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HOUSE BILL 102

**53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

INTRODUCED BY

William "Bill" R. Rehm

AN ACT

RELATING TO TAXATION; CREATING THE MARIJUANA TAX ACT; IMPOSING  
AN EXCISE TAX ON THE DISTRIBUTION OF MARIJUANA; DISTRIBUTING  
PROCEEDS OF THE TAX TO THE COUNTY-SUPPORTED MEDICAID FUND;  
PRESCRIBING A PENALTY.

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

**SECTION 1.** [NEW MATERIAL] SHORT TITLE.--Sections 1  
through 6 of this act may be cited as the "Marijuana Tax Act".

**SECTION 2.** [NEW MATERIAL] DEFINITIONS.--As used in the  
Marijuana Tax Act:

A. "department" means the taxation and revenue  
department, the secretary of the department or an employee of  
the department exercising authority lawfully delegated to the  
employee by the secretary;

B. "distribute" means to distribute, dispense, sell

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1 or give;

2 C. "engaging in business" means carrying on or  
3 causing to be carried on an activity for direct or indirect  
4 benefit, including an activity not intended for financial  
5 profit;

6 D. "marijuana" means cannabis; and

7 E. "person" means an individual, estate, trust,  
8 receiver, cooperative association, club, corporation, company,  
9 firm, partnership, joint venture, syndicate, limited liability  
10 company, limited liability partnership or other for-profit or  
11 nonprofit association.

12 SECTION 3. [NEW MATERIAL] IMPOSITION AND RATE OF TAX--  
13 DENOMINATION AS MARIJUANA TAX--DATE PAYMENT OF TAX DUE.--

14 A. There is imposed on a person that distributes  
15 marijuana in this state an excise tax at the rate of  
16 twenty-five dollars (\$25.00) per ounce of marijuana distributed  
17 and on which this tax has not been paid. The tax imposed by  
18 this section may be referred to as the "marijuana tax".

19 B. A person that owes marijuana tax shall remit to  
20 the department payment of the tax on or before the twenty-fifth  
21 day of the month following the month in which the taxable event  
22 occurs.

23 SECTION 4. [NEW MATERIAL] REGISTRATION NECESSARY TO  
24 ENGAGE IN BUSINESS OF PRODUCING OR DISTRIBUTING MARIJUANA IN  
25 NEW MEXICO.--A person engaged in the business of distributing

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1 marijuana in New Mexico shall:

2 A. comply with requirements for registration and  
3 identification established by the secretary of taxation and  
4 revenue; and

5 B. furnish information requested by the department  
6 concerning the person's place of marijuana-distribution  
7 business.

8 SECTION 5. [NEW MATERIAL] RETENTION OF INVOICES AND  
9 RECORDS--INSPECTION BY DEPARTMENT.--

10 A. A person that distributes marijuana in New  
11 Mexico shall maintain a file of copies of the invoices of  
12 distribution for three years after the end of the year the  
13 distribution was made. The invoices shall indicate the date of  
14 distribution of the marijuana and the quantity of marijuana  
15 distributed.

16 B. The department may inspect:

17 (1) invoices required by this section to be  
18 maintained; and

19 (2) stock of marijuana in the possession of a  
20 distributor.

21 SECTION 6. [NEW MATERIAL] PENALTY.--A person distributing  
22 marijuana in New Mexico that is required to register with the  
23 department and to retain invoices and that willfully fails to  
24 register or retain invoices shall, upon conviction thereof, be  
25 fined not less than one hundred dollars (\$100) or more than one

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1 thousand dollars (\$1,000) for each violation.

2 SECTION 7. A new section of the Tax Administration Act is  
3 enacted to read:

4 "[NEW MATERIAL] DISTRIBUTION--MARIJUANA TAX.--A  
5 distribution in accordance with Section 7-1-6.1 NMSA 1978 shall  
6 be made to the county-supported medicaid fund in an amount  
7 equal to the net receipts attributable to the marijuana tax."

8 SECTION 8. APPLICABILITY.--The distribution required by  
9 Section 7 of this act applies to receipts from the marijuana  
10 tax that are attributable to sales made on or after July 1,  
11 2017.

12 SECTION 9. EFFECTIVE DATE.--The effective date of the  
13 provisions of this act is July 1, 2017.