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# F I S C A L  I M P A C T  R E P O R T

| | | | | | |
|---|---|---|---|---|---|
| | | **ORIGINAL DATE** | 5/24/17 | | |
| **SPONSOR** | Sanchez/Trujillo | **LAST UPDATED** | 5/25/17 | **HB** | |
| **SHORT TITLE** | Gas Tax, Road Fund & Distributions | | | **SB** | 2/aHTRC |
| | | | | **ANALYST** | Iglesias/Clark |

## REVENUE (dollars in thousands)

### Total Revenue by Fund: General Fund, Road Funds, Reserves

| Estimated Revenue* | | | | | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|---|
| **FY17** | **FY18** | **FY19** | **FY20** | **FY21** | | |
| $0.0 | $41,588.6 or $62,517.8 | $85,367.5 or $128,131.4 | $87,417.3 or $131,107.2 | $0.0 | **Recurring** | Tax Stabilization Reserve |
| $0.0 | $12,700.0 | $12,700.0 | $0.0 | $0.0 or $43,449.0 | **Recurring** | General Fund |
| $0.0 | $18,438.6 | $35,907.7 | $35,994.3 | $124,314.7 | **Recurring** | Road Funds |

Parenthesis ( ) indicate expenditure decreases.
*The estimates assume $12.7 million for the corporate income tax (CIT) rate delay, and either $0 or the full amount for the weight-distance tax permit fee (see individual impacts below and Fiscal Implications). Estimates are based on the assumption that in FY20, the total amount in the state general fund will be greater than 5 percent.

### Total Revenue Sources by Bill Component

| Estimated Revenue* | | | | | R or NR *** | Fund Affected |
|---|---|---|---|---|---|---|
| **FY17** | **FY18** | **FY19** | **FY20** | **FY21** | | |
| $0.0 | $22,245.7 | $44,310.7 | $44,080.2 | $43,705.8 | R | Gasoline Tax (5 cents) |
| $0.0 | $13,085.4 | $27,165.9 | $27,532.9 | $27,810.5 | R | Special Fuels Tax (5 cents) |
| $0.0 | $24,583.5 | $51,000.0 | $53,000.0 | $54,000.0 | R | Motor Vehicle Excise Tax (1%) |
| $0.0 | $12,700.0 | $12,700.0 | $0.0 | $0.0 | R | Delay CIT Rate Reduction & Single Sales Factor Apportionment |
| $0.0 | $0.0 or $20,929.2 | $0.0 or $42,763.9 | $0.0 or $43,689.9 | $0.0 or $43,449.0 | R | Weight-Distance Tax Permit Fee |
| **$0.0** | **$72,614.5 or $93,543.7** | **$135,176.6 or $177,940.5** | **$124,613.1 or $168,303.0** | **$125,516.2 or $168,965.2** | **R** | **TOTAL** |

Parenthesis ( ) indicate expenditure decreases. *** R = recurring; NR = non-recurring
* Estimates are based on the assumption that by the end of FY20, the total amount in the state general fund reserves will be greater than 5 percent.

## Fuel Taxes

| Estimated Revenue* | | | | | R or NR ** | Fund Affected |
|---|---|---|---|---|---|---|
| FY17 | FY18 | FY19 | FY20 | FY21 | | |
| $0.0 | $11,119.3 | $22,148.2 | $22,033.0 | $0.0 | R | NEW Tax Stabilization Reserve |
| $0.0 | $5,559.6 | $11,074.1 | $11,016.5 | $21,853.6 | R | NEW State Road Maintenance Fund |
| $0.0 | $5,673.5 | $11,466.3 | $11,483.0 | $22,919.9 | R | NEW Municipalities – road maintenance |
| $0.0 | $2,832.5 | $5,724.5 | $5,732.9 | $11,442.8 | R | NEW Counties – road maintenance |
| $0.0 | $0.1 | $0.2 | $0.2 | $0.2 | R | Municipalities and Counties Fund |
| $0.0 | $0.1 | $0.2 | $0.2 | $0.2 | R | State Aviation Fund |
| $0.0 | ($0.4) | ($0.9) | ($0.9) | ($0.9) | R | Motorboat Fuel Tax Fund |
| $0.0 | $0.1 | $0.2 | $0.2 | $0.2 | R | County Government Road Fund |
| $0.0 | $0.1 | $0.2 | $0.2 | $0.2 | R | Municipal Roads Fund |
| $0.0 | $0.3 | $0.5 | $0.5 | $0.5 | R | Municipal Arterial Program of Local Governments Road Fund |
| $0.0 | $0.5 | $1.1 | $1.1 | $1.1 | R | Local Governments Road Fund |
| $0.0 | $600.0 | $1,200.0 | $1,200.0 | $1,200.0 | R | Tribal Tax Sharing Agreements (Pueblo of Santo Domingo and Nambe) |
| $0.0 | $1,426.8 | $1,526.1 | $1,562.6 | $1,589.3 | R | State Road Fund |

Parenthesis ( ) indicate expenditure decreases. ** R = recurring; NR = non-recurring

*Estimates assume an effective date of January 1, 2018 and are based on the assumption that in FY20, the total amount in the state general fund will be greater than 5 percent.

### Motor Vehicle Excise Tax

| Estimated Revenue | | | | | R or NR ** | Fund Affected |
|---|---|---|---|---|---|---|
| FY17 | FY18 | FY19 | FY20 | FY21 | | |
| $0.0 | $24,583.5 | $51,000.0 | $53,000.0 | $0.0 | R | Tax Stabilization Reserve |
| $0.0 | $0.0 | $0.0 | $0.0 | $54,000.0 | R | State Road Maintenance Fund |

Parenthesis ( ) indicate expenditure decreases. ** R = recurring; NR = non-recurring

### Weight-Distance Tax Identification Permit Fee

| Estimated Revenue* | | | | | R or NR ** | Fund Affected |
|---|---|---|---|---|---|---|
| FY17 | FY18 | FY19 | FY20 | FY21 | | |
| $0.0 | $0.0 or $20,929.2 | $0.0 or $42,763.9 | $0.0 or $43,689.9 | $0.0 or $43,449.0 | R | General Fund |
| $0.0 | 0.0 or (4,200.0) | 0.0 or (4,300.0) | 0.0 or (4,400) | 0.0 or (4,300.0) | R | Weight-Distance Tax Identification Administration Fund |

Parenthesis ( ) indicate expenditure decreases. ** R = recurring; NR = non-recurring

* The estimates shown are not ranges – they are "either or" numbers. Imposition of a flat, per vehicle, non-apportioned registration fee on interstate trucking has been held to violate the commerce clause of the U.S. Constitution. It is possible that this effort to increase a $5.50 per vehicle identification permit to $55 per vehicle, irrespective of how many miles the trucks travel in New Mexico annually, could also be held to be in violation of the U.S. Constitution commerce clause. The industry might seek a temporary restraining order to prevent the new law from taking effect. Depending on the exact order, a judge may invalidate the "up to $10" administrative fee in Section 7-15A-13 NMSA 1978. If this were to happen, then the beneficiaries of the weight distance tax identification permit administration fund would also lose revenue.

**Corporate Income Tax Rate Change Delay**

| Estimated Revenue* | | | | | R or NR ** | Fund Affected |
|---|---|---|---|---|---|---|
| FY17 | FY18 | FY19 | FY20 | FY21 | | |
| $0.0 | Up to $19,000.0 | Up to $19,000.0 | $0.0 | $0.0 | R | General Fund |

Parenthesis ( ) indicate expenditure decreases. ** R = recurring; NR = non-recurring
* These estimates are imprecise due to the highly volatile nature of the underlying revenue source.

## ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| FY17 | FY18 | FY19 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|
| High Impact | High Impact | Moderate | High Impact | Mostly recurring | TRD |
| unknown | unknown | unknown | unknown | Recurring | General Fund |

**SOURCES OF INFORMATION**
LFC Files

**SUMMARY**

Synopsis of HTRC Amendment

The House Taxation and Revenue Committee (HTRC) amended Senate Bill 2, striking sections 7 and 17, to remove provisions that set the petroleum products loading fee at $150 per load and distribute $110 per load to the tax stabilization reserve until the state reserves reach 5 percent.

Synopsis of Original Bill

Senate Bill 2 contains the following provisions, effective January 1, 2018:

- Increases the gasoline tax by 5 cents per gallon (from 17 cents to 22 cents),
- Increases the special fuels tax by 5 cents per gallon (from 21 cents to 26 cents),
- Creates the state road maintenance fund,
- Increases the motor vehicle excise tax by 1 percent (from 3 percent to 4 percent),
- Specifies the petroleum products loading (PPL) fee will be $150 per load until state reserves reach 5 percent,
- Delays the five-year phased reduction of corporate income tax (CIT) by two years, and
- Imposes a new weight-distance identification permit fee in Section 7-15A-13 of a flat $55 per vehicle.

***Fuel Taxes***

This bill increases the gasoline tax by 5 cents per gallon (from 17 cents to 22 cents), and increases the special fuels tax by 5 cents per gallon (from 21 cents to 26 cents). One-half of the new revenues from the fuel tax increases are to be distributed to the tax stabilization reserve until the State Board of Finance certifies to the secretary of taxation and revenue that state fund reserves were at least 5 percent of the total general fund appropriations for the prior fiscal year, as per the general fund financial summary prepared by the Department of Finance and Administration (DFA). The second half of the new revenues will be split between state and local road maintenance.

In the fiscal year following state reserves reaching at least 5 percent, the revenues from the gasoline and special fuels taxes flowing to the tax stabilization reserve will instead be distributed to the state road maintenance fund, and the municipalities and counties maintenance fund

***Petroleum Products Loading Fee***

Until the 5 percent reserve threshold is met, $110 of the PPL fee, and all revenues from the 1 percent motor vehicle excise tax increase, will be distributed to the tax stabilization reserve. In the fiscal year following state reserves reaching at least 5 percent, the PPL fee will revert to amounts and distribution under current law, with funds no longer flowing to reserves.

***Motor Vehicle Excise Tax***

Until the 5 percent reserve threshold is met, all new revenue from the 1 percent increase will be distributed to the tax stabilization reserve. In the fiscal year following state reserves reaching at least 5 percent, new revenue from the 1 percent motor vehicle excise tax increase will go to the new state road maintenance fund.

***Corporate Income Tax (CIT) Rate Delay***

This bill delays the five-year phased reduction of corporate income tax (CIT) enacted in 2013 by two tax years at first and then speeds up to a final delay of one year.

- The scheduled reduction to 6.2 percent for taxable income in excess of $500 thousand, which was to have been effective for TY 2017, will be held at 6.4 percent for taxable income in excess of $500 thousand and 6.6 percent for taxable income in excess of $1 million for TY16, TY17, and TY18.
- The subsequent reduction to 6.2 percent (on all taxable income over $500 thousand) is eliminated, with a final level of 4.8 percent for all taxpayers with net income under $500 thousand and 5.9 percent for all taxpayers with net income over $500 thousand effective for TY19 and subsequent years.
- The phased-in sales-only provision for manufacturers (also referred to a single sales factor or single sales apportionment) would also be delayed.

Revenue from the CIT rate delay will go to the general fund.

***Weight-Distance Identification Permit Fee***

This bill imposes a new weight-distance identification permit fee in Section 7-15A-13 NMSA 1978 of a flat $55 per vehicle. Until the 5 percent reserve threshold is met, all new revenue will be distributed to the tax stabilization reserve. In the fiscal year following state reserves reaching at least 5 percent, new revenue will go to the general fund.

See discussion above and below concerning whether this imposition constitutes a breach of the federal commerce clause because the flat fee is not apportioned base on miles the vehicle travels in New Mexico.

### *State Road Maintenance Fund*

This bill designates the newly created state road maintenance fund for improvement or maintenance of existing public roads or bridges. This will be a nonreverting fund in the state treasury and will be administered by the Department of Transportation (DOT) and cannot be used for bonding. Additionally, the new money distributed to municipalities and counties for road maintenance cannot be used for bonding.

## FISCAL IMPLICATIONS

Distributions assume the 5 percent state fund reserve target will be met by the end of FY20, thus enabling distributions to alternative distributions to begin in FY21.

This bill addresses the LFC tax policy principles of adequacy and efficiency by raising revenues from a source that is far less volatile that some of the other sources of general fund revenues. Motor fuels tax revenues and motor vehicle excise tax revenues fluctuate over time, but the revenue stream is much more stable than taxes more susceptible to changes in oil and natural gas prices, for example (see significant issues section).

### *Fuel Taxes*

The fiscal impact of the gasoline and special fuels tax increases is estimated by multiplying the gallons of gasoline and special fuel forecasted by the New Mexico Department of Transportation (as of January 2017) by the amount of the tax increase. The appropriate distribution percentage rates were then applied to the different funds. The analysis is based on the assumption that the tax increases do not modify the price elasticity demand for gasoline and special fuels. The fuel tax increases will generate about $71 million annually in new revenue, with about $44 million attributable to the gasoline tax increase and about $27 million attributable to the special fuels tax increase. Since the effective date of the bill is January 1, 2018, the estimate assumes half of the annual revenue will be received in FY18.

This bill creates a new fund for state road maintenance and provides for annual appropriations by the legislature.

The fuel tax distributions are adjusted to essentially hold harmless the various fuel tax beneficiaries as well as create the following effect. Before state reserves reach 5 percent:

- Gasoline: 2.5 cents to the tax stabilization reserve and 2.5 cents split equally between the state road maintenance fund and municipalities and counties for road maintenance.
- Special fuels: 2.5 cents to the tax stabilization reserve, .5 cents to the state road fund, and 2 cents split equally between the state road maintenance fund and municipalities and counties for road maintenance.

After state reserves reach 5 percent:

- Gasoline: 2.5 cents to municipalities and counties for road maintenance and 2.5 cents to the state road maintenance fund.
- Special fuels: 4.5 cents split equally between the state road maintenance fund and municipalities and counties road maintenance, and .5 cents to the state road fund.

The state road fund revenue is somewhat reduced by payments to the Pueblo of Santo Domingo and the Pueblo of Nambe, pursuant to the gasoline tax sharing agreements specifying they are entitled to receive an amount equal to 40 percent of the net receipts attributable to the gasoline tax paid to the DOT on 2.5 million gallons of gasoline each month, and which consequently will receive an additional $50 thousand each per month, while all the other funds are held harmless. This effect is offset by sending some of the new revenue from the special fuels tax to the state road fund, creating a net positive impact.

The fuel tax increases will also have a direct but unknown effect on all other general fund agencies with motor vehicle travel costs, as these agencies will now have to pay the increased tax rate on gasoline purchased.

***Motor Vehicle Excise Tax***

The fiscal impact for the motor vehicle excise tax increase was determined using the December 2016 consensus revenue estimates for this tax. The estimates assume little to no impact on sales of new or used cars and light trucks from this change in the tax rate. Each additional percent added to New Mexico's rate would generate about $50 million for the general fund.

***Petroleum Products Loading Fee***

The fiscal impact for the adjustments made to the amount and distribution of the petroleum products loading fee uses the FY16 actual amount received in PPL fees by the corrective action fund, in which the PPL fee was $150 per load of which the correction action fund received $110 per load, as is the case with this bill. In FY16, the correction action fund received $19.2 million from the PPL fee. This $19.2 million would be distributed to the tax stabilization reserve until state reserves reach 5 percent, after which the funds would flow back into the corrective action fund.

***Corporate Income Tax (CIT) Rate Delay***

LFC staff estimated the impact of this bill using data reported during the consensus revenue estimating group (CREG) process and historical estimates provided by the Taxation and Revenue Department (TRD). Due to significant volatility and uncertainty in CIT revenues, the fiscal impact is highly uncertain and could be substantially higher or lower than the estimates shown.

***Weight-Distance Identification Permit Fee***

As noted in the fiscal impact tables above, imposition of a flat, per vehicle, non-apportioned registration fee on interstate trucking has been held to violate the commerce clause of the U.S. Constitution. Many courts have come to this conclusion – most notably, New York and Pennsylvania. This is an effort to increase a $5.50 per vehicle identification permit to $55 per vehicle, irrespective of how many miles the trucks travel in New Mexico annually. It is possible that this permit fee will also be held to be in violation of the U.S. Constitution commerce clause. If the state is likely to lose this fee in a court hearing, the industry is equally likely to seek a temporary restraining order to prevent the new law from taking effect. Depending on the exact order, a judge may invalidate the "up to $10" administrative fee in Section 7-15A-13 NMSA 1978. If this were to happen, then the beneficiaries of the weight distance tax identification permit administration fund would also lose revenue.

## SIGNIFICANT ISSUES

### *Fuel Taxes*

The last increase in the state gasoline tax occurred in 1993, when the tax was raised from $0.16 to $0.22 per gallon. It has since been reduced twice to the current rate of $0.17 per gallon. The special fuels tax rate was last increased in 2003, when it was raised from $0.18 per gallon to its present rate of $0.21 per gallon. New Mexico fuel taxes are lower than in surrounding states and lower than the national average. Seven states raised their gas tax rates on January 1, 2017. The two highest increases occurred in Pennsylvania and Michigan, with rate hikes of 7.9 cents and 7.3 cents per gallon resulting in total rates of 58.3 cents and 37.8 cents per gallon, respectively, according to the Tax Foundation. The other five states – Nebraska, Georgia, North Carolina, Indiana, and Florida – implemented more modest rate increases.

The New Mexico Municipal League and its members supported similar legislation in the regular 2017 session. Many local governments have seen a real decline in the amount of their gasoline tax distributions over the years, reportedly due in part to competing sales of gasoline by Native American tribes in the vicinity of municipal limits, as well as gradually increasing motor vehicle fuel efficiency. While the proposed fuel tax increase would significantly increase the state road fund, county and municipal funds would benefit directly as well. Local governments are responsible for the maintenance, repair and construction of approximately 44,000 miles of roads compared to 30,000 miles of roads for which the state is responsible.

DOT indicated for similar bills that fuel taxes have historically served as a proxy for damage done to public roads, and motor fuel revenues are usually considered “user fees” paid for road maintenance and road projects. Based on economic theory, any diversion of “user fee” revenues away from road-related purposes represents a violation of the benefit according to principle of taxation.

Gasoline prices fluctuate with crude oil prices. However, gasoline tends to be a relatively inelastic product in that price fluctuations do not tend to significantly increase or reduce demand. As such, the revenues resulting from passage of this bill would likely remain consistent regardless of changes in prices at the pump.

It should be noted that Native American tribes can increase their taxes in step with state increases but preserve any differential they deem appropriate.

TRD has pointed out in related bills that gasoline taxes are regressive, meaning that they have an outsized effect on those with lower incomes. This will be especially true in New Mexico as the state’s lowest tax bracket (defined as a taxable income of less than $5,500 if single, $8,000 if married or head of household, or $4,000 if married filing separately) currently comprises 46 percent of filers.

### *Motor Vehicle Excise Taxes*

Motor vehicle excise taxes in New Mexico are less than half the rates in many places in Arizona, Colorado, and Texas. New Mexico’s rate is 3 percent, while rates in surrounding areas can be more than 8 percent after adding in local rate increments. The Arizona and Texas statewide rates alone are approximately double that of New Mexico. TRD indicates the increase in motor vehicle excise tax amounts to a 33% increase in the tax. This increase would still add an average about $340 to the cost of a new car and $170 to the cost of a used car.[1] While it is possible for price increases to affect car-buying decisions, the fiscal impact estimates assume the increase in the motor vehicle excise tax will not reduce the demand for vehicles.

***Petroleum Products Loading Fee***

Diverting the PPL fee from the corrective action fund could have a significant negative effect on the Environment Department (NMED). House Bill 2 included $23.7 million from the corrective action fund for NMED's FY18 operating budget, accounting for about one quarter of the agency's expenditure authority. The fund ended FY16 with a balance of $12.2 million; however, the unobligated balance was $2.5 million. FY16 revenues were $19.2 million and expenditures were $21.8 million. Assuming revenues and expenditures are flat in FY17, the fund will have an ending balance of $9.6 million, and an unobligated balance of $0, which would require either a significant reduction in the agency's FY18 operating budget, including the need to terminate positions, or increases from other revenue sources. The fund is used to fulfill New Mexico's obligations under the federal Resource Conservation and Recovery Act and diversion of revenues to the general fund could result in relinquishing the state's authority to implement petroleum storage tank regulations to the federal government. In addition to using the fund to implement the petroleum storage tank program, NMED can use up to 30 percent of the fund to leverage additional federal grants to support other agency functions and diverting the petroleum products loading fee to the tax stabilization reserve will thus limit other agency revenue sources.

***CIT Rate Delay***

Testimony in 2013 indicated that new companies, particularly manufacturing companies, were not expanding in New Mexico because the top marginal income tax rate was an outlier among competitive states. It is likely too early to arrive at a definitive conclusion about the effect of the CIT rate reductions and single sales factor phase-in. However, since the 2013 tax package, the state's economy continues to struggle at growth rates well below national and regional averages, and New Mexico has shed manufacturing jobs in nearly every month over the last few years.

***Tax Stabilization Reserve***

This bill does <u>not</u> change how funds are appropriated from the tax stabilization reserve and does <u>not</u> change or diminish legislative appropriation authority. Under current law, money in the tax stabilization reserve may only be appropriated if (1) the governor declares it "necessary for the public peace, health and safety" and only with the vote of two-thirds of both the House and Senate, or (2) if revenues are determined by the governor to be insufficient to meet authorized appropriations for the current and next fiscal year and the House and Senate approve a transfer to the general fund with a majority vote to cover the projected insufficiency for either or both fiscal years.

However, it should also be noted, when the tax stabilization reserve balance reaches 6 percent of the previous fiscal year's recurring appropriations, current state law requires the transfer of the excess funds to the taxpayers dividend fund. Under current law, if the taxpayers dividend fund balance exceeds 1 percent of state personal income tax collection, the governor must propose a

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[1] Average new and used vehicle prices from Kelley's Blue Book and Edmunds, respectively.

method to refund the balance to the state's taxpayers in legislation to be considered at the next legislative session.

If the intent of this bill is to allow funds in the tax stabilization reserve to accumulate and build balances over time, the Legislature should consider addressing the issue of excess balances flowing to the taxpayers dividend fund.

**ADMINISTRATIVE IMPLICATIONS**

This bill is expected to have a high impact on the Information Technology Division of TRD and a high impact to the Financial Distribution Bureau, which will need to make significant changes to the state's central accounting system and also verify significant changes made in the GenTax system.

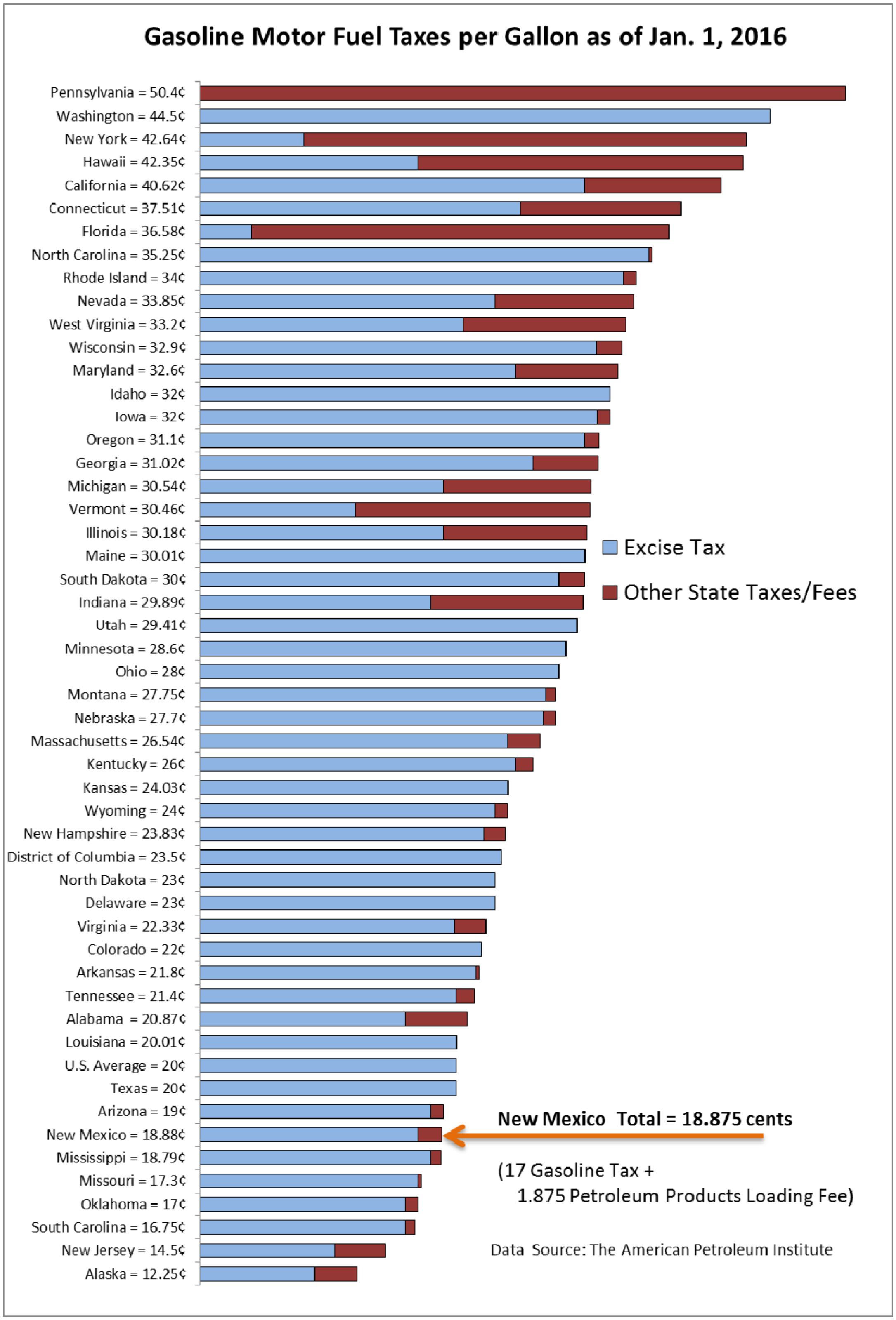
Does the bill meet the Legislative Finance Committee tax policy principles?

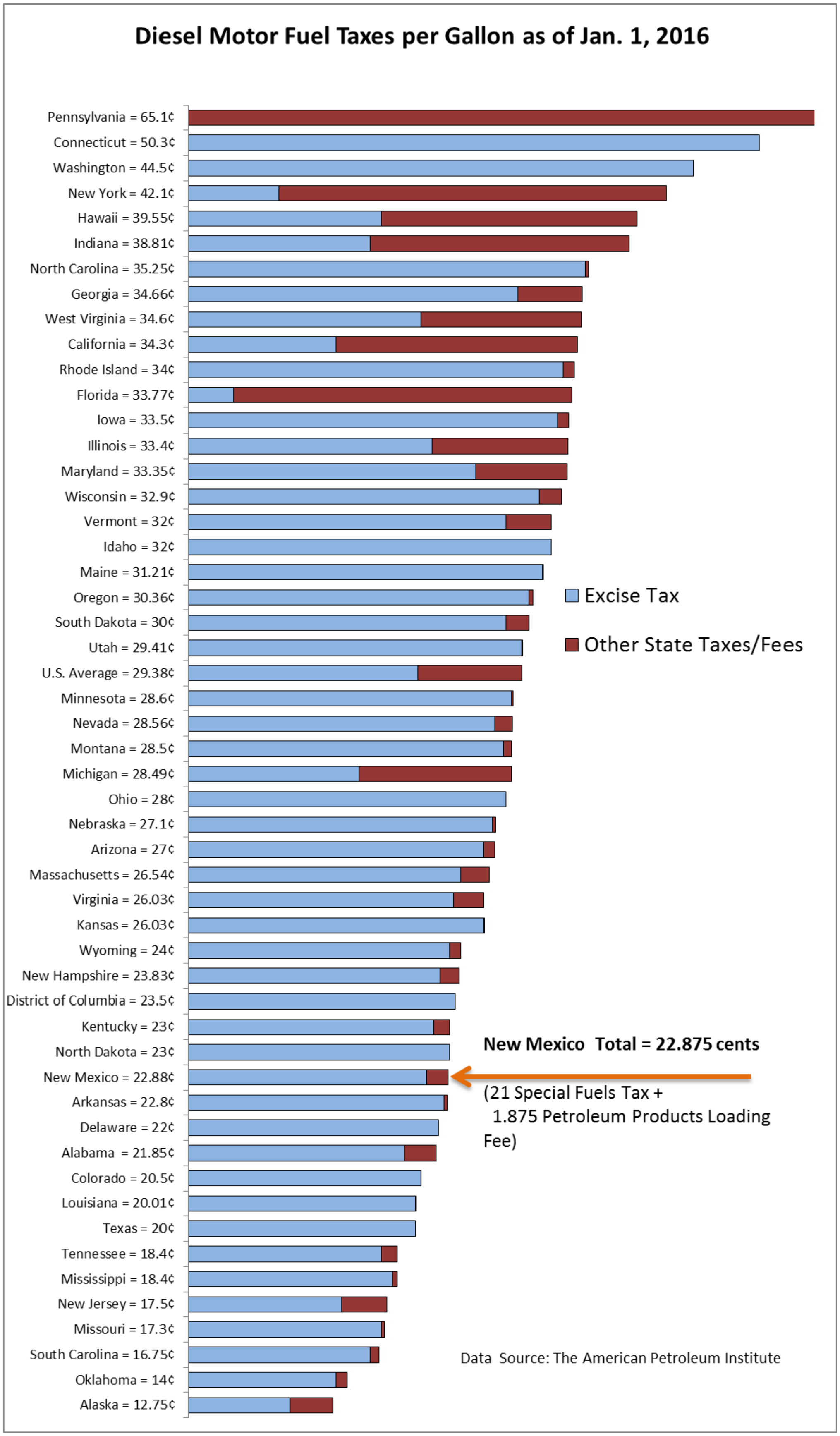
1. **Adequacy**: Revenue should be adequate to fund needed government services.
2. **Efficiency**: Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity**: Different taxpayers should be treated fairly.
4. **Simplicity**: Collection should be simple and easily understood.
5. **Accountability**: Preferences should be easy to monitor and evaluate

DI & JC/jle/al/jle

## APPENDIX

The following graphic depictions show New Mexico's relative fuel tax rates:




Diesel Motor Fuel Taxes per Gallon as of Jan. 1, 2016
Pennsylvania = 65.1¢
Connecticut = 50.3¢
Washington = 44.5¢
New York = 42.1¢
Hawaii = 39.55¢
Indiana = 38.81¢
North Carolina = 35.25¢
Georgia = 34.66¢
West Virginia = 34.6¢
California = 34.3¢
Rhode Island = 34¢
Florida = 33.77¢
Iowa = 33.5¢
Illinois = 33.4¢
Maryland = 33.35¢
Wisconsin = 32.9¢
Vermont = 32¢
Idaho = 32¢
Maine = 31.21¢
Oregon = 30.36¢
South Dakota = 30¢
Utah = 29.41¢
U.S. Average = 29.38¢
Minnesota = 28.6¢
Nevada = 28.56¢
Montana = 28.5¢
Michigan = 28.49¢
Ohio = 28¢
Nebraska = 27.1¢
Arizona = 27¢
Massachusetts = 26.54¢
Virginia = 26.03¢
Kansas = 26.03¢
Wyoming = 24¢
New Hampshire = 23.83¢
District of Columbia = 23.5¢
Kentucky = 23¢
North Dakota = 23¢
New Mexico = 22.88¢
Arkansas = 22.8¢
Delaware = 22¢
Alabama = 21.85¢
Colorado = 20.5¢
Louisiana = 20.01¢
Texas = 20¢
Tennessee = 18.4¢
Mississippi = 18.4¢
New Jersey = 17.5¢
Missouri = 17.3¢
South Carolina = 16.75¢
Oklahoma = 14¢
Alaska = 12.75¢
Excise Tax
Other State Taxes/Fees
New Mexico Total = 22.875 cents
(21 Special Fuels Tax + 1.875 Petroleum Products Loading Fee)
Data Source: The American Petroleum Institute

**Current and Proposed Distribution of Gasoline Tax**

| Tax | Fund | Current | Proposed |
|---|---|---|---|
| Gasoline | State Aviation Fund | 0.26% | 0.201% |
| | Motorboat Fuel Tax Fund | 0.13% | 0.100% |
| | Municipalities and Counties | 10.38% | 8.021% |
| | County Government Road Fund | 5.76% | 4.451% |
| | Municipal Roads Fund | 5.76% | 4.451% |
| | Municipal Arterial Program of Local Governments Road Fund | 1.44% | 1.113% |
| | State Road Fund | 76.270% | 58.94% |
| | Tax Stabilization Reserve (until reserves reach 5%) | n/a | 11.36% |
| | Municipalities and Counties Fund – maintenance (before 5%)<br>Municipalities and Counties Fund – maintenance (after 5%) | n/a | 5.68%<br>11.364% |
| | State Road Maintenance Fund (before reserves reach 5%)<br>State Road Maintenance Fund (after reserves reach 5%) | n/a | 5.68%<br>11.364% |

**Current and Proposed Distribution of Special Fuels Tax**

| Tax | Fund | Current | Proposed |
|---|---|---|---|
| Special Fuels | Local Governments Road Fund | 9.52% | 7.69% |
| | State Road Fund | 90.48% | 76.92% |
| | Tax Stabilization Reserve (until reserves reach 5%) | n/a | 8.65% |
| | Municipalities and Counties Fund – maintenance (before 5%)<br>Municipalities and Counties Fund – maintenance (after 5%) | n/a | 4.33%<br>8.65% |
| | State Road Maintenance Fund (before reserves reach 5%)<br>State Road Maintenance Fund (after reserves reach 5%) | n/a | 4.33%<br>8.65% |