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FISCAL IMPACT REPORT

SPONSOR Akhil/Allison/ ORIGINAL DATE 1/31/20
Montoya LAST UPDATED _____ HB 284

SHORT TITLE Study Rail SVC from Gallup to Abq SB _____

ANALYST Martinez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$500.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From
Economic Development Department

SUMMARY

Synopsis of Bill

House Bill 284 appropriates \$500 thousand from the general fund to the Economic Development Department to study the cost and potential economic benefit of constructing a railroad between Gallup and a location on state highway 371 within ten miles of Farmington.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of 2022 shall revert to the general fund.

SIGNIFICANT ISSUES

The Economic Development Department provided the following:

The bill funds a cost and feasibility analysis of the development of a railroad from the BNSF transcontinental line near Gallup to a location near Farmington. There have been

multiple previous studies on this issue, the most recent last year which was reported out during the interim. Multiple testimonies during the interim at the Economic and Rural Development Committee over the past few years have pointed to the issue of stranded resources in the four corners area that would benefit greatly from access to rail. These studies have demonstrated that there is potential for rail and they have proven the need for a detailed cost analysis in order to determine the true feasibility of such a large infrastructure project.

The economic downturn issues that face McKinley, Cibola and the Four Corners area, including San Juan County and the Navajo Reservation, have been well documented. Providing rail service through this region and connecting back to the transcontinental line will provide new economic opportunities for the entire region.

ADMINISTRATIVE IMPLICATIONS

The Economic Development Department provided the following:

The administration of this project will place a strain on the small staff of the Economic Development Department, but it will not be a long-term issue.

OTHER SUBSTANTIVE ISSUES

The Economic Development Department provided the following:

It would be of great assistance to the Economic Development Department to have a clear picture of the legislative intent of this legislation, so that it may develop a request for proposal and scope of work consistent with that intent.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Economic Development Department provided the following:

Not enacting this bill will prevent the answers sought from being found. In order to address such a large infrastructure project knowing the costs associated with it beyond construction, such as right-of-way, maintenance and other short- and long-term costs. Along with best routes, possible users and overall feasibility it is important to also know what private sources may be willing to participate in the development of this infrastructure project.

JM/rl