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FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/12
LAST UPDATED 02/08/12 **HB** _____

SPONSOR Sanchez, M.

SHORT TITLE State Aviation Fund Uses **SB** 219

ANALYST Soderquist

REVENUE (dollars in thousands)

| Estimated Revenue | | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|---------|---------|-----------|---------------------------------|------------------------|
| FY13 | FY14 | FY15 | FY16 | | |
| \$908.0 | \$944.0 | \$953.0 | \$1,016.0 | Recurring | State Aviation Fund |

(Parenthesis () Indicate Revenue Decreases)

Relates to House Bill 4
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Department of Transportation (DOT)

SUMMARY

Synopsis of Bill

Senate Bill 219 will make permanent the distribution of the 0.046 percent of gross receipts tax on jet fuel to the Aviation Fund and further define the uses of the revenue that is scheduled to sunset by legislation on June 30, 2012. If passed, the bill will become effective July 1, 2012 and eliminate the sunset clause. In addition the uses of the fund have been expanded to include planning, program administration, construction, equipment, materials and maintenance of a system of airports, navigation aids, and related facilities.

FISCAL IMPLICATIONS

According to the response received from the Department of Transportation (NMDOT), if SB 219 is not passed, it will mean an estimated annual loss of revenue to the State Aviation Fund of \$908.0 thousand in FY13, \$944.0 thousand in FY14, \$953.0 thousand in FY15, and approximately \$1.0 million in FY16. All of this revenue can be used as a match for 95 percent FAA funding. The loss in revenue would represent an approximate 16 percent reduction in the Aviation Fund. In FY11 the Aviation Fund received \$855.0 thousand from this distribution and in FY11 is expected to receive \$875.0 thousand.

If the current statute is allowed to sunset, there would be an increase in revenue to the general fund in an amount concomitant with the figures listed in the revenue table above.

SIGNIFICANT ISSUES

This funding represents a five percent (5%) match by State and Local Government to leverage ninety-five percent (95%) in funding from the Federal Aviation Administration.

SB 219 will allow infrastructure improvements, pavement maintenance and rehabilitation, fuel farms, general aviation terminals, and lighting projects at the 54 public-use, public-owned airports throughout the State.

ADMINISTRATIVE IMPLICATIONS

New Mexico Administrative Code Title 18, Chapter 11, Part 3 will have to be modified if SB 219 is passed to align the uses of the Fund. The original language includes a definition for the Air Service Assistance Program (ASAP) that was the state equivalent the Essential Air Service Program (EAP) of the FAA. The fund was established a match source for the Federal EAP. This funding for this program (EAP) will be distributed through traditional FAA funding allowing the state (ASAP) greater flexibility in the use of the funds for general aviation infrastructure improvements.

OTHER SUBSTANTIVE ISSUES

The existing statute sunsets on June 30, 2012.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the sunset is not removed through the passage of SB219, the Aviation Fund will decrease by an estimated eight hundred seventy five thousand dollars (\$875,000) per year. Proposed infrastructure improvements at the fifty-four (54) public use, public owned airports throughout the State will be delayed or eliminated potentially impacting safety, security and emergency services

RS/svb