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**F I S C A L   I M P A C T   R E P O R T**



SPONSOR: Begaye      DATE TYPED: 01/17/02    HB HJM2

SHORT TITLE: Smoking Prevention & Cessation Strategies    SB \_\_\_\_\_

ANALYST: Esquibel

**APPROPRIATION**

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	N/A				

(Parenthesis ( ) Indicate Expenditure Decreases)\_\_\_\_\_

**Responses Received From**

Department of Health

**No Response**

Taxation and Revenue Department

**SUMMARY**

**Synopsis of Bill**

House Joint Memorial 2 resolves that the tobacco settlement revenue oversight committee and the Indian affairs committee be requested to work with all 22 Indian nations, tribes and pueblos to explore smoking prevention and cessation strategies through the imposition of taxes or increase of taxes on the sales of cigarettes; that officials of other states be requested to attend the interim committee meetings to inform the committees of any solutions agreed upon within their respective states regarding the taxation of cigarettes on Indian nation, tribal and pueblo lands; and that copies of the memorial be transmitted to the chairman of the tobacco settlement revenue oversight committee and the Indian affairs committee.

**FISCAL IMPLICATIONS**

The memorial has an implied fiscal impact in that any of the 22 Indian nations, tribes and pueblos that would impose some increased cigarette tax would generate additional revenue.

## **OTHER SUBSTANTIVE ISSUES**

The Department of Health reports that the quantity of a commodity demanded declines as the price of the commodity increases. Numerous studies have confirmed that this principle holds for cigarettes, even though they are addictive. Increases in excise tax on the price of cigarettes will result in increased revenue, reduced demand for cigarettes and an increase in revenues that could possibly be directed towards cessation efforts.

Tobacco sales rates in New Mexico have fluctuated over the past five years. If New Mexico's cigarette tax were increased by 25 centers, \$23 million in additional revenue would be gained. Additionally, youth consumption would be expected to drop by over 13%, and 2,148 deaths due to smoking would be prevented. A 40 cent increase would yield \$39 million in additional revenue, reduce youth consumption by 19%, and 3,453 deaths due to smoking would be prevented.

Strategies such as increased tobacco taxation are important in reducing tobacco use among youth. Making tobacco products less affordable to children, teens and adults will contribute significantly to the reduction of tobacco use. Increased cigarette sales tax revenue could also be used to support cessation services and initiatives to prevent smoking.

In November 1992, residents of Massachusetts approved a ballot petition that increased the tax on each pack of cigarettes from 26 cents to 51 cents beginning January 1, 1993. From 1992 to 1996, taxable per capita consumption declined by 19.7% (from 117 packs to 94 packs).

RAE/njw