

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR Hochman-Vigil LAST UPDATED _____
ORIGINAL DATE 2/21/2023
SHORT TITLE Rural Air Service Enhancement Fund BILL NUMBER House Bill 303
ANALYST Simon

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$10,500.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill

Sources of Information

LFC Files

Responses Received From

Department of Transportation (NMDOT)

Economic Development Department (EDD)

SUMMARY

Synopsis of House Bill 303

House Bill 303 appropriates \$10.5 million from the general fund to continue the Rural Air Service Enhancement Program.

This appropriation is effective for FY24 and subsequent fiscal years.

FISCAL IMPLICATIONS

The appropriation of \$10.5 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall not revert to the general fund.

SIGNIFICANT ISSUES

The Rural Air Service Enhancement program provides small airports with funds to subsidize

passenger air service. To date, the Legislature has appropriated \$14 million for the program and two airports, Gallup Municipal Airport and Las Cruces International Airport have been awarded funds to bring passenger service from those airports. In January 2023, passenger service began between Las Cruces and Albuquerque and in August 2022, passenger service began between Gallup and Phoenix. Gallup and Las Cruces have been awarded a total of \$7 million for the program.

NMDOT staff indicate at least four other airports are interested in additional rural air service grants. Airports in Alamogordo, Farmington, and Angel Fire are considering grants to begin passenger services, while Clovis would consider applying for a grant to expand existing service. Airports are eligible for up to \$2.25 million per year if they have existing passenger air service and up to \$2.75 million per year if they do not have existing passenger air service.

JWS/rl/ne