

LFC Requester:

Joseph Simon

**NMDOT BILL ANALYSIS
2024 REGULAR SESSION**

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute, or a correction of a previous bill}

Check all that apply:

Original X Amendment
Correction Substitute

Date January 23, 2024

Bill No. HB 146

Sponsor: Cathrynn N. Brown

Agency/ Code: NMDOT - 805 - Revenue & Planning

Person Writing Analysis: Michael Morrison

Short Title Transportation Trust Fund

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
400,000	N/A	Nonrecurring	Transportation Trust Fund
400,000	N/A	Nonrecurring	Total Appropriation

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
80,620	82,220	113,960	Recurring	Transportation Trust Fund
36,810	37,870	83,830	Recurring	State Road Fund
(10,510)	(10,810)	3,730	Recurring	Transportation Project Fund
(82,350)	(84,700)	(176,940)	Recurring	General Fund
24,580	24,580	24,580	Recurring	Total Impact

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to:

Conflicts with: SB 65 and SB 184

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 146 (HB 146) creates the Transportation Trust Fund (TTF) and provides for transfers from the TTF to the State Road Fund for certain projects prioritized by the NMDOT. The fund is created as a non-reverting fund. It consists of distributions, appropriations, gifts, grants, and donations. Income from investment of the fund shall be credited to the fund. The State Investment Officer, subject to State Investment Council approval, is the designated investor for the fund in accordance with prudent investor principles and in consultation with the State Treasurer and the Secretary of Transportation.

Subject to availability, an annual transfer from the TTF to the State Road Fund would be made beginning July 1, 2027, in the amount of 5% of the average of the year-end market values of the fund for the immediately preceding three calendar years.

Money transferred to the fund shall be expended only for approved projects prioritized by a cooperative and comprehensive process of the NMDOT that aligns with its long-range plans and addresses the multimodal needs of New Mexico's transportation customers.

HB 146 funds the TTF through a \$400 million appropriation in FY25, 1% of the taxable gross receipts attributable to the sale of electricity, any outstanding capital outlay balances appropriated from the General Fund that are not expended or encumbered by the period specified by law, and a distribution from the Motor Vehicle Excise Tax.

The Motor Vehicle Excise Tax distributions are adjusted such that prior to July 1, 2026, 30% is distributed to the General Fund, 35% is distributed to the State Road Fund, 15% is distributed to the Transportation Project Fund, and 20% is distributed to the TTF. On or after July 1, 2026, 50% is distributed to the State Road Fund, 20% is distributed to the Transportation Project Fund, and 30% is distributed to the TTF.

FISCAL IMPLICATIONS

HB 146 may distribute into the TTF \$80,620 thousand in FY 2025 and an additional \$82,220 - \$113,960 thousand in FY 2026 onwards from the 1% of taxable gross receipts attributable to the sale of electricity, any outstanding General Fund capital outlay reversions, and the new distributions from the Motor Vehicle Excise Tax.

HB 146 may distribute to the State Road Fund an additional \$36,810 thousand in FY 2025 and an additional \$37,870 - \$83,830 thousand in FY 2026 onwards.

HB 146 may reduce Transportation Project Fund revenue by \$10,510 thousand in FY 2025 and \$10,810 thousand in FY 2026. Revenue would be increased by \$3,730 thousand in FY 2027.

General Fund revenue may be reduced by \$82,350 thousand in FY 2025, \$84,700 thousand in FY 2026 and \$176,940 thousand in FY 2027.

This revenue is calculated using the 3-year average (2021, 2022, 2023) of taxable gross receipts of electric power generation, transmission and distribution from the Tax and Revenue Department's RP-80 reports, as well as the 5-year average of General Fund capital outlay

reversions provided by the Capital Outlay Bureau Chief of the Department of Finance and Administration.

Given the distribution from the TTF, 5% of the average of the year-end market values of the fund for the immediately preceding three calendar years, there is the possibility that TTF could deplete itself.

The Motor Vehicle Excise Tax revenue is based on the December 2023, Consensus General Fund Forecast.

SIGNIFICANT ISSUES

Not applicable.

PERFORMANCE IMPLICATIONS

Not applicable.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 42 is a partial duplicate of HB 146. HB 42 does not provide for funding for the Transportation Trust Fund.

HB 146 conflicts with SB 65 and SB 184, both of which also adjust the distributions from the Motor Vehicle Excise Tax.

TECHNICAL ISSUES

General Fund capital outlay reversions show significant variability over time and represent an unstable revenue source for the TTF. Over the last 5 years (FY 2019 through FY 2023) reversions have varied between \$12,335 in FY 2019 and \$13,107,814 in FY 2023.

If the distribution to the State Road Fund from the TTF is based on TTF earnings rather than the corpus amount, the fund will be at lower risk of being depleted.

OTHER SUBSTANTIVE ISSUES

Not applicable.

ALTERNATIVES

Not applicable.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB 146 is not enacted, the State Road Fund will continue to rely on State Road Fund revenues.

AMENDMENTS

None.