

HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 325

55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;
ENACTING THE RURAL AIR SERVICE ENHANCEMENT ACT; MAKING AN
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be
cited as the "Rural Air Service Enhancement Act".

SECTION 2. [NEW MATERIAL] PURPOSE.--The provision and
maintenance of reliable scheduled air service to rural
municipalities and counties constitutes the performance of an
essential governmental function. The purpose of the Rural Air
Service Enhancement Act is to provide assistance to airlines in
the establishment of regional scheduled air service for rural
communities to and from hub airports in the southwest United
States through a minimum revenue guarantee for scheduled air

1 service to rural municipalities or counties and related
2 infrastructure improvements.

3 SECTION 3. [NEW MATERIAL] DEFINITIONS.--As used in the
4 Rural Air Service Enhancement Act:

5 A. "department" means the department of
6 transportation;

7 B. "director" means the director of the division;

8 C. "division" means the aviation division of the
9 department; and

10 D. "minimum revenue guarantee" means the amount of
11 money guaranteed by a municipality or county to be earned by an
12 airline providing scheduled air services to and from that
13 municipality or county, which is the difference between the
14 minimum flight charge revenue specified in the contract between
15 the municipality or county and the airline and the amount of
16 actual flight charge revenue received by the airline that is
17 less than that contractual amount.

18 SECTION 4. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT
19 GRANT PROGRAM.--

20 A. The "rural air service enhancement grant
21 program" is created in the division to be administered by the
22 director.

23 B. The director shall:

24 (1) establish and publish deadlines and
25 guidelines for the submission of grant applications;

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1 (2) develop procedures for receipt, review and
 2 approval of grant applications;

3 (3) receive, review and approve grant
 4 applications;

5 (4) monitor municipalities' and counties' use
 6 of grant money by reviewing annual reports submitted to the
 7 director to ensure that grants are used consistently with the
 8 terms of the grant awards;

9 (5) establish grant reporting requirements
 10 that meet the general purpose of the Rural Air Service
 11 Enhancement Act; and

12 (6) perform other duties as necessary to carry
 13 out the provisions of the Rural Air Service Enhancement Act.

14 C. Each fiscal year, competitive grants for minimum
 15 revenue guarantees shall be awarded to applicants for the sole
 16 purpose of funding rural air service enhancement grants.

17 D. The director shall award grants to applicants
 18 through a competitive process and based upon the following
 19 criteria:

20 (1) the demand for service on the proposed air
 21 routes;

22 (2) the economic impact on the municipality or
 23 county of the proposed new air routes; and

24 (3) the feasibility of a common carrier
 25 licensed by the state servicing proposed new air routes.

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1 E. Applicants shall meet the following minimum
2 criteria to be eligible for a grant:

3 (1) municipalities or counties shall have a
4 minimum population of twenty thousand persons residing within a
5 fifty-mile radius of the airport unless the municipality or
6 county has existing scheduled air service;

7 (2) aircraft to be used to service proposed
8 new air routes served by the rural air service enhancement
9 grant program shall have a passenger capacity of not more than
10 nine persons;

11 (3) routes to be served by the program shall
12 be new air routes that were not served at the time the grant
13 was made; and

14 (4) minimum matching funds from a municipality
15 or county shall be:

16 (a) ten percent if the municipality or
17 county has no existing scheduled air service at the time of
18 application; and

19 (b) fifty percent if the municipality or
20 county has existing scheduled air service at the time of
21 application.

22 F. Individual grants awarded through the rural air
23 service enhancement grant program shall not:

24 (1) exceed one million two hundred fifty
25 thousand dollars (\$1,250,000) per year for municipalities or

1 counties with existing scheduled air service;

2 (2) exceed one million seven hundred fifty
 3 thousand dollars (\$1,750,000) per year for municipalities or
 4 counties not served by existing scheduled air service; or

5 (3) be used for infrastructure improvement.

6 G. Individual grants awarded through the rural air
 7 service enhancement grant program shall cover a time frame of
 8 at least two years.

9 H. No more than ten percent of the balance of the
 10 rural air service enhancement fund on July 1 of any year may be
 11 used by the division for infrastructure improvements associated
 12 with individual grants awarded through the rural air service
 13 enhancement grant program.

14 SECTION 5. [NEW MATERIAL] GRANT APPLICATIONS.--A

15 municipality or county may submit an application to the
 16 director for a rural air service enhancement grant. An
 17 applicant shall comply with deadlines and guidelines published
 18 by the director. A grant application shall include:

19 A. a description of the facility that will serve
 20 the proposed new scheduled air service;

21 B. an estimate of the demand for the proposed new
 22 scheduled air service routes;

23 C. identification of the air common carrier that
 24 will service the proposed new scheduled air service routes and
 25 the aircraft to be used on the new scheduled air service

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1 routes;

2 D. a description of existing scheduled air service
3 routes serving the applicant;

4 E. a description and schedule of the proposed new
5 scheduled air service routes to serve the applicant;

6 F. a justification for the new proposed scheduled
7 air service routes;

8 G. the requested grant amount and the amount of any
9 matching funds; and

10 H. the time frame for a commitment to subsidize the
11 proposed new scheduled air service routes.

12 SECTION 6. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT
13 FUND--CREATED.--

14 A. The "rural air service enhancement fund" is
15 created in the state treasury. All appropriations, gifts,
16 devises, grants and donations received shall be deposited in
17 the fund. Money in the fund is appropriated to the division
18 for the purpose of carrying out the rural air service
19 enhancement grant program and related infrastructure
20 improvements pursuant to the provisions of the Rural Air
21 Service Enhancement Act. Money in the fund shall not revert at
22 the end of a fiscal year.

23 B. The fund shall be administered by the division.
24 Disbursements from the fund shall be made only upon warrant
25 drawn by the secretary of finance and administration pursuant

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1 to vouchers signed by the director or the director's designee
2 for the purpose of carrying out the rural air service
3 enhancement grant program and related infrastructure
4 improvements pursuant to the provisions of the Rural Air
5 Service Enhancement Act.

6 SECTION 7. APPROPRIATION.--Nine million dollars
7 (\$9,000,000) is appropriated from the general fund to the
8 aviation division of the department of transportation for
9 expenditure in fiscal year 2022 and subsequent fiscal years for
10 the purpose of carrying out the provisions of the Rural Air
11 Service Enhancement Act. Any unexpended or unencumbered
12 balance remaining at the end of a fiscal year shall not revert
13 to the general fund.

14 SECTION 8. EFFECTIVE DATE.--The effective date of the
15 provisions of this act is July 1, 2021.

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