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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 325

SHORT TITLE: Create Railyard Crossing Safety Fund

SPONSOR: Reps. De La Cruz, Hochman-Vigil, and Brown/Sens. Gonzales and Muñoz

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/10/2025 **ANALYST:** Simon

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$1,000.0	Recurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies That Were Asked for Analysis but did not Respond
Department of Transportation

SUMMARY

Synopsis of House Bill 325

House Bill 325 (HB325) appropriates \$1 million from the general fund to the railroad crossing safety fund, which the bill creates for safety improvement at road and railway intersections. The bill also creates the Railroad Crossings Safety program and requires the program to provide rules related to the requirements and process for receiving funds.

The effective date of this bill is July 1, 2026.

FISCAL IMPLICATIONS

HB325 would create a new Railroad Crossing Safety Program and the railroad crossings safety fund for the Department of Transportation (NMDOT). Money deposited into the fund could be used for projects that improve safety at intersections that include a railroad crossing, including projects for pedestrians and projects that move traffic over or under the rail crossing, known in engineering terms as a "[grade separation](#)." Up to three percent of the fund's balance may be used for administrative expenses.

Notably, the bill provides the department discretion to transfer funds between the newly created fund and the state road fund on October 1 of each year. NMDOT currently maintains several

restricted funds for many purposes, including the highway infrastructure fund (for debt service payments), the aviation fund (for aviation projects), and the local government road fund (for grants to local governments for road projects). It may be possible for NMDOT to make direct expenditures from this fund without the need to transfer funds to the state road fund. The bill does not include a specific requirement that funds not expended on eligible project revert back to the railroad crossings safety fund at a given point.

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. Any unexpended balances remaining at the end of FY27 would remain in the railroad crossing safety fund or (due to the unique transfer language) the state road fund. Although the bill does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

This bill creates a new fund and provides for continuing appropriations. LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds because it reduces the ability of the Legislature to establish spending priorities.

SIGNIFICANT ISSUES

The Federal Railroad Administration currently maintains a Railroad Crossings Elimination Grant Program and provides state and local transportation agencies with grants to improve safety at rail crossings. New Mexico governments often receive grants from this program.

Federal Awards: Railroad Crossing Elimination Program

Year	Grantee	Project	Federal Grant	State/Local Match
23/24	City of Clovis	Clovis Corridor Improvement Projects	\$1,040,000	20%
23/24	McKinley County	McKinley County-BNSF Rail Crossing Elimination	\$3,312,000	20%
23/24	NMDOT	Allison Road Grade Separated Crossing Project	\$44,890,094	20%
22	Dona Ana County	Santa Teresa At-Grade Separation	\$31,171,088	20%

Source: Federal Railroad Administration

Generally, grants provided by this federal program require a 20 percent non-federal match. A state level Railroad Crossing Safety Program could be a source for these projects, although the state is currently funding portions of the required match for this program from the New Mexico match fund, a DFA program to provide state agencies and local governments with matching funds to secure federal grants. For some of these projects, railroad companies have contributed to the non-federal match.

ADMINISTRATIVE IMPLICATIONS

The bill would require NMDOT to promulgate rules for “the requirement and the process required to receive funds for eligible projects.” As a result, NMDOT may incur a minor administrative expense. The bill would allow NMDOT to use up to \$30 thousand of the appropriation for administrative costs, which would likely cover the costs of the rulemaking.

JWS/dw/ct