

<b>LFC Requester:</b>	<b>Brendon Gray</b>
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**AGENCY BILL ANALYSIS  
2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**Analysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

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

*Check all that apply:*

**Original**     **Amendment**      
**Correction**     **Substitute**   

**Date** January 23, 2025

**Bill No:** SB 20

**Sponsor:** Martin Hickey  
**Short Title:** Increase Cigarette & Tobacco Products Taxes

**Agency Name and Code Number:** Regulation and Licensing Department - 420  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
Unknown	Unknown	Unknown	Recurring	Nicotine Use Prevention and Control Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	NFI	NFI	NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: Senate Bill 20 (SB20) amends the Tax Administration Act and the Cigarette Tax Act and creates the Nicotine Use Prevention and Control Fund (NUPCF) with an effective date of July 1, 2025.

- SB20 raises the distributions to be made from net receipts attributable to the cigarette tax:
  - on behalf of and for the benefit of the university of New Mexico Health Sciences Center for its comprehensive cancer center to 5.5%;
  - to the New Mexico Finance Authority to 6.3%;
- SB20 creates a distribution to the NUPCF and allows for continuing appropriations, donations, investment interest, and other sources and is subject to appropriation by the legislature to the Department of Health, Public Education Department, and Higher Education Department. Any unexpended balance remaining at the end of the fiscal year shall revert to the general fund.
- SB 20 creates a distribution of the tobacco products tax to the NUPCF in an amount equal to 28.5% of the net receipts attributable to the tobacco products tax.
- SB20 increases the excise tax on cigarettes to fifteen cents per cigarette sold, given or consumed in this state.
- Tax stamps are sold at their face value with new lower percentage discounts per \$30,000 dollars of stamps purchased.
- SB20 amends definitions within the Tobacco Products Tax Act:
  - “e-cigarette” to mean, a device that can be used to deliver aerosolized or vaporized nicotine to the person inhaling from the device and includes any component, part or accessory of such a device that is used during the operation of the device but does not include a battery or battery charger;
  - “e-liquid” removes language excluding any substance containing cannabis or oil derived from cannabis;
  - “Tobacco product” means a product, other than cigarettes, made from or containing tobacco or nicotine, whether natural or synthetic, that is intended for human consumption or is likely to be consumed, whether smoked, heated, chewed, absorbed, dissolved or inhaled; e-liquid; e-cigarettes; and closed system cartridges; and does not mean any product regulated as a drug or device by the U.S. food and drug administration.
  - adds a definition of “wholesale price” for tobacco products.

- The excise tax imposed on tobacco products is increased to 67.5% of the wholesale price, except cigars are at 37.5% not to exceed \$1.50 per cigar, and little cigars are set at the same rate as cigarettes.
- Deductions on interstate sales are based on wholesale prices.

## **FISCAL IMPLICATIONS**

The Regulation and Licensing Department to does not anticipate any direct fiscal impact to the Department if SB20 is enacted.

## **SIGNIFICANT ISSUES**

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

## **AMENDMENTS**