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FISCAL IMPACT REPORT

01/21/13
02/25/13
02/27/13

ORIGINAL DATE 02/27/13

SPONSOR Fajardo **LAST UPDATED** 03/08/13 **HB** 105/aHAFC

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

ANALYST Soderquist

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
(\$154.0)	(\$950.0)	(\$988.0)	Recurring	General Fund
\$154.0	\$950.0	\$988.0	Recurring	State Aviation Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB2 and Relates to HB 11 and HB 4

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Transportation (DOT)

SUMMARY

Synopsis of HAFC Amendment

The amendment defines the effective dates of the proposed legislation and provides that a distribution of 0.046 percent of general fund gross receipts tax to the state aviation fund will be made from July 1, 2013 through June 30, 2018.

Synopsis of Original Bill

House Bill 105 will make permanent a distribution of 0.046 percent of general fund gross receipts tax to the state aviation fund, which expired on June 30, 2012. The bill also defines the eligible uses of this revenue to include: planning, program administration, construction, equipment, materials and maintenance of a system of airports, navigation aids and related facilities.

FISCAL IMPLICATIONS

The bill proposes to add approximately \$950 thousand to the state aviation fund beginning FY14 and \$988 thousand in FY15 with moderate growth in future years based upon the December 2012 Consensus General Fund Forecast. The amendment passed by HAFC provides that funding from the general fund continue through June 30, 2018.

SIGNIFICANT ISSUES

Beginning in FY13, the temporary distribution of 0.046 percent of general fund gross receipts tax to the state aviation fund expired, resulting in the loss of approximately \$900 thousand, or 16 percent of all state aviation fund revenues.

This funding, when used on Airport Improvement Program (AIP) projects with a 10 percent commitment by state and local governments, may leverage 90 percent in funding from the Federal Aviation Administration (FAA) for approved aviation projects in New Mexico. The 10 percent commitment of this money may come back to state and local governments in gross receipts tax.

HB 105 will allow the use of the revenue stream for the Air Service Assistance Program, infrastructure improvements, pavement maintenance and rehabilitation, fuel farms, general aviation terminals and lighting projects at the 59 public use, public owned aviation facilities throughout the State.

Based on documents presented at the most recent State Transportation Commission meeting, the department has a current operating fund balance of \$71.6 million.

According to the department, the Aviation Fund has a current balance of approximately \$4.9 million, inclusive of existing obligations and encumbrances.

PERFORMANCE IMPLICATIONS

Performance measures related to airport runways in satisfactory condition could be negatively affected.

ADMINISTRATIVE IMPLICATIONS

New Mexico Administrative Code Title 18, Chapter 11, Part 3, will require modification.

OTHER SUBSTANTIVE ISSUES

This revenue stream began in 2002, was extended by the Legislature in 2007, and expired on June 30, 2012. There was an attempt in the 2012 Legislative Session (SB 219) to make the revenue stream permanent; however, the bill died on the House floor the last day of the session.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The loss of this funding stream has had – and if not passed, will have – a detrimental impact on the State’s ability to fund necessary aviation projects. Recently passed federal legislation

relative to the federal Airport Improvement Program doubled the required match and commitment from state and local governments. HB 105 will allow the use of this revenue for the Air Service Assistance Program and infrastructure improvements at the 59 public use, public owned aviation facilities throughout the State. If delayed or eliminated, it may have impact on projects relating to safety, security and emergency services or will require diversion of limited state road fund revenues to meet FAA matching requirements for general use aviation improvements.

RS/svb:blm