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## FISCAL IMPACT REPORT

SPONSOR Gonzales ORIGINAL DATE 02/11/13  
LAST UPDATED \_\_\_\_\_ HB 466  
SHORT TITLE Dept. of Transportation Employee Raises SB \_\_\_\_\_  
ANALYST Soderquist

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$1.2 Million	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to House Bill 4

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Department of Transportation (NMDOT)

### SUMMARY

#### Synopsis of Bill

House Bill 466 appropriates \$1.2 million from the general fund to the NMDOT for the purpose of providing a 1 percent salary increase to department employees.

### FISCAL IMPLICATIONS

The appropriation of \$1.2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end fiscal year 2014 shall revert to the general fund.

### SIGNIFICANT ISSUES

In House Bill 11, language states, "For those state employees whose salaries are referenced in or received as a result of non-general fund appropriations in the General Appropriations Act of 2013, the department of finance and administration shall transfer from the appropriate fund to the appropriate agency the amount required for the salary increases equivalent to those provided for

in this section, and such amounts are appropriated for expenditure in fiscal year 2014” (Section 8D).

For the Department of Transportation, this means that after FY 2014, NMDOT would have to fund the salary increase using funds currently included in the operating budget. These funds include the State Road Fund, Transportation Funds, State Infrastructure Bank Funds, Aviation Funds, Highway Infrastructure Funds, the Local Government Road Fund, and the Federal Funds Road Fund.

The proposed legislation would provide funding for a 1 percent salary increase from the general funds rather than State Road Funds.

Current revenue for state road funds, even when combined with federal funds, is insufficient to address needs critical to the economic welfare of the state. NMDOT economic analysis suggests state road funds will be negatively impacted even further as a result of fuel-efficient vehicles and declining population in the state. According to the NMDOT, there are currently at least \$1.5 billion in unfunded construction needs across the state, including a routine maintenance gap of approximately \$225 million, structurally deficient bridge repair needs of \$250 million, and heavy equipment replacement needs of \$150 million. Further, there are downtown “main street” reconstruction funding needs of approximately \$340 million and major investment project and interchange funding needs of approximately \$425 million. GRIP projects that have been deferred for lack of funding total \$390 million. Although other states are exploring options to address similar problems, the department is not currently considering plans for additional revenue sources.

#### **RELATIONSHIP**

Relates to House Bill 4 and The General Appropriation Act of 2013.

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Fewer funds will be available in the NMDOT operating budget for road construction and maintenance.

RS/blm