

**Congress of the United States**  
**House of Representatives**  
108th Congress  
**Committee on Small Business**  
2361 Rayburn House Office Building  
Washington, DC 20515-6315

March 19, 2003

The Honorable Norman Y. Mineta  
Secretary of Transportation  
U.S. Department of Transportation  
400 Seventh Street, S.W.  
Washington, DC 20590

Dear Mr. Secretary:

We, the Democratic Members of the House Committee on Small Business, are writing in opposition to the Department's Notice of Proposed Rulemaking (NPRM) (DOT Dockets—OST—1997-2881) governing rules for the distribution of travel through Computer Reservation Systems (CRS). After reviewing the Department's NPRM, we believe the significant changes contemplated could have a disproportionately adverse impact on small businesses, in particular small travel agencies.

On May 31, 2002, the Small Business Administration (SBA) released its Final Rule in the Federal Register Vol. 67, No. 105 increasing the travel agency small business size standard to \$3 million in annual gross receipts. This new size standard now reflects that 98 percent of travel agencies firms are small businesses, in excess of 16,000 individual businesses. These agencies are often the sole means of support for owners' and employees' families. They are also a vital source of neutral and comprehensive travel information, counseling and services to the broader small business community.

Yet, ignoring the thousands of small business travel agencies and the small businesses they service, the Department is proposing a two-tier regulatory approach that would penalize these companies while favoring the major U.S. airlines. This is the wrong approach.

Since 1991 when the major U.S. airlines removed a significant source of income from travel agencies by first reducing then eliminating payment of commissions, the number of travel agencies in the U.S. dropped nearly 30-percent. The Department's NPRM now proposes to eliminate another significant source of agency income by forbidding the use of bonuses and incentives offered by CRS companies. Approximately 60-percent of all travel agencies rely on these bonuses and incentives as income. Elimination of this significant source of income will have devastating effects on travel agencies and their ability to continue serving the traveling public.

During the last five years, the major U.S. airlines have escalated efforts to remove non-airline controlled sources of information and choice from the marketplace, making it increasingly difficult for travel agents to provide comprehensive travel information to their customers and denying them equal access to the lowest fares. The Department's NPRM will facilitate an escalation of this effort

Considering the enormous impact this rulemaking imposes on the small business travel agency community and the small business community they serve, it is essential that all aspects of the Regulatory Flexibility Act and subsequent measures-- the Small Business Regulatory Enforcement Fairness Act and the August 13, 2002, Presidential Executive Order 13272-- be applied.

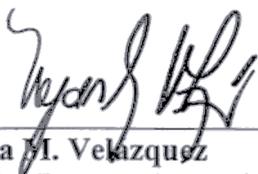
The Department's NPRM does conclude the rules would have a significant economic impact on a number of small businesses entities. It identifies several proposed changes that would benefit travel agencies, yet fails to describe the adverse economic consequences of the proposed changes. Moreover, most of the benefits described already exist and will not provide new economic benefits to travel agents.

The Regulatory Flexibility Act includes the requirement that the rule making is supported by analysis to determine the economic impact that the Department's proposal will have on small businesses. Unfortunately, the Department's NPRM does not provide a factual basis for determining whether the proposed rule will have a significant economic impact on a substantial number of small businesses.

As proposed, we believe the Department's NPRM will result in having a severe adverse economic impact on small business travel agency community. The Department must consider this outcome and prevent the adoption of this misguided regulation.

Your time and consideration on this matter is greatly appreciated. We look forward to hearing from you shortly.

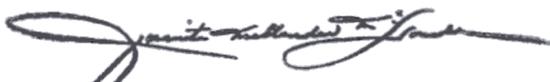
Sincerely,



Nydia M. Velazquez  
Ranking Democratic Member  
House Committee on Small Business



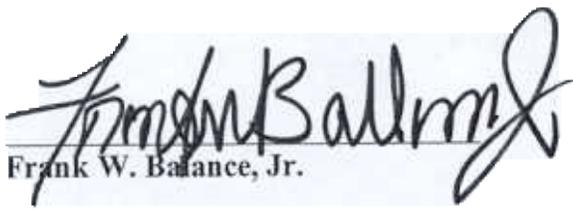
Charles A. Gonzalez  
Ranking Democratic Subcommittee Member  
Subcommittee on Regulatory Reform & Oversight

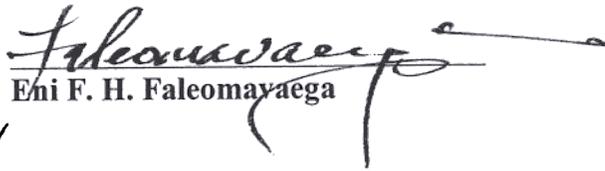


Juanita Millender-McDonald

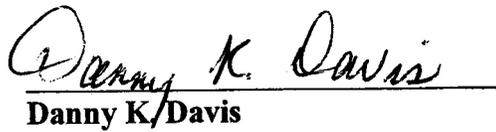


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