

LFC Requester: Gray



PUBLIC EDUCATION DEPARTMENT  
BILL ANALYSIS  
2025 REGULAR SESSION

**SECTION I: GENERAL INFORMATION**

Check all that apply:

Original  Amendment   
Correction  Substitute

Date Prepared: 01/22 /25

Bill No: SB20

**Agency Name and Code:** PED - 924

**Sponsor:** Hickey

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**Short Title:** INCREASE CIGARETTE & TOBACCO PRODUCTS TAXES

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**SECTION II: FISCAL IMPACT**

(Parenthesis ( ) Indicate Expenditure Decreases)

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
500.0	None	NR	GF

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
Unknown	Unknown	Unknown	Recurring	nicotine use and prevention and control fund

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

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	Unknown	Unknown	Unknown	Unknown	Recurring	nicotine use and prevention and control fund

Duplicates/Relates to Appropriation in the General Appropriation Act:

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: Senate Bill 20 (SB20) would require the Department of Health (DOH) to partner with the Public Education Department (PED) and the Higher Education Department (HED) to develop programs, educational materials, and social media and traditional advertisements to prevent the use of nicotine for people between the ages of 5 and 25 using funds from the “nicotine use and prevention and control fund,” which is created by the bill as a reverting fund in the state treasury.

The bill would require a distribution to be made to the nicotine use prevention and control fund in an amount equal to:

- 28.5 percent of the net receipts attributable to the cigarette tax; and
- 65 percent of the net receipts attributable to the tobacco products tax.

The bill also proposes changes to other distributions from the cigarette tax receipts, updates definitions for “e-cigarette,” “tobacco product,” and other terms.

The bill has a July 01, 2025 effective date.

### **FISCAL IMPLICATIONS**

SB20 would appropriate \$500,000 from the general fund to the Regulation and Licensing Department (RLD) in FY26 to expand the RLD’s licensure and enforcement duties regarding nicotine sales and use. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

SB20 increases the tax on cigarettes, cigars and small cigars and reduces the tax incentives for bulk sales.

### **SIGNIFICANT ISSUES**

According to New Mexico’s Indicator-Based Information System, overall cigarette smoking continues to decline in [New Mexico](#), but smoking rates remain higher among certain population groups, including people with lower levels of education or income. In 2019, 18 percent of adults between the ages of 18-24, and 22 percent of adults with an income less than \$15,000 use tobacco in the state. The additional presence of flavored tobacco products used in e-cigarettes and hookahs is growing in popularity among high school students and other young adults.

Summary of 2017 NM high school tobacco use with NM-U.S. comparison (grades 9–12):				
	NM%	U.S.%	at higher risk	NM rank
Smoked a cigarette before age 13	13.5	9.5	NM	5 (of 32 states)
Current cigarette smoking	10.6	8.8	–	10 (of 39 states)
Ever used e-cigs	51.0	42.2	–	1 (of 33 states)
Current e-cig use	24.7	13.2	–	3 (of 37 states)
Current spit tobacco use	8.2	5.5	–	9 (of 33 states)
Current cigar smoking	10.2	8.0	–	7 (of 33 states)

– = no statistically significant difference

The bill proposes to increase the tax rate on cigarettes and tobacco to discourage their consumption. Younger users and those with limited income are more sensitive to price increases.

Cigarette companies spent \$8.01 billion in 2022 on advertising and promotional expenses, of which \$5.7 billion was spent on price discounts paid to cigarette retailers. In comparison, [According to Truth Initiative](#), New Mexico spends \$5.7 million for tobacco prevention but tobacco remains the leading cause of death for New Mexicans, as noted by [the Campaign for Tobacco-Free Kids](#). According to the [2017 New Mexico Youth Risk and Resiliency Survey report on Tobacco use](#), the risk to New Mexico youth exceeds that of youth in the country as a whole in nearly every respect.

#### **PERFORMANCE IMPLICATIONS**

None.

#### **ADMINISTRATIVE IMPLICATIONS**

The provisions of SB20 would require coordination between PED, DOH, and HED to develop programs, educational materials and social and traditional media advertising on nicotine use prevention and control for persons five to 25 years of age.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to House Bill 268, which proposes to require manufacturers of electronic nicotine delivery systems and products to register with the state.

#### **TECHNICAL ISSUES**

None.

#### **OTHER SUBSTANTIVE ISSUES**

None.

#### **ALTERNATIVES**

None.

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

None.

#### **AMENDMENTS**

None.