

LFC Requester:

Emily Hilla

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*Date Prepared: 2/13/2026

Check all that apply:

Bill Number: SB 76Original Correction Amendment Substitute Agency Name
and CodeSponsor: Senator Bobby GonzalesNumber: NMED 667

Short Title:

Person Writing Michelle MianoGas & Special Fuels TaxesPhone: (505) 479-2596 Email michelle.miano@env.nm.gov**SECTION II: FISCAL IMPACT**

0

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
0	0	n/a	n/a
0	0	n/a	n/a

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
0	0	0	n/a	n/a
0	0	0	n/a	n/a

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	0	0	0	0	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: n/a

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 76 (SB76) amends the Gasoline Tax Act (generally Sections 7-13-1 to 18 NMSA 1978) to increase the gasoline tax by five cents and amends the Special Fuels Supplier Tax Act (generally Sections 7-16A-1 to 21 NMSA 1978) to increase the special fuel excise tax by five cents. The changes under SB76 take effect on July 1, 2026.

By way of background, the Gasoline Tax Act imposes an excise tax “for the privilege of receiving gasoline in this state.” The Gasoline Tax Act defines “gasoline” as “any flammable liquid hydrocarbon used primarily as fuel for the propulsion of motor vehicles, motorboats or aircraft except for diesel engine fuel, kerosene, liquefied petroleum gas, compressed or liquefied natural gas and products specially prepared and sold for use in aircraft propelled by turbo-prop or jet-type engines.” The gasoline tax must be distributed to municipalities and counties (Section 7-1-6.9 NMSA 1978). With exceptions, the distribution of collected taxes “shall be paid into a separate road fund in the municipal treasury or county road fund for expenditure only for construction, reconstruction, resurfacing or other improvement or maintenance of public roads, streets, alleys or bridges, including right-of-way and materials acquisition” (Section 7-1-6.9 NMSA 1978).

The Special Fuel Excise Tax Act imposes an excise tax “for the privilege of receiving or using special fuel in this state.” The Special Fuel Excise Tax Act defines “special fuel” as “any diesel-engine fuel, biodiesel, blended biodiesel or kerosene used for the generation of power to propel a motor vehicle, except for gasoline, liquefied petroleum gas, compressed or liquefied natural gas and products specially prepared and sold for use in aircraft propelled by turbo-prop or jet engines.” The special fuel excise tax is similarly distributed.

By further way of background, under state law, “tax” means “the total amount of each tax imposed and required to be paid, withheld and paid or collected and paid under provision of any law made subject to administration and enforcement according to the provisions of the Tax Administration Act (generally Sections 7-1-1 to 84 NMSA 1978), including the amount of any interest or civil penalty relating thereto”; “tax” also means “any amount of any abatement of tax made or any credit, rebate or refund paid or credited by the New Mexico Taxation and Revenue Department under any law subject to administration and enforcement under the provisions of the Tax Administration Act to any person contrary to law, including the amount of any interest or civil penalty relating thereto... .” Section 7-1-3 NMSA 1978.

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

As directed by Section 74-1-18, NMSA 1978, the Environmental Improvement Board adopted a Clean Fuels Transportation Program that the Board scheduled to go into effect on April 1, 2026.

The Clean Transportation Fuel Program (CTFP) does not establish, impose, or authorize the New Mexico Environment Department to impose a “tax.” Instead, the CTFP authorizes rules to establish a market system for generating, obtaining, trading, selling and retiring credits and deficits between transportation fuel providers based on the carbon intensity of a transportation fuel.

CTFP credits do have monetary value, but their price is determined in an open market administered by the New Mexico Environment Department. Data from states with CTFP-like policies in effect show that the cost of clean fuel credits has not led to *any* demonstrably significant increase in prices at the pump. Instead, gasoline and diesel prices change due to several factors, including underlying demand, crude oil prices, distribution and marketing costs, refining costs, and state excise taxes.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Gasoline and Special Fuel Excise Taxes will remain at rates established in 1995 and 2004, respectively. As a result, transportation sector infrastructure costs will continue to increase while state road fund revenues remain stagnate or decline due to increased consumer demand for high-fuel efficiency vehicles and electric vehicles.

AMENDMENTS

None.