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SENATE BILL

**55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022**

INTRODUCED BY

Roberto "Bobby" J. Gonzales

AN ACT

RELATING TO AVIATION; AMENDING THE RURAL AIR SERVICE  
ENHANCEMENT ACT TO BROADEN ELIGIBILITY FOR RURAL AIR SERVICE  
ENHANCEMENT GRANTS; TEMPORARILY RESERVING A PORTION OF THE  
RURAL AIR SERVICE ENHANCEMENT FUND FOR ELIGIBLE APPLICANTS WITH  
NEW OR EXPANDED AIR ROUTES TO BE USED BY AIRCRAFT WITH A  
CAPACITY OF NOT MORE THAN NINE PERSONS; MAKING AN  
APPROPRIATION.

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

SECTION 1. Section 64-6-2 NMSA 1978 (being Laws 2021,  
Chapter 47, Section 2) is amended to read:

"64-6-2. DEFINITIONS.--As used in the Rural Air Service  
Enhancement Act:

A. "air route" means any scheduled operation or  
public charter;

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1           B. "charter flight" means a flight operated under  
2 the terms of a charter contract between a direct air carrier  
3 and the carrier's customer. "Charter flight" does not include  
4 scheduled air transportation, scheduled foreign air  
5 transportation or nonscheduled cargo air transportation, sold  
6 on an individually ticketed or individually waybilled basis;

7           ~~[A.]~~ C. "department" means the department of  
8 transportation;

9           ~~[B.]~~ D. "director" means the director of the  
10 division;

11           ~~[C.]~~ E. "division" means the aviation division of  
12 the department; ~~[and]~~

13           F. "expanded air route" means an air route served  
14 by the rural air service enhancement grant program that expands  
15 passenger capacity or the number of scheduled operations or  
16 public charter flights from what was served at the time a grant  
17 was made;

18           ~~[D.]~~ G. "minimum revenue guarantee" means the  
19 amount of money guaranteed by a municipality or county to be  
20 earned by an airline providing scheduled air services to and  
21 from that municipality or county, which is the difference  
22 between the minimum flight charge revenue specified in the  
23 contract between the municipality or county and the airline and  
24 the amount of actual flight charge revenue received by the  
25 airline that is less than that contractual amount;

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1           H. "new air route" means an air route to be served  
2 by the rural air service enhancement grant program that was not  
3 served prior to January 1, 2021;

4           I. "public charter" means a one-way or round-trip  
5 charter flight to be performed by one or more direct air  
6 carriers that is arranged and sponsored by a charter operator;  
7 and

8           J. "scheduled operation" means any common carriage  
9 passenger-carrying operation for compensation or hire conducted  
10 by an air carrier for which the air carrier or the air  
11 carrier's representatives offers in advance the departure  
12 location, departure time and arrival location."

13           SECTION 2. Section 64-6-3 NMSA 1978 (being Laws 2021,  
14 Chapter 47, Section 3) is amended to read:

15           "64-6-3. RURAL AIR SERVICE ENHANCEMENT GRANT PROGRAM.--

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

19           B. The director shall:

- 20                   (1) establish and publish deadlines and
- 21 guidelines for the submission of grant applications;
- 22                   (2) develop procedures for receipt, review and
- 23 approval of grant applications;
- 24                   (3) receive, review and approve grant
- 25 applications;

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

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

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

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

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

16 (1) the demand for service on the proposed new  
17 air routes or expanded air routes;

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

21 (3) the feasibility of a common carrier  
22 licensed by the state servicing proposed new air routes or  
23 expanded 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]~~ air routes;

5 (2) aircraft to be used to service proposed  
6 new air routes or expanded air routes served by the rural air  
7 service enhancement grant program shall have a passenger  
8 capacity of not more than ~~[nine]~~ thirty persons; and

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

12 ~~(4)]~~ (3) minimum matching funds from a  
13 municipality or county shall be:

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

17 (b) ~~[fifty]~~ twenty percent if the  
18 municipality or county has existing scheduled air ~~[service]~~  
19 routes at the time of application.

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

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

25 (2) exceed one million seven hundred fifty

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1 thousand dollars (\$1,750,000) per year for municipalities or  
2 counties not served by existing scheduled air [~~service~~] routes;  
3 or

4 (3) be used for infrastructure improvement.

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

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

13 I. Funds received through individual grants awarded  
14 through the rural air service enhancement grant program shall  
15 be expended by the grantee municipality or county only to  
16 airlines that have been selected through a competitive process  
17 pursuant to the Procurement Code."

18 SECTION 3. Section 64-6-4 NMSA 1978 (being Laws 2021,  
19 Chapter 47, Section 4) is amended to read:

20 "64-6-4. GRANT APPLICATIONS.--A municipality or county  
21 may submit an application to the director for a rural air  
22 service enhancement grant. An applicant shall comply with  
23 deadlines and guidelines published by the director. A grant  
24 application shall include:

25 A. a description of the facility that will serve

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1 the proposed new ~~[scheduled]~~ air routes or expanded air  
2 ~~[service]~~ routes;

3 B. an estimate of the demand for the proposed new  
4 ~~[scheduled]~~ air routes or expanded air ~~[service]~~ routes;

5 C. identification of the air common carrier that  
6 will service the proposed new ~~[scheduled]~~ air routes or  
7 expanded air ~~[service]~~ routes and the aircraft to be used on  
8 the ~~[new-scheduled]~~ proposed air ~~[service]~~ routes;

9 D. a description of existing ~~[scheduled]~~ air  
10 ~~[service]~~ routes serving the applicant;

11 E. a description and schedule of the proposed new  
12 ~~[scheduled]~~ air routes or expanded air ~~[service]~~ routes to  
13 serve the applicant;

14 F. a justification for the ~~[new]~~ proposed  
15 ~~[scheduled]~~ air ~~[service]~~ routes;

16 G. the requested grant amount and the amount of any  
17 matching funds; and

18 H. the time frame for a commitment to subsidize the  
19 proposed new ~~[scheduled]~~ air routes or expanded air ~~[service]~~  
20 routes."

21 SECTION 4. Section 64-6-5 NMSA 1978 (being Laws 2021,  
22 Chapter 47, Section 5) is amended to read:

23 "64-6-5. RURAL AIR SERVICE ENHANCEMENT FUND--CREATED.--

24 A. The "rural air service enhancement fund" is  
25 created as a nonreverting fund in the state treasury. All

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

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

16 C. In fiscal year 2023, if funds are available, at  
17 least nine million dollars (\$9,000,000) in grants shall be made  
18 from the fund to eligible applicants with proposed new air  
19 routes or expanded air routes to be used for aircraft with a  
20 passenger capacity of not more than nine persons."

21 SECTION 5. APPROPRIATION.--Fifteen million dollars  
22 (\$15,000,000) is appropriated from the general fund to the  
23 rural air service enhancement fund in fiscal year 2023 and  
24 subsequent fiscal years to carry out the purpose of the rural  
25 air service enhancement grant program and make related

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1 infrastructure improvements pursuant to the provisions of the  
2 Rural Air Service Enhancement Act. Any unexpended or  
3 unencumbered balance remaining at the end of a fiscal year  
4 shall not revert to the general fund.