

1 HOUSE BILL 167  
2 **55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

3 INTRODUCED BY  
4 Tara L. Lujan and Christine Chandler  
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10 AN ACT  
11 RELATING TO TAXATION; INCREASING THE RATE OF THE CIGARETTE TAX;  
12 INCREASING THE RATE OF TAX ON TOBACCO PRODUCTS.  
13

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 SECTION 1. Section 7-1-6.11 NMSA 1978 (being Laws 1983,  
16 Chapter 211, Section 16, as amended) is amended to read:

17 "7-1-6.11. DISTRIBUTIONS OF CIGARETTE TAXES.--

18 A. A distribution pursuant to Section 7-1-6.1 NMSA  
19 1978 shall be made to the comprehensive cancer center at the  
20 university of New Mexico health sciences center in an amount  
21 equal to [~~seventy-one hundredths~~] four-tenths percent of the  
22 net receipts, exclusive of penalties and interest, attributable  
23 to the cigarette tax.

24 B. A distribution pursuant to Section 7-1-6.1 NMSA  
25 1978 in an amount equal to [~~seven and fifty-two~~] four and

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1 fifteen hundredths percent of the net receipts, exclusive of  
2 penalties and interest, attributable to the cigarette tax,  
3 shall be made, on behalf of and for the benefit of the  
4 university of New Mexico health sciences center, to the New  
5 Mexico finance authority.

6 C. A distribution pursuant to Section 7-1-6.1 NMSA  
7 1978 in an amount equal to [~~three and seventeen~~] one and  
8 seventy-six hundredths percent of the net receipts, exclusive  
9 of penalties and interest, attributable to the cigarette tax  
10 shall be made to the New Mexico finance authority for land  
11 acquisition and the planning, designing, construction and  
12 equipping of department of health facilities or improvements to  
13 such facilities.

14 D. A distribution pursuant to Section 7-1-6.1 NMSA  
15 1978 in an amount equal to [~~eight and twenty-six~~] four and  
16 fifty-five hundredths percent of the net receipts, exclusive of  
17 penalties and interest, attributable to the cigarette tax shall  
18 be made to the New Mexico finance authority for deposit in the  
19 credit enhancement account created in the authority.

20 E. A distribution pursuant to Section 7-1-6.1 NMSA  
21 1978 in an amount equal to [~~fifty-three~~] thirty-one hundredths  
22 percent of the net receipts, exclusive of penalties and  
23 interest, attributable to the cigarette tax shall be made, on  
24 behalf of and for the benefit of the rural county cancer  
25 treatment fund, to the New Mexico finance authority."

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1           SECTION 2. Section 7-12-3 NMSA 1978 (being Laws 1971,  
2 Chapter 77, Section 3, as amended) is amended to read:

3           "7-12-3. EXCISE TAX ON CIGARETTES--REDUCTION OF RATE FOR  
4 CERTAIN CIGARETTES.--

5           A. For the privilege of selling, giving or  
6 consuming cigarettes in New Mexico, there is levied an excise  
7 tax at a rate of [~~ten cents (\$.10)~~] twenty cents (\$.20) for  
8 each cigarette sold, given or consumed in this state.

9           B. The tax imposed by this section shall be  
10 referred to as the "cigarette tax".

11           C. The tax imposed by this section shall be reduced  
12 by fifty percent for a cigarette for which a modified risk  
13 tobacco product order has been issued by the United States  
14 secretary of health and human services pursuant to Section 21  
15 U.S.C. 387k(g)(1).

16           D. The tax imposed by this section shall be reduced  
17 by twenty-five percent for a cigarette for which a modified  
18 risk tobacco product order has been issued by the United States  
19 secretary of health and human services pursuant to Section 21  
20 U.S.C. 387k(g)(2)."

21           SECTION 3. Section 7-12-7 NMSA 1978 (being Laws 1971,  
22 Chapter 77, Section 7, as amended) is amended to read:

23           "7-12-7. SALE OF STAMPS--PRICES.--

24           A. Only the department shall sell stamps. Stamps  
25 may be sold by the department only to a distributor.

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1           B. Stamps shall display a serial number. Stamps  
2 bearing the same serial number shall not be sold to more than  
3 one distributor. The department shall keep records of the  
4 serial numbers of the stamps provided to each distributor.

5           C. A stamp shall be affixed to a package of  
6 cigarettes in such a manner as to clearly display the serial  
7 number at the point of sale.

8           D. Tax stamps shall be sold at their face value  
9 with the following discounts:

10                   (1) [~~forty-six~~] twenty-three hundredths  
11 percent less than the face value of the first thirty thousand  
12 dollars (\$30,000) of stamps purchased in one calendar month;

13                   (2) [~~thirty-six~~] eighteen hundredths percent  
14 less than the face value of the second thirty thousand dollars  
15 (\$30,000) of stamps purchased in one calendar month; and

16                   (3) [~~twenty-two~~] eleven hundredths percent  
17 less than the face value of stamps purchased in excess of sixty  
18 thousand dollars (\$60,000) in one calendar month.

19           E. Tax-credit stamps shall be provided only to  
20 distributors and shall be provided free of charge; provided  
21 that the distributor is in full compliance with the reporting  
22 requirements of the Cigarette Tax Act and rules adopted  
23 pursuant to that act.

24           F. If the face value of tax stamps sold in a single  
25 sale is less than one thousand dollars (\$1,000), the discount

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1 provided for in this section shall not be allowed.

2 G. Payment for tax stamps shall be made on or  
3 before the twenty-fifth day of the month following the month in  
4 which the sale of stamps by the department is made.

5 H. Tax-exempt stamps shall be provided only to  
6 distributors and shall be free of charge; provided that the  
7 distributor is in full compliance with the reporting  
8 requirements of the Cigarette Tax Act and rules adopted  
9 pursuant to that act."

10 SECTION 4. Section 7-12A-3 NMSA 1978 (being Laws 1986,  
11 Chapter 112, Section 4, as amended) is amended to read:

12 "7-12A-3. IMPOSITION AND RATES OF TAX--REDUCTION OF RATE  
13 FOR CERTAIN TOBACCO PRODUCTS--DENOMINATION AS "TOBACCO PRODUCTS  
14 TAX"--DATE PAYMENT OF TAX DUE.--

15 A. For the manufacture or acquisition of tobacco  
16 products in New Mexico, not including cigars, little cigars, e-  
17 liquid, e-cigarettes or closed system cartridges, to be  
18 distributed in the ordinary course of business and for the  
19 consumption of tobacco products in New Mexico, there is imposed  
20 an excise tax at the rate of [~~twenty-five~~] eighty-three percent  
21 of the product value of the tobacco products.

22 B. For the manufacture or acquisition of cigars in  
23 New Mexico to be distributed in the ordinary course of business  
24 and for the consumption of cigars in New Mexico, there is  
25 imposed an excise tax at a rate equal to twenty-five percent of

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1 the product value of the cigar, not to exceed fifty cents  
2 (\$.50) per cigar.

3 C. For the manufacture or acquisition of little  
4 cigars in New Mexico to be distributed in the ordinary course  
5 of business and for the consumption of little cigars in New  
6 Mexico, there is imposed an excise tax at a rate equal to the  
7 rate imposed on cigarettes pursuant to Section 7-12-3 NMSA 1978  
8 per package of little cigars.

9 D. For the manufacture or acquisition of e-liquid  
10 in New Mexico to be distributed in the ordinary course of  
11 business and for the consumption of e-liquid in New Mexico,  
12 there is imposed an excise tax at a rate equal to [~~twelve and~~  
13 ~~one-half~~] eighty-three percent of the product value of the e-  
14 liquid.

15 E. For the manufacture or acquisition of closed  
16 system cartridges in New Mexico to be distributed in the  
17 ordinary course of business, there is imposed an excise tax at  
18 a rate of [~~fifty cents (\$.50)~~] three dollars thirty-two cents  
19 (\$3.32) per closed system cartridge.

20 [~~H.~~] F. The taxes imposed by this section may be  
21 referred to as the "tobacco products tax".

22 [~~F.~~] G. The tobacco products tax shall be paid by  
23 the first purchaser on or before the twenty-fifth day of the  
24 month following the month in which the taxable event occurs."

25 SECTION 5. EFFECTIVE DATE.--The effective date of the

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1 provisions of this act is July 1, 2021.

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