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## FISCAL IMPACT REPORT

SPONSOR Burt/Griggs/Hochman-Vigil LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/24/2023  
BILL \_\_\_\_\_  
SHORT TITLE Expand Rural Air Passenger Capacity NUMBER Senate Bill 433  
ANALYST Simon

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		No fiscal impact	No fiscal impact			See fiscal implications
<b>Total</b>						

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 303

### Sources of Information

LFC Files

Responses Received From  
Department of Transportation

## SUMMARY

### Synopsis of Senate Bill 433

Senate Bill 433 would increase eligibility for grants under the Rural Air Service Enhancement Act by increasing the size of a plane that may be used on routes eligible for grants.

The effective date of this bill is July 1, 2023.

## FISCAL IMPLICATIONS

SB433 does not include an appropriation.

The bill makes changes to an existing grant program that would expand eligibility for the grant program. Notably, SB433 does not increase the maximum grant award allowed. That amount remains \$2.25 million per year for municipalities and counties with existing air service and \$2.75 million per year for municipalities and counties without existing air service. However, expanding eligibility could lead to increased demand for available funds and requests for additional funding so the program can meet the increased demand.

To date, the Legislature has appropriated \$14 million for the grant program. NMDOT has awarded \$7.3 million and \$6.7 million remains unencumbered.

## **SIGNIFICANT ISSUES**

Senate Bill 433 would expand eligibility for the Rural Air Service Enhancement Grant Program by allowing routes eligible for grants under the program to use planes for as many as 100 passengers. Laws 2021, Chapter 47, enacted the Rural Air Service Enhancement Act. As initially conceived, the grant program authorized by the act allowed coverage for planes carrying up to nine passengers. Laws 2022, Chapter 11, expanded the grant program to allow planes with up to 30 passengers. SB433 would expand the program again, allowing planes with up to 100 passengers.

According to NMDOT, 20 of the state's 50 paved airports qualify for the program. Of those, eight currently have air services, with two of those airports, Gallup Municipal Airport and Las Cruces International Airport, having recently begun air service due to a rural air service grant. A ninth airport, the Albuquerque International Sunport, does not qualify for the program because NMDOT rules excludes any airport with regularly scheduled airline service with aircraft with a passenger capacity of more than 100. However, operators serving the six other airports with existing passenger service (airports in Carlsbad, Clovis, Hobbs, Santa Fe, Silver City, and Taos) could be eligible for grants if they expand service. Airports are eligible for a grant if they establish a new route that was not served prior to January 1, 2021, increase the passenger capacity of an existing route, or add scheduled flights to an existing route.

NMDOT staff have indicated four municipalities are interested in possibly seeking a rural air service grant in the future: Alamogordo, Angel Fire, Clovis, and Farmington.

JWS/rl/hg/mg