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FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/07
 LAST UPDATED 3/05/07 HB _____

SPONSOR Altamirano

SHORT TITLE Distributions to Aviation Fund SB 432

ANALYST Schardin

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$895.3	Recurring	State Aviation Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$895.3)	(\$949.0)	Recurring	General Fund
	\$895.3	\$949.0	Recurring	State Aviation Fund

(Parenthesis () Indicate Revenue Decreases)

Conflicts with HB 205 and SB 222

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 432 extends the sunset on a distribution of 0.046 percent of general fund gross receipts tax revenues from June 30, 2007 to June 30, 2010. The effective date of this provision will be July 1, 2007.

FISCAL IMPLICATIONS

According to the December 2006 consensus revenue estimate, general fund gross receipts tax revenues are expected to total \$1,945.3 million in FY08, \$2,062.0 million in FY09, and \$2,179.5 million in FY10. Therefore, the fiscal impact of the bill would be to reduce general fund revenue by \$895.3 thousand in FY08, \$949.0 thousand in FY09, and \$1003.0 thousand in FY10. The bill has no fiscal impact in FY11 and beyond.

SIGNIFICANT ISSUES

According to DOT, the state aviation distribution funding extended by this bill is used to maintain the air service assistance program (ASAP). ASAP funds are used to offset startup costs incurred by airlines to begin air service to small communities in New Mexico. Loss of ASAP funds will result in loss of air service to small communities.

The ASAP program provides a one-time grant of up to \$200 thousand that must be matched by an additional \$200 thousand by local communities. So far, Taos, Roswell, Los Alamos, Ruidoso, Las Cruces, Carlsbad, Gallup, Artesia, Hobbs and Clovis have participated in the program.

DOT reports that the following projects will fail if Senate Bill 432 is not enacted:

- Roswell is requesting a \$200 thousand grant to help start service to Dallas/Forth Worth or Houston. The city believes that an airline is interested in the providing service.
- Ruidoso is recruiting service to Houston.
- Air service from Gallup to Phoenix will resume in spring 2007 if grant funding is available.
- Taos and Los Alamos are working on a grant to help secure air service to Denver.

ADMINISTRATIVE IMPLICATIONS

The bill will have minimal administrative impacts on TRD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 432 conflicts with Senate Bill 222 and House Bill 205. These bills amend the same section of statute, Section 7-1-6.7 NMSA 1978, to provide a stable funding source for the state aviation fund to be used for a Federal Aviation Administration matching program. The bills were also amended to include extending the 0.046 percent distribution of gross receipts tax revenue to the state aviation fund through FY12.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Scheduled air service improvements to small communities in New Mexico will not take place.

SS/csd