

New Mexico Tobacco Policy Updates 2027



Tobacco Settlement Revenue Oversight Committee
October 13, 2026

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General Views Expressed Disclaimer

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New Mexico Tobacco Policy Landscape 2027

58th NM Legislative Session
Begins January 19, 2027

Overview:

1. NM Tobacco Tax Status
 2. State Tobacco Tax Trends; MRTPs
 3. E-Cigarette Directories
 4. State Tobacco Retail License Proposals
 5. NM Actions and Possibilities
- Questions



NM Tobacco Tax

NM Cigarette Tax: \$2.00 per pack

(July 2019)

National average: \$2.05/ pack

E-cigarettes:

Closed System (<5ml)

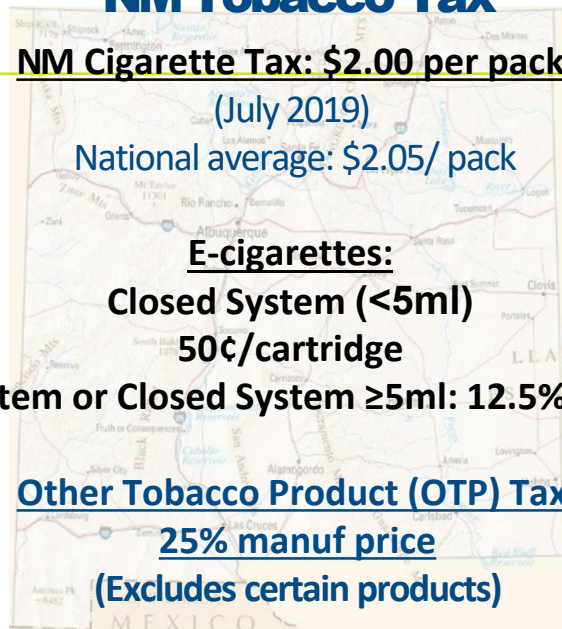
50¢/cartridge

Open System or Closed System ≥5ml: 12.5% mfr. price

Other Tobacco Product (OTP) Tax:

25% manuf price

(Excludes certain products)



State Excise Tax Rates for Non-Cigarette Tobacco Products



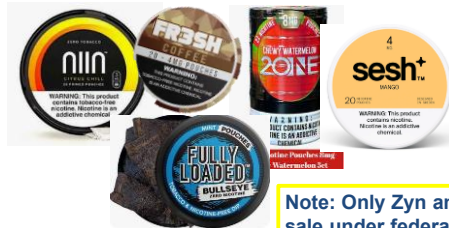
Taxed ***Nicotine derived from tobacco***

***ZYN**
VELO
ROGUE
DRYFT



Not Taxed ***Synthetic Nicotine*** ***FULLY LOADED***

'Tobacco Free' Nicotine
NIIN
FR3Sh
2ONE



Note: Only Zyn and On! pouches are legal for sale under federal law having received marketing granted orders (MGOs). Zyn has separately received MRTTP status.



NM Tobacco Legislation 2026

Tax Changes [HB 291 (2026)]

PASSED

Revised definition for "closed system cartridge" to include ANY volume of e-liquid
Intended to make products subject to tobacco products tax instead of state's lower gross receipts tax rate.

Cartridges containing ≤ 5 ml e-liquid: 50¢ / cartridge.

Cartridges containing > 5 ml e-liquid: 12.5% manufacturer's price.





NM Tobacco Legislation Successes 2025

“General Appropriation Act of 2025” [HB 2 (2025)] **PASSED**



- \$3.5 million to DOH for “education, prevention and interventions in schools across the state in accordance with the Juul settlement.”

E-cigarette manufacturer directory [HB 268 (2025)] **FAILED**



- Industry sponsored.
- DOH fiscal analysis
- Recent study examined changes in e-cigarette nicotine sales pre- and post e-cigarette directory adoption. Results: No sustained changes in sales of unlisted or “illicit” products.

Sources: NM HB 2 (2025) <https://www.nmlegis.gov/Sessions/25%20Regular/final/HB0002.pdf>;
<https://www.nmlegis.gov/Legislation/Legislation?chamber=H&legtype=B&legno=268&year=25>



SB 121 (2026); SB 20 (2025) Tobacco Tax Proposals (Did not pass)

Product	Current Tax	Proposed Tax	Percent Increase
E-liquid	12.5 percent	40 percent	220%
Closed-System Cartridges	\$0.50 per cartridge	40 percent	varies by price
Other tobacco products	25 percent	40 percent	60%

Source: LFC Analysis

SB20 Tobacco Products Tax Revenue Distribution Changes

Revenue Type	Fund/Beneficiary	Current	Proposed
Tobacco Products Tax Revenues	General fund	100%	65%
	Nicotine Use Prevention and Control Fund (7-1-6.11 (F))	new	35%

Incentive quitting tobacco; Avoid product switching;
\$\$ directed to Tobacco Prevention

Without significant tax increase, tobacco manufacturers use coupons, discounts, and price manipulations to offset any increase.



SB 121 (2026); SB 20 (2025) Tobacco Tax Proposals (Did not pass)

Definition Changes

1. Amended tobacco product to include products that contain nicotine
2. Added nicotine definition.

Captures emerging products in state tobacco tax and licensing regulations - many which have misleading descriptions / marketing campaigns intended to evade both taxation and regulation.

Recent State Tax Proposals

Industry proposals:

- Exclude or low tax on nicotine pouches
- Exclude or low tax on heated tobacco products (HTPs)
- Small tax increases

Public Health proposals:

- Comprehensive package to increase tax on cigarettes and all tobacco products

Proposals: Tiered Tobacco Tax Schedules

MODIFIED RISK TOBACCO PRODUCTS

MODIFIED RISK TOBACCO PRODUCTS (MRTPS)

MRTPS = AUTHORIZED COMMERCIAL TOBACCO PRODUCTS

MRTPs are NOT FDA approved cessation devices.

Zyn pouches (3mg-6mg) 06/30/26

IQOS (Heated Tobacco Product)

Heatsticks

Smokeless Tobacco

Very Low Nicotine (VLN) Cigarettes



Current as of 07/15/2026

IQOS; Heated Tobacco Product (HTP)



MODIFIED RISK TOBACCO PRODUCTS (MRTPS)

MRTPS = AUTHORIZED COMMERCIAL TOBACCO PRODUCTS

Authorization to MARKET a commercial tobacco product
Federal Food, Drug, and Cosmetic Act Sec 901 (TCA)

MRTP "any tobacco product that is sold or distributed for use to **reduce harm or the risk of tobacco-related disease associated** with commercially marketed tobacco products."

**NO APPROVAL for use as a drug,
device, or any combination
21 U.S.C. 321 and 353(g)**

MRTPs are NOT FDA approved cessation devices.

Smokeless Tobacco



Very Low Nicotine (VLN)
Cigarettes



Smoking and Tobacco Use

EXPLORE THIS TOPIC ▾

Nicotine pouches and quitting smoking

The FDA has not approved any nicotine pouches to help people quit smoking. Researchers need more information to understand the potential effects that nicotine pouches may have on quitting smoking. Nicotine is highly addictive, which can make it hard to quit using tobacco. [Resources are available to help.](https://www.cdc.gov/tobacco/nicotine-pouches/index.html)

Not an FDA-approved method

Nicotine pouches are not an FDA-approved method for quitting smoking.



<https://www.cdc.gov/tobacco/nicotine-pouches/index.html>

EXCLUSIVE POLICY

U.S. Regulators Plan Major Move to Speed Authorizations of Vapes, Tobacco Pouches

Move comes despite lawmakers voicing concern about recent flavor approvals

By Liz Essley Whyte and Laura Cooper

Sept. 23, 2026 3:49 pm ET

BAT predicts fast growth in smoking alternatives for the next decade



By Emma Rumney; September 29, 2026

LONDON, Sept 29 (Reuters) - British American Tobacco (BATS.L) said on Tuesday it expects annual revenue from selling smoking alternatives to grow by a mid-teens percentage until 2030, driven by nicotine pouches.

<https://www.wsj.com/politics/policy/u-s-regulators-plan-major-move-to-speed-authorizations-of-vapes-tobacco-pouches-67af591b>
<https://www.reuters.com/business/healthcare-pharmaceuticals/bat-predicts-fast-growth-smoking-alternatives-next-decade-2026-09-29/>



"ZYN 10 Challenge": Illegal marketing of nicotine pouches as smoking cessation aids?

Report suggests Zyn pouches likely marketed illegally as smoking cessation aids.

Marketing practices may deter people who want to quit smoking from using evidence-based, FDA-approved cessation treatments, including [NRT], pharmacotherapy, and behavioral counseling.

MRTPs are NOT FDA approved cessation devices.

Soule E, McAnnany K. 'ZYN 10 Challenge': illegal marketing of nicotine pouches as smoking cessation aids? Tob Control. 2026 Feb 16;tc-2025-059872. doi: 10.1136/tc-2025-059872. Epub ahead of print. PMID: 41698825; PMCID: PMC13102255.

<https://pmc.ncbi.nlm.nih.gov/articles/PMC13102255/pdf/nihms-2157711.pdf>

Proposals: Tiered Tobacco Tax Schedules

TIERED TAXES FOR MRTPs and OTPs

Subsidize the same products that cause and exacerbate addiction.

TAX PARITY

- Necessary to abate product switching
- Discourages youth initiation of new products
- Addresses **dual use** of combustibles & commercial products (incl. MRTPs)
- Prevents industry attempts to evade tax schedules
- Prevents market loopholes that undermine tobacco control achievements.

Tiered Tobacco Tax Schedules

Modified Risk Tobacco Products (MRTPs)

MRTPs are NOT FDA APPROVED cessation devices.

State	Heated Tobacco Products	Cigarette Tax
Alabama	34¢ / 20-pack	67.5¢/pack
Connecticut	\$4.35/pack	Parity
Louisiana	\$1.08/pack	Parity
Mississippi	25¢ / 20 pack	68¢/pack
South Carolina	42.75¢/ 20-pack	57¢/pack
Virginia	Heated cigarettes: 45¢/20-pack; Heated tobacco products: 20% w/s price	60¢/pack

2026 Tax Proposals

New York

Adds new tax on alternative nicotine products at the same rate as OTP

Status: PASSED. New nic pouch tax effective 9/1/26.

Utah

- \$1.75 cigarette tax increase
- Changes moist snuff tax from weight-based to match OTP tax rate (86% wholesale)
- Changes alternative nicotine products (i.e., nicotine pouches) to match e-cigarette tax rate (56% wholesale)
- Repeals MRTP tax discount
- Directs some revenue to the Department of Public Safety
- *Status: Last-minute amended to a 50-cent cigarette tax + OTP tax increases (including e-cig & ANP tax, new nicotine pouch tax)*

2026 Tax Proposals

OTHERS

- **New York (*Passed Legislature*)**
Changes e-cigarette tax structure
- **Washington (*Failed*)**
Reverts e-cigarette tax to old rate
- **Florida (*Failed*)**
Excludes heated tobacco products from any tax
- **South Carolina (*Failed*)**
Sets tax on HTPs at half of the cigarette tax
- **Idaho (*Failed*)**
Sets tax on e-cigarettes at 5 cents per ml and on nicotine pouches at 25 cents per pack of 20
- **New Jersey (*Failed*)**
Adds cigar tax cap at 50 cents per cigar



JOINT INTERIM STANDING COMMITTEE ON REVENUE

(Nevada Revised Statutes [NRS] [218E.320](#))

August 26, 2026



BILL DRAFT REQUEST

Revise the tax on **other tobacco products**

Proposed changes may include:

- Revising the structure of the tax** (impose at retail or wholesale level);
- Clarifying the definition of “other tobacco product”** (capture currently excluded products)
- Increasing the tax rate;** and
- Any **other relevant changes** to this tax (determined by Chair)

<https://www.leg.state.nv.us/App/InterimCommittee/REL/Document/34246>

Long Term Cigarette and OTP tax increase

Every cigarette tax rate generates more revenue than NO increase.

- More **predictable** and **stable** vs state income tax or corporate tax revenue
- Offset by **inflation adjustments** or **automatic increases** when revenues fall
- **Substantial savings** from reduced smoking rates vs tax revenue loss

Industry alerts

SAY NO to a new tax on your ZYN NICOTINE POUCHES

Dear _____,

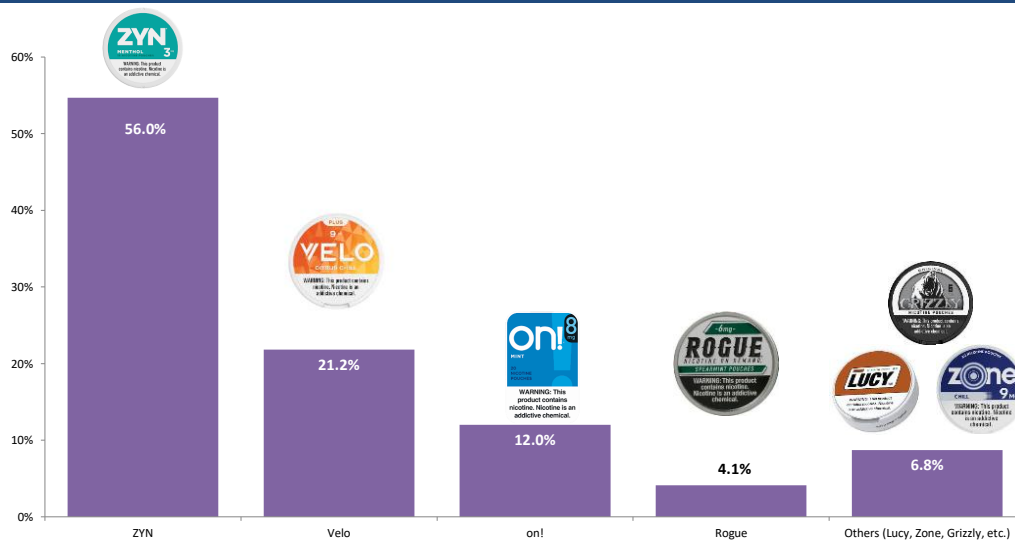
Do you know how a potential tax on products like ZYN would impact the Beehive State? It would:

- ✔ Put more of a financial burden on taxpayers.
- ✔ Reduce access to harm-reduction products for adults who smoke.
- ✔ Cause many to turn back to traditional tobacco products.

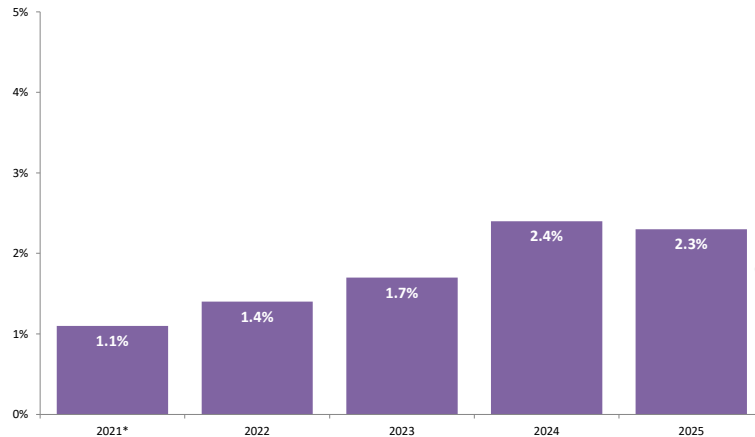
That's why we need YOU to send a letter to Utah lawmakers and tell them to reject this proposed tax.

Best,
ZYN

Nicotine Pouch Market Share (as of September 2026)



High School Nicotine Pouch Use **Has Increased** (Past 30-Day Use)



In 2025:

- 17.9% reported daily use.
- 92.1% of high school pouch users use flavored versions.
- Mint is the most common flavor used, followed by fruit, then menthol.
- 76.3% of high school pouches users used ZYN.

Source: CDC, National Youth Tobacco Survey (NYTS)

* 2021 NYTS data is not comparable to other years due to methodological differences.

Nicotine Pouch Marketing **Targets Young People**

Nicotine pouches are widely promoted on social media and in ways that appeal to youth, including music sponsorships, celebrity endorsements, and viral user-generated content.



The Next Generation of E-Cigarettes: “Smart Vapes”



“Smart Vape” Marketing Targets Young People



21+ WARNING: This product contains nicotine. Nicotine is an addictive chemical.



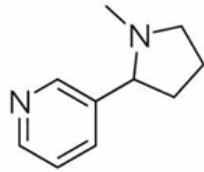
GEEK BAR

2024 SHAD'S BASS ALL-STAR FESTIVAL MAP

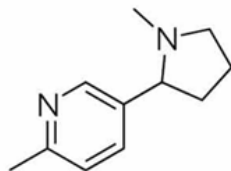
FESTIVAL	SHOW DATES	LOCATION
SHAD'S BASS ALL-STAR FESTIVAL	March 29-30	Orlando, FL
SHAD'S BASS ALL-STAR FESTIVAL	April 5-6	Fort Worth, TX
SHAD'S BASS ALL-STAR FESTIVAL	April 12-13	Phoenix, AZ
SHAD'S BASS ALL-STAR FESTIVAL	April 19-20	Denver, CO
SHAD'S BASS ALL-STAR FESTIVAL	April 26-27	Fort Worth, TX
SHAD'S BASS ALL-STAR FESTIVAL	May 3-4	LAKE CHARLES, LA
SHAD'S BASS ALL-STAR FESTIVAL	May 10-11	Atlanta, GA



Regulatory Loophole: Nicotine Analogs & Alkaloids



Nicotine



6-Methylnicotine

- Nicotine analogs & alkaloids have different chemical structure than nicotine; mimic physiological effects of nicotine.
- “Nicotine-free” or “no-nicotine”
- NO current FDA regulatory authority
- Spree Bar

States with E-Cigarette / Vapor Product Directories 2026 (15 total)

1. Alabama	2021 (New litigation)	8. Nebraska*	2024
2. Oklahoma	2021	9. North Carolina	2024
3. Louisiana	2023	10. Utah	2024
4. Wisconsin	2023	11. Virginia	2024
5. Florida*	2024	12. Arkansas	2025
6. Kentucky*	2024	13. Mississippi	2025
7. Iowa	2024 (Injunction)	14. Tennessee	2025
		15. Hawaii	2026

Current as of 07/01/26.

* Atypical Directory.

E-Cigarette Directory Laws, Sales, and Product Availability From 3 Early-Adopting US States

Question How are the first e-cigarette directory laws associated with e-cigarette nicotine sales and product availability over time?

Results:

- Among 3 states, only Louisiana experienced initial decline in nicotine sales, later reversed.
- By April 2025, more than half of sales in all 3 states were for unlisted products.
- No evidence directories sustainably reduce sales of flavored e-cigarettes, products popular among youths and young adults.

Source: Ali FRM, Mahoney M, Seaman Jones EL, Tynan MA, Marynak K. E-Cigarette Directory Laws, Sales, and Product Availability From 3 Early-Adopting US States. JAMA Netw Open. 2026;9(9):e2633874. doi:10.1001/jamanetworkopen.2026.33874

States and Localities that Have Restricted the Sale of Flavored Tobacco Products



California
Massachusetts
New Jersey
New York
Rhode Island
Utah

NM Tobacco Products Act (TPA) 'Products Attractive to Minors'

A manufacturer shall not produce and a distributor or retailer shall not sell tobacco products that are knowingly attractive to minors.

Definitions:... "*knowingly attractive to minors*" means packaging or labeling that contains:

1. a cartoon-like character that mimics characters primarily aimed at entertaining minors;
2. an imitation or mimicry of trademarks or trade dress of products that are or have been primarily marketed toward minors; or
3. a symbol or celebrity image that is primarily used to market products to minors.

***ENFORCEMENT CHALLENGES**

NMSA § 61-37-3D and NMSA § 61-37-2 (K) respectively.



STATE Tobacco Retail Licensing Proposals 2025-2026

ESTABLISHING TOBACCO RETAIL LICENSE

MARKETING and PRODUCT RESTRICTIONS

EXPANDING FEES OR FINES

INCREASING DISTANCING RESTRICTIONS

PROHIBITION OF OTHER SUBSTANCES (Drug Paraphernalia, NO₂)

EBT / SNAP BENEFIT CONSIDERATIONS

VAPE WASTE CONSIDERATIONS

HEALTH

NM smoke shop owner says food desert, not fraud, the reason for his high SNAP revenue

State lawmaker requested feds conduct surprise visits to two Albuquerque smoke shops identified in legislative SNAP report

BY PATRICK LOHMANN - JUNE 26, 2026 2:23 PM



Among its findings, LFC analysts identified two stores – which they characterized as smoke shops – authorized by the United States Agriculture Department to accept SNAP that received more than \$400,000 in SNAP revenue in 2025. That figure is approximately seven times more than the average revenues roughly 1,700 authorized retailers statewide generated that year.

<https://sourcenm.com/2026/06/26/nm-smoke-shop-owner-says-food-desert-not-fraud-the-reason-for-his-high-snap-revenue/>

Tobacco Products Act NEW MEXICO NM Stat § 61-37-4 (2021)



CURRENT STATE LAW

§ 61-37-24. Preemption.

“... a municipality or county...adopts an ordinance...pertaining to the sales of tobacco products...the ordinance...***shall be consistent with the provisions of the Tobacco Products Act.***”

The law includes:

- **BUFFER ZONES – Tobacco retailers must be 300ft from schools**
- **Tobacco Retail License – Enforcing T21 age restrictions; tobacco sale regulations; marketing**
- **Local Zoning Allowances**

PREEMPTION CLARIFICATION SB179 (2023) (Did not pass)

EXPLICIT NONPREEMPTION / PRESERVATION OF LOCAL AUTHORITY:

Nothing in state law shall be construed to limit a local jurisdiction from licensing tobacco retail establishments or regulating tobacco products or more stringently than state law. Notwithstanding any other law to the contrary, a local jurisdiction may adopt and enforce ordinances and regulations related to tobacco retail establishments and tobacco products if the ordinance or regulation is at least as stringent as those of the Tobacco Products Act.



June 2026

New Mexico Attorney General Raúl Torrez Welcomes Shopify Ban on All E-Cigarette Sales, Following Call for Action

March 2026 *New Mexico v. Circle K Stores, Inc., et al.*

Lawsuit against multiple major retailers and other companies for marketing flavored e-cigarettes to youth (Circle K; Alon, etc.), charging violations of the state's Unfair Trade Practices Act.

March 2026 New Mexico Department of Justice Wins Landmark Verdict Against Meta

April 2023 JUUL Labs Inc., \$17,082,606.98 Settlement for NM.

See: <https://nmdoj.gov/wp-content/uploads/State-of-NM-v-Circle-K-Stores-Inc-et-al.-Complaint.pdf>;
<https://nmdoj.gov/press-release/attorney-general-raul-torrez-reaches-settlement-with-juul-labs-inc-for-their-unlawful-advertising-practices-targeting-new-mexico-youth/>;
<https://nmdoj.gov/wp-content/uploads/JUUL-Settlement-Agreement.pdf>

THANK YOU
mboelter.lawhealthpolicy@gmail.com

Indiana's 2025 Tobacco Tax Increase: Early Evidence from Retail Sales Data

Samuel Sturm^{1,2}, Amit Summan^{1,2}, Fatma Romeh M Ali², Jeffrey Drope^{1,2}

¹Economics for Health ²CDC Foundation

June 2026

What This Analysis Adds

- **Policy recap:** on July 1, 2025, Indiana tripled its cigarette tax from \$0.995 to \$2.995 per pack, doubled its e-cigarette tax to 30% and raised other tobacco product taxes.
- **Independent data:** biweekly Circana retail scanner sales (multi-outlet and convenience channels), January 2024 – January 2026.
- **Causal estimates:** each outcome is benchmarked against a synthetic control state, so declines already underway are not credited to the tax.
- **Outcomes covered:** cigarette and e-cigarette sales and prices, premium vs. value brands, imputed tax revenue and border-state sales.
- **Complements the state administrative data:** different source and method, same direction.

Key Findings at a Glance

12.6 million

fewer cigarette packs sold

July–December 2025, relative to the synthetic comparison state.

\$2.00

higher price per pack

Average increase at the register, matching the statutory tax.

\$170.4 million

in added tax revenue

Imputed all-tobacco tax revenue, July–December 2025.

Prices, sales and revenue moved as intended, with no border-state offset.

All estimates are relative to a synthetic control benchmark.

Sources: Orzechowski & Walker, *The Tax Burden on Tobacco*, 2024; press reports; state tax officials; U.S. Alcohol and Tobacco Tax and Trade Bureau; USDA Economic Research Service

<https://www.tobaccofreekids.org/our-work/tobacco-taxes>