

LFC Requester:

Jennifer Faubion

**NMDOT BILL ANALYSIS  
2025 REGULAR SESSION**

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

**SECTION I: GENERAL INFORMATION**

{Indicate if analysis is on an original bill, amendment, substitute, or a correction of a previous bill}

Check all that apply:

Date Prepared: 2/19/2025

Original  Amendment

Bill No. SB 289

Correction  Substitute

Sponsor: Roberto "Bobby" J. Gonzales

Agency/ Code: NMDOT - 805 - Revenue & Planning

Motor Vehicle

Person Writing Analysis: Jisub Seong

Short Title Excise Tax Distributions

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**SECTION II: FISCAL IMPACT**

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
0	131,900	133,960	Recurring	Road Fund
0	19,110	19,410	Recurring	Transportation Project Fund
0	(151,010)	(153,370)	Recurring	General Fund
<b>0</b>	<b>0</b>	<b>0</b>	<b>Recurring</b>	<b>Total Impact</b>

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to:

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Senate Bill 289 (SB 289) changes the distribution of the Motor Vehicle Excise Tax (MVET).

Starting July 1, 2026, SB 289 decreases the share of MVET receipts going to the General Fund from 59.35% to 10%, increases the MVET revenue distribution to the Road Fund from 21.86% to 65%, and raises the Transportation Project Fund's share from 18.75% to 25%.

### **FISCAL IMPLICATIONS**

At present the Road Fund receives an annual distribution of approximately \$67 million from MVET revenue. SB 289 would distribute to the Road Fund an additional \$132 million in FY 2027 and an additional \$134 million in FY 2028. As a result of that increase, the Road Fund would receive MVET revenue totaling about \$199 - \$201 million per fiscal year.

SB 289 would also distribute to the Transportation Project Fund \$19 million in FY 2027 and FY 2028. This will allow the Transportation Project Fund to distribute an additional \$19 million annually to road projects proposed by local governments. Assuming a 20% match provided by local governments, this would mean an additional \$25 million in road projects for local governments.

However, the General Fund revenue would be reduced by \$151 million in FY 2027 and by about \$153 million in the following fiscal year.

This revenue estimate is based on the December 2024 Consensus Revenue Estimating Group's General Fund Forecast.

### **SIGNIFICANT ISSUES**

None identified.

### **PERFORMANCE IMPLICATIONS**

None identified.

### **ADMINISTRATIVE IMPLICATIONS**

None identified.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB 289 conflicts with HB 19 and SB 27, which change the distribution of MVET proceeds differently than the distributions set forth in SB 289.

SB 289 would generate new Road Fund revenues that would meet or exceed the estimated annual debt service associated with the proposed Transportation Commission bonding authority in HB 145.

## **TECHNICAL ISSUES**

None identified.

## **OTHER SUBSTANTIVE ISSUES**

None identified.

## **ALTERNATIVES**

None identified.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

MVET distributions will remain at their current distributions.

## **AMENDMENTS**

None identified.