

HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 325

55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

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

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maintenance of reliable scheduled 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 scheduled air service for rural communities to and from hub airports in the southwest United States through a minimum revenue guarantee for scheduled air service to rural municipalities or counties and related infrastructure improvements.

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;
- C. "division" means the aviation division of the department; and
- D. "minimum revenue guarantee" means the amount of money guaranteed by a municipality or county to be earned by an airline providing scheduled air services to and from that municipality or county, which is the difference between the minimum flight charge revenue specified in the contract between the municipality or county and the airline and the amount of actual flight charge revenue received by the airline that is less than that contractual amount.

SECTION 4. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT

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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;
- (5) establish grant reporting requirements that meet the general purpose of the Rural Air Service Enhancement Act; and
- (6) perform other duties as necessary to carry out the provisions of the Rural Air Service Enhancement Act.

C. Each fiscal year, competitive grants for minimum revenue guarantees shall be awarded to applicants for the sole purpose of funding rural air service enhancement grants.

D. The director shall award grants to applicants through a competitive process and based upon the following criteria:

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

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

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

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

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

(2) aircraft to be used to service proposed new air routes served by the rural air service enhancement grant program shall have a passenger capacity of not more than nine persons;

(3) routes to be served by the program shall be new air routes that were not served at the time the grant was made; and

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

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

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

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

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

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

(3) be used for infrastructure improvement.

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

H. No more than ten percent of the balance of the rural air service enhancement fund on July 1 of any year may be used by the division for infrastructure improvements associated with individual grants awarded through the rural air service enhancement grant program.

Hf11→I. Individual grants awarded through the rural air service enhancement grant program shall not be awarded for routes that qualify for funding through the federal essential air service program pursuant to 14 C.F.R. part 325.

J. Funds received through individual grants awarded through the rural air service enhancement grant program shall be expended by the grantee municipality or county only to airlines that have been selected through a competitive process pursuant to the Procurement Code.←Hf11

SECTION 5. [NEW MATERIAL] GRANT APPLICATIONS.--A municipality or county may submit an application to the

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director for a rural air service enhancement grant. An applicant shall comply with deadlines and guidelines published by the director. A grant application shall include:

- A. a description of the facility that will serve the proposed new scheduled air service;
- B. an estimate of the demand for the proposed new scheduled air service routes;
- C. identification of the air common carrier that will service the proposed new scheduled air service routes and the aircraft to be used on the new scheduled air service routes;
- D. a description of existing scheduled air service routes serving the applicant;
- E. a description and schedule of the proposed new scheduled air service routes to serve the applicant;
- F. a justification for the new proposed scheduled air service routes;
- G. the requested grant amount and the amount of any matching funds; and
- H. the time frame for a commitment to subsidize the proposed new scheduled air service routes.

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

A. The "rural air service enhancement fund" is created in the state treasury. All appropriations, gifts,

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devises, grants and donations received shall be deposited in the fund. Money in the fund is appropriated to the division for the purpose of carrying out the rural air service enhancement grant program and related infrastructure improvements pursuant to the provisions of the 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 and related infrastructure improvements pursuant to the provisions of the Rural Air Service Enhancement Act.

Hf11→~~SECTION 7. APPROPRIATION.--Nine million dollars (\$9,000,000) is appropriated from the general fund to the aviation division of the department of transportation for expenditure in fiscal year 2022 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.~~←Hf11

SECTION Hf11→8.←Hf11 Hf11→7.←Hf11 EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2021.