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FISCAL IMPACT REPORT

ORIGINAL DATE 03/30/21

SPONSOR Stapleton LAST UPDATED _____ HB 1

SHORT TITLE Feed Bill and Other Appropriations SB _____

ANALYST Sallee

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
\$243.4		Nonrecurring	Legislative Cash Balances
\$6,950.0		Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
Regulation and Licensing Department

SUMMARY

Synopsis of Bill

House Bill 1 appropriates \$243.4 thousand from legislative cash balances for the costs of the first special session of the Fifty-Fifth Legislature, which includes \$95.7 thousand for expenses of the House of Representatives, \$87.1 thousand for expenses of the Senate, and \$60.6 thousand for expenses of the Legislative Council Service. HB1 also makes appropriations for FY21 and FY22 from the general fund contingent on enactment of the Cannabis Regulation Act during the special session as follows:

- \$1.7 million to the Regulation and Licensing Department (RLD) to administer the Cannabis Regulation Act;
- \$750 thousand to the Department of Public Safety (DPS) for drug recognition expert field certification for law enforcement officers in the state and to develop or purchase roadside impairment tests for cannabis;
- \$4 million to the Taxation and Revenue Department to implement the Cannabis Tax Act; and
- \$500 thousand to the Administrative Office of the Courts (AOC) to address expungement of arrest and conviction records for certain cannabis-related offenses contingent on companion enactment of legislation providing for expungement.

HB1 is a General Appropriation Act and would become effective immediately upon enactment.

FISCAL IMPLICATIONS

HB1 would fund the special session costs for the House of Representatives, Senate and Legislative Council Service totaling \$243.4 thousand for FY21 from legislative cash balances.

HB1 would also fund start up costs at RLD, TRD, and DPS to administer and implement the Cannabis Regulation Act and the Cannabis Tax Act in FY21 and FY22. Future recurring funding costs for RLD, TRD and DPS could come from a new cannabis fund created in separate legislation. The \$4 million dollar appropriation to TRD would likely fund information technology upgrades of the department's tax system, GenTax, and to begin implementation of the Cannabis Tax Act.

HB1 appropriations are nonrecurring, however implementation of other cannabis bills would have recurring costs (See FIR for HB2). For example, according to RLD estimates "setting up the Cannabis Control Division will require at least \$7.63 million in recurring revenue for licensing, rulemaking, administrative support for the Cannabis Regulatory Advisory Committee, disciplinary actions, and program approval. Initial start-up costs will include essential staff, office space, workspace equipment (telephones, copiers, office furniture, etc.), information technology equipment and tools (computers, servers, software and licenses, etc.), and related infrastructure. A total of 51 new FTE will be necessary to fully implement and comply with the requirements of the Cannabis Regulation Act." RLD indicates it will need funding in FY22 to acquire sufficient technical and scientific human resources to implement the administrative rulemaking necessary to regulate laboratories, advertising, and marketing aspects connected to the legal sale and possession of cannabis.

HB1 includes an appropriation from the general fund to AOC for \$500 thousand to address expungement of arrest and conviction records for certain cannabis in FY21 and FY22.

CS/al