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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/09  
 LAST UPDATED 02/15/09    **HB** 4/aHTPWC

SPONSOR Gonzales

SHORT TITLE Department of Transportation Appropriation Act    **SB** \_\_\_\_\_

ANALYST Moser

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$806,201.2	Recurring	State Road Fund, Local Gov't RF, Aviation Fund, Transportation Fund and Federal Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$806,201.2		Recurring	State Road Fund, Local Gov't RF, Aviation Fund, Transportation Fund and Federal Funds

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Department of Transportation (NMDOT)  
 Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of HTPWC Amendment

House Transportation and Public Works Committee amendment to House Bill 4 increases the appropriation to \$806,201.2 million of other state funds and federal funds. This increase is the result of the committee's use, at the agency's request, of existing fund balances to offset increasing pressures to meet construction and maintenance needs throughout the state and to

offset declining revenues. New revenue estimates project NMDOT revenues to be down by an additional \$8.4 million.

Synopsis of Original Bill

House Bill 4 appropriates \$801,415.6 of Other State Funds and Federal Funds to the New Mexico Department of Transportation (NMDOT) for the purpose of managing three (3) programs, within four (4) budget categories. It also defines the language and measurements as applied to the performance based budget measurements under the Government Accountability Act.

Significant issues on House Bill 4 are largely reflective of the Legislative Finance Committee Analyst FY10 Budget recommendation. Differences between the LFC recommendation, the Executive recommendation and the Agency Request are noted below.

House Bill 4 reflects the Legislative Finance Committee's initial FY10 recommendation. House Bill 4 reflects an overall decrease from FY09 of \$24.9 million or -3 percent.

**FISCAL IMPLICATIONS**

The House Transportation and Public Works amendment increases the appropriation to NMDOT for FY10 from \$801,415.6 million to \$806,201.2 million. The total budget recommendation represents a decline of nearly \$20.2 million, or 2.4 percent, from the FY09 operating budget. Revenue adjustments made within the House Transportation and Public Works amendment are based upon updated revenue forecasts<sup>1</sup> which reflect an additional decrease in revenue of \$8.4 million within the state road fund since the July 2008 revenue forecasts used in developing the budget submittal. The amendment also includes, at the department's request, the use of previously unbudgeted cash balances of \$14.5 million of which \$7.5 million came from existing state funds and \$7 million from federal DOE fund balance.

Additionally, the House Transportation and Public Works amendment also removes Rail Runner operational expenses from the budget. These had been placed into the budget when submitted in September because the regional transit tax for Rail Runner operations had not yet been approved by the electorate in the respective counties in which the Rail Runner operates. With passage of the transit tax in each regional transit district (RTD) \$14.8 million in expenditures for Rail Runner operations became available for reallocation within the budget.

These modifications allowed for restoration of reductions previously recommended to the department's equipment replacement program and field maintenance supplies and the funding of a 100 percent state construction fund that will total \$11.88 million.

The bill appropriates \$801,415.6 million to NMDOT for FY10 and funds the department's three (3) operating programs among (4) budget categories.

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<sup>1</sup> "Road Fund Outlook," January 2009.

**Programs and Infrastructure (P562):**

- Personal Services and Employee Benefits includes the application of a 6 percent vacancy rate and not funding two exempt positions and 16 temporary positions, currently unauthorized and 10 positions which have been vacant for over two years.
- Contractual Services supports a \$22.5 million 100% State Construction Program and is \$73.7 thousand over the agency's request.
- The Other Costs Appropriation reflects an overall decrease of \$4,716 from the agency's request.
- The bill includes funding in support of increased multi-modal activities such as planning, transit, commuter rail maintenance and operations, aviation, and traffic safety.
- The bill includes language pertaining to the extension of prior year encumbrances for multiyear project construction:
  - The other state funds and federal funds appropriations to the programs and infrastructure program of the Department of Transportation pertaining to prior fiscal years may be extended into fiscal year 2009, but not to exceed three hundred twenty million dollars (\$320,000,000).
- House Bill 4 includes language pertaining to the 100% State Construction program as follows:
  - The other state funds appropriations to the programs and infrastructure program of the Department of Transportation includes twenty-two million five hundred thousand dollars (\$22,500) for a state construction program.

**Transportation & Highway Operations (P563):**

- Personal Services and Employee Benefits reflect a three percent increase from the agency's FY09 budget request with a 4% vacancy factor. The recommendation includes not funding one exempt position, a 6 percent vacancy rate and not funding 9 positions which have been vacant for over two years.
- Contractual Services reflects an increase of 21.5 percent and is largely due to an increase in maintenance contracts recommended by the LFC.
- The Other Costs Appropriation reflects an overall net decrease of 3.5 percent from the agency's budget request.
- The bill includes language pertaining to the extension of prior year encumbrances for multiyear maintenance activities:
  - The other state funds and federal funds appropriations to the transportation and highway operations program of the Department of Transportation pertaining to prior fiscal years may be extended into fiscal year 2010, but not to exceed eighty million dollars (\$80,000,000).

**Program/Business Support (P564):**

- Personal Services and Employee Benefits includes the application of a 6 percent vacancy rate and not funding 1 exempt position and 7 temporary positions, currently unauthorized, 7 authorized positions and 3 positions which have been vacant for over two years.
- Contractual Services reflects a decrease of \$2,076.6 million from the agency's budget request.
- The Other Costs Appropriation reflects an overall net decrease from the agency's budget request of \$4,144.1 million.

- Other Financing Uses reflects \$6,914.0 of state road fund transfers to the Department of Public Safety's Motor Transportation Division.

The appropriation of \$801,415.6 contained in this bill is a recurring expense to the state Road Fund, Other State Funds and Federal funds. Any unexpended or unencumbered balance remaining at the end of FY10 shall revert to the state road fund or applicable fund.

### **SIGNIFICANT ISSUES**

The updated January state revenue estimates reflect a significant decrease in expected revenues and are not included in this bill. These changes will require additional adjustments to the department's budget. Additionally, the bill does not reflect anticipated unbudgeted cash balances for FY10. NMDOT has expressed reservations with the recommended appropriation levels and will work with the House Transportation and Public Works Committee to make adjustments as necessary.

### **DUPLICATION**

This bill duplicates the appropriation contained within House Bill 2.

GM/svb