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FISCAL IMPACT REPORT

SPONSOR <u>Matthews</u>	LAST UPDATED <u>02/14/2023</u>	ORIGINAL DATE <u>02/10/2023</u>
SHORT TITLE <u>RLD Reorganization</u>	BILL NUMBER <u>House Bill 233/aHGEIC</u>	ANALYST <u>Chilton</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From
 Regulation and Licensing Department (RLD)

No Response Received
 Department of Information Technology (DOIT)

SUMMARY

Synopsis of HGEIC Amendment to House Bill 233

The HGEIC amendment omits the provision in the bill for compliance officers to be hired by RLD to assure compliance with alcohol and cannabis regulations. This has the effect of removing fiscal considerations from the bill.

Synopsis of Original Bill

Senate Bill 233, RLD Reorganization, establishes new divisions among the boards, commissions and agencies reporting to the superintendent of RLD and creates new requirements for compliance inspectors.

The revised list of divisions in Section 2 adds two new divisions, Information Technology and a Boards and Commission Division. Section 3 of the bill empowers the superintendent of RLD to hire compliance officers, with police powers, to enforce laws and rules of the Cannabis Control Division and the Alcoholic Beverage Control Division.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law. However, RLD sees FY24 as an “organizational year,” so would not be hiring into the three FTE positions it sees as necessary until FY25.

FISCAL IMPLICATIONS

There is no appropriation in House Bill 233. RLD estimated the need to hire three compliance officers, at a total cost of \$195,606, starting in FY25 after the transition year, but after the amendment, additional cost to the department should have been eliminated.

SIGNIFICANT ISSUES

RLD indicates the 10 persons now doing information technology work in various parts of the department would continue the same work, better organized in their own division. RLD states that the boards and commissions under the control of RLD already work together, almost as if the boards and commissions division already existed. With the amendment's removal of compliance officers from the bill, previously estimated costs are eliminated.

TECHNICAL ISSUES

RLD suggests the following items in need of correction in the bill:

- At Section 3, HB233 does not directly state that the RLD, will be designated as a law enforcement agency, which may be required for employees of the RLD to carry out law enforcement activities and duties. [See, e.g., 58-13C-102(F) NMSA 1978, defining and establishing the Securities Division as a law enforcement agency housed within the RLD];
- In keeping with the concern raised in Section 2 regarding a law enforcement agency designation, HB233 does not define the term “peace officers,” leaving uncertainty as to the educational or training requirements necessary for an individual to be employed in that capacity/position. [See, e.g., 58-13C-601(A) NMSA 1978 requiring that “peace officers shall comply with the certification provisions of 29-7-6 NMSA 1978”].
- HB233 may require clarification as to how RLD and the Department of Public Safety would work collaboratively to enforce the current language of the Liquor Control Act and the Cannabis Regulation Act