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FISCAL IMPACT REPORT

SPONSOR Herrera ORIGINAL DATE 2/05/2006
LAST UPDATED _____ HB 826
SHORT TITLE Rural Regional Transit District SB _____
ANALYST Moser

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$250	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of Bill

House Bill 826, Rural Regional Transit District (RTD), appropriates two hundred and fifty thousand dollars (\$250,000) from the general fund to the New Mexico department of transportation for the purpose of establishing a rural regional transit district in Luna, Hidalgo, and Grant counties in FY 2007.

FISCAL IMPLICATIONS

The appropriation of two hundred and fifty thousand dollars (\$250,000) contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

SIGNIFICANT ISSUES

RTDs are governmental units. Under the Regional Transit District Act, an RTD must be certified by the New Mexico Transportation Commission. State funding cannot be distributed until this process is complete.

73-25-18. Matching funds.

The local government members of a combination shall match at least one dollar (\$1.00) for every four dollars (\$4.00) provided by the state. Before a district is able to receive state matching funds, it must be certified by the commission pursuant to Section 4 [73-25-4 NMSA 1978] of the Regional Transit District Act.

The general premise behind an RTD, as stated in the RTD Act, is to raise regional funds to provide regional transportation. The statute also states that for every four state dollars, the local match is one dollar:

NMDOT indicates that this appropriation would put these three rural counties on almost equal footing with two urban area regional transit districts (North Central and Mid-Region) which have received or are in the process of receiving \$250,000 grants from the NMDOT (Road Fund). These grants are for start up costs, including developing operational and financial plans. A third \$250,000 NMDOT start up grant is available; it will probably be awarded in the next few months to the next certified RTD. These grants do not require a local match.

The NMDOT indicates that to be equal with the NMDOT RTD grants, the bill sponsor may want to address the local match issue.

ADMINISTRATIVE IMPLICATIONS

The appropriation will accelerate development of an RTD in the southwest region of the state. NMDOT staff time will be needed to develop a contract for the funds and to process invoices and reports. One or more NMDOT staff will need to attend all RTD open meetings.

TECHNICAL ISSUES

RTDs are governmental units. Under the Regional Transit District Act, an RTD must be certified by the New Mexico Transportation Commission (see citation above). State funding cannot be distributed until this process is complete. The NMDOT Planning Bureau and Transit-Rail Bureau staff provides technical assistance to regional transit districts.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMDOT points out that the municipalities and counties that are forming this regional transit district will need to identify other sources of funding for start up costs. In order for the transit services in this region to achieve better coordination and the economies of scale from improved efficiency, additional sources of funding will need to be obtained.

EM/yr