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SENATE BILL 166

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Roberto "Bobby" J. Gonzales

AN ACT

RELATING TO AVIATION; ENACTING THE RURAL AIR SERVICE
ENHANCEMENT ACT; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. ~~[NEW MATERIAL]~~ SHORT TITLE.--This act may be
cited as the "Rural Air Service Enhancement Act".

SECTION 2. ~~[NEW MATERIAL]~~ PURPOSE.--The provision and
maintenance of reliable air service to rural municipalities and
counties constitutes the performance of an essential
governmental function. The purpose of the Rural Air Service
Enhancement Act is to provide assistance to airlines in the
establishment of regional air service for rural communities to
and from hub airports in the southwest United States through a
minimum revenue guarantee for air service to rural
municipalities or counties.

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1 SECTION 3. [NEW MATERIAL] DEFINITIONS.--As used in the
2 Rural Air Service Enhancement Act:

3 A. "department" means the department of
4 transportation;

5 B. "director" means the director of the division;

6 C. "division" means the aviation division of the
7 department; and

8 D. "minimum revenue guarantee" means the amount of
9 money guaranteed by a municipality or county to be earned by an
10 airline providing air services to and from that municipality or
11 county, which is the difference between the minimum flight
12 charge revenue specified in the contract between the
13 municipality or county and the airline and the amount of actual
14 flight charge revenue received by the airline that is less than
15 that contractual amount.

16 SECTION 4. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT
17 GRANT PROGRAM.--

18 A. The "rural air service enhancement grant
19 program" is created in the division to be administered by the
20 director.

21 B. The director shall:

22 (1) establish and publish deadlines and
23 guidelines for the submission of grant applications;

24 (2) develop procedures for receipt, review and
25 approval of grant applications;

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1 (3) receive, review and approve grant
2 applications;

3 (4) monitor municipalities' and counties' use
4 of grant money by reviewing annual reports submitted to the
5 director to ensure that grants are used consistently with the
6 terms of the grant awards;

7 (5) establish grant reporting requirements
8 that meet the general purpose of the Rural Air Service
9 Enhancement Act; and

10 (6) perform other duties as necessary to carry
11 out the provisions of the Rural Air Service Enhancement Act.

12 C. Each fiscal year, competitive grants for minimum
13 revenue guarantees shall be awarded to applicants for the sole
14 purpose of funding rural air service enhancement grants.

15 D. The director shall award grants to applicants
16 through a competitive process and based upon the following
17 criteria:

18 (1) the demand for service on the proposed air
19 routes;

20 (2) the economic impact on the municipality or
21 county of the proposed new air routes; and

22 (3) the feasibility of a common carrier
23 licensed by the state servicing proposed new air routes.

24 E. Applicants shall meet the following minimum
25 criteria to be eligible for a grant:

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1 (1) municipalities or counties shall have a
2 minimum population of twenty thousand persons residing within a
3 fifty-mile radius of the airport unless the municipality or
4 county has existing air service;

5 (2) aircraft to be used to service proposed
6 new air routes served by the rural air service enhancement
7 grant program shall be twin engine turboprop aircraft;

8 (3) routes to be served by the program shall
9 be new air routes that were not served prior to the awarding of
10 a grant; and

11 (4) minimum matching funds from a municipality
12 or county shall be:

13 (a) ten percent if the municipality or
14 county has no existing air service at the time of application;
15 and

16 (b) fifty percent if the municipality or
17 county has existing air service at the time of application.

18 F. Individual grants awarded through the rural air
19 service enhancement grant program shall not:

20 (1) exceed one million two hundred fifty
21 thousand dollars (\$1,250,000) per year for municipalities or
22 counties with existing air service;

23 (2) exceed one million seven hundred fifty
24 thousand dollars (\$1,750,000) per year for municipalities or
25 counties not served by existing air service; or

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1 (3) be used for infrastructure improvement.

2 G. Individual grants awarded through the rural air
3 service enhancement grant program shall cover a time frame of
4 at least two years.

5 SECTION 5. [NEW MATERIAL] GRANT APPLICATIONS.--A
6 municipality or county may submit an application to the
7 director for a rural air service enhancement grant. An
8 applicant shall comply with deadlines and guidelines published
9 by the director. A grant application shall include:

10 A. a description of the facility that will serve
11 the proposed new air service;

12 B. an estimate of the demand for the proposed new
13 air service routes;

14 C. identification of the air common carrier that
15 will service the proposed new air service routes and the
16 aircraft to be used on the new air service routes;

17 D. a description of existing air service routes
18 serving the applicant;

19 E. a description and schedule of the proposed new
20 air service routes to serve the applicant;

21 F. a justification for the new proposed air service
22 routes;

23 G. the requested grant amount and the amount of any
24 matching funds; and

25 H. the time frame for a commitment to subsidize the

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1 proposed new air service routes.

2 SECTION 6. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT
3 FUND--CREATED.--

4 A. The "rural air service enhancement fund" is
5 created in the state treasury. All appropriations, gifts,
6 devises, grants and donations received shall be deposited in
7 the fund. Money in the fund is appropriated to the division
8 for the purpose of carrying out the rural air service
9 enhancement grant program pursuant to the provisions of the
10 Rural Air Service Enhancement Act. Money in the fund shall not
11 revert at the end of a fiscal year.

12 B. The fund shall be administered by the division.
13 Disbursements from the fund shall be made only upon warrant
14 drawn by the secretary of finance and administration pursuant
15 to vouchers signed by the director or the director's designee
16 for the purpose of carrying out the rural air service
17 enhancement grant program pursuant to the provisions of the
18 Rural Air Service Enhancement Act."

19 SECTION 7. APPROPRIATION.--Nine million dollars
20 (\$9,000,000) is appropriated from the general fund to the
21 aviation division of the department of transportation for
22 expenditure in fiscal year 2021 and subsequent fiscal years for
23 the purpose of carrying out the provisions of the Rural Air
24 Service Enhancement Act. Any unexpended or unencumbered
25 balance remaining at the end of a fiscal year shall not revert

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1 to the general fund.

2 SECTION 8. EFFECTIVE DATE.--The effective date of the
3 provisions of this act is July 1, 2020.

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