

HOUSE TRANSPORTATION, PUBLIC WORKS AND
CAPITAL IMPROVEMENTS COMMITTEE SUBSTITUTE FOR
HOUSE BILL 377

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;
ENACTING THE RURAL AIR SERVICE ENHANCEMENT ACT; MAKING AN
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be
cited as the "Rural Air Service Enhancement Act".

SECTION 2. [NEW MATERIAL] PURPOSE.--The provision and
maintenance of reliable air service to rural municipalities and
counties constitutes the performance of an essential
governmental function. The purpose of the Rural Air Service
Enhancement Act is to provide assistance to airlines in the
establishment of regional air service for rural communities to
and from hub airports in the southwest United States through a
grant program for air service to rural municipalities or

counties.

SECTION 3. ~~[NEW MATERIAL]~~ DEFINITIONS.--As used in the Rural Air Service Enhancement Act:

A. "department" means the department of transportation;

B. "director" means the director of the division; and

C. "division" means the aviation division of the department.

SECTION 4. ~~[NEW MATERIAL]~~ RURAL AIR SERVICE ENHANCEMENT GRANT PROGRAM.--

A. The "rural air service enhancement grant program" is created in the division to be administered by the director.

B. The director shall:

(1) establish and publish deadlines and guidelines for the submission of grant applications;

(2) develop procedures for receipt, review and approval of grant applications;

(3) receive, review and approve grant applications;

(4) monitor municipalities' and counties' use of grant money by reviewing annual reports submitted to the director to ensure that grants are used consistently with the terms of the grant awards;

.217393.1

1 (5) establish grant reporting requirements
2 that meet the general purpose of the Rural Air Service
3 Enhancement Act; and

4 (6) perform other duties as necessary to carry
5 out the provisions of the Rural Air Service Enhancement Act.

6 C. Each fiscal year, competitive grants shall be
7 awarded to applicants for the sole purpose of funding rural air
8 service enhancement grants.

9 D. The director shall award grants to applicants
10 through a competitive process that may be based upon at least
11 the following criteria:

12 (1) the demand for service on the proposed air
13 routes;

14 (2) the economic impact on the municipality or
15 county of the proposed new air routes; and

16 (3) the feasibility of a common carrier
17 licensed by the state servicing proposed new air routes.

18 E. Applicants shall meet the following minimum
19 criteria to be eligible for a grant:

20 (1) municipalities or counties shall have a
21 minimum population of twenty thousand persons residing within a
22 fifty-mile radius of the airport unless the municipality or
23 county has existing air service;

24 (2) routes to be served by the program shall
25 be new air routes that were not served prior to the awarding of

.217393.1

1 a grant; and

2 (3) minimum matching funds from a municipality
3 or county shall be:

4 (a) ten percent if the municipality or
5 county has no existing air service at the time of application;
6 and

7 (b) fifty percent if the municipality or
8 county has existing air service at the time of application.

9 F. Individual grants awarded through the rural air
10 service enhancement grant program shall not:

11 (1) exceed one million two hundred fifty
12 thousand dollars (\$1,250,000) per year for municipalities or
13 counties with existing air service;

14 (2) exceed one million seven hundred fifty
15 thousand dollars (\$1,750,000) per year for municipalities or
16 counties not served by existing air service; or

17 (3) be used for infrastructure improvement.

18 G. Individual grants awarded through the rural air
19 service enhancement grant program shall cover a time frame of
20 at least two years.

21 SECTION 5. [NEW MATERIAL] GRANT APPLICATIONS.--A
22 municipality or county may submit an application to the
23 director for a rural air service enhancement grant. An
24 applicant shall comply with deadlines and guidelines published
25 by the director. A grant application shall include:

.217393.1

1 A. a description of the facility that will serve
2 the proposed new air service;

3 B. an estimate of the demand for the proposed new
4 air service routes;

5 C. identification of the air common carrier that
6 will service the proposed new air service routes and the
7 aircraft to be used on the new air service routes;

8 D. a description of existing air service routes
9 serving the applicant;

10 E. a description and schedule of the proposed new
11 air service routes to serve the applicant;

12 F. a justification for the new proposed air service
13 routes;

14 G. the requested grant amount and the amount of any
15 matching funds; and

16 H. the time frame for a commitment to facilitate
17 the proposed new air service routes.

18 SECTION 6. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT
19 FUND--CREATED.--

20 A. The "rural air service enhancement fund" is
21 created in the state treasury. All appropriations, gifts,
22 devises, grants and donations received shall be deposited in
23 the fund. Money in the fund is appropriated to the division
24 for the purpose of carrying out the rural air service
25 enhancement grant program pursuant to the provisions of the

.217393.1

Rural Air Service Enhancement Act. Money in the fund shall not revert at the end of a fiscal year.

B. The fund shall be administered by the division. Disbursements from the fund shall be made only upon warrant drawn by the secretary of finance and administration pursuant to vouchers signed by the director or the director's designee for the purpose of carrying out the rural air service enhancement grant program pursuant to the provisions of the Rural Air Service Enhancement Act."

SECTION 7. APPROPRIATION.--Nine million dollars (\$9,000,000) is appropriated from the general fund to the rural air service enhancement fund for expenditure in fiscal year 2021 and subsequent fiscal years for the purpose of carrying out the provisions of the Rural Air Service Enhancement Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SECTION 8. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2020.