

LFC Requester:

Ismael Torres

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

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

Date Prepared: 1/27/25

Check all that apply:

Bill Number: SB 89

Original Correction
Amendment Substitute

Sponsor: Sen. Katie M. Duhigg

Agency Name and Code Number: 305 – New Mexico Department of Justice

Person Writing

Short Title: REMOVE CANNABIS TAX INCREMENTAL INCREASE

Analysis: ASG Felicity Strachan

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis:

SB 89 would amend NMSA 1978 §7-42-3, related to the cannabis excise tax.

Under the current version of §7-42-3, cannabis excise tax rate is now set at 12% and will begin increasing every year by 1%, starting in July of 2025, and culminating in a rate of 18% beginning in July of 2030.

SB 89 proposes keeping the rate set at 12% and deleting the language related to the annual 1% increase.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

In a March 5, 2024 press release, the Office of the Governor announced that the cannabis industry in New Mexico had surpassed \$1 billion in sales since April 1, 2022, and collected \$75 million in cannabis excise taxes.

The biggest change under SB 89 would be that the cannabis excise tax would not increase from 12% to 18% by July of 2030, but would remain set at the current rate of 12%.

PERFORMANCE IMPLICATIONS

None for this office.

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The cannabis excise tax will increase 1% every year from the current 12%, beginning in July of 2025 and culminating in a rate of 18% beginning in July of 2030.

AMENDMENTS

N/A