



RE: Opposition to SB 185 – Gasoline Tax Increase

Dear Chair and Members of the Committee,

On behalf of New Mexico employers and working families, I write to express strong opposition to Senate Bill 185, which increases the state gasoline excise tax from 17 cents to 20 cents per gallon beginning July 1, 2026.

SB 185 represents a tax increase at a time when New Mexico households and businesses continue to struggle with inflationary pressures. Even modest fuel tax increases add up quickly for consumers and employers alike. A three-cent increase per gallon may appear small on paper, but when applied across daily commutes, commercial fleets, and statewide supply chains, the cumulative economic impact is significant.

Fuel is a foundational cost across nearly every sector of the economy, including construction, agriculture, transportation, healthcare, retail, and tourism. When fuel costs rise, operating expenses increase for businesses, particularly small and mid-size employers. Those costs are ultimately passed on to consumers. In rural areas, where long driving distances are unavoidable, the burden is especially pronounced.

Fuel taxes are inherently regressive and disproportionately impact working families and lower-income households. Many New Mexicans must drive significant distances to reach jobs, schools, medical care, and essential services. SB 185 increases the cost of living without offering mitigation measures or alternatives.

Before raising taxes at the pump, the Legislature should ensure existing transportation revenues are being used efficiently and transparently. New Mexicans deserve accountability for how fuel tax dollars are spent, including clear priorities and measurable outcomes.

As vehicle technology evolves, reliance on gasoline taxes alone raises fairness concerns. Electric and hybrid vehicles use the same road infrastructure but contribute little or nothing toward fuel tax revenues. Increasing gasoline taxes without a broader, equitable road-use funding strategy shifts the burden onto traditional fuel users.

SB 185 increases costs for families, workers, and employers at a time when affordability and economic competitiveness should be the Legislature's focus. For these reasons, we respectfully urge the committee to vote NO on SB 185.

Thank you for your consideration,

Carla J. Sonntag
President & CEO