

NMDOT



Financial Overview/ Outlook, and 2025 Legislative Summary

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2025 Leg. Summary (NMDOT Priorities)

SB241 (Agency Bill): Speed Cams in Construction Zones

- Approved unanimously in Senate Tax Business and Transportation Committee
- Tabled in Senate Judiciary

HB145 (Governor Bill): STC Bonding Authority would have allowed the Commission up to \$1.5 Billion for construction projects.

- Amended and unanimous Do Pass in House Transportation – added connection to STIP and annual reporting requirements
- Do Pass in HAFC
- Passed unanimously on House Floor
- Unanimous Do Pass in Senate Tax, Business and Transportation
- Amended and Do Pass in Senate Finance -- added \$70M in recurring revenue and rolling average annual limits
- Died on Senate Floor calendar

Executive Budget Rec. vs. Session Outcomes

Specials (one-time GF)	Exec. Rec.	Leg. Outcomes
Beautification	\$10.0 Million	\$8.0 Million
Rural Air Service Enhancement	\$12.0 Million	\$16.5 Million
Construction	\$150.0 Million	\$0
Agency construction priorities are attached to more than \$115 million in federal grants:		
<ul style="list-style-type: none"> • Nogal Bridge Replacement • Border Connector Highway 		
Maintenance	\$150.0 Million	\$65.0 Million
Transportation Project Fund	-	\$38.0 Million
Wildlife Corridor	-	\$50.0 Million
Equipment	-	\$12.0 Million
TOTAL	\$322.0 Million	\$189.0 Million

Capital Outlay Requests		
	Exec. Rec.	Leg. Outcomes
Electric Chargers	\$20.0 Million	\$10.0 Million
Patrol Yard/District Improvements	\$32.0 Million	\$6.0 Million
Equipment	\$10.0 Million	\$0
TOTAL	\$62.0 Million	\$16.0 Million

Since 2019, the New Mexico Legislature and Governor Lujan Grisham have appropriated more than \$1.8B in nonrecurring funding to the NMDOT, the bulk of which went to construction and maintenance projects. These appropriations were appropriated through special sections with HB2, historically, Sections 9 and 11.

NMDOT received no nonrecurring funds for construction in 2025.

January 2025 State Road Fund Forecast

NMDOT State Revenue Sources - Fiscal Years 2014 thru 2029

Table 1 (Dollars in thousands)	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	(P-M)	(P-M/M)	Q	R	S
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25		FY26		FY25 to FY26		FY27	FY28	FY29
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Jan-24 Leg. Bud Estimate	Jan-25 Revenue Update	Jul-24 Bud. Req Estimate	Jan-25 Leg. Bud Estimate	Budget Growth \$ Change	% Diff	Jan-25 Long Run Estimate	Jan-25 Long Run Estimate	Jan-25 Long Run Estimate
Road Fund -- Ordinary Revenue:																				
1 Gasoline Tax	107,998	110,672	110,892	113,022	116,147	117,365	111,778	116,278	114,815	115,864	110,070	114,700	115,000	112,490	114,600	(100)	-0.1%	116,400	117,100	117,200
2 Special Fuel Tax	92,923	97,566	97,341	100,066	108,141	113,383	118,279	122,092	136,854	133,477	125,686	134,900	127,800	133,450	128,800	(6,100)	-4.5%	131,300	135,700	138,100
3 Weight/Distance	75,367	79,985	82,990	84,008	86,278	94,016	92,251	99,685	105,312	105,661	104,869	108,700	109,700	112,080	114,900	6,200	5.7%	119,000	123,500	128,500
4 Vehicle Registration	76,218	75,455	80,774	79,232	80,204	82,453	79,312	84,863	84,632	87,485	87,230	87,100	88,400	89,800	90,300	3,200	3.7%	91,700	93,000	94,000
5 Trip Tax	4,666	5,232	5,973	5,951	6,124	6,758	6,227	8,044	9,480	8,215	7,788	8,440	7,750	7,300	7,700	(740)	-8.8%	7,700	7,800	7,900
6 Driver's License	4,193	4,158	3,841	3,816	4,191	4,117	4,028	4,629	4,571	4,388	4,416	4,270	4,400	4,440	4,420	150	3.5%	4,440	4,450	4,470
7 Oversize/Overweight	5,026	5,229	4,997	5,104	6,412	7,225	7,173	7,028	7,249	7,422	8,103	7,230	7,790	7,600	7,860	630	8.7%	7,520	7,430	7,400
8 Public Regulatory Commission Fees (UCR)	2,009	3,362	3,403	3,291	3,359	5,891	2,933	3,686	3,364	3,329	3,357	3,300	3,300	3,300	3,300	-	0.0%	3,300	3,300	3,300
9 MVD Miscellaneous	3,302	3,509	5,426	5,260	6,322	6,407	5,510	4,571	5,424	6,016	5,773	5,140	5,800	5,800	5,800	660	12.8%	5,800	5,800	5,800
10 Vehicle Transaction	1,200	1,173	1,298	1,158	1,153	1,148	1,003	1,123	1,101	1,081	1,084	1,110	1,100	1,110	1,100	(10)	-0.9%	1,110	1,110	1,110
11 Motor Vehicle Excise Tax*	0	0	0	0	0	6,562	5,934	7,489	56,492	60,355	61,253	61,250	59,800	60,000	61,370	120	0.2%	63,600	65,500	67,620
12 Subtotal Ordinary Income	372,902	386,340	396,935	400,910	418,330	445,325	434,428	459,488	529,294	533,293	519,629	536,140	530,840	537,370	540,150	4,010	0.7%	551,870	564,690	575,400
Road Fund -- Extraordinary Income:																				
13 All Other (Reimbursements, Asset Sales, etc.)	6,493	12,365	5,442	5,594	6,094	8,651	8,493	3,844	11,269	3,990	13,998	3,627	6,200	5,700	6,200	2,573	70.9%	5,700	5,200	5,500
14 Rail Runner Track Maintenance Fees	1,782	2,143	3,031	4,989	4,202	2,938	3,229	4,506	5,187	4,213	2,995	4,230	4,000	4,400	4,200	(30)	-0.7%	4,100	3,900	3,800
15 Road Fund Interest	80	39	133	310	1,037	4,222	6,316	345	522	8,562	12,733	6,170	13,190	9,040	11,320	5,150	83.5%	11,070	8,390	7,700
16 EV Charging	0	0	0	0	0	0	0	0	0	0	26	-	21	23	25	25		25	25	25
17 Subtotal Extraordinary Income	8,355	14,547	8,607	10,893	11,333	15,811	18,037	8,694	16,978	16,765	29,726	14,027	23,411	19,163	21,745	7,718	55.0%	20,895	17,515	17,025
18 TOTAL (Recurring) ROAD FUND	381,257	400,887	405,542	411,803	429,663	461,136	452,465	468,182	546,272	550,058	549,355	550,167	554,251	556,533	561,895	11,728	2.1%	572,765	582,205	592,425
19 WIPP Settlement (Nonrecurring)			7,200	-	26,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Motor Vehicle Excise Tax to D2 (1% point) in FY20-21			-	-	-	-	47,591	60,202	sunset	sunset	sunset	sunset	sunset	sunset	sunset	-	-	sunset	sunset	sunset
21 TOTAL ROAD FUND	381,257	400,887	412,742	411,803	456,463	461,136	500,056	528,384	546,272	550,058	549,355	550,167	554,251	556,533	561,895	11,728	2.1%	572,765	582,205	592,425

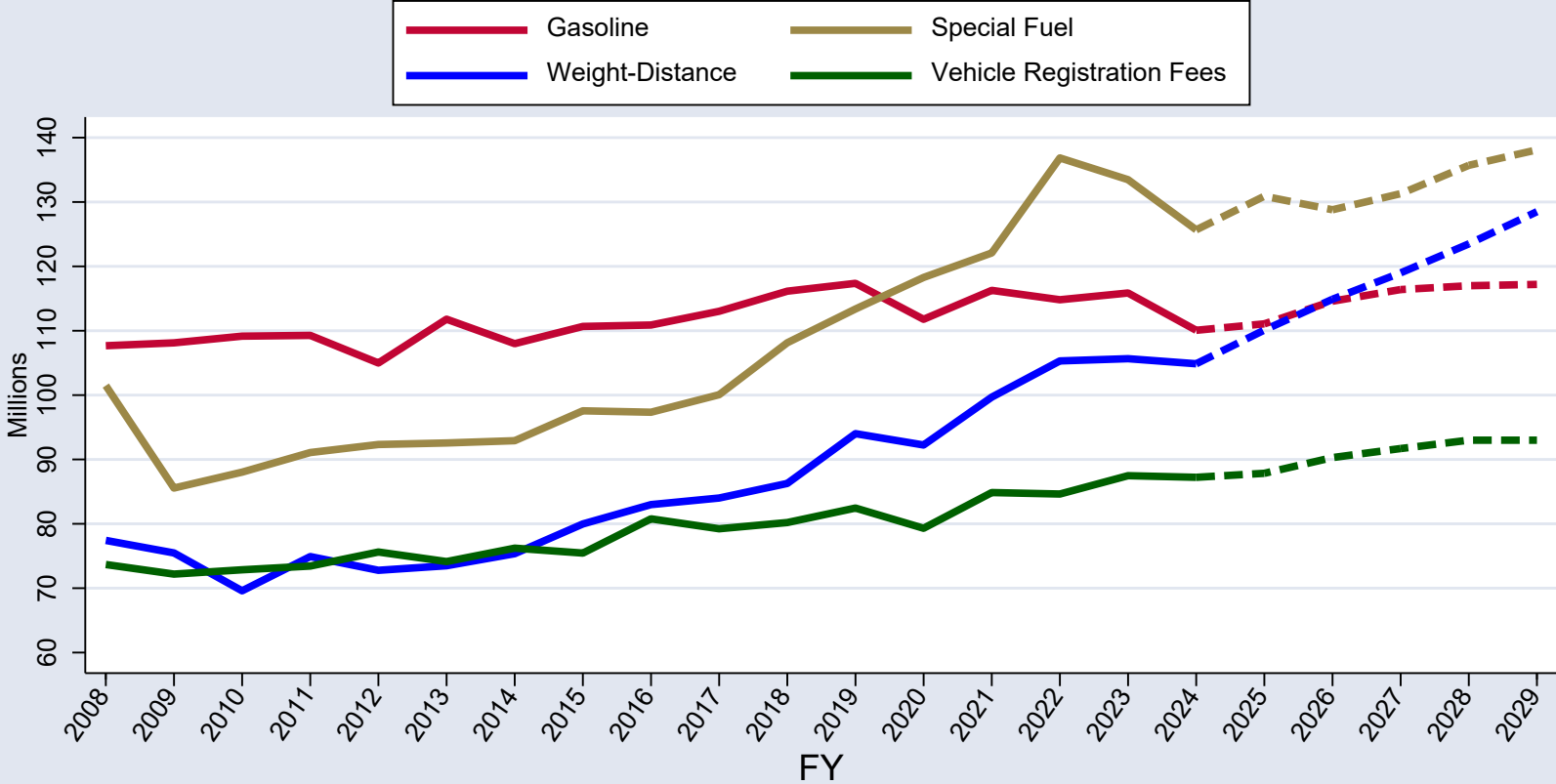
*0.12% points till FY21; 0.87% points in FY22 and thereafter



January 2025 State Road Fund Forecast

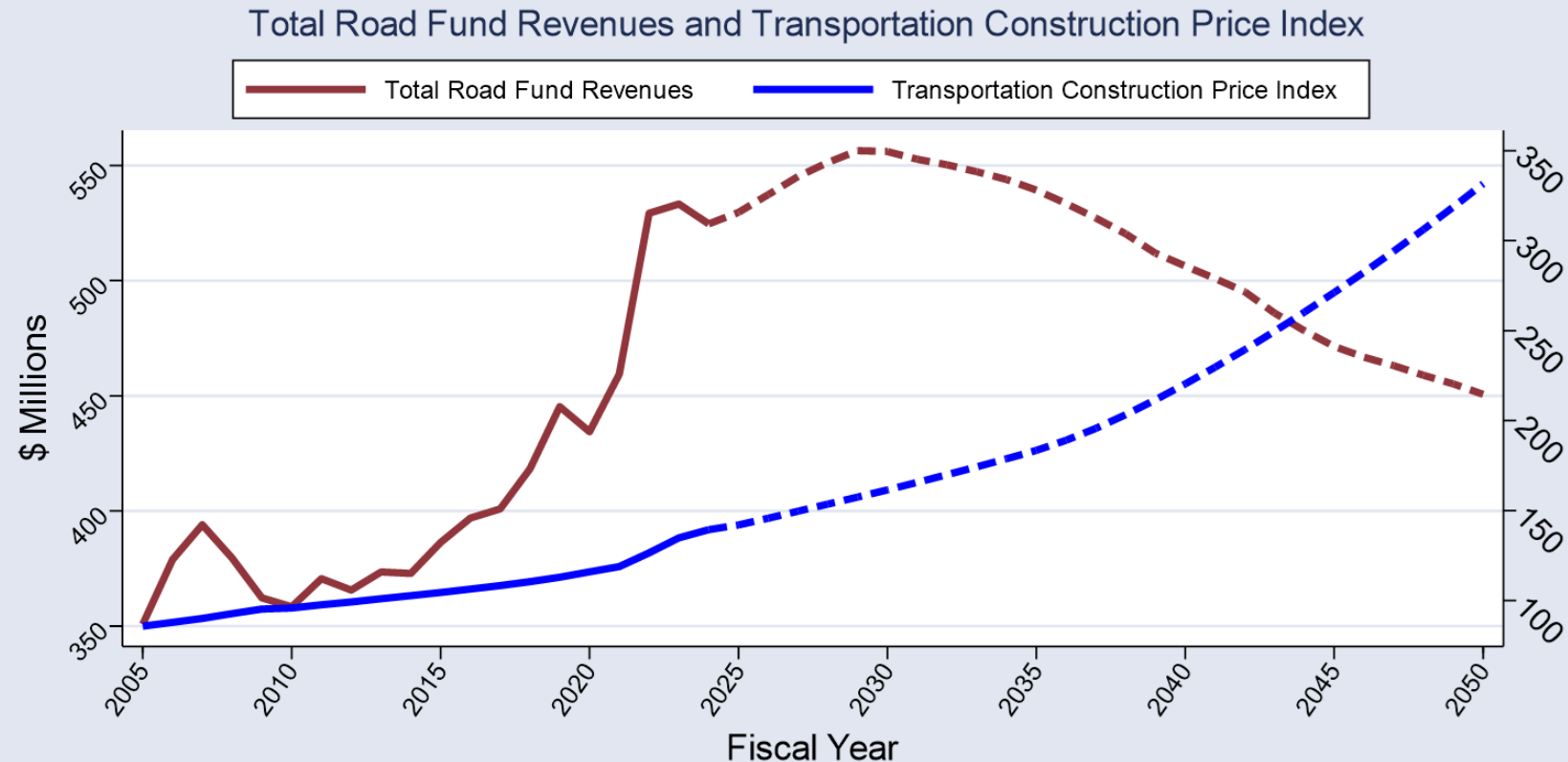
- ❖ Since the pandemic, commercial vehicle revenues have become the largest contributor to the State Road Fund
 - Special Fuel became the largest contributor in FY20
 - Weight Distance is forecast to become 2nd largest contributor in FY26
- ❖ Gasoline and Vehicle Registration Fees have remained stable with slow growth since FY08

Four Major State Road Fund Revenue Sources



State Road Fund Long Range Forecast

- ❖ State Road Fund recurring revenue expected to shrink 15% from 2024 to 2050 in nominal dollars.
 - Increase 6% by 2030
 - Decrease 9% from 2030 to 2040
 - Decrease another 11% from 2040 to 2050
- ❖ Road construction costs expected to grow 160% from 2024 to 2050.



Road Fund: Near term forecast based on NMDOT's July 2024 Road Fund Outlook.
Longer term forecast based on projections from S&P Global.
Construction Price Index: 2012=100, Source: BEA, S&P Global

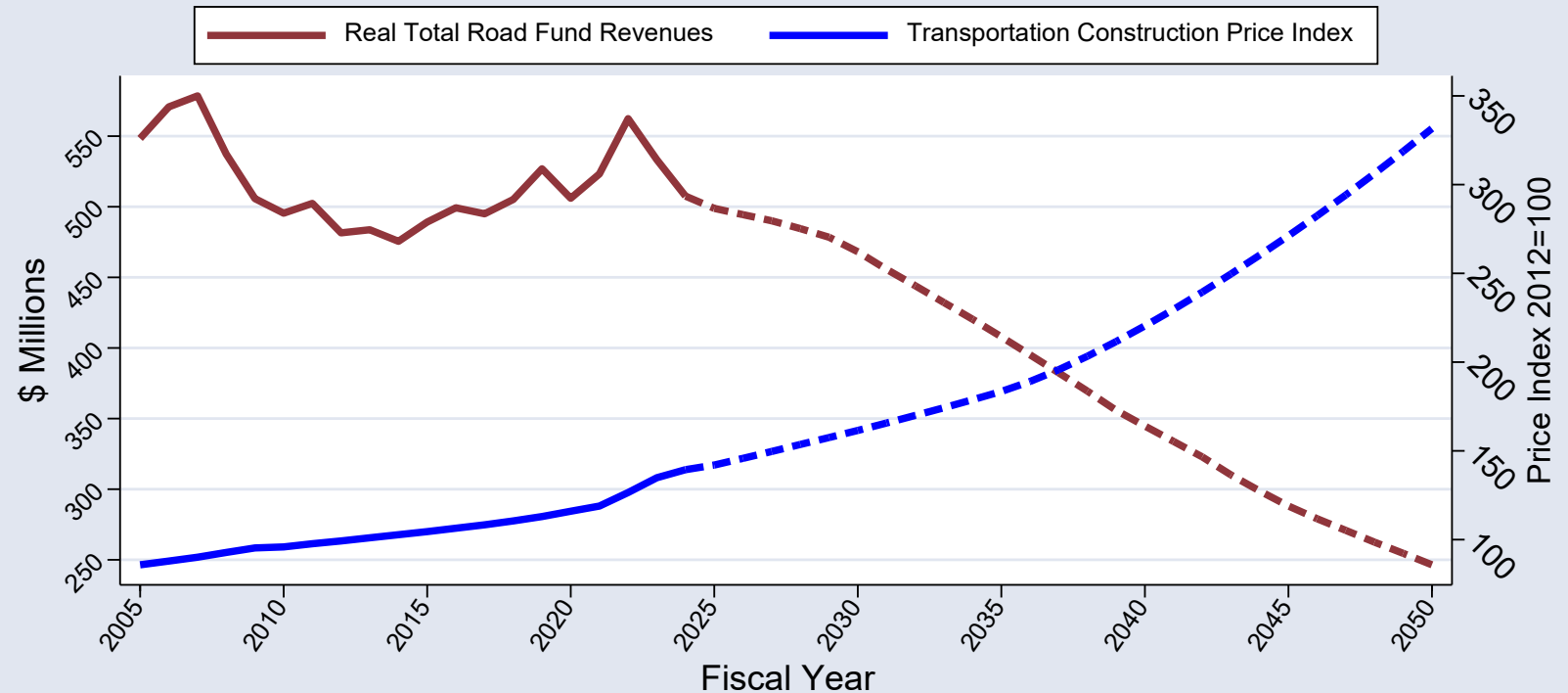
Real State Road Fund Long Range Forecast

❖ Real State Road Fund recurring revenue expected to shrink 51% from 2024 to 2050 in nominal dollars.

- Decrease 8% by 2030
- Decrease 26% from 2030 to 2040
- Decrease another 28% from 2040 to 2050

❖ Road construction costs expected to grow 160% from 2024 to 2050.

Real Total Road Fund Revenues and Transportation Construction Price Index



Road Fund: Near term forecast based on NMDOT's July 2024 Road Fund Outlook.
Longer term forecast based on projections from S&P Global.
Total Road Fund Revenues in 2024 dollars. Source: BEA, S&P Global

State Road Fund Challenges

- ❖ Weakening connection between road use and fuel use
 - Motor fuel taxes are New Mexico State Road Fund's largest revenue source
- ❖ New Mexico fuel taxes have not been revised since:
 - FY1996 – Gasoline Tax
 - FY2004 – Special Fuel Tax
- ❖ New Mexico's gasoline tax, at 17 cents per gallon,
 - 5th lowest in the nation
 - US average 31.2 cents per gallon
- ❖ New Mexico's Special Fuel (diesel) tax, at 21 cents per gallon,
 - 10th lowest in the nation
 - US average 33.64 cents per gallon
- ❖ New Mexico's passenger vehicle registration fees are significantly lower than the US average.
- ❖ Major concerns for future of State Road Fund – Increased fuel efficiency of vehicles and adoption of electric vehicles
- ❖ To mitigate the loss in fuel tax revenues, other states have explored:
 - Additional registration fees
 - Road User Charges

Rising Cost of Road Construction

- 2003: Average cost of road construction in the US = \$1M/mile based on the National Highway Construction Cost Index (NHCCI) which started tracking costs in that year which set the Index at 1.00.
- 2024: The NHCCI was 3.19, or \$3.19M/mile
- By 2050, it is estimated the NHCCI will be 8.3, or \$8.3M/mile.

Shortened Timeline of Tariffs

March 2025

- ❖ Executive Order signed imposing an additional 10% tariff on Chinese imports
- ❖ 25% global steel and aluminum tariffs applied – no exclusions or exemptions

April 2025

- ❖ “Liberation Day” announcement – 10% tariffs on all imports and country-specific reciprocal tariffs applied under the authority of the International Economic Emergency Powers Act (IEEPA)
- ❖ 10% tariffs implemented
- ❖ 90-day pause on country-specific tariffs for 75 countries
- ❖ Tariffs on Chinese goods raised to 145%
- ❖ China increases retaliatory tariffs on U.S. goods to 125%
- ❖ De minimis exception for China and Hong Kong ends

May 2025

- ❖ U.S. Tariffs on Chinese goods lowered to 30%
- ❖ Chinese Tariffs on American goods lowered to 10%
- ❖ US Court of International Trade (CIT) overturns tariffs applied under the IEEPA (includes 30% tariff on China, Mexican and Canadian tariffs on non-USMCA goods, and 10% tariff on all other countries)
- ❖ Trump administration appeals ruling by CIT.
- ❖ Appeals court rules that tariffs are to stay in place while appellate process continues
- ❖ Additional 25% tariff on steel (total 50%) announced in Presidential speech.

Current Tariffs

International Economic Emergency Powers Act (IEEPA)		
Region	Tariff Rate	Notes
China	30% (was 145%)	<ul style="list-style-type: none"> ❖ 30% applies until August ❖ Pending CIT ruling
Mexico and Canada	10% 25%	<ul style="list-style-type: none"> ❖ Energy imports ❖ Non-USMCA, non-energy goods
Rest of the World	10%	<ul style="list-style-type: none"> ❖ Country-specific reciprocal tariffs paused until July ❖ Pending CIT ruling
Section 232 Tariffs		
Products	Tariff Rate	Notes
Steel, Aluminum, automobiles and automobile parts	25%	<ul style="list-style-type: none"> ❖ Not subject to CIT ruling ❖ Applies to all countries, no exceptions ❖ 50% tariff on steel threatened (5/30)

Sources: American Association of Exporters & Importers

Potential Impacts to State Road Fund

Tariffs have the largest direct impact on State Road Fund Revenues

- ❖ Reduce imports into the country and retaliatory tariffs reduce exports out of the country
- ❖ Reduces the number of commercial vehicles travelling through NM to/from ports
 - Reduces the Weight Distance Tax and Special Fuel Tax revenues

Decreased disposable income reduces consumption

- ❖ Reduces purchase of vehicles, leisure travel, and other goods and services
- ❖ Reduces Motor Vehicle Excise Tax, Vehicle Registration Fees, Gasoline Tax, as well as Weight Distance Tax and Special Fuel Tax revenues

Increased Unemployment

- ❖ Reduces need to travel to work and makes it more difficult to maintain vehicle
- ❖ Reduces all consumptions as well as gasoline consumption and vehicle registrations.
- ❖ Reduces Gasoline Tax and Vehicle Registration Fee revenues.

Tariff impacts assumptions:

- ❖ 2 major routes affected:
 - From Ports of Long Beach and LA through I-40 or I-10 to eastern states

Major Route Traffic Counts

❖ 2023 Annual Average Daily Traffic (AADT)

❖ I-40

- AZ Border: 21,100
- TX Border: 14,100

❖ I-10

- AZ Border 14,600
- TX Border 42,100

❖ Projected AADT by 2050

❖ I-40 (3.41% annual growth rate)

- AZ Border: 52,000
- TX Border: 35,000

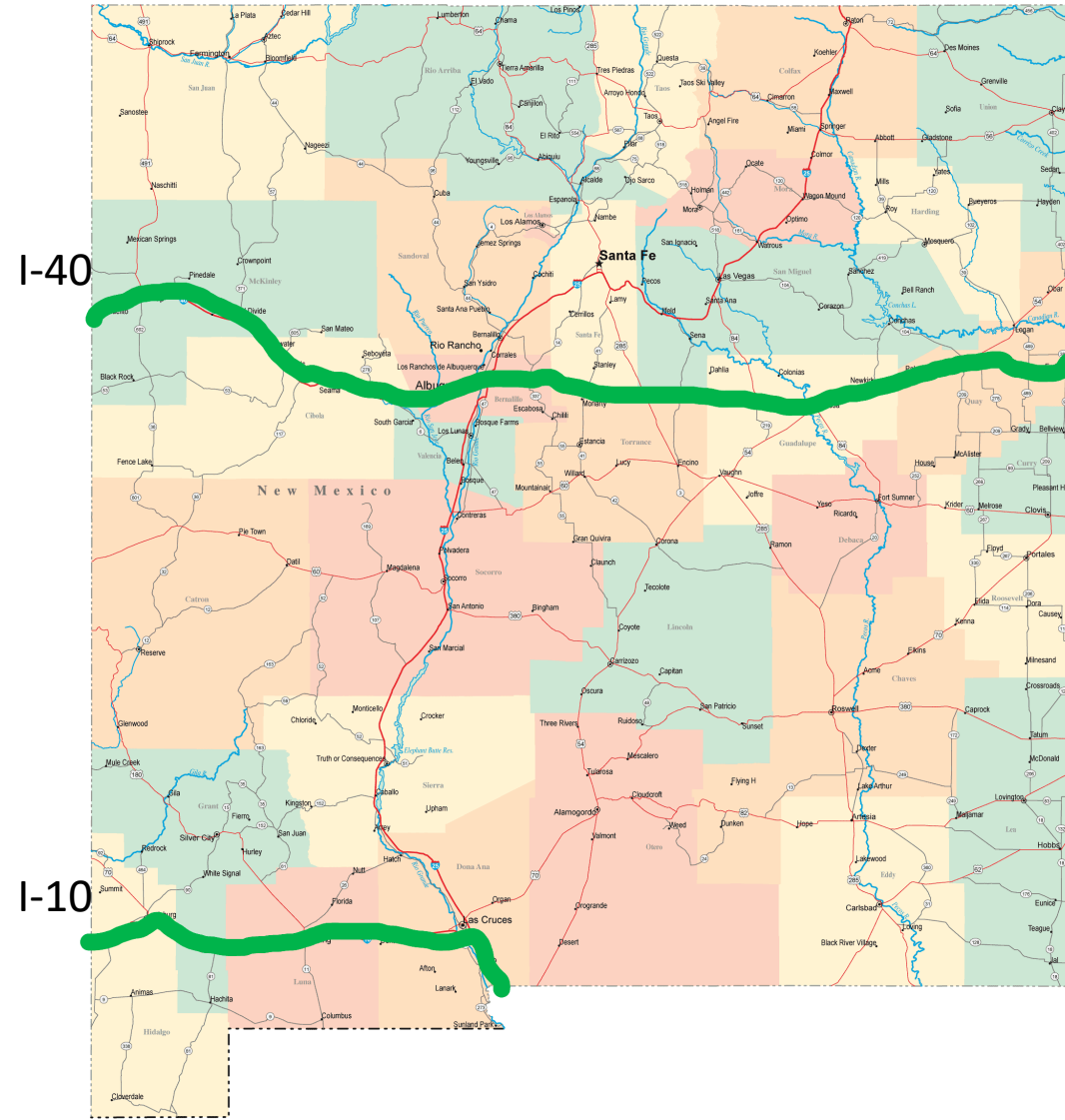
❖ I-10 (3.22% annual growth rate)

- AZ Border: 34,400
- TX Border: 99,100

❖ 135% and 147% growth from 2023 to 2050

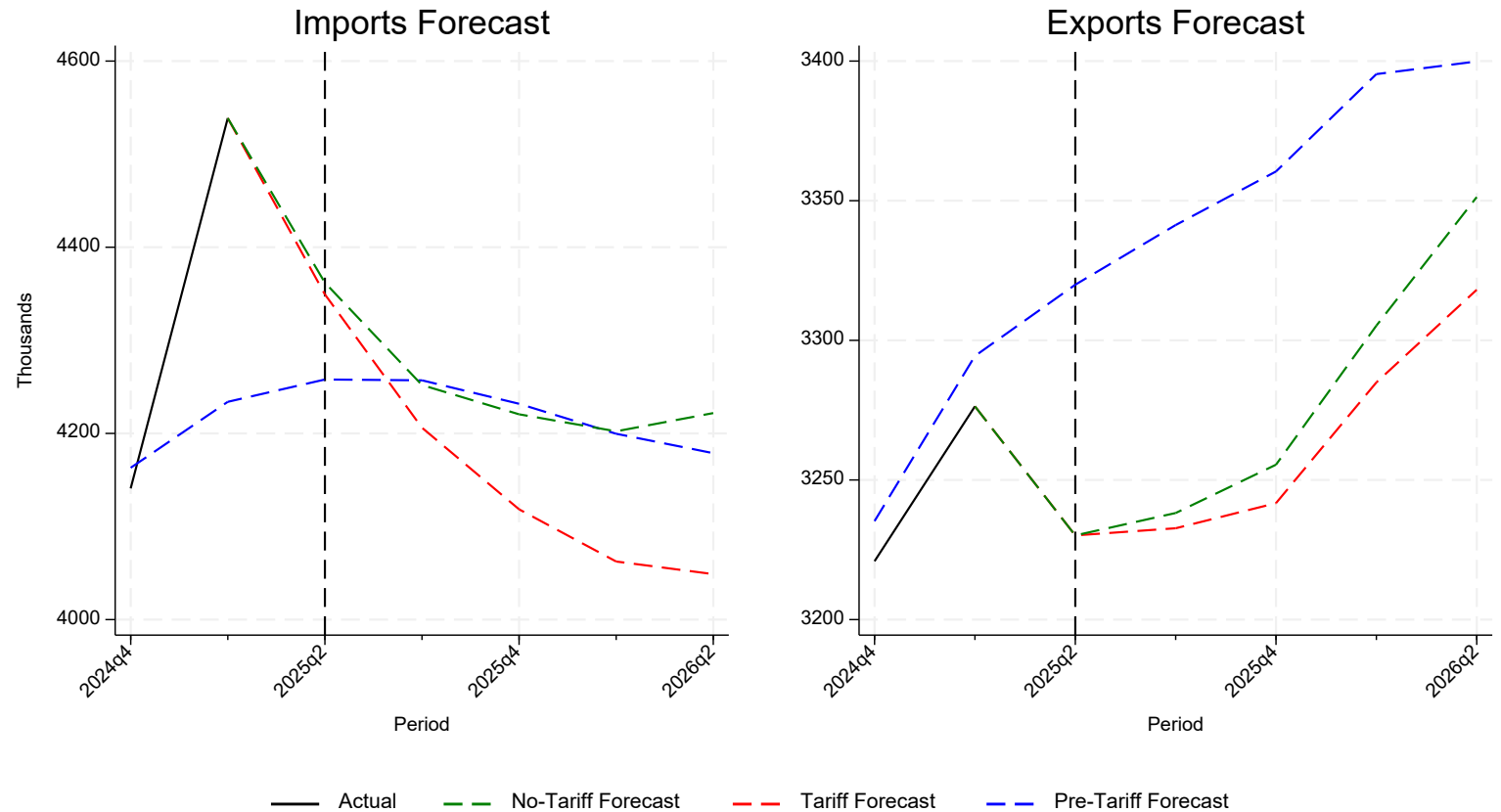
NM's Major Routes for Goods and Services

I-40 & I-10



Import-Export Forecast

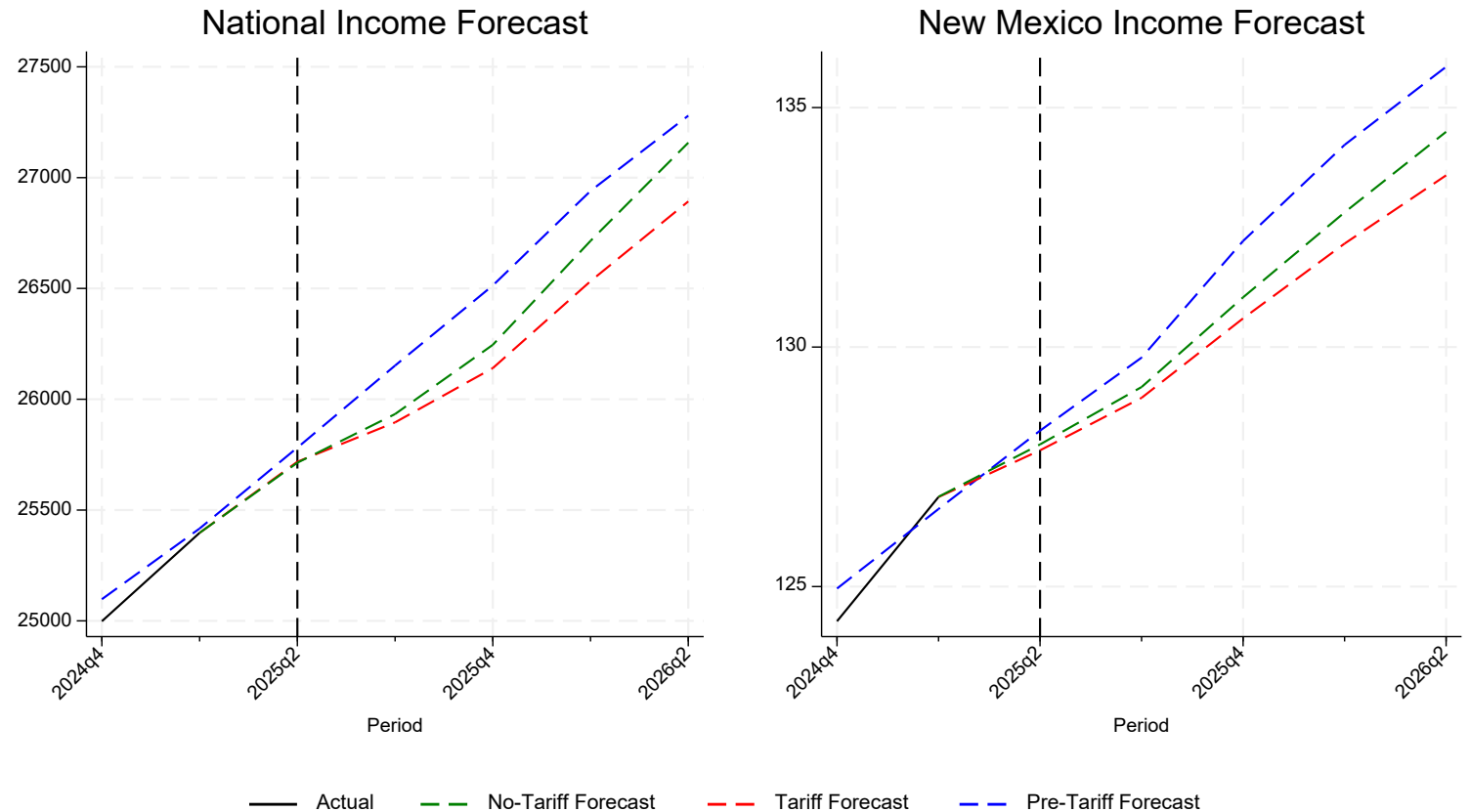
- ❖ No-tariff scenario assumes IEEPA tariffs are set to zero after speedy appeal.
- ❖ Imports briefly rose as importers rushed orders ahead of tariff implementation.
 - Under tariff forecast, imports decline rapidly through FY26
- ❖ Exports dropped sharply with tariff implementation and only partially recover by end of FY26
 - Recovery is slower under the tariff forecast compared to the no-tariff forecast.
- ❖ Both import and export trends indicate reduced commercial vehicle revenues (Weight Distance and Special Fuel Tax) through FY26
 - Revenues under the no-tariff forecast exceed those under the tariff forecast.



Source: S&P Global

Income Forecast

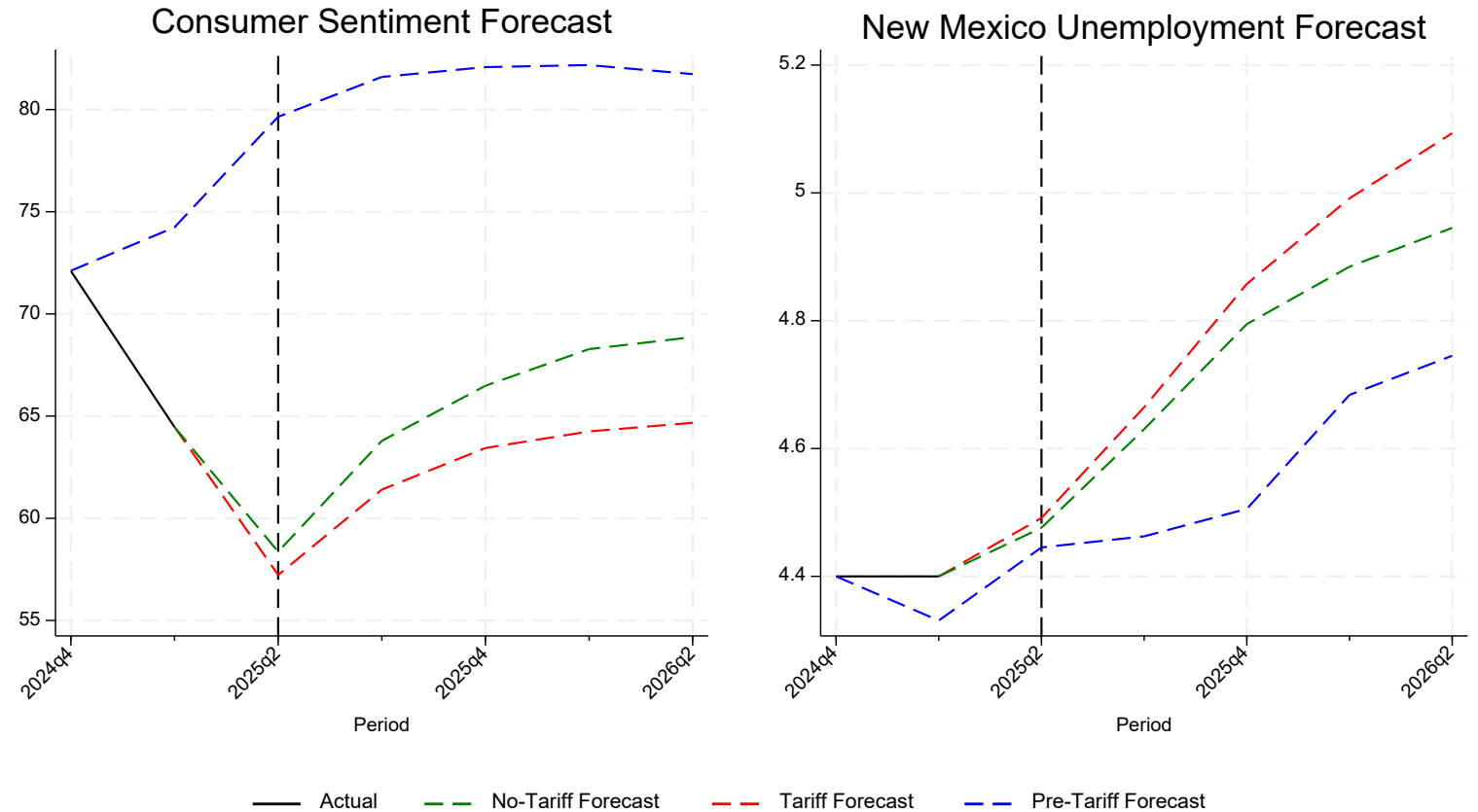
- ❖ National income is reduced in both tariff and no-tariff scenarios compared to pre-tariff forecast.
 - This implies negative effects on secondary effects on commercial vehicle revenues due to lower income and consumption
- ❖ New Mexico income is also reduced under both scenarios
 - This suggests negative impacts on motor vehicle excise tax revenues, with minor declines in gasoline tax and vehicle registration fees.



Source: S&P Global and BBER

Unemployment & Consumer Sentiment Forecast

❖ New Mexico Unemployment and National Consumer Sentiment Forecasts indicate income driven declines are unlikely to be short-lived.



Source: S&P Global and BBER

Other Potential Federal Impacts

- ❖ One Big Beautiful Bill Impacts
 - Termination of Clean Vehicle Credit – proposed end date December 31, 2025.
 - Federal annual EV surcharge \$250 – proposed start 2031.
 - Deduction for car loan interest.
 - Eliminates Neighborhood Access and Equity Grants, Environmental Review Implementation Funds, and Low-Carbon Transportation Materials Grants under the Federal Highway Administration.
 - Potential recessionary impacts.
- ❖ DOGE cuts to Department of Transportation and Treasury Department could delay distribution of funds and execution of funding agreements.

Caveats

- ❖ Forecasts provided by BBER (local) and S&P Global (national) are based on the information available at the time of release
 - BBER – March 2025
 - S&P Global – May 2025
- ❖ Forecasts only incorporate enacted policies.
 - Proposed or suggested tariffs are not included.
- ❖ Actual impact on State Road Fund is difficult to predict given
 - Impact of tariffs will vary depending on route through NM (I-40 or I-10)
 - Recessionary fears will change consumption pattern locally and nationally
 - 20 to 40-day delay between import decision and commercial vehicle impact
 - Unknown effect of tariffs on domestic producers
 - Other changes in expectations for consumers, and producers
 - Other unobservable changes in consumption patterns
- ❖ Forecasting uncertainty remains high due to evolving federal policy and market reactions