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FISCAL IMPACT REPORT

SPONSOR	Ferrary/Silva/Lara	LAST UPDATED	
		ORIGINAL DATE	3/17/2025
SHORT TITLE	Study Spaceport Issues	BILL	House Memorial
		NUMBER	60
		ANALYST	Rodriguez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 396

Sources of Information

LFC Files

Agency Analysis was Solicited but Not Received From
Spaceport Authority

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of House Memorial 60

House Memorial 60 (HM60) requests the Science, Technology and Telecommunications and Revenue Stabilization and Tax Policy Committee interim committees to study the provisions, execution, and impacts of the Regional Spaceport District Act and the Spaceport Development Act, specifically the governance structures, financial contributions, imbalance in governing units' representation, and requirements for issuing bonds. The memorial directs the committees to examine potential reforms and make recommendations for the Regional Spaceport District Act and the Spaceport Development Act for the second session of the fifty-seventh Legislature.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

HM60 contains no appropriation and has no known fiscal impact to the state.

SIGNIFICANT ISSUES

Spaceport America. Spaceport America is the world's first purpose-built commercial spaceport. The state of New Mexico designed, built, owns, and operates Spaceport America. Its anchor tenant is Virgin Galactic. Other tenants include SpinLaunch, UP Aerospace, AeroVironment, and HAPS Mobile.

Spaceport America was built with more than \$220 million in taxpayer money. In 2007, the New Mexico Legislature authorized up to \$100 million in STBs for Spaceport America. In 2009 and 2010, the Spaceport Authority issued an additional \$78.6 million in revenue bonds at 4.5 percent interest rate. The bonds were supported by a 0.25 percent local option gross receipts tax collected in Doña Ana and Sierra counties. Overall, the state provided about two-thirds of the funding, and the remainder came from revenue bonds.

The monthly bond payment amount is constant at \$368.3 thousand for Doña Ana County and \$16.8 thousand for Sierra County. Twenty-five percent of the proceeds of the county regional spaceport gross receipts taxes are retained by the sponsoring county for educational use. Amounts in excess of the mandated bond repayment and the 25 percent for the sponsoring counties are available to the Spaceport Authority for capital or operating.

In 2021, the Spaceport Authority refinanced \$35.4 million of the spaceport bonds. This led to a reduction from a 4.5 percent annual interest rate to less than 0.8 percent. That would save \$8.2 million over the nine years it would take to pay off the bonds. These were 20-year bonds that mature in 2029 and 2030. The principal remaining on the bond as of June 30, 2025, is approximately \$13.6 million, based on the audited amount at the end of FY22 of \$26,950,671.

Regional Spaceport District Act. The Regional Spaceport District Act was enacted in 2006 and allows for local government cooperation and funding mechanisms for spaceport-related projects. Regional spaceport districts may be created by contract by two or more governmental units (the state, a county or municipality, or an Indian nation, tribe, or pueblo) and are to be governed by a board composed of representatives of district members. The regional spaceport districts would be political subdivisions of the state. Any city or county can join the district if it imposes a regional spaceport gross receipts tax.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HM5 relates to House Bill 396 (HB396), which amends both the Regional Spaceport District Act and the Spaceport Development Act. HB396 proposes the following:

- Changes the composition of the Regional Spaceport District Board such that Doña Ana County would have four board members and Sierra County would have one member on the board. Note that the Spaceport District Board is separate and distinct from the Spaceport Authority.
- The proceeds of the revenue bonds supported by the Doña Ana and Sierra counties gross receipts taxes may not be used for “spaceport-related projects,” but only planning,

designing, engineering, and construction of a regional spaceport. This provision prevents the Spaceport Authority from using the proceeds for any purpose except paying off the bonds early.

- When the bonds have been paid off, the county regional spaceport gross receipts taxes would be canceled.
- The 25 percent proceeds of the county regional spaceport gross receipts taxes currently retained by the two contributing counties are now directed to pay off the bonds early.

For the proposed changes in HB396, Spaceport Authority notes the following:

The bill raises questions about the long-term viability of the Spaceport Authority and continuing its consistent development of infrastructure development at the termination of GRT revenue. To remain competitive as a spaceport as the space industry continues to grow at an exponential pace and to further the NMSA's mission of "creating programs to expand high-technology economic opportunities within New Mexico" and "coordinate and expedite the involvement of the state executive branch's space-related development efforts" 58-31-5 NMSA 1978, the NMSA requires significant and stable financial support from governmental entities tasked with providing these resources.

JR/hj/SL2