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FISCAL IMPACT REPORT

SPONSOR: Pinto DATE TYPED: 10/29/03 HB _____

SHORT TITLE: Increase Fuel Tax For Highway Improvements SB 3

ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	None				

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 5, which would provide \$101 million for US 491.

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$ 30,428.0	\$ 62,318.0	Recurring	State Road Fund
	3.0	7.0	Recurring	Counties and Municipalities
	1.0	2.0	Recurring	County Road Funds
	1.0	2.0	Recurring	Municipal Road Funds
	(2.0)	(4.0)	Recurring	Municipal Arterial Program
	(1.0)	(2.0)	Recurring	Aviation Division
	(0)	(1.0)	Recurring	Motorboat Fuel Fund
	0	0	Recurring	Local Governments Road Fund
	\$ 30,430.0	\$ 62,322.0	Recurring	TOTAL – All Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

New Mexico Department of Transportation

SUMMARY

Synopsis of Bill

Senate Bill 3 increases the gasoline and special fuels tax and makes adjustments to several funds, which receive these revenues. The incremental funding will be used to finance 4-lane reconstruction of U.S. 491. Section-by-section analysis follows:

Section 1. Decreases the gas tax distribution to State Aviation Fund from 0.26 percent to 0.2 percent. Effective date is February 1, 2004.

Section 2. Decreases the gas tax distribution to the Motorboat Fuel Tax fund from 0.13 percent to 0.1 percent. Effective date is February 1, 2004.

Section 3. Decreases the gas tax distribution to the municipalities and counties from 10.38 percent to 8.02 percent. Effective date is February 1, 2004.

Section 4. Decreases the gas tax distribution to county government road fund from 5.75 percent to 4.45 percent. Effective date is February 1, 2004.

Section 5. Decreases the gas tax distribution to municipal roads from 5.75 percent to 4.45 percent. Effective date is February 1, 2004.

Section 6. Decreases the gas tax distribution to municipal arterial program of the local governments' road fund from 1.44 percent to 1.11 percent. Effective date is February 1, 2004.

Section 7. Decreases the special fuels tax distribution to local governments' road fund from 11.11 percent to 9.09 percent. Effective date is February 1, 2004.

Section 8. Increases the gasoline tax by 5 cents/gallon. Effective date is January 1, 2004.

Section 9. Increases the special fuels tax by 4 cents/gallon. Effective date is January 1, 2004.

Section 10. The limit on bonding authority for highway debentures is adjusted (see technical issues) and the cap on bonding authority is eliminated. Effective date is January 1, 2004.

Section 11. Adds new section authorizing up to \$150 million of bond proceeds to be used for a reconstruction project to 4-lane U.S. 491 from Tohatchi to Shiprock. Effective date is January 1, 2004.

Section 12. Carries an applicability clause.

Section 13. Provides effective dates for each section.

Section. 14. Carries an emergency clause.

Significant Issues

During the Johnson administration, U.S. 491 was identified as a priority for reconstruction from a 2-lane to either an enhanced 2-lane or 4-lane project from North of Gallup to Shiprock. However, limited revenues and bonding capacity prevented this major investment project from being completed. This highway segment has been identified as one of the most dangerous highways in the nation.

FISCAL IMPLICATIONS

The State Road Fund fiscal impact includes \$21.5 million in FY04 and \$43.770 million in subsequent years from gasoline tax, \$8.916 million in FY04 and \$18.552 million in subsequent years from special fuel.

TECHNICAL ISSUES

NMDOT reports the following concerns:

- Section 10, Subsection C, Paragraph (3): The bill eliminates \$400 million of bonding authority and replaces it with \$150 million of bonding authority. This flaw must be repaired. The Department has current outstanding debt based on the \$400 million of bonding authority, and the \$400 million amount cannot be eliminated.
- Section 11 adds \$150 million of bonding authority in a new section of law for projects on U.S. highway 491. That provision could be drafted as an addition to Section 10, possibly replacing Paragraph (4).
- Section 10, Subsection C, Paragraph (4): The language specifying the overall limit on the amount of bonds under Subsection C is eliminated. The language may be unnecessary since Paragraphs (1) through (3) and the new Section 11 specify more detailed amounts by project category.

MFV/njw:prr