

## ***Advocacy Asks DOT to Consider Proposal's Impact on Small Entities***

### **Small Firms in the Travel Industry and Small Business Travelers Could Be Affected**

On March 14, 2003, the Office of Advocacy of the U.S. Small Business Administration (SBA) submitted comments on the U.S. Department of Transportation's (DOT) proposed changes to the regulations governing the Computer Reservations System (CRS) industry. CRSs allow travel agents to book seats and issue tickets directly.

DOT's proposal examines whether existing CRS regulations are necessary and how they may be modified to promote airline competition and lower travel costs. The Office of Advocacy's comment letter asks DOT to consider more fully the impact of their proposal on small business.

The intent of DOT's proposed revisions is to eliminate some of the existing rules and regulations governing CRSs, as well as provide travel agents with some protection from costly contracts. DOT is also trying to determine whether the CRS rules should govern airline distribution through the Internet.

The full letter may be accessed at <http://www.sba.gov/advo/laws/comments/>.

### **Small Businesses May Be Significantly Affected by the Proposed Rule**

- Advocacy's comment letter reflects information that it received through from small businesses in the travel industry and small business end users. The letter states that changing the CRS regulations may alter the way small businesses in the travel industry operate. Small travel agencies depend on CRSs to provide them with information they need to compete in airline ticket sales. In order to be competitive, small travel agencies need flexibility in their contracts. They also rely on bonuses and other incentives that airlines provide as a means of compensation. Advocacy's comment letter requests that DOT better document the proposed rule's impact on small travel agencies.
- Advocacy also noted that small business end users may be affected if the proposal decreases competition, resulting in an increase in airline ticket fares for small business travelers.

### **DOT Would Benefit from a Thorough Small Business Policy Analysis of the Issues**

- DOT admits that the economic impact of the proposal would be significant for small businesses. However, DOT only provided general statements about possible increased costs and potential savings. Advocacy's comment letter calls for a more thorough analysis to promote further understanding of the impact of DOT's proposal.
- In its letter, Advocacy encouraged DOT to issue a revised initial regulatory flexibility analysis (IRFA) to provide information about the affected industries, the projected economic impact of the proposal, and regulatory alternatives (including those suggested by small businesses) to achieve DOT's objectives while minimizing the impact on small businesses. A revised IRFA provides an opportunity for small businesses to comment meaningfully on all elements of the proposal.

### **For More Information on the Office of Advocacy**

The Office of Advocacy is an independent office, and the views expressed in this summary and referenced letter do not necessarily reflect SBA or Administration policy. For more information, visit Advocacy's webpage at <http://www.sba.gov/advo>.