $4,045,000 for fiscal year 2005, $4,127,000 for fiscal year 2006, and $4,219,000 for fiscal year 2007 to gather aviation data and conduct analyses of such data in the Bureau of Transportation Statistics of the Department of Transportation.

SEC. 104. FUNDING FOR AVIATION PROGRAMS.

(a) IN GENERAL.—Chapter 481 is further amended by adding at the end the following:

"§ 48114. Funding for aviation programs

"(a) AUTHORIZATION OF APPROPRIATIONS.—

"(1) AIRPORT AND AIRWAY TRUST FUND GUARANTEE.—

"(A) IN GENERAL.—The total budget resources made available from the Airport and Airway Trust Fund each fiscal year through fiscal year 2007 pursuant to sections 48101, 48102, 48103, and 106(k) of title 49, United States Code, shall be equal to the level of receipts plus interest credited to the Airport and Airway Trust Fund for that fiscal year. Such amounts may be used only for aviation investment programs listed in subsection (b).

"(B) GUARANTEE.—No funds may be appropriated or limited for aviation investment programs listed in subsection (b) unless the amount described in subparagraph (A) has been provided.

"(2) ADDITIONAL AUTHORIZATIONS OF APPROPRIATIONS FROM THE GENERAL FUND.—In any fiscal year through fiscal year 2007, if the amount described in paragraph (1) is appropriated, there is further authorized to be appropriated from the general fund of the Treasury such sums as may be necessary for the Federal Aviation Administration Operations account.

"(b) DEFINITIONS.—In this section, the following definitions apply:

"(1) TOTAL BUDGET RESOURCES.—The term 'total budget resources' means the total amount made available from the Airport and Airway Trust Fund for the sum of obligation limitations and budget authority made available for a fiscal year for the following budget accounts that are subject to the obligation limitation on contract authority provided in this title and for which appropriations are provided pursuant to authorizations contained in this title:

"(A) 69–8106–0–7–402 (Grants in Aid for Airports).

"(B) 69–8107–0–7–402 (Facilities and Equipment).

"(C) 69–8108–0–7–402 (Research and Development).

"(D) 69–8104–0–7–402 (Trust Fund Share of Operations).

"(2) LEVEL OF RECEIPTS PLUS INTEREST.—The term 'level of receipts plus interest' means the level of excise taxes and interest credited to the Airport and Airway Trust Fund under section 9502 of the Internal Revenue Code of 1986 for a fiscal year as set forth in the President's budget baseline projection as defined in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) (Treasury identification code 20–8103–0–7–402) for that fiscal year submitted pursuant to section 1105 of title 31, United States Code.

"(c) ENFORCEMENT OF GUARANTEES.—

"(1) TOTAL AIRPORT AND AIRWAY TRUST FUND FUNDING.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause total budget resources in a fiscal year for aviation investment programs described in subsection (b) to be less than the amount required by subsection (a)(1)(A) for such fiscal year.

"(2) CAPITAL PRIORITY.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report that provides an appropriation (or any amendment thereto) for any fiscal year through fiscal year 2007 for Research and Development or Operations if the sum of the obligation limitation for Grants-in-Aid for Airports and the appropriation for Facilities and Equipment for such fiscal year is below the sum of the authorized levels for Grants-in-Aid for Airports and for Facilities and Equipment for such fiscal year.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 481 is amended by adding at the end the following:

"48114. Funding for aviation programs.".

(c) REPEAL.—Section 106 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (49 U.S.C. 48101 note) and the item relating to such section in the table of contenets in section 1(b) of such Act are repealed.

SEC. 105. AGREEMENTS FOR OPERATION OF AIRPORT FACILITIES.

Section 47124 is amended—

(1) by striking subsection (a) and inserting the following:

"(a) GOVERNMENT RELIEF FROM LIABILITY.—The Secretary of Transportation shall ensure that an agreement under this subchapter with a qualified entity (as determined by the Secretary), State, or a political subdivision of a State to allow the entity, State, or subdivision to operate an airport facility relieves the United States Government from any liability arising out of, or related to, acts or omissions of employees of the entity, State, or subdivision in operating the airport facility.";

(2) by striking subsection (b)(2) and inserting the following:

"(2) The Secretary may make a contract with a qualified entity (as determined by the Secretary) or, on a sole source basis, with a State or a political subdivision of a State to allow the entity, State, or subdivision to operate an airport traffic control tower classified as a level I (Visual Flight Rules) tower if the Secretary decides that the entity, State, or subdivision has the capability to comply with the requirements of this paragraph. The contract shall require that the entity, State, or subdivision comply with applicable safety regulations in operating the facility and with applicable competition requirements in making a subcontract to perform work to carry out the contract.";

(3) in subsection (b)(3)—

(A) in the paragraph heading by striking "PILOT";

(B) by striking "pilot" each place it appears; and

(C) in subparagraph (E) by striking "$6,000,000 per fiscal year" and inserting "$6,500,000 for fiscal 2004, $7,000,000 for fiscal year 2005, $7,500,000 for fiscal year 2006, and $8,000,000 for fiscal year 2007"; and

(4) in subsection (b)(4)(C) by striking "$1,100,000." and inserting "$1,500,000.".

SEC. 106. INSURANCE.

(a) AIRCRAFT MANUFACTURERS.—

(1) IN GENERAL.—Section 44302 is amended by adding at the end the following:

"(g) AIRCRAFT MANUFACTURERS.—

"(1) IN GENERAL.—The Secretary may provide to an aircraft manufacturer insurance for loss or damage resulting from operation of an aircraft by an air carrier and involving war or terrorism.

"(2) AMOUNT.—Insurance provided by the Secretary under this subsection shall be for loss or damage in excess of the greater of the amount of available primary insurance or $50,000,000.

"(3) TERMS AND CONDITIONS.—Insurance provided by the Secretary under this subsection shall be subject to the terms and conditions set forth in this chapter and such other terms and conditions as the Secretary may prescribe.".

(2) DEFINITION OF AIRCRAFT MANUFACTURER.—Section 44301 is amended—

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; and

(B) by inserting before paragraph (2) (as so redesignated) the following:

"(1) 'aircraft manufacturer' means any company or other business entity, the majority ownership and control of which is by United States citizens, that manufactures aircraft or aircraft engines.".

(3) COVERAGE.—Section 44303(a) is amended—

(A) in the subsection heading by striking "IN GENERAL" and inserting "IN GENERAL"; and

(B) by adding at the end the following:

"(6) loss or damage of an aircraft manufacturer resulting from operation of an aircraft by an air carrier and involving war or terrorism.".

(b) AIRCRAFT MANUFACTURER LIABILITY FOR THIRD-PARTY CLAIMS ARISING OUT OF ACTS OF TERRORISM.—Section 44303(b) is amended by adding at the end the following: "The Secretary may extend the provisions of this subsection to an aircraft manufacturer (as defined in section 44301) of the aircraft of the air carrier involved.".

(c) PREMIUMS AND LIMITATIONS ON COVERAGE AND CLAIMS.—Section 44306(b) is amended by striking "air" and inserting "insurance".

(d) ENDING EFFECTIVE DATE.—Section 44310 is amended by striking "December 31, 2004" and inserting "March 30, 2008".

(e) TECHNICAL CORRECTION.—Effective November 19, 2001, section 124(b) of the Aviation and Transportation Security Act (115 Stat. 631) is amended by striking "to carry out foreign policy" and inserting "to carry out the foreign policy". Effective date. 49 USC 44306.

Subtitle B—Passenger Facility Fees

SEC. 121. LOW-EMISSION AIRPORT VEHICLES AND GROUND SUPPORT EQUIPMENT.

(a) IN GENERAL.—Section 40117(a)(3) is amended by inserting at the end the following:

"(G) A project for converting vehicles and ground support equipment used at a commercial service airport to low-emission technology (as defined in section 47102) or to use cleaner burning conventional fuels, retrofitting of any such vehicles or equipment that are powered by a diesel or gasoline engine with emission control technologies certified or verified by the Environmental Protection Agency to reduce emissions, or acquiring for use at a commercial service airport vehicles and ground support equipment that include low-emission technology or use cleaner burning fuels if the airport is located in an air quality nonattainment area (as defined in section 171(2) of the Clean Air Act (42 U.S.C. 7501(2))) or a maintenance area referred to in section 175A of such Act (42 U.S.C. 7505a) and if such project will result in an airport receiving appropriate emission credits as described in section 47139.".

(b) MAXIMUM COST FOR CERTAIN LOW-EMISSION TECHNOLOGY PROJECTS.—Section 40117(b) is amended by adding at the end the following:

"(5) MAXIMUM COST FOR CERTAIN LOW-EMISSION TECHNOLOGY PROJECTS.—The maximum cost that may be financed by imposition of a passenger facility fee under this section

for a project described in subsection (a)(3)(G) with respect to a vehicle or ground support equipment may not exceed the incremental amount of the project cost that is greater than the cost of acquiring a vehicle or equipment that is not low-emission and would be used for the same purpose, or the cost of low-emission retrofitting, as determined by the Secretary.".

(c) GROUND SUPPORT EQUIPMENT DEFINED.—Section 40117(a) is amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(2) by inserting after paragraph (3) the following:

"(4) GROUND SUPPORT EQUIPMENT.—The term 'ground support equipment' means service and maintenance equipment used at an airport to support aeronautical operations and related activities.".

49 USC 40117 note.

(d) GUIDANCE.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall issue guidance determining eligibility of projects, and how benefits to air quality must be demonstrated, under the amendments made by this section.

SEC. 122. USE OF FEES TO PAY DEBT SERVICE.

Sections 40117(b) is further amended by adding at the end the following:

"(6) DEBT SERVICE FOR CERTAIN PROJECTS.—In addition to the uses specified in paragraphs (1) and (4), the Secretary may authorize a passenger facility fee imposed under paragraph (1) or (4) to be used for making payments for debt service on indebtedness incurred to carry out at the airport a project that is not an eligible airport-related project if the Secretary determines that such use is necessary due to the financial need of the airport.".

SEC. 123. STREAMLINING OF THE PASSENGER FACILITY FEE PROGRAM.

(a) APPLICATION REQUIREMENTS.—Section 40117(c) is amended—

(1) by adding at the end of paragraph (2) the following:

"(E) The agency must include in its application or notice submitted under subparagraph (A) copies of all certifications of agreement or disagreement received under subparagraph (D).

"(F) For the purpose of this section, an eligible agency providing notice and an opportunity for consultation to an air carrier or foreign air carrier is deemed to have satisfied the requirements of this paragraph if the eligible agency limits such notices and consultations to air carriers and foreign air carriers that have a significant business interest at the airport. In the subparagraph, the term 'significant business interest' means an air carrier or foreign air carrier that had no less than 1.0 percent of passenger boardings at the airport in the prior calendar year, had at least 25,000 passenger boardings at the airport in the prior calendar year, or provides scheduled service at the airport.";

(2) by redesignating paragraph (3) as paragraph (4);

(3) by inserting after paragraph (2) the following:

"(3) Before submitting an application, the eligible agency must provide reasonable notice and an opportunity for public comment. The Secretary shall prescribe regulations that define reasonable notice and provide for at least the following under this paragraph: Notice. Regulations.

"(A) A requirement that the eligible agency provide public notice of intent to collect a passenger facility fee so as to inform those interested persons and agencies that may be affected. The public notice may include—

"(i) publication in local newspapers of general circulation;

"(ii) publication in other local media; and

"(iii) posting the notice on the agency's Internet website.

"(B) A requirement for submission of public comments no sooner than 30 days, and no later than 45 days, after the date of the publication of the notice.

"(C) A requirement that the agency include in its application or notice submitted under subparagraph (A) copies of all comments received under subparagraph (B)."; and

(4) in the first sentence of paragraph (4) (as redesignated by paragraph (2) of this subsection) by striking "shall" and inserting "may".

(b) PILOT PROGRAM FOR PASSENGER FACILITY FEE AUTHORIZATIONS AT NONHUB AIRPORTS.—Section 40117 is amended by adding at the end the following:

"(l) PILOT PROGRAM FOR PASSENGER FACILITY FEE AUTHORIZATIONS AT NONHUB AIRPORTS.—

"(1) IN GENERAL.—The Secretary shall establish a pilot program to test alternative procedures for authorizing eligible agencies for nonhub airports to impose passenger facility fees. An eligible agency may impose in accordance with the provisions of this subsection a passenger facility fee under this section. For purposes of the pilot program, the procedures in this subsection shall apply instead of the procedures otherwise provided in this section. Applicability.

"(2) NOTICE AND OPPORTUNITY FOR CONSULTATION.—The eligible agency must provide reasonable notice and an opportunity for consultation to air carriers and foreign air carriers in accordance with subsection (c)(2) and must provide reasonable notice and opportunity for public comment in accordance with subsection (c)(3).

"(3) NOTICE OF INTENTION.—The eligible agency must submit to the Secretary a notice of intention to impose a passenger facility fee under this subsection. The notice shall include—

"(A) information that the Secretary may require by regulation on each project for which authority to impose a passenger facility fee is sought;

"(B) the amount of revenue from passenger facility fees that is proposed to be collected for each project; and

"(C) the level of the passenger facility fee that is proposed.

"(4) ACKNOWLEDGEMENT OF RECEIPT AND INDICATION OF OBJECTION.—The Secretary shall acknowledge receipt of the Deadline.

notice and indicate any objection to the imposition of a passenger facility fee under this subsection for any project identified in the notice within 30 days after receipt of the eligible agency's notice.

Deadline.

"(5) AUTHORITY TO IMPOSE FEE.—Unless the Secretary objects within 30 days after receipt of the eligible agency's notice, the eligible agency is authorized to impose a passenger facility fee in accordance with the terms of its notice under this subsection.

Deadline.

"(6) REGULATIONS.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall propose such regulations as may be necessary to carry out this subsection.

"(7) SUNSET.—This subsection shall cease to be effective beginning on the date that is 3 years after the date of issuance of regulations to carry out this subsection.

"(8) ACKNOWLEDGEMENT NOT AN ORDER.—An acknowledgement issued under paragraph (4) shall not be considered an order issued by the Secretary for purposes of section 46110.".

(c) CLARIFICATION OF APPLICABILITY OF PFC'S TO MILITARY CHARTERS.—Section 40117(e)(2) is amended—

(1) by striking the period at the end of subparagraph (C) and inserting a semicolon;

(2) by striking "and" at the end of subparagraph (D);

(3) by striking the period at the end of subparagraph (E) and inserting "; and"; and

(4) by adding after subparagraph (E) the following:

"(F) enplaning at an airport if the passenger did not pay for the air transportation which resulted in such enplanement due to charter arrangements and payment by the Department of Defense.".

(d) TECHNICAL AMENDMENTS.—Section 40117(a)(3)(C) is amended—

(1) by striking "for costs" and inserting "A project for costs"; and

(2) by striking the semicolon and inserting a period.

Deadline.
Federal Register, publication.
49 USC 40117 note.

(e) ELIGIBILITY OF AIRPORT GROUND ACCESS TRANSPORTATION PROJECTS.—Not later than 60 days after the enactment of this Act, the Administrator of the Federal Aviation Administration shall publish in the Federal Register the current policy of the Administration, consistent with current law, with respect to the eligibility of airport ground access transportation projects for the use of passenger facility fees under section 40117 of title 49, United States Code.

SEC. 124. FINANCIAL MANAGEMENT OF PASSENGER FACILITY FEES.

Section 40117 is further amended by adding at the end the following:

"(m) FINANCIAL MANAGEMENT OF FEES.—

"(1) HANDLING OF FEES.—A covered air carrier shall segregate in a separate account passenger facility revenue equal to the average monthly liability for fees collected under this section by such carrier or any of its agents for the benefit of the eligible agencies entitled to such revenue.

"(2) TRUST FUND STATUS.—If a covered air carrier or its agent fails to segregate passenger facility revenue in violation of the subsection, the trust fund status of such revenue shall

not be defeated by an inability of any party to identify and trace the precise funds in the accounts of the air carrier.

"(3) PROHIBITION.—A covered air carrier and its agents may not grant to any third party any security or other interest in passenger facility revenue.

"(4) COMPENSATION TO ELIGIBLE ENTITIES.—A covered air carrier that fails to comply with any requirement of this subsection, or otherwise unnecessarily causes an eligible entity to expend funds, through litigation or otherwise, to recover or retain payment of passenger facility revenue to which the eligible entity is otherwise entitled shall be required to compensate the eligible agency for the costs so incurred.

"(5) INTEREST ON AMOUNTS.—A covered air carrier that collects passenger facility fees is entitled to receive the interest on passenger facility fee accounts if the accounts are established and maintained in compliance with this subsection.

"(6) EXISTING REGULATIONS.—The provisions of section 158.49 of title 14, Code of Federal Regulations, that permit the commingling of passenger facility fees with other air carrier revenue shall not apply to a covered air carrier.

"(7) COVERED AIR CARRIER DEFINED.—In this section, the term 'covered air carrier' means an air carrier that files for chapter 7 or chapter 11 of title 11 bankruptcy protection, or has an involuntary chapter 7 of title 11 bankruptcy proceeding commenced against it, after the date of enactment of this subsection.".

Subtitle C—AIP Modifications

SEC. 141. AIRFIELD PAVEMENT.

Section 47102(3)(H) is amended by inserting "nonhub airports and" before "airports that are not primary airports".

SEC. 142. REPLACEMENT OF BAGGAGE CONVEYOR SYSTEMS.

Section 47102(3)(B)(x) is amended by striking the period at the end and inserting the following: "; except that such activities shall be eligible for funding under this subchapter only using amounts apportioned under section 47114.".

SEC. 143. AUTHORITY TO USE CERTAIN FUNDS FOR AIRPORT SECURITY PROGRAMS AND ACTIVITIES.

Section 308 of the Federal Aviation Reauthorization Act of 1996 (49 U.S.C. 44901 note; 110 Stat. 3253), and the item relating to such section in the table of contents contained in section 1(b) of that Act, are repealed.

SEC. 144. GRANT ASSURANCES.

(a) STATUTE OF LIMITATIONS..—Section 47107(l)(5)(A) is amended by inserting "or any other governmental entity" after "sponsor".

(b) AUDIT CERTIFICATION.—Section 47107(m) is amended—

(1) in paragraph (1) by striking "promulgate regulations that" and inserting "include a provision in the compliance supplement provisions to";

(2) in paragraph (1) by striking "and opinion of the review"; and

(3) by striking paragraph (3).

SEC. 145. CLARIFICATION OF ALLOWABLE PROJECT COSTS.

Section 47110(b)(1) is amended by inserting before the semicolon at the end "and any cost of moving a Federal facility impeding the project if the rebuilt facility is of an equivalent size and type".

SEC. 146. APPORTIONMENTS TO PRIMARY AIRPORTS.

(a) IN GENERAL.—Section 47114(c)(1) is amended by adding at the end the following:

"(F) SPECIAL RULE FOR FISCAL YEARS 2004 AND 2005.—Notwithstanding subparagraph (A) and the absence of scheduled passenger aircraft service at an airport, the Secretary may apportion in fiscal years 2004 and 2005 to the sponsor of the airport an amount equal to the amount apportioned to that sponsor in fiscal year 2002 or 2003, whichever amount is greater, if the Secretary finds that—

"(i) the passenger boardings at the airport were below 10,000 in calendar year 2002 or 2003;

"(ii) the airport had at least 10,000 passenger boardings and scheduled passenger aircraft service in either calendar year 2000 or 2001; and

"(iii) the reason that passenger boardings described in clause (i) were below 10,000 was the decrease in passengers following the terrorist attacks of September 11, 2001.".

(b) SPECIAL RULE FOR TRANSITIONING AIRPORTS.—Section 47114(f)(3) is amended—

(1) in the paragraph heading by striking "AIRORTS" and inserting "AIRPORTS"; and

(2) in subparagraph (B) by striking "fiscal years 2000 through 2003" and inserting "fiscal year 2004".

SEC. 147. CARGO AIRPORTS.

Section 47114(c)(2) is amended—

(1) in the paragraph heading by striking "ONLY"; and

(2) in subparagraph (A) by striking "3 percent" and inserting "3.5 percent".

SEC. 148. CONSIDERATIONS IN MAKING DISCRETIONARY GRANTS.

Section 47115(d) is amended to read as follows:

"(d) CONSIDERATIONS.—

"(1) FOR CAPACITY ENHANCEMENT PROJECTS.—In selecting a project for a grant to preserve and improve capacity funded in whole or in part from the fund, the Secretary shall consider—

"(A) the effect that the project will have on overall national transportation system capacity;

"(B) the benefit and cost of the project, including, in the case of a project at a reliever airport, the number of operations projected to be diverted from a primary airport to the reliever airport as a result of the project, as well as the cost savings projected to be realized by users of the local airport system;

"(C) the financial commitment from non-United States Government sources to preserve or improve airport capacity;

"(D) the airport improvement priorities of the States to the extent such priorities are not in conflict with subparagraphs (A) and (B);

"(E) the projected growth in the number of passengers or aircraft that will be using the airport at which the project will be carried out; and

"(F) the ability of the project to foster United States competitiveness in securing global air cargo activity at a United States airport.

"(2) FOR ALL PROJECTS.—In selecting a project for a grant under this section, the Secretary shall consider among other factors whether—

"(A) funding has been provided for all other projects qualifying for funding during the fiscal year under this chapter that have attained a higher score under the numerical priority system employed by the Secretary in administering the fund; and

"(B) the sponsor will be able to commence the work identified in the project application in the fiscal year in which the grant is made or within 6 months after the grant is made, whichever is later.".

SEC. 149. FLEXIBLE FUNDING FOR NONPRIMARY AIRPORT APPORTIONMENTS.

(a) PROJECT GRANT AGREEMENTS.—Section 47108(a) is amended by inserting "or 47114(d)(3)(A)" after "under section 47114(c)".

(b) ALLOWABLE PROJECT COSTS.—Section 47110 is amended—

(1) in subsection (b)(2)(C) by striking "of this title" and inserting "or section 47114(d)(3)(A)";

(2) in subsection (g)—

(A) by inserting "or section 47114(d)(3)(A)" after "of section 47114(c)"; and

(B) by striking "of project" and inserting "of the project"; and

(3) by adding at the end the following:

"(h) NONPRIMARY AIRPORTS.—The Secretary may decide that the costs of revenue producing aeronautical support facilities, including fuel farms and hangars, are allowable for an airport development project at a nonprimary airport if the Government's share of such costs is paid only with funds apportioned to the airport sponsor under section 47114(d)(3)(A) and if the Secretary determines that the sponsor has made adequate provision for financing airside needs of the airport.".

(c) WAIVER.—Section 47117(c)(2) is amended to read as follows:

"(2) WAIVER.—A sponsor of an airport may make an agreement with the Secretary of Transportation waiving the sponsor's claim to any part of the amount apportioned for the airport under sections 47114(c) and 47114(d)(3)(A) if the Secretary agrees to make the waived amount available for a grant for another public-use airport in the same State or geographical area as the airport, as determined by the Secretary.".

(d) TERMINAL DEVELOPMENT COSTS.—Section 47119(b) is amended—

(1) by striking "or" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting "; or"; and

(3) by adding at the end the following:

"(5) to a sponsor of a nonprimary airport, any part of amounts apportioned to the sponsor for the fiscal year under

section 47114(d)(3)(A) for project costs allowable under section 47110(d).".

SEC. 150. USE OF APPORTIONED AMOUNTS.

The first sentence of section 47117(b) is amended by striking "primary airport" and all that follows through "calendar year" and inserting "nonhub airport or any airport that is not a commercial service airport".

SEC. 151. INCREASE IN APPORTIONMENT FOR, AND FLEXIBILITY OF, NOISE COMPATIBILITY PLANNING PROGRAMS.

Section 47117(e)(1)(A) is amended—

(1) by striking "At least 34 percent" and inserting "At least 35 percent";

(2) by striking "of this title and" and inserting a comma;

(3) by striking "of this title." and inserting ", for noise mitigation projects approved in an environmental record of decision for an airport development project under this title, for compatible land use planning and projects carried out by State and local governments under section 47141, and for airport development described in section 47102(3)(F), 47102(3)(K), or 47102(3)(L) to comply with the Clean Air Act (42 U.S.C. 7401 et seq.).''; and

(4) by striking "34 percent requirement" and inserting "35 percent requirement".

SEC. 152. PILOT PROGRAM FOR PURCHASE OF AIRPORT DEVELOPMENT RIGHTS.

(a) IN GENERAL.—Subchapter I of chapter 471 is amended by adding at the end the following:

"§ 47138. Pilot program for purchase of airport development rights

"(a) IN GENERAL.—The Secretary of Transportation shall establish a pilot program to support the purchase, by a State or political subdivision of a State, of development rights associated with, or directly affecting the use of, privately owned public use airports located in that State. Under the program, the Secretary may make a grant to a State or political subdivision of a State from funds apportioned under section 47114 for the purchase of such rights.

"(b) GRANT REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary may not make a grant under subsection (a) unless the grant is made—

"(A) to enable the State or political subdivision to purchase development rights in order to ensure that the airport property will continue to be available for use as a public airport; and

"(B) subject to a requirement that the State or political subdivision acquire an easement or other appropriate covenant requiring that the airport shall remain a public use airport in perpetuity.

"(2) MATCHING REQUIREMENT.—The amount of a grant under the program may not exceed 90 percent of the costs of acquiring the development rights.

"(c) GRANT STANDARDS.—The Secretary shall prescribe standards for grants under subsection (a), including—

"(1) grant application and approval procedures; and

"(2) requirements for the content of the instrument recording the purchase of the development rights.

"(d) RELEASE OF PURCHASED RIGHTS AND COVENANT.—Any development rights purchased under the program shall remain the property of the State or political subdivision unless the Secretary approves the transfer or disposal of the development rights after making a determination that the transfer or disposal of that right is in the public interest.

"(e) LIMITATION.—The Secretary may not make a grant under the pilot program for the purchase of development rights at more than 10 airports.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 471 is amended by inserting after the item relating to section 47137 the following:

"47138. Pilot program for purchase of airport development rights.".

SEC. 153. MILITARY AIRPORT PROGRAM.

Section 47118 is amended—

(1) in subsection (e) by striking "Not more than $7,000,000 for each airport from amounts the Secretary distributes under section 47115 of this title for a fiscal year is available" and inserting "From amounts the Secretary distributes to an airport under section 47115, $10,000,000 for each of fiscal years 2004 and 2005, and $7,000,000 for each fiscal year thereafter, is available";

(2) in subsection (f) by striking "Not more than a total of $7,000,000 for each airport from amounts the Secretary distributes under section 47115 of this title for fiscal years beginning after September 30, 1992, is available" and inserting the following:

"(1) CONSTRUCTION.—From amounts the Secretary distributes to an airport under section 47115, $10,000,000 for each of fiscal years 2004 and 2005, and $7,000,000 for each fiscal year thereafter, is available"; and

(3) by adding at the end of subsection (f) the following:

"(2) REIMBURSEMENT.—Upon approval of the Secretary, the sponsor of a current or former military airport the Secretary designates under this section may use an amount apportioned under section 47114, or made available under section 47115 or 47117(e)(1)(B), to the airport for reimbursement of costs incurred by the airport in fiscal years 2003 and 2004 for construction, improvement, or repair described in paragraph (1).".

SEC. 154. AIRPORT SAFETY DATA COLLECTION.

Section 47130 is amended to read as follows:

"§ 47130. Airport safety data collection

"Notwithstanding any other provision of law, the Administrator of the Federal Aviation Administration may award a contract, using sole source or limited source authority, or enter into a cooperative agreement with, or provide a grant from amounts made available under section 48103 to, a private company or entity for the collection of airport safety data. In the event that a grant is provided under this section, the United States Government's share of the cost of the data collection shall be 100 percent.".

SEC. 155. AIRPORT PRIVATIZATION PILOT PROGRAM.

(a) IN GENERAL.—Section 47134(b)(1) is amended—

(1) in subparagraph (A) by striking clauses (i) and (ii) and inserting the following:

"(i) in the case of a primary airport, by at least 65 percent of the scheduled air carriers serving the airport and by scheduled and nonscheduled air carriers whose aircraft landing at the airport during the preceding calendar year, had a total landed weight during the preceding calendar year of at least 65 percent of the total landed weight of all aircraft landing at the airport during such year; or

"(ii) in the case of a nonprimary airport, by the Secretary after the airport has consulted with at least 65 percent of the owners of aircraft based at that airport, as determined by the Secretary.";

(2) by redesignating subparagraph (B) as subparagraph (C); and

(3) by inserting after subparagraph (A) the following:

Deadline.

"(B) OBJECTION TO EXEMPTION.—An air carrier shall be deemed to have approved a sponsor's application for an exemption under subparagraph (A) unless the air carrier has submitted an objection, in writing, to the sponsor within 60 days of the filing of the sponsor's application with the Secretary, or within 60 days of the service of the application upon that air carrier, whichever is later.".

49 USC 47134 note.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall not affect any application submitted before the date of enactment of this Act.

SEC. 156. INNOVATIVE FINANCING TECHNIQUES.

The first sentence of section 47135(a) is amended by inserting after "approve" the following: ", after the date of enactment of the Vision 100—Century of Aviation Reauthorization Act,".

SEC. 157. AIRPORT SECURITY PROGRAM.

Section 47137 is amended—

(1) by redesignating subsections (e) and (f) as subsections (f) and (g), respectively; and

(2) by inserting after subsection (d) the following:

"(e) ADMINISTRATION.—The Secretary, in cooperation with the Secretary of Homeland Security, shall administer the program authorized by this section.".

SEC. 158. EMISSION CREDITS FOR AIR QUALITY PROJECTS.

(a) EMISSIONS CREDIT.—Subchapter I of chapter 471 is further amended by adding at the end the following:

"§ 47139. Emission credits for air quality projects

"(a) IN GENERAL.—The Administrator of the Environmental Protection Agency, in consultation with the Secretary of Transportation, shall issue guidance on how to ensure that airport sponsors receive appropriate emission reduction credits for carrying out projects described in sections 40117(a)(3)(G), 47102(3)(F), 47102(3)(K), and 47102(3)(L). Such guidance shall include, at a minimum, the following conditions:

"(1) The provision of credits is consistent with the Clean Air Act (42 U.S.C. 7402 et seq.).

"(2) Credits generated by the emissions reductions are kept by the airport sponsor and may only be used for purposes of any current or future general conformity determination under the Clean Air Act or as offsets under the Environmental Protection Agency's new source review program for projects on the airport or associated with the airport.

"(3) Credits are calculated and provided to airports on a consistent basis nationwide.

"(4) Credits are provided to airport sponsors in a timely manner.

"(5) The establishment of a method to assure the Secretary that, for any specific airport project for which funding is being requested, the appropriate credits will be granted.

"(b) ASSURANCE OF RECEIPT OF CREDITS.—As a condition for making a grant for a project described in section 47102(3)(F), 47102(3)(K), 47102(3)(L), or 47140 or as a condition for granting approval to collect or use a passenger facility fee for a project described in section 40117(a)(3)(G), 47103(3)(F), 47102(3)(K), 47102(3)(L), or 47140, the Secretary must receive assurance from the State in which the project is located, or from the Administrator of the Environmental Protection Agency where there is a Federal implementation plan, that the airport sponsor will receive appropriate emission credits in accordance with the conditions of this section.

"(c) PREVIOUSLY APPROVED PROJECTS.—The Administrator of the Environmental Protection Agency, in consultation with the Secretary, shall determine how to provide appropriate emissions credits to airport projects previously approved under section 47136 consistent with the guidance and conditions specified in subsection (a).

"(d) STATE AUTHORITY UNDER CAA.—Nothing in this section shall be construed as overriding existing State law or regulation pursuant to section 116 of the Clean Air Act (42 U.S.C. 7416).".

(b) CONFORMING AMENDMENT.—The analysis for chapter 471 is further amended by inserting after the item relating to section 47138 the following:

"47139. Emission credits for air quality projects.".

SEC. 159. LOW-EMISSION AIRPORT VEHICLES AND INFRASTRUCTURE.

(a) AIRPORT GROUND SUPPORT EQUIPMENT EMISSIONS RETROFIT PILOT PROGRAM.—

(1) IN GENERAL.—Subchapter I of chapter 471 is further amended by adding at the end the following:

"§ 47140. Airport ground support equipment emissions retrofit pilot program

"(a) IN GENERAL.—The Secretary of Transportation shall carry out a pilot program at not more than 10 commercial service airports under which the sponsors of such airports may use an amount made available under section 48103 to retrofit existing eligible airport ground support equipment that burns conventional fuels to achieve lower emissions utilizing emission control technologies certified or verified by the Environmental Protection Agency.

"(b) LOCATION IN AIR QUALITY NONATTAINMENT OR MAINTENANCE AREAS.—A commercial service airport shall be eligible for participation in the pilot program only if the airport is located in an air quality nonattainment area (as defined in section 171(2)

of the Clean Air Act (42 U.S.C. 7501(2))) or a maintenance area referred to in section 175A of such Act (42 U.S.C. 7505a).

"(c) SELECTION CRITERIA.—In selecting from among applicants for participation in the pilot program, the Secretary shall give priority consideration to applicants that will achieve the greatest air quality benefits measured by the amount of emissions reduced per dollar of funds expended under the pilot program.

"(d) MAXIMUM AMOUNT.—Not more than $500,000 may be expended under the pilot program at any single commercial service airport.

"(e) GUIDELINES.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish guidelines regarding the types of retrofit projects eligible under the pilot program by considering remaining equipment useful life, amounts of emission reduction in relation to the cost of projects, and other factors necessary to carry out this section. The Secretary may give priority to ground support equipment owned by the airport and used for airport purposes.

"(f) ELIGIBLE EQUIPMENT DEFINED.—In this section, the term 'eligible equipment' means ground service or maintenance equipment that is located at the airport, is used to support aeronautical and related activities at the airport, and will remain in operation at the airport for the life or useful life of the equipment, whichever is earlier.".

(2) CONFORMING AMENDMENT.—The analysis for chapter 471 is further amended by inserting after the item relating to section 47139 the following:

"47140. Airport ground support equipment emissions retrofit pilot program.".

(b) ACTIVITIES ADDED TO DEFINITION OF AIRPORT DEVELOPMENT.—

(1) IN GENERAL.—Section 47102(3) is amended—

(A) by striking subparagraphs (J), (K), and (L) and redesignating subparagraph (M) as subparagraph (J); and

(B) by adding at the end the following:

"(K) work necessary to construct or modify airport facilities to provide low-emission fuel systems, gate electrification, and other related air quality improvements at a commercial service airport if the airport is located in an air quality nonattainment or maintenance area (as defined in sections 171(2) and 175A of the Clean Air Act (42 U.S.C. 7501(2); 7505a) and if such project will result in an airport receiving appropriate emission credits, as described in section 47139.

"(L) a project for the acquisition or conversion of vehicles and ground support equipment, owned by a commercial service airport, to low-emission technology, if the airport is located in an air quality nonattainment or maintenance area (as defined in sections 171(2) and 175A of the Clean Air Act (42 U.S.C. 7501(2); 7505a) and if such project will result in an airport receiving appropriate emission credits as described in section 47139.".

49 USC 47102 note.

(2) GUIDANCE.—

(A) ELIGIBLE LOW-EMISSION MODIFICATIONS AND IMPROVEMENTS.—The Secretary of Transportation, in consultation with the Administrator of the Environmental Protection Agency, shall issue guidance describing eligible low-emission modifications and improvements, and stating

how airport sponsors will demonstrate benefits, under section 47102(3)(K) of title 49, United States Code, as added by this subsection.

(B) ELIGIBLE LOW-EMISSION VEHICLE TECHNOLOGY.—The Secretary, in consultation with the Administrator, shall issue guidance describing eligible low-emission vehicle technology, and stating how airport sponsors will demonstrate benefits, under section 47102(3)(L) of title 49, United States Code, as added by this subsection.

(c) ALLOWABLE PROJECT COST.—Section 47110(b) is amended—

(1) by striking "and" at the end of paragraph (4);

(2) by striking the period at the end of paragraph (5) and inserting "; and"; and

(3) by adding at the end the following:

"(6) if the cost is for a project not described in section 47102(3) for acquiring for use at a commercial service airport vehicles and ground support equipment owned by an airport that include low-emission technology, but only to the extent of the incremental cost of equipping such vehicles or equipment with low-emission technology, as determined by the Secretary.".

(d) LOW-EMISSION TECHNOLOGY EQUIPMENT.—Section 47102 (as amended by section 801 of this Act) is further amended by inserting after paragraph (10) the following:

"(11) 'low-emission technology' means technology for vehicles and equipment whose emission performance is the best achievable under emission standards established by the Environmental Protection Agency and that relies exclusively on alternative fuels that are substantially nonpetroleum based, as defined by the Department of Energy, but not excluding hybrid systems or natural gas powered vehicles.".

SEC. 160. COMPATIBLE LAND USE PLANNING AND PROJECTS BY STATE AND LOCAL GOVERNMENTS.

(a) IN GENERAL.—Subchapter I of chapter 471 is further amended by adding at the end the following:

"§ 47141. Compatible land use planning and projects by State and local governments

"(a) IN GENERAL.—The Secretary of Transportation may make grants, from amounts set aside under section 47117(e)(1)(A), to States and units of local government for development and implementation of land use compatibility plans and implementation of land use compatibility projects resulting from those plans for the purposes of making the use of land areas around large hub airports and medium hub airports compatible with aircraft operations. The Secretary may make a grant under this section for a land use compatibility plan or a project resulting from such plan only if—

"(1) the airport operator has not submitted a noise compatibility program to the Secretary under section 47504 or has not updated such program within the preceding 10 years; and

"(2) the land use plan or project meets the requirements of this section.

"(b) ELIGIBILITY.—In order to receive a grant under this section, a State or unit of local government must—

"(1) have the authority to plan and adopt land use control measures, including zoning, in the planning area in and around a large or medium hub airport;

"(2) enter into an agreement with the airport owner or operator that the development of the land use compatibility plan will be done cooperatively; and

"(3) provide written assurance to the Secretary that it will achieve, to the maximum extent possible, compatible land uses consistent with Federal land use compatibility criteria under section 47502(3) and that those compatible land uses will be maintained.

"(c) ASSURANCES.—The Secretary shall require a State or unit of local government to which a grant may be made under this section for a land use plan or a project resulting from such plan to provide—

"(1) assurances satisfactory to the Secretary that the plan—

"(A) is reasonably consistent with the goal of reducing existing noncompatible land uses and preventing the introduction of additional noncompatible land uses;

"(B) addresses ways to achieve and maintain compatible land uses, including zoning, building codes, and any other land use compatibility measures under section 47504(a)(2) that are within the authority of the State or unit of local government to implement;

"(C) uses noise contours provided by the airport operator that are consistent with the airport operation and planning, including any noise abatement measures adopted by the airport operator as part of its own noise mitigation efforts;

"(D) does not duplicate, and is not inconsistent with, the airport operator's noise compatibility measures for the same area; and

"(E) has been approved jointly by the airport owner or operator and the State or unit of local government; and

"(2) such other assurances as the Secretary determines to be necessary to carry out this section.

"(d) GUIDELINES.—The Secretary shall establish guidelines to administer this section in accordance with the purposes and conditions described in this section. The Secretary may require a State or unit of local government to which a grant may be made under this section to provide progress reports and other information as the Secretary determines to be necessary to carry out this section.

"(e) ELIGIBLE PROJECTS.—The Secretary may approve a grant under this section to a State or unit of local government for a project resulting from a land use compatibility plan only if the Secretary is satisfied that the project is consistent with the guidelines established by the Secretary under this section, the State or unit of local government has provided the assurances required by this section, the State or unit of local government has implemented (or has made provision to implement) those elements of the plan that are not eligible for Federal financial assistance, and that the project is not inconsistent with applicable Federal Aviation Administration standards.

"(f) SUNSET.—This section shall not be in effect after September 30, 2007.".

(b) CONFORMING AMENDMENT.—The analysis of subchapter I of chapter 471 is further amended by adding at the end the following:

"47141. Compatible land use planning and projects by State and local governments.".

SEC. 161. TEMPORARY INCREASE IN GOVERNMENT SHARE OF CERTAIN AIP PROJECT COSTS.

49 USC 47109 note.

Notwithstanding section 47109(a) of title 49, United States Code, the Government's share of allowable project costs for a grant made in each of fiscal years 2004 through 2007 under chapter 471 of that title for a project described in paragraph (2) or (3) of that section shall be 95 percent.

SEC. 162. SHARE OF AIRPORT PROJECT COSTS.

(a) IN GENERAL.—Section 47109 is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

"(c) GRANDFATHER RULE.—

"(1) IN GENERAL.—In the case of any project approved after September 30, 2003, at a small hub airport or nonhub airport that is located in a State containing unappropriated and unreserved public lands and nontaxable Indian lands (individual and tribal) of more than 5 percent of the total area of all lands in the State, the Government's share of allowable costs of the project shall be increased by the same ratio as the basic share of allowable costs of a project divided into the increased (Public Lands States) share of allowable costs of a project as shown on documents of the Federal Aviation Administration dated August 3, 1979, at airports for which the general share was 80 percent on August 3, 1979. This subsection shall apply only if—

Applicability.

"(A) the State contained unappropriated and unreserved public lands and nontaxable Indian lands of more than 5 percent of the total area of all lands in the State on August 3, 1979; and

"(B) the application under subsection (b), does not increase the Government's share of allowable costs of the project.

"(2) LIMITATION.—The Government's share of allowable project costs determined under this subsection shall not exceed the lesser of 93.75 percent or the highest percentage Government share applicable to any project in any State under subsection (b).".

(b) CONFORMING AMENDMENT.—Subsection (a) of section 47109 is amended by striking "Except as provided in subsection (b)" and inserting "Except as provided in subsection (b) or subsection (c)".

SEC. 163. FEDERAL SHARE FOR PRIVATE OWNERSHIP OF AIRPORTS.

Section 47109(a)(4) is amended by striking "40 percent" and inserting "70 percent".

SEC. 164. DISPOSITION OF LAND ACQUIRED FOR NOISE COMPATIBILITY PURPOSES.

Section 47107(c)(2)(A)(iii) is amended by inserting before the semicolon at the end the following: ", including the purchase of nonresidential buildings or property in the vicinity of residential

buildings or property previously purchased by the airport as part of a noise compatibility program".

SEC. 165. HANGAR CONSTRUCTION GRANT ASSURANCE.

Section 47107(a) is amended—

(1) by striking "and" at the end of paragraph (19);

(2) by striking the period at the end of paragraph (20) and inserting "; and"; and

(3) by adding at the end the following:

"(21) if the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or operator will grant to the aircraft owner for the hangar a long-term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.".

SEC. 166. TERMINAL DEVELOPMENT COSTS.

Section 47119(a) is amended to read as follows:

"(a) REPAYING BORROWED MONEY.—

"(1) TERMINAL DEVELOPMENT COSTS INCURRED AFTER JUNE 30, 1970, AND BEFORE JULY 12, 1976.—An amount apportioned under section 47114 and made available to the sponsor of a commercial service airport at which terminal development was carried out after June 30, 1970, and before July 12, 1976, is available to repay immediately money borrowed and used to pay the costs for such terminal development if those costs would be allowable project costs under section 47110(d) if they had been incurred after September 3, 1982.

"(2) TERMINAL DEVELOPMENT COSTS INCURRED BETWEEN JANUARY 1, 1992, AND OCTOBER 31, 1992.—An amount apportioned under section 47114 and made available to the sponsor of a nonhub airport at which terminal development was carried out between January 1, 1992, and October 31, 1992, is available to repay immediately money borrowed and to pay the costs for such terminal development if those costs would be allowable project costs under section 47110(d).

"(3) TERMINAL DEVELOPMENT COSTS AT PRIMARY AIRPORTS.—An amount apportioned under section 47114 or available under subsection (b)(3) to a primary airport—

"(A) that was a nonhub airport in the most recent year used to calculate apportionments under section 47114;

"(B) that is a designated airport under section 47118 in fiscal year 2003; and

"(C) at which terminal development is carried out between January 2003 and August 2004,

is available to repay immediately money borrowed and used to pay the costs for such terminal development if those costs would be allowable project costs under section 47110(d).

"(4) CONDITIONS FOR GRANT.—An amount is available for a grant under this subsection only if—

"(A) the sponsor submits the certification required under section 47110(d);

"(B) the Secretary of Transportation decides that using the amount to repay the borrowed money will not defer an airport development project outside the terminal area at that airport; and

"(C) amounts available for airport development under this subchapter will not be used for additional terminal development projects at the airport for at least 1 year beginning on the date the grant is used to repay the borrowed money.

"(5) APPLICABILITY OF CERTAIN LIMITATIONS.—A grant under this subsection shall be subject to the limitations in subsection (b)(1) and (2).".

Subtitle D—Miscellaneous

SEC. 181. DESIGN-BUILD CONTRACTING.

(a) IN GENERAL.—Subchapter I of chapter 471 is further amended by adding at the end the following:

"§ 47142. Design-build contracting

"(a) IN GENERAL.—The Administrator of the Federal Aviation Administration may approve an application of an airport sponsor under this section to authorize the airport sponsor to award a design-build contract using a selection process permitted under applicable State or local law if—

"(1) the Administrator approves the application using criteria established by the Administrator;

"(2) the design-build contract is in a form that is approved by the Administrator;

"(3) the Administrator is satisfied that the contract will be executed pursuant to competitive procedures and contains a schematic design adequate for the Administrator to approve the grant;

"(4) use of a design-build contract will be cost effective and expedite the project;

"(5) the Administrator is satisfied that there will be no conflict of interest; and

"(6) the Administrator is satisfied that the selection process will be as open, fair, and objective as the competitive bid system and that at least 3 or more bids will be submitted for each project under the selection process.

"(b) REIMBURSEMENT OF COSTS.—The Administrator may reimburse an airport sponsor for design and construction costs incurred before a grant is made pursuant to this section if the project is approved by the Administrator in advance and is carried out in accordance with all administrative and statutory requirements that would have been applicable under this chapter if the project were carried out after a grant agreement had been executed.

"(c) DESIGN-BUILD CONTRACT DEFINED.—In this section, the term 'design-build contract' means an agreement that provides for both design and construction of a project by a contractor.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 471 is further amended by inserting after the item relating to section 47141 the following:

"47142. Design-build contracting.".

SEC. 182. PILOT PROGRAM FOR INNOVATIVE FINANCING OF AIR TRAFFIC CONTROL EQUIPMENT.

49 USC 44502 note.

(a) IN GENERAL.—In order to test the cost effectiveness and feasibility of long-term financing of modernization of major air

traffic control systems, the Administrator of the Federal Aviation Administration may establish a pilot program to test innovative financing techniques through amending, subject to section 1341 of title 31, United States Code, a contract for more than one, but not more than 20, fiscal years to purchase and install air traffic control equipment for the Administration. Such amendments may be for more than one, but not more than 10, fiscal years.

(b) CANCELLATION.—A contract described in subsection (a) may include a cancellation provision if the Administrator determines that such a provision is necessary and in the best interest of the United States. Any such provision shall include a cancellation liability schedule that covers reasonable and allocable costs incurred by the contractor through the date of cancellation plus reasonable profit, if any, on those costs. Any such provision shall not apply if the contract is terminated by default of the contractor.

(c) CONTRACT PROVISIONS.—If feasible and practicable for the pilot program, the Administrator may make an advance contract provision to achieve economic-lot purchases and more efficient production rates.

(d) LIMITATION.—The Administrator may not amend a contract under this section until the program for the terminal automation replacement systems has been rebaselined in accordance with the acquisition management system of the Administration.

(e) ANNUAL REPORTS.—At the end of each fiscal year during the term of the pilot program, the Administrator shall transmit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on how the Administrator has implemented in such fiscal year the pilot program, the number and types of contracts or contract amendments that are entered into under the program, and the program's cost effectiveness.

(f) FUNDING.—Out of amounts appropriated under section 48101 for fiscal year 2004, such sums as may be necessary shall be available to carry out this section.

SEC. 183. COST SHARING OF AIR TRAFFIC MODERNIZATION PROJECTS.

(a) IN GENERAL.—Chapter 445 is amended by adding at the end the following:

"§ 44517. Program to permit cost sharing of air traffic modernization projects

"(a) IN GENERAL.—Subject to the requirements of this section, the Secretary may carry out a program under which the Secretary may make grants to project sponsors for not more than 10 eligible projects per fiscal year for the purpose of improving aviation safety and enhancing mobility of the Nation's air transportation system by encouraging non-Federal investment in critical air traffic control equipment and software.

"(b) FEDERAL SHARE.—The Federal share of the cost of an eligible project carried out under the program shall not exceed 33 percent. The non-Federal share of the cost of an eligible project shall be provided from non-Federal sources, including revenues collected pursuant to section 40117.

"(c) LIMITATION ON GRANT AMOUNTS.—No eligible project may receive more than $5,000,000 in Federal funds under the program.

"(d) FUNDING.—The Secretary shall use amounts appropriated under section 48101(a) to carry out the program.

"(e) DEFINITIONS.—In this section, the following definitions apply:

"(1) ELIGIBLE PROJECT.—The term 'eligible project' means a project to purchase equipment or software relating to the Nation's air traffic control system that is certified or approved by the Administrator of the Federal Aviation Administration and that promotes safety, efficiency, or mobility. Such projects may include—

"(A) airport-specific air traffic facilities and equipment, including local area augmentation systems, instrument landing systems, weather and wind shear detection equipment, and lighting improvements;

"(B) automation tools to effect improvements in airport capacity, including passive final approach spacing tools and traffic management advisory equipment; and

"(C) equipment and software that enhance airspace control procedures or assist in en route surveillance, including oceanic and offshore flight tracking.

"(2) PROJECT SPONSOR.—The term 'project sponsor' means any major user of the national airspace system, as determined by the Secretary, including a public-use airport or a joint venture between a public-use airport and one or more air carriers.

"(f) TRANSFERS OF EQUIPMENT.—Notwithstanding any other provision of law, and upon agreement by the Administrator, a project sponsor may transfer, without consideration, to the Federal Aviation Administration, facilities, equipment, or automation tools, the purchase of which was assisted by a grant made under this section, if such facilities, equipment or tools meet Federal Aviation Administration operation and maintenance criteria.

"(g) GUIDELINES.—The Administrator shall issue advisory guidelines on the implementation of the program. The guidelines shall not be subject to administrative rulemaking requirements under subchapter II of chapter 5 of title 5.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 445 is amended by adding at the end the following:

"44517. Program to permit cost sharing of air traffic modernization projects.".

SEC. 184. FACILITIES AND EQUIPMENT REPORTS.

49 USC 48101 note. Effective date.

(a) BIANNUAL REPORTS.—Beginning 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure every 6 months that describes—

(1) the 10 largest programs funded under section 48101(a) of title 49, United States Code;

(2) any changes in the budget for such programs;

(3) the program schedule; and

(4) technical risks associated with the programs.

(b) SUNSET PROVISION.—This section shall cease to be effective beginning on the date that is 4 years after the date of enactment of this Act.

SEC. 185. CIVIL PENALTY FOR PERMANENT CLOSURE OF AN AIRPORT WITHOUT PROVIDING SUFFICIENT NOTICE.

(a) IN GENERAL.—Chapter 463 is amended by adding at the end the following:

"§ 46319. Permanent closure of an airport without providing sufficient notice

Deadline.

"(a) PROHIBITION.—A public agency (as defined in section 47102) may not permanently close an airport listed in the national plan of integrated airport systems under section 47103 without providing written notice to the Administrator of the Federal Aviation Administration at least 30 days before the date of the closure.

Federal Register, publication.

"(b) PUBLICATION OF NOTICE.—The Administrator shall publish each notice received under subsection (a) in the Federal Register.

"(c) CIVIL PENALTY.—A public agency violating subsection (a) shall be liable for a civil penalty of $10,000 for each day that the airport remains closed without having given the notice required by this section.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 463 is amended by adding at the end the following:

"46319. Permanent closure of an airport without providing sufficient notice.".

SEC. 186. MIDWAY ISLAND AIRPORT.

(a) FINDINGS.—Congress finds that the continued operation of the Midway Island Airport in accordance with the standards of the Federal Aviation Administration applicable to commercial airports is critical to the safety of commercial, military, and general aviation in the mid-Pacific Ocean region.

(b) MEMORANDUM OF UNDERSTANDING ON SALE OF AIRCRAFT FUEL.—The Secretaries of Transportation, Defense, Interior, and Homeland Security shall enter into a memorandum of understanding to facilitate the sale of aircraft fuel on Midway Island at a price that will generate sufficient revenue to improve the ability of the airport to operate on a self-sustaining basis in accordance with the standards of the Federal Aviation Administration applicable to commercial airports. The memorandum shall also address the long-range potential of promoting tourism as a means to generate revenue to operate the airport.

(c) TRANSFER OF NAVIGATION AIDS AT MIDWAY ISLAND AIRPORT.—The Midway Island Airport may transfer, without consideration, to the Administrator the navigation aids at the airport. The Administrator shall accept the navigation aids and operate and maintain the navigation aids under criteria of the Administrator.

(d) FUNDING TO SECRETARY OF THE INTERIOR FOR MIDWAY ISLAND AIRPORT.—The Secretary of Transportation may enter into a reimbursable agreement with the Secretary of the Interior for the purpose of funding airport development, as defined in section 47102(3) of title 49, United States Code, at Midway Island Airport for fiscal years ending before October 1, 2007, from amounts available in the discretionary fund established by section 47115 of such title. The maximum obligation under the agreement for any such fiscal year shall be $2,500,000.

SEC. 187. INTERMODAL PLANNING.

Section 47106(c)(1)(A) is amended—

(1) by striking "and" at the end of clause (i);

(2) by adding "and" at the end of clause (ii); and

(3) by adding at the end the following:

"(iii) with respect to an airport development project involving the location of an airport, runway, or major runway extension at a medium or large hub airport, the airport

sponsor has made available to and has provided upon request to the metropolitan planning organization in the area in which the airport is located, if any, a copy of the proposed amendment to the airport layout plan to depict the project and a copy of any airport master plan in which the project is described or depicted;".

SEC. 188. MARSHALL ISLANDS, MICRONESIA, AND PALAU.

Section 47115 is amended by adding at the end the following:

"(j) MARSHALL ISLANDS, MICRONESIA, AND PALAU.—For fiscal years 2004 through 2007, the sponsors of airports located in the Republic of the Marshall Islands, Federated States of Micronesia, and Republic of Palau shall be eligible for grants under this section and section 47116.".

SEC. 189. LIMITATION ON APPROVAL OF CERTAIN PROGRAMS.

Section 47504(b) is amended by adding at the end the following:

"(4) The Secretary shall not approve in fiscal years 2004 through 2007 a program submitted under subsection (a) if the program requires the expenditure of funds made available under section 48103 for mitigation of aircraft noise less than 65 DNL.".

SEC. 190. CONVEYANCE OF AIRPORT.

Alaska.

(a) OFFER OF CONVEYANCE.—Subject to the requirements of this section, the Chaluka Corporation is hereby offered ownership of the surface estate in the former Nikolski Radio Relay Site on Umnak Island, Alaska, and the Aleut Corporation is hereby offered the subsurface estate of that Site, in exchange for relinquishment by the Chaluka Corporation and the Aleut Corporation of Lot 1, Section 14, Township 81 South, Range 133 West, Seward Meridian, Alaska.

(b) ACCEPTANCE AND RELINQUISHMENT.—

(1) IN GENERAL.—The Secretary of the Interior shall convey the land as provided in subsection (c) if the Chaluka Corporation and the Aleut Corporation take the actions specified in paragraphs (2) and (3), respectively.

(2) CHALUKA CORPORATION.—As a condition for conveyance under subsection (c), the Chaluka Corporation shall notify the Secretary of the Interior within 180 days after the date of enactment of this Act that, by means of a legally binding resolution of the Board of Directors, the Chaluka Corporation—

Notification. Deadline.

(A) accepts the offer under subsection (a);

(B) confirms that the area surveyed by the Bureau of Land Management for the purpose of fulfilling the Chaluka Corporation's final entitlements under sections 12(a) and 12(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1611(a) and (b)), identified as Group Survey Number 773, accurately represents the Chaluka Corporation's final, irrevocable Alaska Native Claims Settlement Act priorities and entitlements unless any tract in Group Survey Number 773 is ultimately not conveyed as the result of an appeal; and

(C) relinquishes Lot 1, Section 14, Township 81 South, Range 133 West, Seward Meridian, Alaska, which will be charged against the Chaluka Corporation's final entitlement under section 12(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1611(b)).

Notification.
Deadline.

(3) ALEUT CORPORATION.—As a condition for the conveyance under subsection (c), the Aleut Corporation shall notify the Secretary of the Interior within 180 days after the date of enactment of this Act that, by means of a legally binding resolution of the Board of Directors, accompanied by the written legal opinion of counsel as to the legal sufficiency of the Board of Directors' action, the Aleut Corporation—

(A) accepts the offer under subsection (a); and

(B) relinquishes all rights to Lot 1, Section 14, Township 81 South, Range 133 West, Seward Meridian, Alaska.

(c) REQUIREMENT TO CONVEY.—

(1) CONVEYANCE.—Notwithstanding the existence of Public Land Order 2374, upon receipt from the Chaluka Corporation and from the Aleut Corporation of their acceptances made in accordance with the requirements of subsections (b)(2) and (b)(3), respectively, of the offer under subsection (a), the Secretary of the Interior shall convey to the Chaluka Corporation the surface estate, and to the Aleut Corporation the subsurface estate, of—

(A) Phase I lands as soon as practicable; and

(B) each parcel of Phase II lands upon completion of environmental restoration of Phase II lands in accordance with applicable law.

(2) PHASE I LIABILITY LIMIT.—Notwithstanding section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9607), neither the Chaluka Corporation nor the Aleut Corporation shall be subject to any liability for—

(A) the presence or release of a hazardous substance, as that term is defined by section 101(14) of that Act (16 U.S.C. 9601(14)), on Phase I lands or the presence of solid waste on Phase I lands, which predates conveyance of those lands to the Chaluka Corporation and the Aleut Corporation pursuant to this section; or

(B) any release, from any of the hazardous substances or solid wastes referred to in subparagraph (A), following conveyance of Phase I lands under this section, so long as the presence of or releases from those hazardous substances or solid wastes are not the result of actions by the Chaluka Corporation or the Aleut Corporation.

(3) CONTINUED ACCESS OVER HILL AND BEACH STREETS.—The surface estate conveyed under paragraph (1) shall be subject to the public's right of access over Hill and Beach Streets, located on Tract B of United States Survey 4904.

(d) TREATMENT AS ANCSA LANDS.—Conveyances made under subsection (c) shall be considered to be conveyances under the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), and are subject to the provisions of that Act except sections 14(c)(3), 14(c)(4), and 17(b)(3) (43 U.S.C. 1613(c)(3), 1613(c)(4), and 1616(b)(3)).

(e) AUTHORITY TO CONVEY CERTAIN OTHER LANDS.—The Secretary of the Interior shall at no cost to the recipient convey ownership of—

(1) an estate in fee simple in—

(A) each of Lots 1, 2, 5, 6, and 9 of Tract B of Amended United States Survey 4904 that is the subject of an Aleutian Housing Authority mutual help occupancy agreement, to the Aleutian Housing Authority; and

(B) the remainder of such Lots to the current occupants; and

(2) an estate in fee simple in the Nikolski powerhouse land, to—

(A) the Indian Reorganization Act Tribal Government for the Native Village of Nikolski, upon completion of the environmental restoration described in subsection (f), if after the restoration the powerhouse continues to be located on the Nikolski powerhouse land; or

(B) the surface estate to the Chaluka Corporation and the subsurface estate to the Aleut Corporation, if after the restoration, the Nikolski powerhouse is no longer located on the Nikolski powerhouse land. –

(f) RESTORATION OF POWERHOUSE LAND.—The Denali Commission, in consultation with the appropriate agency of the State of Alaska, is authorized to arrange for environmental restoration, in accordance with applicable law, of the areas on, beneath, and adjacent to the Nikolski powerhouse land that are contaminated as a result of powerhouse operations and activities.

(g) ACCESS.—As a condition of the conveyance of land under subsection (c), the Chaluka Corporation shall permit the United States Government, and its agents, employees, and contractors, to have unrestricted access to the airfield at Nikolski in perpetuity for site investigation, restoration, remediation, and environmental monitoring of the former Nikolski Radio Relay Site and reasonable access to that airfield, and to other land conveyed under this section, for any activity associated with management of lands owned by the United States and for other governmental purposes without cost to the Government.

(h) SURVEY REQUIREMENTS.—

(1) BLM SURVEYS.—The Bureau of Land Management is not required to conduct additional on-the-ground surveys as a result of conveyances under this section. The patent to the Chaluka Corporation may be based on protracted section lines and lotting where relinquishment under subsection (b)(2)(C) results in a change to the Chaluka Corporation's final boundaries.

(2) MONUMENTATION.—No additional monumentation is required to complete those final boundaries.

(i) AUTHORIZATION OF APPROPRIATIONS.—

(1) FEDERAL AGENCIES.—There is authorized to be appropriated to the Department of the Interior and other appropriate agencies such sums as are necessary to carry out the provisions of this section.

(2) POWERHOUSE LAND RESTORATION.—There is authorized to be appropriated $1,500,000 to reimburse the appropriate State of Alaska agency for costs required for environmental restoration of the Nikolski powerhouse land, in accordance with applicable law.

(j) TERMINATION.—This section shall cease to be effective if either the Chaluka Corporation or the Aleut Corporation affirmatively rejects the offer under subsection (a) or if after 180 days following the date of enactment of this Act either corporation has

not taken the actions specified in subsection (b)(2) or (b)(3), respectively.

(k) DEFINITIONS.—In this section, the following definitions apply:

(1) The term "Aleut Corporation" means the regional corporation established under the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) for the region in which the Native Village of Nikolski, Alaska, is located.

(2) The term "Chaluka Corporation" means the village corporation established under the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) for the Native Village of Nikolski, Alaska.

(3) The term "former Nikolski Radio Relay Site" means the portions of Tracts A, B, and C of Public Land Order 2374 that are surveyed as Tracts 37, 37A, 38, 39, and 39A of Township 83 South, Range 136 West, Seward Meridian, Alaska, and Tract B of United States Survey 4904, Alaska, except—

(A) Lots 1, 2, 5, 6, and 9 of Tract B of Amended United States Survey 4904; and

(B) the Nikolski powerhouse land.

(4) The term "Nikolski powerhouse land" means the parcel of land upon which is located the power generation building for supplying power to the Native Village of Nikolski, the boundaries of which are described generally as follows: Beginning at the point at which the southerly boundary of Tract 39 of Township 83 South, Range 136 West, Seward Meridian, Alaska, intersects the easterly boundary of the road that connects the Native Village of Nikolski and the airfield at Nikolski; then meandering in a northeasterly direction along the easterly boundary of that road until the road intersects the westerly boundary of the road that connects Umnak Lake and the airfield; then meandering in a southerly direction along the western boundary of that Umnak Lake road until that western boundary intersects the southern boundary of such Tract 39; then proceeding eastward along the southern boundary of such Tract 39 to the beginning point.

(5) The term "Phase I lands" means Tract 39 of Township 83 South, Range 136 West, Seward Meridian, excluding the Nikolski powerhouse land.

(6) The term "Phase II lands" means the portion of the former Nikolski Radio Relay Site not conveyed as Phase I lands.

TITLE II—FAA ORGANIZATION

Subtitle A—FAA Reform

SEC. 201. MANAGEMENT ADVISORY COMMITTEE MEMBERS.

Section 106(p) is amended—

(1) in the subsection heading by inserting "AND AIR TRAFFIC SERVICES BOARD" after "COUNCIL"; and

(2) in paragraph (2)—

(A) by striking "consist of" and all that follows through "members, who" and inserting "consist of 13 members, who";

(B) by inserting after "Senate" in subparagraph (C)(i) ", except that initial appointments made after May 1, 2003, shall be made by the Secretary of Transportation";

(C) by striking the semicolon at the end of subparagraph (C)(ii) and inserting "; and"; and

(D) by striking "employees, by—" in subparagraph (D) and all that follows through the period at the end of subparagraph (E) and inserting "employees, by the Secretary of Transportation.".

SEC. 202. REORGANIZATION OF THE AIR TRAFFIC SERVICES SUBCOMMITTEE.

Section 106(p) is amended—

(1) by striking paragraph (3) and inserting the following:

"(3) QUALIFICATIONS.—No officer or employee of the United States Government may be appointed to the Council under paragraph (2)(C) or to the Air Traffic Services Committee.";

(2) in paragraph (4)(C) by inserting "or Air Traffic Services Committee" after "Council" each place it appears;

(3) in paragraph (5) by inserting ", the Air Traffic Services Committee," after "Council";

(4) in paragraph (6)(C)—

(A) by striking "SUBCOMMITTEE" in the subparagraph heading and inserting "COMMITTEE";

(B) by striking "member" and inserting "members";

(C) by striking "under paragraph (2)(E)" the first place it appears and inserting "to the Air Traffic Services Committee"; and

(D) by striking "of the members first" and all that follows through the period at the end and inserting "the first members of the Committee shall be the members of the Air Traffic Services Subcommittee of the Council on the day before the date of enactment of the Vision 100—Century of Aviation Reauthorization Act who shall serve in an advisory capacity until such time as the President appoints the members of the Committee under paragraph (7).";

(5) in paragraph (6)(D) by striking "under paragraph (2)(E)" and inserting "to the Committee";

(6) in paragraph (6)(E) by inserting "or Committee" after "Council";

(7) in paragraph (6)(F) by inserting "of the Council or Committee" after "member";

(8) in the second sentence of subparagraph (6)(G)—

(A) by striking "Council" and inserting "Committee"; and

(B) by striking "appointed under paragraph (2)(E)";

(9) in paragraph (6)(H)—

(A) by striking "SUBCOMMITTEE" in the subparagraph heading and inserting "COMMITTEE";

(B) by striking "under paragraph (2)(E)" in clause (i) and inserting "to the Committee"; and

(C) by striking "Air Traffic Services Subcommittee" and inserting "Committee";

(10) in paragraph (6)(I)(i)—

(A) by striking "appointed under paragraph (2)(E) is" and inserting "is serving as"; and

(B) by striking "Subcommittee" and inserting "Committee";

(11) in paragraph (6)(I)(ii)—

(A) by striking "appointed under paragraph (2)(E)" and inserting "who is a member of the Committee"; and

(B) by striking "Subcommittee" and inserting "Committee";

(12) in paragraph (6)(K) by inserting "or Committee" after "Council";

(13) in paragraph (6)(L) by inserting "or Committee" after "Council" each place it appears; and

(14) in paragraph (7)—

(A) by striking "SUBCOMMITTEE" in the paragraph heading and inserting "COMMITTEE";

(B) by striking subparagraph (A) and inserting the following:

"(A) ESTABLISHMENT.—The Administrator shall establish a committee that is independent of the Council by converting the Air Traffic Services Subcommittee of the Council, as in effect on the day before the date of enactment of the Vision 100—Century of Aviation Reauthorization Act, into such committee. The committee shall be known as the Air Traffic Services Committee (in this subsection referred to as the 'Committee').";

(C) by redesignating subparagraphs (B) through (F) as subparagraphs (D) through (H), respectively;

(D) by inserting after subparagraph (A) the following:

"(B) MEMBERSHIP AND QUALIFICATIONS.—Subject to paragraph (6)(C), the Committee shall consist of five members, one of whom shall be the Administrator and shall serve as chairperson. The remaining members shall be appointed by the President with the advice and consent of the Senate and—

President. Congress.

"(i) shall have a fiduciary responsibility to represent the public interest;

"(ii) shall be citizens of the United States; and

"(iii) shall be appointed without regard to political affiliation and solely on the basis of their professional experience and expertise in one or more of the following areas and, in the aggregate, should collectively bring to bear expertise in all of the following areas:

"(I) Management of large service organizations.

"(II) Customer service.

"(III) Management of large procurements.

"(IV) Information and communications technology.

"(V) Organizational development.

"(VI) Labor relations.

"(C) PROHIBITIONS ON MEMBERS OF COMMITTEE.—No member of the Committee may—

"(i) have a pecuniary interest in, or own stock in or bonds of, an aviation or aeronautical enterprise, except an interest in a diversified mutual fund or an interest that is exempt from the application of section 208 of title 18;

"(ii) engage in another business related to aviation or aeronautics; or

"(iii) be a member of any organization that engages, as a substantial part of its activities, in activities to influence aviation-related legislation.";

(E) by striking "Subcommittee" each place it appears in subparagraphs (D) and (E) (as redesignated by subparagraph (C) of this paragraph) and inserting "Committee";

(F) by striking "approve" in subparagraph (E)(v)(I) (as so redesignated) and inserting "make recommendations on";

(G) by striking "request" in subparagraph (E)(v)(II) (as so redesignated) and inserting "recommendations";

(H) by striking "ensure that the budget request supports" in subparagraph (E)(v)(III) (as so redesignated) and inserting "base such budget recommendations on";

(I) by striking "The Secretary shall submit" in subparagraph (E) (as so redesignated) and all that follows through the period at the end of such subparagraph (E);

(J) by striking subparagraph (F) (as so redesignated) and inserting the following:

"(F) COMMITTEE PERSONNEL MATTERS AND EXPENSES.—

"(i) PERSONNEL MATTERS.—The Committee may appoint and terminate for purposes of employment by the Committee any personnel that may be necessary to enable the Committee to perform its duties, and may procure temporary and intermittent services under section 40122.

"(ii) TRAVEL EXPENSES.—Each member of the Committee shall receive travel expenses, including per diem in lieu of subsistence, in accordance with applicable provisions under subchapter I of chapter 57 of title 5, United States Code.";

(K) in subparagraph (G) (as so redesignated)—

(i) by striking clause (i);

(ii) by redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively; and

(iii) by striking "Subcommittee" each place it appears in clauses (i), (ii), and (iii) (as so redesignated) and inserting "Committee";

(L) in subparagraph (H) (as so redesignated)—

(i) by striking "Subcommittee" each place it appears and inserting "Committee";

(ii) by striking "Administrator, the Council" each place it appears in clauses (i) and (ii) and inserting "Secretary"; and

(iii) in clause (ii) by striking "(B)(i)" and inserting "(D)(i)"; and

(M) by adding at the end the following:

"(I) AUTHORIZATION.—There are authorized to be appropriated to the Committee such sums as may be necessary for the Committee to carry out its activities.".

SEC. 203. CLARIFICATION OF THE RESPONSIBILITIES OF THE CHIEF OPERATING OFFICER.

Section 106(r) is amended—

(1) in each of paragraphs (1)(A) and (2)(A) by striking "Air Traffic Services Subcommittee of the Aviation Management

Advisory Council" and inserting "Air Traffic Services Committee";

(2) in paragraph (2)(B) by inserting "in" before "paragraph (3).";

(3) in paragraph (3) by striking "Air Traffic Control Subcommittee of the Aviation Management Advisory Committee" and inserting "Air Traffic Services Committee";

(4) in paragraph (4) by striking "Transportation and Congress" and inserting "Transportation, the Committee on Transportation and Infrastructure of the House of Representatives, and the Committee on Commerce, Science, and Transportation of the Senate";

(5) in paragraph (5)(A)—

(A) by striking "develop a" and inserting "implement the"; and

(B) by striking ", including the establishment of" and inserting "in order to further";

(6) in paragraph (5)(B)—

(A) by striking "review" and all that follows through "Administration," and inserting "oversee the day-to-day operational functions of the Administration for air traffic control,";

(B) by striking "and" at the end of clause (ii);

(C) by striking the period at the end of clause (iii) and inserting "; and"; and

(D) by adding at the end the following:

"(iv) the management of cost-reimbursable contracts.";

(7) in paragraph (5)(C)(i) by striking "prepared by the Administrator";

(8) in paragraph (5)(C)(ii) by striking "and the Secretary of Transportation" and inserting "and the Committee"; and

(9) in paragraph (5)(C)(iii)—

(A) by inserting "agency's" before "annual"; and

(B) by striking "developed under subparagraph (A) of this subsection." and inserting "for air traffic control services.".

SEC. 204. DEPUTY ADMINISTRATOR.

Section 106(d) is amended—

(1) by redesignating paragraphs (2) and (3) as (3) and (4), respectively; and

(2) by inserting after paragraph (1) the following:

"(2) The annual rate of basic pay of the Deputy Administrator shall be set by the Secretary but shall not exceed the annual rate of basic pay payable to the Administrator of the Federal Aviation Administration.".

Subtitle B—Miscellaneous

49 USC 44506 note. Effective date.

SEC. 221. CONTROLLER STAFFING.

(a) ANNUAL REPORT.—Beginning with the submission of the Budget of the United States to the Congress for fiscal year 2005, the Administrator of the Federal Aviation Administration shall transmit a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee

on Transportation and Infrastructure that describes the overall air traffic controller staffing plan, including strategies to address anticipated retirement and replacement of air traffic controllers.

(b) HUMAN CAPITAL WORKFORCE STRATEGY.—

(1) DEVELOPMENT.—The Administrator shall develop a comprehensive human capital workforce strategy to determine the most effective method for addressing the need for more air traffic controllers that is identified in the June 2002 report of the General Accounting Office.

(2) COMPLETION DATE.—Not later than 1 year after the date of enactment of this Act, the Administrator shall complete development of the strategy.

(3) REPORT.—Not later than 30 days after the date on which the strategy is completed, the Administrator shall transmit to Congress a report describing the strategy. Deadline.

SEC. 222. WHISTLEBLOWER PROTECTION UNDER ACQUISITION MANAGEMENT SYSTEM.

Section 40110(d)(2)(C) is amended by striking "355)." and inserting "355), except for section 315 (41 U.S.C. 265). For the purpose of applying section 315 of that Act to the system, the term 'executive agency' is deemed to refer to the Federal Aviation Administration.".

SEC. 223. FAA PURCHASE CARDS.

(a) IN GENERAL.—The Administrator of the Federal Aviation Administration shall take appropriate actions to implement the recommendations contained in the report of the General Accounting Office entitled "FAA Purchase Cards: Weak Controls Resulted in Instances of Improper and Wasteful Purchases and Missing Assets", numbered GAO–03–405 and dated March 21, 2003.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Administrator shall transmit to Congress a report containing a description of the actions taken by the Administrator under this section. Deadline.

SEC. 224. PROCUREMENT.

(a) DUTIES AND POWERS.—Section 40110(c) is amended—

(1) by striking "Administration—" and all that follows through "(2) may—" and inserting "Administration may—";

(2) by striking subparagraph (D);

(3) by redesignating subparagraphs (A), (B), (C), (E), and (F) as paragraphs (1), (2), (3), (4), and (5), respectively; and

(4) by moving such paragraphs (1) through (5) 2 ems to the left.

(b) ACQUISITION MANAGEMENT SYSTEM.—Section 40110(d) is amended—

(1) in paragraph (1)—

(A) by striking ", not later than January 1, 1996,"; and

(B) by striking "provides for more timely and cost-effective acquisitions of equipment and materials." and inserting the following:

"provides for—

"(A) more timely and cost-effective acquisitions of equipment, services, property, and materials; and

"(B) the resolution of bid protests and contract disputes related thereto, using consensual alternative dispute resolution techniques to the maximum extent practicable."; and

(2) by striking paragraph (4), relating to the effective date, and inserting the following:

"(4) ADJUDICATION OF CERTAIN BID PROTESTS AND CONTRACT DISPUTES.—A bid protest or contract dispute that is not addressed or resolved through alternative dispute resolution shall be adjudicated by the Administrator through Dispute Resolution Officers or Special Masters of the Federal Aviation Administration Office of Dispute Resolution for Acquisition, acting pursuant to sections 46102, 46104, 46105, 46106 and 46107 and shall be subject to judicial review under section 46110 and to section 504 of title 5.".

(c) AUTHORITY OF ADMINISTRATOR TO ACQUIRE SERVICES.—Section 106(f)(2)(A)(ii) is amended by inserting ", services," after "property".

SEC. 225. DEFINITIONS.

(a) IN GENERAL.—Section 40102(a) is amended—

(1) by redesignating paragraphs (38) through (42) as paragraphs (43) through (47), respectively;

(2) by inserting after paragraph (37) the following:

"(42) 'small hub airport' means a commercial service airport (as defined in section 47102) that has at least 0.05 percent but less than 0.25 percent of the passenger boardings.";

(3) by redesignating paragraphs (33) through (37) as paragraphs (37) through (41) respectively;

(4) by inserting after paragraph (32) the following:

"(36) 'passenger boardings'—

"(A) means, unless the context indicates otherwise, revenue passenger boardings in the United States in the prior calendar year on an aircraft in service in air commerce, as the Secretary determines under regulations the Secretary prescribes; and

"(B) includes passengers who continue on an aircraft in international flight that stops at an airport in the 48 contiguous States, Alaska, or Hawaii for a nontraffic purpose.";

(5) by redesignating paragraph (32) as paragraph (35);

(6) by inserting after paragraph (31) the following:

"(34) 'nonhub airport' means a commercial service airport (as defined in section 47102) that has less than 0.05 percent of the passenger boardings.";

(7) by redesignating paragraphs (30) and (31) as paragraphs (32) and (33), respectively;

(8) by inserting after paragraph (29) the following:

"(31) 'medium hub airport' means a commercial service airport (as defined in section 47102) that has at least 0.25 percent but less than 1.0 percent of the passenger boardings.";

(9) by redesignating paragraph (29) as paragraph (30); and

(10) by inserting after paragraph (28) the following:

"(29) 'large hub airport' means a commercial service airport (as defined in section 47102) that has at least 1.0 percent of the passenger boardings.".

(b) CONFORMING AMENDMENTS.—

(1) AIR SERVICE TERMINATION NOTICE.—Section 41719(d) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively.

(2) SMALL COMMUNITY AIR SERVICE.—Section 41731(a) is amended by striking paragraphs (3) through (5).

(3) AIRPORTS NOT RECEIVING SUFFICIENT SERVICE.—Section 41743 is amended—

(A) in subsection (c)(1) by striking "(as that term is defined in section 41731(a)(5))"; and

(B) in subsection (f) by striking "(as defined in section 41731(a)(3))".

(4) PRESERVATION OF BASIC ESSENTIAL AIR SERVICE AT SINGLE CARRIER DOMINATED HUB AIRPORTS.—Section 41744(b) is amended by striking "(as defined in section 41731)".

(5) REGIONAL AIR SERVICE INCENTIVE PROGRAM.—Section 41762 is amended—

(A) by striking paragraphs (11) and (15); and

(B) by redesignating paragraphs (12), (13), (14), and (16) as paragraphs (11), (12), (13), and (14), respectively.

SEC. 226. AIR TRAFFIC CONTROLLER RETIREMENT.

(a) AIR TRAFFIC CONTROLLER DEFINED.—

(1) CIVIL SERVICE RETIREMENT SYSTEM.—Section 8331 of title 5, United States Code, is amended—

(A) by striking "and" at the end of paragraph (27);

(B) by striking the period at the end of paragraph (28) and inserting "; and"; and

(C) by adding at the end the following:

"(29) the term 'air traffic controller' or 'controller' means—

"(A) a controller within the meaning of section 2109(1); and

"(B) a civilian employee of the Department of Transportation or the Department of Defense who is the immediate supervisor of a person described in section 2109(1)(B).".

(2) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—Section 8401 of title 5, United States Code, is amended—

(A) by striking "and" at the end of paragraph (33);

(B) by striking the period at the end of paragraph (34) and inserting "; and"; and

(C) by adding at the end the following:

"(35) the term 'air traffic controller' or 'controller' means—

"(A) a controller within the meaning of section 2109(1); and

"(B) a civilian employee of the Department of Transportation or the Department of Defense who is the immediate supervisor of a person described in section 2109(1)(B).".

(3) MANDATORY SEPARATION TREATMENT NOT AFFECTED.—

(A) CIVIL SERVICE RETIREMENT SYSTEM.—Section 8335(a) of title 5, United States Code, is amended by adding at the end the following: "For purposes of this subsection, the term 'air traffic controller' or 'controller' has the meaning given to it under section 8331(29)(A).".

(B) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—Section 8425(a) of title 5, United States Code, is amended by adding at the end the following: "For purposes of this

subsection, the term 'air traffic controller' or 'controller' has the meaning given to it under section 8401(35)(A).".

(b) MODIFIED ANNUITY COMPUTATION RULE FOR CERTAIN AIR TRAFFIC CONTROLLERS UNDER FERS.—

(1) IN GENERAL.—Section 8415 of title 5, United States Code, is amended—

(A) by redesignating subsections (e) through (j) as subsections (f) through (k), respectively, and by redesignating the second subsection (i) as subsection (l); and

(B) by inserting after subsection (d) the following:

"(e) The annuity of an air traffic controller or former air traffic controller retiring under section 8412(a) is computed under subsection (a), except that if the individual has had at least 5 years of service as an air traffic controller as defined by section 2109(1)(A)(i), so much of the annuity as is computed with respect to such type of service shall be computed by multiplying 1 7/10 percent of the individual's average pay by the years of such service.".

(2) CONFORMING AMENDMENTS.—(A) Section 8422(d)(2) of title 5, United States Code, is amended by striking "8415(i)" and inserting "8415(j)".

(B) Section 8452(d)(1) of such title is amended by striking "subsection (f)" and inserting "subsection (g)".

(C) Section 8468(b)(1)(A) of such title is amended by striking "through (g)" and inserting "through (h)".

(D) Section 302(a) of the Federal Employees' Retirement System Act of 1986 (5 U.S.C. 8331 note) is amended—

(i) in paragraph (1)(D)(VI), by striking "subsection (g)" and inserting "subsection (h)";

(ii) in paragraph (9), by striking "8415(f)" and inserting "8415(g)"; and

(iii) in paragraph (12)(B)(ii), by striking "through (f)" and inserting "through (g)".

5 USC 8401 note.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—This section and the amendments made by this section—

(A) shall take effect on the 60th day after the date of enactment of this Act; and

Applicability.

(B) shall apply with respect to—

(i) any annuity entitlement to which is based on an individual's separation from service occurring on or after the effective date of this section; and

(ii) any service performed by any such individual before, on, or after the effective date of this section, subject to paragraph (2).

(2) SPECIAL RULE.—

(A) DEPOSIT REQUIREMENT.—For purposes of determining eligibility for immediate retirement under section 8412(e) of title 5, United States Code, the amendment made by subsection (a)(2) shall, with respect to any service described in subparagraph (B), be disregarded unless there is deposited into the Civil Service Retirement and Disability Fund, with respect to such service, in such time, form, and manner as the Office of Personnel Management by regulation requires, an amount equal to the amount by which—

(i) the deductions from pay which would have been required for such service if the amendments made

by subsection (a)(2) had been in effect when such service was performed, exceeds

(ii) the unrefunded deductions or deposits actually made under subchapter II of chapter 84 of such title with respect to such service.

An amount under this subparagraph shall include interest, computed under paragraphs (2) and (3) of section 8334(e) of such title 5.

(B) PRIOR SERVICE DESCRIBED.—This paragraph applies with respect to any service performed by an individual before the effective date of this section as an employee described in section 8401(35)(B) of title 5, United States Code (as amended by subsection (a)(2)). Applicability.

SEC. 227. DESIGN ORGANIZATION CERTIFICATES.

(a) GENERAL AUTHORITY TO ISSUE CERTIFICATES.—Effective on the last day of the 7-year period beginning on the date of enactment of this Act, section 44702(a) is amended by inserting "design organization certificates," after "airman certificates,". Effective date. 49 USC 44702 note.

(b) DESIGN ORGANIZATION CERTIFICATES.—

(1) PLAN.—Not later than 4 years after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a plan for the development and oversight of a system for certification of design organizations to certify compliance with the requirements and minimum standards prescribed under section 44701(a) of title 49, United States Code, for the type certification of aircraft, aircraft engines, propellers, or appliances. Deadline. 49 USC 44704 note.

(2) ISSUANCE OF CERTIFICATES.—Section 44704 is amended by adding at the end the following:

"(e) DESIGN ORGANIZATION CERTIFICATES.—

"(1) ISSUANCE.—Beginning 7 years after the date of enactment of this subsection, the Administrator may issue a design organization certificate to a design organization to authorize the organization to certify compliance with the requirements and minimum standards prescribed under section 44701(a) for the type certification of aircraft, aircraft engines, propellers, or appliances. Effective date.

"(2) APPLICATIONS.—On receiving an application for a design organization certificate, the Administrator shall examine and rate the design organization submitting the application, in accordance with regulations to be prescribed by the Administrator, to determine whether the design organization has adequate engineering, design, and testing capabilities, standards, and safeguards to ensure that the product being certificated is properly designed and manufactured, performs properly, and meets the regulations and minimum standards prescribed under section 44701(a).

"(3) ISSUANCE OF TYPE CERTIFICATES BASED ON DESIGN ORGANIZATION CERTIFICATION.—The Administrator may rely on certifications of compliance by a design organization when making a finding under subsection (a).

"(4) PUBLIC SAFETY.—The Administrator shall include in a design organization certificate issued under this subsection terms required in the interest of safety.

"(5) NO EFFECT ON POWER OF REVOCATION.—Nothing in this subsection affects the authority of the Secretary of Transportation to revoke a certificate.".

(c) REINSPECTION AND REEXAMINATION.—Section 44709(a) is amended by inserting "design organization, production certificate holder," after "appliance,".

(d) PROHIBITIONS.—Section 44711(a)(7) is amended by striking "agency" and inserting "agency, design organization certificate, ".

(e) CONFORMING AMENDMENTS.—

(1) SECTION HEADING.—Section 44704 is amended by striking the section designation and heading and inserting the following:

"§ 44704. Type certificates, production certificates, airworthiness certificates, and design organization certificates".

(2) CHAPTER ANALYSIS.—The analysis for chapter 447 is amended by striking the item relating to section 44704 and inserting the following:

"44704. Type certificates, production certificates, airworthiness certificates, and design organization certificates.".

SEC. 228. JUDICIAL REVIEW.

The first sentence of section 46110(a) is amended—

(1) by striking "safety"; and

(2) by striking "under this part" and inserting "in whole or in part under this part, part B, or subsection (l) or (s) of section 114".

49 USC 45301 note.

SEC. 229. OVERFLIGHT FEES.

(a) ADOPTION AND LEGALIZATION OF CERTAIN RULES.—

(1) APPLICABILITY AND EFFECT OF CERTAIN LAW.—Notwithstanding section 141(d)(1) of the Aviation and Transportation Security Act (49 U.S.C. 44901 note), section 45301(b)(1)(B) of title 49, United States Code, is deemed to apply to and to have effect with respect to the authority of the Administrator of the Federal Aviation Administration with respect to the interim final rule and final rule, relating to overflight fees, issued by the Administrator on May 30, 2000, and August 13, 2001, respectively.

(2) ADOPTION AND LEGALIZATION.—The interim final rule and final rule referred to in subsection (a), including the fees issued pursuant to those rules, are adopted, legalized, and confirmed as fully to all intents and purposes as if the same had, by prior Act of Congress, been specifically adopted, authorized, and directed as of the date those rules were originally issued.

(3) FEES TO WHICH APPLICABLE.—This subsection applies to fees assessed after November 19, 2001, and before April 8, 2003, and fees collected after the requirements of subsection (b) have been met.

(b) DEFERRED COLLECTION OF FEES.—The Administrator shall defer collecting fees under section 45301(a)(1) of title 49, United States Code, until the Administrator (1) reports to Congress

responding to the issues raised by the court in Air Transport Association of Canada v. Federal Aviation Administration and Administrator, FAA, decided on April 8, 2003, and (2) consults with users and other interested parties regarding the consistency of the fees established under such section with the international obligations of the United States.

(c) ENFORCEMENT.—The Administrator shall take an appropriate enforcement action under subtitle VII of title 49, United States Code, against any user that does not pay a fee under section 45301(a)(1) of such title.

TITLE III—ENVIRONMENTAL PROCESS

Aviation Streamlining Approval Process Act of 2003.

Subtitle A—Aviation Development Streamlining

SEC. 301. SHORT TITLE.

49 USC 40101 note.

This title may be cited as "Aviation Streamlining Approval Process Act of 2003".

SEC. 302. FINDINGS.

49 USC 47171 note.

Congress finds that—

(1) airports play a major role in interstate and foreign commerce;

(2) congestion and delays at our Nation's major airports have a significant negative impact on our Nation's economy;

(3) airport capacity enhancement projects at congested airports are a national priority and should be constructed on an expedited basis;

(4) airport capacity enhancement projects must include an environmental review process that provides local citizenry an opportunity for consideration of and appropriate action to address environmental concerns; and

(5) the Federal Aviation Administration, airport authorities, communities, and other Federal, State, and local government agencies must work together to develop a plan, set and honor milestones and deadlines, and work to protect the environment while sustaining the economic vitality that will result from the continued growth of aviation.

SEC. 303. AIRPORT CAPACITY ENHANCEMENT.

Section 40104 is amended by adding at the end the following:

"(c) AIRPORT CAPACITY ENHANCEMENT PROJECTS AT CONGESTED AIRPORTS.—In carrying out subsection (a), the Administrator shall take action to encourage the construction of airport capacity enhancement projects at congested airports as those terms are defined in section 47176.".

SEC. 304. AVIATION PROJECT STREAMLINING.

(a) IN GENERAL.—Chapter 471 is amended by inserting after subchapter II the following:

"SUBCHAPTER III—AVIATION DEVELOPMENT STREAMLINING

"§ 47171. Expedited, coordinated environmental review process

"(a) AVIATION PROJECT REVIEW PROCESS.—The Secretary of Transportation shall develop and implement an expedited and coordinated environmental review process for airport capacity enhancement projects at congested airports, aviation safety projects, and aviation security projects that—

"(1) provides for better coordination among the Federal, regional, State, and local agencies concerned with the preparation of environmental impact statements or environmental assessments under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.);

"(2) provides that all environmental reviews, analyses, opinions, permits, licenses, and approvals that must be issued or made by a Federal agency or airport sponsor for such a project will be conducted concurrently, to the maximum extent practicable; and

"(3) provides that any environmental review, analysis, opinion, permit, license, or approval that must be issued or made by a Federal agency or airport sponsor for such a project will be completed within a time period established by the Secretary, in cooperation with the agencies identified under subsection (d) with respect to the project.

"(b) AVIATION PROJECTS SUBJECT TO A STREAMLINED ENVIRONMENTAL REVIEW PROCESS.—

"(1) AIRPORT CAPACITY ENHANCEMENT PROJECTS AT CONGESTED AIRPORTS.—An airport capacity enhancement project at a congested airport shall be subject to the coordinated and expedited environmental review process requirements set forth in this section.

"(2) AVIATION SAFETY AND AVIATION SECURITY PROJECTS.—

"(A) IN GENERAL.—The Administrator of the Federal Aviation Administration may designate an aviation safety project or aviation security project for priority environmental review. The Administrator may not delegate this designation authority. A designated project shall be subject to the coordinated and expedited environmental review process requirements set forth in this section.

Guidelines.

"(B) PROJECT DESIGNATION CRITERIA.—The Administrator shall establish guidelines for the designation of an aviation safety project or aviation security project for priority environmental review. Such guidelines shall provide for consideration of—

"(i) the importance or urgency of the project;

"(ii) the potential for undertaking the environmental review under existing emergency procedures under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.);

"(iii) the need for cooperation and concurrent reviews by other Federal or State agencies;

"(iv) the prospect for undue delay if the project is not designated for priority review; and

"(v) for aviation security projects, the views of the Department of Homeland Security.

"(c) HIGH PRIORITY OF AND AGENCY PARTICIPATION IN COORDINATED REVIEWS.—

"(1) HIGH PRIORITY FOR ENVIRONMENTAL REVIEWS.—Each Federal agency with jurisdiction over an environmental review, analysis, opinion, permit, license, or approval shall accord any such review, analysis, opinion, permit, license, or approval involving an airport capacity enhancement project at a congested airport or a project designated under subsection (b)(2) the highest possible priority and conduct the review, analysis, opinion, permit, license, or approval expeditiously.

"(2) AGENCY PARTICIPATION.—Each Federal agency described in subsection (d) shall formulate and implement administrative, policy, and procedural mechanisms to enable the agency to participate in the coordinated environmental review process under this section and to ensure completion of environmental reviews, analyses, opinions, permits, licenses, and approvals described in subsection (a) in a timely and environmentally responsible manner. Procedures.

"(d) IDENTIFICATION OF JURISDICTIONAL AGENCIES.—With respect to each airport capacity enhancement project at a congested airport or a project designated under subsection (b)(2), the Secretary shall identify, as soon as practicable, all Federal and State agencies that may have jurisdiction over environmental-related matters that may be affected by the project or may be required by law to conduct an environmental-related review or analysis of the project or determine whether to issue an environmental-related permit, license, or approval for the project.

"(e) STATE AUTHORITY.—Under a coordinated review process being implemented under this section by the Secretary with respect to a project at an airport within the boundaries of a State, the Governor of the State, consistent with State law, may choose to participate in such process and provide that all State agencies that have jurisdiction over environmental-related matters that may be affected by the project or may be required by law to conduct an environmental-related review or analysis of the project or determine whether to issue an environmental-related permit, license, or approval for the project, be subject to the process.

"(f) MEMORANDUM OF UNDERSTANDING.—The coordinated review process developed under this section may be incorporated into a memorandum of understanding for a project between the Secretary and the heads of other Federal and State agencies identified under subsection (d) with respect to the project and, if applicable, the airport sponsor.

"(g) USE OF INTERAGENCY ENVIRONMENTAL IMPACT STATEMENT TEAMS.—

"(1) IN GENERAL.—The Secretary may utilize an interagency environmental impact statement team to expedite and coordinate the coordinated environmental review process for a project under this section. When utilizing an interagency environmental impact statement team, the Secretary shall invite Federal, State and Tribal agencies with jurisdiction by law, and may invite such agencies with special expertise, to participate on an interagency environmental impact statement team.

"(2) RESPONSIBILITY OF INTERAGENCY ENVIRONMENTAL IMPACT STATEMENT TEAM.—Under a coordinated environmental review process being implemented under this section, the interagency environmental impact statement team shall assist the

Federal Aviation Administration in the preparation of the environmental impact statement. To facilitate timely and efficient environmental review, the team shall agree on agency or Tribal points of contact, protocols for communication among agencies, and deadlines for necessary actions by each individual agency (including the review of environmental analyses, the conduct of required consultation and coordination, and the issuance of environmental opinions, licenses, permits, and approvals). The members of the team may formalize their agreement in a written memorandum.

"(h) LEAD AGENCY RESPONSIBILITY.—The Federal Aviation Administration shall be the lead agency for projects designated under subsection (b)(2) and airport capacity enhancement projects at congested airports and shall be responsible for defining the scope and content of the environmental impact statement, consistent with regulations issued by the Council on Environmental Quality. Any other Federal agency or State agency that is participating in a coordinated environmental review process under this section shall give substantial deference, to the extent consistent with applicable law and policy, to the aviation expertise of the Federal Aviation Administration.

"(i) EFFECT OF FAILURE TO MEET DEADLINE.—

"(1) NOTIFICATION OF CONGRESS AND CEQ.—If the Secretary determines that a Federal agency, State agency, or airport sponsor that is participating in a coordinated review process under this section with respect to a project has not met a deadline established under subsection (a)(3) for the project, the Secretary shall notify, within 30 days of the date of such determination, the Committee on Commerce, Science, and Transportation of the Senate, the Committee on Transportation and Infrastructure of the House of Representatives, the Council on Environmental Quality, and the agency or sponsor involved about the failure to meet the deadline.

"(2) AGENCY REPORT.—Not later than 30 days after date of receipt of a notice under paragraph (1), the agency or sponsor involved shall submit a report to the Secretary, the Committee on Transportation and Infrastructure of the House of Representatives, the Committee on Commerce, Science, and Transportation of the Senate, and the Council on Environmental Quality explaining why the agency or sponsor did not meet the deadline and what actions it intends to take to complete or issue the required review, analysis, opinion, permit, license, or approval.

"(j) PURPOSE AND NEED.—For any environmental review, analysis, opinion, permit, license, or approval that must be issued or made by a Federal or State agency that is participating in a coordinated review process under this section and that requires an analysis of purpose and need for the project, the agency, notwithstanding any other provision of law, shall be bound by the project purpose and need as defined by the Secretary.

"(k) ALTERNATIVES ANALYSIS.—The Secretary shall determine the reasonable alternatives to an airport capacity enhancement project at a congested airport or a project designated under subsection (b)(2). Any other Federal agency, or State agency that is participating in a coordinated review process under this section with respect to the project shall consider only those alternatives to the project that the Secretary has determined are reasonable.

"(l) SOLICITATION AND CONSIDERATION OF COMMENTS.—In applying subsections (j) and (k), the Secretary shall solicit and consider comments from interested persons and governmental entities in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4371 et seq.).

"(m) MONITORING BY TASK FORCE.—The Transportation Infrastructure Streamlining Task Force, established by Executive Order 13274 (67 Fed. Reg. 59449; relating to environmental stewardship and transportation infrastructure project reviews), may monitor airport projects that are subject to the coordinated review process under this section.

"§ 47172. Air traffic procedures for airport capacity enhancement projects at congested airports

"(a) IN GENERAL.—The Administrator of the Federal Aviation Administration may consider prescribing flight procedures to avoid or minimize potentially significant adverse noise impacts of an airport capacity enhancement project at a congested airport that involves the construction of new runways or the reconfiguration of existing runways during the environmental planning process for the project. If the Administrator determines that noise mitigation flight procedures are consistent with safe and efficient use of the navigable airspace, the Administrator may commit, at the request of the airport sponsor and in a manner consistent with applicable Federal law, to prescribing such procedures in any record of decision approving the project.

"(b) MODIFICATION.—Notwithstanding any commitment by the Administrator under subsection (a), the Administrator may initiate changes to such procedures if necessary to maintain safety and efficiency in light of new information or changed circumstances.

"§ 47173. Airport funding of FAA staff

"(a) ACCEPTANCE OF SPONSOR-PROVIDED FUNDS.—Notwithstanding any other provision of law, the Administrator of the Federal Aviation Administration may accept funds from an airport sponsor, including funds provided to the sponsor under section 47114(c), to hire additional staff or obtain the services of consultants in order to facilitate the timely processing, review, and completion of environmental activities associated with an airport development project.

"(b) ADMINISTRATIVE PROVISION.—Instead of payment from an airport sponsor from funds apportioned to the sponsor under section 47114, the Administrator, with agreement of the sponsor, may transfer funds that would otherwise be apportioned to the sponsor under section 47114 to the account used by the Administrator for activities described in subsection (a).

"(c) RECEIPTS CREDITED AS OFFSETTING COLLECTIONS.—Notwithstanding section 3302 of title 31, any funds accepted under this section, except funds transferred pursuant to subsection (b)—

"(1) shall be credited as offsetting collections to the account that finances the activities and services for which the funds are accepted;

"(2) shall be available for expenditure only to pay the costs of activities and services for which the funds are accepted; and

"(3) shall remain available until expended.

"(d) MAINTENANCE OF EFFORT.—No funds may be accepted pursuant to subsection (a), or transferred pursuant to subsection (b), in any fiscal year in which the Federal Aviation Administration does not allocate at least the amount it expended in fiscal year 2002 (excluding amounts accepted pursuant to section 337 of the Department of Transportation and Related Agencies Appropriations Act, 2002 (115 Stat. 862)) for the activities described in subsection (a).

"§ 47174. Authorization of appropriations

"In addition to the amounts authorized to be appropriated under section 106(k), there is authorized to be appropriated to the Secretary of Transportation, out of the Airport and Airway Trust Fund established under section 9502 of the Internal Revenue Code of 1986 (26 U.S.C. 9502), $4,200,000 for fiscal year 2004 and for each fiscal year thereafter to facilitate the timely processing, review, and completion of environmental activities associated with airport capacity enhancement projects at congested airports.

"§ 47175. Definitions

"In this subchapter, the following definitions apply:

"(1) AIRPORT SPONSOR.—The term 'airport sponsor' has the meaning given the term 'sponsor' under section 47102.

"(2) CONGESTED AIRPORT.—The term 'congested airport' means an airport that accounted for at least 1 percent of all delayed aircraft operations in the United States in the most recent year for which such data is available and an airport listed in table 1 of the Federal Aviation Administration's Airport Capacity Benchmark Report 2001.

"(3) AIRPORT CAPACITY ENHANCEMENT PROJECT.—The term 'airport capacity enhancement project' means—

"(A) a project for construction or extension of a runway, including any land acquisition, taxiway, or safety area associated with the runway or runway extension; and

"(B) such other airport development projects as the Secretary may designate as facilitating a reduction in air traffic congestion and delays.

"(4) AVIATION SAFETY PROJECT.—The term 'aviation safety project' means an aviation project that—

"(A) has as its primary purpose reducing the risk of injury to persons or damage to aircraft and property, as determined by the Administrator; and

"(B)(i) is needed to respond to a recommendation from the National Transportation Safety Board, as determined by the Administrator; or

"(ii) is necessary for an airport to comply with part 139 of title 14, Code of Federal Regulations (relating to airport certification).

"(5) AVIATION SECURITY PROJECT.—The term 'aviation security project' means a security project at an airport required by the Department of Homeland Security.

"(6) FEDERAL AGENCY.—The term 'Federal agency' means a department or agency of the United States Government.".

(b) CONFORMING AMENDMENT.—The analysis for such chapter is amended by adding at the end the following:

"SUBCHAPTER III—AVIATION DEVELOPMENT STREAMLINING

"47171. Expedited, coordinated environmental review process.
"47172. Air traffic procedures for airport capacity enhancement projects at congested airports.
"47173. Airport funding of FAA staff.
"47174. Authorization of appropriations.
"47175. Definitions.".

SEC. 305. ELIMINATION OF DUPLICATIVE REQUIREMENTS.

Section 47106(c) is amended—

(1) by inserting "and" after the semicolon at the end of paragraph (1)(A)(iii) (as added by this Act);

(2) by striking subparagraph (B) of paragraph (1);

(3) by redesignating subparagraph (C) of paragraph (1) as subparagraph (B);

(4) in paragraph (2)(A) by striking "stage 2" and inserting "stage 3";

(5) by striking paragraph (4);

(6) by redesignating paragraph (5) as paragraph (4); and

(7) in paragraph (4) (as so redesignated) by striking "(1)(C)" and inserting "(1)(B)".

SEC. 306. CONSTRUCTION OF CERTAIN AIRPORT CAPACITY PROJECTS.

Section 47504(c)(2) is amended—

(1) by moving subparagraphs (C) and (D) 2 ems to the right;

(2) by striking "and" at the end of subparagraph (C);

(3) by striking the period at the end of subparagraph (D) and inserting "; and"; and

(4) by adding at the end the following:

"(E) to an airport operator of a congested airport (as defined in section 47175) and a unit of local government referred to in paragraph (1)(B) of this subsection to carry out a project to mitigate noise in the area surrounding the airport if the project is included as a commitment in a record of decision of the Federal Aviation Administration for an airport capacity enhancement project (as defined in section 47175) even if that airport has not met the requirements of part 150 of title 14, Code of Federal Regulations.".

SEC. 307. ISSUANCE OF ORDERS.

Deadlines. Publications.

Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall publish the final Federal Aviation Administration Order 1050.1E, Environmental Impacts: Policies and Procedures. Not later than 180 days after the date of publication of such final order, the Secretary shall publish for public comment the revised Federal Aviation Administration Order 5050.4B, Airport Environmental Handbook.

SEC. 308. LIMITATIONS.

49 USC 47171 note.

Nothing in this subtitle, including any amendment made by this title, shall preempt or interfere with—

(1) any practice of seeking public comment;

(2) any power, jurisdiction, or authority that a State agency or an airport sponsor has with respect to carrying out an airport capacity enhancement project; and

(3) any obligation to comply with the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4371

et seq.) and the regulations issued by the Council on Environmental Quality to carry out such Act.

49 USC 47171 note.

SEC. 309. RELATIONSHIP TO OTHER REQUIREMENTS.

The coordinated review process required under the amendments made by this subtitle shall apply to an airport capacity enhancement project at a congested airport whether or not the project is designated by the Secretary of Transportation as a high-priority transportation infrastructure project under Executive Order 13274 (67 Fed. Reg. 59449; relating to environmental stewardship and transportation infrastructure project reviews).

Subtitle B—Miscellaneous

49 USC 40101 note.

SEC. 321. REPORT ON LONG-TERM ENVIRONMENTAL IMPROVEMENTS.

(a) IN GENERAL.—The Secretary of Transportation, in consultation with the Administrator of the National Aeronautics and Space Administration, shall conduct a study of ways to reduce aircraft noise and emissions and to increase aircraft fuel efficiency. The study shall—

(1) explore new operational procedures for aircraft to achieve those goals;

(2) identify both near-term and long-term options to achieve those goals;

(3) identify infrastructure changes that would contribute to attainment of those goals;

(4) identify emerging technologies that might contribute to attainment of those goals;

(5) develop a research plan for application of such emerging technologies, including new combustor and engine design concepts and methodologies for designing high bypass ratio turbofan engines so as to minimize the effects on climate change per unit of production of thrust and flight speed; and

(6) develop an implementation plan for exploiting such emerging technologies to attain those goals.

Deadline.

(b) REPORT.—The Secretary shall transmit a report on the study to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure within 1 year after the date of enactment of this Act.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary $500,000 for fiscal year 2004 to carry out this section.

49 USC 47503 note.

SEC. 322. NOISE DISCLOSURE.

(a) NOISE DISCLOSURE SYSTEM IMPLEMENTATION STUDY.—The Administrator of the Federal Aviation Administration shall conduct a study to determine the feasibility of developing a program under which prospective home buyers of property located in the vicinity of an airport could be notified of information derived from noise exposure maps that may affect the use and enjoyment of the property. The study shall assess the scope, administration, usefulness, and burdensomeness of any such program, the costs and benefits of such a program, and whether participation in such a program should be voluntary or mandatory.

(b) PUBLIC AVAILABILITY OF NOISE EXPOSURE MAPS.—The Administrator shall make noise exposure and land use information

from noise exposure maps available to the public via the Internet on its website in an appropriate format.

(c) NOISE EXPOSURE MAP.—In this section, the term "noise exposure map" means a noise exposure map prepared under section 47503 of title 49, United States Code.

SEC. 323. OVERFLIGHTS OF NATIONAL PARKS.

(a) IN GENERAL.—Section 40128 is amended—

(1) in subsection (a)(1) by inserting ", as defined by this section," after "lands" the first place it appears;

(2) in subsections (b)(3)(A) and (b)(3)(B) by inserting "over a national park" after "operations";

(3) in subsection (b)(3)(C) by inserting "over a national park that are also" after "operations";

(4) in subsection (b)(3)(D) by striking "at the park" and inserting "over a national park";

(5) in subsection (b)(3)(E) by inserting "over a national park" after "operations" the first place it appears;

(6) in subsections (c)(2)(A)(i) and (c)(2)(B) by inserting "over a national park" after "operations";

(7) in subsection (f)(1) by inserting "over a national park" after "operation";

(8) in subsection (f)(4)(A)—

(A) by striking "commercial air tour operation" and inserting "commercial air tour operation over a national park"; and

(B) by striking "park, or over tribal lands," and inserting "park (except the Grand Canyon National Park), or over tribal lands (except those within or abutting the Grand Canyon National Park),";

(9) in subsection (f)(4)(B) by inserting "over a national park" after "operation"; and

(10) in the heading for paragraph (4) of subsection (f) by inserting "OVER A NATIONAL PARK" after "OPERATION".

(b) QUIET TECHNOLOGY RULEMAKING FOR AIR TOURS OVER GRAND CANYON NATIONAL PARK.— 49 USC 40128 note.

(1) DEADLINE FOR RULE.—No later than January 2005, the Secretary of Transportation shall issue a final rule to establish standards for quiet technology that are reasonably achievable at Grand Canyon National Park, based on the Supplemental Notice of Proposed Rulemaking on Noise Limitations for Aircraft Operations in the Vicinity of Grand Canyon National Park, published in the Federal Register on March 24, 2003.

(2) RESOLUTION OF DISPUTES.—Subject to applicable administrative law and procedures, if the Secretary determines that a dispute among interested parties (including outside groups) or government agencies cannot be resolved within a reasonable time frame and could delay finalizing the rulemaking described in subsection (a), or implementation of final standards under such rule, due to controversy over adoption of quiet technology routes, establishment of incentives to encourage adoption of such routes, establishment of incentives to encourage adoption of quite technology, or other measures to achieve substantial restoration of natural quiet, the Secretary shall refer such dispute to a recognized center for environmental conflict resolution.

SEC. 324. NOISE EXPOSURE MAPS.

Section 47503 is amended—

(1) in subsection (a) by striking "1985," and inserting "a forecast period that is at least 5 years in the future"; and

(2) by striking subsection (b) and inserting the following:

"(b) REVISED MAPS.—If, in an area surrounding an airport, a change in the operation of the airport would establish a substantial new noncompatible use, or would significantly reduce noise over existing noncompatible uses, that is not reflected in either the existing conditions map or forecast map currently on file with the Federal Aviation Administration, the airport operator shall submit a revised noise exposure map to the Secretary showing the new noncompatible use or noise reduction.".

Deadline.
49 USC 47508 note.

SEC. 325. IMPLEMENTATION OF CHAPTER 4 NOISE STANDARDS.

Not later than April 1, 2005, the Secretary of Transportation shall issue final regulations to implement Chapter 4 noise standards, consistent with the recommendations adopted by the International Civil Aviation Organization.

49 USC 40101 note.

SEC. 326. REDUCTION OF NOISE AND EMISSIONS FROM CIVILIAN AIRCRAFT.

(a) ESTABLISHMENT OF RESEARCH PROGRAM.—From amounts made available under section 48102(a) of title 49, United States Code, the Secretary of Transportation shall establish a research program related to reducing community exposure to civilian aircraft noise or emissions through grants or other measures authorized under section 106(l)(6) of such title, including reimbursable agreements with other Federal agencies. The program shall include participation by educational and research institutions that have existing facilities for developing and testing noise reduction engine technology.

(b) DESIGNATION OF INSTITUTE AS A CENTER OF EXCELLENCE.—The Administrator of the Federal Aviation Administration shall designate an institution described in subsection (a) as a Center of Excellence for Noise and Emission Research.

SEC. 327. SPECIAL RULE FOR AIRPORT IN ILLINOIS.

(a) IN GENERAL.—Nothing in this title shall be construed to preclude the application of any provision of this Act to the State of Illinois or any other sponsor of a new airport proposed to be constructed in the State of Illinois.

(b) AUTHORITY OF THE GOVERNOR.—Nothing in this title shall be construed to preempt the authority of the Governor of the State of Illinois as of August 1, 2001, to approve or disapprove airport development projects.

TITLE IV—AIRLINE SERVICE IMPROVEMENTS

Subtitle A—Small Community Air Service

SEC. 401. EXEMPTION FROM HOLD-IN REQUIREMENTS.

Section 41734 is amended by adding at the end the following:

"(i) EXEMPTION FROM HOLD-IN REQUIREMENTS.—If, after the date of enactment of this subsection, an air carrier commences

air transportation to an eligible place that is not receiving scheduled passenger air service as a result of the failure of the eligible place to meet requirements contained in an appropriations Act, the air carrier shall not be subject to the requirements of subsections (b) and (c) with respect to such air transportation.".

SEC. 402. ADJUSTMENTS TO ACCOUNT FOR SIGNIFICANTLY INCREASED COSTS.

(a) IN GENERAL.—Section 41737 is amended by adding at the end the following:

"(e) ADJUSTMENTS TO ACCOUNT FOR SIGNIFICANTLY INCREASED COSTS.—

"(1) IN GENERAL.—If the Secretary determines that air carriers are experiencing significantly increased costs in providing air service or air transportation for which compensation is being paid under this subchapter, the Secretary may increase the rates of compensation payable under this subchapter without regard to any agreement or requirement relating to the renegotiation of contracts or any notice requirement under section 41734.

"(2) READJUSTMENT IF COSTS SUBSEQUENTLY DECLINE.—If an adjustment is made under paragraph (1), and total unit costs subsequently decrease to at least the total unit cost reflected in the compensation rate, then the Secretary may reverse the adjustment previously made under paragraph (1) without regard to any agreement or requirement relating to the renegotiation of contracts or any notice requirement under section 41734.

"(3) SIGNIFICANTLY INCREASED COSTS DEFINED.—In this subsection, the term 'significantly increased costs' means a total unit cost increase (but not increases in individual unit costs) of 10 percent or more in relation to the total unit cost reflected in the compensation rate, based on the carrier's internal audit of its financial statements if such cost increase is incurred for a period of at least 2 consecutive months.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 30 days after the date of enactment of this Act. 49 USC 41737 note.

SEC. 403. JOINT PROPOSALS.

Section 41740 is amended by inserting ", including joint fares," after "joint proposals".

SEC. 404. ESSENTIAL AIR SERVICE AUTHORIZATION.

Section 41742 is amended—

(1) in subsection (a)(2)—

(A) by striking "$15,000,000" and inserting "$77,000,000"; and

(B) by inserting before the period at the end "of which not more than $12,000,000 per fiscal year may be used for the marketing incentive program for communities and for State marketing assistance";

(2) by adding at the end of subsection (a) the following:

"(3) AUTHORIZATION FOR ADDITIONAL EMPLOYEES.—In addition to amounts authorized under paragraphs (1) and (2), there are authorized to be appropriated such sums as may be necessary for the Secretary of Transportation to hire and employ 4 additional employees for the office responsible for carrying out the essential air service program."; and

(3) by striking subsection (c).

SEC. 405. COMMUNITY AND REGIONAL CHOICE PROGRAMS.

Subchapter II of chapter 417 is amended by adding at the end the following:

"§ 41745. Community and regional choice programs

"(a) ALTERNATE ESSENTIAL AIR SERVICE PILOT PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary of Transportation shall establish an alternate essential air service pilot program in accordance with the requirements of this section.

"(2) ASSISTANCE TO ELIGIBLE PLACES.—In carrying out the program, the Secretary, instead of paying compensation to an air carrier to provide essential air service to an eligible place, may provide assistance directly to a unit of local government having jurisdiction over the eligible place or a State within the boundaries of which the eligible place is located.

"(3) USE OF ASSISTANCE.—A unit of local government or State receiving assistance for an eligible place under the program may use the assistance for any of the following purposes:

"(A) To provide assistance to air carriers that will use smaller equipment to provide the service and to consider increasing the frequency of service using such smaller equipment if the Secretary determines that passenger safety would not be compromised by the use of such smaller equipment and if the State or unit of local government waives the minimum service requirements under section 41732(b).

"(B) To provide assistance to an air carrier to provide on-demand air taxi service to and from the eligible place.

"(C) To provide assistance to a person to provide scheduled or on-demand surface transportation to and from the eligible place and an airport in another place.

"(D) In combination with other units of local government in the same region, to provide transportation services to and from all the eligible places in that region at an airport or other transportation center that can serve all the eligible places in that region.

"(E) To purchase aircraft to provide transportation to and from the eligible place or to purchase a fractional share in an aircraft to provide such transportation after the effective date of a rule the Secretary issues relating to fractional ownership.

"(F) To pay for other transportation or related services that the Secretary may permit.

"(b) COMMUNITY FLEXIBILITY PILOT PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a pilot program for not more than 10 eligible places or consortia of units of local government.

"(2) ELECTION.—Under the program, the sponsor of an airport serving an eligible place may elect to forego any essential air service for which compensation is being provided under this subchapter for a 10-year period in exchange for a grant from the Secretary equal in value to twice the compensation paid to provide such service in the most recent 12-month period.

"(3) GRANT.—Notwithstanding any other provision of law, the Secretary shall make a grant to each airport sponsor participating in the program for use on any project that—

"(A) is eligible for assistance under chapter 471 and complies with the requirements of that chapter;

"(B) is located on the airport property; or

"(C) will improve airport facilities in a way that would make such facilities more usable for general aviation.

"(c) FRACTIONALLY OWNED AIRCRAFT.—After the effective date of the rule referred to in subsection (a)(3)(E), only those operating rules that relate to an aircraft that is fractionally owned apply when an aircraft described in subsection (a)(3)(E) is used to provide transportation described in subsection (a)(3)(E).

"(d) APPLICATIONS.—

"(1) IN GENERAL.—An entity seeking to participate in a program under this section shall submit to the Secretary an application in such form and containing such information as the Secretary may require.

"(2) REQUIRED INFORMATION.—At a minimum, the application shall include—

"(A) a statement of the amount of compensation or assistance required; and

"(B) a description of how the compensation or assistance will be used.

"(e) PARTICIPATION REQUIREMENTS.—An eligible place for which compensation or assistance is provided under this section in a fiscal year shall not be eligible in that fiscal year for the essential air service that it would otherwise be entitled to under this subchapter.

"(f) SUBSEQUENT PARTICIPATION.—A unit of local government participating in the program under this subsection (a) in a fiscal year shall not be prohibited from participating in the basic essential air service program under this subchapter in a subsequent fiscal year if such unit is otherwise eligible to participate in such program.

"(g) FUNDING.—Amounts appropriated or otherwise made available to carry out the essential air service program under this subchapter shall be available to carry out this section.".

SEC. 406. CODE-SHARING PILOT PROGRAM.

49 USC 41731 note.

(a) IN GENERAL.—The Secretary of Transportation shall establish a pilot program under which the Secretary may require air carriers providing service with compensation under subchapter II of chapter 417 of title 49, United States Code, and major air carriers (as defined in section 41716(a)(2) of such title) serving large hub airports (as defined in section 40102 of such title) to participate in multiple code-share arrangements consistent with normal industry practice whenever and wherever the Secretary determines that such multiple code-sharing arrangements would improve air transportation services.

(b) LIMITATION.—The Secretary may not require air carriers to participate in the pilot program under this section for more than 10 communities receiving service under subchapter II of chapter 417 of title 49, United States Code.

SEC. 407. TRACKING SERVICE.

Subchapter II of chapter 417 is further amended by adding at the end the following:

"§ 41746. Tracking service

"The Secretary of Transportation shall require a carrier that provides essential air service to an eligible place and that receives compensation for such service under this subchapter to report not less than semiannually—

"(1) the percentage of flights to and from the place that arrive on time as defined by the Secretary; and

"(2) such other information as the Secretary considers necessary to evaluate service provided to passengers traveling to and from such place.".

SEC. 408. EAS LOCAL PARTICIPATION PROGRAM.

(a) IN GENERAL.—Subchapter II of chapter 417 is further amended by adding at the end the following:

"§ 41747. EAS local participation program

"(a) IN GENERAL.—The Secretary of Transportation shall establish a pilot program under which not more than 10 designated essential air service communities located in proximity to hub airports are required to assume 10 percent of their essential air service subsidy costs for a 4-year period.

"(b) DESIGNATION OF COMMUNITIES.—

"(1) IN GENERAL.—The Secretary may not designate any community under this section unless it is located within 100 miles by road of a hub airport and is not located in a noncontiguous State. In making the designation, the Secretary may take into consideration the total traveltime between a community and the nearest hub airport, taking into account terrain, traffic, weather, road conditions, and other relevant factors.

"(2) ONE COMMUNITY PER STATE.—The Secretary may not designate—

"(A) more than 1 community per State under this section; or

"(B) a community in a State in which another community that is eligible to participate in the essential air service program has elected not to participate in the essential air service program as part of a pilot program under section 41745.

"(c) APPEAL OF DESIGNATION.—A community may appeal its designation under this section. The Secretary may withdraw the designation of a community under this section based on—

"(1) the airport sponsor's ability to pay; or

"(2) the relative lack of financial resources in a community, based on a comparison of the median income of the community with other communities in the State.

"(d) NON-FEDERAL SHARE.—

"(1) NON-FEDERAL AMOUNTS.—For purposes of this section, the non-Federal portion of the essential air service subsidy may be derived from contributions in kind, or through reduction in the amount of the essential air service subsidy through reduction of air carrier costs, increased ridership, prepurchase of tickets, or other means. The Secretary shall provide assistance to designated communities in identifying potential means of reducing the amount of the subsidy without adversely affecting air transportation service to the community.

"(2) APPLICATION WITH OTHER MATCHING REQUIREMENTS.—This section shall apply to the Federal share of essential air

service provided this subchapter, after the application of any other non-Federal share matching requirements imposed by law.

"(e) ELIGIBILITY FOR OTHER PROGRAMS NOT AFFECTED.—Nothing in this section affects the eligibility of a community or consortium of communities, an airport sponsor, or any other person to participate in any program authorized by this subchapter. A community designated under this section may participate in any program (including pilot programs) authorized by this subchapter for which it is otherwise eligible—

"(1) without regard to any limitation on the number of communities that may participate in that program; and

"(2) without reducing the number of other communities that may participate in that program.

"(f) SECRETARY TO REPORT TO CONGRESS ON IMPACT.—The Secretary shall transmit a report to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives on—

"(1) the economic condition of communities designated under this section before their designation;

"(2) the impact of designation under this section on such communities at the end of each of the 3 years following their designation; and

"(3) the impact of designation on air traffic patterns affecting air transportation to and from communities designated under this section.".

(b) CONFORMING AMENDMENT.—The analysis for subchapter II of chapter 417 is amended by adding at the end the following:

"41745. Community and regional choice programs.
"41746. Tracking service.
"41747. EAS local participation program.".

SEC. 409. MEASUREMENT OF HIGHWAY MILES FOR PURPOSES OF DETERMINING ELIGIBILITY OF ESSENTIAL AIR SERVICE SUBSIDIES.

49 USC 41731 note.

(a) REQUEST FOR SECRETARIAL REVIEW.—An eligible place (as defined in section 41731 of title 49, United States Code) with respect to which the Secretary has, in the 2-year period ending on the date of enactment of this Act, eliminated (or tentatively eliminated) compensation for essential air service to such place, or terminated (or tentatively terminated) the compensation eligibility of such place for essential air service, under section 332 of the Department of Transportation and Related Agencies Appropriations Act, 2000 (49 U.S.C. 41731 note), section 205 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (49 U.S.C. 41731 note), or any prior law of similar effect based on the highway mileage of such place from the nearest hub airport (as defined in section 40102 of such title), may request the Secretary to review such action.

(b) DETERMINATION OF MILEAGE.—In reviewing an action under subsection (a), the highway mileage between an eligible place and the nearest medium hub airport or large hub airport is the highway mileage of the most commonly used route between the place and the medium hub airport or large hub airport. In identifying such route, the Secretary shall identify the most commonly used route for a community by—

(1) consulting with the Governor of a State or the Governor's designee; and

(2) considering the certification of the Governor of a State or the Governor's designee as to the most commonly used route.

Deadline.

(c) ELIGIBILITY DETERMINATION.—Not later than 60 days after receiving a request under subsection (a), the Secretary shall—

(1) determine whether the eligible place would have been subject to an elimination of compensation eligibility for essential air service, or termination of the eligibility of such place for essential air service, under the provisions of law referred to in subsection (a) based on the determination of the highway mileage of such place from the nearest medium hub airport or large hub airport under subsection (b); and

(2) issue a final order with respect to the eligibility of such place for essential air service compensation under subchapter II of chapter 417 of title 49, United States Code.

Termination date.

(d) LIMITATION ON PERIOD OF FINAL ORDER.—A final order issued under subsection (c) shall terminate on September 30, 2007.

49 USC 41748 note.

SEC. 410. INCENTIVE PROGRAM.

(a) PURPOSES.—The purposes of this section are—

(1) to enable essential air service communities to increase boardings and the level of passenger usage of airport facilities at an eligible place by providing technical, financial, and other marketing assistance to such communities and to States;

(2) to reduce subsidy costs under subchapter II of this chapter as a consequence of such increased usage; and

(3) to provide such communities with opportunities to obtain, retain, and improve transportation services.

(b) MARKETING PROGRAM.—Subchapter II of chapter 417 is further amended by adding at the end the following:

"§ 41748. Marketing program

"(a) IN GENERAL.—The Secretary of Transportation shall establish a marketing incentive program for eligible places that receive subsidized service by an air carrier under section 41733. Under the program, the sponsor of the airport serving such an eligible place may receive a grant of not more than $50,000 in a fiscal year to develop and implement a marketing plan to increase passenger boardings and the level of passenger usage of its airport facilities.

"(b) MATCHING REQUIREMENT; SUCCESS BONUSES—

"(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), not less than 25 percent of the publicly financed costs associated with a marketing plan to be developed and implemented under this section shall come from non-Federal sources. For purposes of this section—

"(A) the non-Federal portion of the publicly financed costs may be derived from contributions in kind; and

"(B) matching contributions from a State or unit of local government may not be derived, directly or indirectly, from Federal funds, but the use by the State or unit of local government of proceeds from the sale of bonds to provide the matching contribution is not considered to be a contribution derived directly or indirectly from Federal funds, without regard to the Federal income tax treatment

of interest paid on those bonds or the Federal income tax treatment of those bonds.

"(2) BONUS FOR 25-PERCENT INCREASE IN USAGE.—Except as provided in paragraph (3), if, after any 12-month period during which a marketing plan has been in effect under this section with respect to an eligible place, the Secretary determines that the marketing plan has increased average monthly boardings, or the level of passenger usage, at the airport serving the eligible place, by 25 percent or more, then only 10 percent of the publicly financed costs associated with the marketing plan shall be required to come from non-Federal sources under this subsection for the following 12-month period.

"(3) BONUS FOR 50-PERCENT INCREASE IN USAGE.—If, after any 12-month period during which a marketing plan has been in effect under this section with respect to an eligible place, the Secretary determines that the marketing plan has increased average monthly boardings, or the level of passenger usage, at the airport serving the eligible place, by 50 percent or more, then no portion of the publicly financed costs associated with the marketing plan shall be required to come from non-Federal sources under this subsection for the following 12-month period.".

(b) CONFORMING AMENDMENT.—The analysis for subchapter II of chapter 417 is further amended by adding at the end the following:

"41748. Marketing program.".

SEC. 411. NATIONAL COMMISSION ON SMALL COMMUNITY AIR SERVICE.

(a) ESTABLISHMENT.—There is established a commission to be known as the "National Commission on Small Community Air Service" (in this section referred to as the "Commission").

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of nine members of whom—

(A) three members shall be appointed by the Secretary;

(B) two members shall be appointed by the majority leader of the Senate;

(C) one member shall be appointed by the minority leader of the Senate;

(D) two members shall be appointed by the Speaker of the House of Representatives; and

(E) one member shall be appointed by the minority leader of the House of Representatives.

(2) QUALIFICATIONS.—Of the members appointed by the Secretary under paragraph (1)(A)—

(A) one member shall be a representative of a regional airline;

(B) one member shall be a representative of a small hub airport or nonhub airport (as such terms are defined in section 40102 of title 49, United States Code); and

(C) one member shall be a representative of a State aviation agency.

(3) TERMS.—Members shall be appointed for the life of the Commission.

(4) VACANCIES.—A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(5) TRAVEL EXPENSES.—Members shall serve without pay but shall receive travel expenses, including per diem in lieu of subsistence, in accordance with subchapter I of chapter 57 of title 5, United States Code.

(c) CHAIRPERSON.—The Secretary shall designate, from among the individuals appointed under subsection (b)(1), an individual to serve as chairperson of the Commission.

(d) DUTIES.—

(1) STUDY.—The Commission shall undertake a study of—

(A) the challenges faced by small communities in the United States with respect to retaining and enhancing their scheduled commercial air service; and

(B) whether the existing Federal programs charged with helping small communities are adequate for them to retain and enhance their existing air service.

(2) ESSENTIAL AIR SERVICE COMMUNITIES.—In conducting the study, the Commission shall pay particular attention to the state of scheduled commercial air service in communities currently served by the essential air service program.

(e) RECOMMENDATIONS.—Based on the results of the study under subsection (d), the Commission shall make such recommendations as it considers necessary to—

(1) improve the state of scheduled commercial air service at small communities in the United States, especially communities described in subsection (d)(2); and

(2) improve the ability of small communities to retain and enhance their existing air service.

Deadline.

(f) REPORT.—Not later than 6 months after the date on which initial appointments of members to the Commission are completed, the Commission shall transmit to the President and Congress a report on the activities of the Commission, including recommendations made by the Commission under subsection (e).

Establishment.

(g) COMMISSION PANELS.—The chairperson of the Commission shall establish such panels consisting of members of the Commission as the chairperson determines appropriate to carry out the functions of the Commission.

(h) COMMISSION PERSONNEL MATTERS.—

(1) STAFF.—The Commission may appoint and fix the pay of such personnel as it considers appropriate.

(2) STAFF OF FEDERAL AGENCIES.—Upon request of the chairperson of the Commission, the head of any department or agency of the United States may detail, on a reimbursable basis, any of the personnel of that department or agency to the Commission to assist it in carrying out its duties under this section.

(3) OTHER STAFF AND SUPPORT.—Upon the request of the Commission, or a panel of the Commission, the Secretary shall provide the Commission or panel with professional and administrative staff and other support, on a reimbursable basis, to assist the Commission or panel in carrying out its responsibilities.

(i) OBTAINING OFFICIAL DATA.—The Commission may secure directly from any department or agency of the United States information (other than information required by any statute of

the United States to be kept confidential by such department or agency) necessary for the Commission to carry out its duties under this section. Upon request of the chairperson of the Commission, the head of that department or agency shall furnish such nonconfidential information to the Commission.

(j) TERMINATION.—The Commission shall terminate on the 30th day following the date of transmittal of the report under subsection (f).

(k) APPLICABILITY OF THE FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission.

(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary $250,000 to be used to fund the Commission.

SEC. 412. SMALL COMMUNITY AIR SERVICE.

Section 41743 is amended—

(1) in the heading of subsection (a) by striking "PILOT";

(2) in subsection (a) by striking "pilot";

(3) in subsection (c)—

(A) by striking paragraph (3) and inserting the following:

"(3) STATE LIMIT.—Not more than 4 communities or consortia of communities, or a combination thereof, from the same State may be selected to participate in the program in any fiscal year.";

(B) by adding at the end of paragraph (4) the following: "No community, consortia of communities, nor combination thereof may participate in the program in support of the same project more than once, but any community, consortia of communities, or combination thereof may apply, subsequent to such participation, to participate in the program in support of a different project."; and

(C) in paragraph (5)—

(i) by striking "and" at the end of subparagraph (C);

(ii) by striking the period at the end of subparagraph (D) and inserting "; and"; and

(iii) by adding at the end the following:

"(E) the assistance will be used in a timely fashion.";

(4) in subsection (e)(2)—

(A) by striking "and" the first place it appears and inserting a comma; and

(B) by inserting after "2003" the following ", and $35,000,000 for each of fiscal years 2004 through 2008"; and

(5) in subsection (f) by striking "pilot".

Subtitle B—Miscellaneous

SEC. 421. DATA ON INCIDENTS AND COMPLAINTS INVOLVING PASSENGER AND BAGGAGE SECURITY SCREENING.

Section 329 is amended by adding at the end the following:

"(e) INCIDENTS AND COMPLAINTS INVOLVING PASSENGER AND BAGGAGE SECURITY SCREENING.—

"(1) PUBLICATION OF DATA.—The Secretary of Transportation shall publish data on incidents and complaints involving passenger and baggage security screening in a manner comparable to other consumer complaint and incident data.

"(2) MONTHLY REPORTS FROM SECRETARY OF HOMELAND SECURITY.—To assist in the publication of data under paragraph (1), the Secretary of Transportation may request the Secretary of Homeland Security to periodically report on the number of complaints about security screening received by the Secretary of Homeland Security.".

SEC. 422. DELAY REDUCTION ACTIONS.

(a) IN GENERAL.—Subchapter I of chapter 417 is amended by adding at the end the following new section:

"§ 41722. Delay reduction actions

"(a) SCHEDULING REDUCTION MEETINGS.—The Secretary of Transportation may request that air carriers meet with the Administrator of the Federal Aviation Administration to discuss flight reductions at severely congested airports to reduce overscheduling and flight delays during hours of peak operation if—

"(1) the Administrator determines that it is necessary to convene such a meeting; and

"(2) the Secretary determines that the meeting is necessary to meet a serious transportation need or achieve an important public benefit.

"(b) MEETING CONDITIONS.—Any meeting under subsection (a)—

"(1) shall be chaired by the Administrator;

"(2) shall be open to all scheduled air carriers; and

"(3) shall be limited to discussions involving the airports and time periods described in the Administrator's determination.

"(c) FLIGHT REDUCTION TARGETS.—Before any such meeting is held, the Administrator shall establish flight reduction targets for the meeting and notify the attending air carriers of those targets not less than 48 hours before the meeting.

"(d) DELAY REDUCTION OFFERS.—An air carrier attending the meeting shall make any offer to meet a flight reduction target to the Administrator rather than to another carrier.

Public information. Deadline.

"(e) TRANSCRIPT.—The Administrator shall ensure that a transcript of the meeting is kept and made available to the public not later than 3 business days after the conclusion of the meeting.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 417 is amended by striking the item relating to section 41721 and inserting the following:

"41721. Reports by carriers on incidents involving animals during air transport.
"41722. Delay reduction actions.".

SEC. 423. COLLABORATIVE DECISIONMAKING PILOT PROGRAM.

(a) IN GENERAL.—Chapter 401 is amended by adding at the end the following:

"§ 40129. Collaborative decisionmaking pilot program

Deadline.

"(a) ESTABLISHMENT.—Not later than 90 days after the date of enactment of this section, the Administrator of the Federal Aviation Administration shall establish a collaborative decisionmaking pilot program in accordance with this section.

"(b) DURATION.—Except as provided in subsection (k), the pilot program shall be in effect for a period of 2 years.

"(c) GUIDELINES.—

"(1) ISSUANCE.—The Administrator, with the concurrence of the Attorney General, shall issue guidelines concerning the pilot program. Such guidelines, at a minimum, shall—

"(A) define a capacity reduction event;

"(B) establish the criteria and process for determining when a capacity reduction event exists that warrants the use of collaborative decisionmaking among carriers at airports participating in the pilot program; and

"(C) prescribe the methods of communication to be implemented among carriers during such an event.

"(2) VIEWS.—The Administrator may obtain the views of interested parties in issuing the guidelines.

"(d) EFFECT OF DETERMINATION OF EXISTENCE OF CAPACITY REDUCTION EVENT.—Upon a determination by the Administrator that a capacity reduction event exists, the Administrator may authorize air carriers and foreign air carriers operating at an airport participating in the pilot program to communicate for a period of time not to exceed 24 hours with each other concerning changes in their respective flight schedules in order to use air traffic capacity most effectively. The Administration shall facilitate and monitor such communication. The Attorney General, or the Attorney General's designee, may monitor such communication.

"(e) SELECTION OF PARTICIPATING AIRPORTS.—Not later than 30 days after the date on which the Administrator establishes the pilot program, the Administrator shall select 2 airports to participate in the pilot program from among the most capacity-constrained airports in the Nation based on the Administration's Airport Capacity Benchmark Report 2001 or more recent data on airport capacity that is available to the Administrator. The Administrator shall select an airport for participation in the pilot program if the Administrator determines that collaborative decisionmaking among air carriers and foreign air carriers would reduce delays at the airport and have beneficial effects on reducing delays in the national airspace system as a whole. Deadline.

"(f) ELIGIBILITY OF AIR CARRIERS.—An air carrier or foreign air carrier operating at an airport selected to participate in the pilot program is eligible to participate in the pilot program if the Administrator determines that the carrier has the operational and communications capability to participate in the pilot program.

"(g) MODIFICATION OR TERMINATION OF PILOT PROGRAM AT AN AIRPORT.—The Administrator, with the concurrence of the Attorney General, may modify or end the pilot program at an airport before the term of the pilot program has expired, or may ban an air carrier or foreign air carrier from participating in the program, if the Administrator determines that the purpose of the pilot program is not being furthered by participation of the airport or air carrier or if the Secretary of Transportation, with the concurrence of the Attorney General, finds that the pilot program or the participation of an air carrier or foreign air carrier in the pilot program has had, or is having, an adverse effect on competition among carriers.

"(h) ANTITRUST IMMUNITY.—

"(1) IN GENERAL.—Unless, within 5 days after receiving notice from the Secretary of the Secretary's intention to exercise

authority under this subsection, the Attorney General submits to the Secretary a written objection to such action, including reasons for such objection, the Secretary may exempt an air carrier's or foreign air carrier's activities that are necessary to participate in the pilot program under this section from the antitrust laws for the sole purpose of participating in the pilot program. Such exemption shall not extend to any discussions, agreements, or activities outside the scope of the pilot program.

"(2) ANTITRUST LAWS DEFINED.—In this section, the term 'antitrust laws' has the meaning given that term in the first section of the Clayton Act (15 U.S.C. 12).

"(i) CONSULTATION WITH ATTORNEY GENERAL.—The Secretary shall consult with the Attorney General regarding the design and implementation of the pilot program, including determining whether a limit should be set on the number of occasions collaborative decisionmaking could be employed during the initial 2-year period of the pilot program.

"(j) EVALUATION.—

"(1) IN GENERAL.—Before the expiration of the 2-year period for which the pilot program is authorized under subsection (b), the Administrator shall determine whether the pilot program has facilitated more effective use of air traffic capacity and the Secretary, with the concurrence of the Attorney General, shall determine whether the pilot program has had an adverse effect on airline competition or the availability of air services to communities. The Administrator shall also examine whether capacity benefits resulting from the participation in the pilot program of an airport resulted in capacity benefits to other parts of the national airspace system.

"(2) OBTAINING NECESSARY DATA.—The Administrator may require participating air carriers and airports to provide data necessary to evaluate the pilot program's impact.

"(k) EXTENSION OF PILOT PROGRAM.—At the end of the 2-year period for which the pilot program is authorized, the Administrator, with the concurrence of the Attorney General, may continue the pilot program for an additional 2 years and expand participation in the program to up to 7 additional airports if the Administrator determines pursuant to subsection (j) that the pilot program has facilitated more effective use of air traffic capacity and if the Secretary, with the concurrence of the Attorney General, determines that the pilot program has had no adverse effect on airline competition or the availability of air services to communities. The Administrator shall select the additional airports to participate in the extended pilot program in the same manner in which airports were initially selected to participate.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 401 is amended by adding at the end the following:

"40129. Collaborative decisionmaking pilot program.".

SEC. 424. COMPETITION DISCLOSURE REQUIREMENT FOR LARGE AND MEDIUM HUB AIRPORTS.

Section 47107 is amended by adding at the end the following:

"(s) COMPETITION DISCLOSURE REQUIREMENT.—

"(1) IN GENERAL.—The Secretary of Transportation may approve an application under this subchapter for an airport development project grant for a large hub airport or a medium

hub airport only if the Secretary receives assurances that the airport sponsor will provide the information required by paragraph (2) at such time and in such form as the Secretary may require.

"(2) COMPETITIVE ACCESS.—On February 1 and August 1 of each year, an airport that during the previous 6-month period has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to provide service to the airport or to expand service at the airport shall transmit a report to the Secretary that— Deadlines. Reports.

"(A) describes the requests;

"(B) provides an explanation as to why the requests could not be accommodated; and

"(C) provides a time frame within which, if any, the airport will be able to accommodate the requests.

"(3) SUNSET PROVISION.—This subsection shall cease to be effective beginning October 1, 2008.".

SEC. 425. SLOT EXEMPTIONS AT RONALD REAGAN WASHINGTON NATIONAL AIRPORT.

(a) BEYOND-PERIMETER EXEMPTIONS.—Section 41718(a) is amended by striking "12" and inserting "24".

(b) WITHIN-PERIMETER EXEMPTIONS.—Section 41718(b) is amended—

(1) by striking "12" and inserting "20"; and

(2) by striking "that were designated as medium hub or smaller airports".

(c) LIMITATIONS.—

(1) GENERAL EXEMPTIONS.—Section 41718(c)(2) is amended by striking "two" and inserting "3".

(2) ALLOCATION OF WITHIN-PERIMETER EXEMPTIONS.—Section 41718(c)(3) is amended—

(A) in subparagraph (A)—

(i) by striking "four" and inserting "without regard to the criteria contained in subsection (b)(1), six"; and

(ii) by striking "and" at the end;

(B) in subparagraph (B)—

(i) by striking "eight" and inserting "ten"; and

(ii) by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(C) four shall be for air transportation to airports without regard to their size.".

(d) APPLICATION PROCEDURES.—Section 41718(d) is amended to read as follows:

"(d) APPLICATION PROCEDURES.—The Secretary shall establish procedures to ensure that all requests for exemptions under this section are granted or denied within 90 days after the date on which the request is made.". Deadline.

SEC. 426. DEFINITION OF COMMUTER AIRCRAFT.

(a) IN GENERAL.—Section 41718 is amended by adding at the end the following:

"(f) COMMUTERS DEFINED.—For purposes of aircraft operations at Ronald Reagan Washington National Airport under subpart K

of part 93 of title 14, Code of Federal Regulations, the term 'commuters' means aircraft operations using aircraft having a certificated maximum seating capacity of 76 or less.".

49 USC 41718 note.

(b) REGULATIONS.—The Administrator of the Federal Aviation Administration shall revise regulations to take into account the amendment made by subsection (a).

SEC. 427. AIRFARES FOR MEMBERS OF THE ARMED FORCES.

(a) FINDINGS.—Congress finds that—

(1) the Armed Forces is comprised of approximately 1,400,000 members who are stationed on active duty at more than 6,000 military bases in 146 different countries;

(2) the United States is indebted to the members of the Armed Forces, many of whom are in grave danger due to their engagement in, or exposure to, combat;

(3) military service, especially in the current war against terrorism, often requires members of the Armed Forces to be separated from their families on short notice, for long periods of time, and under very stressful conditions;

(4) the unique demands of military service often preclude members of the Armed Forces from purchasing discounted advance airline tickets in order to visit their loved ones at home; and

(5) it is the patriotic duty of the people of the United States to support the members of the Armed Forces who are defending the Nation's interests around the world at great personal sacrifice.

(b) SENSE OF CONGRESS.—It is the sense of Congress that each United States air carrier should—

(1) establish for all members of the Armed Forces on active duty reduced air fares that are comparable to the lowest airfare for ticketed flights; and

(2) offer flexible terms that allow members of the Armed Forces on active duty to purchase, modify, or cancel tickets without time restrictions, fees, and penalties.

SEC. 428. AIR CARRIERS REQUIRED TO HONOR TICKETS FOR SUSPENDED SERVICE.

Section 145(c) of the Aviation and Transportation Security Act (49 U.S.C. 40101 note) is amended by striking "more than" and all that follows through "after" and inserting "more than 36 months after".

TITLE V—AVIATION SAFETY

SEC. 501. COUNTERFEIT OR FRAUDULENTLY REPRESENTED PARTS VIOLATIONS.

Section 44726(a)(1) is amended—

(1) by striking "or" at the end of subparagraph (A);

(2) by redesignating subparagraph (B) as subparagraph (C);

(3) by inserting after subparagraph (A) the following:

"(B) whose certificate is revoked under subsection (b); or"; and

(4) in subparagraph (C) (as redesignated by paragraph (2) of this section) by striking "convicted of such a violation." and inserting "described in subparagraph (A) or (B).".

SEC. 502. RUNWAY SAFETY STANDARDS.

(a) IN GENERAL.—Chapter 447 is amended by adding at the end the following:

"§ 44727. Runway safety areas

"(a) AIRPORTS IN ALASKA.—An airport owner or operator in the State of Alaska shall not be required to reduce the length of a runway or declare the length of a runway to be less than the actual pavement length in order to meet standards of the Federal Aviation Administration applicable to runway safety areas.

"(b) STUDY.—

"(1) IN GENERAL.—The Secretary shall conduct a study of runways at airports in States other than Alaska to determine which airports are affected by standards of the Federal Aviation Administration applicable to runway safety areas and to assess how operations at those airports would be affected if the owner or operator of the airport is required to reduce the length of a runway or declare the length of a runway to be less than the actual pavement length in order to meet such standards.

"(2) REPORT.—Not later than 9 months after the date of enactment of this section, the Secretary shall transmit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report containing the results of the study.". Deadline.

(b) CONFORMING AMENDMENT.—The analysis for chapter 447 is amended by adding at the end the following:

"44727. Runway safety areas.".

SEC. 503. CIVIL PENALTIES.

(a) INCREASE IN MAXIMUM CIVIL PENALTY.—Section 46301(a) is amended—

(1) by striking "$1,000" in paragraph (1) and inserting "$25,000 (or $1,100 if the person is an individual or small business concern)";

(2) by striking "or" the last place it appears in paragraph (1)(A);

(3) by striking "section)" in paragraph (1)(A) and inserting "section), or section 47133";

(4) by striking paragraphs (2), (3), (6), and (7) and redesignating paragraphs (4), (5), and (8) as paragraphs (2), (3), and (4), respectively;

(5) by striking "41715" each place it appears in paragraph (2), as redesignated, and inserting "41719";

(6) by striking "paragraphs (1) and (2)" in paragraph (4), as redesignated, and inserting "paragraph (1)"; and

(7) by adding at the end the following:

"(5) PENALTIES APPLICABLE TO INDIVIDUALS AND SMALL BUSINESS CONCERNS.—

"(A) An individual (except an airman serving as an airman) or small business concern is liable to the Government for a civil penalty of not more than $10,000 for violating—

"(i) chapter 401 (except sections 40103(a) and (d), 40105, 40106(b), 40116, and 40117), section 44502 (b) or (c), chapter 447 (except sections 44717–44723), or

chapter 449 (except sections 44902, 44903(d), 44904, and 44907–44909) of this title; or

"(ii) a regulation prescribed or order issued under any provision to which clause (i) applies.

"(B) A civil penalty of not more than $10,000 may be imposed for each violation under paragraph (1) committed by an individual or small business concern related to—

"(i) the transportation of hazardous material;

"(ii) the registration or recordation under chapter 441 of an aircraft not used to provide air transportation;

"(iii) a violation of section 44718(d), relating to the limitation on construction or establishment of landfills;

"(iv) a violation of section 44725, relating to the safe disposal of life-limited aircraft parts; or

"(v) a violation of section 40127 or section 41705, relating to discrimination.

"(C) Notwithstanding paragraph (1), the maximum civil penalty for a violation of section 41719 committed by an individual or small business concern shall be $5,000 instead of $1,000.

"(D) Notwithstanding paragraph (1), the maximum civil penalty for a violation of section 41712 (including a regulation prescribed or order issued under such section) or any other regulation prescribed by the Secretary by an individual or small business concern that is intended to afford consumer protection to commercial air transportation passengers shall be $2,500 for each violation.".

(b) INCREASE IN LIMIT ON ADMINISTRATIVE AUTHORITY AND CIVIL PENALTY.—Section 46301(d) is amended—

(1) by striking "more than $50,000;" in paragraph (4)(A) and inserting "more than—

"(i) $50,000 if the violation was committed by any person before the date of enactment of the Vision 100—Century of Aviation Reauthorization Act;

"(ii) $400,000 if the violation was committed by a person other than an individual or small business concern on or after that date; or

"(iii) $50,000 if the violation was committed by an individual or small business concern on or after that date;"; and

(2) by striking "is $50,000." in paragraph (8) and inserting "is—

"(A) $50,000 if the violation was committed by any person before the date of enactment of the Vision 100—Century of Aviation Reauthorization Act;

"(B) $400,000 if the violation was committed by a person other than an individual or small business concern on or after that date; or

"(C) $50,000 if the violation was committed by an individual or small business concern on or after that date.".

(c) SMALL BUSINESS CONCERN DEFINED.—Section 46301 is amended by adding at the end the following:

"(i) SMALL BUSINESS CONCERN DEFINED.—In this section, the term 'small business concern' has the meaning given that term in section 3 of the Small Business Act (15 U.S.C. 632).".

(d) CONFORMING AMENDMENTS.—Title 49 is amended—

(1) in section 41705(b) by striking "46301(a)(3)(E)" and inserting "46301"; and

(2) in section 46304(a) by striking ", (2), or (3)".

SEC. 504. IMPROVEMENT OF CURRICULUM STANDARDS FOR AVIATION MAINTENANCE TECHNICIANS.

49 USC 44515 note.

(a) IN GENERAL.—The Administrator of the Federal Aviation Administration shall ensure that the training standards for airframe and powerplant mechanics under part 65 of title 14, Code of Federal Regulations, are updated and revised in accordance with this section. The Administrator may update and revise the training standards through the initiation of a formal rulemaking or by issuing an advisory circular or other agency guidance.

(b) ELEMENTS FOR CONSIDERATION.—The updated and revised standards required under subsection (a) shall include those curriculum adjustments that are necessary to more accurately reflect current technology and maintenance practices.

(c) CERTIFICATION.—Any adjustment or modification of current curriculum standards made pursuant to this section shall be reflected in the certification examinations of airframe and powerplant mechanics.

(d) COMPLETION.—The revised and updated training standards required by subsection (a) shall be completed not later than 12 months after the date of enactment of this Act.

Deadline.

(e) PERIODIC REVIEWS AND UPDATES.—The Administrator shall review the content of the curriculum standards for training airframe and powerplant mechanics referred to in subsection (a) every 3 years after completion of the revised and updated training standards required under subsection (a) as necessary to reflect current technology and maintenance practices.

SEC. 505. ASSESSMENT OF WAKE TURBULENCE RESEARCH AND DEVELOPMENT PROGRAM.

49 USC 44505 note.

(a) ASSESSMENT.—The Administrator of the Federal Aviation Administration shall enter into an arrangement with the National Research Council for an assessment of the Federal Aviation Administration's proposed wake turbulence research and development program. The assessment shall include—

Contracts.

(1) an evaluation of the research and development goals and objectives of the program;

(2) a listing of any additional research and development objectives that should be included in the program;

(3) any modifications that will be necessary for the program to achieve the program's goals and objectives on schedule and within the proposed level of resources; and

(4) an evaluation of the roles, if any, that should be played by other Federal agencies, such as the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration, in wake turbulence research and development, and how those efforts could be coordinated.

(b) REPORT.—A report containing the results of the assessment shall be provided to the Committee on Science of the House of Representatives and to the Committee on Commerce, Science, and

Deadline.

Transportation of the Senate not later than 1 year after the date of enactment of this Act.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administrator of the Federal Aviation Administration $500,000 for fiscal year 2004 to carry out this section.

49 USC 44701 note.

SEC. 506. FAA INSPECTOR TRAINING.

(a) STUDY.—

(1) IN GENERAL.—The Comptroller General shall conduct a study of the training of the aviation safety inspectors of the Federal Aviation Administration (in this section referred to as "FAA inspectors").

(2) CONTENTS.—The study shall include—

(A) an analysis of the type of training provided to FAA inspectors;

(B) actions that the Federal Aviation Administration has undertaken to ensure that FAA inspectors receive up-to-date training on the latest technologies;

(C) the extent of FAA inspector training provided by the aviation industry and whether such training is provided without charge or on a quid pro quo basis; and

(D) the amount of travel that is required of FAA inspectors in receiving training.

Deadline.

(3) REPORT.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report on the results of the study.

(b) SENSE OF THE HOUSE.—It is the sense of the House of Representatives that—

(1) FAA inspectors should be encouraged to take the most up-to-date initial and recurrent training on the latest aviation technologies;

(2) FAA inspector training should have a direct relation to an individual's job requirements; and

(3) if possible, a FAA inspector should be allowed to take training at the location most convenient for the inspector.

Deadlines.

(c) WORKLOAD OF INSPECTORS.—

(1) STUDY BY NATIONAL ACADEMY OF SCIENCES.—Not later than 90 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall make appropriate arrangements for the National Academy of Sciences to conduct a study of the assumptions and methods used by the Federal Aviation Administration to estimate staffing standards for FAA inspectors to ensure proper oversight over the aviation industry, including the designee program.

(2) CONTENTS.—The study shall include the following:

(A) A suggested method of modifying FAA inspectors staffing models for application to current local conditions or applying some other approach to developing an objective staffing standard.

(B) The approximate cost and length of time for developing such models.

(3) REPORT.—Not later than 12 months after the initiation of the arrangements under subsection (a), the National

Academy of Sciences shall transmit to Congress a report on the results of the study.

SEC. 507. AIR TRANSPORTATION OVERSIGHT SYSTEM PLAN.

(a) IN GENERAL.—Within 90 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure a plan containing an implementation schedule for addressing problems with the air transportation oversight system that have been identified in reports by the Comptroller General and the Inspector General of the Department of Transportation. Deadline.

(b) PLAN REQUIREMENTS.—The plan transmitted by the Administrator under subsection (a) shall set forth the action the Administration will take under the plan—

(1) to develop specific, clear, and meaningful inspection guidance for the use by Administration aviation safety inspectors and analysts;

(2) to provide adequate training to Administration aviation safety inspectors in system safety concepts, risk analysis, and auditing;

(3) to ensure that aviation safety inspectors with the necessary qualifications and experience are physically located where they can satisfy the most important needs;

(4) to establish strong national leadership for the air transportation oversight system and to ensure that the system is implemented consistently across Administration field offices; and

(5) to extend the air transportation oversight system beyond the 10 largest air carriers, so it governs oversight of smaller air carriers as well.

TITLE VI—AVIATION SECURITY

SEC. 601. CERTIFICATE ACTIONS IN RESPONSE TO A SECURITY THREAT.

(a) IN GENERAL.—Chapter 461 is amended by adding at the end the following:

"§ 46111. Certificate actions in response to a security threat

"(a) ORDERS.—The Administrator of Federal Aviation Administration shall issue an order amending, modifying, suspending, or revoking any part of a certificate issued under this title if the Administrator is notified by the Under Secretary for Border and Transportation Security of the Department of Homeland Security that the holder of the certificate poses, or is suspected of posing, a risk of air piracy or terrorism or a threat to airline or passenger safety. If requested by the Under Secretary, the order shall be effective immediately.

"(b) HEARINGS FOR CITIZENS.—An individual who is a citizen of the United States who is adversely affected by an order of the Administrator under subsection (a) is entitled to a hearing on the record.

"(c) HEARINGS.—When conducting a hearing under this section, the administrative law judge shall not be bound by findings of

fact or interpretations of laws and regulations of the Administrator or the Under Secretary.

"(d) APPEALS.—An appeal from a decision of an administrative law judge as the result of a hearing under subsection (b) shall be made to the Transportation Security Oversight Board established by section 115. The Board shall establish a panel to review the decision. The members of this panel (1) shall not be employees of the Transportation Security Administration, (2) shall have the level of security clearance needed to review the determination made under this section, and (3) shall be given access to all relevant documents that support that determination. The panel may affirm, modify, or reverse the decision.

Establishment.

"(e) REVIEW.—A person substantially affected by an action of a panel under subsection (d), or the Under Secretary when the Under Secretary decides that the action of the panel under this section will have a significant adverse impact on carrying out this part, may obtain review of the order under section 46110. The Under Secretary and the Administrator shall be made a party to the review proceedings. Findings of fact of the panel are conclusive if supported by substantial evidence.

"(f) EXPLANATION OF DECISIONS.—An individual who commences an appeal under this section shall receive a written explanation of the basis for the determination or decision and all relevant documents that support that determination to the maximum extent that the national security interests of the United States and other applicable laws permit.

"(g) CLASSIFIED EVIDENCE.—

Regulations.
Procedures.

"(1) IN GENERAL.—The Under Secretary, in consultation with the Administrator and the Director of Central Intelligence, shall issue regulations to establish procedures by which the Under Secretary, as part of a hearing conducted under this section, may provide an unclassified summary of classified evidence upon which the order of the Administrator was based to the individual adversely affected by the order.

"(2) REVIEW OF CLASSIFIED EVIDENCE BY ADMINISTRATIVE LAW JUDGE.—

"(A) REVIEW.—As part of a hearing conducted under this section, if the order of the Administrator issued under subsection (a) is based on classified information (as defined in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.), such information may be submitted by the Under Secretary to the reviewing administrative law judge, pursuant to appropriate security procedures, and shall be reviewed by the administrative law judge ex parte and in camera.

"(B) SECURITY CLEARANCES.—Pursuant to existing procedures and requirements, the Under Secretary shall, in coordination, as necessary, with the heads of other affected departments or agencies, ensure that administrative law judges reviewing orders of the Administrator under this section possess security clearances appropriate for their work under this section.

"(3) UNCLASSIFIED SUMMARIES OF CLASSIFIED EVIDENCE.—As part of a hearing conducted under this section and upon the request of the individual adversely affected by an order of the Administrator under subsection (a), the Under Secretary shall provide to the individual and reviewing administrative

law judge, consistent with the procedures established under paragraph (1), an unclassified summary of any classified information upon which the order of the Administrator is based.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 461 is amended by adding at the end the following:

"46111. Certificate actions in response to a security threat.".

SEC. 602. JUSTIFICATION FOR AIR DEFENSE IDENTIFICATION ZONE.

Deadlines. Reports.

(a) IN GENERAL.—If the Administrator of the Federal Aviation Administration establishes an Air Defense Identification Zone (in this section referred as an "ADIZ"), the Administrator shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate, not later than 60 days after the date of establishing the ADIZ, a report containing an explanation of the need for the ADIZ. The Administrator also shall transmit to the Committees updates of the report every 60 days until the ADIZ is rescinded. The reports and updates shall be transmitted in classified form.

Classified information.

(b) EXISTING ADIZ.—If an ADIZ is in effect on the date of enactment of this Act, the Administrator shall transmit an initial report under subsection (a) not later than 30 days after such date of enactment.

(c) DESCRIPTION OF CHANGES TO IMPROVE OPERATIONS.—A report transmitted by the Administrator under this section shall include a description of any changes in procedures or requirements that could improve operational efficiency or minimize operational impacts of the ADIZ on pilots and controllers. This portion of the report may be transmitted in classified or unclassified form.

(d) DEFINITION.—In this section, the terms "Air Defense Identification Zone" and "ADIZ" each mean a zone established by the Administrator with respect to airspace under 18,000 feet in approximately a 15- to 38-mile radius around Washington, District of Columbia, for which security measures are extended beyond the existing 15-mile no-fly zone around Washington and in which general aviation aircraft are required to adhere to certain procedures issued by the Administrator.

SEC. 603. CREW TRAINING.

Section 44918 is amended to read as follows:

"§ 44918. Crew training

"(a) BASIC SECURITY TRAINING.—

"(1) IN GENERAL.—Each air carrier providing scheduled passenger air transportation shall carry out a training program for flight and cabin crew members to prepare the crew members for potential threat conditions.

"(2) PROGRAM ELEMENTS.—An air carrier training program under this subsection shall include, at a minimum, elements that address each of the following:

"(A) Recognizing suspicious activities and determining the seriousness of any occurrence.

"(B) Crew communication and coordination.

"(C) The proper commands to give passengers and attackers.

"(D) Appropriate responses to defend oneself.

"(E) Use of protective devices assigned to crew members (to the extent such devices are required by the Administrator of the Federal Aviation Administration or the Under Secretary for Border and Transportation Security of the Department of Homeland Security).

"(F) Psychology of terrorists to cope with hijacker behavior and passenger responses.

"(G) Situational training exercises regarding various threat conditions.

"(H) Flight deck procedures or aircraft maneuvers to defend the aircraft and cabin crew responses to such procedures and maneuvers.

"(I) The proper conduct of a cabin search, including explosive device recognition.

"(J) Any other subject matter considered appropriate by the Under Secretary.

"(3) APPROVAL.—An air carrier training program under this subsection shall be subject to approval by the Under Secretary.

Deadline.

"(4) MINIMUM STANDARDS.—Not later than one year after the date of enactment of the Vision 100—Century of Aviation Reauthorization Act, the Under Secretary may establish minimum standards for the training provided under this subsection and for recurrent training.

"(5) EXISTING PROGRAMS.—Notwithstanding paragraphs (3) and (4), any training program of an air carrier to prepare flight and cabin crew members for potential threat conditions that was approved by the Administrator or the Under Secretary before the date of enactment of the Vision 100—Century of Aviation Reauthorization Act may continue in effect until disapproved or ordered modified by the Under Secretary.

"(6) MONITORING.—The Under Secretary, in consultation with the Administrator, shall monitor air carrier training programs under this subsection and periodically shall review an air carrier's training program to ensure that the program is adequately preparing crew members for potential threat conditions. In determining when an air carrier's training program should be reviewed under this paragraph, the Under Secretary shall consider complaints from crew members. The Under Secretary shall ensure that employees responsible for monitoring the training programs have the necessary resources and knowledge.

"(7) UPDATES.—The Under Secretary, in consultation with the Administrator, shall order air carriers to modify training programs under this subsection to reflect new or different security threats.

"(b) ADVANCED SELF-DEFENSE TRAINING.—

Deadline.

"(1) IN GENERAL.—Not later than one year after the date of enactment of the Vision 100—Century of Aviation Reauthorization Act, the Under Secretary shall develop and provide a voluntary training program for flight and cabin crew members of air carriers providing scheduled passenger air transportation.

"(2) PROGRAM ELEMENTS.—The training program under this subsection shall include both classroom and effective hands-on training in the following elements of self-defense:

"(A) Deterring a passenger who might present a threat.

"(B) Advanced control, striking, and restraint techniques.

"(C) Training to defend oneself against edged or contact weapons.

"(D) Methods to subdue and restrain an attacker.

"(E) Use of available items aboard the aircraft for self-defense.

"(F) Appropriate and effective responses to defend oneself, including the use of force against an attacker.

"(G) Any other element of training that the Under Secretary considers appropriate.

"(3) PARTICIPATION NOT REQUIRED.—A crew member shall not be required to participate in the training program under this subsection.

"(4) COMPENSATION.—Neither the Federal Government nor an air carrier shall be required to compensate a crew member for participating in the training program under this subsection.

"(5) FEES.—A crew member shall not be required to pay a fee for the training program under this subsection.

"(6) CONSULTATION.—In developing the training program under this subsection, the Under Secretary shall consult with law enforcement personnel and security experts who have expertise in self-defense training, terrorism experts, representatives of air carriers, the director of self-defense training in the Federal Air Marshals Service, flight attendants, labor organizations representing flight attendants, and educational institutions offering law enforcement training programs.

"(7) DESIGNATION OF TSA OFFICIAL.—The Under Secretary shall designate an official in the Transportation Security Administration to be responsible for implementing the training program under this subsection. The official shall consult with air carriers and labor organizations representing crew members before implementing the program to ensure that it is appropriate for situations that may arise on board an aircraft during a flight.

"(c) LIMITATION.—Actions by crew members under this section shall be subject to the provisions of section 44903(k).".

SEC. 604. STUDY OF EFFECTIVENESS OF TRANSPORTATION SECURITY SYSTEM.

(a) IN GENERAL.—The Secretary of Homeland Security, in consultation with representatives of the aviation community, shall study the effectiveness of the aviation security system, including the air marshal program, hardening of cockpit doors, and security screening of passengers, checked baggage, and cargo.

(b) REPORT.—The Secretary shall transmit a report of the Secretary's findings and conclusions together with any recommendations, including legislative recommendations, the Secretary may have for improving the effectiveness of aviation security to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure within 6 months after the date of enactment of this Act. In the report the Secretary shall also describe any redeployment of Transportation Security Administration resources based on those findings and conclusions. The Secretary may submit the report to the Committees in classified and redacted form. The Secretary shall submit the report in lieu of the annual report

Deadline.

required under section 44938(a) of title 49, United States Code, that is due March 31, 2004.

SEC. 605. AIRPORT SECURITY IMPROVEMENT PROJECTS.

(a) IN GENERAL.—Subchapter I of chapter 449 is amended by adding at the end the following:

"§ 44923. Airport security improvement projects

"(a) GRANT AUTHORITY.—Subject to the requirements of this section, the Under Secretary for Border and Transportation Security of the Department of Homeland Security may make grants to airport sponsors—

"(1) for projects to replace baggage conveyer systems related to aviation security;

"(2) for projects to reconfigure terminal baggage areas as needed to install explosive detection systems;

"(3) for projects to enable the Under Secretary to deploy explosive detection systems behind the ticket counter, in the baggage sorting area, or in line with the baggage handling system; and

"(4) for other airport security capital improvement projects.

"(b) APPLICATIONS.—A sponsor seeking a grant under this section shall submit to the Under Secretary an application in such form and containing such information as the Under Secretary prescribes.

"(c) APPROVAL.—The Under Secretary, after consultation with the Secretary of Transportation, may approve an application of a sponsor for a grant under this section only if the Under Secretary determines that the project will improve security at an airport or improve the efficiency of the airport without lessening security.

"(d) LETTERS OF INTENT.—

"(1) ISSUANCE.—The Under Secretary may issue a letter of intent to a sponsor committing to obligate from future budget authority an amount, not more than the Federal Government's share of the project's cost, for an airport security improvement project (including interest costs and costs of formulating the project).

"(2) SCHEDULE.—A letter of intent under this subsection shall establish a schedule under which the Under Secretary will reimburse the sponsor for the Government's share of the project's costs, as amounts become available, if the sponsor, after the Under Secretary issues the letter, carries out the project without receiving amounts under this section.

"(3) NOTICE TO UNDER SECRETARY.—A sponsor that has been issued a letter of intent under this subsection shall notify the Under Secretary of the sponsor's intent to carry out a project before the project begins.

Deadline.

"(4) NOTICE TO CONGRESS.—The Under Secretary shall transmit to the Committees on Appropriations and Transportation and Infrastructure of the House of Representatives and the Committees on Appropriations and Commerce, Science and Transportation of the Senate a written notification at least 3 days before the issuance of a letter of intent under this section.

"(5) LIMITATIONS.—A letter of intent issued under this subsection is not an obligation of the Government under section

1501 of title 31, and the letter is not deemed to be an administrative commitment for financing. An obligation or administrative commitment may be made only as amounts are provided in authorization and appropriations laws.

"(6) STATUTORY CONSTRUCTION.—Nothing in this subsection shall be construed to prohibit the obligation of amounts pursuant to a letter of intent under this subsection in the same fiscal year as the letter of intent is issued.

"(e) FEDERAL SHARE.—

"(1) IN GENERAL.—The Government's share of the cost of a project under this section shall be 90 percent for a project at a medium or large hub airport and 95 percent for a project at any other airport.

"(2) EXISTING LETTERS OF INTENT.—The Under Secretary shall revise letters of intent issued before the date of enactment of this section to reflect the cost share established in this subsection with respect to grants made after September 30, 2003.

"(f) SPONSOR DEFINED.—In this section, the term 'sponsor' has the meaning given that term in section 47102.

"(g) APPLICABILITY OF CERTAIN REQUIREMENTS.—The requirements that apply to grants and letters of intent issued under chapter 471 (other than section 47102(3)) shall apply to grants and letters of intent issued under this section.

"(h) AVIATION SECURITY CAPITAL FUND.—

"(1) IN GENERAL.—There is established within the Department of Homeland Security a fund to be known as the Aviation Security Capital Fund. The first $250,000,000 derived from fees received under section 44940(a)(1) in each of fiscal years 2004 through 2007 shall be available to be deposited in the Fund. The Under Secretary shall impose the fee authorized by section 44940(a)(1) so as to collect at least $250,000,000 in each of such fiscal years for deposit into the Fund. Amounts in the Fund shall be available to the Under Secretary to make grants under this section.

"(2) ALLOCATIONS.—Of the amount made available under paragraph (1) for a fiscal year, $125,000,000 shall be allocated in such a manner that—

"(A) 40 percent shall be made available for large hub airports;

"(B) 20 percent shall be made available for medium hub airports;

"(C) 15 percent shall be made available for small hub airports and nonhub airports; and

"(D) 25 percent shall be distributed by the Secretary to any airport on the basis of aviation security risks.

"(3) DISCRETIONARY GRANTS.—Of the amount made available under paragraph (1) for a fiscal year, $125,000,000 shall be used to make discretionary grants, with priority given to fulfilling intentions to obligate under letters of intent issued under subsection (d).

"(i) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—In addition to amounts made available under subsection (h), there is authorized to be appropriated to carry out this section $250,000,000 for each of fiscal years 2004 through 2007. Such sums shall remain available until expended.

"(2) ALLOCATIONS.—50 percent of amounts appropriated pursuant to this subsection for a fiscal year shall be used for making allocations under subsection (h)(2) and 50 percent of such amounts shall be used for making discretionary grants under subsection (h)(3).".

(b) CONFORMING AMENDMENTS.—

(1) USE OF PASSENGER FEE FUNDS.—Section 44940(a)(1) is amended by inserting after subparagraph (G) the following:

"(H) The costs of security-related capital improvements at airports.

"(I) The costs of training pilots and flight attendants under sections 44918 and 44921.".

(2) LIMITATION ON COLLECTION.—Section 44940(d)(4) is amended by striking "Act." and inserting "Act or in section 44923.".

(3) CHAPTER ANALYSIS.—The analysis for subchapter I of chapter 449 is amended by adding at the end the following:

"44923. Airport security improvement projects.".

SEC. 606. CHARTER SECURITY.

(a) IN GENERAL.—Section 44903 is amended by adding at the end the following:

"(l) AIR CHARTER PROGRAM.—

"(1) IN GENERAL.—The Under Secretary for Border and Transportation Security of the Department of Homeland Security shall implement an aviation security program for charter air carriers (as defined in section 40102(a)) with a maximum certificated takeoff weight of more than 12,500 pounds.

"(2) EXEMPTION FOR ARMED FORCES CHARTERS.—

"(A) IN GENERAL.—Paragraph (1) and the other requirements of this chapter do not apply to passengers and property carried by aircraft when employed to provide charter transportation to members of the armed forces.

"(B) SECURITY PROCEDURES.—The Secretary of Defense, in consultation with the Secretary of Homeland Security and the Secretary of Transportation, shall establish security procedures relating to the operation of aircraft when employed to provide charter transportation to members of the armed forces to or from an airport described in section 44903(c).

"(C) ARMED FORCES DEFINED.—In this paragraph, the term 'armed forces' has the meaning given that term by section 101(a)(4) of title 10.".

(b) REPEAL.—Section 132 of the Aviation and Transportation Security Act (49 U.S.C. 44944 note) is repealed.

49 USC 44903 note.

SEC. 607. CAPPS2.

49 USC 44903 note. Certification.

(a) IN GENERAL.—The Under Secretary for Border and Transportation Security of the Department of Homeland Security shall not implement, on other than a test basis, the computer assisted passenger prescreening system (commonly known as and in this section referred to as "CAPPS2") until the Under Secretary provides to Congress a certification that—

(1) a procedure is established enabling airline passengers, who are delayed or prohibited from boarding a flight because CAPPS2 determined that they might pose a security threat,

to appeal such determination and correct information contained in CAPPS2;

(2) the error rate of the Government and private data bases that will be used to both establish identity and assign a risk level to a passenger under CAPPS2 will not produce a large number of false positives that will result in a significant number of passengers being mistaken as a security threat;

(3) the Under Secretary has demonstrated the efficacy and accuracy of all search tools in CAPPS2 and has demonstrated that CAPPS2 can make an accurate predictive assessment of those passengers who would constitute a security threat;

(4) the Secretary of Homeland Security has established an internal oversight board to oversee and monitor the manner in which CAPPS2 is being implemented;

(5) the Under Secretary has built in sufficient operational safeguards to reduce the opportunities for abuse;

(6) substantial security measures are in place to protect CAPPS2 from –unauthorized access by hackers or other intruders;

(7) the Under Secretary has adopted policies establishing effective oversight of the use and operation of the system; and

(8) there are no specific privacy concerns with the technological architecture of the system.

(b) GAO REPORT.—Not later than 90 days after the date on which certification is provided under subsection (a), the Comptroller General shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Transportation and Infrastructure of the House of Representatives, and the Committee on Commerce, Science and Transportation of the Senate that assesses the impact of CAPPS2 on the issues listed in subsection (a) and on privacy and civil liberties. The report shall include any recommendations for practices, procedures, regulations, or legislation to eliminate or minimize adverse effect of CAPPS2 on privacy, discrimination, and other civil liberties. Deadline.

SEC. 608. REPORT ON PASSENGER PRESCREENING PROGRAM.

(a) IN GENERAL.—Within 90 days after the date of enactment of this Act, the Secretary of Homeland Security, after consultation with the Attorney General, shall submit a report in writing to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure on the potential impact of the Transportation Security Administration's proposed Computer Assisted Passenger Prescreening system, commonly known as CAPPS2, on the privacy and civil liberties of United States citizens. Deadline.

(b) SPECIFIC ISSUES TO BE ADDRESSED.—The report shall address the following:

(1) Whether and for what period of time data gathered on individual travelers will be retained, who will have access to such data, and who will make decisions concerning access to such data.

(2) How the Transportation Security Administration will treat the scores assigned to individual travelers to measure the likelihood they may pose a security threat, including how long such scores will be retained and whether and under what

circumstances they may be shared with other governmental, nongovernmental, or commercial entities.

(3) The role airlines and outside vendors or contractors will have in implementing and operating the system, and to what extent will they have access, or the means to obtain access, to data, scores, or other information generated by the system.

(4) The safeguards that will be implemented to ensure that data, scores, or other information generated by the system will be used only as officially intended.

(5) The procedures that will be implemented to mitigate the effect of any errors, and what procedural recourse will be available to passengers who believe the system has wrongly barred them from taking flights.

(6) The oversight procedures that will be implemented to ensure that, on an ongoing basis, privacy and civil liberties issues will continue to be considered and addressed with high priority as the system is installed, operated, and updated.

SEC. 609. ARMING CARGO PILOTS AGAINST TERRORISM.

(a) SENSE OF CONGRESS.—It is the sense of Congress that members of a flight deck crew of a cargo aircraft should be armed with a firearm or taser to defend the cargo aircraft against an attack by terrorists that could result in the use of the aircraft as a weapon of mass destruction or for other terrorist purposes.

(b) ARMING CARGO PILOTS AGAINST TERRORISM.—Section 44921 is amended—

(1) in subsection (a) by striking "passenger" each place that it appears;

(2) in subsection (k)(2) by striking "or," and all that follows before the period at the end and inserting "or any other flight deck crew member"; and

(3) by adding at the end of subsection (k) the following:

"(3) ALL-CARGO AIR TRANSPORTATION.—In this section, the term 'air transportation' includes all-cargo air transportation.".

49 USC 44921 note.

(c) TIME FOR IMPLEMENTATION.—In carrying out the amendments made by subsection (d), the Under Secretary for Border and Transportation Security of the Department of Homeland Security shall ensure that passenger and cargo pilots are treated equitably in receiving access to training as Federal flight deck officers.

49 USC 44921 note.

(d) EFFECT ON OTHER LAWS.—The requirements of subsection (e) shall have no effect on the deadlines for implementation contained in section 44921 of title 49, United States Code, as in effect on the day before the date of enactment of this Act.

SEC. 610. REMOVAL OF CAP ON TSA STAFFING LEVEL.

The matter appearing under the heading "AVIATION SECURITY" in the appropriations for the Transportation Security Administration in the Transportation and Related Agencies Appropriation Act, 2003 (Public Law 108–7; 117 Stat. 386) is amended by striking the fifth proviso.

SEC. 611. FOREIGN REPAIR STATIONS.

Deadline.

(a) OVERSIGHT PLAN.—Within 90 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure a plan containing an

implementation schedule to strengthen oversight of domestic and foreign repair stations and ensure that foreign repair stations that are certified by the Administrator under part 145 of title 14, Code of Federal Regulations, are subject to an equivalent level of safety, oversight, and quality control as those located in the United States.

(b) REPAIR STATION SECURITY.—

(1) IN GENERAL.—Subchapter I of chapter 449 is further amended by adding at the end the following:

"§ 44924. Repair station security

"(a) SECURITY REVIEW AND AUDIT.—To ensure the security of maintenance and repair work conducted on air carrier aircraft and components at foreign repair stations, the Under Secretary for Border and Transportation Security of the Department of Homeland Security, in consultation with the Administrator of the Federal Aviation Administration, shall complete a security review and audit of foreign repair stations that are certified by the Administrator under part 145 of title 14, Code of Federal Regulations, and that work on air carrier aircraft and components. The review shall be completed not later than 18 months after the date on which the Under Secretary issues regulations under subsection (f). Deadline.

"(b) ADDRESSING SECURITY CONCERNS.—The Under Secretary shall require a foreign repair station to address the security issues and vulnerabilities identified in a security audit conducted under subsection (a) within 90 days of providing notice to the repair station of the security issues and vulnerabilities so identified and shall notify the Administrator that a deficiency was identified in the security audit. Deadline. Notification.

"(c) SUSPENSIONS AND REVOCATIONS OF CERTIFICATES.—

"(1) FAILURE TO CARRY OUT EFFECTIVE SECURITY MEASURES.—If, after the 90th day on which a notice is provided to a foreign repair station under subsection (b), the Under Secretary determines that the foreign repair station does not maintain and carry out effective security measures, the Under Secretary shall notify the Administrator of the determination. Upon receipt of the determination, the Administrator shall suspend the certification of the repair station until such time as the Under Secretary determines that the repair station maintains and carries out effective security measures and transmits the determination to the Administrator. Notification.

"(2) IMMEDIATE SECURITY RISK.—If the Under Secretary determines that a foreign repair station poses an immediate security risk, the Under Secretary shall notify the Administrator of the determination. Upon receipt of the determination, the Administrator shall revoke the certification of the repair station.

"(3) PROCEDURES FOR APPEALS.—The Under Secretary, in consultation with the Administrator, shall establish procedures for appealing a revocation of a certificate under this subsection.

"(d) FAILURE TO MEET AUDIT DEADLINE.—If the security audits required by subsection (a) are not completed on or before the date that is 18 months after the date on which the Under Secretary issues regulations under subsection (f), the Administrator shall be barred from certifying any foreign repair station until such audits are completed for existing stations.

"(e) PRIORITY FOR AUDITS.—In conducting the audits described in subsection (a), the Under Secretary and the Administrator shall

give priority to foreign repair stations located in countries identified by the Government as posing the most significant security risks.

Deadline.

"(f) REGULATIONS.—Not later than 240 days after the date of enactment of this section, the Under Secretary, in consultation with the Administrator, shall issue final regulations to ensure the security of foreign and domestic aircraft repair stations.

"(g) REPORT TO CONGRESS.—If the Under Secretary does not issue final regulations before the deadline specified in subsection (f), the Under Secretary shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report containing an explanation as to why the deadline was not met and a schedule for issuing the final regulations.".

(2) CONFORMING AMENDMENT.—The analysis for subchapter I of chapter 449 is further amended by adding at the end the following:

"44924. Repair station security.".

SEC. 612. FLIGHT TRAINING.

(a) IN GENERAL.—Section 44939 is amended to read as follows:

"§ 44939. Training to operate certain aircraft

"(a) WAITING PERIOD.—A person operating as a flight instructor, pilot school, or aviation training center or subject to regulation under this part may provide training in the operation of any aircraft having a maximum certificated takeoff weight of more than 12,500 pounds to an alien (as defined in section 101(a)(3) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(3))) or to any other individual specified by the Secretary of Homeland Security only if—

"(1) that person has first notified the Secretary that the alien or individual has requested such training and submitted to the Secretary, in such form as the Secretary may prescribe, the following information about the alien or individual:

"(A) full name, including any aliases used by the applicant or variations in spelling of the applicant's name;

"(B) passport and visa information;

"(C) country of citizenship;

"(D) date of birth;

"(E) dates of training; and

"(F) fingerprints collected by, or under the supervision of, a Federal, State, or local law enforcement agency or by another entity approved by the Federal Bureau of Investigation or the Secretary of Homeland Security, including fingerprints taken by United States Government personnel at a United States embassy or consulate; and

"(2) the Secretary has not directed, within 30 days after being notified under paragraph (1), that person not to provide the requested training because the Secretary has determined that the individual presents a risk to aviation or national security.

Notification.

"(b) INTERRUPTION OF TRAINING.—If the Secretary of Homeland Security, more than 30 days after receiving notification under subsection (a) from a person providing training described in subsection (a), determines that the individual presents a risk to aviation or national security, the Secretary shall immediately notify the person

providing the training of the determination and that person shall immediately terminate the training.

"(c) NOTIFICATION.—A person operating as a flight instructor, pilot school, or aviation training center or subject to regulation under this part may provide training in the operation of any aircraft having a maximum certificated takeoff weight of 12,500 pounds or less to an alien (as defined in section 101(a)(3) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(3))) or to any other individual specified by the Secretary of Homeland Security only if that person has notified the Secretary that the individual has requested such training and furnished the Secretary with that individual's identification in such form as the Secretary may require.

"(d) EXPEDITED PROCESSING.—Not later than 60 days after the date of enactment of this section, the Secretary shall establish a process to ensure that the waiting period under subsection (a) shall not exceed 5 days for an alien (as defined in section 101(a)(3) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(3))) who— Deadline.

"(1) holds an airman's certification of a foreign country that is recognized by an agency of the United States, including a military agency, that permits an individual to operate a multi-engine aircraft that has a certificated takeoff weight of more than 12,500 pounds;

"(2) is employed by a foreign air carrier that is certified under part 129 of title 14, Code of Federal Regulations, and that has a security program approved under section 1546 of title 49, Code of Federal Regulations;

"(3) is an individual that has unescorted access to a secured area of an airport designated under section 44936(a)(1)(A)(ii); or

"(4) is an individual that is part of a class of individuals that the Secretary has determined that providing aviation training to presents minimal risk to aviation or national security because of the aviation training already possessed by such class of individuals.

"(e) TRAINING.—In subsection (a), the term 'training' means training received from an instructor in an aircraft or aircraft simulator and does not include recurrent training, ground training, or demonstration flights for marketing purposes.

"(f) NONAPPLICABILITY TO CERTAIN FOREIGN MILITARY PILOTS.—The procedures and processes required by subsections (a) through (d) shall not apply to a foreign military pilot endorsed by the Department of Defense for flight training in the United States and seeking training described in subsection (e) in the United States.

"(g) FEE.—

"(1) IN GENERAL.—The Secretary of Homeland Security may assess a fee for an investigation under this section, which may not exceed $100 per individual (exclusive of the cost of transmitting fingerprints collected at overseas facilities) during fiscal years 2003 and 2004. For fiscal year 2005 and thereafter, the Secretary may adjust the maximum amount of the fee to reflect the costs of such an investigation.

"(2) OFFSET.—Notwithstanding section 3302 of title 31, any fee collected under this section—

"(A) shall be credited to the account in the Treasury from which the expenses were incurred and shall be available to the Secretary for those expenses; and

"(B) shall remain available until expended.

"(h) INTERAGENCY COOPERATION.—The Attorney General, the Director of Central Intelligence, and the Administrator of the Federal Aviation Administration shall cooperate with the Secretary in implementing this section.

"(i) SECURITY AWARENESS TRAINING FOR EMPLOYEES.—The Secretary shall require flight schools to conduct a security awareness program for flight school employees to increase their awareness of suspicious circumstances and activities of individuals enrolling in or attending flight school.".

49 USC 44939 note. Deadline. Regulations.

(b) PROCEDURES.—

(1) IN GENERAL.—Not later than 60 days after the date of enactment of this Act, the Secretary of Homeland Security shall promulgate an interim final rule to implement section 44939 of title 49, United States Code, as amended by subsection (a).

(2) USE OF OVERSEAS FACILITIES.—In order to implement section 44939 of title 49, United States Code, as amended by subsection (a), United States Embassies and Consulates that possess appropriate fingerprint collection equipment and personnel certified to capture fingerprints shall provide fingerprint services to aliens covered by that section if the Secretary requires fingerprints in the administration of that section, and shall transmit the fingerprints to the Secretary or other agency designated by the Secretary. The Attorney General and the Secretary of State shall cooperate with the Secretary of Homeland Security in carrying out this paragraph.

(3) USE OF UNITED STATES FACILITIES.—If the Secretary of Homeland Security requires fingerprinting in the administration of section 44939 of title 49, United States Code, the Secretary may designate locations within the United States that will provide fingerprinting services to individuals covered by that section.

49 USC 44939 note.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on the effective date of the interim final rule required by subsection (b)(1).

Deadline. 49 USC 44939 note.

(d) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure a report on the effectiveness of the activities carried out under section 44939 of title 49, United States Code, in reducing risks to aviation security and national security.

Deadline.

SEC. 613. DEPLOYMENT OF SCREENERS AT KENAI, HOMER, AND VALDEZ, ALASKA.

Not later than 45 days after the date of enactment of this Act, the Administrator of the Transportation Security Administration shall deploy Federal screeners at Kenai, Homer, and Valdez, Alaska.

TITLE VII—AVIATION RESEARCH

SEC. 701. AUTHORIZATION OF APPROPRIATIONS.

Section 48102(a) is amended—

(1) by striking "to carry out sections 44504" and inserting "for conducting civil aviation research and development under sections 44504";

(2) by striking "and" at the end of paragraph (7);

(3) by striking the period at the end of paragraph (8) and inserting a semicolon; and

(4) by adding at the end the following new paragraphs:

"(9) for fiscal year 2004, $346,317,000, including—

"(A) $65,000,000 for Improving Aviation Safety;

"(B) $24,000,000 for Weather Safety Research;

"(C) $27,500,000 for Human Factors and Aeromedical Research;

"(D) $30,000,000 for Environmental Research and Development, of which $20,000,000 shall be for research activities related to reducing community exposure to civilian aircraft noise or emissions;

"(E) $7,000,000 for Research Mission Support;

"(F) $10,000,000 for the Airport Cooperative Research Program;

"(G) $1,500,000 for carrying out subsection (h) of this section;

"(H) $42,800,000 for Advanced Technology Development and Prototyping;

"(I) $30,300,000 for Safe Flight 21;

"(J) $90,800,000 for the Center for Advanced Aviation System Development;

"(K) $9,667,000 for Airports Technology-Safety; and

"(L) $7,750,000 for Airports Technology-Efficiency;

"(10) for fiscal year 2005, $356,192,000, including—

"(A) $65,705,000 for Improving Aviation Safety;

"(B) $24,260,000 for Weather Safety Research;

"(C) $27,800,000 for Human Factors and Aeromedical Research;

"(D) $30,109,000 for Environmental Research and Development, of which $20,000,000 shall be for research activities related to reducing community exposure to civilian aircraft noise or emissions;

"(E) $7,076,000 for Research Mission Support;

"(F) $10,000,000 for the Airport Cooperative Research Program;

"(G) $1,650,000 for carrying out subsection (h) of this section;

"(H) $43,300,000 for Advanced Technology Development and Prototyping;

"(I) $31,100,000 for Safe Flight 21;

"(J) $95,400,000 for the Center for Advanced Aviation System Development;

"(K) $2,200,000 for Free Flight Phase 2;

"(L) $9,764,000 for Airports Technology-Safety; and

"(M) $7,828,000 for Airports Technology-Efficiency;

"(11) for fiscal year 2006, $352,157,000, including—

"(A) $66,447,000 for Improving Aviation Safety;

"(B) $24,534,000 for Weather Safety Research;

"(C) $28,114,000 for Human Factors and Aeromedical Research;

"(D) $30,223,000 for Environmental Research and Development, of which $20,000,000 shall be for research

activities related to reducing community exposure to civilian aircraft noise or emissions;

"(E) $7,156,000 for Research Mission Support;

"(F) $10,000,000 for the Airport Cooperation Research Program;

"(G) $1,815,000 for carrying out subsection (h) of this section;

"(H) $42,200,000 for Advanced Technology Development and Prototyping;

"(I) $23,900,000 for Safe Flight 21;

"(J) $100,000,000 for the Center for Advanced Aviation System Development;

"(K) $9,862,000 for Airports Technology-Safety; and

"(L) $7,906,000 for Airports Technology-Efficiency; and

"(12) for fiscal year 2007, $356,261,000, including—

"(A) $67,244,000 for Improving Aviation Safety;

"(B) $24,828,000 for Weather Safety Research;

"(C) $28,451,000 for Human Factors and Aeromedical Research;

"(D) $30,586,000 for Environmental Research and Development, of which $20,000,000 shall be for research activities related to reducing community exposure to civilian aircraft noise or emissions;

"(E) $7,242,000 for Research Mission Support;

"(F) $10,000,000 for the Airport Cooperation Research Program;

"(G) $1,837,000 for carrying out subsection (h) of this section;

"(H) $42,706,000 for Advanced Technology Development and Prototyping;

"(I) $24,187,000 for Safe Flight 21;

"(J) $101,200,000 for the Center for Advanced Aviation System Development;

"(K) $9,980,000 for Airports Technology-Safety; and

"(L) $8,000,000 for Airports Technology-Efficiency.".

49 USC 106 note.

SEC. 702. FEDERAL AVIATION ADMINISTRATION SCIENCE AND TECHNOLOGY SCHOLARSHIP PROGRAM.

(a)(1) The Administrator of the Federal Aviation Administration shall establish a Federal Aviation Administration Science and Technology Scholarship Program to award scholarships to individuals that is designed to recruit and prepare students for careers in the Federal Aviation Administration.

(2) Individuals shall be selected to receive scholarships under this section through a competitive process primarily on the basis of academic merit, with consideration given to financial need and the goal of promoting the participation of individuals identified in section 33 or 34 of the Science and Engineering Equal Opportunities Act.

Contracts.

(3) To carry out the Program the Administrator shall enter into contractual agreements with individuals selected under paragraph (2) under which the individuals agree to serve as full-time employees of the Federal Aviation Administration, for the period described in subsection (f)(1), in positions needed by the Federal Aviation Administration and for which the individuals are qualified, in exchange for receiving a scholarship.

(b) In order to be eligible to participate in the Program, an individual must—

(1) be enrolled or accepted for enrollment as a full-time student at an institution of higher education, as a junior or senior undergraduate or graduate student, in an academic field or discipline described in the list made available under subsection (d);

(2) be a United States citizen or permanent resident; and

(3) at the time of the initial scholarship award, not be an employee (as defined in section 2105 of title 5, United States Code).

(c) An individual seeking a scholarship under this section shall submit an application to the Administrator at such time, in such manner, and containing such information, agreements, or assurances as the Administrator may require.

(d) The Administrator shall make publicly available a list of academic programs and fields of study for which scholarships under the Program may be utilized and shall update the list as necessary. Public information. Records.

(e)(1) The Administrator may provide a scholarship under the Program for an academic year if the individual applying for the scholarship has submitted to the Administrator, as part of the application required under subsection (c), a proposed academic program leading to a degree in a program or field of study on the list made available under subsection (d).

(2) An individual may not receive a scholarship under this section for more than 4 academic years, unless the Administrator grants a waiver.

(3) The dollar amount of a scholarship under this section for an academic year shall be determined under regulations issued by the Administrator, but shall in no case exceed the cost of attendance. Regulations.

(4) A scholarship provided under this section may be expended for tuition, fees, and other authorized expenses as established by the Administrator by regulation. Regulations.

(5) The Administrator may enter into a contractual agreement with an institution of higher education under which the amounts provided for a scholarship under this section for tuition, fees, and other authorized expenses are paid directly to the institution with respect to which the scholarship is provided.

(f)(1) The period of service for which an individual shall be obligated to serve as an employee of the Federal Aviation Administration is, except as provided in subsection (h)(2), 24 months for each academic year for which a scholarship under this section is provided.

(2)(A) Except as provided in subparagraph (B), obligated service under paragraph (1) shall begin not later than 60 days after the individual obtains the educational degree for which the scholarship was provided. Deadline.

(B) The Administrator may defer the obligation of an individual to provide a period of service under paragraph (1) if the Administrator determines that such a deferral is appropriate. The Administrator shall prescribe the terms and conditions under which a service obligation may be deferred through regulation. Regulations.

(g)(1) Scholarship recipients who fail to maintain a high level of academic standing, as defined by the Administrator by regulation, who are dismissed from their educational institutions for disciplinary reasons, or who voluntarily terminate academic training before Regulations.

graduation from the educational program for which the scholarship was awarded, shall be in breach of their contractual agreement and, in lieu of any service obligation arising under such agreement, shall be liable to the United States for repayment within 1 year after the date of default of all scholarship funds paid to them and to the institution of higher education on their behalf under the agreement, except as provided in subsection (h)(2). The repayment period may be extended by the Administrator when determined to be necessary, as established by regulation.

(2) Scholarship recipients who, for any reason, fail to begin or complete their service obligation after completion of academic training, or fail to comply with the terms and conditions of deferment established by the Administrator pursuant to subsection (f)(2)(B), shall be in breach of their contractual agreement. When recipients breach their agreements for the reasons stated in the preceding sentence, the recipient shall be liable to the United States for an amount equal to—

(A) the total amount of scholarships received by such individual under this section; plus

(B) the interest on the amounts of such awards which would be payable if at the time the awards were received they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States,

multiplied by 3.

(h)(1) Any obligation of an individual incurred under the Program (or a contractual agreement thereunder) for service or payment shall be canceled upon the death of the individual.

Regulations.

(2) The Administrator shall by regulation provide for the partial or total waiver or suspension of any obligation of service or payment incurred by an individual under the Program (or a contractual agreement thereunder) whenever compliance by the individual is impossible or would involve extreme hardship to the individual, or if enforcement of such obligation with respect to the individual would be contrary to the best interests of the Government.

(i) For purposes of this section—

(1) the term "cost of attendance" has the meaning given that term in section 472 of the Higher Education Act of 1965;

(2) the term "institution of higher education" has the meaning given that term in section 101(a) of the Higher Education Act of 1965; and

(3) the term "Program" means the Federal Aviation Administration Science and Technology Scholarship Program established under this section.

Appropriation authorization.

(j)(1) There is authorized to be appropriated to the Federal Aviation Administration for the Program $10,000,000 for each fiscal year.

(2) Amounts appropriated under this section shall remain available for 2 fiscal years.

(k) The Administrator may provide temporary internships to full-time students enrolled in an undergraduate or post-graduate program leading to an advanced degree in an aerospace-related or aviation safety-related field of endeavor.

SEC. 703. NATIONAL AERONAUTICS AND SPACE ADMINISTRATION SCIENCE AND TECHNOLOGY SCHOLARSHIP PROGRAM.

42 USC 2473e.

(a)(1) The Administrator of the National Aeronautics and Space Administration shall establish a National Aeronautics and Space Administration Science and Technology Scholarship Program to award scholarships to individuals that is designed to recruit and prepare students for careers in the National Aeronautics and Space Administration.

(2) Individuals shall be selected to receive scholarships under this section through a competitive process primarily on the basis of academic merit, with consideration given to financial need and the goal of promoting the participation of individuals identified in section 33 or 34 of the Science and Engineering Equal Opportunities Act.

Contracts.

(3) To carry out the Program the Administrator shall enter into contractual agreements with individuals selected under paragraph (2) under which the individuals agree to serve as full-time employees of the National Aeronautics and Space Administration, for the period described in subsection (f)(1), in positions needed by the National Aeronautics and Space Administration and for which the individuals are qualified, in exchange for receiving a scholarship.

(b) In order to be eligible to participate in the Program, an individual must—

(1) be enrolled or accepted for enrollment as a full-time student at an institution of higher education, as a junior or senior undergraduate or graduate student, in an academic field or discipline described in the list made available under subsection (d);

(2) be a United States citizen or permanent resident; and

(3) at the time of the initial scholarship award, not be an employee (as defined in section 2105 of title 5, United States Code).

(c) An individual seeking a scholarship under this section shall submit an application to the Administrator at such time, in such manner, and containing such information, agreements, or assurances as the Administrator may require.

Public information. Records.

(d) The Administrator shall make publicly available a list of academic programs and fields of study for which scholarships under the Program may be utilized and shall update the list as necessary.

(e)(1) The Administrator may provide a scholarship under the Program for an academic year if the individual applying for the scholarship has submitted to the Administrator, as part of the application required under subsection (c), a proposed academic program leading to a degree in a program or field of study on the list made available under subsection (d).

(2) An individual may not receive a scholarship under this section for more than 4 academic years, unless the Administrator grants a waiver.

Regulations.

(3) The dollar amount of a scholarship under this section for an academic year shall be determined under regulations issued by the Administrator, but shall in no case exceed the cost of attendance.

Regulations.

(4) A scholarship provided under this section may be expended for tuition, fees, and other authorized expenses as established by the Administrator by regulation.

(5) The Administrator may enter into a contractual agreement with an institution of higher education under which the amounts provided for a scholarship under this section for tuition, fees, and other authorized expenses are paid directly to the institution with respect to which the scholarship is provided.

(f)(1) The period of service for which an individual shall be obligated to serve as an employee of the National Aeronautics and Space Administration is, except as provided in subsection (h)(2), 24 months for each academic year for which a scholarship under this section is provided.

Deadline.

(2)(A) Except as provided in subparagraph (B), obligated service under paragraph (1) shall begin not later than 60 days after the individual obtains the educational degree for which the scholarship was provided.

(B) The Administrator may defer the obligation of an individual to provide a period of service under paragraph (1) if the Administrator determines that such a deferral is appropriate. The Administrator shall prescribe the terms and conditions under which a service obligation may be deferred through regulation.

Regulations.

Regulations.

(g)(1) Scholarship recipients who fail to maintain a high level of academic standing, as defined by the Administrator by regulation, who are dismissed from their educational institutions for disciplinary reasons, or who voluntarily terminate academic training before graduation from the educational program for which the scholarship was awarded, shall be in breach of their contractual agreement and, in lieu of any service obligation arising under such agreement, shall be liable to the United States for repayment within 1 year after the date of default of all scholarship funds paid to them and to the institution of higher education on their behalf under the agreement, except as provided in subsection (h)(2). The repayment period may be extended by the Administrator when determined to be necessary, as established by regulation.

(2) Scholarship recipients who, for any reason, fail to begin or complete their service obligation after completion of academic training, or fail to comply with the terms and conditions of deferment established by the Administrator pursuant to subsection (f)(2)(B), shall be in breach of their contractual agreement. When recipients breach their agreements for the reasons stated in the preceding sentence, the recipient shall be liable to the United States for an amount equal to—

(A) the total amount of scholarships received by such individual under this section; plus

(B) the interest on the amounts of such awards which would be payable if at the time the awards were received they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States,

multiplied by 3.

(h)(1) Any obligation of an individual incurred under the Program (or a contractual agreement thereunder) for service or payment shall be canceled upon the death of the individual.

Regulations.

(2) The Administrator shall by regulation provide for the partial or total waiver or suspension of any obligation of service or payment incurred by an individual under the Program (or a contractual agreement thereunder) whenever compliance by the individual is impossible or would involve extreme hardship to the individual,

or if enforcement of such obligation with respect to the individual would be contrary to the best interests of the Government.

(i) For purposes of this section—

(1) the term "cost of attendance" has the meaning given that term in section 472 of the Higher Education Act of 1965;

(2) the term "institution of higher education" has the meaning given that term in section 101(a) of the Higher Education Act of 1965; and

(3) the term "Program" means the National Aeronautics and Space Administration Science and Technology Scholarship Program established under this section.

Appropriation authorization.

(j)(1) There is authorized to be appropriated to the National Aeronautics and Space Administration for the Program $10,000,000 for each fiscal year.

(2) Amounts appropriated under this section shall remain available for 2 fiscal years.

(k) The Administrator may provide temporary internships to full-time students enrolled in an undergraduate or post-graduate program leading to an advanced degree in an aerospace-related or aviation safety-related field of endeavor.

SEC. 704. RESEARCH PROGRAM TO IMPROVE AIRFIELD PAVEMENTS.

49 USC 44505 note.

(a) CONTINUATION OF PROGRAM.—The Administrator of the Federal Aviation Administration shall continue the program to consider awards to nonprofit concrete and asphalt pavement research foundations to improve the design, construction, rehabilitation, and repair of airfield pavements to aid in the development of safer, more cost effective, and more durable airfield pavements.

(b) USE OF GRANTS OR COOPERATIVE AGREEMENTS.—The Administrator may use grants or cooperative agreements in carrying out this section.

(c) STATUTORY CONSTRUCTION.—Nothing in this section requires the Administrator to prioritize an airfield pavement research program above safety, security, Flight 21, environment, or energy research programs.

SEC. 705. ENSURING APPROPRIATE STANDARDS FOR AIRFIELD PAVEMENTS.

49 USC 44505 note.

(a) IN GENERAL.—The Administrator of the Federal Aviation Administration shall review and determine whether the Federal Aviation Administration's standards used to determine the appropriate thickness for asphalt and concrete airfield pavements are in accordance with the Federal Aviation Administration's standard 20-year-life requirement using the most up-to-date available information on the life of airfield pavements. If the Administrator determines that such standards are not in accordance with that requirement, the Administrator shall make appropriate adjustments to the Federal Aviation Administration's standards for airfield pavements.

Deadline.

(b) REPORT.—Within 1 year after the date of enactment of this Act, the Administrator shall report the results of the review conducted under subsection (a) and the adjustments, if any, made on the basis of that review to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure and Committee on Science.

49 USC 44702 note.

SEC. 706. DEVELOPMENT OF ANALYTICAL TOOLS AND CERTIFICATION METHODS.

The Federal Aviation Administration shall conduct research to promote the development of analytical tools to improve existing certification methods and to reduce the overall costs for the certification of new products.

SEC. 707. RESEARCH ON AVIATION TRAINING.

Section 48102(h)(1) of title 49, United States Code, is amended—

(1) by striking "or" at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting "; or"; and

(3) by adding at the end the following new subparagraph:

"(D) research on the impact of new technologies and procedures, particularly those related to aircraft flight deck and air traffic management functions, on training requirements for pilots and air traffic controllers.".

49 USC 44504 note.

SEC. 708. FAA CENTER FOR EXCELLENCE FOR APPLIED RESEARCH AND TRAINING IN THE USE OF ADVANCED MATERIALS IN TRANSPORT AIRCRAFT.

Establishment.

(a) IN GENERAL.—The Administrator of the Federal Aviation Administration shall develop a Center for Excellence focused on applied research and training on the durability and maintainability of advanced materials in transport airframe structures. The Center shall—

(1) promote and facilitate collaboration among academia, the Federal Aviation Administration's Transportation Division, and the commercial aircraft industry, including manufacturers, commercial air carriers, and suppliers; and

(2) establish goals set to advance technology, improve engineering practices, and facilitate continuing education in relevant areas of study.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administrator $500,000 for fiscal year 2004 to carry out this section.

49 USC 40101 note.

SEC. 709. AIR TRANSPORTATION SYSTEM JOINT PLANNING AND DEVELOPMENT OFFICE.

(a) ESTABLISHMENT.—(1) The Secretary of Transportation shall establish in the Federal Aviation Administration a joint planning and development office to manage work related to the Next Generation Air Transportation System. The office shall be known as the Next Generation Air Transportation System Joint Planning and Development Office (in this section referred to as the "Office").

(2) The responsibilities of the Office shall include—

(A) creating and carrying out an integrated plan for a Next Generation Air Transportation System pursuant to subsection (b);

(B) overseeing research and development on that system;

(C) creating a transition plan for the implementation of that system;

(D) coordinating aviation and aeronautics research programs to achieve the goal of more effective and directed programs that will result in applicable research;

(E) coordinating goals and priorities and coordinating research activities within the Federal Government with United States aviation and aeronautical firms;

(F) coordinating the development and utilization of new technologies to ensure that when available, they may be used to their fullest potential in aircraft and in the air traffic control system;

(G) facilitating the transfer of technology from research programs such as the National Aeronautics and Space Administration program and the Department of Defense Advanced Research Projects Agency program to Federal agencies with operational responsibilities and to the private sector; and

(H) reviewing activities relating to noise, emissions, fuel consumption, and safety conducted by Federal agencies, including the Federal Aviation Administration, the National Aeronautics and Space Administration, the Department of Commerce, and the Department of Defense.

(3) The Office shall operate in conjunction with relevant programs in the Department of Defense, the National Aeronautics and Space Administration, the Department of Commerce and the Department of Homeland Security. The Secretary of Transportation may request assistance from staff from those Departments and other Federal agencies.

(4) In developing and carrying out its plans, the Office shall consult with the public and ensure the participation of experts from the private sector including representatives of commercial aviation, general aviation, aviation labor groups, aviation research and development entities, aircraft and air traffic control suppliers, and the space industry.

(b) INTEGRATED PLAN.—The integrated plan shall be designed to ensure that the Next Generation Air Transportation System meets air transportation safety, security, mobility, efficiency, and capacity needs beyond those currently included in the Federal Aviation Administration's operational evolution plan and accomplishes the goals under subsection (c). The integrated plan shall include—

(1) a national vision statement for an air transportation system capable of meeting potential air traffic demand by 2025;

(2) a description of the demand and the performance characteristics that will be required of the Nation's future air transportation system, and an explanation of how those characteristics were derived, including the national goals, objectives, and policies the system is designed to further, and the underlying socioeconomic determinants, and associated models and analyses;

(3) a multiagency research and development roadmap for creating the Next Generation Air Transportation System with the characteristics outlined under clause (ii), including—

(A) the most significant technical obstacles and the research and development activities necessary to overcome them, including for each project, the role of each Federal agency, corporations, and universities;

(B) the annual anticipated cost of carrying out the research and development activities; and

(C) the technical milestones that will be used to evaluate the activities; and

(4) a description of the operational concepts to meet the system performance requirements for all system users and a

timeline and anticipated expenditures needed to develop and deploy the system to meet the vision for 2025.

(c) GOALS.—The Next Generation Air Transportation System shall—

(1) improve the level of safety, security, efficiency, quality, and affordability of the National Airspace System and aviation services;

(2) take advantage of data from emerging ground-based and space-based communications, navigation, and surveillance technologies;

(3) integrate data streams from multiple agencies and sources to enable situational awareness and seamless global operations for all appropriate users of the system, including users responsible for civil aviation, homeland security, and national security;

(4) leverage investments in civil aviation, homeland security, and national security and build upon current air traffic management and infrastructure initiatives to meet system performance requirements for all system users;

(5) be scalable to accommodate and encourage substantial growth in domestic and international transportation and anticipate and accommodate continuing technology upgrades and advances;

(6) accommodate a wide range of aircraft operations, including airlines, air taxis, helicopters, general aviation, and unmanned aerial vehicles; and

(7) take into consideration, to the greatest extent practicable, design of airport approach and departure flight paths to reduce exposure of noise and emissions pollution on affected residents.

Deadlines.

(d) REPORTS.—The Administrator of the Federal Aviation Administration shall transmit to the Committee on Commerce, Science, and Transportation in the Senate and the Committee on Transportation and Infrastructure and the Committee on Science in the House of Representatives—

(1) not later than 1 year after the date of enactment of this Act, the integrated plan required in subsection (b); and

(2) annually at the time of the President's budget request, a report describing the progress in carrying out the plan required under subsection (b) and any changes to that plan.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Office $50,000,000 for each of the fiscal years 2004 through 2010.

49 USC 40101 note.

SEC. 710. NEXT GENERATION AIR TRANSPORTATION SENIOR POLICY COMMITTEE.

Establishment.

(a) IN GENERAL.—The Secretary of Transportation shall establish a senior policy committee to work with the Next Generation Air Transportation System Joint Planning and Development Office. The senior policy committee shall be chaired by the Secretary.

(b) MEMBERSHIP.—In addition to the Secretary, the senior policy committee shall be composed of—

(1) the Administrator of the Federal Aviation Administration (or the Administrator's designee);

(2) the Administrator of the National Aeronautics and Space Administration (or the Administrator's designee);

(3) the Secretary of Defense (or the Secretary's designee);

(4) the Secretary of Homeland Security (or the Secretary's designee);

(5) the Secretary of Commerce (or the Secretary's designee);

(6) the Director of the Office of Science and Technology Policy (or the Director's designee); and

(7) designees from other Federal agencies determined by the Secretary of Transportation to have an important interest in, or responsibility for, other aspects of the system.

(c) FUNCTION.—The senior policy committee shall—

(1) advise the Secretary of Transportation regarding the national goals and strategic objectives for the transformation of the Nation's air transportation system to meet its future needs;

(2) provide policy guidance for the integrated plan for the air transportation system to be developed by the Next Generation Air Transportation System Joint Planning and Development Office;

(3) provide ongoing policy review for the transformation of the air transportation system;

(4) identify resource needs and make recommendations to their respective agencies for necessary funding for planning, research, and development activities; and

(5) make legislative recommendations, as appropriate, for the future air transportation system.

(d) CONSULTATION.—In carrying out its functions under this section, the senior policy committee shall consult with, and ensure participation by, the private sector (including representatives of general aviation, commercial aviation, aviation labor, and the space industry), members of the public, and other interested parties and may do so through a special advisory committee composed of such representatives.

SEC. 711. ROTORCRAFT RESEARCH AND DEVELOPMENT INITIATIVE.

49 USC 44504 note.

(a) OBJECTIVE.—The Administrator of the Federal Aviation Administration shall establish a rotorcraft initiative with the objective of developing, and demonstrating in a relevant environment, within 10 years after the date of the enactment of this Act, technologies to enable rotorcraft with the following improvements relative to rotorcraft existing as of the date of the enactment of this Act:

(1) 80 percent reduction in noise levels on takeoff and on approach and landing as perceived by a human observer.

(2) Factor of 10 reduction in vibration.

(3) 30 percent reduction in empty weight.

(4) Predicted accident rate equivalent to that of fixed-wing aircraft in commercial service within 10 years after the date of the enactment of this Act.

(5) Capability for zero-ceiling, zero-visibility operations.

Deadline.

(b) IMPLEMENTATION.—Within 180 days after the date of the enactment of this Act, the Administrator of the Federal Aviation Administration, in cooperation with the Administrator of the National Aeronautics and Space Administration, shall provide a plan to the Committee on Science of the House of Representatives and to the Committee on Commerce, Science, and Transportation of the Senate for the implementation of the initiative described in subsection (a).

SEC. 712. AIRPORT COOPERATIVE RESEARCH PROGRAM.

Section 44511 is amended by adding at the end the following new subsection:

"(f) AIRPORT COOPERATIVE RESEARCH PROGRAM.—

"(1) ESTABLISHMENT.—The Secretary of Transportation shall establish a 4-year pilot airport cooperative research program to—

"(A) identify problems that are shared by airport operating agencies and can be solved through applied research but that are not being adequately addressed by existing Federal research programs; and

"(B) fund research to address those problems.

Establishment.

"(2) GOVERNANCE.—The Secretary of Transportation shall appoint an independent governing board for the research program established under this subsection. The governing board shall be appointed from candidates nominated by national associations representing public airport operating agencies, airport executives, State aviation officials, and the scheduled airlines, and shall include representatives of appropriate Federal agencies. Section 14 of the Federal Advisory Committee Act shall not apply to the governing board.

Contracts.

"(3) IMPLEMENTATION.—The Secretary of Transportation shall enter into an arrangement with the National Academy of Sciences to provide staff support to the governing board established under paragraph (2) and to carry out projects proposed by the governing board that the Secretary considers appropriate.

Deadline.

"(4) REPORT.—Not later than 6 months after the expiration of the program under this subsection, the Secretary shall transmit to the Congress a report on the program, including recommendations as to the need for establishing a permanent airport cooperative research program.".

TITLE VIII—MISCELLANEOUS

SEC. 801. DEFINITIONS.

(a) IN GENERAL.—Section 47102 is amended—

(1) by redesignating paragraphs (19) and (20) as paragraphs (24) and (25), respectively;

(2) by inserting after paragraph (18) the following:

"(23) 'small hub airport' means a commercial service airport that has at least 0.05 percent but less than 0.25 percent of the passenger boardings.";

(3) in paragraph (10) by striking subparagraphs (A) and (B) and inserting following:

"(A) means, unless the context indicates otherwise, revenue passenger boardings in the United States in the prior calendar year on an aircraft in service in air commerce, as the Secretary determines under regulations the Secretary prescribes; and

"(B) includes passengers who continue on an aircraft in international flight that stops at an airport in the 48 contiguous States, Alaska, or Hawaii for a nontraffic purpose.";

(4) by redesignating paragraphs (10) through (18) as paragraphs (14) through (22), respectively;

(5) by inserting after paragraph (9) the following:

"(10) 'large hub airport' means a commercial service airport that has at least 1.0 percent of the passenger boardings.

"(12) 'medium hub airport' means a commercial service airport that has at least 0.25 percent but less than 1.0 percent of the passenger boardings.

"(13) 'nonhub airport' means a commercial service airport that has less than 0.05 percent of the passenger boardings."; and

(6) by striking paragraph (6) and inserting the following:

"(6) 'amount made available under section 48103' or 'amount newly made available' means the amount authorized for grants under section 48103 as that amount may be limited in that year by a subsequent law, but as determined without regard to grant obligation recoveries made in that year or amounts covered by section 47107(f).".

(b) CONFORMING AMENDMENT.—Section 47116(b)(1) is amended by striking "(as defined in section 41731 of this title)".

SEC. 802. REPORT ON AVIATION SAFETY REPORTING SYSTEM.

Deadline.

Not later than 90 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit to Congress a report on the long-term goals and objectives of the Aviation Safety Reporting System and how such system interrelates with other safety reporting systems of the Federal Government.

SEC. 803. ANCHORAGE AIR TRAFFIC CONTROL.

Deadline. Reports.

(a) IN GENERAL.—Not later than September 30, 2004, the Administrator of the Federal Aviation Administration shall complete a study and transmit a report to the appropriate committees regarding the feasibility of consolidating the Anchorage Terminal Radar Approach Control and the Anchorage Air Route Traffic Control Center at the existing Anchorage Air Route Traffic Control Center facility.

(b) APPROPRIATE COMMITTEES.—In this section, the term "appropriate committees" means the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives.

SEC. 804. EXTENSION OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY.

Section 49108 is amended by striking "2004" and inserting "2008".

SEC. 805. IMPROVEMENT OF AVIATION INFORMATION COLLECTION.

(a) IN GENERAL.—Section 329(b)(1) is amended by striking "except that in no case" and all that follows through the semicolon at the end and inserting the following: "except that, if the Secretary requires air carriers to provide flight-specific information, the Secretary—

"(A) shall not disseminate fare information for a specific flight to the general public for a period of at least 9 months following the date of the flight; and

"(B) shall give due consideration to and address confidentiality concerns of carriers, including competitive implications, in any rulemaking prior to adoption of a

rule requiring the dissemination to the general public of any flight-specific fare;".

49 USC 329 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the issuance of a final rule to modernize the Origin and Destination Survey of Airline Passenger Traffic, pursuant to the Advance Notice of Proposed Rulemaking published July 15, 1998 (Regulation Identifier Number 2105–AC71), that reduces the reporting burden for air carriers through electronic filing of the survey data collected under section 329(b)(1) of title 49, United States Code.

SEC. 806. GOVERNMENT-FINANCED AIR TRANSPORTATION.

Section 40118(f)(2) is amended by inserting before the period at the end the following: ", except that it shall not include a contract for the transportation by air of passengers".

SEC. 807. AIR CARRIER CITIZENSHIP.

Section 40102(a)(15)(C) is amended by inserting "which is under the actual control of citizens of the United States," before "and in which".

SEC. 808. UNITED STATES PRESENCE IN GLOBAL AIR CARGO INDUSTRY.

Section 41703 is amended by adding at the end the following:

"(e) CARGO IN ALASKA.—

"(1) IN GENERAL.—For the purposes of subsection (c), eligible cargo taken on or off any aircraft at a place in Alaska in the course of transportation of that cargo by any combination of 2 or more air carriers or foreign air carriers in either direction between a place in the United States and a place outside the United States shall not be deemed to have broken its international journey in, be taken on in, or be destined for Alaska.

"(2) ELIGIBLE CARGO.—For purposes of paragraph (1), the term 'eligible cargo' means cargo transported between Alaska and any other place in the United States on a foreign air carrier (having been transported from, or thereafter being transported to, a place outside the United States on a different air carrier or foreign air carrier) that is carried—

"(A) under the code of a United States air carrier providing air transportation to Alaska;

"(B) on an air carrier way bill of an air carrier providing air transportation to Alaska;

"(C) under a term arrangement or block space agreement with an air carrier; or

"(D) under the code of a United States air carrier for purposes of transportation within the United States.".

SEC. 809. AVAILABILITY OF AIRCRAFT ACCIDENT SITE INFORMATION.

(a) DOMESTIC AIR TRANSPORTATION.—Section 41113(b) is amended—

(1) in paragraph (16) by striking "the air carrier" the third place it appears; and

(2) by adding at the end the following:

Notice.

"(17)(A) An assurance that, in the case of an accident that results in significant damage to a manmade structure or other property on the ground that is not government-owned, the air carrier will promptly provide notice, in writing, to

the extent practicable, directly to the owner of the structure or other property about liability for any property damage and means for obtaining compensation.

"(B) At a minimum, the written notice shall advise an owner (i) to contact the insurer of the property as the authoritative source for information about coverage and compensation; (ii) to not rely on unofficial information offered by air carrier representatives about compensation by the air carrier for accident-site property damage; and (iii) to obtain photographic or other detailed evidence of property damage as soon as possible after the accident, consistent with restrictions on access to the accident site.

Electronic information.

"(18) An assurance that, in the case of an accident in which the National Transportation Safety Board conducts a public hearing or comparable proceeding at a location greater than 80 miles from the accident site, the air carrier will ensure that the proceeding is made available simultaneously by electronic means at a location open to the public at both the origin city and destination city of the air carrier's flight if that city is located in the United States.".

(b) FOREIGN AIR TRANSPORTATION.—Section 41313(c) is amended by adding at the end the following:

"(17) NOTICE CONCERNING LIABILITY FOR MANMADE STRUCTURES.—

"(A) IN GENERAL.—An assurance that, in the case of an accident that results in significant damage to a manmade structure or other property on the ground that is not government-owned, the foreign air carrier will promptly provide notice, in writing, to the extent practicable, directly to the owner of the structure or other property about liability for any property damage and means for obtaining compensation.

"(B) MINIMUM CONTENTS.—At a minimum, the written notice shall advise an owner (i) to contact the insurer of the property as the authoritative source for information about coverage and compensation; (ii) to not rely on unofficial information offered by foreign air carrier representatives about compensation by the foreign air carrier for accident-site property damage; and (iii) to obtain photographic or other detailed evidence of property damage as soon as possible after the accident, consistent with restrictions on access to the accident site.

"(18) SIMULTANEOUS ELECTRONIC TRANSMISSION OF NTSB HEARING.—An assurance that, in the case of an accident in which the National Transportation Safety Board conducts a public hearing or comparable proceeding at a location greater than 80 miles from the accident site, the foreign air carrier will ensure that the proceeding is made available simultaneously by electronic means at a location open to the public at both the origin city and destination city of the foreign air carrier's flight if that city is located in the United States.".

Deadline.
49 USC 41113 note.

(c) UPDATE PLANS.—Air carriers and foreign air carriers shall update their plans under sections 41113 and 41313 of title 49, United States Code, respectively, to reflect the amendments made by subsections (a) and (b) of this section not later than 90 days after the date of enactment of this Act.

SEC. 810. NOTICE CONCERNING AIRCRAFT ASSEMBLY.

(a) IN GENERAL.—Subchapter I of chapter 417 is amended by adding at the end the following:

Effective date.

"§ 41723. Notice concerning aircraft assembly

"The Secretary of Transportation shall require, beginning after the last day of the 18-month period following the date of enactment of this section, an air carrier using an aircraft to provide scheduled passenger air transportation to display a notice, on an information placard available to each passenger on the aircraft, that informs the passengers of the nation in which the aircraft was finally assembled.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 417 is amended by inserting after the item relating to section 41722 the following:

"41723. Notice concerning aircraft assembly.".

SEC. 811. TYPE CERTIFICATES.

Section 44704(a) is amended by adding at the end the following:

"(3) If the holder of a type certificate agrees to permit another person to use the certificate to manufacture a new aircraft, aircraft engine, propeller, or appliance, the holder shall provide the other person with written evidence, in a form acceptable to the Administrator, of that agreement. Such other person may manufacture a new aircraft, aircraft engine, propeller, or appliance based on a type certificate only if such other person is the holder of the type certificate or has permission from the holder.".

49 USC 40105 note.

SEC. 812. RECIPROCAL AIRWORTHINESS CERTIFICATION.

(a) IN GENERAL.—As part of their bilateral negotiations with foreign nations and their civil aviation counterparts, the Secretary of State and the Administrator of the Federal Aviation Administration shall facilitate the reciprocal airworthiness certification of aviation products.

(b) RECIPROCAL AIRWORTHINESS DEFINED.—In this section, the term "reciprocal airworthiness certification of aviation products" means that the regulatory authorities of each nation perform a similar review in certifying or validating the certification of aircraft and aircraft components of other nations.

SEC. 813. INTERNATIONAL ROLE OF THE FAA.

Section 40104(b) is amended to read as follows:

"(b) INTERNATIONAL ROLE OF THE FAA.—The Administrator shall promote and achieve global improvements in the safety, efficiency, and environmental effect of air travel by exercising leadership with the Administrator's foreign counterparts, in the International Civil Aviation Organization and its subsidiary organizations, and other international organizations and fora, and with the private sector.".

SEC. 814. FLIGHT ATTENDANT CERTIFICATION.

(a) IN GENERAL.—Chapter 447 is further amended by adding at the end the following:

"§ 44728. Flight attendant certification

"(a) CERTIFICATE REQUIRED.—

"(1) IN GENERAL.—No person may serve as a flight attendant aboard an aircraft of an air carrier unless that person

holds a certificate of demonstrated proficiency from the Administrator of the Federal Aviation Administration. Upon the request of the Administrator or an authorized representative of the National Transportation Safety Board or another Federal agency, a person who holds such a certificate shall present the certificate for inspection within a reasonable period of time after the date of the request.

"(2) SPECIAL RULE FOR CURRENT FLIGHT ATTENDANTS.—An individual serving as a flight attendant on the effective date of this section may continue to serve aboard an aircraft as a flight attendant until completion by that individual of the required recurrent or requalification training and subsequent certification under this section.

"(3) TREATMENT OF FLIGHT ATTENDANT AFTER NOTIFICATION.—On the date that the Administrator is notified by an air carrier that an individual has the demonstrated proficiency to be a flight attendant, the individual shall be treated for purposes of this section as holding a certificate issued under the section.

"(b) ISSUANCE OF CERTIFICATE.—The Administrator shall issue a certificate of demonstrated proficiency under this section to an individual after the Administrator is notified by the air carrier that the individual has successfully completed all the training requirements for flight attendants approved by the Administrator.

"(c) DESIGNATION OF PERSON TO DETERMINE SUCCESSFUL COMPLETION OF TRAINING.—In accordance with part 183 of chapter 14, Code of Federal Regulation, the director of operations of an air carrier is designated to determine that an individual has successfully completed the training requirements approved by the Administrator for such individual to serve as a flight attendant.

"(d) SPECIFICATIONS RELATING TO CERTIFICATES.—Each certificate issued under this section shall—

"(1) be numbered and recorded by the Administrator;

"(2) contain the name, address, and description of the individual to whom the certificate is issued;

"(3) is similar in size and appearance to certificates issued to airmen;

"(4) contain the airplane group for which the certificate is issued; and

"(5) be issued not later than 120 days after the Administrator receives notification from the air carrier of demonstrated proficiency and, in the case of an individual serving as flight attendant on the effective date of this section, not later than 1 year after such effective date. Deadlines.

"(e) APPROVAL OF TRAINING PROGRAMS.—Air carrier flight attendant training programs shall be subject to approval by the Administrator. All flight attendant training programs approved by the Administrator in the 1-year period ending on the date of enactment of this section shall be treated as providing a demonstrated proficiency for purposes of meeting the certification requirements of this section.

"(f) FLIGHT ATTENDANT DEFINED.—In this section, the term 'flight attendant' means an individual working as a flight attendant in the cabin of an aircraft that has 20 or more seats and is being used by an air carrier to provide air transportation.".

(b) CONFORMING AMENDMENT.—The analysis for chapter 447 is further amended by adding at the end the following:

"44728. Flight attendant certification.".

49 USC 44728 note.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on the 365th day following the date of enactment of this Act.

49 USC 40101 note.

SEC. 815. AIR QUALITY IN AIRCRAFT CABINS.

(a) IN GENERAL.—The Administrator of the Federal Aviation Administration shall undertake the studies and analysis called for in the report of the National Research Council entitled "The Airliner Cabin Environment and the Health of Passengers and Crew".

(b) REQUIRED ACTIVITIES.—In carrying out this section, the Administrator, at a minimum, shall—

(1) conduct surveillance to monitor ozone in the cabin on a representative number of flights and aircraft to determine compliance with existing Federal Aviation Regulations for ozone;

(2) collect pesticide exposure data to determine exposures of passengers and crew;

(3) analyze samples of residue from aircraft ventilation ducts and filters after air quality incidents to identify the contaminants to which passengers and crew were exposed;

(4) analyze and study cabin air pressure and altitude; and

(5) establish an air quality incident reporting system.

Deadline.

(c) REPORT.—Not later than 30 months after the date of enactment of this Act, the Administrator shall transmit to Congress a report on the findings of the Administrator under this section.

SEC. 816. RECOMMENDATIONS CONCERNING TRAVEL AGENTS.

Deadline.

(a) REPORT.—Not later than 6 months after the date of enactment of this Act, the Secretary of Transportation shall transmit to Congress a report on any actions that should be taken with respect to recommendations made by the National Commission to Ensure Consumer Information and Choice in the Airline Industry on—

(1) the travel agent arbiter program; and

(2) the special box on tickets for agents to include their service fee charges.

(b) CONSULTATION.—In preparing this report, the Secretary shall consult with representatives from the airline and travel agent industry.

49 USC 40101 note.

SEC. 817. REIMBURSEMENT FOR LOSSES INCURRED BY GENERAL AVIATION ENTITIES.

(a) IN GENERAL.—The Secretary of Transportation may make grants to reimburse the following general aviation entities for the security costs incurred and revenue foregone as a result of the restrictions imposed by the Federal Government following the terrorist attacks on the United States that occurred on September 11, 2001:

(1) General aviation entities that operate at Ronald Reagan Washington National Airport.

(2) Airports that are located within 15 miles of Ronald Reagan Washington National Airport and were operating under

security restrictions on the date of enactment of this Act and general aviation entities operating at those airports.

(3) General aviation entities affected by implementation of section 44939 of title 49, United States Code.

(4) General aviation entities that were affected by Federal Aviation Administration Notices to Airmen FDC 2/1099 and 3/1862 or section 352 of the Department of Transportation and Related Agencies Appropriations Act, 2003 (Public Law 108–7, division I), or both.

(5) Sightseeing operations that were not authorized to resume in enhanced class B air space under Federal Aviation Administration notice to airmen 1/1225.

(b) DOCUMENTATION.—Reimbursement under this section shall be made in accordance with sworn financial statements or other appropriate data submitted by each general aviation entity demonstrating the costs incurred and revenue foregone to the satisfaction of the Secretary.

(c) GENERAL AVIATION ENTITY DEFINED.—In this section, the term "general aviation entity" means any person (other than a scheduled air carrier or foreign air carrier, as such terms are defined in section 40102 of title 49, United States Code) that—

(1) operates nonmilitary aircraft under part 91 of title 14, Code of Federal Regulations, for the purpose of conducting its primary business;

(2) manufactures nonmilitary aircraft with a maximum seating capacity of fewer than 20 passengers or aircraft parts to be used in such aircraft;

(3) provides services necessary for nonmilitary operations under such part 91; or

(4) operates an airport, other than a primary airport (as such terms are defined in such section 40102), that—

(A) is listed in the national plan of integrated airport systems developed by the Federal Aviation Administration under section 47103 of such title; or

(B) is normally open to the public, is located within the confines of enhanced class B airspace (as defined by the Federal Aviation Administration in Notice to Airmen FDC 1/0618), and was closed as a result of an order issued by the Federal Aviation Administration in the period beginning September 11, 2001, and ending January 1, 2002, and remained closed as a result of that order on January 1, 2002.

Such term includes fixed based operators, flight schools, manufacturers of general aviation aircraft and products, persons engaged in nonscheduled aviation enterprises, and general aviation independent contractors.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000. Such sums shall remain available until expended.

SEC. 818. INTERNATIONAL AIR SHOW.

If the Secretary of Defense conducts activities necessary to enable the United States to host a major international air show in the United States, the Secretary of Defense shall coordinate such activities with the Secretary of Transportation and the Secretary of Commerce.

Deadline.

SEC. 819. REPORT ON CERTAIN MARKET DEVELOPMENTS AND GOVERNMENT POLICIES.

Within 6 months after the date of enactment of this Act, the Department of Commerce, in consultation with the Department of Transportation and other appropriate Federal agencies, shall submit to the Senate Committee on Commerce, Science, and Transportation, the House of Representatives Committee on Science, and the House of Representatives Committee on Transportation and Infrastructure a report about market developments and government policies influencing the competitiveness of the United States jet transport aircraft industry that—

(1) describes the structural characteristics of the United States and the European Union jet transport industries, and the markets for these industries;

(2) examines the global market factors affecting the jet transport industries in the United States and the European Union, such as passenger and freight airline purchasing patterns, the rise of low-cost carriers and point-to-point service, the evolution of new market niches, and direct and indirect operating cost trends;

(3) reviews government regulations in the United States and the European Union that have altered the competitive landscape for jet transport aircraft, such as airline deregulation, certification and safety regulations, noise and emissions regulations, government research and development programs, advances in air traffic control and other infrastructure issues, corporate and air travel tax issues, and industry consolidation strategies;

(4) analyzes how changes in the global market and government regulations have affected the competitive position of the United States aerospace and aviation industry vis-a-vis the European Union aerospace and aviation industry; and

(5) describes any other significant developments that affect the market for jet transport aircraft.

SEC. 820. INTERNATIONAL AIR TRANSPORTATION.

It is the sense of Congress that, in an effort to modernize its regulations, the Department of Transportation should formally define "Fifth Freedom" and "Seventh Freedom" consistently for both scheduled and charter passenger and cargo traffic.

49 USC 44903 note.

SEC. 821. REIMBURSEMENT OF AIR CARRIERS FOR CERTAIN SCREENING AND RELATED ACTIVITIES.

The Secretary of Homeland Security, subject to the availability of funds (other than amounts in the Aviation Trust Fund) provided for this purpose, shall reimburse air carriers and airports for—

(1) the screening of catering supplies; and

(2) checking documents at security checkpoints.

SEC. 822. CHARTER AIRLINES.

(a) IN GENERAL.—Section 41104(b)(1) is amended—

(1) by striking "paragraph (3)" and inserting "paragraphs (3) and (4)";

(2) by inserting a comma after "regularly scheduled charter air transportation"; and

(3) by striking "flight unless such air transportation" and all that follows through the period at the end and inserting the following: "flight, to or from an airport that—

"(A) does not have an airport operating certificate issued under part 139 of title 14, Code of Federal Regulations (or any subsequent similar regulation); or

"(B) has an airport operating certificate issued under part 139 of title 14, Code of Federal Regulations (or any subsequent similar regulation) if the airport—

"(i) is a reliever airport (as defined in section 47102) and is designated as such in the national plan of integrated airports maintained under section 47103; and

"(ii) is located within 20 nautical miles (22 statute miles) of 3 or more airports that each annually account for at least 1 percent of the total United States passenger enplanements and at least 2 of which are operated by the sponsor of the reliever airport.".

(b) WAIVERS.—Section 41104(b) is amended by adding at the end the following:

"(4) WAIVERS.—The Secretary may waive the application of paragraph (1)(B) in cases in which the Secretary determines that the public interest so requires.".

SEC. 823. GENERAL AVIATION FLIGHTS AT RONALD REAGAN WASHINGTON NATIONAL AIRPORT.

49 USC 41718 note.

(a) SECURITY PLAN.—The Secretary of Homeland Security shall develop and implement a security plan to permit general aviation aircraft to land and take off at Ronald Reagan Washington National Airport.

(b) LANDINGS AND TAKEOFFS.—The Administrator of the Federal Aviation Administration shall allow general aviation aircraft that comply with the requirements of the security plan to land and take off at the Airport except during any period that the President suspends the plan developed under subsection (a) due to national security concerns.

(c) REPORT.—If the President suspends the security plan developed under subsection (a), the President shall submit to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure a report on the reasons for the suspension not later than 30 days following the first day of the suspension. The report may be submitted in classified form.

President.

SEC. 824. REVIEW OF AIR CARRIER COMPENSATION.

Deadline. Reports.

Not later than 6 months after the date of enactment of this Act, the Comptroller General shall submit to Congress a report on the criteria and procedures used by the Secretary of Transportation under the Air Transportation Safety and System Stabilization Act (Public Law 107–42) to compensate air carriers after the terrorist attack of September 11, 2001, with a particular focus on whether it is appropriate—

(1) to compensate air carriers for the decrease in value of their aircraft after September 11, 2001; and

(2) to ensure that comparable air carriers receive comparable percentages of the maximum compensation payable under section 103(b)(2) of such Act (49 U.S.C. 40101 note).

SEC. 825. NOISE CONTROL PLAN FOR CERTAIN AIRPORTS.

(a) IN GENERAL.—Notwithstanding chapter 475 of title 49, United States Code, or any other provision of law or regulation,

a sponsor of a commercial service airport that does not own the airport land and is a party to a long-term lease agreement with a Federal agency (other than the Department of Defense or the Department of Transportation) may impose restrictions on, or prohibit, the operation of Stage 2 aircraft weighing less than 75,000 pounds, in order to help meet the noise control plan contained within the lease agreement. A use restriction imposed pursuant to this section must contain reasonable exemptions for public health and safety.

(b) PUBLIC NOTICE AND COMMENT.—Prior to imposing restrictions on, or prohibiting, the operation of Stage 2 aircraft weighing less than 75,000 pounds, the airport sponsor must provide reasonable notice and the opportunity to comment on the proposed airport use restriction limited to no more than 90 days.

(c) DEFINITIONS.—In this section, the terms "Stage 2 aircraft" and "Stage 3 aircraft" have the same meaning as those terms have in chapter 475 of title 49, United States Code.

49 USC 40101 note.

SEC. 826. GAO REPORT ON AIRLINES' ACTIONS TO IMPROVE FINANCES AND ON EXECUTIVE COMPENSATION.

(a) FINDING.—Congress finds that the United States Government has by law provided substantial financial assistance to United States commercial airlines in the form of war risk insurance and reinsurance and other economic benefits and has imposed substantial economic and regulatory burdens on those airlines. In order to determine the economic viability of the domestic commercial airline industry and to evaluate the need for additional measures or the modification of existing laws, Congress needs more frequent information and independently verified information about the financial condition of these airlines.

Deadline.

(b) GAO REPORT.—Not later than one year after the date of enactment of this Act, the Comptroller General shall prepare a report for Congress analyzing the financial condition of the United States airline industry in its efforts to reduce the costs, improve the earnings and profits and balances of each individual air carrier. The report shall recommend steps that the industry should take to become financially self-sufficient.

(c) GAO AUTHORITY.—In order to compile the report required by subsection (b), the Comptroller General, or any of the Comptroller General's duly authorized representatives, shall have access for the purpose of audit and examination to any books, accounts, documents, papers, and records of such air carriers that relate to the information required to compile the report. The Comptroller General shall submit with the report a certification as to whether the Comptroller General has had access to sufficient information to make informed judgments on the matters covered by the report.

Certification.

(d) REPORTS TO CONGRESS.—The Comptroller General shall transmit the report required by subsection (b) to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure.

SEC. 827. PRIVATE AIR CARRIAGE IN ALASKA.

(a) IN GENERAL.—Due to the demands of conducting business within and from the State of Alaska, the Secretary of Transportation shall permit, under the operating rules of part 91 of title 14 of the Code of Federal Regulations where common carriage is not involved, a company, located in the State of Alaska, to organize

a subsidiary where the only enterprise of the subsidiary is to provide air carriage of officials, employees, guests, and property of the company, or its affiliate, when the carriage—

(1) originates or terminates in the State of Alaska;

(2) is by an aircraft with no more than 20 seats;

(3) is within the scope of, and incidental to, the business of the company or its affiliate; and

(4) no charge, assessment, or fee is made for the carriage in excess of the cost of owning, operating, and maintaining the airplane.

(b) LIMITATION ON STATUTORY CONSTRUCTION.—Nothing in this subsection shall be construed as prohibiting a company from making intermediate stops in providing air carriage under this section.

SEC. 828. REPORT ON WAIVERS OF PREFERENCE FOR BUYING GOODS PRODUCED IN THE UNITED STATES.

Deadline.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Transportation shall submit to Congress a report on the waiver contained in section 50101(b) of title 49, United States Code (relating to buying goods produced in the United States). The report shall, at a minimum, include—

(1) a list of all waivers granted pursuant to that section during the 2-year period ending on the date of enactment of that section; and

(2) for each such waiver—

(A) the specific authority under such section 50101(b) for granting the waiver; and

(B) the rationale for granting the waiver.

SEC. 829. NAVIGATION FEES.

(a) IN GENERAL.—Section 4(b) of the Rivers and Harbors Appropriation Act of July 5, 1884 (33 U.S.C. 5(b); 116 Stat. 2133), is amended—

(1) by striking "or" at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting "; or"; and

(3) by adding at the end the following:

"(3) property taxes on vessels or watercraft, other than vessels or watercraft that are primarily engaged in foreign commerce if those taxes are permissible under the United States Constitution.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) is effective on and after November 25, 2002.

33 USC 5 note.

TITLE IX—EXTENSION OF AIRPORT AND AIRWAY TRUST FUND EXPENDITURE AUTHORITY

SEC. 901. EXTENSION OF EXPENDITURE AUTHORITY.

(a) IN GENERAL.—Paragraph (1) of section 9502(d) of the Internal Revenue Code of 1986 (relating to expenditures from Airport and Airway Trust Fund) is amended—

26 USC 9502.

(1) by striking "October 1, 2003" and inserting "October 1, 2007", and

(2) by inserting before the semicolon at the end of subparagraph (A) the following: "or the Vision 100—Century of Aviation Reauthorization Act".

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 9502(f) of the Internal Revenue Code of 1986 is amended by striking "October 1, 2003" and inserting "October 1, 2007".

SEC. 902. TECHNICAL CORRECTION TO FLIGHT SEGMENT.

26 USC 4261.

(a) SPECIAL RULE.—Section 4261(e)(4) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(D) SPECIAL RULE FOR AMOUNTS PAID FOR DOMESTIC SEGMENTS BEGINNING AFTER 2002.—If an amount is paid during a calendar year for a domestic segment beginning in a later calendar year, then the rate of tax under subsection (b) on such amount shall be the rate in effect for the calendar year in which such amount is paid.".

26 USC 4261 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the provisions of the Taxpayer Relief Act of 1997 to which they relate.

Approved December 12, 2003.

LEGISLATIVE HISTORY—H.R. 2115 (S. 824):

HOUSE REPORTS: Nos. 108–143 (Comm. on Transportation and Infrastructure) and 108–240 and 108–334 (both from Comm. of Conference).

SENATE REPORTS: No. 108–41 accompanying S. 824 (Comm. on Commerce, Science, and Transportation).

CONGRESSIONAL RECORD, Vol. 149 (2003):

June 11, considered and passed House.

June 12, considered and passed Senate, amended, in lieu of S. 824.

Oct. 28, House recommitted conference report pursuant to H. Res. 337.

Oct. 30, House agreed to conference report.

Nov. 21, Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 39 (2003):

Dec. 12, Presidential statement.

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