

HOUSE TRANSPORTATION, PUBLIC WORKS AND
CAPITAL IMPROVEMENTS COMMITTEE SUBSTITUTE FOR
HOUSE BILL 377

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

This document incorporates amendments that have been adopted during the current legislative session. The document is a tool to show the amendments in context and is not to be used for the purpose of amendments.

AN ACT

RELATING TO THE PUBLIC PEACE, HEALTH, SAFETY AND WELFARE;
ENACTING THE RURAL AIR SERVICE ENHANCEMENT ACT; MAKING AN
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Rural Air Service Enhancement Act".

SECTION 2. [NEW MATERIAL] PURPOSE.--The provision and maintenance of reliable air service to rural municipalities and

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counties constitutes the performance of an essential governmental function. The purpose of the Rural Air Service Enhancement Act is to provide assistance to Hfl→airlines←Hfl Hfl→communities←Hfl in the establishment of regional air service for rural communities to and from Hfl→hub←Hfl airports in the southwest United States through a grant program for air service to rural municipalities or counties.

SECTION 3. [NEW MATERIAL] DEFINITIONS.--As used in the Rural Air Service Enhancement Act:

- A. "department" means the department of transportation;
 - B. "director" means the director of the division;
- and
- C. "division" means the aviation division of the department.

SECTION 4. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT GRANT PROGRAM.--

- A. The "rural air service enhancement grant program" is created in the division to be administered by the director.
- B. The director shall:
 - (1) establish and publish deadlines and guidelines for the submission of grant applications;
 - (2) develop procedures for receipt, review and approval of grant applications;

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(3) receive, review and approve grant applications;

(4) monitor municipalities' and counties' use of grant money by reviewing annual reports submitted to the director to ensure that grants are used consistently with the terms of the grant awards;

(5) establish grant reporting requirements that meet the general purpose of the Rural Air Service Enhancement Act; and

(6) perform other duties as necessary to carry out the provisions of the Rural Air Service Enhancement Act.

C. Each fiscal year, competitive grants shall be awarded to applicants for the sole purpose of funding rural air service enhancement grants.

D. The director shall award grants to applicants through a competitive process that may be based upon at least the following criteria:

(1) the demand for service on the proposed air routes;

(2) the economic impact on the municipality or county of the proposed new air routes; and

(3) the feasibility of Hfl ~~a common carrier licensed by the state~~ Hfl ~~Hfl~~ **an airline** Hfl servicing proposed new air routes.

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E. Applicants shall meet the following minimum criteria to be eligible for a grant:

(1) municipalities or counties shall have a minimum population of twenty thousand persons residing within a fifty-mile radius of the airport unless the municipality or county has existing air service;

(2) routes to be served by the program shall be new air routes that were not served prior to the awarding of a grant; and

(3) minimum matching funds from a municipality or county shall be:

(a) ten percent if the municipality or county has no existing air service at the time of application; and

(b) fifty percent if the municipality or county has existing air service at the time of application.

F. Individual grants awarded through the rural air service enhancement grant program shall not:

(1) exceed one million two hundred fifty thousand dollars (\$1,250,000) per year for municipalities or counties with existing air service;

(2) exceed one million seven hundred fifty thousand dollars (\$1,750,000) per year for municipalities or counties not served by existing air service; or

(3) be used for infrastructure improvement.

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G. Individual grants awarded through the rural air service enhancement grant program shall cover a time frame of at least two years.

SECTION 5. [NEW MATERIAL] GRANT APPLICATIONS.--A municipality or county may submit an application to the director for a rural air service enhancement grant. An applicant shall comply with deadlines and guidelines published by the director. A grant application shall include:

- A. a description of the facility that will serve the proposed new air service;
- B. an estimate of the demand for the proposed new air service routes;
- C. identification of the air common carrier that will service the proposed new air service routes and the aircraft to be used on the new air service routes;
- D. a description of existing air service routes serving the applicant;
- E. a description and schedule of the proposed new air service routes to serve the applicant;
- F. a justification for the new proposed air service routes;
- G. the requested grant amount and the amount of any matching funds; and
- H. the time frame for a commitment to facilitate

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the proposed new air service routes.

SECTION 6. [NEW MATERIAL] RURAL AIR SERVICE ENHANCEMENT FUND--CREATED.--

A. The "rural air service enhancement fund" is created in the state treasury. All appropriations, gifts, devises, grants and donations received shall be deposited in the fund. Money in the fund is appropriated to the division for the purpose of carrying out the rural air service enhancement grant program pursuant to the provisions of the Rural Air Service Enhancement Act. Money in the fund shall not revert at the end of a fiscal year.

B. The fund shall be administered by the division. Disbursements from the fund shall be made only upon warrant drawn by the secretary of finance and administration pursuant to vouchers signed by the director or the director's designee for the purpose of carrying out the rural air service enhancement grant program pursuant to the provisions of the Rural Air Service Enhancement Act."

SECTION 7. APPROPRIATION.--Nine million dollars (\$9,000,000) is appropriated from the general fund to the rural air service enhancement fund for expenditure in fiscal year 2021 and subsequent fiscal years for the purpose of carrying out the provisions of the Rural Air Service Enhancement Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

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SECTION 8. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2020.

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