

LFC Requester:

Submitted by RLD

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

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[AgencyAnalysis.nmlegis.gov](https://www.legis.state.nm.us/AgencyAnalysis.nmlegis.gov) and email to billanalysis@dfa.nm.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}*

Date Prepared: February 11, 2026 *Check all that apply:*
Bill Number: HB 291 Original Correction
 Amendment Substitute

Sponsor: Derrick J. Lente **Agency Name and Code Number:** Regulation and Licensing Department – 420
Short Title: Tax Changes **Person Writing:** Kevin A. Graham
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SECTION II: FISCAL IMPACT**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	N/A		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
N/A	Indeterminate*	Indeterminate*	Recurring	Cannabis Regulation Fund
N/A	Indeterminate*	Indeterminate*	Recurring	General Fund

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A		

(Parenthesis () Indicate Expenditure Decreases)

* Section 4 of the bill, amending §7-1-16 NMSA 1978, adding new subsection E, has the

potential to allow certain licensees under the Cannabis Regulation Act and the Liquor Control Act to be able to renew licenses issued pursuant to those Acts if a licensee enters into an installment agreement with the Taxation and Revenue Department (TRD) and thereby avoids being classified as a “delinquent taxpayer.” Under current law, licensees under the Cannabis Regulation Act and the Liquor Control Act who are determined by the TRD to be delinquent taxpayers are ineligible to renew licenses issued under those Acts and must cease business when a license expires. Those licensees who take advantage of the opportunity provided by the new language of Section 3 of House Bill 291 would have the ability to renew their licenses, thereby staying in business, which would result in additional license fee revenue being received by the Regulation and Licensing Department (RLD) for the renewed licenses and the potential for additional tax revenues being collected by the TRD. Currently, it is not possible to accurately estimate the dollar amounts of the potential increased revenue.

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House Bill 291 (HB 291), as amended by the House Taxation and Revenue Committee, amends the Tax Administration Act in a number of areas, however only the change made at Section 4 of the bill, amending §7-1-16 NMSA 1978, would directly impact the operations of the RLD. For the sake of brevity and clarity, this fiscal impact response being submitted by the RLD only addresses the effects of Section 4 of HB 291.

The language being added to §7-1-16 NMSA 1978 by new subsection E allows for a taxpayer who has entered into an installment agreement with the TRD to not be considered a delinquent taxpayer for purposes of license or permit renewal. This change to law would impact the Alcoholic Beverage Control Division (ABC) and the Cannabis Control Division (CCD) of the RLD. Pursuant to relevant provisions of the Liquor Control Act (*see* §60-6B-5 NMSA 1978) and the Cannabis Regulation Act (*see* §26-2C-6 (F) NMSA 1978), the RLD is currently prohibited from issuing license renewals to licensees who have been determined by the TRD to be delinquent taxpayers. If a license cannot be renewed due to the licensee being a delinquent taxpayer, when the license term expires, the licensee must cease doing business. In such cases, the RLD collects no licensing renewal fees, and it is reasonably anticipated the business will not earn taxable income and face other consequences of going out of business such as laying off employees and shuttering facilities. HB 291 would create the potential for taxpayers who are willing to take the steps necessary to pay their tax debts by entering into an approved payment plan with the TRD to have the ability to renew licenses issued under the Cannabis Regulation Act and the Liquor Control Act and stay in business.

FISCAL IMPLICATIONS

As noted above, there is the potential for some amount of increased licensing fee revenue to be collected by the RLD if HB 291 is enacted, which would be revenue that would otherwise have been lost due to licenses not being eligible for renewal as delinquent taxpayers under current law.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

- The ABC is prohibited from renewing a liquor license if the holder of the license (licensee) is a delinquent taxpayer. Under current law, this may result in delaying the renewal process, sometimes to the point of the license expiring before it is renewed. While the license is expired, pending renewal, the licensee is unable to sell and serve alcoholic beverages. The changes made to §7-1-16 NMSA 1978, will create a pathway for the ABC's licensees to renew a liquor license while they work to cure an outstanding tax debt. They will be able to pay twenty percent (20%) of the assessed taxes and enter an installment agreement instead of needing to pay the full amount. Additionally, the licensee will be able to operate their license, selling and serving alcoholic beverages, using profits from operation of their license to stay compliant with the installment agreement.
- The CCD is similarly prohibited from renewing a cannabis license if the licensee is a delinquent taxpayer. The CCD faces similar issues with license renewal delays, when licensees are deemed a delinquent taxpayer. While a license is expired and pending renewal, the licensee is unable to lawfully operate. The changes contained within HB 291 will provide an opportunity for the CCD's licensees to renew their license and be able to continue to operate while making installment payments to the TRD without their license expiring.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS