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AN ACT
RELATING TO AVIATION; ENACTING THE RURAL AIR SERVICE
ENHANCEMENT ACT.

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

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

SECTION 2. DEFINITIONS.--As used in the Rural Air
Service Enhancement Act:

- A. "department" means the department of transportation;
- B. "director" means the director of the division;
- C. "division" means the aviation division of the department; and
- D. "minimum revenue guarantee" means the amount of money guaranteed by a municipality or county to be earned by an airline providing scheduled air services to and from that municipality or county, which is the difference between the minimum flight charge revenue specified in the contract between the municipality or county and the airline and the amount of actual flight charge revenue received by the airline that is less than that contractual amount.

SECTION 3. RURAL AIR SERVICE ENHANCEMENT GRANT PROGRAM.--

- A. The "rural air service enhancement grant

1 program" is created in the division to be administered by the
2 director.

3 B. The director shall:

4 (1) establish and publish deadlines and
5 guidelines for the submission of grant applications;

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

8 (3) receive, review and approve grant
9 applications;

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

14 (5) establish grant reporting requirements
15 that meet the general purpose of the Rural Air Service
16 Enhancement Act; and

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

20 C. Each fiscal year, competitive grants for
21 minimum revenue guarantees shall be awarded to applicants for
22 the sole purpose of funding rural air service enhancement
23 grants.

24 D. The director shall award grants to applicants
25 through a competitive process and based upon the following

1 criteria:

2 (1) the demand for service on the proposed
3 air routes;

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

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

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

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

14 (2) aircraft to be used to service proposed
15 new air routes served by the rural air service enhancement
16 grant program shall have a passenger capacity of not more
17 than nine persons;

18 (3) routes to be served by the program shall
19 be new air routes that were not served at the time the grant
20 was made; and

21 (4) minimum matching funds from a
22 municipality or county shall be:

23 (a) ten percent if the municipality or
24 county has no existing scheduled air service at the time of
25 application; and

1 (b) fifty percent if the municipality
2 or county has existing scheduled air service at the time of
3 application.

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

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

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

12 (3) be used for infrastructure improvement.

13 G. Individual grants awarded through the rural air
14 service enhancement grant program shall cover a time frame of
15 at least two years.

16 H. No more than ten percent of the balance of the
17 rural air service enhancement fund on July 1 of any year may
18 be used by the division for infrastructure improvements
19 associated with individual grants awarded through the rural
20 air service enhancement grant program.

21 I. Funds received through individual grants
22 awarded through the rural air service enhancement grant
23 program shall be expended by the grantee municipality or
24 county only to airlines that have been selected through a
25 competitive process pursuant to the Procurement Code.

1 SECTION 4. GRANT APPLICATIONS.--A municipality or
2 county may submit an application to the director for a rural
3 air service enhancement grant. An applicant shall comply
4 with deadlines and guidelines published by the director. A
5 grant application shall include:

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

8 B. an estimate of the demand for the proposed new
9 scheduled air service routes;

10 C. identification of the air common carrier that
11 will service the proposed new scheduled air service routes
12 and the aircraft to be used on the new scheduled air service
13 routes;

14 D. a description of existing scheduled air service
15 routes serving the applicant;

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

18 F. a justification for the new proposed scheduled
19 air service routes;

20 G. the requested grant amount and the amount of
21 any matching funds; and

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

24 SECTION 5. RURAL AIR SERVICE ENHANCEMENT FUND--
25 CREATED.--

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

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

18 SECTION 6. EFFECTIVE DATE.--The effective date of the
19 provisions of this act is July 1, 2021. _____

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