

## TOBACCO SETTLEMENT REVENUE OVERSIGHT COMMITTEE

### LEGISLATIVE UPDATE FOR 2012

JUNE 14, 2012

Senate Bill 225 — Cigarette Tax Act Definitions. Passed and vetoed with a message.

This bill was introduced by Senator Lynda M. Lovejoy on behalf of this committee and the Revenue Stabilization and Tax Policy Committee, and its purpose was to remove ambiguity about which sales are subject to escrow payment. It amends Section 6-4-12 NMSA 1978 to further define "units sold" to include cigarettes sold bearing tax stamps, ounces of "roll-your-own" tobacco sold on which the tobacco products tax is due and cigarettes sold bearing tax-exempt or tax-credit stamps pursuant to the Cigarette Tax Act. A new Section 6-4-13.2 NMSA 1978 gives the secretary of taxation and revenue the authority to adopt rules regarding the amount of state excise tax that will be paid each year and the number of cigarettes bearing tax-exempt or tax-credit stamps that are sold. Section 7-12-5 NMSA 1978 is also amended to remove language stating that a tax-exempt stamp or tax-credit stamp is not an excise tax stamp.

An effective date provision for application to units sold was amended to July 1, 2012.

House Bill 2 — Appropriations from the Tobacco Settlement Program Fund (TSPF).

In addition to the appropriations from the TSPF for the various programs (see spreadsheet), the bill contains additional budget adjustment authority for the attorney general to request \$150,000 increases in the FY 2012 and FY 2013 budgets for discovery costs for tobacco arbitration. The adjustments would be funded from other revenue, not from the TSPF.

House Bill 315 — Lung Cancer Research. Passed and signed with a message.

The bill appropriates \$1 million from the TSPF to the University of New Mexico (UNM) Health Sciences Center for FY 2013 to conduct lung biology research focused on smoking studies, lung cancer and chronic obstructive pulmonary disease drug development under the Speaker Ben Lujan Lung Cancer Research Project.

The governor's message expressed concern that the appropriation exceeded revenue estimates for the fiscal year after allotments for House Bill 2 programs are made. UNM plans to seek alternative financing in the next legislative session. (This will be reviewed on the spreadsheet.)



March 7, 2012

HOUSE EXECUTIVE MESSAGE NO. 160

The Honorable Ben Luján and  
Members of the House of Representatives  
State Capitol Building  
Santa Fe, NM 87501

Honorable Speaker Luján and Members of the House:

Pursuant to the Constitution of the State of New Mexico, Article IV, Section 22, I have this day SIGNED HOUSE BILL 315, as amended, enacted by the Fiftieth Legislature, Second Session, 2012.

House Bill 315 appropriates \$1 million from New Mexico's tobacco settlement program fund to the University of New Mexico's Health Sciences Center for the Speaker Ben Lujan Lung Cancer Research Project for fiscal year 2013 (FY13).

While this research is certainly noble and important, regrettably the current estimate of tobacco settlement program revenue projected to be available for allocation has already been appropriated by the legislature in various agencies' FY13 operating budgets. This predicament is apparent in the fiscal impact report for this legislation, which states very directly: "... there are no additional funds available for this project from tobacco settlement funds."

In fact, the issue of whether there was actually any money available for this important project was raised on the Senate floor; however, the issue was dismissed relatively quickly and the legislation was simply passed.

In light of this oversight, and also because Speaker Lujan does not wish this project to adversely impact funding to the other projects, my administration has already begun working directly with the University of New Mexico to identify an appropriate way to

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initiate the project in FY13. However, this will require a commitment by the legislature to fully fund the project when they return in January.

Respectfully yours,

Susana Martinez  
Governor

RECEIVED FROM THE OFFICE OF THE GOVERNOR

Time: \_\_\_\_\_ a.m. p.m.

Date: \_\_\_\_\_ 2012

By \_\_\_\_\_  
Secretary of State

Time: \_\_\_\_\_ a.m. p.m.

Date: \_\_\_\_\_ 2012

By \_\_\_\_\_  
Chief Clerk of the House