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FISCAL IMPACT REPORT

| | | | | | |
|--------------|---------------------------------------|-------------|----------|----------|-------|
| SPONSOR: | Carraro | DATE TYPED: | 02/02/00 | HB | |
| SHORT TITLE: | Public Highway Improvement and Repair | | | SB | SJR 7 |
| | | | | ANALYST: | Eaton |

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|--------------|-----------------------------|------|-------------------------|------------------|
| FY00 | FY01 | FY00 | FY01 | | |
| | \$ 500,000.0 | | | Non-Recurring | STPF |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

| Estimated Revenue | | Subsequent Years Impact* | Recurring or Non-Rec | Fund Affected |
|-------------------|------|-----------------------------|-------------------------|------------------|
| FY00 | FY01 | | | |
| | | \$ (2,300.0) | Recurring | General Fund |

(Parenthesis () Indicate Revenue Decreases)

*ATTACHMENT details estimated subsequent year impacts.

SOURCES OF INFORMATION

State Investment Council (SIC)

New Mexico Highway and Transportation Department (NMHTD)

SUMMARY

Synopsis of Bill

This joint resolution proposes to amend the State Constitution to provide for a one-time transfer from the severance tax permanent fund to a special fund to be appropriated by the legislature exclusively for the construction, improvement and repair of public highways. The amendment proposed shall be submitted to the people at the next general election or at any special election prior to July 1, 2001, which may be called for that purpose.

FISCAL IMPLICATIONS

The bill would have a negative impact on the general fund in FY 2002 of \$2,350.0, and compounded negative impacts in subsequent fiscal years (See ATTACHMENT).

ADMINISTRATIVE IMPLICATIONS

None.

TECHNICAL ISSUES

The fund that would receive the distribution to be used by the legislature for appropriations is not specified. Presumably, the distribution amount and balances therein would be on deposit with the state treasurer until expended.

The joint resolution does not specify the disposition of interest earnings that may be earned while on deposit with the state treasurer. Unless the disposition of earnings is specified, interest earnings would be credited to the state general fund.

OTHER SUBSTANTIVE ISSUES

The State Highway System includes 12,010 miles of roadway, including frontage roads and ramps. Since 1990, the states population has grown 1.6% per year while traffic has grown 3.6% a year. Expectations for access to paved highways, up-to-date designs, and four lane roads are increasing.

The need for more four lane roads has been partially addressed. 1998 legislation increased the State Highway Commission's bonding authority to \$1.124 billion and expanded revenues that secure bonds to include all federal funds and state taxes and fees paid into the Road Fund. However, the Highway Department's current Statewide Transportation Improvement Program (STIP) shows that for fiscal years 1999 through 2004, revenues for preserving and improving the state highway system, including bond proceeds, total nearly \$2.16 billion. For the same time period, the Long Range Plan shows needs of \$4.2 billion. Over a 20 year period, the Long Range Plan anticipates revenues of \$6.6 billion while projected needs for improvement to state highways total \$10.8 billion. Needs for improvement to municipal, county, or tribal road systems are not included in these totals.

Highway projects and infrastructure improvements have wide reaching and long lasting direct and indirect impacts on the state's metropolitan and rural economies. The magnitude of the cumulative impacts that this additional \$500 million would have on the state is unknown at this time.

If the highway department invested the \$500 million and applied it toward highway bond debt service, the

estimated additional benefit ranges between \$75 to \$150 million dollars that could be available for highway projects. The benefits range due to the uncertainty of interest (and capital gains) that may be earned on investing.

JBE/gm

Attachment