NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.

### FISCAL IMPACT REPORT

SPONSOR:	Garcia, M.P.	DATE TYPED:	02/05/01	НВ	427
SHORT TITLE	: Change Highway Dec	certification Proce	ss	SB	
			ANALY	YST:	Valdes

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring	Fund
FY01	FY02	FY01	FY02	or Non-Rec	Affected
			NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

# SOURCES OF INFORMATION

State Highway and Transportation Department

## **SUMMARY**

# Synopsis of Bill

House Bill 427 proposes the following changes to existing statutes:

- Requires the State Highway and Transportation Department to seek approval from an affected county before transferring a state highway to a county.
- Requires approval of an affected county before the department can transfer a state highway to local control due to lack of maintenance funds.
- Repeals language in existing statutes which allows the department to transfer roads to a county because of insufficient funds via the certification process.

## Significant Issues

According to the department, this bill would make it more difficult to manage the state's road system in times of financial hardship.

## PERFORMANCE IMPLICATIONS

This bill could negatively impact the ability of the maintenance program to meet its performance targets in years the department has tight budget constraints. It could reduce the expenditures per mile, number of non-interstate miles rated good and ride quality index for non-interstate highways. It could increase the number of miles in deficient condition.

### FISCAL IMPLICATIONS

No immediate fiscal impact.

# **ADMINISTRATIVE IMPLICATIONS**

According to the department, maintenance responsibilities would have to be revised if this bill becomes effective.

### OTHER SUBSTANTIVE ISSUES

The department provided the following issues:

The New Mexico state road system is much larger than that of Arizona, Utah or Colorado, and our highway revenues are much less than these adjacent states. The department does not have the resources to maintain the entire state system. Roads that are primarily of local importance are thus not maintained at a high level. Certification (or the possibility of certification) is an important system management tool.

The department has not used the certification process for over ten years. The current practice in giving local control of highways to counties or municipalities is to negotiate an agreement that details improvements to the highway prior to local acceptance. Most typically, these agreements are the result of a new facility being built which make the older facility obsolete or duplicative. These agreements generally provide the local entity with either funds or services from the department to improve the road before its jurisdiction is transferred. The department has been diligent in improving facilities so that the road is not an immediate or severe financial hardship to the receiving governmental body. The possibility of certification is what makes these agreements possible.

The department recognizing that the certification process is difficult for counties and it is in recognition of that fact that the preferred method of negotiating agreements is used for transfer of road ownership.

The emergency section of the existing law provides for an orderly process to assure the safe operations of the state's most important highways should there be a sudden lapse in state road funds. Should a time come that the department must adjust the state program to support the most important roads (The National Highway System and significant primary arterials) there must be a mechanism for sharing maintenance responsibilities with the counties in order to assure that the road system operates in a safe and effective manner.

It is noted that the certification of a highway is intended to be temporary until state resources become sufficient for the department to resume responsibility for maintenance.

MFV/njw