

HOUSE BILL 171

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022

INTRODUCED BY

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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 AVIATION; AMENDING THE RURAL AIR SERVICE
ENHANCEMENT ACT TO BROADEN ELIGIBILITY FOR RURAL AIR SERVICE
ENHANCEMENT GRANTS; INCREASING THE AMOUNT OF GRANTS; ALLOWING
THE DIRECTOR OF THE AVIATION DIVISION OF THE DEPARTMENT OF
TRANSPORTATION TO EXTEND THE TIME FRAME OF EXISTING GRANTS;
Sf11 → ~~TEMPORARILY RESERVING A PORTION OF THE RURAL AIR SERVICE
ENHANCEMENT FUND FOR ELIGIBLE APPLICANTS WITH NEW OR EXPANDED
AIR ROUTES TO BE USED BY AIRCRAFT WITH A CAPACITY OF NOT MORE~~

.222278.1AIC February 17, 2022 (9:05am)

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~~THAN NINE PERSONS;~~ ←Sf11 MAKING AN APPROPRIATION.

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

SECTION 1. Section 64-6-2 NMSA 1978 (being Laws 2021, Chapter 47, Section 2) is amended to read:

"64-6-2. DEFINITIONS.--As used in the Rural Air Service Enhancement Act:

A. "air route" means any scheduled operation or public charter;

B. "charter flight" means a flight operated under the terms of a charter contract between a direct air carrier and the carrier's customer. "Charter flight" does not include scheduled air transportation, scheduled foreign air transportation or nonscheduled cargo air transportation, sold on an individually ticketed or individually waybilled basis;

[A.] C. "department" means the department of transportation;

[B.] D. "director" means the director of the division;

[C.] E. "division" means the aviation division of the department; [~~and~~]

F. "expanded air route" means an air route served by the rural air service enhancement grant program that expands passenger capacity or the number of scheduled operations or public charter flights from what was served at the time a grant was made;

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[D-] G. "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;

H. "new air route" means an air route to be served by the rural air service enhancement grant program that was not served prior to January 1, 2021;

I. "public charter" means a one-way or round-trip charter flight to be performed by one or more direct air carriers that is arranged and sponsored by a charter operator; and

J. "scheduled operation" means any common carriage passenger-carrying operation for compensation or hire conducted by an air carrier for which the air carrier or the air carrier's representatives offers in advance the departure location, departure time and arrival location."

SECTION 2. Section 64-6-3 NMSA 1978 (being Laws 2021, Chapter 47, Section 3) is amended to read:

"64-6-3. 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.

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

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and

(3) the feasibility of a common carrier licensed by the state servicing proposed new air routes or expanded 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~~] air routes;

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

~~[(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)]~~ (3) minimum matching funds from a municipality or county shall be:

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

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

F. Individual grants awarded through the rural air

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service enhancement grant program shall not:

(1) exceed [~~one million two hundred fifty thousand dollars (\$1,250,000)~~] two million two hundred fifty thousand dollars (\$2,250,000) per year for municipalities or counties with existing scheduled air [~~service~~] routes;

(2) exceed [~~one million seven hundred fifty thousand dollars (\$1,750,000)~~] two million seven hundred fifty thousand dollars (\$2,750,000) per year for municipalities or counties not served by existing scheduled air [~~service~~] routes;
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. If funds are available in the rural air service enhancement fund, the director may extend the term of an existing grant up to three additional 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.

I. 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."

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SECTION 3. Section 64-6-4 NMSA 1978 (being Laws 2021, Chapter 47, Section 4) is amended to read:

"64-6-4. GRANT APPLICATIONS.--A municipality or county may submit an application to the 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 routes or expanded air ~~[service]~~ routes;

B. an estimate of the demand for the proposed new ~~[scheduled]~~ air routes or expanded air ~~[service]~~ routes;

C. identification of the air common carrier that will service the proposed new ~~[scheduled]~~ air routes or expanded air ~~[service]~~ routes and the aircraft to be used on the ~~[new scheduled]~~ proposed 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 routes or expanded 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

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proposed new ~~[scheduled]~~ air routes or expanded air [service] routes."

SECTION 4. Section 64-6-5 NMSA 1978 (being Laws 2021, Chapter 47, Section 5) is amended to read:

"64-6-5. RURAL AIR SERVICE ENHANCEMENT FUND--CREATED.--

A. The "rural air service enhancement fund" is created as a nonreverting fund in the state treasury. All appropriations, gifts, 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. Sfl1→"←Sfl1

Sfl1→C. In fiscal year 2023, if funds are available, at least nine million dollars (\$9,000,000) in grants shall be made from the fund to eligible applicants with proposed new air routes or expanded air routes to be used for

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~~aircraft with a passenger capacity of not more than nine persons."~~←Sf11

HAFC→~~SECTION 5. APPROPRIATION.--Fifteen million dollars (\$15,000,000) is appropriated from the general fund to the rural air service enhancement fund in fiscal year 2023 and subsequent fiscal years to carry out the purpose of the rural air service enhancement grant program and make related infrastructure improvements pursuant to 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.~~←HAFC