

"Good roads are good business." Brown's road bills advance through NM Legislature

SANTA FE – Two bills intended to draw funds for statewide road projects were given a due pass Thursday in the House Transportation and Public Works Committee and proceeded to other committees for further review ahead of a final vote on the House floor.

Carlsbad's State Rep. Cathrynn Brown (R-55) introduced House Bill 188 and House Bill 189 at the start of the ongoing 60-day legislative session.

Through the proposed bills, Brown hoped to take some of the State's about \$2 billion budget surplus, mostly from tax revenue from oil and gas operations in southeast New Mexico.

HB 188, if passed, would phase in portions of the vehicle excise tax from the State General Fund into the Road Fund, which provides the New Mexico Department of Transportation with its budget for road projects in New Mexico's six transportation districts.

That bill was sent to the Taxation and Revenue Committee.

From July 2019 to July 2020, 25 percent of the suspension fund would go to the road fund, while 75 percent goes to the State's General Fund.

In the following year, that ratio would be a 50-50 split. In the next year it would shift to 75 percent to the Road Fund, and 25 to General Fund.

By July 2022, all of the vehicle excites tax would be earmarked for the Road Fund.

Brown estimated the excise tax typically generates about \$150 million to \$165 million in state revenue.



"I think people kind of expect their excise tax to go to road fund. To me there is a logical connection to that," Brown said during the Thursday hearing. "When it goes to the road fund it means it will go to road projects. The idea is to do it in phases, so the General Fund doesn't take a big hit. It gives lawmakers time to adjust."

Donavan Mager, chairman of the Carlsbad Chamber of Commerce said the legislation was an important move in supporting road upkeep in southeast New Mexico, where an influx in oil and gas activity led to heavy truck traffic straining local infrastructure.

He said road projects not only support public safety, but local industry and the economy.



“We strongly support this legislation,” Mager said.
“Roads are not just about safety but about supporting good business.”

“Good roads are good business.”

Cabinet Secretary of the New Mexico Department of Transportation Michael Sandoval said the Department was “neutral” on the added funding.

He commended Brown’s efforts to fund the NMDOT, but pointed out that funds were already directed to the Department via Gov. Michelle Lujan Grisham’s executive budget proposal.

About 4.2 percent of the General Fund was earmarked for the Road Fund under Lujan Grisham’s request.

Sandoval worried the money brought into the Road Fund by HB 188 might have to be returned in later years if the economy declines and the surplus is lost.



“We really appreciate Rep. Brown. She’s been a big advocate to the NMDOT. We can all agree the intent of this was to go to roads. We’re certainly happy about more roads coming into the road fund. If this comes in, will it have to go back? There are some concerns about the health of the General Fund. That could make it difficult for our planning. We’re not opposing or supporting this.”

State Rep. Jason Harper (R-57) said the vehicle excise tax is a “user fee” for using New Mexico roads, and revenue from the tax should back into the roads themselves.

He said road funding became increasingly important during the oil boom in southeast New Mexico, and funding for road projects is not keeping up with the needs.

“This really is a user fee that should be going to roads. This is going to become increasingly more important that it goes to roads,” Harper said. “Our Road Fund is not keeping up with inflation or the costs for materials to do the road work.”

In response to Sandoval’s concerns about having to return the excise tax revenue to the General Fund in the future, Harper said such a practice is common in the Legislature and was used in the past.

And with the budget surplus, Harper said 2019 was the year to spend.

“Our road fund is not keeping up with the needs of our roads. We all agree, on both sides of aisle, that this is a good idea,” Harper said.

“I really think this is a great year to talk about this. It’s been when we have good times, we say we should put more money to roads. When times are bad, we can take it back out. This has happened in the past, and it hasn’t blown up our state.”

House Bill 189 heads to Appropriations and Finance Committee

Lawmaker’s also gave a due pass to Brown’s House Bill 189 – a one-time \$860 million appropriation from the General Fund to the State Road Fund to support road projects across the state.

The State Road Fund was expected to be about \$885 million, Brown said, and HB 189 would almost double the NMDOT’s budget.

She said not only the oil and gas industry is taxing the roads in increasing numbers, but agriculture – another cornerstone of southeast New Mexico’s economy – is the second-highest user of New Mexico roads.

“We all know the state is in the happy situation of having surplus funds. So much of it is from commercial activity on our roads, specifically in the southeast corner,” Brown said.

“The agriculture community is also a big user of the roads. That’s heavy truck traffic as well. It’s time for the state to make an investment to get our roads up to the right standards.”

The increased funding at the NMDOT could also allow it to receive more federal matching grant funds, Brown said, while also supporting road projects on the local level.

“This would also greatly assist the local governments and their road projects because they get a percentage of state road funds,” she said. “They could use these funds as well. This is a good bill because of the jobs it would help create, and the public safety it would increase.”

John Gratton, president of New Mexico State University Carlsbad, said many of his employees are fearful driving on perilous roads to get to work.

“I have many employees that drive in on those roads. The drive coming in from Loving to Carlsbad right now is deadly,” Gratton said. “It’s not just southeast New Mexico, there are many roads in NM that need to be repaired or we’ll suffer more deaths.”



Harper also supported HB 189. He said Brown's plan to spread the money evenly among NMDOT's six districts was fair, and didn't favor her district despite the high amount of state revenue coming from southeast New Mexico.

"I really love this bill. You did a great job spreading this out over the six districts. It's pretty spot on," he said. "It's not like we have a bill here to send all the money to southeast New Mexico, even though that's where most of our surplus comes from. You've been very fair.

"You look at this as the shot in the arm. It's a one-time infusion."

But State Rep. Andres Romero cautioned that the governor planned to divert about \$500 million in state funds to education reform, and that the bill could threaten her agenda.

"I have to state my reservations," Romero said. "We're in the middle of a sufficiency lawsuit with education. Part of my fear is the hit to the general fund, but also in terms of what we're doing in education to support the future of New Mexicans."

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