



New Mexico DEPARTMENT OF
TRANSPORTATION
MOBILITY FOR EVERYONE

New Mexico Gas Tax Update & Revenue Projections

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Agency Vision Statement:

Set the standard for a safe, reliable, and efficient transportation system.

Mission Statement

Provide a safe and efficient transportation system for the traveling public, while promoting economic development and preserving the environment of New Mexico.

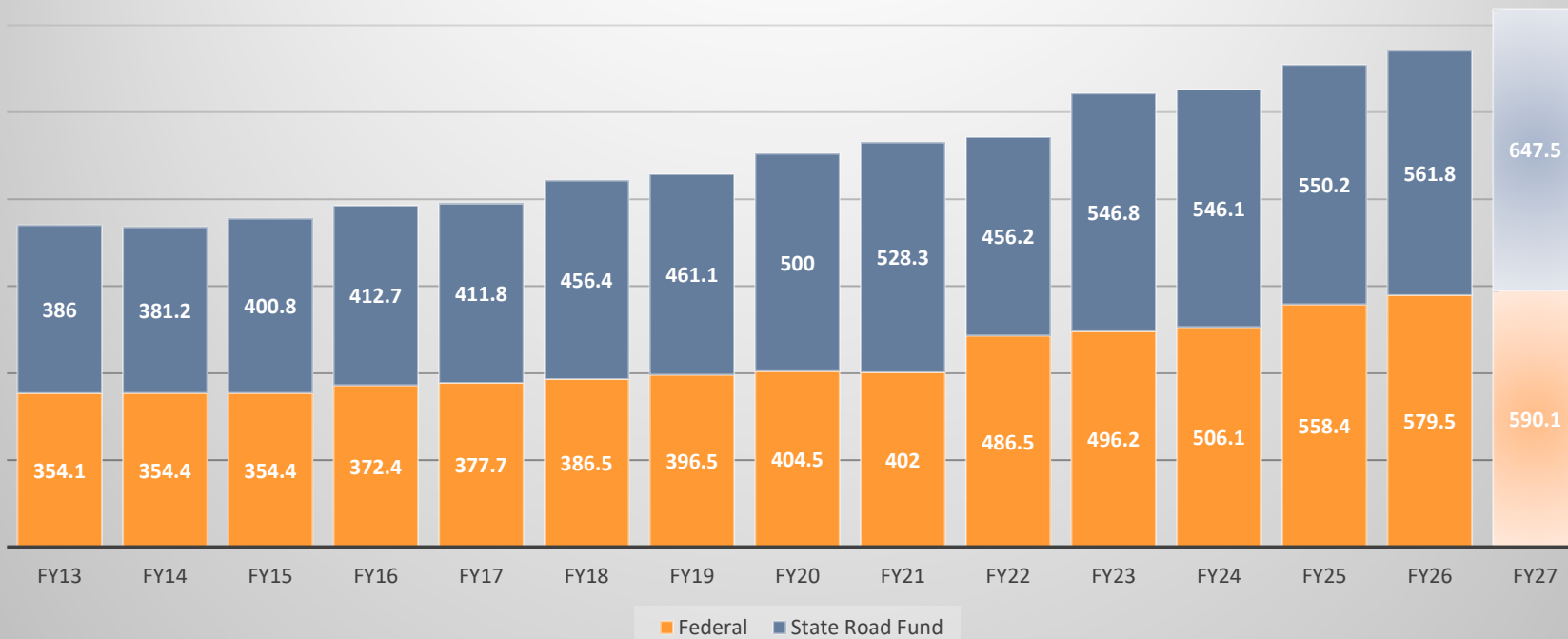
Department of Transportation by the Numbers

- More than 2,500 employees
- Budget for FY 26 at \$1.3 billion
- 77 active projects totaling approx. \$1.4 billion
- 31 rest areas
- 82 patrols
- 11,873 centerline miles of highway infrastructure statewide
- 34 construction crews
- 28 construction offices

Operating Budget – State and Federal



Op Bud Revenue FY13-FY27
(in millions)



NMDOT's operating budget is the sum of state tax distributions and federal apportionments.

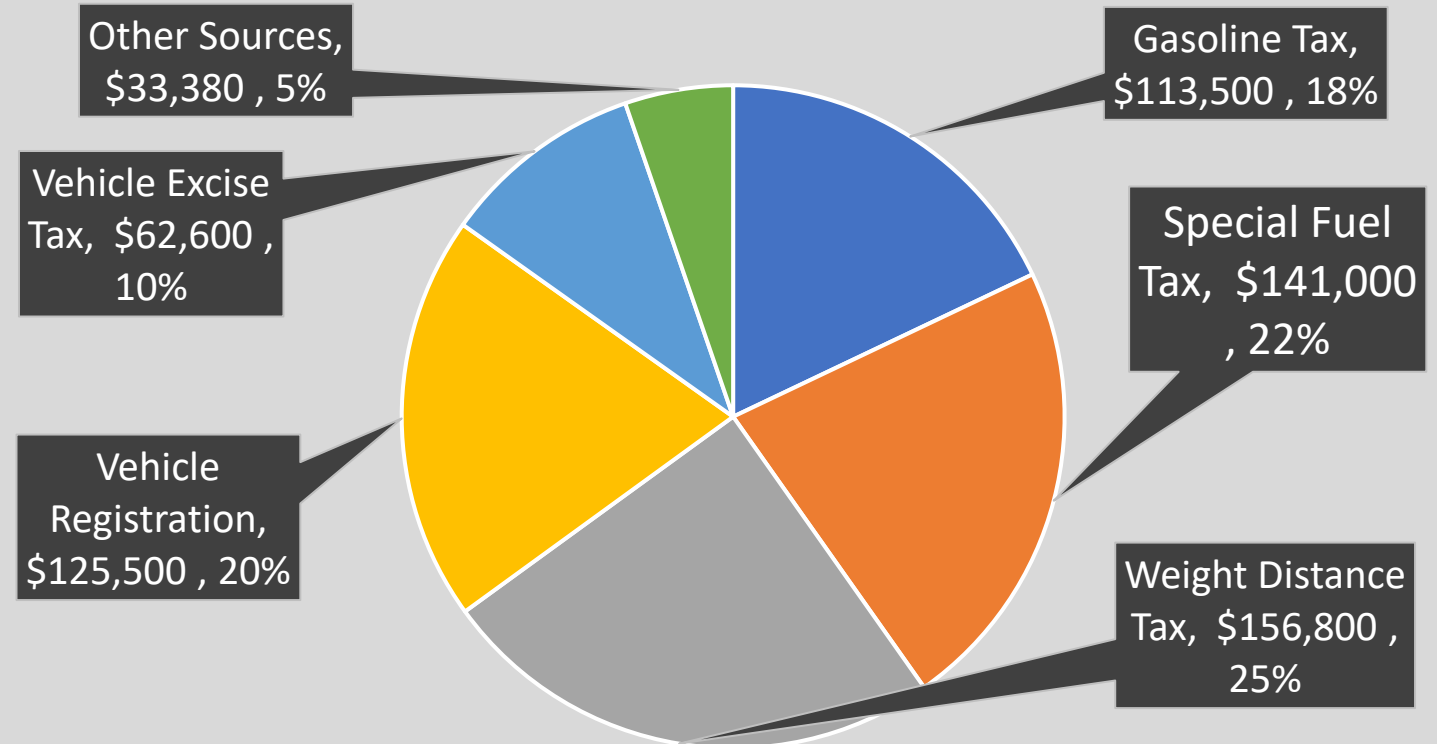
NMDOT's operating budget for FY26 was about \$1.3B

Funding Overview



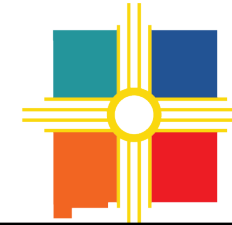
- ❖ NMDOT receives funding from 2 main sources, the Federal Government and the State Road Fund.
 - In FY 26 the Department received about **\$526.6** million in Federal Funding
 - In FY 26 the State Road Fund received about **\$561.8** million in revenue from several state tax programs
 - Gasoline Tax
 - Special Fuel Tax
 - Weight Distance Tax
 - Vehicle Registration
 - And other sources

State Road Fund Recurring Revenues (in thousands)



*Based on NMDOT's July 2026 Road Fund Outlook

State Road Fund Short Run Forecast



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(Dollars in thousands)	FY25	FY26		FY27		FY28	FY27 to FY28		FY29	FY30	FY31
	Actual	Jan-25 Leg. Bud Estimate	Jul-26 Revenue Update	Jan-26 Leg. Bud Estimate	Jul-26 Revenue Update	Jul-26 Bud. Req Estimate	<u>Budget Growth</u> \$ Change % Diff		Jul-26 Long Run Estimate	Jul-26 Long Run Estimate	Jul-26 Long Run Estimate
Road Fund:											
Road Fund -- Ordinary Revenue:											
1 Weight/Distance**	106,007	107,100	111,300	145,800	154,000	156,800	11,000	7.5%	159,000	161,700	164,700
2 Special Fuel Tax	135,366	135,200	132,700	135,500	136,700	141,000	5,500	4.1%	143,900	148,000	151,600
3 Vehicle Registration***	88,697	92,100	92,400	125,200	125,000	125,500	300	0.2%	128,300	131,000	133,600
4 Gasoline Tax	112,666	112,900	109,900	114,000	113,000	113,500	(500)	-0.4%	114,250	115,000	113,100
5 Trip Tax	6,774	6,790	7,070	6,800	7,040	7,170	370	5.4%	7,320	7,390	7,480
6 Driver's License	5,479	4,890	5,700	4,900	5,030	4,900	-	0.0%	4,900	4,960	4,930
7 Oversize/Overweight	9,937	9,300	10,300	9,300	9,600	10,500	1,200	12.9%	10,600	10,610	10,890
8 Unified Carrier Registration (UCR)	2,695	3,300	3,300	3,300	3,300	3,300	-	0.0%	3,300	3,300	3,300
9 MVD Miscellaneous	6,216	4,980	6,200	5,900	6,300	6,400	500	8.5%	6,500	6,640	6,750
10 Vehicle Transaction	1,139	1,150	1,200	1,110	1,110	1,110	-	0.0%	1,110	1,110	1,110
11 Motor Vehicle Excise Tax*	63,786	61,200	63,600	63,000	62,000	62,600	(400)	-0.6%	64,200	66,480	69,130
12 Electric Vehicle Surcharge****	0	-	-	700	950	2,700	2,000	285.7%	3,370	4,230	4,850
13 Subtotal Ordinary Income	538,762	538,910	543,670	615,510	624,030	635,480	19,970	3.2%	646,750	660,420	671,440
Road Fund -- Extraordinary Income:											
14 All Other (Reimbursements, Asset Sales, etc.)	0	6,600	6,600	7,200	7,200	6,360	(840)	-11.7%	6,830	5,400	6,500
15 Rail Runner Track Maintenance Fees	6,789	4,700	4,700	4,800	4,800	4,700	(100)	-2.1%	4,800	5,160	4,800
16 Road Fund Interest	10,210	11,990	12,600	9,600	11,400	11,190	1,590	16.6%	10,820	10,390	9,900
17 EVCharging	52	40	40	40	40	40	(1)	-1.3%	40	40	40
18 Subtotal Extraordinary Income	17,051	23,330	23,940	21,640	23,440	22,290	650	3.0%	22,490	20,990	21,240
19 TOTAL (Recurring) ROAD FUND	555,813	562,240	567,610	637,150	647,470	657,770	20,620	3.2%	669,240	681,410	692,680
20 WIPP Settlement (Nonrecurring)	-	-	-	-	-	-	-	-	-	-	-
21 Motor Vehicle Excise Tax to D2 (1% point) in FY20	-	-	-	-	-	-	-	-	-	-	-
22 TOTAL ROAD FUND	555,813	562,240	567,610	637,150	647,470	657,770	20,620	3.2%	669,240	681,410	692,680

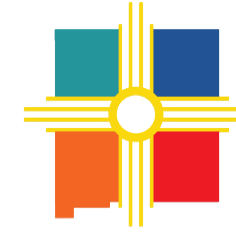
*0.12% points until FY21; 0.87% points in FY22 and thereafter. **Tax increased by 35% starting FY27. ***Fee increased by 25% starting FY27. ****Fee introduced CY27, then increases

Distribution of State Road User Revenues

Distribution of State Road User Revenues						July 2026 Forecast				%	
						(\$ Millions)				% of total (FY2025)	
						2024	2025	2026	2027	Road Fund	
	Gasoline Tax (17.0 cents / gallon)	→	5.76% to County Government Road Fund			8.7	8.9	8.6	8.9		
		→	0.13% to Motorboat Fuel Tax Fund			0.2	0.2	0.2	0.2		
		→	0.26% to State Aviation Fund			0.4	0.4	0.4	0.4		
		→	10.38% to Municipalities and Counties			15.7	16.0	15.6	16.0		
		→	76.27% to State Road Fund - (~13 cents per gallon)			110.6	112.7	109.9	113.0	20.3%	
		→	5.76% to Municipalities			8.7	8.9	8.6	8.9		
	Special Fuel (Diesel) Tax (21.0 cents/gallon -- effective 7/1/2004)	→	90.48% to State Road Fund - (19 cents per gallon)			125.7	135.4	132.7	136.7	24.4%	
		→	9.52% to Local Governments Road Fund			12.9	14.1	14.0	14.4		
	Petroleum Products Loading Fee (1.875 cents/gallon)	→	26.67% to Local Governments Road Fund			7.5	7.9	7.9	8.1		
		→	73.33% to Corrective Action Fund (NM Environment Department)			20.7	21.6	21.7	22.3		
	Weight Distance Tax (1¢-4¢/mile)	→	100% to State Road Fund			104.9	106.0	111.3	154.0	19.1%	
	Trip Tax (7¢-16¢/mile)	→	100% to State Road Fund			7.8	6.8	7.1	7.0	1.2%	
	Oversize / Overweight Fees	→	100% to State Road Fund			8.1	9.9	10.3	9.6	1.8%	
	Motor Trans. Regulatory Fees	→	100% to State Road Fund			3.4	2.7	3.3	3.3	0.5%	
	Vehicle Registration Fees (\$21-\$172/year) A similar distribution applies to many Miscellaneous Motor Vehicle Fees (but only Vehicle Registration Fee revenue amounts are shown in revenue table)	→	= 50 cents on Each Registration to Beautification Fund								
		→	= \$7.00 of each Motorcycle Registration to Motorcycle Training Fund								
		→	= \$2.00 of each Motorcycle Registration to the Taxation & Revenue Department								
		→	= 100% of Placard Fees to Taxation and Revenue Department								
		→	= 100% of Traffic Safety Training Fee (from Penalty Assessments) and Amateur Radio Fees to State Road Fund								
		→	Tire Recycling Fee (effective 7/1/2003):								
		→	\$ 1.00 Each Motorcycle	→	50% to Highway Infrastructure Fund						
		→	\$ 0.50 per wheel of each bus	→	50% to Tire Recycling Fund						
		→	\$ 1.50 each car or light truck	→	\$1.00 to Highway Infrastructure Fund						
		→	\$ 1.50 each heavy truck	→	\$0.50 to Tire Recycling Fund						
		→	Effective March 1, 2004 remaining revenues go to:								
		→	74.65% to State Road Fund			87.2	88.7	92.4	125.0	16.0%	
		→	7.60% to County General Funds (allocated by registration fees on vehicles in each county)			8.9	9.0	9.4	12.7		
		→	7.60% to County Road Funds (allocated by miles of public roads maintained)			8.9	9.0	9.4	12.7		
		→	4.06% to Municipal Street Funds (allocated by property tax net taxable value)			4.7	4.8	5.0	6.8		
		→	6.09% to County and Municipal General Funds (allocated by property tax amounts due)			7.1	7.2	7.5	10.2		
	Motor Vehicle Excise Tax (from 3.0% to 4.0% on July 1, 2019)	→	21.86% to State Road Fund beginning in FY22 (it was 3.11 % in FY19 - FY21)			61.3	63.8	63.6	62.0	11.5%	
		→	District 2 received 25% in FY20 & FY21			sunset	sunset	sunset	sunset		
		→	= 18.75% to Transportation Project Fund beginning in FY22			52.5	54.7	54.6	53.2		
		→	= 59.39% to State General Fund beginning in FY22 (it was 71.89% in FY20 & FY21)			166.4	173.3	172.8	168.4		
	Transaction Fees (\$3 per Title or Registration)	→	\$5 or \$6 to Municipal, County or Fee AGENTS								
		→	Remaining revenues from Transaction Fees go to:								
		→	50% to State Road Fund			1.1	1.1	1.2	1.1	0.2%	
	Driver License Fees (\$10 per 4 year period + \$3 EDL + \$3 Driver Safety)	→	50% to County Road Fund (allocated by miles of public roads maintained)			1.1	1.1	1.2	1.1		
		→	\$6 or \$7 per License to Municipal, County or Fee Agents								
		→	100% of Remaining Drivers License Fee to State Road Fund			4.4	5.5	5.7	5.0	1.0%	
		→	100% Limited License Fees to DWI Prevention and Education Fund			0.4	0.5	0.5	0.5		
		→	100% DWI Reinstatement Fees and remainder of ID Cards to Local Gov. Road Fund			0.8	0.8	0.8	0.8		
		→	100% Enhanced Drivers License Fee (\$3) to Taxation & Revenue Department			2.1	2.4	*	*		
	Electric Vehicle Surcharge * no estimates available	→	100% Driver Safety Fee (\$3) to public schools for DWI education			1.6	2.0	*	*		
		→	100% to State Road Fund			0.0	0.0	0.0	1.0	0.0%	
Total Local Governments Road Fund and Transportation Project Fund						82.9	85.9	85.3	84.4		
Total Amount Distributed to Local Governments & other Recipients						255.3	264.9	260.6	268.7		
Total of Gasoline, Diesel, W/D & Registrations NMDOT						428.4	442.7	446.3	528.7	79.7%	
Total State Road Fund Revenues						532.4	555.8	567.6	647.5	100.0%	
Total NMDOT Recurring ⁽¹⁾ State Revenues						639.9	665.6	676.6	755.9	NA	
(1) Total NMDOT Recurring Revenue excludes MV Excise Revenue to DOT District 2 in FY21 (60.2)											

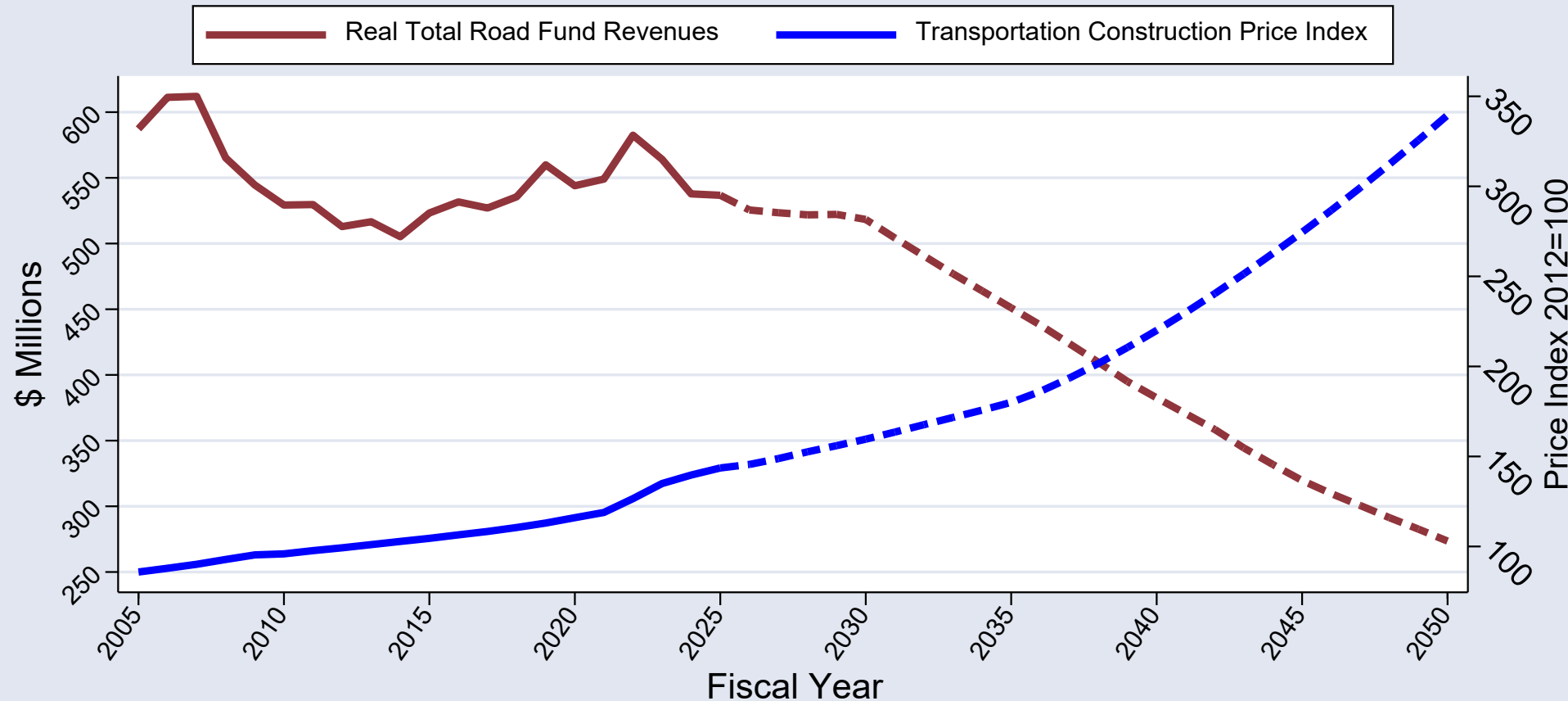


Increasing **REAL** Cost of Road Construction



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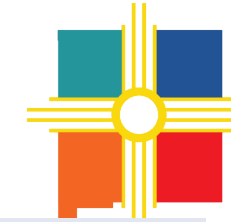
Real Total Road Fund Revenues and Transportation Construction Price Index



- ❖ Road construction costs are expected to grow 136% between 2025 and 2050. 5.5% average annual growth rate.
- ❖ Real State Road Fund recurring revenue is expected to shrink 50% between 2025 and 2050. -2.0% average annual growth rate

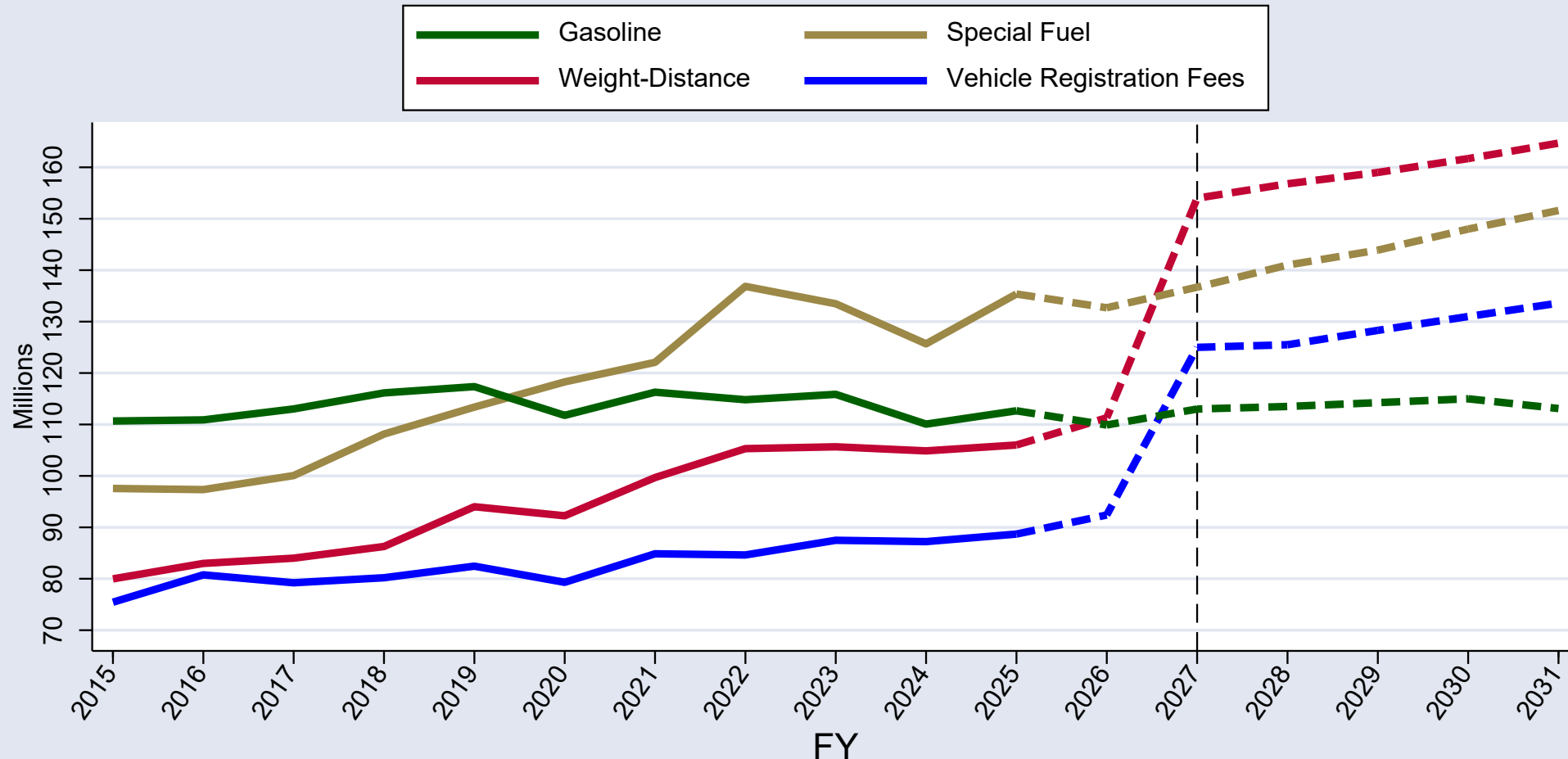
Road Fund: Near term forecast based on NMDOT's July 2025 Road Fund Outlook.
Longer term forecast based on projections from S&P Global.
Total Road Fund Revenues in 2025 dollars. Sources: BEA, S&P Global

State Road Fund Short Run Forecast



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Four Major State Road Fund Revenue Sources



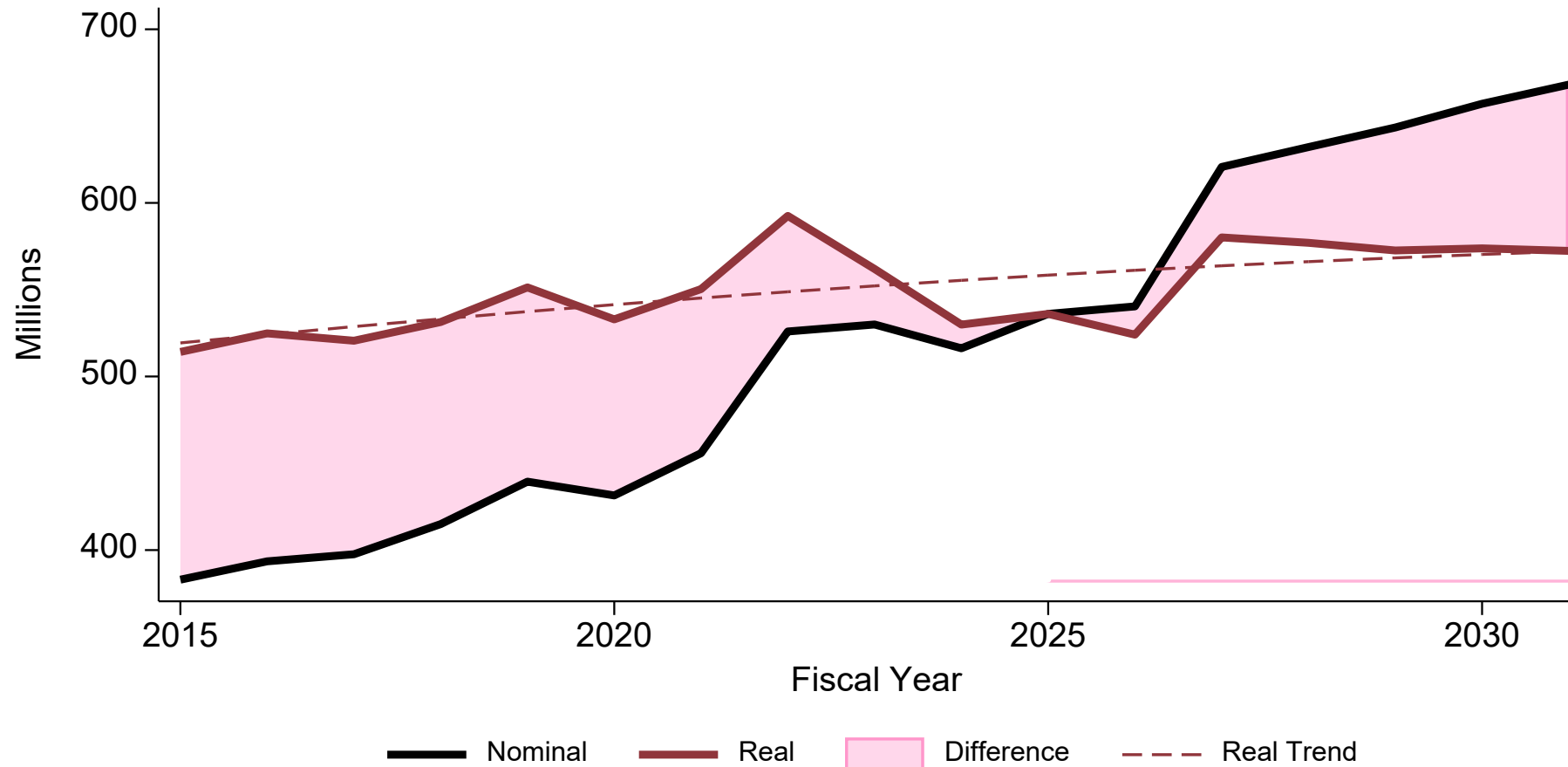
- ❖ SB2 2026 Weight Distance Tax and Vehicle Registration Fee increases had a significant positive impact on revenues
- ❖ Special Fuel Tax Revenues expected to grow steadily
- ❖ Gasoline Tax Revenue expected to flat line before shrinking in FY 31.

*2027 increase in Weight Distance and Vehicle Registration Fees is due to the passage of 2026 SB 2

State Road Fund Long Run Forecast



State Road Fund - Nominal vs. Real Value



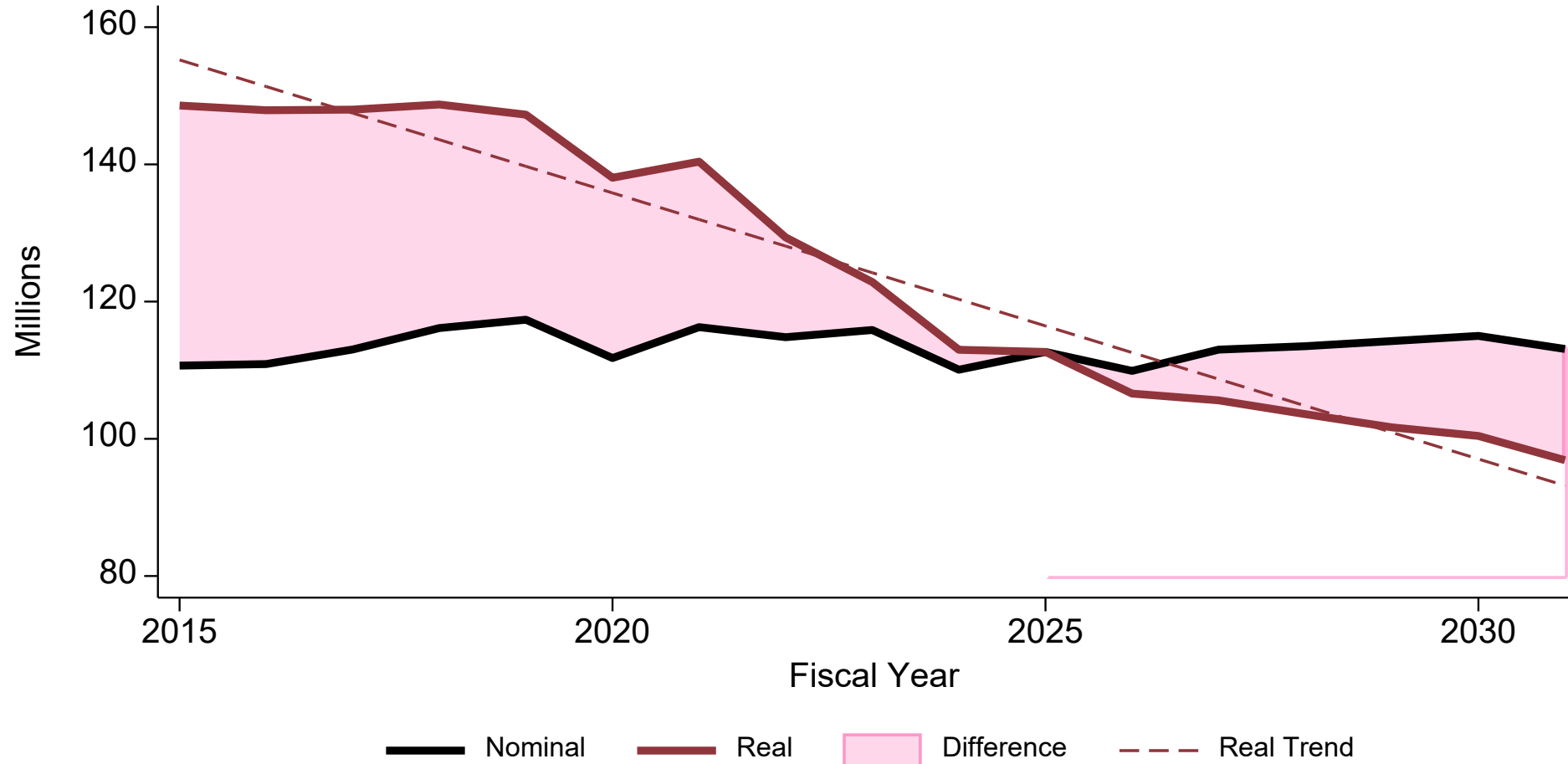
- ❖ Tax increases from 2026 SB2 mean Road Fund provided a boost in nominal and real revenue
- ❖ Without inflation adjustment real revenues will continue to decline throughout forecast period.

Note: Real State Road Fund converted into 2025 dollars
Source: NMDOT calculations, BLS, and S&P Global

State Road Fund Long Run Forecast



Gasoline Tax Revenue - Nominal vs. Real Value



- ❖ Nominal Gasoline Tax revenue is flat
- ❖ But real revenues have been declining since last Gasoline Tax increase in 1993

Note: Real gasoline tax revenue converted into 2025 dollars
Source: NMDOT calculations, BLS, and 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,
 - 3rd lowest in the nation (5th in 2023)
 - US average 32.44 cents per gallon
- ❖ New Mexico's Special Fuel (diesel) tax, at 21 cents per gallon,
 - 9th lowest in the nation (10th 2023)
 - US average 34.74 cents per gallon
- ❖ New Mexico's registration fees (passenger vehicle and heavy truck) 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

State Road Fund – Motor Fuel Taxes



- ❖ Gasoline Tax – 17 cents per gallon (7-13-1 NMSA 1978)
 - ❖ Tax on gasoline sold by distributors in NM
 - ❖ ~13 cents per gallon to the SRF
 - ❖ \$112.8 million in FY 25
 - ❖ Last changed in 1996 (lowered 3 cents)

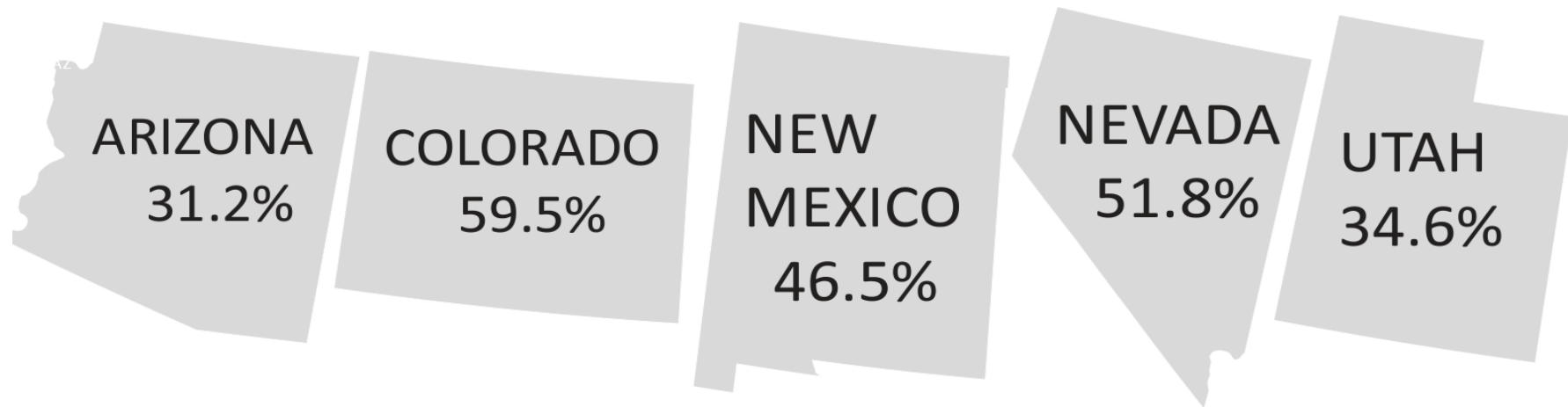
- ❖ Special Fuel (Diesel) Tax – 21 cents per gallon (7-16A-1 NMSA 1978)
 - ❖ Tax on diesel sold by distributors in NM and consumed by heavy trucks in NM (IFTA)
 - ❖ ~19 cents per gallon to the SRF
 - ❖ \$134.4 million in FY 25
 - ❖ Last changed in 2004 (raised 3 cents)

- ❖ Petroleum Products Loading Fee (7-13A-1 NMSA 1978)
 - ❖ \$150 per load of gasoline or special fuel loaded in NM
 - ❖ Equivalent to 1.875 cents per gallon
 - ❖ Revenue added into Gasoline and Special Fuel Tax above
 - ❖ Last changed in 2025 (removed tiered contingent rate – no practical effect)

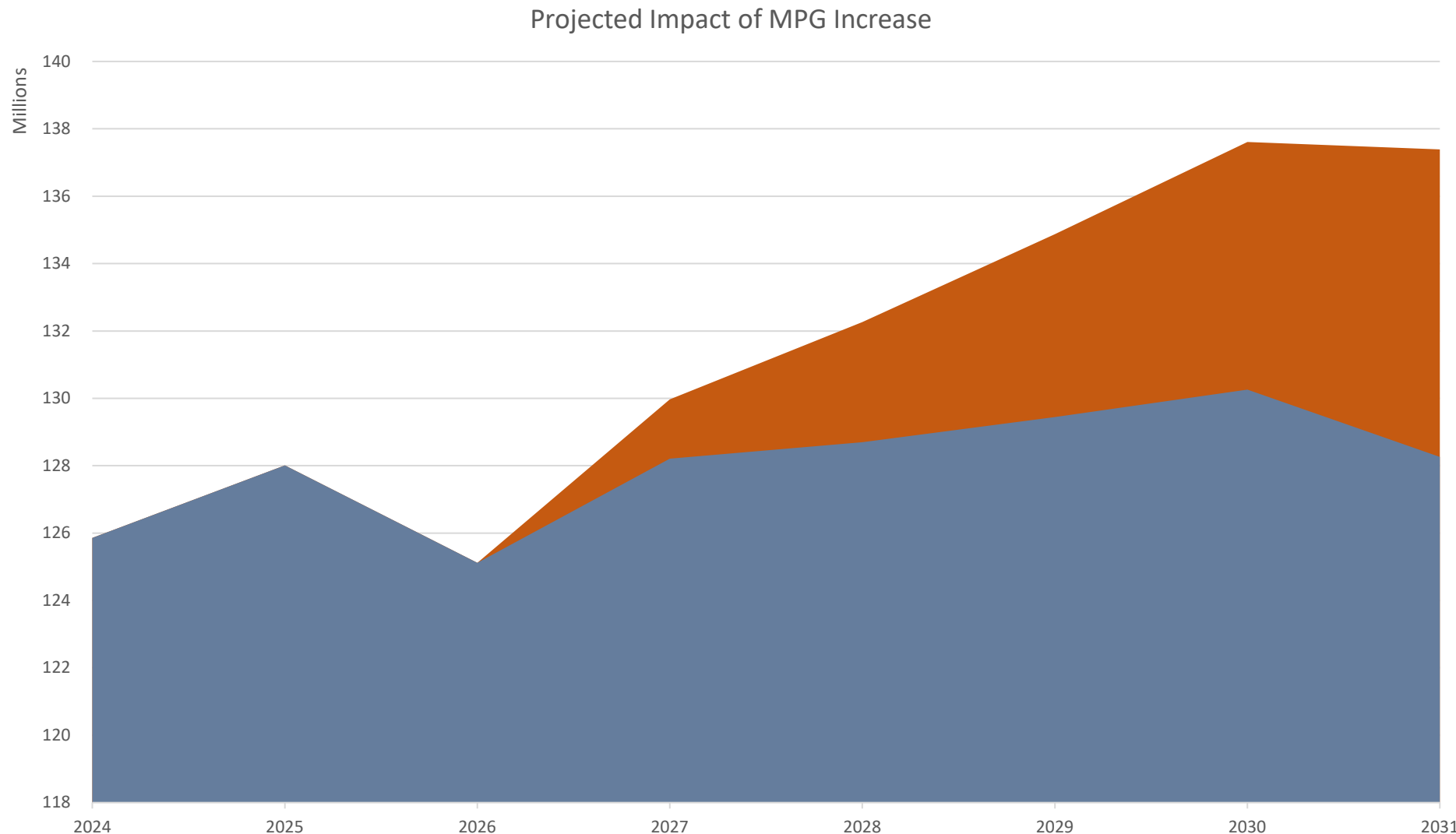
Percentage of Transportation Fund Revenue from Gas Tax (Nationally)



- ❖ Nationally, Motor Fuel Taxes comprised 41.1% of state transportation revenue in 2016, compared to 37.6% in 2023.
- ❖ License and Registration Fees = 19.7%
- ❖ Other Revenue = 30.1%
- ❖ Vehicle Sales and Use Tax = 11.2%
- ❖ Tolls = 1.4%



Forecasted Fiscal Impact of MPG Growth on State Road Fund

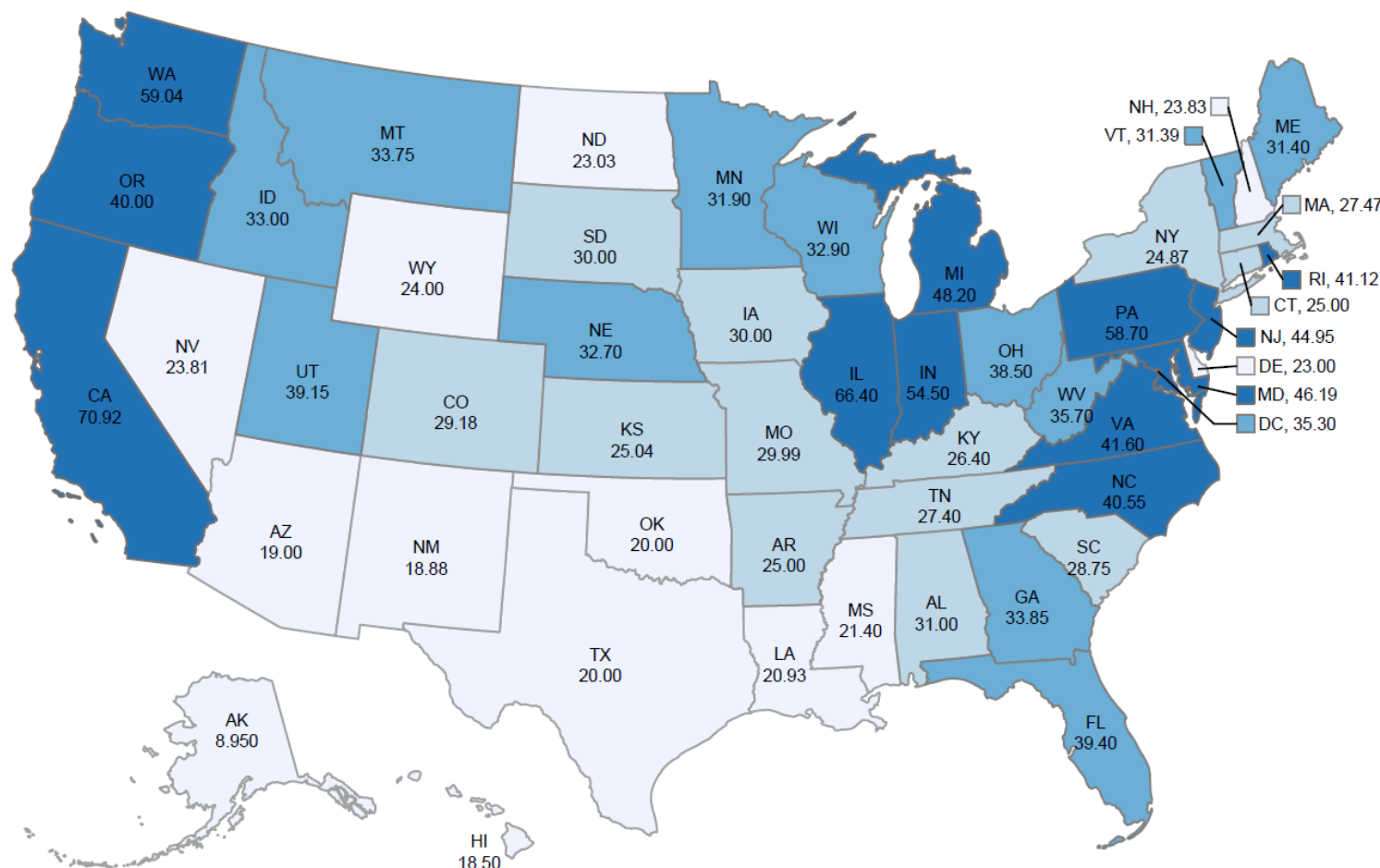


- ❖ Orange area shows the forecasted revenue lost due to increased MPG from 21.55 in FY25 to 23.47 by FY31 (8.9%).
 - Total impact: **-\$27.2M (FY25-FY31)**
 - Assuming MPG remained constant from FY25 onward compared to forecasted gasoline revenue.

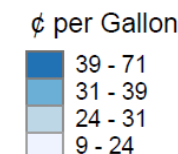
Gasoline Taxes by State



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



- ❖ New Mexico is the 3rd lowest in the nation.
- ❖ New Mexico is lowest among neighboring states (AZ, UT, CO, OK, TX).
- ❖ Every \$0.01 increase in gasoline tax would result in \$6.8 million new revenue annually.



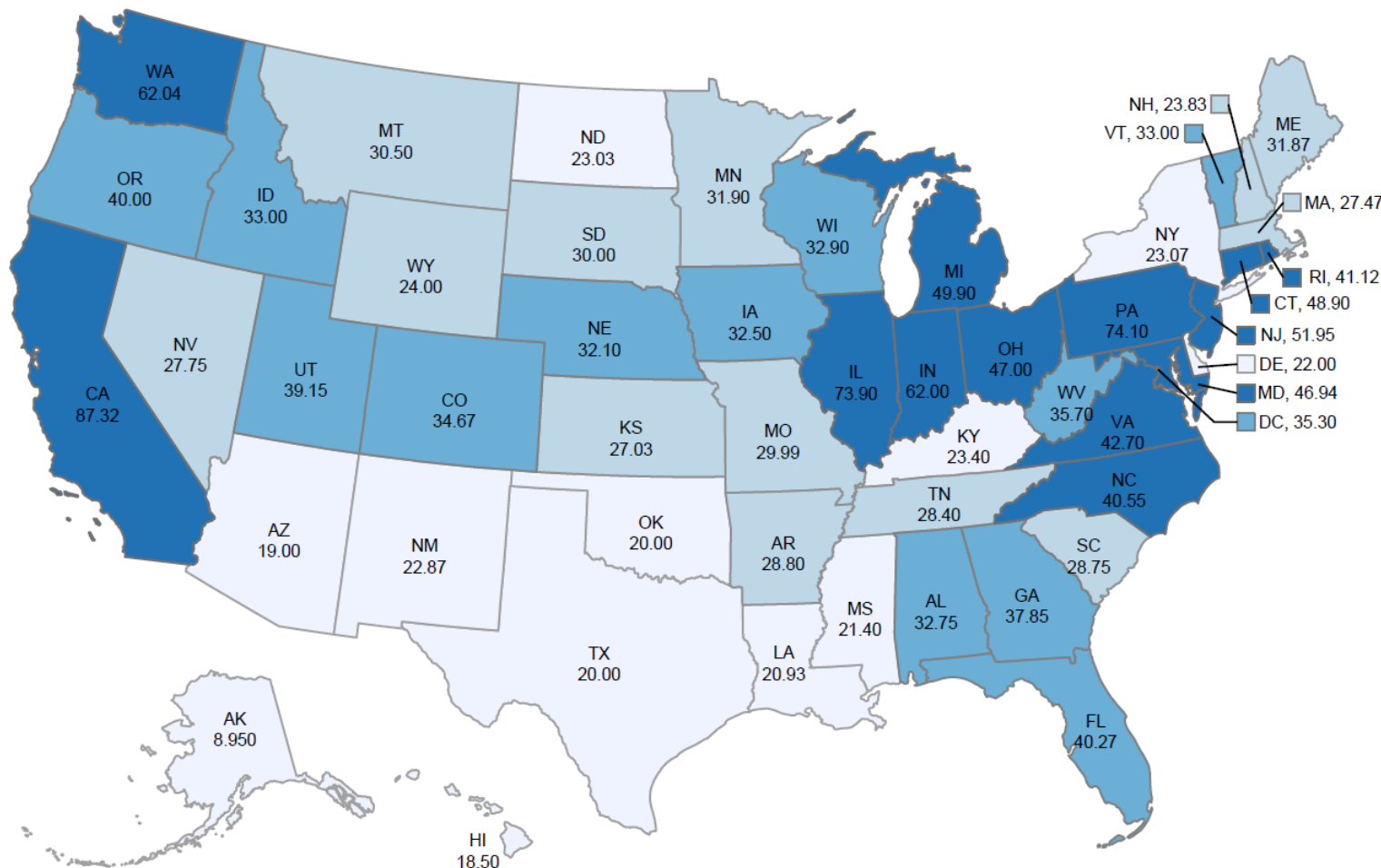
Note: NMDOT's elaboration on Energy Information Administration data
New Mexico Total = 18.875¢ = (17¢ Gasoline Tax + 1.875¢ Petroleum Products Loading Fee)
The Federal Excise Tax on Gasoline is 18.4¢ per gallon

Diesel Taxes by State



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

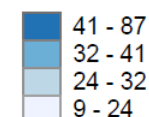


❖ New Mexico is the 9th lowest in the nation.

❖ New Mexico is 4th lowest among neighboring states (AZ, UT, CO, OK, TX).

❖ Every \$0.01 increase in diesel tax would result in \$6.6 million new revenue annually.

¢ per Gallon



Note: NMDOT's elaboration on Energy Information Administration data
New Mexico Total = 22.875¢ = (21¢ Special Fuels Tax + 1.875¢ Petroleum Products Loading Fee)
The Federal Excise Tax on Diesel is 24.4¢ per gallon

New Mexico Gasoline and Special Fuel Tax Ranking Over Time



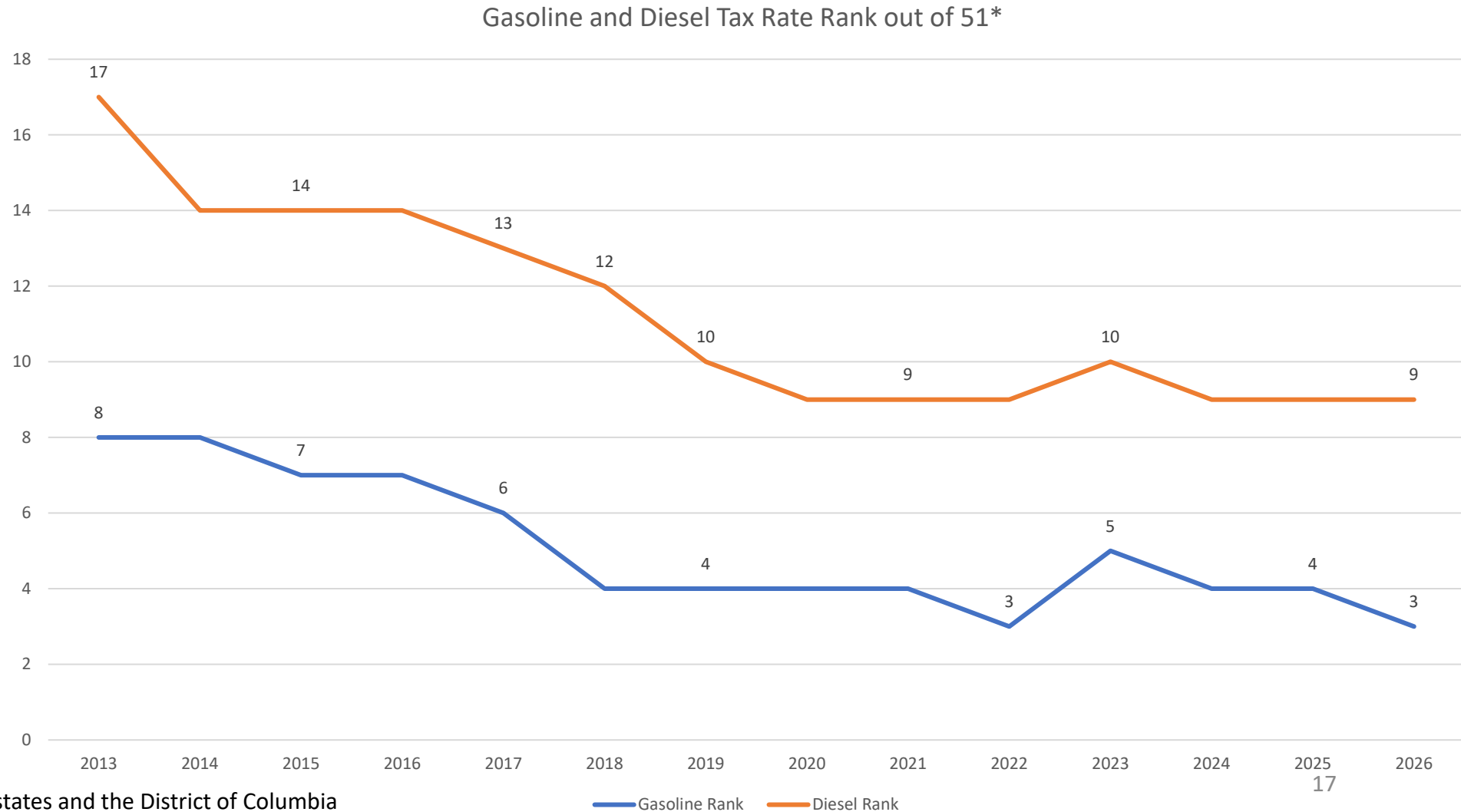
❖ New Mexico's motor fuel tax rates are moving towards the lowest in the nation.

❖ The Gasoline Tax rate has dropped

- from 8th lowest in 2013
- to 3rd lowest in 2026

❖ The Diesel Tax Rate has dropped

- from 17th lowest in 2013
- to 9th lowest in 2026

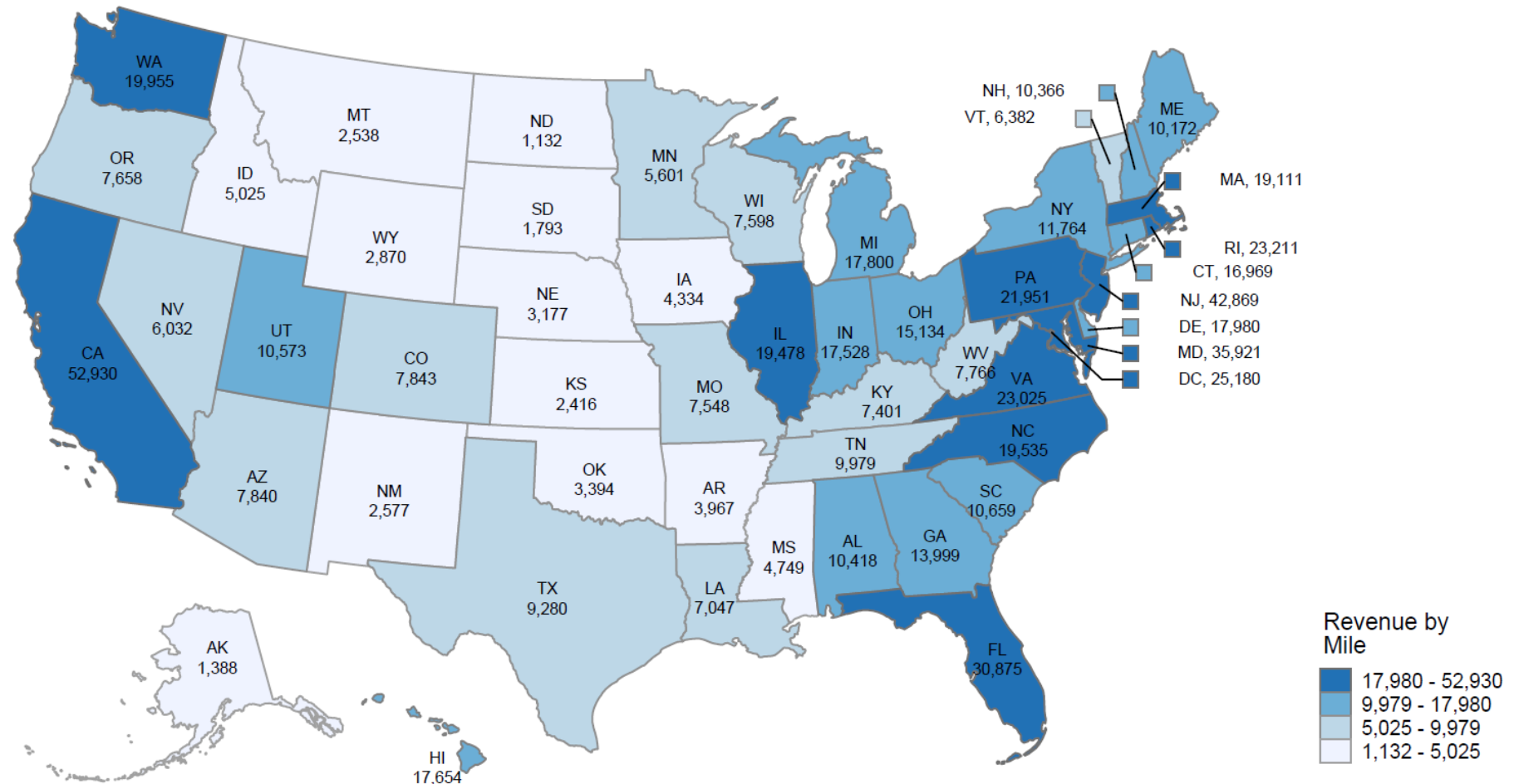


Gasoline Revenue per Lane Mile by State



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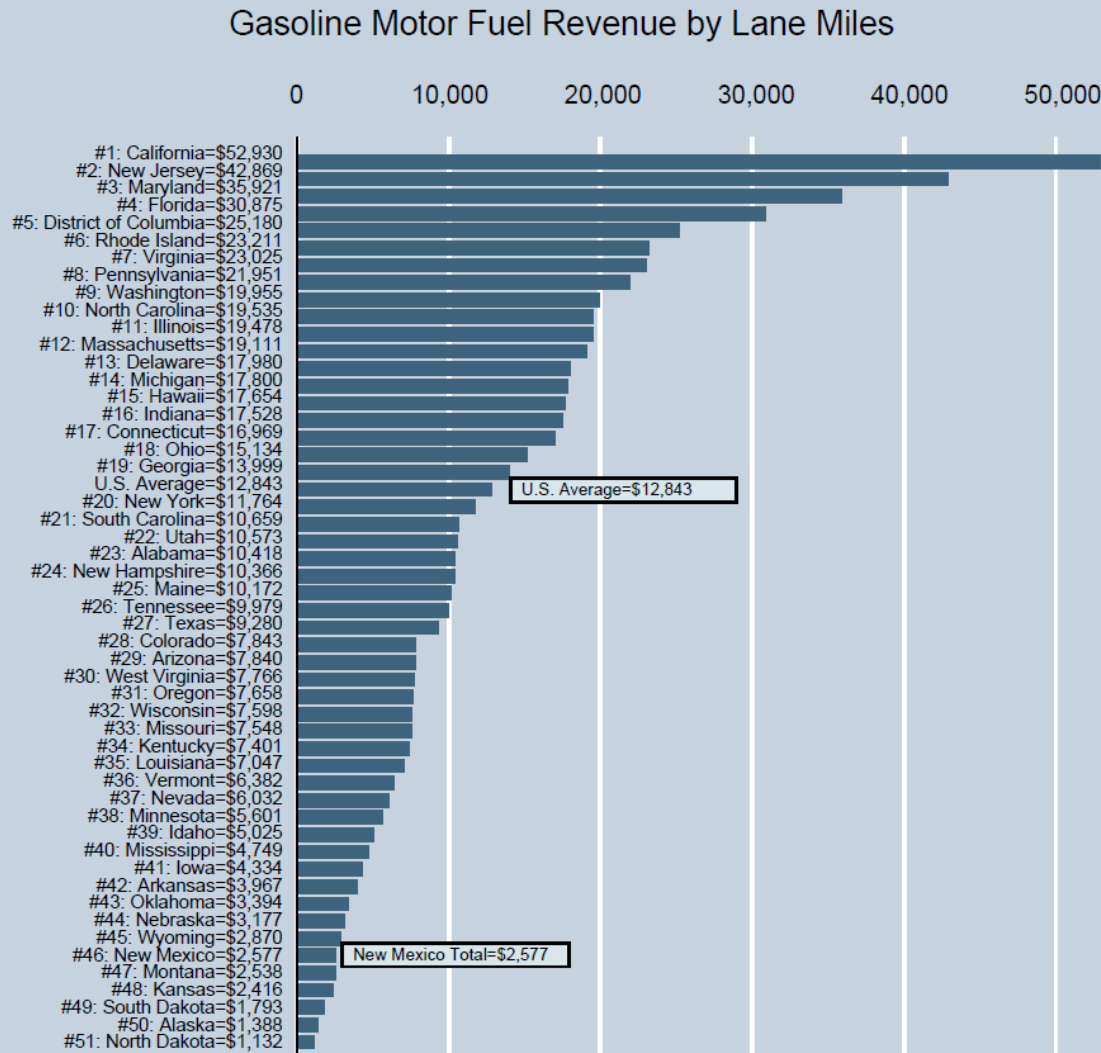
Gasoline Motor Fuel Revenue by Lane Miles



Note: NMDOT's elaboration on Energy Information Administration and Federal Highway Administration data

The Federal Excise Tax on Gasoline is 18.4¢ per gallon
As of January 1, 2023

Gasoline Revenue per Lane Mile by State



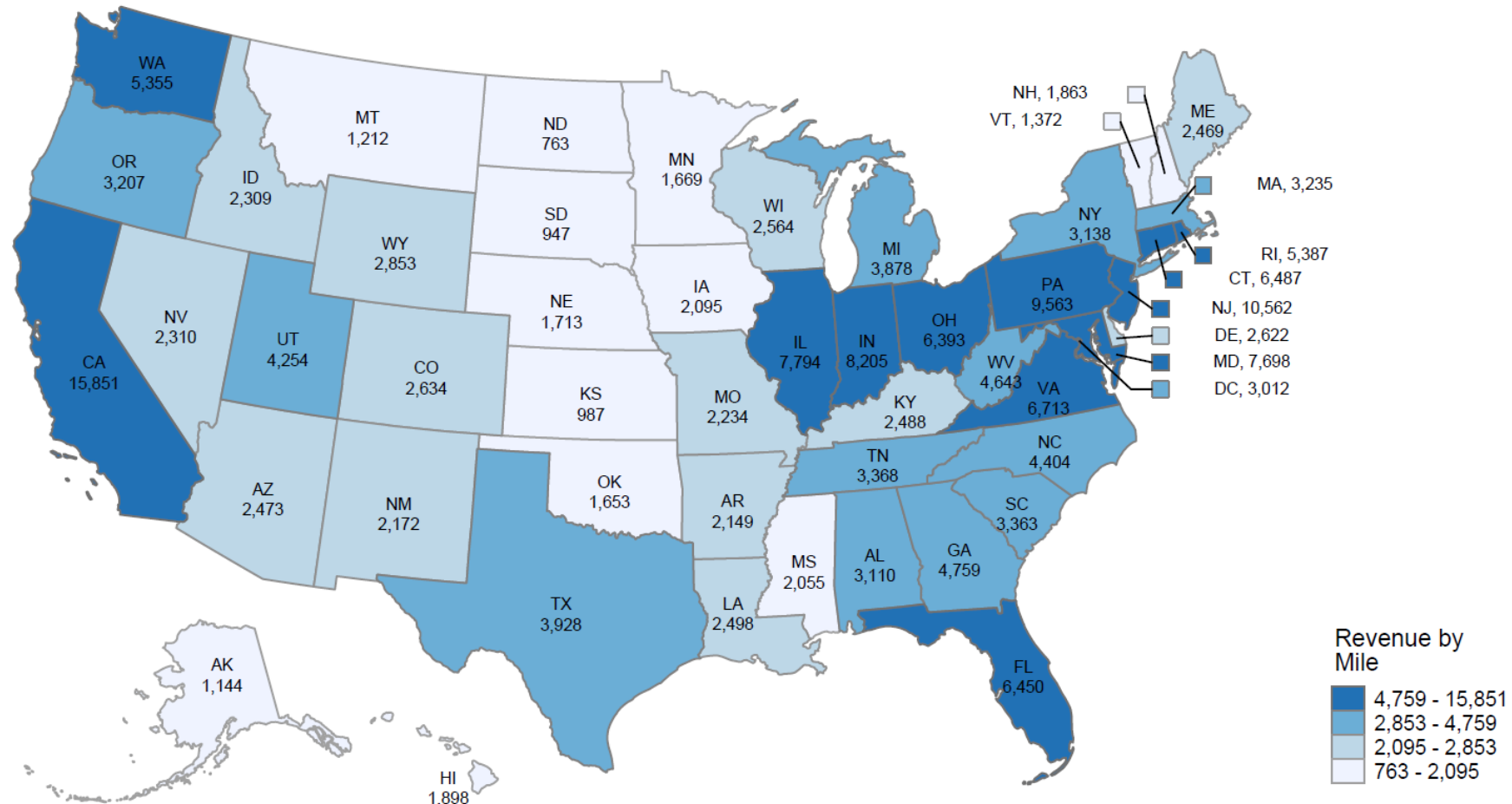
- ❖ New Mexico is the 6th lowest in the nation.
- ❖ New Mexico is lowest among neighboring states (AZ, UT, CO, OK, TX).

Note: NMDOT's elaboration on USDOT Highway Statistics Series and Energy Information Administration data
As of January 1, 2023

Diesel Revenue per Lane Mile by State



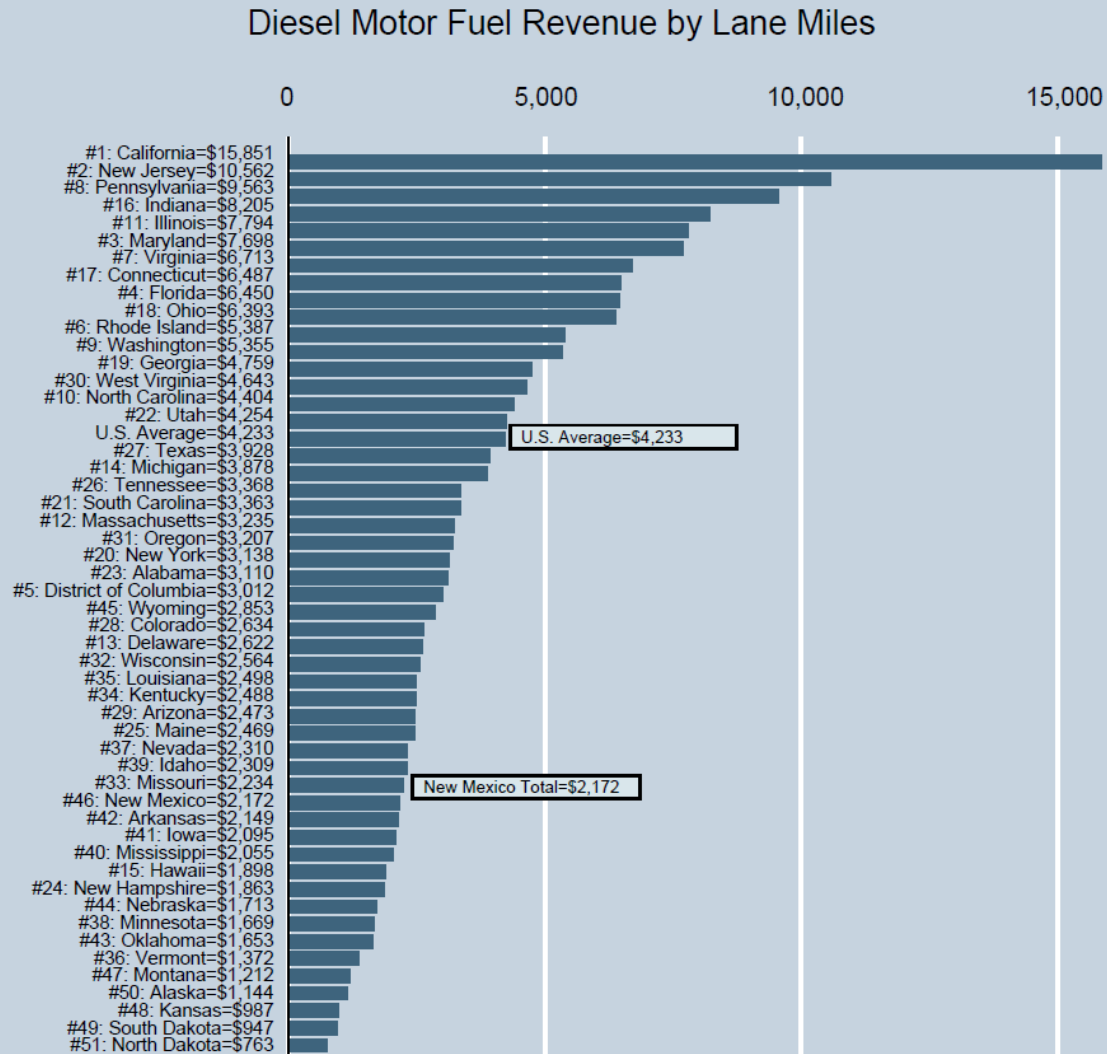
Diesel Motor Fuel Revenue by Lane Mile



Note: NMDOT's elaboration on Energy Information Administration data

The Federal Excise Tax on Diesel is 24.4¢ per gallon
As of January 1, 2023

Diesel Revenue per Lane Mile by State



Note: NMDOT's elaboration on USDOT Highway Statistics Series and Energy Information Administration data
As of January 1, 2023

- ❖ New Mexico is the 16th lowest in the nation.
- ❖ New Mexico is 2nd lowest among neighboring states (AZ, UT, CO, OK, TX).
- ❖ Higher revenue is driven by importance of I-40 and I-25 as freight corridors.