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SENATE BILL

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

INTRODUCED BY

Roberto "Bobby" J. Gonzales

AN ACT

RELATING TO AVIATION; 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
service to rural municipalities or counties.

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

3 A. "department" means the department of
4 transportation;

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

6 C. "division" means the aviation division of the
7 department; and

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

16 SECTION 4. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT
17 GRANT PROGRAM.--

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

21 B. The director shall:

22 (1) establish and publish deadlines and
23 guidelines for the submission of grant applications;

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

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1 (3) receive, review and approve grant
2 applications;

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

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

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

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

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

18 (1) the demand for service on the proposed air
19 routes;

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

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

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

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

5 (2) aircraft to be used to service proposed
6 new air routes served by the rural air service enhancement
7 grant program shall be twin engine turboprop aircraft;

8 (3) routes to be served by the program shall
9 be new air routes that were not served at the time the grant
10 was made; and

11 (4) minimum matching funds from a municipality
12 or county shall be:

13 (a) ten percent if the municipality or
14 county has no existing scheduled air service at the time of
15 application; and

16 (b) fifty percent if the municipality or
17 county has existing scheduled air service at the time of
18 application.

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

21 (1) exceed one million two hundred fifty
22 thousand dollars (\$1,250,000) per year for municipalities or
23 counties with existing scheduled air service;

24 (2) exceed one million seven hundred fifty
25 thousand dollars (\$1,750,000) per year for municipalities or

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1 counties not served by existing scheduled air service; or
2 (3) be used for infrastructure improvement.

3 G. Individual grants awarded through the rural air
4 service enhancement grant program shall cover a time frame of
5 at least two years.

6 SECTION 5. [NEW MATERIAL] GRANT APPLICATIONS.--A
7 municipality or county may submit an application to the
8 director for a rural air service enhancement grant. An
9 applicant shall comply with deadlines and guidelines published
10 by the director. A grant application shall include:

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

13 B. an estimate of the demand for the proposed new
14 scheduled air service routes;

15 C. identification of the air common carrier that
16 will service the proposed new scheduled air service routes and
17 the aircraft to be used on the new scheduled air service
18 routes;

19 D. a description of existing scheduled air service
20 routes serving the applicant;

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

23 F. a justification for the new proposed scheduled
24 air service routes;

25 G. the requested grant amount and the amount of any

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1 matching funds; and

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

4 SECTION 6. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT
5 FUND--CREATED.--

6 A. The "rural air service enhancement fund" is
7 created in the state treasury. All appropriations, gifts,
8 devises, grants and donations received shall be deposited in
9 the fund. Money in the fund is appropriated to the division
10 for the purpose of carrying out the rural air service
11 enhancement grant program pursuant to the provisions of the
12 Rural Air Service Enhancement Act. Money in the fund shall not
13 revert at the end of a fiscal year.

14 B. The fund shall be administered by the division.
15 Disbursements from the fund shall be made only upon warrant
16 drawn by the secretary of finance and administration pursuant
17 to vouchers signed by the director or the director's designee
18 for the purpose of carrying out the rural air service
19 enhancement grant program pursuant to the provisions of the
20 Rural Air Service Enhancement Act.

21 SECTION 7. APPROPRIATION.--Nine million dollars
22 (\$9,000,000) is appropriated from the general fund to the
23 aviation division of the department of transportation for
24 expenditure in fiscal year 2022 and subsequent fiscal years for
25 the purpose of carrying out the provisions of the Rural Air

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1 Service Enhancement Act. Any unexpended or unencumbered
2 balance remaining at the end of a fiscal year shall not revert
3 to the general fund.

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