



## **RE: SB 76 Gasoline & Special Fuel Tax Increase – NMBC Opposes**

Dear Chair and Members of the Committee,

On behalf of New Mexico employers and working families, I write to **oppose Senate Bill 76**, which increases the state excise tax on gasoline and special fuels.

SB 76 raises the **gasoline tax from 17 cents to 23 cents per gallon**, a **6-cent increase**, and raises the **special fuel (diesel) excise tax from 21 cents to 26 cents per gallon**, a **5-cent increase**.

### **Why SB 76 is bad policy for New Mexico**

**1. It raises costs across the entire economy.** Fuel is a core input for nearly every business sector—construction, agriculture, trucking, tourism, healthcare, retail delivery, and commuting workers. When diesel prices rise, freight costs rise. When freight costs rise, the prices of groceries, building materials, and essential goods rise as well. SB 76 effectively **taxes the full supply chain**, worsening affordability statewide.

**2. It is regressive and disproportionately harms rural New Mexico.** Many New Mexicans have no alternative to driving long distances for work, school, medical care, or basic services. A per-gallon fuel tax does not scale with income and **hits rural and working-class households hardest**, where driving is not optional.

**3. It unfairly shifts road-use costs away from EVs and hybrids.** SB 76 increases taxes only on gasoline and diesel users while **electric vehicles (EVs) and hybrid vehicles largely avoid fuel taxes altogether**, despite using the same roads. This matters because many EVs and hybrids—particularly SUVs and trucks—are **heavier than comparable gasoline vehicles**, and road damage increases exponentially with vehicle weight.

As EV adoption grows, SB 76 further **narrows the group of drivers paying for road maintenance**, placing a greater burden on traditional vehicles, small businesses, and commercial fleets. This creates a **structural imbalance** where road wear is increasingly caused by vehicles that contribute little or nothing toward road funding.

**4. It compounds inflation without fixing accountability.** Before raising taxes at the pump, New Mexicans deserve clear accountability for how transportation dollars are spent: project delivery timelines, cost controls, maintenance backlogs, and measurable outcomes. SB 76 raises taxes first, **without addressing efficiency or performance**.

### **Better alternatives to SB 76**

If the Legislature wishes to address transportation funding responsibly, we respectfully suggest:

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- **Use existing revenue and budget surpluses** for critical road maintenance before increasing taxes.
- **Improve transparency and accountability** in transportation spending to ensure funds reach pavement, not bureaucracy. The Santa Fe New Mexican recently highlighted the waste and mismanagement of significant funds that should be used to repair our roads.

### **Conclusion**

SB 76 raises gasoline by **6 cents per gallon** and diesel by **5 cents per gallon** starting **July 1, 2026**, increasing costs for families and employers while **exempting a growing share of road users from paying their fair share**. At a time when affordability and economic competitiveness matter, this bill moves New Mexico in the wrong direction.

For these reasons, we respectfully urge the committee to **vote NO on SB 76**.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Sonntag", with a horizontal line underneath.

Carla J. Sonntag  
President & CEO