

LFC Requester:

Brendon Gray

**AGENCY BILL ANALYSIS
2025 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 February 20, 2025

Bill No: SB 20/STBTCS

Sponsor: Martin Hickey
Short Title: Increase Cigarette & Tobacco Products Taxes
Agency Name and Code Number: Regulation and Licensing Department - 420
Person Writing: Felicia A. Norvell
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
Unknown	Unknown	Unknown	Recurring	Nicotine Use Prevention and Control Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI		

(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

Synopsis: The Senate Tax, Business and Transportation Committee substitute for Senate Bill 20 (SB20/STBTCS) amends the Tax Administration Act and creates the Nicotine Use Prevention and Control Fund (NUPCF) with an effective date of July 1, 2025.

- SB20/STBTCS creates a distribution to the NUPCF and allows for continuing appropriations, donations, investment interest, and other sources and is subject to appropriation by the legislature to the Department of Health, Public Education Department, and Higher Education Department. Any unexpended balance remaining at the end of the fiscal year shall revert to the general fund.
- SB20/STBTCS creates a distribution of the tobacco products tax to the NUPCF in an amount equal to 35% of the net receipts attributable to the tobacco products tax.
- SB20/STBTCS amends definitions within the Tobacco Products Tax Act:
 - “e-cigarette” to mean, a device that can be used to deliver aerosolized or vaporized nicotine to the person inhaling from the device and includes any component, part or accessory of such a device that is used during the operation of the device but does not include a battery or battery charger;
 - “e-liquid” removes language excluding any substance containing cannabis or oil derived from cannabis;
 - “Nicotine” means a form of the chemical nicotine, including any salt or complex, regardless of whether the chemical is naturally or synthetically derived, and includes nicotinic alkaloids and nicotine analogs;
 - “Tobacco product” means a product, other than cigarettes, made from or containing tobacco or nicotine, whether natural or synthetic, that is intended for human consumption or is likely to be consumed, whether smoked, heated, chewed, absorbed, dissolved or inhaled; e-liquid; e-cigarettes; and closed system cartridges; and does not mean any product regulated as a drug or device by the U.S. food and drug administration.
 - adds a definition of “wholesale price” for tobacco products.
- The excise tax imposed on tobacco products is increased to 40% of the wholesale price, except cigars are at 25% not to exceed \$.50 per cigar, and little cigars are set at the same rate as cigarettes.
- Deductions on interstate sales are based on wholesale prices.

FISCAL IMPLICATIONS

The Regulation and Licensing Department does not anticipate any direct fiscal impact to the Department if SB20/STBTCS is enacted.

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

AMENDMENTS