

LFC Requester:

Ginger Anderson

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.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 February 1, 2024

Bill No: SB274

Sponsor: Senator Katy M. Duhigg
Short Title: Cannabis Compliance Bureau

Agency Name and Code Number: Regulation and Licensing Department – 420

Person Writing: Robert Sachs
Phone: 5059488609 **Email:** Robert.Sachs@rld.nm.

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
0	325	Nonrecurring	General

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		325		325	Recurring	Cannabis Regulation Fund

(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:

Section 1 of this bill amends the Regulation and Licensing Department Act, 9-16-1 NMSA 1978 *et seq.* Proposed amendments in Section 1 of this bill create a “Compliance Bureau” within the Regulation and Licensing Department (“RLD”). This bureau will investigate and enforce laws and rules of the Cannabis Control Division (CCD) of the RLD. Inspectors in the new Compliance Bureau shall be certified law enforcement officers with the power to undertake a lawful warrantless search and seizure, and the power to arrest someone for trafficking illegal cannabis.

Section 2 of this bill gives the CCD of the RLD authority to place an administrative hold on cannabis product and provides the new Compliance Bureau with the authority to embargo or seize cannabis product and petition the district court for condemnation or for injunctive relief in the event such product is found to be adulterated or misbranded. The last section also provides a process by which cannabis products would be held, embargoed, or seized.

Section 3 of this bill appropriates \$325,000 in fiscal year 2025 for the creation of the new Compliance Bureau within the RLD.

FISCAL IMPLICATIONS

Given that a new bureau will be created within the RLD, the department will need additional staffing to begin the process of carrying out the new powers and responsibilities assigned to the RLD/CCD. In the first year the RLD anticipates the need to hire a minimum of two (2) new Special Agent staff members as well as purchasing necessary specialized equipment for law enforcement officers, vehicles and supplies to allow the new Special Agents to effectively carry out their duties. Total expenses for salaries, benefits, equipment and supplies for the two (2) Special Agent positions in FY2025 have been calculated at three hundred twenty-two thousand three hundred sixty-five dollars and ninety cents (\$322,365.90). Based on this calculation, the appropriation made at Section 3 of the bill will adequately cover the RLD’s fiscal needs in FY25 for the costs of these two (2) new positions.

The RLD fully expects that in future years (FY26 and beyond) the Department will be required to employ additional Special Agents to be able to fully carry out the duties and responsibilities

involved in carrying out embargos and seizures of illegal cannabis products. The RLD plans to address the need for appropriations of additional funding in its annual budget requests. The RLD anticipates the need for a total of an additional eleven (11) Special Agents in future years to fully staff and carry out the responsibilities assigned to the new Compliance Bureau by SB274.

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

The proposed added authority in this bill will require the RLD to perform operations to identify cannabis products as being adulterated or misbranded. After having found that cannabis products are indeed adulterated or misbranded, the RLD will need to supervise the hold of such products, and in the event of a call for destruction of the product, the RLD will need to supervise the licensee in the destruction. Currently, the RLD does not conduct such operations.

ADMINISTRATIVE IMPLICATIONS

The RLD's administrative authority will expand to be able to issue administrative holds and embargo cannabis product as well as mandate the destruction of adulterated and misbranded product.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS

SB274 is a State Agency bill, requested by the RLD. Amendments to the wording of the bill that will be requested by the RLD will change the current reference in the bill to "compliance inspectors" to the new position title of "Special Agents." This change in terminology will make the position titles for the Compliance Bureau consistent with the position titles currently in place for existing Special Agent employees of the RLD located in the Securities Division and staff for the Board of Pharmacy. Additional amendments will clarify that the agents employed in the Compliance Bureau would act only under the authority and direction of the Superintendent of the RLD.