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FISCAL IMPACT REPORT

| | | | |
|--------------------|--|----------------------|------------------------|
| SPONSOR | Reps. Montoya, Duncan and Allison/Sen. Tallman | LAST UPDATED | |
| | | ORIGINAL DATE | 1/21/2024 |
| SHORT TITLE | Four Corners Freight Rail Line | BILL NUMBER | House Joint Memorial 1 |
| | | ANALYST | Simon |

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

| Agency/Program | FY24 | FY25 | FY26 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|----------------|------------------|------------------|------------------|-------------------|---------------------------|---------------|
| | No fiscal impact | No fiscal impact | No fiscal impact | | | |
| Total | | | | | | |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 28

Sources of Information

LFC Files

Agency Analysis Received From
Department of Transportation (NMDOT)

Agency Analysis was Solicited but Not Received From
Economic Development Department (EDD)

Agency Declined to Respond
Workforce Solutions Department (WSD)

SUMMARY

Synopsis of House Joint Memorial 1

House Joint Memorial 1 (HJM1) requests New Mexico’s congressional delegation support legislation to fund the construction of freight rail line for the Four Corners region and a transloading facility on the Navajo Nation.

FISCAL IMPLICATIONS

HJM1 requests federal legislation supporting an economic development program in New Mexico. The memorial would not directly impact the state budget.

SIGNIFICANT ISSUES

Currently, San Juan County is not served by the nation's freight rail system, but for a number of years, local officials have sought to build a connection between the BNSF rail line near interstate 40 in McKinley County to the Farmington area in San Juan County. In 2020, the Navajo Nation and San Juan County entered a memorandum of understanding to collaborate on developing rail transportation projects. The project has received a \$2 million grant from the U.S. Department of Transportation. Funding from that grant is being used for an economic feasibility study of the project, including identifying possible routes, estimating operational requirements and construction costs, and analyzing environmental impact. The feasibility study is expected to be published in fall 2024.

Aside from the current effort, studies of the economic feasibility of rail transportation in San Juan County go back many years. A website for the current project includes studies dated 2015, 1998, 1991, and 1983 that project economic benefits to the region by the expansion of the rail system.

ADMINISTRATIVE IMPLICATIONS

On its website, NMDOT notes federal officials recommend states seeking federal funding for railroad projects include those projects in the state's rail plan submitted to the Federal Railroad Administration. To be current, a rail plan must be updated every four years. The most recent plan available on the department's website is dated March 2014, although NMDOT was planning updates as recently as 2018. A federal inventory of state rail plans does not include an active link to a New Mexico rail plan. Updating the state's rail plan may help the state compete for federal funding.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HJM1 relates to Senate Bill 28, which would create an income tax and corporate income tax credit for expenditures related to reconstruction, replacement, or new rail infrastructure.

JWS/hg/al