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AN ACT

RELATING TO AVIATION; AMENDING THE RURAL AIR SERVICE  
ENHANCEMENT ACT; INCREASING THE PASSENGER CAPACITY OF  
AIRCRAFT USED FOR NEW OR EXPANDED AIR ROUTES FROM THIRTY TO  
ONE HUNDRED PASSENGERS.

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

SECTION 1. Section 64-6-3 NMSA 1978 (being Laws 2021,  
Chapter 47, Section 3, as amended) 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.

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

1 that meet the general purpose of the Rural Air Service  
2 Enhancement Act; and

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

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

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

13 (1) the demand for service on the proposed  
14 new air routes or expanded air routes;

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

18 (3) the feasibility of a common carrier  
19 licensed by the state servicing proposed new air routes or  
20 expanded air routes.

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

23 (1) municipalities or counties shall have a  
24 minimum population of twenty thousand persons residing within  
25 a fifty-mile radius of the airport unless the municipality or

1 county has existing air routes;

2 (2) aircraft to be used to service proposed  
3 new air routes or expanded air routes served by the rural air  
4 service enhancement grant program shall have a passenger  
5 capacity of not more than one hundred persons; and

6 (3) minimum matching funds from a  
7 municipality or county shall be:

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

11 (b) twenty percent if the municipality  
12 or county has existing scheduled air routes at the time of  
13 application.

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

16 (1) exceed two million two hundred fifty  
17 thousand dollars (\$2,250,000) per year for municipalities or  
18 counties with existing scheduled air routes;

19 (2) exceed two million seven hundred fifty  
20 thousand dollars (\$2,750,000) per year for municipalities or  
21 counties not served by existing scheduled air routes; or

22 (3) be used for infrastructure improvement.

23 G. Individual grants awarded through the rural air  
24 service enhancement grant program shall cover a time frame of  
25 at least two years. If funds are available in the rural air

1 service enhancement fund, the director may extend the term of  
2 an existing grant up to three additional years.

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

8 I. Funds received through individual grants  
9 awarded through the rural air service enhancement grant  
10 program shall be expended by the grantee municipality or  
11 county only to airlines that have been selected through a  
12 competitive process pursuant to the Procurement Code."

13 SECTION 2. EFFECTIVE DATE.--The effective date of the  
14 provisions of this act is July 1, 2023. \_\_\_\_\_

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