

**NMDOT BILL ANALYSIS
2026 REGULAR SESSION**

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute, or a correction of a previous bill}

Check all that apply:

Original _____ Amendment _____
Correction Substitute _____

Date Prepared: 02/13/2026

Bill No. SB 76

Sponsor: Roberto "Bobby" J. Gonzales
and Joy Garratt

Agency/ Code: NMDOT - 805 – Revenue Planning

Person Writing Analysis: Jisub Seong

Short Title Expand Gas & Special Fuels Taxes

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Not Applicable.

REVENUE (dollars in thousands)

Gasoline Tax and Special Fuel Excise Tax combined impact

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		
105	106	108	Recurring	State Aviation Fund
52	53	54	Recurring	Motorboat Fuel Tax Fund
4,177	4,236	4,295	Recurring	Municipalities and Counties
2,318	2,354	2,384	Recurring	County Governments Road Fund
2,318	2,354	2,384	Recurring	Municipal Road Fund
3,637	3,783	3,874	Recurring	Local Governments Road Fund
59,890	61,260	62,744	Recurring	State Road Fund
72,497	74,146	75,843	Recurring	Total

(Parenthesis () Indicate Expenditure Decreases)

Gasoline Tax increase impact

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		
105	106	108	Recurring	State Aviation Fund
52	53	54	Recurring	Motorboat Fuel Tax Fund
4,177	4,236	4,295	Recurring	Municipalities and Counties
2,318	2,354	2,384	Recurring	County Governments Road Fund
2,318	2,354	2,384	Recurring	Municipal Road Fund
579	588	597	Recurring	Local Governments Road Fund
30,686	31,144	31,546	Recurring	State Road Fund
40,235	40,835	41,368	Recurring	Total

(Parenthesis () Indicate Expenditure Decreases)

Special Fuel Excise Tax increase impact

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		
29,204	30,115	31,199	Recurring	State Road Fund
3,058	3,195	3,277	Recurring	Local Governments Road Fund
32,262	33,310	34,476	Recurring	Total

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 76 (SB 76) increases the Gasoline Tax and the Special Fuel Excise Tax effective July 1, 2026, by six cents per gallon for gasoline (from 17 cents to 23 cents) and by five cents per gallon for special fuel (from 21 cents to 26 cents).

The new revenue from the increased tax rates would continue to be distributed according to existing statutory distribution formulas under current law.

FISCAL IMPLICATIONS

SB 76 is projected to generate approximately \$72.5 million in new revenue in FY 2027, increasing to \$75.8 million by FY 2029. The new revenue would be allocated according to current law. Beneficiaries and percentage distributions are summarized in the table below.

The State Road Fund, which is the primary beneficiary of both the Gasoline and Special Fuel Excise Taxes, would receive approximately \$59.9 million in additional revenue in FY 2027, increasing to about \$62.7 million by FY 2029.

All other beneficiaries would receive proportional increases in line with their statutory distribution shares.

Distribution of Gasoline Tax and Special Fuel Excise Tax	
Gasoline Tax (17.0 cents / gallon)	→ 5.76% to County Government Road Fund
	→ 0.13% to Motorboat Fuel Tax Fund
	→ 0.26% to State Aviation Fund
	→ 10.38% to Municipalities and Counties
	→ 76.27% to State Road Fund - (~13 cents per gallon)
	→ 5.76% to Municipalities
	→ 1.44% to Municipal Arterial Program (MAP - Local Governments Road Fund)
Special Fuel (Diesel) Tax (21.0 cents/gallon -- effective 7/1/2004)	→ 90.48% to State Road Fund - (19 cents per gallon)
	→ 9.52% to Local Governments Road Fund

This revenue estimate is based on the January 2026 State Road Fund estimates.

This analysis is based on the assumption that the tax increases do not modify the price elasticity demand for gasoline and special fuel.

SIGNIFICANT ISSUES

None identified.

PERFORMANCE IMPLICATIONS

None identified.

ADMINISTRATIVE IMPLICATIONS

Not passing SB 76 can have a negative fiscal impact on NMDOT's administration due to decreased funds. See below, Consequences of Not Enacting This Bill.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 2 increases State Road Fund revenue through revision to weight distance tax and vehicle registration fees and by establishing an EV and hybrid vehicle surcharge, in part to offset gas tax revenue lost from EV adoption.

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

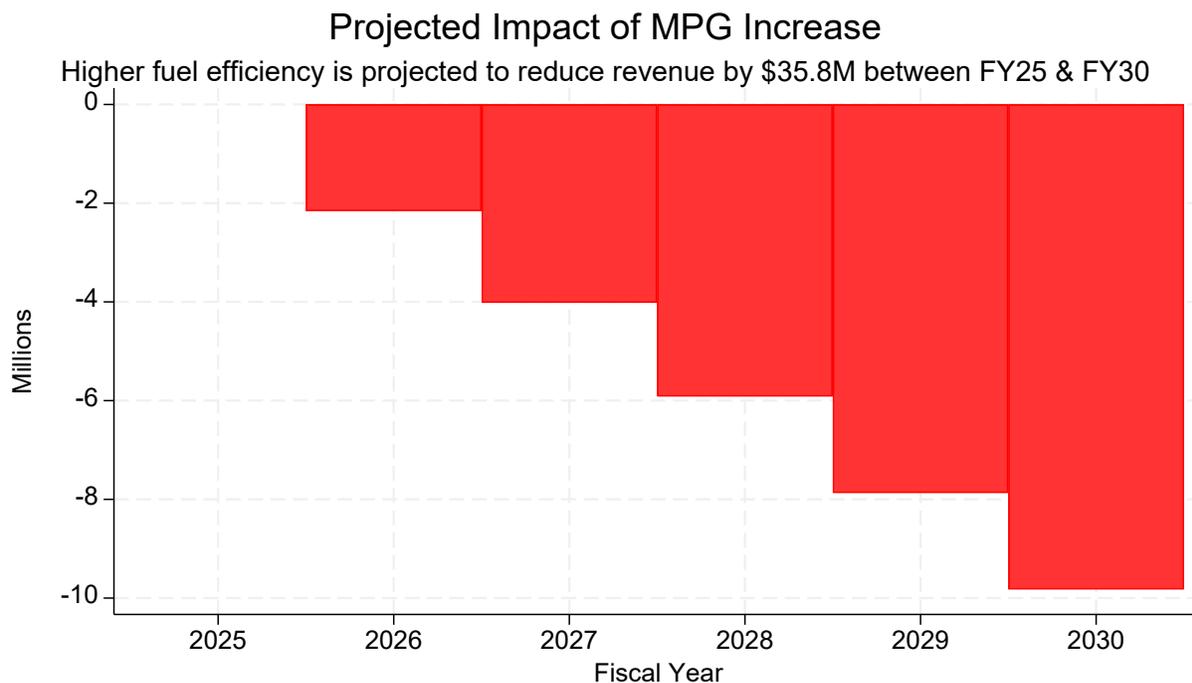
None identified.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMDOT faces a decrease in revenue due to drop in the purchase of gasoline and special fuels due to modern vehicles being more fuel efficient or being non-taxed alternative fuel vehicles. See table below. If SB 76 is not passed, NMDOT will have to find alternative source(s) of funding to offset these losses and the increased costs of administering the services provided by NMDOT. Current estimates predict a loss of approximately \$36 million over the next 6 years due to increased vehicle fuel efficiency. In addition to the reduced revenues, costs have increased more than 65% since the end of FY 2020, according to FHWA's National Highway Construction Cost Index.



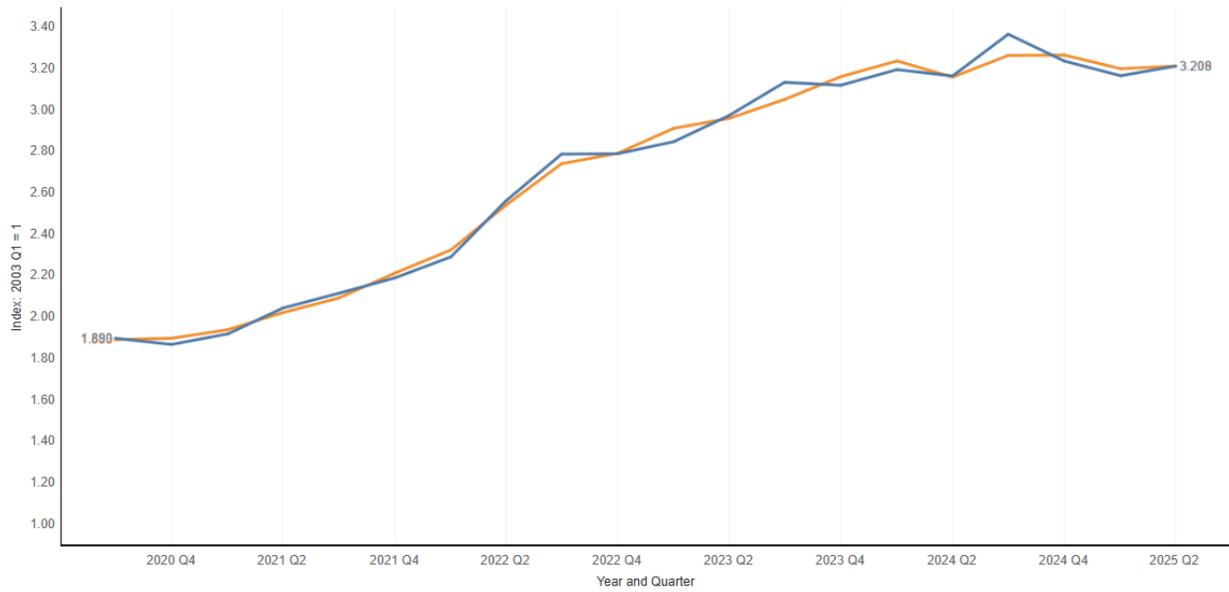


National Highway Construction Cost Index (NHCCI)

Select Year and Quarter:
2020 Q2

2025 Q2

- Select Series:
- NHCCI
 - Seasonally Adjusted NHCCI

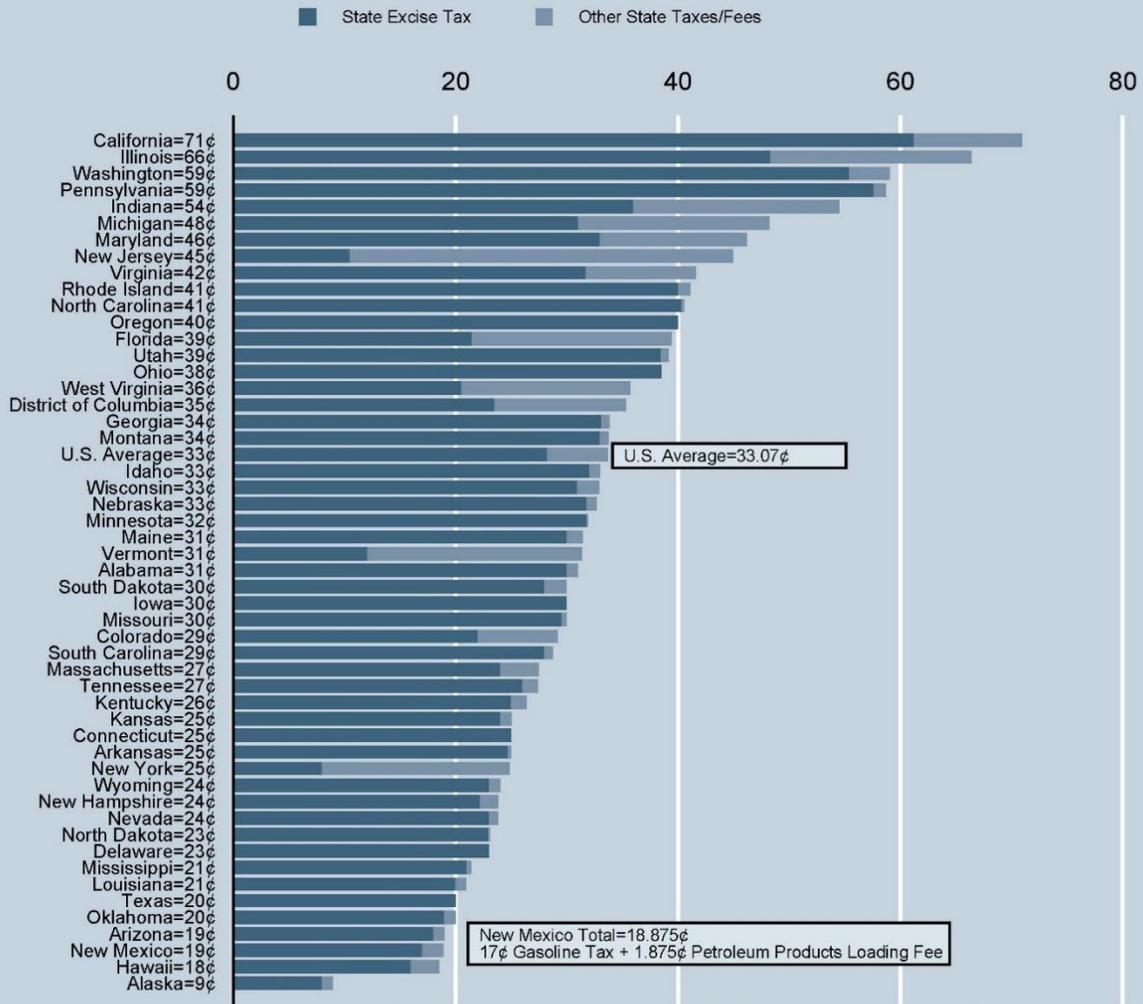


2025 Q2 index is preliminary.
2024 Q4 and 2025 Q1 indexes are revised.

AMENDMENTS

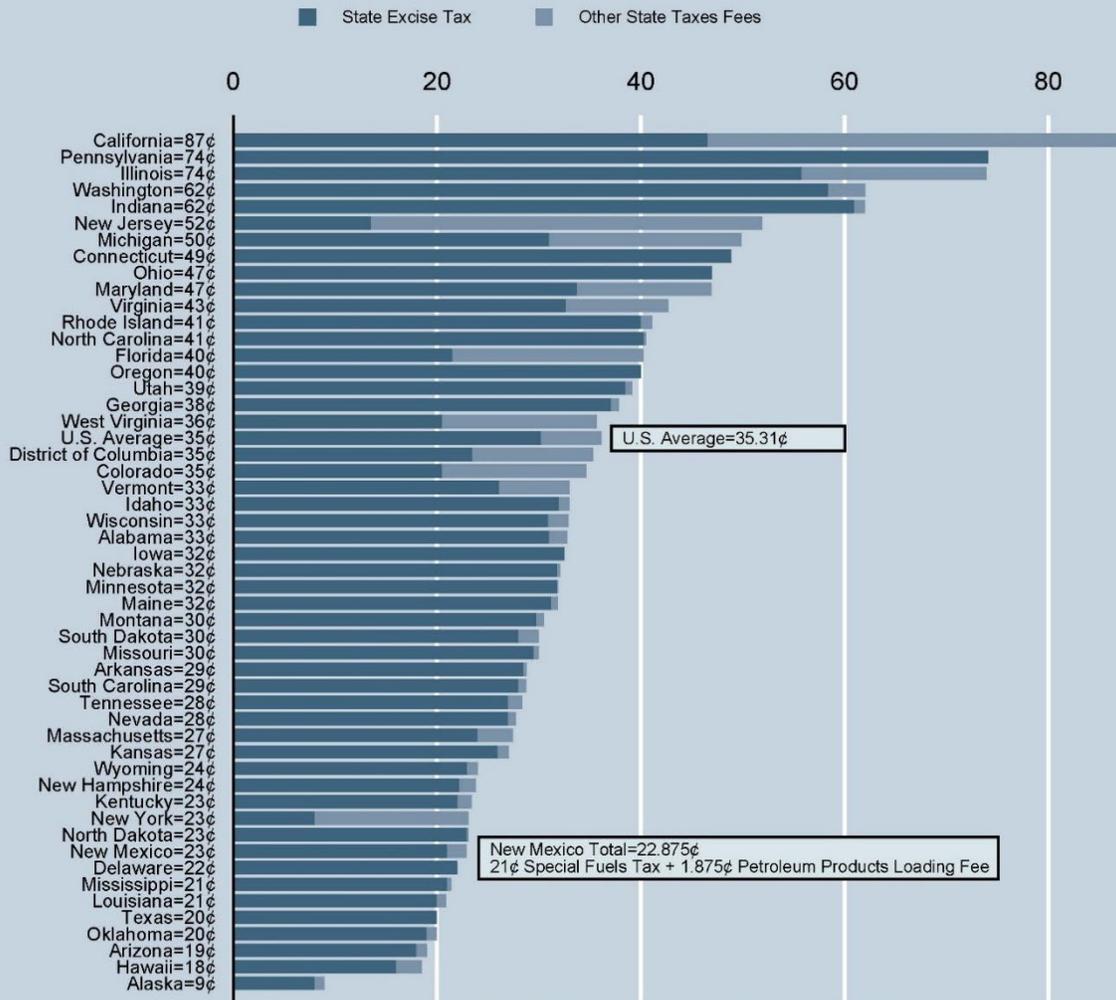
None suggested.

Gasoline Motor Fuel Taxes per Gallon as of January 1, 2026



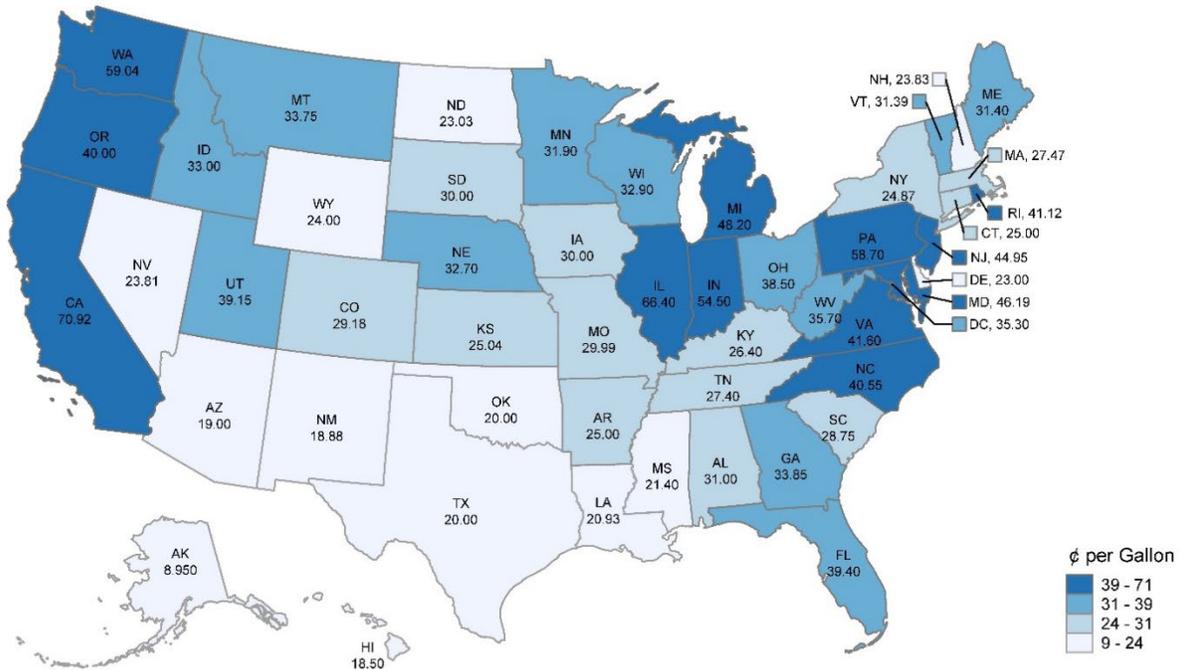
Note: NMDOT's elaboration on Energy Information Administration data

Diesel Motor Fuel Taxes per Gallon as of January 1, 2026



Note: NMDOT's elaboration on Energy Information Administration data

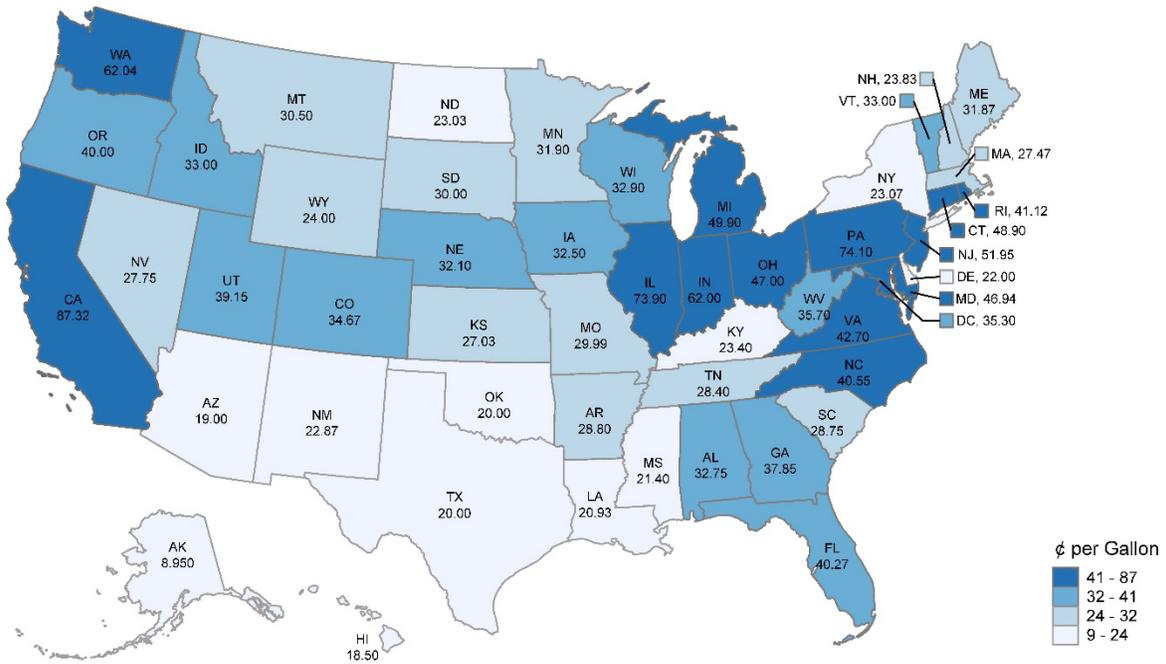
Gasoline Motor Fuel Taxes per Gallon as of January 1, 2026



Note: NMDOT's elaboration on Energy Information Administration data

The Federal Excise Tax on Gasoline is 18.4¢ per gallon

Diesel Motor Fuel Taxes per Gallon as of January 1, 2026



Note: NMDOT's elaboration on Energy Information Administration data

The Federal Excise Tax on Diesel is 24.4¢ per gallon