

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR Soules LAST UPDATED _____
ORIGINAL DATE 2/5/2025
BILL
SHORT TITLE Unleaded Aviation Fuel Grant Program NUMBER Senate Bill 79
ANALYST Simon

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$5,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

New Mexico Environment Department (NMED)

Agency Analysis was Solicited but Not Received From

Department of Transportation (NMDOT)

SUMMARY

Synopsis of Senate Bill 79

Senate Bill 79 (SB79) creates the Unleaded Aviation Fuel Grant Program and appropriates \$5 million from the general fund to Aviation Division of the Department of Transportation (NMDOT) 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.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025. However, the appropriation included in the bill is for FY26.

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 FY26 shall not revert to the general fund. Although the bill does not specify future appropriations, establishing a new grant program could create an expectation 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 currently administers the state aviation fund, a nonreverting fund to provide grants to support regional service, including for construction, equipment, materials, and maintenance of regional airports. Projects could include (although are 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.

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. Analysis from the New Mexico Environment Department (NMED) states reducing the use of leaded fuels would positively impact public health near airports. The department notes fuel systems are regulated by the department's Petroleum Storage Tank Bureau, except for those on tribal lands.

NMED notes the grant cap included in the bill could limit the size of storage tanks that could be installed. According to the department, a 12,000-gallon aboveground storage tank costs about \$100 thousand. Aboveground tanks are less expensive than underground tanks.

NMED notes the Aviation Division should consult with the NMED 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 that install such systems.

JWS/sgs/hg/sgs