

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** 02/03/2024**Bill No:** SB 274**Sponsor:** Katy M. Duhigg
Short Title: Cannabis Compliance Bureau**Agency Name and Code** NMDA - 199
Number: _____**Person Writing** Jeff Witte**Phone:** 575-646-5063 **Email** Hrickner@nmda.nmsu.edu**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
N/A	\$325.0	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	N/A	N/A	N/A	N/A	N/A	N/A

(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

SB 274 establishes a new section within the Regulation and Licensing Department Act providing for the creation of a compliance bureau within the regulations and licensing division. The purpose of the bureau is to investigate and enforce cannabis control division (division) regulations related to the production of and manufacturing of cannabis products. Inspectors within the new bureau shall be certified law enforcement officers with similar authorities as other law enforcement officers. SB 274 provides the superintendent authorities to establish training requirements for bureau inspectors.

SB 274 amends the Cannabis Regulation Act stating additional authorities and duties related to the division, and to the cannabis control bureau. Division authorities and duties include ability to respond to tips of possible wrongdoing, issuance of administrative holds on cannabis products suspected of being in violation of division regulations, and issuance of recall orders for suspected adulterated or misbranded products. Compliance bureau authorities and responsibilities include ability to confiscate cannabis products and seize manufacturing premises related to manufacturing of adulterated or dangerously misbranded cannabis products as provided in a warrant; and provides guidelines related to the tagging of confiscated products. SB 274 provides individuals aggrieved by an embargo or seizure of their products an administrative hearing process. Prior to product destruction, the division shall petition a district court for condemnation authority. Products are destroyed at an individual’s expense.

A person knowingly conceals, removes, or destroys cannabis products that are subject to division/bureau hold or embargo is guilty of a fourth-degree felony. In addition to disciplinary actions provided in the act, license suspension/revocation and fines, not to exceed \$10,000, are provided to the division. When requested by the division or bureau, state agencies, with relevant expertise, are required to cooperate.

A three hundred twenty-five thousand dollars (\$325,000) appropriation from the general fund is provided for the creation of the compliance bureau with an unencumbered balance reverting to the general fund at the end of the 2025 fiscal year.

FISCAL IMPLICATIONS

None known to impact New Mexico department of agriculture

SIGNIFICANT ISSUES

None known to impact New Mexico department of agriculture

PERFORMANCE IMPLICATIONS

New Mexico department of agriculture believes the proposed addition of a compliance bureau and related authorities to the regulation and licensing department will increase collaboration between the two agencies and enhance New Mexico department of agriculture's ability to enforce cannabis related pesticide regulations as well as enhance enforcement of hemp production regulations.

ADMINISTRATIVE IMPLICATIONS

None known to impact New Mexico department of agriculture

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None known to impact New Mexico department of agriculture

TECHNICAL ISSUES

None known to impact New Mexico department of agriculture

OTHER SUBSTANTIVE ISSUES

None known to impact New Mexico department of agriculture

ALTERNATIVES

None known to New Mexico department of agriculture

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The cannabis control division will not be able to enhance current investigative and enforcement abilities. The ability for cannabis control division to identify misbranded or adulterated cannabis products or cannabis products imported illegally to the state will remain unchanged.

AMENDMENTS

None known to New Mexico department of agriculture