

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** SB 2

**51st Legislature, 1st Session, 2013**

**Tracking Number:** .190664.1

**Short Title:** State Aviation Fund Uses

**Sponsor(s):** Senator Michael S. Sanchez

**Analyst:** Ian Kleats

**Date:** February 15, 2013

**Bill Summary:**

SB 2 amends the *Tax Administration Act* to continue a distribution of gross receipts tax (GRT) revenue to the State Aviation Fund, for which a sunset provision ending June 30, 2012 had expired.

SB 2 also amends the *Aviation Act* to provide for and define additional uses of funds through the air service assistance program including planning, program administration, construction, equipment, materials, and maintenance of a system of airports, navigation aids, and related facilities.

**Fiscal Impact:**

Estimated Revenue Impact*				R or NR**	Fund(s) Affected
FY 13	FY 14	FY 15	FY 16		
152	940	977	1,013	R	State Aviation Fund
(152)	(940)	(977)	(1,013)	R	General Fund

\* In thousands of dollars. Parentheses ( ) indicate a revenue loss.

\*\* Recurring (R) or Non-Recurring (NR).

The revenue impact was estimated by multiplying the projected GRT revenue distributable to the General Fund, as estimated by the consensus revenue estimating group in its December 2012 revenue estimate, times a rate of 0.046 percent:

$$\text{Annual General Fund GRT} \times 0.046\% = \text{Estimated Annual Impact}$$

Disbursements from the Tax Administration Suspense Fund occurring after the effective date will include GRT collections accruing to May and June of FY 13.

As such, two months of distributions have been included under the FY 13 impact.

**Fiscal Issues:**

According to the estimated fiscal impact, the bill could divert approximately \$977,000 on average over the next three fiscal years from the General Fund.

Based on *General Appropriation Act* appropriations for the last five years, the Legislature has appropriated approximately 43.5 percent of General Fund revenue for public education. The

diversion of money from the General Fund as proposed in this bill could result in decreased annual appropriations of \$425,000 for public education in future fiscal years.

As such, a recurring appropriation to the State Aviation Fund could serve the same purpose as the dedicated revenue stream while holding public education funding harmless.

**Technical Issues:**

The Taxation and Revenue Department raises a concern in its analysis that the title of the bill should reflect that it makes permanent a distribution to the State Aviation Fund from net receipts attributable to the gross receipts tax distributable to the General Fund, in addition to the bill's provision for uses of money in the State Aviation Fund.

Because the bill amends sections of the *Tax Administration Act*, it is also unclear whether any change to the title would have to include the phrase, "Relating to Taxation."

**Substantive Issues:**

The NM Department of Transportation (NMDOT) analysis suggests that, when used on Airport Improvement Program projects, this revenue stream could leverage matching funds from the Federal Aviation Administration up to nine times the amount of state and local funds dedicated.

**Background:**

NMDOT notes that this revenue stream began in 2002, was extended by the Legislature in 2007, and expired on June 30, 2012. Similar legislation in the 2012 legislative session, which would have made the revenue stream permanent, was unsuccessful.

**Committee Referrals:**

SCORC/SFC

**Related Bills:**

CS/SB 7 *Tax Expenditure & Revenue Budget & Reporting*