

**Bill Analysis and Fiscal Impact Report
Taxation and Revenue Department**

February 10, 2026

Bill:
SB-213

Sponsor:
Senator George K. Muñoz

Short Title:
Index Gas, Weight & Special Fuels Taxes

Description:
This bill provides that beginning July 1, 2028, the Taxation and Revenue Department (Tax & Rev) shall adjust for inflation, the current gasoline tax rate of \$0.17 by multiplying the current rate of \$0.17 by a fraction with a numerator equal to the consumer price index for the previous calendar year and a denominator equal to the consumer price index for calendar year 2026. The bill also provides for inflationary rate increases each year beginning July 1, 2028, the rate of the weight distance tax (WDT) for on road use and for buses, and for the special fuel excise tax rate.

Effective Date, Applicability, and Contingency Language:
Not specified or 90 days following adjournment (May 20, 2026).

Taxation and Revenue Department Analyst:
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Estimated Revenue Impact*

FY26	FY27	FY28	FY29	FY30	Recurring or Non-Recurring	Fund(s) Affected
--	--	--	--	--	R	Section 1: State Road Fund (Gasoline Tax)
--	--	--	--	--	R	Section 1: Counties and Municipalities Road Fund (Gasoline Tax)
--	--	--	--	--	R	Section 1: County Government Road Fund (Gasoline Tax)
--	--	--	--	--	R	Section 1: Municipal Road Fund (Gasoline Tax)
--	--	--	--	--	R	Section 1: Municipal Arterial Fund (Gasoline Tax)
--	--	--	--	--	R	Section 1: Motorboat Fuel Tax Fund (Gasoline Tax)
--	--	--	--	--	R	Section 1: State Aviation Board Fund (Gasoline Tax)
--	--	--	--	--	R	Section 1: Motor Boat Fund (Gasoline Tax)Section 1: Municipalities and Counties Road Fund (Gasoline Tax)

--	--	--	--	--	R	Section 1: Local Government Road Fund (Gasoline Tax)
--	--	--	--	--	R	Section 2: State Road Fund (WDT)
--	--	--	--	\$7,104	R	Section 3: State Road Fund (Special Fuel Tax)
--	--	--	--	\$748	R	Section 3: Local Government Road Fund (Special Fuel Tax)

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact:

The bill proposes an inflation adjustment to gasoline tax, WDT and special fuel excise tax. Tax & Rev applied the inflation forecast from S&P’s Global Consumer Price Index – All Urban (CPI-U, US Macro – 10 Year Baseline, Feb 2026) for calendar years 2026 – 2030 for each tax program beginning in FY2029. The bill requires rounding the resulting tax rates down to the nearest cent, Tax & Rev calculates that only the special fuel excise tax will have a rate increase in FY2030 from \$0.21 to \$0.22. Beginning in FY2031, the gasoline tax’s inflationary increase is estimated from \$0.17 to \$0.18. For changes to the WDT, Tax & Rev does not see a fiscal impact in the outlook years. Additional details on the inflationary adjustment for the WDT are in the “Other Issues Section” below. Applying the projected rate change to the special fuel excise tax to the Department of Transportation’s (DOT) January 2026 Forecast, Tax & Rev calculates the fiscal impact on each of the funds related to the rate change.

Policy Issues:

According to the Tax Foundation¹, New Mexico has one of the lowest gasoline tax rates among the states, ranking 48th, with only Hawaii and Alaska imposing lower rates. However, most neighboring states have relatively low rates as well. Colorado is ranked at 29th, Arizona 47th, Texas 45th, and Oklahoma 45th. Assuming other states’ rates remain unchanged the new rate in FY31 would put New Mexico at 45th, tied with Oklahoma and Texas.

New Mexico’s current gasoline tax rate of \$0.17 per gallon has been in place since July 1995. Since then, inflation has caused gasoline tax revenues to lose their purchasing power. The increase to \$0.18 in FY2031 represents a 6% increase. The special fuel tax rate has been in place since 2003 at a rate of \$0.21 per gallon. The increase to \$0.22 in FY2030 represents a 5% increase. As these taxes have not increased in over 20 years, the rate increases reflect inflation adjustments to correspond with the inflation cost increases associated with maintaining road infrastructure and may offset, in part, the slower growth in gasoline tax revenue due to more efficient vehicles with higher miles per gallon.

A national transportation research group, TRIP, estimates that New Mexico road conditions cost drivers \$3.3 billion per year due to driving on New Mexico roads that are deteriorated, congested, or lacking in some desirable safety features². The increase in gas tax, WDT and special fuel excise tax revenue would help bridge the gap between road construction and maintenance costs and current revenue sources.

Technical Issues:

[Sections 1, 2, 3, and 4] Subsection C – The bill defines the “consumer price index” for each of the inflation adjustments. For consistency with other inflation adjusted statutes, Tax & Rev suggests adding “for the month ending September 30” to subsection C, page 2, line 16; subsection B, page 4, line 20; subsection B, page 6, line 24; and subsection C, page 8, line2: “for the month ending September 30”.

¹ [2025 Gas Taxes by State: Fuel Taxes Map | Tax Foundation](#)

² [News Release: New Mexico Motorists Lose \\$3.3 Billion Per Year on Roads that are Rough, Congested & Lack Some Safety Features... | TRIP](#)

Other Issues:

[Sections 2 and 3] In both subsections B, on pages 3 and 6, the bill will adjust the WDT rates for inflation each year and then round the result down to the nearest cent. The highest current WDT rate is 43.78 mills per mile, which is roughly 4.4 cents per mile (\$0.044 per mile). Because the bill rounds down to the nearest penny, that top rate would not change until inflation is large enough to push it to the next full-penny step, which is 5.0 cents per mile (\$0.050 per mile). In other words, the rates need to rise at least six-tenths of a cent per mile before there would be any increase for the WDT. Tax & Rev used the S&P forecast to Assuming inflation continues to rise at the rate from calendar year 2030 over calendar year 2029, the inflation adjustment for WDT will not happen until FY2034.

Administrative & Compliance Impact:

Tax & Rev will update forms, instructions, publications and training. These changes will be incorporated into Tax and Rev’s annual legislative implementation with current staff.

Tax & Rev’s Administrative Services Division (ASD) will update and test the general ledger and revenue reporting. It is anticipated that this work will take approximately 80 hours annually each year of an inflation rate adjustment split between two FTE of a pay band eight and a pay band 10 at a cost of approximately \$4,800. Pay-band level eight hours are estimated at time and ½ for extra hours worked.

This bill will have a moderate impact on Tax & Rev’s Information Technology Division (ITD), approximately 660 hours annually or just over 4 months and \$45,679 in staff workload costs. This includes updating the gasoline tax rate, weight distance tax rate, the rate for buses and the special fuel excise tax each year of an inflation rate adjustment.

Tax & Rev estimates 15 hours annually of administrative impact on Tax & Rev’s Office of the Secretary (OOS) to inflation adjust the gasoline, WDT and special fuels excise tax for input into publications and GenTax, the tax system of record, for fiscal years starting in 2030, outside of the outlook listed below. Starting in FY2034, the OOS will need to create annual WDT tax reference tables for the annual publication update to the rates.

Estimated Additional Operating Budget Impact*

FY26	FY27	FY28	3 Year Total Cost	Recurring or Non-Recurring	Fund(s) or Agency Affected
--	--	\$4.8	\$4.8	R	ASD – Staff workload
--	--	\$45.7	\$45.7	R	ITD – Staff workload

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).

Related Bills:

Conflicts with SB-2, SB-76, and SB-185