

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

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/2008

SPONSOR Sanchez LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Railroad Car Company Tax Act Rate Change SB 331

ANALYST Moser

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$533.0	Recurring	State Road Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	\$533.0	\$533.0	Recurring	Railroad Crossing Maintenance Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Department of Transportation (NMDOT)

### SUMMARY

#### Synopsis of Bill

Senate Bill 331 appropriates \$533 thousand dollars from a newly created Railroad Crossing Maintenance Fund to NMDOT for the purpose of maintaining and improving railroad grade crossings and railroad bridges.

Senate Bill 331:

- Raises the rate of tax imposed by the Railroad Car Company tax from 1.5% to 3.5% of the gross earnings of the company.
- Creates the Railroad Crossing Maintenance Fund in the state treasury to be administered by the NMDOT. The fund consists of legislative appropriations and distributions made pursuant to statute; gifts, grants, donations and bequests to the fund; and income, other earnings on the fund or balances from prior fiscal years.
- Makes a distribution to the Railroad Crossing Maintenance Fund in an amount equal to four-sevenths of the tax collected.
- Stipulates that any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

### **FISCAL IMPLICATIONS**

The appropriation of \$533 thousand contained in this bill is a recurring expense to the Railroad Crossing Maintenance Fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

The proposed 2 percent increase in the rate of the Railroad Car Company Tax would be earmarked for the Railroad Crossing Maintenance Fund. The current 1.5 percent earmarked for the general fund would continue to be retained in the General Fund. There would be no decrease in the tax revenue collected from the Railroad Car Company Tax for the General Fund.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

### **SIGNIFICANT ISSUES**

The money that would be appropriated to the NMDOT would be used to expand the NMDOT's current railroad grade crossing program. This money would supplement federal, state and private railroad funds that are currently used for this purpose, and include improvements to NMDOT owned rail crossings as well as public grade crossings owned by private railroads.

GM/nt