

**NMDOT BILL ANALYSIS  
2024 REGULAR SESSION**

*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply: Date 2/7/2024  
**Original**     X  **Amendment**    \_\_\_\_\_ **Bill No.** SB 226  
**Correction**    \_\_\_\_\_ **Substitute**    \_\_\_\_\_

**Sponsor**    William P. Soules **Agency Name and Code Number:**    NMDOT - 805 – Rail Bureau  
High-Speed Railroad **Person Writing Analysis:** Bill Craven  
**Short Title**    Across the State **Phone:**    (505) 629-3982 **Email:**    William.craven@dot.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

| Appropriation |      | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY25          | FY26 |                           |               |
| 1,000,000     | 0    | Nonrecurring              | General Fund  |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Relates to SB 59

Duplicates/Relates to Appropriation in the General Appropriation Act:

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Senate Bill 226 (SB 226) appropriates \$1,000,000,000 from the General Fund to NMDOT for expenditure in fiscal years 2025 through 2029 to construct a high-speed passenger railroad that runs from New Mexico’s southern border to New Mexico’s northern border. Any unexpended or unencumbered balance at the end of fiscal year 2029 reverts to the General Fund.

**FISCAL IMPLICATIONS**

SB 226 appropriates \$1,000,000,000 from the General Fund to construct a high-speed passenger railroad in New Mexico. As outlined below, \$1 billion would cover only a tiny fraction of constructing a high-speed passenger railroad connecting the southern and northern borders of New Mexico. SB 226 does not address how these additional costs would be financed. The principal discretionary grant programs offered by USDOT for major transportation infrastructure projects that might be a funding source for high-speed rail, MEGA and INFRA, each cover a maximum of 60% of project costs and limit the federal share from all sources of total project costs to no more than 80%.

## **SIGNIFICANT ISSUES**

Significantly more funding would need to be identified to construct a high-speed passenger railroad in New Mexico than the \$1 billion appropriated in SB 226. While no cost estimates have been developed for a proposed high-speed passenger railroad in New Mexico, the high-speed rail line presently under construction in California between San Francisco and Anaheim is currently estimated to cost \$106 billion for a line approximately 500 miles in length, or roughly \$200,000,000 per mile. A high-speed passenger railroad connecting the southern and northern borders of the state would be of a similar length but should be less expensive as there are fewer metropolitan areas in New Mexico. A 2009 General Accounting Office report (GAO-09-317) reviewed projected construction costs for a number of proposed U.S. high-speed passenger railroads, as well as actual costs for recently completed high-speed passenger railroads in Europe and Japan, and estimated construction costs at \$66,000,000 per mile.

SB 226 requires that the \$1 billion appropriated for construction be expended by the end of FY 2029. Prior to construction commencing, planning and design activities must be completed. These activities include, but are not limited to: the selection of an alignment; station location selection; preliminary and final design; right of way acquisition; and environmental approval. For high-speed passenger railroads, these activities can take more than a decade to complete. For instance, planning for the California high-speed rail line began in 1993, but the first construction did not occur until 2015, more than 20 years later. To date, there has been no planning conducted for a proposed high-speed passenger railroad in New Mexico.

SB 226 does not indicate whether the high-speed passenger railroad would be publicly owned or privately owned. The anti-donation clause in the New Mexico constitution, Article 9, Section 14, severely restricts the ability of the state to contribute funding to improve privately owned railroads.

## **PERFORMANCE IMPLICATIONS**

A high-speed passenger railroad connecting the southern and northern borders of New Mexico would cost roughly 100 times what Rail Runner cost to construct, prior to bond financing. NMDOT does not presently have staff in place with the expertise to manage development of a high-speed passenger railroad, or adequate staff to manage the day-to-day operations of a conventional passenger railroad. Additionally, state statutes and rules limit the ability of NMDOT to implement a project of this size and complexity within the five-year timeframe identified, even if appropriate staffing were in place. Development of Rail Runner on the compressed schedule required was accomplished by NMDOT entering into agreements with another public entity, the Mid-Region Council of Governments, to act as NMDOT's agent in developing the service.

## **ADMINISTRATIVE IMPLICATIONS**

NMDOT would likely need to add staff to administer development of a project of this size and complexity, even if management of planning, design, and construction is assigned to another entity.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB 226 is identical to SB 127 from the 2023 legislative session and SB 204 from the 2022 legislative session, save that the five year period that funding would be available for expenditure

and the reversion date for unspent funds to the General Fund in SB 127 and SB 204 were one and two years earlier, respectively.

SB 226 is related to SB 59 from the 2023 legislative session, which would have appropriated funding for a feasibility study of constructing a high-speed passenger railroad in New Mexico.

### **TECHNICAL ISSUES**

SB 226 does not indicate whether the high-speed passenger railroad would be publicly owned or privately owned. The anti-donation clause in the New Mexico constitution severely restricts the ability of the state to contribute funding to construct or improve privately owned railroads.

### **OTHER SUBSTANTIVE ISSUES**

Development of a high-speed passenger railroad connecting the southern and northern borders of New Mexico that does not connect with high-speed passenger railroads in Texas and Colorado is not advisable. Neither Texas nor Colorado is undertaking efforts to develop high-speed passenger rail serving regions near the New Mexico state line.

### **ALTERNATIVES**

None.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The state would not be committed to constructing a high-speed passenger railroad, likely to require decades of development and possibly cost as much as \$100,000,000,000 in current year dollars when completed.

### **AMENDMENTS**

None.