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FISCAL IMPACT REPORT



SPONSOR: Silva DATE TYPED: 02/04/02 HB 427

SHORT TITLE: Gas Tax Increase for Highway Projects SB

ANALYST: Valdes

REVENUE

| Estimated Revenue | | Subsequent Years Im- pact | Recurring or Non- Recurring | Fund Affected |
|-------------------|----------|---------------------------------|-----------------------------------|---|
| FY03 | FY04 | | | |
| 28,848.0 | 31,471.0 | 31,471.0 | Recurring ⁽¹⁾ | Highway Priority Project Fund |
| 11.0 | 5,512.0 | 6,012.0 | Recurring ⁽¹⁾ | State Road Fund |
| (1.0) | 18.0 | 20.0 | Recurring ⁽¹⁾ | State Aviation Fund |
| (8.0) | 1.0 | 2.0 | Recurring ⁽¹⁾ | Motorboat Fuel Tax Fund |
| (4.0) | 744.0 | 812.0 | Recurring ⁽¹⁾ | Local Governments (Section 7-1-6.9) |
| (4.0) | 411.0 | 448.0 | Recurring ⁽¹⁾ | County Government Road Fund (Section 7-1-6.19) |
| (4.0) | 411.0 | 448.0 | Recurring ⁽¹⁾ | Municipal Roads Distribution (Section 7-1-6.27) |
| 7.0 | 111.0 | 120.0 | Recurring ⁽¹⁾ | Municipal Arterial Program (Section 7-1-6.28) |
| | | | | |
| 28,845.0 | 38,678.0 | 39,334.0 | Recurring⁽¹⁾ | Total – All Recipients |

Note: This table was provided by the State Highway and Transportation Department.

SOURCES OF INFORMATION

State Highway and Transportation Department (SHTD)
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 427 repeals a current provision in statutes, which reduces the gasoline tax rate from 17 cents per gallon to 16 cents per gallon scheduled for July 1, 2003. As of July 1, 2002 the gasoline tax rate would be increased from the current 17 cents per gallon to be 21 cents per gallon for a period of 15 years, after which time on July 1, 2017, the tax rate would return to the 17 cents per

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gallon level. The additional revenue generated from this legislation would be directed to the new "Highway Priority Project Fund".

The "Highway Priority Project Fund" could be used for construction of, or improvements to, seven specified highway projects (see Significant Issues), and the State Highway Commission would be authorized to issue bonds in an amount not to exceed the amounts specified for the 7 projects, a total of \$362 million.

Significant Issues

- The bill creates the new "Highway Priority Projects Fund" to be used for 7 specified highway projects at a total cost of \$362 million:
 1. \$80 million for U.S. Highway 84/285 from Santa Fe to Pojoaque;
 2. \$50 million for the interchange at Coors Boulevard and Interstate 40 in Albuquerque;
 3. \$75 million for U.S. Highway 666 from Gallup to Shiprock;
 4. \$75 million for the four-lane construction of U.S. Highways 62 and 180 from Carlsbad to the Texas line;
 5. \$15 million for the Silver City relief route;
 6. \$35 million for the southwest loop in Albuquerque, including the Paseo de Vulcan interchange at I-40;
 7. \$32 million for six-lane construction of Interstate 25 from Tramway to U.S. Highway 550.
- The revenue stream created by this legislation could support the issuance of highway revenue bonds to fund the projects listed above.
- According to TRD the distribution formula for gasoline tax is modified for the beneficiaries other than the road fund after the tax increase authorized by this legislation.

FISCAL IMPLICATIONS

The department is experiencing budget constraints with state road fund revenue projections flat and large declines expected in federal revenues, based on the proposed federal budget for fiscal year 2003 released by President Bush. Any funding proposed for new projects would require a diversion of an equivalent amount of funding from existing highway projects or new revenue sources would have to be identified. House Bill 427 increases gasoline tax to provide a new revenue stream for highway construction projects.

MV/ar