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FISCAL IMPACT REPORT

SPONSOR Altamirano **ORIGINAL DATE** 1/31/2006
LAST UPDATED 1/31/2006 **HB** _____
SHORT TITLE Create Transit Fund **SB** 648
ANALYST Francis/Moser

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$4,585.0	Recurring	Transit Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	(\$4,585.0)	(\$4,840.0)	Recurring	General Fund
	\$4,585.0	\$4,840.0	Recurring	Transit Fund

(Parenthesis () Indicate Expenditure Decreases)

Companion to HB 595

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)
 New Mexico Department of Transportation (NMDOT)

Responses Received From

New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of Bill

Senate Bill 648, "Relating to Taxation; Creating the Transit Fund; Providing for Distribution of a Percentage of the Motor Vehicle Excise Tax to the Transit Fund; Making an Appropriation":

- Appropriates 3.5% of the total net receipts attributable to the motor vehicle excise tax and

associated penalties and interest (\$4,585,000 in FY 2007) to a new transit fund in the state treasury, with revenue in the fund appropriated to the Department of Transportation, to:

- Pay for the costs for the safe, economical commuting alternative program and for the park and ride program
- Distribute money to regional transit districts for costs incurred by those districts
- Provide an equal match for transit programs that receive federal funding pursuant to the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users; provided that local matches required for those programs pursuant to that federal act are met.
- Reduces the amount of the total net receipts attributable to the motor vehicle excise tax and associated penalties and interest that is appropriated to the General Fund to 96.5 percent from the current 100 percent.
- Effective Date is July 1, 2006

Senate Bill 648 establishes a new fund called the “Transit Fund”. Money in the transit fund will pay for (1) the safe, economical commuting alternative program and the park and ride program, (2) cost reimbursement to regional transit districts, and (3) matching funds for the federal Safe, Accountable, Flexible, Efficient Transportation Act, provide the local match is met. The fund shall not revert and shall be appropriated to the Department of Transportation.

The effective date is July 1, 2006.

FISCAL IMPLICATIONS

The appropriation of \$4.6 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of each fiscal year shall not revert to the general fund.

This fund is financed by diverting 3.5 percent of the motor vehicle excise tax, all of which currently go to the general fund. In FY07, that diversion is \$4.6 million increasing to \$4.8 million in FY08.

	FY07	FY08
Current Law		
General Fund	\$ 129.50	\$ 136.50
HB595		
General Fund	\$ 124.97	\$ 131.72
Motor Vehicle Suspense Fund	\$ 4.53	\$ 4.78

Source: Consensus Group Forecast, January 2006

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

The NMDOT indicates that the proposed legislation would re-direct 3.5% of the revenues result-

ing from the Motor Vehicle Excise Tax and currently distributed to the General Fund to a new Transit Fund. This change would result in reductions to the General Fund amounting to \$4,585,000 in FY 2007, \$4,840,000 in FY 2008 and \$5,075,000 in FY 2009. The new Transit Fund would receive revenues of \$4,585,000 in FY 2007, \$4,840,000 in FY 2008 and \$5,075,000 in FY 2009.

SB648 indicates that the revenue in the newly created transit fund shall be appropriated by the New Mexico Department of Transportation to four separate programs. The Bill does not stipulate the amounts to be provided to each of these programs. The NMDOT provides the following table illustrating the estimated Fiscal Year 2007 program costs for these programs to the extent that they are known at this time. FY 2007 program costs for the Safe, Economical Commuting Alternative vanpool program (SECA) and the two existing Regional Transit Districts (RTDs) are not known at this time. Estimated costs for FY 2008 and beyond are not available for any of the four programs.

<u>PROGRAM TO BE FUNDED</u>	<u>ESTIMATED FY 2007 TOTAL PROGRAM COST</u>
SECA vanpool program	unknown
Park and Ride Program	\$2.4 million
Regional Transit Districts	unknown
Transit Grant local matching funds	<u>\$5,482,947</u>
TOTAL	\$7,882,947 + unknown amounts

NMDOT makes the following assumptions regarding the table above:

- Estimated State FY 2007 Park and Ride program net cost is based on the current NMDOT contract for Park and Ride service with All Aboard America.
- Estimated State FY 2007 Transit Grant local matching funds were computed from U.S. Department of Transportation Federal Transit Administration (FTA), Apportionments and Allocations, based on the 2006 USDOT Appropriations Act, with reductions to the appropriations resulting from the “U.S. Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act of 2006”. Local matching fund requirements were computed based on provisions of the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).
- For grant programs with optional local matching opportunities, the recent experience of New Mexico FTA sub grantees was used in setting the expected rate of required local matching funds.

SIGNIFICANT ISSUES

- Under SAFETEA-LU reauthorization NM received \$116.2 million, a 103 percent increase in funding, for public transportation. This will take approximately \$25 million of matching monies through FY09. The “transit fund” creates a sufficient pool for matching monies to be available for local governments to use each year for federal matching requirements.
- The NMDOT indicates that the revenues proposed to be transferred to the Transit Fund are insufficient to completely fund the programs stipulated in the bill. These revenues,

however, could assist local governments without appropriate funds for federal match.

- Public transit service is currently provided by the NMDOT's Park and Ride Program and individual public and private non-profit transit operators who receive FTA transit grant funding through the NMDOT. Vanpool service is currently provided by SECA. The two existing RTDs do not currently provide transit service, but may be eligible recipients of certain FTA federal transit grant funds. To the extent that specific funding is provided for the RTDs in the RTD program area, the NMDOT feels that it may be duplicative of local matching funds provided to the RTDs as recipients of Transit Grant funds.
- According to the NM Passenger Transportation Association (NMPTA), NM remains one of seven states without a permanent source of funding for public transportation. This fund will allow the state to apply for the total \$116.2 million in federal funds by having a revenue stream that assures the appropriate matching funds in each year of SAFETEA-LU.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Companion to House Bill 595

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