



## **SOURCES OF INFORMATION**

Responses Received From  
State Highway and Transportation Department

## **SUMMARY**

### Synopsis of SFC Amendment

The Senate Finance Committee Amendment creates a new “state transit fund” which shall be administered by the State Highway and Transportation Department and used to pay the cost of planning, design, construction, operation, maintenance or administration of any public mass transportation program or system in New Mexico and to match federal allotments under federal-aid transportation laws.

A portion of the gasoline tax is to be distributed into the fund.

The effective date of the amendment is July 1, 2003.

## **FISCAL IMPLICATIONS**

The funds are appropriated to State Highway and Transportation Department for use as noted above. The revenue distribution will start on July 1, 2003, and \$1,914.5 will be redirected from the state road fund into the state transit fund. The following chart shows the distribution as per SFC/aHB644.

## **SUMMARY OF ORIGINAL BILL**

HB 644 repeals Laws 1995, Chapter 6, Section 11 which on July 1, 2003 decreases the gasoline tax rate from 17 cents per gallon to 16 cents per gallon. By repealing this section, HB 644 will leave the current 17 cent per gallon tax rate unchanged.

HB644 does not specify an effective date; there it is assumed the bill will become effective 90 days following adjournment (about June 15, 2003).

### Significant Issues

The state road funds has experienced level or declining total revenue over the past few years. Any further reduction of revenue to the state road fund will jeopardize the ability of the state to maintain a quality state road system in the long run.

Under current statute, municipal and county government road funds will share in the loss of revenue associated with a one-cent decrease in the gasoline excise tax rate.

## **FISCAL IMPLICATIONS**

Without passage of HB644, the gasoline tax will decrease one cent on July 1, 2003; from 17 cents per gallon to 16 cents per gallon. This penny is distributed to the state road fund as well as county and municipal governments, the state aviation fund and the motorboat fuel fund. HB644 deletes the section of law that decreases the gasoline tax July 1, 2003 therefore leaving the tax at 17 cents per gallon. The revenue table above shows the impact on each fund if HB644 were to pass and the 17 cents rate is retained.

As noted above, the table shows an eleven-month revenue impact for FY04. If HB644 were not implemented the 17 cent tax collected in June 2003 will come in as revenues in July 2003. If HB644 passes the entities will receive 12 months of revenue; therefore the difference due to HB644 is 11 months of additional revenue.

## **ADMINISTRATIVE IMPLICATIONS**

Elimination of the scheduled gasoline tax rate change would eliminate any administrative burden imposed on the Taxation and Revenue Department in regard to that change in the tax rate.

## **RELATIONSHIP**

HB 644 relates to the Appropriations Act for FY04. The Highway and Transportation Department budget for FY04 contained in the Appropriations Act is based on loss of the one-cent gasoline tax effective July 1, 2003. If HB644 passed, the Department would need to increase their budget into road fund by \$5.7 million and into Aviation Division by \$21.7. This could be done through the BAR process as the \$5.7 million increase would be within the 4% revenue increase limitation in the Appropriation Act. The BAR process allows the LFC to request a hearing on such increase; but does not give the LFC the authority to stop such increase.

## **TECHNICAL ISSUES**

The bill has no effective date; a June 30, 2003 effective would ensure proper implementation of the tax.

## **OTHER SUBSTANTIVE ISSUES**

The Legislature will not have appropriation authority except for LFC review over these new funds; should some language be included to state that inclusion of the additional funds due to the one cent gasoline tax into the State Highway and Transportation Department shall be contingent upon review and approval by the Legislative Finance Committee.

PRF/njw