

SENATE BILL 2

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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and Art De La Cruz and Benny Shendo, Jr.

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO THE FINANCING OF HIGHWAY PROJECTS; PROVIDING
ADDITIONAL BONDING AUTHORITY TO THE STATE TRANSPORTATION
COMMISSION FOR STATE HIGHWAY PROJECTS IDENTIFIED IN THE
STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM; REQUIRING THE
DEPARTMENT OF TRANSPORTATION TO INCLUDE A REPORT ON HIGHWAY
PROJECT SELECTION AND PRIORITIES FINANCED BY BONDS IN ITS
ANNUAL BUDGET REQUEST; INCREASING THE WEIGHT DISTANCE TAX FOR
MOTOR VEHICLES OTHER THAN BUSES; INCREASING REGISTRATION FEES
FOR PASSENGER VEHICLES; REQUIRING ADDITIONAL REGISTRATION FEES

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FOR ELECTRIC AND PLUG-IN HYBRID ELECTRIC VEHICLES AND
DISTRIBUTING THE ADDITIONAL FEES TO THE STATE ROAD FUND;
ADJUSTING CERTAIN FORMULAIC DISTRIBUTIONS OF MOTOR VEHICLE
FEES.

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

SECTION 1. Section 7-15A-6 NMSA 1978 (being Laws 1988,
Chapter 73, Section 33, as amended) is amended to read:

"7-15A-6. TAX RATE FOR MOTOR VEHICLES OTHER THAN BUSES--
REDUCTION OF RATE FOR ONE-WAY HAULS.--

A. For on-highway operations of motor vehicles
other than buses, the weight distance tax shall be computed in
accordance with the following schedule:

Declared Gross Weight	Tax Rate
(Gross Vehicle Weight)	(Mills per Mile)
26,001 to 28,000	[11.01] <u>14.86</u>
28,001 to 30,000	[11.88] <u>16.04</u>
30,001 to 32,000	[12.77] <u>17.24</u>
32,001 to 34,000	[13.64] <u>18.41</u>
34,001 to 36,000	[14.52] <u>19.60</u>
36,001 to 38,000	[15.39] <u>20.78</u>
38,001 to 40,000	[16.73] <u>22.59</u>
40,001 to 42,000	[18.05] <u>24.37</u>
42,001 to 44,000	[19.36] <u>26.14</u>
44,001 to 46,000	[20.69] <u>27.93</u>

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46,001 to 48,000	[22.01] <u>29.71</u>
48,001 to 50,000	[23.33] <u>31.50</u>
50,001 to 52,000	[24.65] <u>33.28</u>
52,001 to 54,000	[25.96] <u>35.05</u>
54,001 to 56,000	[27.29] <u>36.84</u>
56,001 to 58,000	[28.62] <u>38.64</u>
58,001 to 60,000	[29.93] <u>40.41</u>
60,001 to 62,000	[31.24] <u>42.17</u>
62,001 to 64,000	[32.58] <u>43.98</u>
64,001 to 66,000	[33.90] <u>45.77</u>
66,001 to 68,000	[35.21] <u>47.53</u>
68,001 to 70,000	[36.52] <u>49.30</u>
70,001 to 72,000	[37.86] <u>51.11</u>
72,001 to 74,000	[39.26] <u>53.00</u>
74,001 to 76,000	[40.71] <u>54.96</u>
76,001 to 78,000	[42.21] <u>56.98</u>
78,001 and over	[43.78] <u>59.10.</u>

B. All motor vehicles for which the tax is computed under Subsection A of this section shall pay a tax that is two-thirds of the tax computed under Subsection A of this section if:

(1) the motor vehicle is customarily used for one-way haul;

(2) forty-five percent or more of the mileage traveled by the motor vehicle for a registration year is

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mileage that is traveled empty of all load; and

(3) the registrant, owner or operator of the vehicle attempting to qualify under this subsection has made a sworn application to the department to be classified under this subsection for a registration year and has given whatever information is required by the department to determine the eligibility of the vehicle to be classified under this subsection and the vehicle has been so classified."

SECTION 2. Section 66-6-2 NMSA 1978 (being Laws 1978, Chapter 35, Section 337, as amended) is amended to read:

"66-6-2. PASSENGER VEHICLES--REGISTRATION FEES.--For the registration of motor vehicles other than motorcycles, trucks, buses and tractors, the division shall collect the following fees for each twelve-month registration period:

A. for a vehicle whose gross factory shipping weight is not more than two thousand pounds, [~~twenty-seven dollars (\$27.00)]~~ thirty-three dollars seventy-five cents (\$33.75); provided, however, that after five years of registration, calculated from the date when the vehicle was first registered in this or another state, the fee is [~~twenty-one dollars (\$21.00)]~~ twenty-six dollars twenty-five cents (\$26.25);

B. for a vehicle whose gross factory shipping weight is more than two thousand but not more than three thousand pounds, [~~thirty-nine dollars (\$39.00)]~~ forty-eight

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dollars seventy-five cents (\$48.75); provided, however, that after five years of registration, calculated from the date when the vehicle was first registered in this or another state, the fee is [~~thirty-one dollars (\$31.00)~~] thirty-eight dollars seventy-five cents (\$38.75);

C. for a vehicle whose gross factory shipping weight is more than three thousand pounds, [~~fifty-six dollars (\$56.00)~~] seventy dollars (\$70.00); provided, however, that after five years of registration, calculated from the date when the vehicle was first registered in this or another state, the fee is [~~forty-five dollars (\$45.00)~~] fifty-six dollars twenty-five cents (\$56.25); and

D. for a vehicle registered pursuant to the provisions of this section, a tire recycling fee of one dollar fifty cents (\$1.50)."

SECTION 3. A new section of the Motor Vehicle Code is enacted to read:

"[NEW MATERIAL] ADDITIONAL REGISTRATION FEE--ELECTRIC AND PLUG-IN HYBRID ELECTRIC VEHICLES.--

A. For registration of vehicles subject to the registration fees imposed by Section 66-6-2 NMSA 1978, there is imposed an additional annual fee due at the time of initial registration and subsequent registration renewals in the following amounts for each twelve-month period that an electric vehicle with a gross vehicle weight of twenty-six thousand

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pounds or less is registered:

(1) beginning January 1, 2027 and prior to January 1, 2028, seventy dollars (\$70.00);

(2) beginning January 1, 2028 and prior to January 1, 2029, eighty dollars (\$80.00); and

(3) on and after January 1, 2029, ninety dollars (\$90.00).

B. For registration of vehicles subject to the registration fees imposed by Section 66-6-2 NMSA 1978, there is imposed an additional annual fee due at the time of initial registration and subsequent registration renewals in the following amounts for each twelve-month period that a plug-in hybrid electric vehicle with a gross vehicle weight of twenty-six thousand pounds or less is registered:

(1) beginning January 1, 2027 and prior to January 1, 2028, thirty-five dollars (\$35.00);

(2) beginning January 1, 2028 and prior to January 1, 2029, forty dollars (\$40.00); and

(3) on and after January 1, 2029, forty-five dollars (\$45.00).

C. All fees collected pursuant to this section shall be paid to the state treasurer to the credit of the motor vehicle suspense fund with distribution in accordance with Section 66-6-23 NMSA 1978.

D. The division shall determine whether a motor

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vehicle is an electric vehicle or a plug-in hybrid electric vehicle based on the vehicle's fuel type or power train classification as identified through the vehicle identification number decoding process or other standardized vehicle attribute data source used by the division."

SECTION 4. Section 66-6-23 NMSA 1978 (being Laws 1978, Chapter 35, Section 358, as amended) is amended to read:

"66-6-23. DISPOSITION OF FEES.--

A. After the necessary disbursements for refunds and other purposes have been made, the money remaining in the motor vehicle suspense fund, except for remittances received within the previous two months that are unidentified as to source or disposition, shall be distributed as follows:

(1) to each municipality, county or fee agent operating a motor vehicle field office:

(a) an amount equal to six dollars (\$6.00) per driver's license and five dollars (\$5.00) per identification card or motor vehicle or motorboat registration or title transaction performed;

(b) for each such agent determined by the secretary pursuant to Section 66-2-16 NMSA 1978 to have performed ten thousand or more transactions in the preceding fiscal year, other than a class A county with a population exceeding three hundred thousand or a municipality with a population exceeding three hundred thousand that has been

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designated as an agent pursuant to Section 66-2-14.1 NMSA 1978, an amount equal to one dollar (\$1.00) in addition to the amount distributed pursuant to Subparagraph (a) of this paragraph for each driver's license, identification card, motor vehicle registration, motorboat registration or title transaction performed; and

(c) to each military installation designated as a fee agent pursuant to Section 66-2-14.1 NMSA 1978, an amount equal to one dollar fifty cents (\$1.50) in addition to the amount distributed pursuant to Subparagraph (a) of this paragraph for each administrative service fee remitted by the military installation to the department pursuant to Subsection A of Section 66-2-16 NMSA 1978;

(2) to each municipality or county, other than a class A county with a population exceeding three hundred thousand or a municipality with a population exceeding three hundred thousand that has been designated as an agent pursuant to Section 66-2-14.1 NMSA 1978, operating a motor vehicle field office, an amount equal to one dollar fifty cents (\$1.50) for each administrative service fee remitted by that county or municipality to the department pursuant to the provisions of Subsection A of Section 66-2-16 NMSA 1978;

(3) to the state road fund:

(a) an amount equal to the fees collected pursuant to Sections 66-7-413 and 66-7-413.4 NMSA

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1978;

(b) an amount equal to the fee collected pursuant to Section 66-3-417 NMSA 1978;

(c) the remainder of each driver's license fee collected by the department employees from an applicant to whom a license is granted after deducting from the driver's license fee the amount of the distribution authorized in Paragraph (1) of this subsection with respect to that collected driver's license fee; ~~and~~

(d) an amount equal to fifty percent of the fees collected pursuant to Section 66-6-19 NMSA 1978; and

(e) an amount equal to the fees collected pursuant to Section 3 of this 2026 act;

(4) to the local governments road fund, the amount of the fees collected pursuant to Subsection B of Section 66-5-33.1 NMSA 1978 and the remainder of the fees collected pursuant to Subsection A of Section 66-5-408 NMSA 1978;

(5) to the department:

(a) any amounts reimbursed to the department pursuant to Subsection D of Section 66-2-14.1 NMSA 1978;

(b) an amount equal to two dollars (\$2.00) of each motorcycle registration fee collected pursuant to Section 66-6-1 NMSA 1978;

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(c) an amount equal to the fees provided for in Subsection D of Section 66-2-7 NMSA 1978, Subsection E of Section 66-2-16 NMSA 1978, Subsections K and L of Section 66-3-6 NMSA 1978 other than the administrative fee, Subsection C of Section 66-5-44 NMSA 1978 and Subsection B of Section 66-5-408 NMSA 1978;

(d) the amounts due to the department for the manufacture and issuance of a special registration plate collected pursuant to the section of law authorizing the issuance of the specialty plate;

(e) an amount equal to the registration fees collected pursuant to Section 66-6-6.1 NMSA 1978 for the purposes of enforcing the provisions of the Mandatory Financial Responsibility Act and for creating and maintaining a multilanguage noncommercial driver's license testing program; and after those purposes are met, the balance of the registration fees shall be distributed to the department to defray the costs of operating the division;

(f) an amount equal to fifty cents (\$.50) for each administrative fee remitted to the department by a county or municipality operating a motor vehicle field office pursuant to Subsection A of Section 66-2-16 NMSA 1978;

(g) an amount equal to one dollar twenty-five cents (\$1.25) for each administrative fee collected by the department or any of its agents other than a county or

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municipality operating a motor vehicle field office pursuant to Subsection A of Section 66-2-16 NMSA 1978; and

(h) an amount equal to the royalties or other consideration paid by commercial users of databases of motor vehicle-related records of the department pursuant to Subsection C of Section 14-3-15.1 NMSA 1978 for the purpose of defraying the costs of maintaining databases of motor vehicle-related records of the department; and after that purpose is met, the balance of the royalties and other consideration shall be distributed to the department to defray the costs of operating the division or for use pursuant to Subsection F of Section 66-6-13 NMSA 1978;

(6) to each New Mexico institution of higher education, an amount equal to that part of the fees distributed pursuant to Paragraph (2) of Subsection D of Section 66-3-416 NMSA 1978 proportionate to the number of special registration plates issued in the name of the institution to all such special registration plates issued in the name of all institutions;

(7) to the armed forces veterans license fund, the amount to be distributed pursuant to Paragraph (2) of Subsection E of Section 66-3-419 NMSA 1978;

(8) to the children's trust fund, the amount to be distributed pursuant to Paragraph (2) of Subsection D of Section 66-3-420 NMSA 1978;

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(9) to the department of transportation, an amount equal to the fees collected pursuant to Section 66-5-35 NMSA 1978;

(10) to the state equalization guarantee distribution made annually pursuant to the general appropriation act, an amount equal to one hundred percent of the driver safety fee collected pursuant to Subsection D of Section 66-5-44 NMSA 1978;

(11) to the motorcycle training fund, seven dollars (\$7.00) of each motorcycle registration fee collected pursuant to Section 66-6-1 NMSA 1978;

(12) to the recycling and illegal dumping fund:

(a) fifty cents (\$.50) of the tire recycling fee collected pursuant to the provisions of Section 66-6-1 NMSA 1978;

(b) fifty cents (\$.50) of each of the tire recycling fees collected pursuant to the provisions of Sections 66-6-2 and 66-6-4 NMSA 1978; and

(c) twenty-five cents (\$.25) of each of the tire recycling fees collected pursuant to Sections 66-6-5 and 66-6-8 NMSA 1978;

(13) to the highway infrastructure fund:

(a) fifty cents (\$.50) of the tire recycling fee collected pursuant to the provisions of Section

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66-6-1 NMSA 1978;

(b) one dollar (\$1.00) of each of the tire recycling fees collected pursuant to the provisions of Sections 66-6-2 and 66-6-4 NMSA 1978; and

(c) twenty-five cents (\$.25) of each of the tire recycling fees collected pursuant to Sections 66-6-5 and 66-6-8 NMSA 1978;

(14) to each county, an amount equal to fifty percent of the fees collected pursuant to Section 66-6-19 NMSA 1978 multiplied by a fraction, the numerator of which is the total mileage of public roads maintained by the county and the denominator of which is the total mileage of public roads maintained by all counties in the state;

(15) to the litter control and beautification fund, an amount equal to the fees collected pursuant to Section 66-6-6.2 NMSA 1978;

(16) to the local government division of the department of finance and administration, an amount equal to the fees collected pursuant to Section 66-3-424.3 NMSA 1978 for distribution to each county to support animal control spaying and neutering programs in an amount proportionate to the number of residents of that county who have purchased pet care special registration plates pursuant to Section 66-3-424.3 NMSA 1978; and

(17) to the Cumbres and Toltec scenic railroad

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commission, twenty-five dollars (\$25.00) collected pursuant to the Cumbres and Toltec scenic railroad special registration plate.

B. The balance, exclusive of unidentified remittances, shall be distributed in accordance with Section 66-6-23.1 NMSA 1978.

C. If any of the paragraphs, subsections or sections referred to in Subsection A of this section are recompiled or otherwise redesignated without a corresponding change to Subsection A of this section, the reference in Subsection A of this section shall be construed to be the recompiled or redesignated paragraph, subsection or section."

SECTION 5. Section 66-6-23.1 NMSA 1978 (being Laws 1999, Chapter 49, Section 8, as amended) is amended to read:

"66-6-23.1. FORMULAIC DISTRIBUTION.--

A. The balance from Section 66-6-23 NMSA 1978 shall be transferred or distributed by the state treasurer on or before the last day of the month next after its receipt, as follows:

(1) [~~seventy-four and sixty-five~~] seventy-nine and seventy-two hundredths percent shall be distributed to the state road fund;

(2) [~~seven and six-tenths~~] six and eight-hundredths percent shall be transferred to each county in the proportion, determined by the department in accordance with

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Subsection B of this section, that the registration fees for vehicles in that county are to the total registration fees for vehicles in all counties;

(3) [~~seven and six-tenths~~] six and eight-hundredths percent shall be transferred to the counties, with each county receiving an amount equal to the proportion, determined by the secretary of transportation in accordance with Subsection D of this section, that the mileage of public roads maintained by the county is to the total mileage of public roads maintained by all counties of the state. Amounts distributed to each county in accordance with this paragraph shall be credited to the respective county road fund and be used for the improvement and maintenance of the public roads in the county and to pay for the acquisition of rights of way and material pits. For this purpose, the board of county commissioners of each of the respective counties shall certify by April 1 of each year to the secretary of transportation the total mileage as of April 1 of that year; provided that in their report, the boards of county commissioners shall identify each of the public roads maintained by them by name, route and location. By agreement and in cooperation with the department of transportation, the boards of county commissioners of the various counties may use or designate any of the funds provided in this paragraph for a federal aid program;

(4) [~~four and six-hundredths~~] three and

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twenty-five hundredths percent shall be allocated among the counties in the proportion, determined by the department in accordance with Subsection B of this section, that the registration fees for vehicles in that county are to the total registration fees for vehicles in all counties. The amount allocated to each county shall be transferred to the incorporated municipalities within the county in the proportion, determined by the department of finance and administration in accordance with Subsection C of this section, that the sum of net taxable value, as that term is defined in the Property Tax Code, plus the assessed value, as that term is used in the Oil and Gas Ad Valorem Production Tax Act and in the Oil and Gas Production Equipment Ad Valorem Tax Act, determined for the incorporated municipality is to the sum of net taxable value plus assessed value determined for all incorporated municipalities within the county. Amounts transferred to incorporated municipalities pursuant to the provisions of this paragraph shall be used for the construction, maintenance and repair of streets within the municipality and for payment of paving assessments against property owned by federal, county or municipal governments. In a county in which there are no incorporated municipalities, the amount allocated pursuant to this paragraph shall be transferred to the county government road fund and used in accordance with the provisions of Paragraph (3) of this

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subsection; and

(5) [~~six and nine hundredths~~] four and eighty-seven hundredths percent shall be allocated among the counties in the proportion, determined by the department of finance and administration in accordance with Subsection C of this section, that the registration fees for vehicles in that county are to the total registration fees for vehicles in all counties. The amount allocated to each county shall be transferred to the county and incorporated municipalities within the county in the proportion, determined by the department of finance and administration in accordance with Subsection B of this section, that the computed taxes due for the county and each incorporated municipality within the county bear to the total computed taxes due for the county and incorporated municipalities within the county. For the purposes of this paragraph, the term "computed taxes due" for a jurisdiction means the sum of the net taxable value, as that term is defined in the Property Tax Code, plus the assessed value, as that term is used in the Oil and Gas Ad Valorem Production Tax Act and in the Oil and Gas Production Equipment Ad Valorem Tax Act, for that jurisdiction multiplied by an average of the rates for residential and nonresidential property imposed for that jurisdiction pursuant to Subsection B of Section 7-37-7 NMSA 1978.

B. To carry out the provisions of this section,

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during the month of June of each year:

(1) the department shall determine and certify to the department of finance and administration the proportions that the department is required to determine pursuant to Subsection A of this section using information for the preceding calendar year on the number of vehicles registered in each county based on the address of the owner or place where the vehicle is principally located, the registration fees for the vehicles registered in each county, the total number of vehicles registered in the state and the total registration fees for all vehicles registered in the state; and

(2) the department of finance and administration shall determine the proportions that the department of finance and administration is required to determine pursuant to this subsection based upon the net taxable value, as that term is defined in the Property Tax Code, and the assessed value, as that term is used in the Oil and Gas Ad Valorem Production Tax Act and the Oil and Gas Production Equipment Ad Valorem Tax Act, for the preceding tax year and the tax rates imposed pursuant to Subsection B of Section 7-37-7 NMSA 1978 in the preceding September.

C. By June 30 of each year, the department of finance and administration shall determine the appropriate percentage of money to be transferred to each county and municipality for each purpose in accordance with Subsection A

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of this section based upon the proportions determined by or certified to the department of finance and administration. The percentages determined shall be used to compute the amounts to be transferred to the counties and municipalities during the succeeding fiscal year.

D. The board of county commissioners of each of the respective counties shall, by April 1 of every year, certify reports to the secretary of transportation of the total mileage of public roads maintained by each county as of April 1 of every year; provided that in their reports, the boards of county commissioners shall identify each of the public roads maintained by them by name, route and location. By July 1 of every year, the secretary of transportation shall verify the reports of the counties and revise, if necessary, the total mileage of public roads maintained by each county. The mileage verified by the secretary of transportation shall be the official mileage of public roads maintained by each county. Distribution of amounts to a county for road purposes shall be made in accordance with this section.

E. If a county has not made the required mileage certification pursuant to Section 67-3-28.3 NMSA 1978 by April 1 of any year, the secretary of transportation shall estimate the mileage maintained by those counties for the purpose of making distribution to all counties, and the amount calculated to be distributed each month to those counties not certifying

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mileage shall be reduced by one-third each month for that fiscal year, and that amount not distributed to those counties shall be distributed equally to all counties that have certified mileages."

SECTION 6. Section 67-3-59.1 NMSA 1978 (being Laws 1989, Chapter 157, Section 1, as amended) is amended to read:

"67-3-59.1. STATE HIGHWAY DEBENTURES--ISSUANCE--LIMITS--APPROVAL--COUPONS.--

A. In order to provide funds to finance state highway projects, including state highway projects that are required for the waste isolation pilot project and are eligible for federal reimbursement or payment as authorized by federal legislation, the state transportation commission is authorized, subject to the limitations of this section, to issue bonds from time to time, payable from federal funds not otherwise obligated that are paid into the state road fund and the proceeds of the collection of taxes and fees that are required by law to be paid into the state road fund and not otherwise pledged solely to the payment of outstanding bonds and debentures.

B. Except as provided in Subsections C, [~~and~~] D and E of this section, the total aggregate outstanding principal amount of bonds issued from time to time pursuant to this section, secured by or payable from federal funds not otherwise obligated that are paid into the state road fund and the

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proceeds from the collection of taxes and fees required by law to be paid into the state road fund, shall not, without additional authorization of the state legislature, exceed one hundred fifty million dollars (\$150,000,000) at any given time, subject to the following provisions:

(1) the total aggregate outstanding principal amount of bonds issued for state highway projects that are required for the waste isolation pilot project and are eligible for federal reimbursement or payment as authorized by federal legislation shall not exceed one hundred million dollars (\$100,000,000); and

(2) the total aggregate outstanding principal amount of bonds issued for state highway projects other than state highway projects that are required for the waste isolation pilot project and are eligible for federal reimbursement or payment as authorized by federal legislation shall not exceed fifty million dollars (\$50,000,000).

C. Upon specific authorization and appropriation by the legislature, and subject to the limitations of Subsection D of this section, an additional amount of bonds may be issued pursuant to this section for state highway projects, to be secured by or payable from taxes or fees required by law to be paid into the state road fund and federal funds not otherwise obligated that are paid into the state road fund, and, as applicable, taxes or fees required by law to be paid into the

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highway infrastructure fund, as follows:

(1) an aggregate outstanding principal amount of bonds, not to exceed six hundred twenty-four million dollars (\$624,000,000), for major highway infrastructure projects for which the department has, prior to January 1, 1998, submitted or initiated the process of submitting a plan to the federal highway administration for innovative financing pursuant to 23 USCA Sections 122 and 307;

(2) an aggregate outstanding principal amount of bonds, not to exceed one hundred million dollars (\$100,000,000), for state highway projects that are required for the waste isolation pilot project and are eligible for federal reimbursement; and

(3) an aggregate outstanding principal amount of bonds, not to exceed four hundred million dollars (\$400,000,000), for other state highway projects.

D. The total amount of bonds that may be issued by the state transportation commission for state highway projects pursuant to Subsection C of this section shall not exceed a total aggregate outstanding principal amount of:

(1) three hundred million dollars (\$300,000,000) prior to July 1, 1999;

(2) six hundred million dollars (\$600,000,000) from July 1, 1999 through June 30, 2000;

(3) nine hundred million dollars

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(\$900,000,000) from July 1, 2000 through June 30, 2001; and

(4) one billion one hundred twenty-four million dollars (\$1,124,000,000) after June 30, 2001.

E. An additional one billion five hundred million dollars (\$1,500,000,000) of total bond proceeds may be issued pursuant to this section for state highway projects identified in the statewide transportation improvement program to be secured by or payable from federal funds or from taxes or fees not otherwise obligated and required by law to be paid into the state road fund; provided that the issuance of the bonds shall not cause the aggregate outstanding principal amount of bonds issued by the state transportation commission to exceed one billion one hundred twenty-four million dollars (\$1,124,000,000). Bond proceeds issued pursuant to this subsection shall not be used, directly or indirectly, to redeem, refund, defease or otherwise retire any previously issued bonds or other debt obligations of the state transportation commission. The commission shall not issue bonds pursuant to this subsection if the average issuance in every fiscal year for which the bonds may be issued exceeds two hundred ninety million dollars (\$290,000,000), including a fiscal year in which no bonds are issued; provided that the commission may issue bonds in an amount up to two hundred twenty million dollars (\$220,000,000) for fiscal year 2026 to secure associated federal grant funding for projects; and

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provided further that bonds issued by the commission shall not exceed a total of one hundred thirty million dollars (\$130,000,000) during the December 2026 bond sale.

SFC→F. Beginning on January 1, 2027, for bonds issued pursuant to Subsection E of this section, the department shall provide the legislature with a list of the proposed bond sales for that calendar year no later than the first day of the regular session for that year. The list shall include:

(1) for each project, the cost, readiness and funding secured to date; and

(2) up to three contingency projects identified pursuant to Subsection E of this section that could replace a proposed project in the event of an unforeseen circumstance that would delay the bond sale on that project.

The department shall report to the legislature, or the legislative finance committee if the legislature is not in session, within two weeks of determining that a contingency project will replace the proposed project.←SFC

[E.] SFC→F.←SFC SFC→G.←SFC The state transportation commission may issue bonds to refund other bonds issued pursuant to this section by exchange or current or advance refunding.

[F.] SFC→G.←SFC SFC→H.←SFC Each series of bonds shall have a maturity of no more than twenty-five years from

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the date of issuance. The state transportation commission shall determine all other terms, covenants and conditions of the bonds; provided that the bonds shall not be issued pursuant to this section unless the state board of finance approves the issuance of the bonds and the principal amount of and interest rate or maximum net effective interest rate on the bonds.

[G.] SFC→H.←SFC SFC→I.←SFC The bonds shall be executed with the manual or facsimile signature of the [chairman] chair of the state transportation commission, countersigned by the state treasurer and attested to by the secretary of the state transportation commission, with the seal of the state transportation commission imprinted or otherwise affixed to the bonds.

[H.] SFC→I.←SFC SFC→J.←SFC Proceeds of the bonds may be used to pay expenses incurred in the preparation, issuance and sale of the bonds and, together with the earnings on the proceeds of the bonds, may be used to pay rebate, penalty, interest and other obligations relating to the bonds and the proceeds of the bonds under the Internal Revenue Code of 1986, as amended.

[I.] SFC→J.←SFC SFC→K.←SFC The bonds may be sold at a public or negotiated sale at, above or below par or through the New Mexico finance authority. A negotiated sale shall be made with one or more investment bankers whose services are obtained through a competitive proposal process.

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For any sale, the state transportation commission or the New Mexico finance authority shall also procure the services of any financial advisor or bond counsel through a competitive proposal process. If sold at public sale, a notice of the time and place of sale shall be published in a newspaper of general circulation in the state, and in any other newspaper determined in the resolution authorizing the issuance of the bonds, once each week for two consecutive weeks prior to the date of sale. The bonds may be purchased by the state treasurer or state investment officer.

[J-] SFC→~~K.~~←SFC SFC→~~L.~~←SFC This section is full authority for the issuance and sale of the bonds, and the bonds shall not be invalid for any irregularity or defect in the proceedings for their issuance and sale and shall be incontestable in the hands of bona fide purchasers or holders of the bond for value.

[K-] SFC→~~L.~~←SFC SFC→~~M.~~←SFC The bonds shall be legal investments for a person or board charged with the investment of public funds and may be accepted as security for a deposit of public money and, with the interest thereon, are exempt from taxation by the state and a political subdivision or agency of the state.

[L-] SFC→~~M.~~←SFC SFC→~~N.~~←SFC Any law authorizing the imposition or distribution of taxes or fees paid into the state road fund or the highway infrastructure fund or that

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affects those taxes and fees shall not be amended or repealed or otherwise directly or indirectly modified so as to impair outstanding bonds secured by a pledge of revenues from those taxes and fees paid into the state road fund or the highway infrastructure fund, unless the bonds have been discharged in full or provisions have been made for a full discharge. In addition, while any bonds issued by the state transportation commission pursuant to the provisions of this section remain outstanding, the powers or duties of the commission shall not be diminished or impaired in any manner that will affect adversely the interests and rights of the holder of such bonds.

[M.] SFC→N.←SFC SFC→O.←SFC In contracting for state highway projects to be paid in whole or in part with proceeds of bonds authorized by this section, the department shall require that any sand, gravel, caliche or similar material needed for the project shall, if practicable, be mined from state lands. Each contract shall provide that the contractor notify the commissioner of public lands of the need for the material and that, through lease or purchase, the material shall be mined from state lands if:

- (1) the material needed is available from state lands in the vicinity of the project;
- (2) the commissioner determines that the lease or purchase is in the best interest of the state land trust beneficiaries; and

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(3) the cost to the contractor for the material, including the costs of transportation, is competitive with other available material from non-state lands.

[N.] SFC→~~O.~~←SFC SFC→~~P.~~←SFC Bonds issued pursuant to this section shall be paid solely from federal funds not otherwise obligated and taxes and fees deposited into the state road fund and, as applicable, the highway infrastructure fund, and shall not constitute a general obligation of the state.

SFC→~~P.~~←SFC SFC→~~Q.~~←SFC In the budget form submitted pursuant to Section 6-3-18 NMSA 1978, the department shall include a report on highway projects to be financed pursuant to this section. The report shall include:

(1) justification for the selection and priority ranking of each project, including:

(a) traffic counts, accident rates and the expected improvements to traffic flow and health and safety;

(b) the ranking of the pavement and substructure conditions;

(c) an assessment of economic development impacts; and

(d) other information deemed significant by the department;

(2) the expected life of the proposed project;

(3) the amount of revenue required to pay the

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principal and interest of outstanding and proposed bonds based on a five- and twenty-year forecast of the state road fund; and

(4) the effect of the bond program on the department's construction and maintenance program."

SECTION 7. EFFECTIVE DATES.--

A. The effective date of the provisions of Sections 1, 2 and 5 of this act is July 1, 2026.

B. The effective date of the provisions of Sections 3 and 4 of this act is January 1, 2027.

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