

1 AN ACT  
2 RELATING TO AVIATION; AMENDING THE RURAL AIR SERVICE  
3 ENHANCEMENT ACT TO BROADEN ELIGIBILITY FOR RURAL AIR SERVICE  
4 ENHANCEMENT GRANTS; INCREASING THE AMOUNT OF GRANTS; ALLOWING  
5 THE DIRECTOR OF THE AVIATION DIVISION OF THE DEPARTMENT OF  
6 TRANSPORTATION TO EXTEND THE TIME FRAME OF EXISTING GRANTS;  
7 MAKING AN APPROPRIATION.

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

10 SECTION 1. Section 64-6-2 NMSA 1978 (being Laws 2021,  
11 Chapter 47, Section 2) is amended to read:

12 "64-6-2. DEFINITIONS.--As used in the Rural Air Service  
13 Enhancement Act:

14 A. "air route" means any scheduled operation or  
15 public charter;

16 B. "charter flight" means a flight operated under  
17 the terms of a charter contract between a direct air carrier  
18 and the carrier's customer. "Charter flight" does not  
19 include scheduled air transportation, scheduled foreign air  
20 transportation or nonscheduled cargo air transportation, sold  
21 on an individually ticketed or individually waybilled basis;

22 C. "department" means the department of  
23 transportation;

24 D. "director" means the director of the division;

25 E. "division" means the aviation division of the

1 department;

2 F. "expanded air route" means an air route served  
3 by the rural air service enhancement grant program that  
4 expands passenger capacity or the number of scheduled  
5 operations or public charter flights from what was served at  
6 the time a grant was made;

7 G. "minimum revenue guarantee" means the amount of  
8 money guaranteed by a municipality or county to be earned by  
9 an airline providing scheduled air services to and from that  
10 municipality or county, which is the difference between the  
11 minimum flight charge revenue specified in the contract  
12 between the municipality or county and the airline and the  
13 amount of actual flight charge revenue received by the  
14 airline that is less than that contractual amount;

15 H. "new air route" means an air route to be served  
16 by the rural air service enhancement grant program that was  
17 not served prior to January 1, 2021;

18 I. "public charter" means a one-way or round-trip  
19 charter flight to be performed by one or more direct air  
20 carriers that is arranged and sponsored by a charter  
21 operator; and

22 J. "scheduled operation" means any common carriage  
23 passenger-carrying operation for compensation or hire  
24 conducted by an air carrier for which the air carrier or the  
25 air carrier's representatives offers in advance the departure

1 location, departure time and arrival location."

2 SECTION 2. Section 64-6-3 NMSA 1978 (being Laws 2021,  
3 Chapter 47, Section 3) is amended to read:

4 "64-6-3. RURAL AIR SERVICE ENHANCEMENT GRANT PROGRAM.--

5 A. The "rural air service enhancement grant  
6 program" is created in the division to be administered by the  
7 director.

8 B. The director shall:

9 (1) establish and publish deadlines and  
10 guidelines for the submission of grant applications;

11 (2) develop procedures for receipt, review  
12 and approval of grant applications;

13 (3) receive, review and approve grant  
14 applications;

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

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

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

25 C. Each fiscal year, competitive grants for

1 minimum revenue guarantees shall be awarded to applicants for  
2 the sole purpose of funding rural air service enhancement  
3 grants.

4 D. The director shall award grants to applicants  
5 through a competitive process and based upon the following  
6 criteria:

7 (1) the demand for service on the proposed  
8 new air routes or expanded air routes;

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

12 (3) the feasibility of a common carrier  
13 licensed by the state servicing proposed new air routes or  
14 expanded air routes.

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

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

21 (2) aircraft to be used to service proposed  
22 new air routes or expanded air routes served by the rural air  
23 service enhancement grant program shall have a passenger  
24 capacity of not more than thirty persons; and

25 (3) minimum matching funds from a

1 municipality or county shall be:

2 (a) ten percent if the municipality or  
3 county has no existing scheduled air routes at the time of  
4 application; and

5 (b) twenty percent if the municipality  
6 or county has existing scheduled air routes at the time of  
7 application.

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

10 (1) exceed two million two hundred fifty  
11 thousand dollars (\$2,250,000) per year for municipalities or  
12 counties with existing scheduled air routes;

13 (2) exceed two million seven hundred fifty  
14 thousand dollars (\$2,750,000) per year for municipalities or  
15 counties not served by existing scheduled air routes; or

16 (3) be used for infrastructure improvement.

17 G. Individual grants awarded through the rural air  
18 service enhancement grant program shall cover a time frame of  
19 at least two years. If funds are available in the rural air  
20 service enhancement fund, the director may extend the term of  
21 an existing grant up to three additional years.

22 H. No more than ten percent of the balance of the  
23 rural air service enhancement fund on July 1 of any year may  
24 be used by the division for infrastructure improvements  
25 associated with individual grants awarded through the rural

1 air service enhancement grant program.

2 I. Funds received through individual grants  
3 awarded through the rural air service enhancement grant  
4 program shall be expended by the grantee municipality or  
5 county only to airlines that have been selected through a  
6 competitive process pursuant to the Procurement Code."

7 SECTION 3. Section 64-6-4 NMSA 1978 (being Laws 2021,  
8 Chapter 47, Section 4) is amended to read:

9 "64-6-4. GRANT APPLICATIONS.--A municipality or county  
10 may submit an application to the director for a rural air  
11 service enhancement grant. An applicant shall comply with  
12 deadlines and guidelines published by the director. A grant  
13 application shall include:

14 A. a description of the facility that will serve  
15 the proposed new air routes or expanded air routes;

16 B. an estimate of the demand for the proposed new  
17 air routes or expanded air routes;

18 C. identification of the air common carrier that  
19 will service the proposed new air routes or expanded air  
20 routes and the aircraft to be used on the proposed air  
21 routes;

22 D. a description of existing air routes serving  
23 the applicant;

24 E. a description and schedule of the proposed new  
25 air routes or expanded air routes to serve the applicant;

1 F. a justification for the proposed air routes;

2 G. the requested grant amount and the amount of  
3 any matching funds; and

4 H. the time frame for a commitment to subsidize  
5 the proposed new air routes or expanded air routes."

6 SECTION 4. Section 64-6-5 NMSA 1978 (being Laws 2021,  
7 Chapter 47, Section 5) is amended to read:

8 "64-6-5. RURAL AIR SERVICE ENHANCEMENT FUND--CREATED.--

9 A. The "rural air service enhancement fund" is  
10 created as a nonreverting fund in the state treasury. All  
11 appropriations, gifts, devises, grants and donations received  
12 shall be deposited in the fund. Money in the fund is  
13 appropriated to the division for the purpose of carrying out  
14 the rural air service enhancement grant program and related  
15 infrastructure improvements pursuant to the provisions of the  
16 Rural Air Service Enhancement Act.

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

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