



Highlights of [GAO-07-1131](#), a report to congressional committees

## Why GAO Did This Study

International air passengers arriving in the United States are subject to an inspection to ensure they possess legal entry and immigration documents and do not bring in contraband, such as illegal drugs, counterfeit goods, or harmful pests and prohibited agriculture products. With the creation of the Department of Homeland Security (DHS) in 2003, the customs, immigration, and agriculture inspections activities were integrated into one program led by DHS's office of Customs and Border Protection (CBP). However, the three fees—whose collections totaled about \$1 billion in fiscal year 2006—linked to these inspections remain statutorily distinct and are coadministered by CBP, Immigration and Customs Enforcement (ICE), both within DHS, and the Department of Agriculture's Animal Plant Health Inspection Service (APHIS). GAO was asked to examine how the fees are set, collected, and distributed, and the benefits and challenges of this process to agencies and stakeholders, including implications of consolidating these fees under the authority of DHS.

## What GAO Recommends

GAO is making 10 recommendations to the Secretaries of Agriculture and Homeland Security to improve cost estimates, collection, distribution, remittance, and compliance of the user fees. Both agencies concurred with our recommendations. Further, GAO suggests Congress consider eliminating key differences among the user fees.

To view the full product, including the scope and methodology, click on [GAO-07-1131](#). For more information, contact Susan J. Irving at (202) 512-9142 or [irvings@gao.gov](mailto:irvings@gao.gov).

## FEDERAL USER FEES

### Key Aspects of International Air Passenger Inspection Fees Should Be Addressed Regardless of Whether Fees Are Consolidated

#### What GAO Found

The process of setting, collecting, and distributing separate, dissimilar fees creates challenges for agencies and stakeholders. Although air passenger inspections were integrated within CBP, the fees supporting these inspections were created and are still governed by separate, dissimilar authorizing legislation. Two fee amounts are set in statute and one is set by regulation; all are collected by the airlines, deposited into three separate accounts and distributed among the agencies. As a result, the fees are administered and overseen by a complicated network of executive branch agencies and congressional committees, creating a series of challenges. For example, neither CBP nor ICE know whether the fees collected are recovering the full cost of the immigration inspection activities or whether the fees are properly divided between them, because ICE does not have finalized cost calculations for its inspection-related activities. In addition, certain passengers are exempt from some fees but not others, making it difficult for agencies to administer the fees. Further, although airports and airlines play an important role in facilitating inspections and the process of collecting and remitting the fees, opportunities for two-way communication are fragmented and limited, reducing stakeholder buy-in and acceptance of the fees and contributing to confusion about how the three fees work and what activities they may fund.

Other challenges are due to the statutory structure of the individual passenger inspection fees. For example, the customs inspection fees are available for limited purposes: not all reimbursable activities may be associated with inspections, and not all inspection activities are reimbursable. However, CBP officials said even if the customs fees were spent on inspection-related activities, they still would only recover about 72 percent of costs in fiscal year 2006. Therefore, customs inspection-related activities are mainly funded by appropriations from general revenues. Further, without auditing each airline, CBP cannot independently verify the amount owed by airlines, partly because airlines are required to remit the fees based on ticket sales rather than passengers transported. CBP said it is developing a legislative proposal that would address these and other challenges by requiring airlines to remit based on passengers transported, but airline industry stakeholders said this change would complicate their collection process and create substantial transition costs.

Although a number of options for addressing these fees have been raised, regardless of whether these fees are consolidated in whole, in part, or not at all, certain problems specific to the individual fees can and should be resolved first, and in a manner consistent with principles of effective user fee design, on which GAO has previously reported. Moreover, although partly or fully consolidating the fees under DHS's authority could provide opportunities to address some of the many challenges identified in this report, consolidation in-and-of-itself will not solve all of the problems we have identified.