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FISCAL IMPACT REPORT

SPONSOR:	Mallory	DATE TYPED:	02/03/00	HB	191
SHORT TITLE:	Complete Construction of US Highway 54			SB	
				ANALYST:	Valdes

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
		\$ 8,760.0	Recurring	State Highway Infrastructure Fund
		\$ (8,760.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

State Highway and Transportation Department (SHTD)

SUMMARY

Synopsis of Bill

This bill redirects one twelfth of the proceeds of the motor vehicle excise tax from the General Fund to the State Highway Infrastructure Fund beginning July 1, 2001. The State Highway Commission is authorized to issue up to \$70 million State Highway Bonds for the four-lane construction of US Highway 54 from the New Mexico-Texas state line to Tucumcari.

FISCAL IMPLICATIONS

This bill would have a recurring impact on General Fund revenues beginning in FY02 when \$8.8 million in Motor Vehicle Excise Tax would be redirected to the Highway Infrastructure Fund.

OTHER SUBSTANTIVE ISSUES

This project is presently not included in the department's FY99-04 Statewide Transportation Improvement Program (STIP). However, it is included in the Long Range Comprehensive Transportation Plan Update as one of the future four-lane corridors.

According to the department, New Mexico's highways need additional funding. The state highway system includes 12,010 miles of roadway, including frontage roads and ramps. Roads and bridges wear out because of traffic and environmental effects. Since 1990 the state's population has grown about 1.6% a year while traffic has grown about 3.6% a year. Expectations for access to paved highways, up-to-date designs and four-lane roads are increasing. Highways are underfunded. Road Fund revenues do not keep up with

inflation. The department is required to pay gross receipts taxes on highway construction projects, a drain of more than \$20 million annually from the State Road Fund.

The need for more four-lane roads has been partially addressed. In 1998 the Legislature increased the State Highway Commission's bonding authority to \$1.124 billion. In addition federal legislation through TEA-21 increased federal-aid highway funding by an average of \$66.5 million a year. As a result the department has issued a portion of these bonds and is constructing some four-lane roads statewide.

The FY99-04 STIP shows revenues for preserving and improving the state highway system totals \$2.16 billion. For the same time span, the Long Range Plan shows road improvement needs of \$5.7 billion. Over a twenty-year period projected revenues total \$6.6 billion while projected needs total \$12.1 billion.

MFV/njw