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FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/2020

SPONSOR Ruiloba LAST UPDATED _____ HB 3

SHORT TITLE Dept. of Transportation Appropriation Act SB _____

ANALYST Jorgensen

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
\$550,530.0		Recurring	State Road Fund
\$404,137.5			Federal Funds
\$6,371.9			Internal Service Funds/Interagency Transfers

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY20	FY21	FY22		
	\$550,530.0		Recurring	State Road Fund
	\$404,137.5		Recurring	Federal Funds
	\$6,371.9		Recurring	Internal Service Funds/Interagency Transfers

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 3 includes the fiscal year 2021 (FY21) operating budget appropriations for the New Mexico Department of Transportation (NMDOT) based on the Legislative Finance Committee's FY21 budget recommendation and includes recommended performance measures and targets.

HB3 appropriates \$961 million including \$550.5 million from state road fund revenues, and \$404.1 million from federal funding sources to support the operational activities of NMDOT in FY21. The bill also provides an exception to the law requiring funds received by the New

Mexico Finance Authority from NMDOT to be deposited into the local government transportation infrastructure fund.

FISCAL IMPLICATIONS

HB3 assumes virtually no growth in federal revenue and a \$61.3 million, or 12.5 percent, increase in state road fund (SRF) revenue. The increase in SRF resulted from a \$55 million transfer of motor vehicle excise tax from the general fund to the road fund. Without the increase from the excise tax, the road fund increase would have been 1.6 percent.

SIGNIFICANT ISSUES

The budget for NMDOT consists primarily of two funding sources: state road fund, primarily used for highway maintenance, and federal funding awards, primarily used for construction and debt service payments. HB3 contains approximately \$160 million for debt service for FY21. The department estimated in its annual report to the Legislature that the total unfunded construction and maintenance needs are \$265 million including \$129 million to rehabilitate and construct roads and \$33 million for bridge replacement and repair. In addition, the department estimates the annual maintenance shortfall to be \$103 million. The funding shortfall is compounded by a lack of personnel to carry out maintenance and other operational activities; the department reports a vacancy rate of 18 percent.

HB3 reflects a spending level that is supported by projected state road fund, interagency transfers and federal revenues.

CJ/al