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FISCAL IMPACT REPORT

SPONSOR McCamley ORIGINAL DATE 1/19/16
 LAST UPDATED 1/21/16 HM 4

SHORT TITLE Extend Santa Teresa Port of Entry Hours SB _____

ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18	FY19	FY20		
	Unknown					

Parenthesis () indicate revenue decreases

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See FiscalImplications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 77
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Border Authority (NMBA)
 Department of Public Safety (DPS)

SUMMARY

Synopsis of Bill

House Memorial 4 requests the federal Department of Homeland Security support New Mexico's trade with Mexico by increasing infrastructure and extending the hours of operation at the Santa Teresa port of entry to midnight to match the hours of operation at the two El Paso commercial ports of entry. It also asks to allow 24-hour operation for private vehicle traffic. Finally, it asks the department to consider a federal public-private partnership to share the additional expenses.

FISCAL IMPLICATIONS

Infrastructure improvements and extended hours of operation at the port of entry could result in increased trade, leading to an increase in tax revenues for the state.

If the proposed public-private partnership does not result in private funding to cover costs for the Department of Public Safety (DPS) to staff the port of entry for an additional four hours per day, this cost must be borne by the agency, although it may be possible DPS could shift resources to accommodate the impact. However, DPS estimates it will require an additional five inspectors at a cost of \$182.5 thousand. Including shift differential pay and uniform allowance, DPS reports the total personnel cost would be \$195.9 thousand.

DPS provided the following breakdown of potential additional costs:

Each new transportation inspector must also be certified under the Federal Motor Carrier Safety Act in truck inspection. This will require travel and associated costs of approximately \$1,500 for each inspector, for a total of \$7,500.

DPS believes the aforementioned costs would be the minimum required to expand hours of operation at the port of entry in ideal circumstances and assuming increased truck traffic remains within the estimate of up to 1,000 trucks per day and the agency has sufficient lead time to hire and certify the new inspectors.

However, it takes up to six months typically to hire and certify a new transportation inspector. DPS will not have sufficient time to hire additional staff for expanded port of entry hours if the start date is July 1, 2016. Overtime will be required to staff the port during the expanded hours during the initial six months. This cost will add an additional \$100 thousand to \$150 thousand, depending upon inspector or officer availability to cover during overtime hours.

Additionally, if permit sales increase, requiring permit clerks to be utilized, this would add an additional \$62 thousand to the total cost. In addition, the expanded hours will increase associated operational costs such as supplies, utilities, equipment repair, maintenance and replacement, etc., and these costs are not shown in the estimated additional operating budget impact table.

There may also be an additional operating budget impact for the New Mexico Department of Transportation (NMDOT) related to extending the hours of operation at the port of entry, although it may be possible NMDOT also could shift resources to accommodate the impact.

SIGNIFICANT ISSUES

Through a public-private partnership with Dell Inc., the federal government agreed to a pilot project for one year to extend the southbound hours of operation at the Santa Teresa port of entry to midnight beginning in January 2016. This proposal would expand northbound hours to match. Without extending the northbound hours, any trade shipments during those hours would have to go through El Paso. By extending the hours of operation and increasing trade through the port, Santa Teresa could become a larger distribution and logistics hub for the area and offers the potential for additional jobs.

RELATIONSHIP

This memorial relates to House Bill 77, which appropriates \$350 thousand to extend the northbound hours of operation at the port of entry to midnight for one year and relates to the LFC recommendation for a special appropriation of \$200 thousand for the same purpose.

JC/jo/jle