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FISCAL IMPACT REPORT

ORIGINAL DATE 02/09/12

SPONSOR Begaye LAST UPDATED _____ HB 62

SHORT TITLE Santhica Growth & Sales Licenses SB _____

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)
 Department of Public Safety (DPS)
 Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 62 (HB62) would provide for licensing the growing, selling and processing of Santhica and other THC-free hemp varieties. The bill would charge the NMDA with developing rules and licensing the production of Santhica, and the NMDA would be allowed to charge a fee (not to exceed the actual costs of performing services) to a person or business planning to grow and sell Santhica seed or fiber. The proceeds from fees would be appropriated to New Mexico State University.

New Mexico State University would be permitted to enter into joint powers agreements with an Indian nation, tribe or pueblo to share information, provide technical assistance and to generally cooperate with the Indian nation, tribe or pueblo to facilitate the production of industrial Santhica on tribal land.

The Department of Public Safety would be charged with certain functions as follows:

- investigation of fields and processing facilities on verifiable evidence that a designated Santhica field is unlicensed and is in violation of the proposed act,

- performing background checks on applicants for licenses upon request of the NMDA, and
- (optionally) entering into joint powers agreements with an Indian nation, tribe or pueblo to share information, provide technical assistance and to generally cooperate with the Indian nation, tribe or pueblo to facilitate the production of industrial Santhica on tribal land.

FISCAL IMPLICATIONS

House Bill 62 makes no appropriation.

The DPS states that although difficult to predict at this time, there are potential tremendous fiscal implications in additional manpower requirements on the New Mexico Department of Public Safety from passage of the proposed legislation. It should be noted that section two of the proposed act provides for the Department of Public Safety to inspect growing fields where Santhica is licensed to be grown, conducting background checks and entering Joint Powers Agreements with tribal or pueblo entities regarding the production of Santhica. Further, the Department of Public Safety is required to cooperate with New Mexico State University, the New Mexico Department of Agriculture and other entities to implement the provisions of this Act.

SIGNIFICANT ISSUES

The NMDA shares the following concerns.

Under the current U.S. drug policy, all cannabis varieties, including hemp, are considered Schedule I controlled substances under the Controlled Substances Act (CSA, 21 U.S.C. §§801 *et seq.*; Title 21 CFR Part 1308.11). Federal law is silent in regards to tetrahydrocannabinol (THC) levels. Santhica is a variety or cultivar of *Cannabis sativa L* which has been developed to have little or no THC, however by definition these are controlled and regulated by the U.S. Drug Enforcement Administration (DEA).

The United States drug enforcement agency (DEA) would be responsible for providing federal permits to growers for the cultivation of Santhica (or any other hemp), but historically, has not done so except in rare cases for research plots and not since 1999. Currently, there is no Santhica or other hemp variety grown in the U.S. despite the fact that nine states have passed legislation to license growing of industrial hemp.

TECHNICAL ISSUES

Paragraph C. of Section 2 of the bill, allowing the DPS to “...facilitate the production of Santhica on tribal land” may not be an appropriate or efficient role for that department.

CH/amm