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FISCAL IMPACT REPORT

ORIGINAL DATE 2/02/08

SPONSOR Jennings LAST UPDATED _____ HB _____

SHORT TITLE Study Air Transportation Needs SB 531

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$5,000.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT)
General Services Department (GSD)

SUMMARY

Synopsis of Bill

Senate Bill 531, Relating to Air Transportation: Providing for a Study to Identify Necessary Air Transportation Needs in New Mexico, directs the General Services Department (GSD) to conduct a study to identify necessary air transportation needs in New Mexico and the funding required in FY09 to meet those needs. It specifically appropriates funds from the General Fund to GSD for expenditure in FY09 for the following purposes:

- (1) \$2.5 million to renovate an aviation readiness center in Santa Fe; and
- (2) \$2.5 million for other necessary air transportation needs as identified by the study conducted by GSD.

The bill further requires that the study be completed by September 1, 2008.

FISCAL IMPLICATIONS

The appropriation of \$2.5 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

SIGNIFICANT ISSUES

DOT notes that the bill assigns responsibility for the air transportation needs study to GSD. GSD has asked for Aviation Division assistance as the division has extensive experience in this area. The responsibility and funding for the study and the appropriation would be better placed in the DOT Aviation Division. GSD Cabinet Secretary, Art Jaramillo, and the Aviation Division concur on this recommendation.

The bill requires that a study be conducted to identify air transportation needs in New Mexico, but does not provide funds for the study. Estimated cost of such a study would be approximately \$200.0 thousand. Aviation Funds are already committed to airport improvement projects at New Mexico's airports.

AMENDMENTS

DOT suggests the following amendment:

Section 2, Appropriations: Allow inclusion in the appropriation of \$2.5 million, a sum of \$200,000 for the Air Transportation Need Study to Aviation Division.

PERFORMANCE IMPLICATIONS

DOT notes that the bill requires that the air transportation study be completed by September 1, 2008. This type of in depth study would take a minimum of 4-6 months after a 2-3 month RFP process to select a consultant. It is doubtful that the study could be completed by September 1, 2008. Once the study is completed, funds could be encumbered to meet needs identified, but would likely not be expended by the end of FY09.

OTHER SUBSTANTIVE ISSUES

Substantial improvements will be required at many non- commercial service airports prior to initiating any scheduled airline service. Airports such as Angel Fire, Taos, Artesia, Raton, Deming, Las Vegas and others would require significant funding to prepare for service under current Federal Aviation Regulations.

ADMINISTRATIVE IMPLICATIONS

The Aviation Division is not staffed to conduct this study. However, the Aviation Division has experience in identifying and selecting reputable industry consultants, through the RFP process, to accomplish this study. The appropriation and funding for the renovation of the aviation readiness center at the Santa Fe airport should remain with the General Services Department as indicated in the bill.

WEP/mt