

LFC Requester:	Montano, Noah
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}

Date Prepared: 1/25/25 *Check all that apply:*
Bill Number: HB 10 Original Correction
 Amendment Substitute

Sponsor: Rep. Doreen Gallegos **Agency Name and Code** AOC
Short RLD Cannabis Enforcement **Number:** 218
Title: _____ **Person Writing** Kathleen Sabo
Phone: 505-470-3214 **Email** aoccaj@nmcourts.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
None	\$1,500	Rec.	General

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
Unknown	Unknown	Unknown	Rec.	General

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Unknown	Unknown	Unknown	Unknown	Rec.	General

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None.

Duplicates/Relates to Appropriation in the General Appropriation Act: None.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB 10 enacts new statutory sections within the Regulation and Licensing Department Act (RLDA), Section 9-16-1 NMSA 1978 et. seq, and the Cannabis Regulation Act (CRA), Section 26-2C-1 NMSA 1978 et. seq, as follows:

Section 1: enacts a new statutory section within the RLDA to establish the “Enforcement Bureau” within the Office of the Superintendent as a law enforcement agency employing enforcement agents to enforce laws and administrative rules within the scope of the industries and professions regulated by the department and by the boards and commissions administratively attached to the department. HB 10 provides that an enforcement agent shall have the same power as other law enforcement officers, including the power to maintain public order, to undertake a lawful warrantless search and seizure and to arrest someone for a crime. A warrant for the arrest of a person shall be issued upon a sworn complaint. HB 10 requires the enforcement bureau to investigate alleged violations of law and report its findings, as specified. The superintendent may require enforcement agents to receive additional law enforcement training related to cannabis and licensed professions and occupations within the jurisdiction of the RLD.

Section 2: requires the Cannabis Control Division (“division”) of the RLD and the enforcement bureau to enforce the provisions of the CRA and grants the authority and discretion to carry out announced and unannounced inspections. HB 10 permits the division to respond to tips, collect and take custody of samples and to issue an order restricting the movement of cannabis products that are or are suspected of being adulterated or dangerously or fraudulently misbranded. The law requires the enforcement bureau to investigate cases referred to it as directed by the chief of the bureau, and permits the bureau to embargo or take possession of a cannabis product reasonably suspected of being an illegal cannabis product or a cannabis product that is adulterated or so misbranded as to be dangerous or fraudulent; take control pursuant to a warrant of the premises where a cannabis product is produced, manufactured or stored; and petition the district court for injunctive or other equitable relief. HB 10 permits a licensee aggrieved by an embargo, seizure or recall to request an administrative hearing within 10 calendar days from the date that the embargo, seizure or recall was executed. The hearing shall be held before a hearing officer as provided by rule. HB 10 permits the final agency decision to be appealed pursuant to Section 39-3-1.1 NMSA 1978. The law requires the division to petition the district court for condemnation of a cannabis product, when the determination is made that such embargoed or seized cannabis product is illegal, adulterated or dangerously or fraudulently misbranded. If the district court orders condemnation, the RLD is required to destroy the cannabis product at the licensee’s expense. HB also provides the following penalties:

- for a person who intentionally, knowingly or recklessly removes, conceals, destroys or disposes of a cannabis product subject to an order restricting the movement or embargo, a fourth degree felony penalty; and
- for a person who intentionally, knowingly or recklessly sells, delivers or transfers a cannabis product subject to recall to another person, a fourth degree felony penalty.

The law provides that, in addition, and after an administrative hearing pursuant to the Uniform Licensing Act, the division may take specified disciplinary action against a licensee,

including license suspension or revocation, imposition of an administrative penalty of up to \$10K per violation, or any other allowable disciplinary action. HB 10 defines “embargo” and “enforcement bureau” as used in this section.

HB 10 appropriates \$1.5 million from the general fund to the RLD for expenditure in FY 26 to enforce the provisions of the CRA, as specified. Any unexpended or unencumbered balance remaining at the end of FY 2026 shall revert to the General Fund.

The effective date of the Act is July 1, 2025.

FISCAL IMPLICATIONS

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced prosecutions, and appeals from convictions, appeals from a final agency decision re: embargo, seizure or recall of a product, petitions to the district court for condemnation of a cannabis product, when the determination is made that such embargoed or seized cannabis product is illegal, adulterated or dangerously or fraudulently misbranded, and appeals from final agency decisions under both the CRA and the Uniform Licensing Act.

New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

SIGNIFICANT ISSUES

- 1) The FIR for 2024’s SB 274, seeking to create a cannabis compliance bureau, notes

The Attorney General (NMAG) expressed the need for a reference to the selection process for special agent investigators, the training that would be required, disciplinary actions against the investigators for unlawful conduct, or authority of the division to create rules governing any of these issues. NMAG said it could be beneficial to outline additional powers for the division or the bureau to have the ability to create rules governing the many different aspects of the investigators and their duties. It further responded:

Should the requirement of Law Enforcement Officers remain in the bill to be investigators, the training requirements of the Law Enforcement Officers would likely need to be addressed by the New Mexico Law Enforcement Trainings and Standards Council for satisfactory completion.

- 2) Permitting seizure or embargo or destruction of illegal cannabis will keep illegal products from finding their way into the black market. See *New Mexico lawmakers look to tighten up laws surrounding cannabis*, Natalie Wadas, January 15, 2024, KRQE News at <https://www.krqe.com/news/new-mexico-lawmakers-look-to-tighten-up-laws-surrounding-cannabis/>.
- 3) HB 10 permits a final agency decision by the division to be appealed to the district court, pursuant to Section 39-3-1.1 NMSA 1978. Additionally, HB 10 permits disciplinary action against a licensee, pursuant to the Uniform Licensing Act, which, under Section 61-1-17 NMSA 1978, also permits appeal pursuant to Section 39-3-1.1 NMSA 1978.

PERFORMANCE IMPLICATIONS

The courts are participating in performance-based budgeting. This bill may have an impact on the measures of the district courts in the following areas:

- Cases disposed of as a percent of cases filed
- Percent change in case filings by case type

ADMINISTRATIVE IMPLICATIONS

See “Fiscal Implications,” above.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES**OTHER SUBSTANTIVE ISSUES****ALTERNATIVES****WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL****AMENDMENTS**