

<b>LFC Requester:</b>	<b>Kelly Klundt</b>
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**AGENCY BILL ANALYSIS  
2015 REGULAR SESSION**

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

[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)

*and*

[DFA@STATE.NM.US](mailto:DFA@STATE.NM.US)

*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**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:*

<b>Original</b>	<input checked="" type="checkbox"/>	<b>Amendment</b>	<input type="checkbox"/>	<b>Date</b>	<u>01/28/15</u>
<b>Correction</b>	<input type="checkbox"/>	<b>Substitute</b>	<input type="checkbox"/>	<b>Bill No:</b>	<u>HB 160</u>

<b>Sponsor:</b>	<u>Representative Bill McCamley</u>	<b>Agency Code:</b>	<u>Attorney General's Office</u>
<b>Short Title:</b>	<u>CANNABIS REVENUE &amp; FREEDOM ACT</u>	<b>Person Writing</b>	<u>Sharon L. Pino, AAG</u>
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**SECTION II: FISCAL IMPACT**

Although HB 160 creates a revenue stream from the sale of cannabis/marijuana, it is unclear if the revenue generated will cover the costs associated with regulation, enforcement and social impact created by the passage of this bill.

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

HB 160 is directly contrary to existing Federal Law under the Controlled Substance Act.

Duplicates/Relates to Appropriation in the General Appropriation Act:

**SECTION III: NARRATIVE**

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

**BILL SUMMARY**

Synopsis:

HB 160 is a comprehensive act designed to legalize and regulate the production and sale of cannabis/marijuana. It contains provisions as follows:

HB 160 allows a person who is licensed, controlled, regulated and taxed by this state to legally manufacture and sell cannabis/marijuana to any person twenty-one years of age or older, subject to several outlined provisions of the Act.

HB 160 authorizes the Department of Agriculture to issue industrial hemp licenses and agricultural hemp seed production permits.

HB 160 outlines provisions to prevent:

1. The distribution to persons under the age of 21
2. Any revenue from the sale to go to criminal enterprises, gangs and cartels
3. Transportation from this state to another
4. The sale of marijuana as a cover up for the sale of any other illegal drug or activity
5. The use of violence or use of firearms in the cultivation and distribution
6. The growing of marijuana on public lands; and
7. The possession and use of marijuana on federal property

HB 160 provides that the Act shall not be construed to amend or affect in any way any state or federal law pertaining to employment matters, landlord matters, or any federal restrictions or law in effect or amend in any way the Lynn and Erin Compassionate Use Act.

HB 160 outlines the duties of the Taxation and Revenue Department, the New Mexico Department of Agriculture and the Department of Health.

HB 160 outlines qualifications a purchaser must meet to obtain a license.

HB 160 contains a section outlining the regulation of production, processing and wholesale and retail sale of marijuana.

HB 160 allows the state to inspect a licensee's books, and licensed premises at any time after seventy-two hour notice.

HB 160 contains a section outlining rules and fees for license application, grounds for refusing a license, ground for revoking or suspending a license. There are also provisions which address the rules for the sale, tax and maintaining of records.

## **FISCAL IMPLICATIONS**

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

## **SIGNIFICANT ISSUES**

HB 160 raises many significant issues that must be considered. They are:

1. Anyone person who has a legitimate medical need for cannabis/marijuana may already obtain that through New Mexico's Lynn and Erin Compassionate Use Act. HB 160 only serves to create a market for recreational use of cannabis/marijuana.
2. New Mexico currently has a limited amount of substance abuse treatment centers available to address alcohol abuse (a legal and highly regulated substance) and other forms of substance abuse. Under these circumstances it would be fair to say that New Mexico is ill equipped to provide treatment to persons who become dependent on cannabis/marijuana, which would likely become a greater issue if the substance were legalized.
3. Should HB 160 become law, New Mexico would be the only southwest border state to legalize cannabis/marijuana. Unintended consequences might be an influx of transnational gang activity relating to the sale and distribution of cannabis/marijuana.
4. Although highly regulated under HB 160, legalized cannabis/marijuana, similar to alcohol, which is also highly regulated, will likely result in increased access of this substance to minors. Scientific evidence supports the detrimental impact of cannabis/marijuana to a child's brain development.
5. Currently the state of Colorado, who has legalized cannabis/marijuana, is being sued by the States of Nebraska and Oklahoma based on the alleged negative impact that Colorado's legalization has produced in having cannabis/marijuana then transported into the borders of these neighboring states. It is possible that legalization of cannabis/marijuana in New Mexico would result in litigation by other states against our own state.
6. Although there is an anticipated cost savings to Law Enforcement assumed in the bill, costs to Law Enforcement may actually increase due to added enforcement of the provisions of the proposed act.

**PERFORMANCE IMPLICATIONS N/A**

**ADMINISTRATIVE IMPLICATIONS N/A**

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB 160 is directly contrary to existing Federal Law under the Controlled Substance Act.

**TECHNICAL ISSUES N/A**

**OTHER SUBSTANTIVE ISSUES**

Although HB 160 creates a revenue stream from the sale of cannabis/marijuana, it is unclear if the revenue generated will cover the costs associated with regulation, enforcement and social impact created by the passage of this bill.

**ALTERNATIVES N/A**

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

Status Quo

**AMENDMENTS N/A**