

<b>LFC Requester:</b>	<b>Noah Montano</b>
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**AGENCY BILL ANALYSIS  
2025 REGULAR SESSION**

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

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**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, 2025  
**Bill No:** Sub. HB 10 [HCEDC]

**Sponsor:** Gallegos, Martinez, Armstrong,  
Matthews and de la Cruz  
**Short Title:** RLD Cannabis Enforcement

**Agency Name and Code Number:** Regulation and Licensing  
Department – 420  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>		465*		465	Nonrecurring	Government Result and Opportunity Expendable Trust*
		1,313*	1,313	2,626	Recurring	Government Result and Opportunity Expendable Trust in FY26*; General Fund thereafter.

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to:

\* Please note that appropriation language is currently included in both 2025 HB2, titled as “General Appropriation Act of 2025”, and in HB141, likewise titled as “General Appropriation Act of 2025”. [In both bills, see Section 9, Government Results and Opportunity Expendable Trust, Subsection (A)(6), at page 220.]

**SECTION III: NARRATIVE**

**BILL SUMMARY**

**Synopsis of Substitute for House Bill 10 (Sub.HB10):**

- Sub. HB10 has been prepared in cooperation with the Regulation and Licensing Department (RLD) for consideration by the House Commerce & Economic Development Committee (HCEDC).
- As compared to the original HB10:
  - The jurisdiction of the new “Enforcement Bureau” being added to the RLD is focused entirely on matters related to the Cannabis Regulation Act.
  - Sub.HB10 makes clearer that the new “Bureau Chief” and “Enforcement Agents” positions employed by the RLD will be “peace officers” who must meet the requirements for certification as provided at §29-7-6 NMSA 1978 of the Law Enforcement Training Act. [The “peace officer” terminology utilized in Sub.HB10 follows precedent established in multiple other New Mexico acts where officers with law enforcement authority have been statutorily authorized to be employed by state agencies such as the Livestock Board, the Board of Pharmacy, and the Organized Crime Commission.]
  - Additional authority extended to the RLD Cannabis Control Division and the new Enforcement Bureau under Sub.HB10 regarding taking cannabis product samples for testing, issuing orders restricting the movement of certain cannabis products, and the ability to embargo or seize cannabis products in certain circumstances are clarified.

- Sub.HB10 provides additional language to further ensure due process rights of licensees or others are upheld when orders of condemnation are sought from the district courts for the destruction of suspected illegal or dangerous cannabis products.
- Finally, there is no section in Sub.HB10 for appropriation of funds.
- Other language of Sub.HB10 closely follows the provisions of the original HB10.

Synopsis of the Original House Bill 10 (HB10): HB10 is legislation that was requested by the Regulation and Licensing Department (RLD) to address pressing needs for additional administrative powers and law enforcement authority necessary to properly regulate the cannabis industry in New Mexico. The provisions of HB10 are designed to provide the RLD with legal tools, material resources and qualified, capable personnel that will allow the RLD to respond swiftly and effectively when evidence is discovered of potential criminal actions and threats to the health and safety of the public.

HB10 adds a new section to the Regulation and Licensing Department Act, §9-16-1 NMSA 1978 *et seq.*, creating a new “enforcement bureau” within the Regulation and Licensing Department (RLD) to be staffed by certified law enforcement officers who would be assigned to investigate potential criminal cases arising from the industries and professions under the jurisdiction of the RLD, with a primary emphasis of this new bureau being placed on criminal violations of New Mexico cannabis laws.

HB10 amends the Cannabis Regulation Act (CRA), §26-2C-1 NMSA 1978 *et seq.* to provide the RLD’s Cannabis Control Division (CCD) and the newly created RLD enforcement bureau with specific new regulatory and investigatory powers concerning violations of the CRA. Key new provisions include: Authority to place cannabis products suspected of being adulterated, dangerously or fraudulently misbranded or illegally possessed under administrative holds; authority to seize and take custody of suspected illegal or dangerous cannabis products; and a clear statutory path to obtain orders from the district courts to destroy cannabis products determined to be dangerous or possessed illegally.

HB10 appropriates one million five hundred thousand dollars (\$1,500,000) to cover the costs associated with activities of the CCD and the new enforcement bureau related to investigations, seizures and the substantial costs involved in safely and thoroughly carrying out the destruction of illegal cannabis products as well as packaging materials, agricultural materials, production materials, solvents, and refuse found in illegal cannabis production and distribution operations.

In greater detail, HB10 amends the RLD Act as follows:

- Establishes an enforcement bureau within the RLD that will be considered a law enforcement agency as defined at §9-19-14 (P)(2), NMSA 1978, and which will be directed by a bureau chief appointed and supervised by the superintendent of RLD.
- Directs the RLD to employ enforcement agents to enforce laws and rules within the scope of industries and professions regulated by the RLD and those boards and commissions administratively attached to the RLD.

- The enforcement bureau shall consist of enforcement agents who are certified law enforcement officers under §9-19-14 (P)(1), NMSA 1978, with the superintendent of the RLD directly responsible for final employment decisions concerning those enforcement agents.
- Enforcement agents in the new enforcement bureau will have the same powers as other law enforcement officers in New Mexico.
- Directs the enforcement bureau to investigate alleged violations of law and report its findings to the superintendent and division directors of the RLD, and boards and commissions as determined by the bureau chief.
- Allows the superintendent to require enforcement agents to receive additional law enforcement training related to cannabis and those other licensed professions and occupations within the jurisdiction of the RLD.

Amends the Cannabis Regulation Act to:

- Direct the CCD and the enforcement bureau to enforce the provisions of the CRA, including conducting unannounced inspections.
- Authorizes the CCD to:
  - Respond to allegations of wrongdoing or initiate investigations on the CCD's own initiative when there are suspected violations of the CRA, provided that the CCD shall refer possible criminal investigations to the enforcement bureau and shall assist the enforcement bureau in investigations and inspections.
  - Collect and take custody for purposes of testing items suspected to contain cannabis when those items are suspected of being adulterated, dangerously or fraudulently misbranded or possessed in violation of the CRA or other state laws.
  - Issue orders restricting the movement of cannabis products that are or suspected of being adulterated or dangerously or fraudulently misbranded.
- Directs the enforcement bureau to investigate referred cases as directed by the chief of the bureau, and authorize the bureau to:
  - Embargo or take possession of a cannabis product reasonably suspected of being illicit cannabis product or a cannabis product that is adulterated or dangerously or fraudulently misbranded;
  - Take control pursuant to a warrant of a premises where a cannabis product is produced, manufactured, or stored; and
  - Petition the district court for injunctive or other equitable relief.
- Directs the CCD to give sufficient notice to a licensee of its issuance of an order restricting movement of the licensee's cannabis products. Such order shall not be in place longer than necessary for the CCD or enforcement bureau to complete its investigation, and an order restricting the movement of misbranded cannabis products shall be in place only as long as needed for the licensee to relabel or repackage the

cannabis product as directed. The CCD may order a recall for cannabis products embargoed due to adulteration or dangerous or fraudulent misbranding.

- Directs the CCD when embargoing a cannabis product to affix to the product a tag or other marking giving notice that the product is or is suspected of being an illegal cannabis product or is adulterated or dangerously or fraudulently misbranded, and that the product is not to be sold, removed, or otherwise disposed of. When the CCD embargoes or the enforcement bureau seizes a cannabis product, the CCD or bureau shall give written notice to the licensee of the grounds for the embargo or seizure. Neither the CCD nor the bureau shall be required to care for embargoes or seized cannabis products.
- Allows a licensee aggrieved by an embargo, seizure or recall to request an administrative hearing within ten (10) days from the date the embargo, seizure or recall was executed. The hearing shall be held before a hearing officer. The final agency decision may be appealed pursuant to §39-3-1.1 NMSA 1978. When a determination is made that an embargoed, seized or recalled cannabis product is illegal, adulterated, or dangerously or fraudulently misbranded, the CCD shall petition the district court for condemnation of the cannabis product. If the court orders condemnation the RLD shall destroy the product at the licensee's expense.
- Defines the following felonies for any person who intentionally, knowingly or recklessly:
  - Removes, conceals, destroys or disposes of a cannabis product subject to an order restricting the movement or embargo is guilty of a fourth degree felony and subject to sentence under §31-18-15 NMSA 1978;
  - Sells, delivers, or transfers a cannabis product subject to recall to another person is guilty of a fourth degree felony and subject to sentence under §31-18-15 NMSA 1978.
- Authorizes the CCD after an administrative hearing pursuant to the Uniform Licensing Act (ULA) to take disciplinary action against a licensee, including:
  - Suspension or revocation of the license;
  - Imposition of an administrative penalty not to exceed ten thousand dollars (\$10,000) per violation;
  - Any other disciplinary action allowed under the ULA or the CCD rule.
- Defines “embargo” as to place in a secure location with continuous video monitoring, accessible only by the licensee the CCD and the enforcement bureau. Defines “enforcement bureau” as the enforcement bureau of the RLD.

## **FISCAL IMPLICATIONS**

### **Sub.HB10:**

The anticipated costs necessary to carry out the intent and purposes of Sub.HB10 are unchanged from that of the original HB10. Staffing necessary to stand up the new enforcement bureau

within the RLD will consist of six (6) enforcement agents and one (1) enforcement bureau chief. Personnel and operational support costs are expected to total one million three hundred and thirteen thousand dollars (\$1,313,000) annually/recurring beginning in FY26. In addition, a special request for vehicles for the enforcement agents and bureau chief will require four hundred sixty-five thousand dollars (\$465,000) in FY26.

## **SIGNIFICANT ISSUES**

### **PERFORMANCE IMPLICATIONS**

Sub.HB10 presents an opportunity to assign a trained, dedicated law enforcement unit to focus on criminal activities connected to cannabis and the cannabis industry in New Mexico. This will give other law enforcement agencies across the state a greater opportunity to devote their efforts to the most critical needs in their communities.

### **ADMINISTRATIVE IMPLICATIONS**

The enforcement bureau created by Sub.HB10 will be located within the Office of the Superintendent of RLD, and the bureau chief of the enforcement bureau will report to the superintendent. This structure, with the superintendent of the RLD being directly involved in the oversight and direction of the new enforcement bureau, is intentional and designed to ensure accountability for the enforcement bureau at the highest level. The superintendent, and the bureau chief appointed by the superintendent, will be responsible for making certain the law enforcement authority and resources entrusted to the RLD under Sub.HB10 are utilized only in appropriate cases and to prudent effect.

Under Sub.HB10 the CCD's administrative authority will expand to be able to issue administrative holds and seize or embargo cannabis products when appropriate. The ability to seek and obtain orders from the district courts for the destruction of illegal, adulterated or misbranded products will result in preventing such products from causing harm to the public and keep those materials out of the black market.

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

Companionship/Related to an appropriation currently included in 2025 HB2, "General Appropriation Act of 2025." [See Section 9, Government Results and Opportunity Expendable Trust, Subsection (A)(6), at page 220.]

Companionship/Related to an appropriation currently included in 2025 HB141, "General Appropriation Act of 2025." [See Section 9, Government Results and Opportunity Expendable Trust, Subsection (A)(6), at page 220.]

## **TECHNICAL ISSUES**

### **OTHER SUBSTANTIVE ISSUES**

Providing the RLD with the legal tools and law enforcement authority specified in Sub.HB10 will serve to provide a vital resource in the protection of the public health and safety in New Mexico. The important law enforcement and regulatory work in the cannabis industry field that the RLD will be able to accomplish with these new tools will provide a direct impact but will also help other law enforcement agencies across the state by freeing up their resources to focus on other critical needs such as deterring property crime and combating the scourge of violent crime in our state.

## **ALTERNATIVES**

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

The RLD will not have the law enforcement authority or resources to address violations of criminal laws connected to the cannabis industry in New Mexico and the RLD and CCD will continue to be unable to carry out seizures, embargoes, administrative holds of adulterated, dangerous and illegal cannabis products in our state.

## **AMENDMENTS**