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FISCAL IMPACT REPORT

SPONSOR Lundstrom **ORIGINAL DATE** 2/02/15
LAST UPDATED _____ **HB** 168
SHORT TITLE McKinley County Bridge, STB **SB** _____
ANALYST Kehoe

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|------------------------------|---------------------|
| FY15 | FY16 | | |
| \$200.0 | | Nonrecurring | Severance Tax Bonds |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of Original Bill

House Bill 168, for the Transportation Infrastructure Revenue Subcommittee, authorizes the Board of Finance to issue \$200,000 from severance tax bonds. The bond proceeds will be used for the purpose of planning, designing, and making improvements to bridges in McKinley County. The bill contains an emergency clause.

FISCAL IMPLICATIONS

The appropriation of \$200,000 contained in this bill is a nonrecurring expenditure from severance tax bond capacity in fiscal year 2015. Any unexpended or unencumbered balance remaining at the end of fiscal year 2019 shall revert to the severance tax bonding fund. As of the date of this writing, the net senior severance tax bond capacity is \$230.8 million. The capacity may be subject to change due to the decrease in oil and gas prices.

The authorization to issue bonds in this bill is void if the NMDOT does not certify the need for the bonds by the end of fiscal year 2017.

SIGNIFICANT ISSUES

The proceeds of the bonds authorized in this bill are appropriated to the New Mexico Department of Transportation (NMDOT) for the purpose of addressing McKinley County-owned bridges not currently load-rated for standard-sized school buses and emergency vehicles.

The NMDOT is currently in the process of determining load capacity for 21 bridges in McKinley County and is scheduled to complete its assessment by the end of July 2015. The department states “the initial determination is that a significant number of bridges will not have the capacity to carry standard-size buses or some emergency vehicles.” According to the NMDOT, the appropriation in this bill is significantly lower than the amount needed to develop plans and designs for up to 48 bridges in McKinley County that lack the capacity to support school buses and emergency vehicles. In its estimation, the funds would address the plan and design for one or two bridges.

The department recommends the funding be directed to McKinley County to first “assess” the needs based on the county’s bridge inspection records and public demands. The department indicates it would work with the county’s local government unit in assisting to implement an agreement for the county to select a contractor for the plan and design of bridges prioritized by the county. Based on the department’s experience, the appropriation in this bill would only fund the plan and design for one or two bridges.

OTHER SUBSTANTIVE ISSUES

According to a 2013 Report Card for America’s Infrastructure conducted by the American Society of Engineers, New Mexico’s composite grade was a “C” based on seven categories. The graded categories were aviation, rail, roads, solid waste, schools, transit, and flood control. The study indicated that 298 of the 3,935 bridges in New Mexico (7.6%) are considered structurally deficient and 356 (9%) are considered functionally obsolete.

LMK/je