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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 82

SHORT TITLE: Unleaded Aviation Fuel Grant Program

SPONSOR: Soules

LAST ORIGINAL
UPDATE: _____ **DATE:** 1/28/2026 **ANALYST:** Simon

APPROPRIATION* (dollars in thousands)

| FY26 | FY27 | Recurring or Nonrecurring | Fund Affected |
|------|-----------|---------------------------|---------------|
| | \$5,000.0 | Recurring | General Fund |

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies That Were Asked for Analysis but did not Respond
Department of Transportation

Agency or Agencies That Declined to Respond
Department of the Environment

SUMMARY

Synopsis of Senate Bill 82

Senate Bill 82 (SB82) creates the Unleaded Aviation Fuel Grant Program and appropriates \$5 million from the general fund to Aviation Division of the Department of Transportation to provide grants of up to \$200 thousand to publicly owned airports in New Mexico, including airports operated by political subdivisions and Indian nations, tribes and pueblos, to install unleaded aviation fuel dispensing systems.

The bill creates a nonreverting fund in the state treasury from which NMDOT could make grants in support of the program.

The effective date of this bill is July 1, 2026.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall not revert to the

general fund. Although the bill does not specify future appropriations, establishing a new grant program could create an expectation that the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

The bill creates a nonreverting fund for administration of the grant program. NMDOT's aviation division current administers state aviation fund, a nonreverting fund to provide grants to support regional service, including for construction, equipment, materials and maintenance of regional airports in New Mexico, project that could include (although not limited to) installation of unleaded aviation fuel dispensing systems. As a result, it may be possible to develop a grant program for unleaded fuel dispensing without creating a new nonreverting fund, although NMDOT may need to carefully track balances that are restricted to unleaded fuel dispensing systems.

The Environment Department (NMED) declined to provide an analysis of the bill and determined the bill would have no impact on NMED bureaus or programs. Analysis of an identical bill introduced in the 2025 session noted fuel systems are regulated by the department's Petroleum Storage Tank Bureau, except for those on tribal lands.

SIGNIFICANT ISSUES

Piston-engine aircraft that burn 100 octane low lead gasoline are responsible for a large portion of the continuing emission of lead into the air. As a result, the Federal Aviation Administration (FAA) has begun to plan for a transition to lead-free fuels by the end of 2030. The transition has been mandated by the FAA Reauthorization Act of 2018. On January 6, 2026 the FAA published notice in the *Federal Register* seeking comments on the draft transition plan for unleaded aviation gasoline.

In analysis of an identical bill introduced in the 2025 session, the Environment Department (NMED) stated reducing the use of leaded fuels would positively impact public health near airports.

ADMINISTRATIVE IMPLICATIONS

In analysis of an identical bill from the 2025 session NMED noted the Aviation Division should consult with the department on proposed projects. Current regulations require airports to notify NMED prior to the installation of new storage tanks and any contamination found during installation must be reported to the department. NMED regulations also have requirements for contractors who install such systems.

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