§ 271.8 Rate period.

(a) The subsidy rate generally will be set for a 2-year period, or two consecutive 1-year periods. The Department may set the rate for a shorter period in the following situations:

1. A commuter air carrier is replacing a larger certificated carrier at the eligible place;
2. Traffic at the eligible place has substantially decreased;
3. The Department considers the cost or revenue projections of the carrier for the second year to be unrealistic;
4. It is likely that there will be changes in the eligible place essential air service level; or
5. The uncertainties of the market or other circumstances warrant a shorter rate period.

(b) The subsidy rate established for a carrier under this part will not be changed during the rate period unless an adjustment is required in the public interest.

(c) At the end of the rate period, the carrier will not have a continuing right to receive subsidy for providing essential air service at the eligible place.

§ 271.9 Discrimination prohibited.

(a) All air carriers receiving subsidy under this part shall comply with the following:

1. The Age Discrimination Act of 1975;
2. The Civil Rights Act of 1964 and 49 CFR part 21; and
3. The Rehabilitation Act of 1973, 49 CFR part 27, and part 382 of this chapter.

(b) Within 1 year after it first receives a subsidy under this part, the carrier shall evaluate its practices and procedures for accommodating the handicapped in accordance with §382.23 of this chapter.

(c) All air carriers seeking a subsidy under this part shall include in their subsidy application the assurances required by 49 CFR parts 20, 21, 27 and 29, and §382.21 of this chapter.

§ 272.1 Purpose.

Paragraph 5 of Article IX of the Federal Programs and Services Agreement implementing section 221(a)(5) of the Compact of Free Association between the United States and the Governments of the Federated States of Micronesia, the Marshall Islands and Palau (the Freely Associated States) provides, among other things, for the Department of Transportation (Department), as successor to the Civil Aeronautics Board (Board), to guarantee essential air service, with compensation if necessary, to certain places in these islands. Subparagraph 5(h) of the Agreement provides that the Department shall adopt rules to implement the provisions of paragraph 5 as it in its discretion deems appropriate. Section 221(a)(5) of the Compact, which was adopted by Congress as public laws (Pub. L. 99–239, Jan. 14, 1986; Pub. L. 99–