

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/21

SPONSOR Gonzales LAST UPDATED _____ HB _____

SHORT TITLE Transportation Project Fund SB 20

ANALYST Jorgensen

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23		
	(\$41,132.0)	(\$42,501.0)	Recurring	Local Government Road Fund
	\$41,132.0	\$42,501.0	Recurring	Transportation Project Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 20 (SB 20) changes the distribution of 18.75 percent of the motor vehicle excise tax revenue collected from the local government road fund to the transportation project fund. The bill does not make any other changes to the amount or distribution of motor vehicle excise tax revenue.

FISCAL IMPLICATIONS

SB20 will create a recurring source of revenue to the transportation project fund. TRD estimates this revenue stream to be \$41.1 million in FY22, growing to \$42.5 million in FY22.

SIGNIFICANT ISSUES

DOT reports:

Revenue credited to the Local Governments Road Fund is distributed to the enumerated entities based on a statutorily created formula. Fund distribution is not based on needs and

often results in some of the dedicated funds not being distributed during a particular fiscal year. Preference is given to entities who are able to contribute a match up to 25 percent of the project cost (NMSA 1978, Section 67-3-32). On the other hand, distributions from the transportation project fund is a competitive process based on need. Entities are only required to submit a 5 percent match with the ability to obtain a waiver of that match amount upon a showing of financial hardship. There is no statutory formula requiring the funds to be distributed to specific entities. Entities that show the importance of the project to their locality regardless of whether the entity is a municipality, county or Indian Tribe, and show that their project is “shovel ready” receive preference. Projects can span the gamut from planning to construction. The transportation project fund requires award and distribution of the funds within a few months of the start of a new fiscal year, which in the case of a construction project, gets the funds quickly into the local economy.

Revenue dedicated to the local government road fund is distributed by formula as follows:

Distribution of LGRF By Program		Further Distribution of Cooperative Agreement Funds	
Program	Amount	Program	Amount
School Bus Routes	16%	County Agreements	33%
Municipal Arterial	16%	Municipal Agreements	49%
Cooperative Agreement	42%	School District Agreements	14%
County Arterial	26%	Other Agreements	4%
Total	100%	Total	100%