

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**AgencyAnalysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Check all that apply:*

Original  Amendment \_\_\_\_\_  
Correction \_\_\_\_\_ Substitute \_\_\_\_\_

Date 2/1/2024

Bill No: HB 128

Sponsor: Romero & Duhigg Agency Name and Code: Secretary of State, 370  
Number: \_\_\_\_\_  
Person Writing Analysis: Lindsey Bachman  
Short Title: CANNABIS REGULATION CHANGES Phone: 505-479-2626 Email: Lindsey.bachman@sos.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

| Appropriation |      | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY24          | FY25 |                           |               |
|               |      |                           |               |
|               |      |                           |               |

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

| Estimated Revenue |      |      | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------|---------------|
| FY24              | FY25 | FY26 |                           |               |
|                   |      |      |                           |               |
|                   |      |      |                           |               |

(Parenthesis ( ) Indicate Expenditure Decreases)

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

|              | <b>FY24</b> | <b>FY25</b> | <b>FY26</b> | <b>3 Year<br/>Total Cost</b> | <b>Recurring or<br/>Nonrecurring</b> | <b>Fund<br/>Affected</b> |
|--------------|-------------|-------------|-------------|------------------------------|--------------------------------------|--------------------------|
| <b>Total</b> |             |             |             |                              |                                      |                          |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: House Bill 128 amends statutes related to cannabis regulation including changing definitions; providing powers and duties; providing procedures for criminal history background checks; removing the prohibition against a person owning both a cannabis license and a license under the liquor control act; prohibiting co-location of cannabis activities and alcoholic beverage sales or service activities to the public or members of private clubs; providing for investigatory confidentiality; providing for seizure and destruction of illegal, adulterated or misbranded cannabis products; allowing for licensee conversion from nonprofit to for-profit corporate status; changing packaging requirements; replacing licensure with registration of cannabis training and education programs; including the cannabis regulation act in the racketeering act, the delinquency act and the uniform licensing act; including cannabis in a list of contraband in jails and prisons; creating crimes; prescribing penalties; and repealing a delayed repeal; amending, repealing and enacting sections of the NMSA 1978.

The bill has an effective date of July 1, 2024.

**FISCAL IMPLICATIONS**

**SIGNIFICANT ISSUES**

**PERFORMANCE IMPLICATIONS**

**ADMINISTRATIVE IMPLICATIONS**

In Section 4 of the bill, medical cannabis legacy non-profits that were required to organize as non-profits under by the Department of Health in order to qualify for a medical license may convert into for-profit corporations under the Business Corporation Act, limited liability companies under the Limited Liability Company Act, limited partnerships under the Uniform Revised Limited Partnership Act or a partnership under the Uniform Partnership Act (1994) upon the nonprofit corporation's filing with the secretary of state.

The Secretary of State’s Office wishes to inform the legislature that its online business filings

system will undergo a comprehensive upgrade in the summer and fall of 2024. This upgrade represents years of planning, and its improvements will streamline the process for various filings, making it more convenient and efficient for businesses and individuals across New Mexico.

However, the implementation of this system will impact enhancements related to proposed filings contemplated in HB 128. There could not potentially be an easy way to automate the conversation process from non-profit organizations to other business types until at least January 1, 2025. In the interim, the process will be manual and will require more time than other filings.

An effective date of January 1, 2025, would help the SOS best implement the bill's provisions.

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

Duplicate – SB 6

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

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

Status quo.

## **AMENDMENTS**