

**MINUTES**  
**of the**  
**FOURTH MEETING**  
**of the**  
**TOBACCO SETTLEMENT REVENUE OVERSIGHT COMMITTEE**  
**November 21, 2003**  
**Santa Fe**

The fourth meeting of the Tobacco Settlement Revenue Oversight Committee was called to order by Representative Gail C. Beam, co-chair, at 10:15 a.m. on November 21, 2003 in Room 311 of the State Capitol.

**PRESENT**

Rep. Gail C. Beam, Co-Chair  
Sen. Mary Jane M. Garcia, Co-Chair  
Sen. Ramsay L. Gorham  
Sen. Richard C. Martinez  
Rep. J. Paul Taylor  
Rep. Gloria C. Vaughn

**ABSENT**

**Advisory Members**

Sen. Manny M. Aragon  
Sen. Joseph J. Carraro  
Sen. Dede Feldman

Sen. Steve Komadina  
Sen. Linda M. Lopez

**Staff**

Maha Khoury  
Elizabeth Holmes

**Guests**

The guest list is located in the meeting file.

**New Mexicans Concerned About Tobacco (NMCAT)**

Cynthia Serna, NMCAT director, and Nathan Bush, NMCAT policy manager, acknowledged and commended the committee for its work through the years. They went over their presentation as in the handout given to the committee. They went over the success in reducing the use of tobacco in New Mexico in both youth and adults and the indoor air policies adopted by many cities in the state. NMCAT supports the Centers for Disease Control and Prevention's best practices on reducing tobacco use and commends TUPAC for closely adhering to these practices. A poll NMCAT has taken indicates that 75 percent of registered voters support the increase of funding to TUPAC to \$14 million or more. NMCAT would be happy with an increase to \$8 million for the next fiscal year. Ms. Serna and Mr. Bush discussed why it is important to increase TUPAC funding now. Larry Elmore, program manager of TUPAC, discussed how TUPAC would use the increase in funding from \$5 to \$8 million. NMCAT also recommends increasing the tobacco products tax as was recommended by the Blue Ribbon Tax

Reform Commission during this interim. Increasing the tobacco products tax would not only bring approximately \$3 million to the state, but would also help reduce smokeless tobacco use and deter consumption. Studies suggest that smokeless tobacco use increases when the excise tax on cigarettes goes up. Smokeless tobacco is used more in rural areas. NMCAT showed polling results indicating that the public favors a tax increase on smokeless tobacco products across party lines. Discussions ensued on other health concerns, Medicaid, the financial health of the state, Indian land exemption for the cigarette tax, vending machines and related tobacco and health issues.

### **Committee Business**

The committee approved the minutes of its third meeting.

### **Funding Recommendations**

Maha Khoury, committee staff, went over two possible options, prepared pursuant to the direction of the co-chairs, on what funding recommendations the committee would make to the Legislative Finance Committee. The committee discussed the various programs funded, and after motions and amendments were discussed and voted upon, the committee voted to adopt option 2 as presented in the green sheet as its recommendations to the Legislative Finance Committee.

### **Consideration and Endorsement of Legislation**

Ms. Khoury went over the escrow fund amendment bill that allows the attorney general to require quarterly payments into the escrow fund from non-participating manufacturers. Glenn Smith, deputy attorney general, and John Underwood, attorney and lobbyist for the Council of Independent Tobacco Manufacturers of America (CITMA), presented their views on the bill. Mr. Underwood was questioned on why CITMA has not provided a list of its members to the committee. He stated that he did not know why and will check on that. An amendment to the bill was discussed, voted upon and failed. The committee voted to endorse the bill as written.

A second bill also concerned non-participating manufacturers and the calculation of their market share for escrow payment purposes. Committee members noted that this and the previous bill were debated at length at the last meeting. The committee voted to endorse this bill as written.

The third and fourth bills were similar to House Bill 143 and Senate Bill 58, which were introduced last session by the co-chairs. The third bill, addressing internet and other delivery sales of tobacco, was discussed and committee members voted to endorse the bill without amendment. The fourth bill, addressing cigarette tax administration, stamping of tax-exempt cigarettes and licensing distributors and manufacturers, was discussed and the committee members voted to endorse the bill as written.

Senator Feldman made a motion to endorse legislation increasing the tobacco products tax as was recommended by the Blue Ribbon Tax Reform Commission. The vote was tied and

the motion failed.

**Committee Business**

The committee adjourned at 12:45 p.m.