

FIFTY-FOURTH LEGISLATURE
FIRST SESSION, 2019

SB 166/a

February 25, 2019

Mr. President:

Your **CORPORATIONS AND TRANSPORTATION COMMITTEE**, to whom has been referred

SENATE BILL 166

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. On page 2, between lines 17 and 18, insert the following new section:

"SECTION 2. Section 7-12-3.1 NMSA 1978 (being Laws 1986, Chapter 13, Section 3, as amended) is amended to read:

"7-12-3.1. CIGARETTE INVENTORY TAX--IMPOSITION OF TAX--DATE PAYMENT OF TAX DUE.--

A. A tax that may be identified as the "cigarette inventory tax" is imposed on a distributor that has in its possession tax-exempt stamps, tax-credit stamps or tax stamps, [~~whether or~~] not affixed to packages of cigarettes, at the close of business on the day prior to the date on which an increase in the cigarette tax imposed by Section 7-12-3 NMSA 1978 is effective.

B. The cigarette inventory tax due from the distributor is calculated by multiplying the number of tax stamps not affixed to packages of cigarettes in the distributor's possession by the increase in the excise tax. Tax-exempt stamps and tax-credit stamps are not included in the calculation to determine the amount of cigarette inventory tax to be paid by a distributor.

C. The cigarette inventory tax is to be paid to the department on or before the twenty-fifth day of the month following the month in which the increase in the cigarette tax is effective."".

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2. On page 4, between lines 8 and 9, insert the following new section:

"SECTION 4. Section 7-12-7 NMSA 1978 (being Laws 1971, Chapter 77, Section 7, as amended) is amended to read:

"7-12-7. SALE OF STAMPS--PRICES.--

A. Only the department shall sell stamps. Stamps may be sold by the department only to a distributor.

B. Stamps shall display a serial number. Stamps bearing the same serial number shall not be sold to more than one distributor. The department shall keep records of the serial numbers of the stamps provided to each distributor.

C. A stamp shall be affixed to a package of cigarettes in such a manner as to clearly display the serial number at the point of sale.

D. Tax stamps shall be sold at their face value with the following discounts:

(1) [~~fifty-five~~] forty-six hundredths percent less than the face value of the first thirty thousand dollars (\$30,000) of stamps purchased in one calendar month;

(2) [~~forty-four~~] thirty-six hundredths percent less than the face value of the second thirty thousand dollars (\$30,000) of stamps purchased in one calendar month; and

(3) [~~twenty-seven~~] twenty-two hundredths percent less than the face value of stamps purchased in excess of sixty thousand dollars (\$60,000) in one calendar month.

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E. Tax-credit stamps shall be provided only to distributors and shall be provided free of charge; provided that the distributor is in full compliance with the reporting requirements of the Cigarette Tax Act and rules adopted pursuant to that act.

F. If the face value of tax stamps sold in a single sale is less than one thousand dollars (\$1,000), the discount provided for in this section shall not be allowed.

G. Payment for tax stamps shall be made on or before the twenty-fifth day of the month following the month in which the sale of stamps by the department is made.

H. Tax-exempt stamps shall be provided only to distributors and shall be free of charge; provided that the distributor is in full compliance with the reporting requirements of the Cigarette Tax Act and rules adopted pursuant to that act."".

3. On page 4, between lines 16 and 17, insert the following:

"B. "cigar" means a roll for smoking made wholly or in part of tobacco, using an integrated cellulose acetate or other similar filter, and weighing greater than four and one-half pounds per thousand;"

4. Reletter the succeeding subsections accordingly.

5. On page 6, line 12, strike "and" and between lines 12 and 13, insert the following:

"(2) e-liquid; and".

6. Renumber the succeeding paragraph accordingly.

7. On page 6, line 20, after "including", insert "cigars,".

8. On page 6, between lines 24 and 25, insert the following:

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"B. For the manufacture or acquisition of cigars in New Mexico to be distributed in the ordinary course of business and for the consumption of cigars in New Mexico, there is imposed an excise tax at a rate equal to twenty-five percent of the product value of the cigar, not to exceed fifty cents (\$.50) per cigar."

9. Reletter the succeeding subsections accordingly.

10. Renumber sections to correspond with these amendments.,

and thence referred to the **FINANCE COMMITTEE**.

Respectfully submitted,

SENATOR CLEMENTE SANCHEZ, CHAIRMAN

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

No: 0

Excused: Tallman

Absent: None

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