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FISCAL IMPACT REPORT

ORIGINAL DATE 01/31/14

SPONSOR Campos **LAST UPDATED** _____ **HB** _____

SHORT TITLE Create Southwest Chief Rail Service Fund **SB** 221

ANALYST Soderquist

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$4,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 116
Relates to SB 168, HB 117, and HB 4

SOURCES OF INFORMATION

LFC Files

Responses Received From
NM Department of Transportation (NMDOT)

SUMMARY

Synopsis of Bill

Senate Bill 221 establishes a “Southwest Chief Rail Service Fund” and provides a recurring appropriation of \$4 million to this fund. Any unexpended or unencumbered appropriations remaining in the fund at the end of each fiscal year will not revert. The proposed fund would be administered by the New Mexico Department of Transportation (NMDOT) and used to acquire rights of way or undertake planning, design, engineering, construction or improvement of the BNSF-owned railroad track within New Mexico, currently used solely by the Amtrak Southwest Chief, with the exception of BNSF-owned track between Isleta and Dalies southwest of Albuquerque. No expenditures may be made from the fund until: 1) the states of Colorado and Kansas establish similar funds for the corresponding Southwest Chief railroad track within their borders, and; 2) NMDOT has entered into a binding agreement with Amtrak and the states of Colorado and Kansas to maintain the Southwest Chief train service through fiscal year 2055.

However, the legislation authorizes NMDOT to begin negotiations with Colorado and Kansas on an interstate compact or other agreement pertaining to rail improvements along the northern route of the Southwest Chief and the funding of those improvements and a service agreement with Amtrak and BNSF. Any agreement would be subject to legislative approval.

FISCAL IMPLICATIONS

The appropriation of \$4 million in SB 221 from the General Fund to the Southwest Chief Rail Service Fund is a recurring expense, commencing in FY15. Any unexpended or unencumbered balance remaining in the Southwest Chief Rail Service Fund would not revert.

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

The Southwest Chief refers to Amtrak passenger service operating between Chicago and Los Angeles. The route diverges from the main BNSF “Transcon” east-west line used for both passenger and freight transportation in Kansas and then follows a rail line through 9 communities in Kansas, Colorado and New Mexico. In New Mexico, the route goes through Raton, Las Vegas and Lamy, where BNSF ownership ends. From Lamy, the service continues south through Albuquerque to Isleta Pueblo, where it returns to BNSF-owned track and continues west to Los Angeles.

At issue is the cost of track, bridges and signal maintenance on the rail line through Kansas, Colorado and New Mexico. Both Amtrak and BNSF have stated publicly that additional funding will be required for service to continue as current conditions preclude the track speeds required for passenger travel. Financial commitments will need to be made by impacted states by the end of 2014, with funding required by January 2016. The rerouting of passenger service would negatively impact the tourism and related industries in the three states. Annual routine maintenance costs for the rail line through the three states are currently estimated at \$8.8 million per year; capital outlay costs are currently estimated at \$9.3 million a year. The proposed legislation is designed provide a partial remedy to the funding required to maintain the rail line – and existing passenger service – in New Mexico. It is unclear if the funding is sufficient continue service, even if the proposed funding is matched or exceeded by the governments of Kansas and Colorado.

PERFORMANCE IMPLICATIONS

There are no performance implications identified by NMDOT.

ADMINISTRATIVE IMPLICATIONS

SB 221 could entail additional administrative duties for NMDOT staff, including but not limited to activities required to develop, negotiate, execute, and monitor the funding agreement among Amtrak and the States of Kansas, Colorado and New Mexico. The department believes there will be no significant fiscal impact as a result of these activities.

SIMILARITY AND RELATIONSHIP

SB 221 is similar to HB 116 but differs in two ways: 1) it states the appropriations directed to the proposed fund cannot be used for the acquisition of rights of way or to pursue planning, design, engineering, construction or improvement of the BNSF-owned track between Isleta and Dalies

(southwest of Albuquerque), and; 2) it authorizes NMDOT to begin negotiations with Colorado, Kansas, Amtrak, and BNSF on agreements to maintain Amtrak service on its current alignment through 2055.

SB relates to SB 168 and HB 117, which directs that studies be performed regarding (1) "...a cost benefit economic analysis of the state's investment required to keep the southwest chief train service...", and (2) "...an independent legal analysis of the statutory requirements needed to implement the investment..." These studies are to be presented to "...the appropriate legislative interim committee by October 1, 2014."

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

New Mexico does not presently provide financial support for the Amtrak Southwest Chief. If the proposed legislation is not enacted, it is likely that passenger service through the state will end in 2015.

RS/svb