

**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:

Original Amendment
Correction Substitute

Date 2/12/2024

Bill No. SB 300/SFC Sub

Sponsor: George Muñoz
Public Peace, Health, Safety & Welfare

Agency/ Code: NMDOT - 805 - Office of the Secretary

Person Writing Analysis: Mallery Manzanares

Short Title Transportation Project Bonds

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
		205,800,000	Severance Tax Bond
		322,000,000	State Transportation Bonds

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Not applicable.

Duplicates/Relates to Appropriation in the General Appropriation Act: Not applicable.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total					322,000,000	State Road Fund

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

The Senate Finance Committee substitute for Senate Bill 300 (SB 300) authorizes the State Board of Finance to issue and sell up to \$205.8 million in severance tax bonds for the following projects:

- 1) \$45 million for a transportation project at the intersection of state highway 213 and state highway 404;
- 2) \$40 million for a transportation project from milepost 276 to milepost 291 on Interstate 25;
- 3) \$62.8 million for a transportation project of the bridge east of Gallup from milepost 28.7 to milepost 30.7 on Interstate 40;
- 4) \$8 million for a transportation project of an interchange in Los Lunas to access Interstate 25 at milepost 202; and
- 5) \$50 million for transportation projects identified in Section 11 of the General Appropriation Act of 2024.

SB 300 also provides that the State Transportation Commission may authorize the New Mexico Finance Authority (NMFA) to issue and sell up to \$322 million dollars in State Transportation Bonds for the following project:

- 1) \$45 million for a transportation project from Roswell to the Texas state line on US Highway 380;
- 2) \$25 million for a transportation project of an interchange at the intersection of Interstate 25 and US Highway 64 in Raton;
- 3) \$70 million for a transportation project from milepost 128.27 to milepost 142.5 on US Highway 180;
- 4) \$75 million for a transportation project from milepost 28.8 to milepost 50.5 on state highway 128; and
- 5) \$107 million for a transportation project from milepost 8.98 to 10.32 on Rio Bravo boulevard in Albuquerque and Bernalillo county.

The Bonds authorized under SB 300 must be sold by 2026 or this authority expires.

SB 300 also requires that NMDOT spend at least eighty-five percent of the bond proceeds within three years after the applicable bond proceeds are available for the transportation project.

Finally, SB 300 requires NMDOT to provide reports on progress of transportation projects to the Legislature and the Governor, and quarterly progress reports to the Department of Finance and Administration and the legislative finance committee.

FISCAL IMPLICATIONS

The NMDOT has an outstanding debt of approximately \$889 million until fiscal year 2032. This debt is being repaid using the State Road Fund, Federal Highway Administration (Federal Funds), and Highway Infrastructure funds.

The additional \$205.8 million will be bonded by the Department of Finance and Administration Severance Tax bonds. The NMDOT will not be responsible for repayment.

If an additional \$322 million is bonded as State Transportation Bonds, NMDOT must finance a projected amount of \$355 million, including interest and fees. To achieve this, NMDOT will use best efforts to secure participation from the Federal Highway Administration (Federal Funds) to supplement State Road Fund used for debt service.

NMDOT has estimated eight years of debt with an annual amount of \$45 million.

SIGNIFICANT ISSUES

NMDOT will face a significant impact on future maintenance activities and operations if Federal Highway Administration declines to participate in funding the bond projects.

PERFORMANCE IMPLICATIONS

None identified.

ADMINISTRATIVE IMPLICATIONS

NMDOT would need to seek Federal Highway Administration approval by executing an agreement. NMDOT would need to obtain approval from the State Transportation Commission. Lastly, NMDOT would work closely with NMFA and PFM Financial Advisor LLC.

If NMDOT issues State Transportation bonds pursuant to SB 300, NMDOT will need to develop appropriate mechanisms to obtain the bonds. NMDOT will also need to devote staff time to fulfill the reporting requirements found in Section 2 of SB 300.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None identified.

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None identified.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMDOT will rely on existing funding to complete transportation projects.

AMENDMENTS

None suggested.