

LFC Requester: Gray



PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 02/20 /25

Bill No: [SB20/STBTC](#)

Agency Name and Code: PED - 924

Sponsor: Hickey

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Short Title: INCREASE CIGARETTE & TOBACCO PRODUCTS TAXES

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SECTION II: FISCAL IMPACT

(Parenthesis () Indicate Expenditure Decreases)

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$500.0	None	NR	GF

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
Unknown	Unknown	Unknown	Recurring	nicotine use and prevention and control fund

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Unknown	Unknown	Unknown	Unknown	Recurring	nicotine use and prevention and control fund

Duplicates/Relates to Appropriation in the General Appropriation Act: None

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of STBTC Substitute: The Senate Tax, Business and Transportation Committee substitute for Senate Bill 20 (SB20/STBTC) would update definitions for the Tobacco Products Tax Act for “e-cigarette”, “e-liquid”, “nicotine”, “tobacco product”, and “wholesale price”. The STBTC substitute for SB20 would also amend the Tobacco Products Tax by increasing the excise tax from 25 percent to 40 percent of the wholesale price of the tobacco product. As with the original bill, the STBTC substitute would create the Tobacco Products Tax Nicotine Use Prevention and Control Fund that would receive 35 percent of the net receipts attributable to the tobacco products tax to fund initiatives that prevent and control nicotine use.

The bill has a July 01, 2025, effective date.

FISCAL IMPLICATIONS

SB20/STBTC contains no appropriation.

SB20 increases the tax on cigarettes, cigars and small cigars and reduces the tax incentives for bulk sales.

SIGNIFICANT ISSUES

According to New Mexico’s Indicator-Based Information System, overall cigarette smoking continues to decline in [New Mexico](#), but smoking rates remain higher among certain population groups, including people with lower levels of education or income. In 2019, 18 percent of adults between the ages of 18-24, and 22 percent of adults with an income less than \$15,000 use tobacco in the state. The additional presence of flavored tobacco products used in e-cigarettes and hookahs is growing in popularity among high school students and other young adults.

Summary of 2017 NM high school tobacco use with NM-U.S. comparison (grades 9–12):				
	<i>NM%</i>	<i>U.S.%</i>	<i>at higher risk</i>	<i>NM rank</i>
Smoked a cigarette before age 13	13.5	9.5	NM	5 (of 32 states)
Current cigarette smoking	10.6	8.8	–	10 (of 39 states)
Ever used e-cigs	51.0	42.2	–	1 (of 33 states)
Current e-cig use	24.7	13.2	–	3 (of 37 states)
Current spit tobacco use	8.2	5.5	–	9 (of 33 states)
Current cigar smoking	10.2	8.0	–	7 (of 33 states)

– = no statistically significant difference

The bill proposes to increase the tax rate on cigarettes and tobacco to discourage their consumption. Younger users and those with limited income are more sensitive to price increases.

Cigarette companies spent \$8.01 billion in 2022 on advertising and promotional expenses, of which \$5.7 billion was spent on price discounts paid to cigarette retailers. In comparison, according to [Truth Initiative](#), New Mexico spends \$5.7 million for tobacco prevention, but

tobacco remains the leading cause of death for New Mexicans, as noted by [the Campaign for Tobacco-Free Kids](#). According to the [2017 New Mexico Youth Risk and Resiliency Survey report on Tobacco use](#), the risk to New Mexico youth exceeds that of youth in the country as a whole in nearly every respect (see Table 1, above).

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

The provisions of SB20 would require coordination between PED, DOH, and HED to develop programs, educational materials and social and traditional media advertising on nicotine use prevention and control for people five to 25 years of age.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to House Bill 268, which proposes to require manufacturers of electronic nicotine delivery systems and products to register with the state.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.