

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**Analysis.nmlegis.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}*

*Check all that apply:*

Original  Amendment   
Correction  Substitute

Date 1/19/2024

Bill No: S 99

Sponsor: K. Duhigg  
Short Title: REMOVE INCREMENTAL  
CANNABIS TAX

Agency Name and Code Number: Department of Finance and  
Administration-341

Person Writing: Noe Martinez

Phone: 5755710746 Email: [Noela.martinez@dfa.n](mailto:Noela.martinez@dfa.nm.gov)

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26	FY27	FY28		
		\$ (3,074.17)	\$ (6,200.44)	\$ (9,379.47)	R	Local Governments

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

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

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Senate Bill 99 (SB 99) amends the cannabis excise tax by holding the tax rate constant at 12 percent. Under the current statute, the cannabis excise tax would increase by 1 percent through FY31.

**FISCAL IMPLICATIONS**

The fiscal impact began with the department’s cannabis excise tax revenue model and held the excise tax revenue constant while holding all else constant. The amount distributed to local and county governments—33.33 percent—does not change under the proposed legislation. Adjusting the excise tax rate, local and county governments would experience a combined decrease of approximately \$3 million in FY 26, \$6.2 million in FY27, and \$9.4 million in FY 28.

This analysis examines the direct impact of adjusting the excise tax rate on the revenue of local and county governments from cannabis excise taxes. The assumptions for cannabis sales in the department's model have not been adjusted

**SIGNIFICANT ISSUES**

**PERFORMANCE IMPLICATIONS**

**ADMINISTRATIVE IMPLICATIONS**

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Local and county governments would not experience a decrease in their cannabis excise tax distributions.

## **AMENDMENTS**