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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/2019

SPONSOR Ruiloba LAST UPDATED _____ HB 3

SHORT TITLE Dept. of Transportation Act SB _____

ANALYST Jorgensen

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$885,800.2		Recurring	State Road Fund, Internal Service Funds/Interagency Transfers, State Road Fund Balance, Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
	\$480,738.0		Recurring	State Road Fund
	\$401,542.8		Recurring	Federal Funds
	\$3,519.4		Recurring	Interagency Transfers

(Parenthesis () Indicate Revenue Decreases)

Relates to NMDOT Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Bill 3 includes the fiscal year 2020 (FY20) operating budget appropriations for the New Mexico Department of Transportation (NMDOT) based on the Legislative Finance Committee's FY20 budget recommendation and includes recommended performance measures and targets.

HB3 appropriates \$885.8 million including \$480.7 million from state road fund revenues, and \$401.5 million from federal funding sources to support the operational activities of NMDOT in

FY20. The bill also provides an exception to the law requiring funds received by the New Mexico Finance Authority from NMDOT to be deposited into the local government transportation infrastructure fund.

FISCAL IMPLICATIONS

HB3 assumes virtually no growth in federal revenue and a \$21.5 million, or 5 percent, increase in state road fund (SRF) revenue. The increase in SRF is driven by large increases in special fuels tax, weight distance tax on commercial trucking, and vehicle registrations.

SIGNIFICANT ISSUES

The budget for NMDOT consists primarily of two funding sources: state road fund, primarily used for highway maintenance, and federal funding awards, primarily used for construction and debt service payments. HB3 contains \$155 million for debt service for FY20. The department estimated in its annual report to the Legislature that the total unfunded construction and maintenance needs are \$344 million including \$276 million to rehabilitate and construct roads and \$50 million for bridge replacement and repair. In addition, the department estimates the annual maintenance shortfall to be \$136 million. The funding shortfall is compounded by a lack of personnel to carry out maintenance and other operational activities; the department reports a vacancy rate of 20 percent, up sharply from the 12 percent reported in FY15.

HB3 reflects a spending level that is supported by projected state road fund, interagency transfers and federal revenues.

CJ/sb