

HOUSE BILL 171

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

INTRODUCED BY

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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;
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
THAN NINE PERSONS; 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:

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

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

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

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

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

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

20 ~~[D.]~~ G. "minimum revenue guarantee" means the
21 amount of money guaranteed by a municipality or county to be
22 earned by an airline providing scheduled air services to and
23 from that municipality or county, which is the difference
24 between the minimum flight charge revenue specified in the
25 contract between the municipality or county and the airline and

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1 the amount of actual flight charge revenue received by the
2 airline that is less than that contractual amount;

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

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

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

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

17 "64-6-3. RURAL AIR SERVICE ENHANCEMENT GRANT PROGRAM.--

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

21 B. The director shall:

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

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

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1 (3) receive, review and approve grant
2 applications;

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

7 (5) establish grant reporting requirements
8 that meet the general purpose of the Rural Air Service
9 Enhancement Act; and

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

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

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

18 (1) the demand for service on the proposed new
19 air routes or expanded air routes;

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

23 (3) the feasibility of a common carrier
24 licensed by the state servicing proposed new air routes or
25 expanded air routes.

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

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

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

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

14 ~~(4)]~~ (3) minimum matching funds from a
15 municipality or county shall be:

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

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

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

24 (1) exceed [~~one million two hundred fifty~~
25 ~~thousand dollars (\$1,250,000)] two million two hundred fifty~~

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

3 (2) exceed [~~one million seven hundred fifty~~
4 ~~thousand dollars (\$1,750,000)~~] two million seven hundred fifty
5 thousand dollars (\$2,750,000) per year for municipalities or
6 counties not served by existing scheduled air [~~service~~] routes;
7 or

8 (3) be used for infrastructure improvement.

9 G. Individual grants awarded through the rural air
10 service enhancement grant program shall cover a time frame of
11 at least two years. If funds are available in the rural air
12 service enhancement fund, the director may extend the term of
13 an existing grant up to three additional years.

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

19 I. Funds received through individual grants awarded
20 through the rural air service enhancement grant program shall
21 be expended by the grantee municipality or county only to
22 airlines that have been selected through a competitive process
23 pursuant to the Procurement Code."

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

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1 "64-6-4. GRANT APPLICATIONS.--A municipality or county
2 may submit an application to the director for a rural air
3 service enhancement grant. An applicant shall comply with
4 deadlines and guidelines published by the director. A grant
5 application shall include:

6 A. a description of the facility that will serve
7 the proposed new ~~[scheduled]~~ air routes or expanded air
8 ~~[service]~~ routes;

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

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

15 D. a description of existing ~~[scheduled]~~ air
16 ~~[service]~~ routes serving the applicant;

17 E. a description and schedule of the proposed new
18 ~~[scheduled]~~ air routes or expanded air ~~[service]~~ routes to
19 serve the applicant;

20 F. a justification for the ~~[new]~~ proposed
21 ~~[scheduled]~~ air ~~[service]~~ routes;

22 G. the requested grant amount and the amount of any
23 matching funds; and

24 H. the time frame for a commitment to subsidize the
25 proposed new ~~[scheduled]~~ air routes or expanded air ~~[service]~~

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1 routes."

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

4 "64-6-5. RURAL AIR SERVICE ENHANCEMENT FUND--CREATED.--

5 A. The "rural air service enhancement fund" is
6 created as a nonreverting fund in the state treasury. All
7 appropriations, gifts, devises, grants and donations received
8 shall be deposited in the fund. Money in the fund is
9 appropriated to the division for the purpose of carrying out
10 the rural air service enhancement grant program and related
11 infrastructure improvements pursuant to the provisions of the
12 Rural Air Service Enhancement Act. [~~Money in the fund shall~~
13 ~~not revert at the end of a fiscal year.~~]

14 B. The fund shall be administered by the division.
15 Disbursements from the fund shall be made only upon warrant
16 drawn by the secretary of finance and administration pursuant
17 to vouchers signed by the director or the director's designee
18 for the purpose of carrying out the rural air service
19 enhancement grant program and related infrastructure
20 improvements pursuant to the provisions of the Rural Air
21 Service Enhancement Act.

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

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1 passenger capacity of not more than nine persons."

2 SECTION 5. APPROPRIATION.--Fifteen million dollars
3 (\$15,000,000) is appropriated from the general fund to the
4 rural air service enhancement fund in fiscal year 2023 and
5 subsequent fiscal years to carry out the purpose of the rural
6 air service enhancement grant program and make related
7 infrastructure improvements pursuant to the provisions of the
8 Rural Air Service Enhancement Act. Any unexpended or
9 unencumbered balance remaining at the end of a fiscal year
10 shall not revert to the general fund.

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