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FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/06
 SPONSOR Silva LAST UPDATED 2/3/06 HB 602/aHTRC
 SHORT TITLE Raise Gas Tax & Create School Bus Fund SB _____
 ANALYST Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	(4.4)	(4.5)	Recurring	State Aviation Fund
	6.3	6.4	Recurring	Motorboat Fuel Tax Fund
	7.5	7.6	Recurring	Counties and Municipalities
	(4.6)	(4.7)	Recurring	County Government Road Fund
	(4.6)	(4.7)	Recurring	Road Funds of Municipalities
	3.1	3.1	Recurring	Municipal Arterial Program
	17,806.9	18,199.7	Recurring	School Bus Routes Fund
	19.1	19.0	Recurring	State Road Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Transportation (DOT)

Public Education Department (PED)

SUMMARY

Synopsis of HTRC Amendment

HB 602, as amended, requires that the department will promulgate a rule regarding the use of the proceeds of the bonds including provisions for the most efficient use of all sources of funds. The amendment also creates a new subsection that identifies specific cap amounts for each of the 89

school districts. Other changes include clarifying that the bonds are school bus routes bonds.

Synopsis of Original Bill

House Bill 602 does the following:

1. Increase gasoline tax from 17 cents to 19 cents per gallon;
2. Creates a new fund called the “school bus routes fund”;
3. Changes the distributions of the gasoline tax of other beneficiaries to incorporate the school bus routes fund.

The school bus routes fund will be a fund used for school bus routes and public school parking lot projects. The revenues from the gasoline tax distributed to the fund will be used for revenue bonds issued by the New Mexico Finance Authority to pay for projects up to \$200 million. The bonds will have a maturity of not more than 15 years.

The effective date is July 1, 2006.

FISCAL IMPLICATIONS

There are no additional fiscal impacts due to the amendment.

The bill contains both a gasoline tax increase and a redistribution of the gasoline tax revenues. The net impact by fund is shown below:

Table 1: Net Impact of HB602

	Gasoline Tax Distribution		Impact	
	Current Law	HB602	FY07 Impact	FY08 Impact
State Aviation Fund	0.26%	0.23%	(4,449)	(13,129)
Motorboat Fuel Tax Fund	0.13%	0.12%	6,229	1,889
Counties and Municipalities	10.38%	9.29%	4,449	(342,051)
County government road fund	5.76%	5.15%	(6,229)	(198,507)
Road funds of Municipalities	5.76%	5.15%	(6,229)	(198,507)
Municipal arterial program	1.44%	1.29%	2,670	(45,400)
School Bus Routes Fund	0.00%	10.53%	17,803,508	17,803,508
General Fund	0.26%	0.26%	-	-
Tribal Sharing	2.70%	2.70%	-	-
State Road Fund	73.31%	65.28%	(2,670)	1,281,056

1. Change in the distribution of the gasoline tax revenues. To incorporate the new fund with in the gasoline tax distribution scheme, other funds had their distribution shares decreased. The table below indicates the net impact and the new shares. Tribal sharing and general fund distributions are static amounts – \$4.08 million and \$400 thousand respectively – and so the shares have been calculated based on the revenue.

2. Change in the gasoline tax rate. HB 602 also includes a two-cent increase in the gasoline tax per gallon. That increase will generate \$18 million per year for road infrastructure projects. Table 3 shows the impacts by fund of the gas increase.

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

SIGNIFICANT ISSUES

NMFA:

The New Mexico Finance Authority is authorized to issue up to \$200,000,000 using the funds generated by the new “school bus routes fund”. The terms of any bonds issued by the New Mexico Finance Authority shall not exceed 15-years.

The New Mexico Finance Authority may, when directed by the State Transportation Commission, refund existing bonds by exchange, current, or advance refunding. When issuing bonds, the New Mexico Finance Authority may enter into interest exchange agreements, interest rate swap contracts, insurance agreements, remarketing agreements and any agreements necessary to issue the bonds.

HB 602 contains non-impairment language to protect the revenues of the fund while there are outstanding loans or bonds secured with this revenue source. It provides that the State will not do anything to alter or impair the distribution while the bonds are outstanding.

OTHER ISSUES

Included in the amendment were specific caps for each school district:

School District	Identifying Code	Project Expenditure Limit
Alamogordo	46	\$2,366,000
Albuquerque	1	\$34,606,000
Animas	30	\$854,000
Artesia	22	\$2,244,000
Aztec	64	\$2,326,000
Belen	87	\$3,420,000
Bernalillo	61	\$2,474,000
Bloomfield	66	\$2,418,000
Capitan	40	\$586,000
Carlsbad	20	\$2,874,000
Carrizozo	37	\$458,000
Central	67	\$5,640,000
Chama	53	\$560,000

School District	Identifying Code	Project Expenditure Limit
Cimarron	8	\$850,000
Clayton	84	\$1,608,000
Cloudcroft	48	\$644,000
Clovis	12	\$2,400,000
Cobre Consolidated	24	\$1,182,000
Corona	38	\$662,000
Cuba	62	\$1,616,000
Deming	42	\$2,812,000
Des Moines	85	\$482,000
Dexter	6	\$712,000
Dora	60	\$658,000
Dulce	54	\$125,000
Elida	58	\$568,000
Espanola	55	\$4,372,000
Estancia	80	\$872,000
Eunice	32	\$250,000
Farmington	65	\$4,978,000
Floyd	59	\$230,000
Fort Sumner	16	\$1,312,000
Gadsen	19	\$10,404,000
Gallup	43	\$20,068,000
Grady	15	\$484,000
Grants	88	\$2,098,000
Hagerman	5	\$260,000
Hatch	18	\$730,000
Hobbs	33	\$3,302,000
Hondo	39	\$336,000
House	50	\$332,000
Jal	34	\$476,000
Jemez Mountain	56	\$1,328,000
Jemez Valley	63	\$546,000
Lake Arthur	7	\$131,000
Las Cruces	17	\$12,504,000
Las Vegas East	69	\$1,308,000
Las Vegas West	68	\$1,754,000
Logan	51	\$608,000
Lordsburg	29	\$410,000
Los Alamos	41	\$924,000
Los Lunas	86	\$7,066,000
Loving	21	\$164,000
Lovington	31	\$1,378,000

School District	Identifying Code	Project Expenditure Limit
Magdalena	75	\$548,000
Maxwell	11	\$73,000
Melrose	14	\$526,000
Mesa Vista	78	\$1,286,000
Mora	44	\$658,000
Moriarty	81	\$5,856,000
Mosquero	28	\$386,000
Mountainair	82	\$382,000
Pecos	70	\$760,000
Penasco	77	\$458,000
Pojoaque	72	\$1,864,000
Portales	57	\$1,060,000
Quemado	3	\$632,000
Questa	79	\$444,000
Raton	9	\$842,000
Reserve	2	\$416,000
Rio Rancho	83	\$5,792,000
Roswell	4	\$3,018,000
Roy	27	\$470,000
Ruidoso	36	\$1,502,000
San Jon	52	\$438,000
Santa Fe	71	\$7,118,000
Santa Rosa	25	\$1,072,000
Silver City	23	\$1,500,000
Socorro	74	\$1,054,000
Springer	10	\$316,000
Taos	76	\$2,100,000
Tatum	35	\$826,000
Texico	13	\$464,000
Truth or Consequences	73	\$1,586,000
Tucumcari	49	\$852,000
Tularosa	47	\$804,000
Vaughn	26	\$151,000
Wagon Mound	45	\$312,000
Zuni	89	\$664,000

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