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FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/2008

SPONSOR Pinto LAST UPDATED _____ HB _____

SHORT TITLE Hwy 491 Construction & Pavement SB 365

ANALYST Moser

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$100,000.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of Bill

Senate Bill 365 appropriates \$100,000,000 from the general fund to the NMDOT for construction, reconstruction and pavement preservation of US 491 from the Jct. of BIA Road N-9 to Shiprock, New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$100,000,000 contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

NMDOT notes that while U.S. 491 is currently funded as part of Governor Richardson's Investment Partnership (GRIP) for \$100 million, the overall cost to complete construction of this four lane 70 mile GRIP project from Jct. of BIA Road N-9 to Shiprock, is approximately \$260 million. The \$100 million appropriated by this bill would allow for significant progress in the

completion of this project. However, a \$60 million shortfall would remain.

NMDOT has recently reached agreement with the Navajo Nation on the terms and conditions associated with the right-of-way easements necessary for project improvements, business taxation issues and project contributions. The agreement was the last remaining item withholding the project from letting to bid. The project is scheduled to be let for bid in the spring of 2008.

OTHER SUBSTANTIVE ISSUES

The NMDOT notes that while Senate Bill 365 appropriates \$100,000,000 to one of the GRIP projects there remain several projects under GRIP that cannot be completed due to significant funding shortfalls as a result of high inflationary rates impacting the highway construction industry. The GRIP program currently is projecting a shortfall of \$494 million.

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