



Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY** House Bill 331 (HB331)

HB331 creates a new section 26-2C-34.1 within the Cannabis Regulation Act (CRA) that requires cannabis establishments with ten (10) or more employees to enter, maintain and abide by a labor peace agreement with a labor organization. This requirement is made an ongoing material condition of a cannabis license, violation of which may result in suspension, revocation, or a refusal to renew the license.

Cannabis establishments with fewer than ten employees and applicants are required to provide a written attestation indicating that the establishment will enter and abide with a labor peace agreement within sixty (60) days of employing a tenth (10<sup>th</sup>) employee. The written agreement is to be provided to the Cannabis Control Division (CCD) of the Regulation and Licensing Department (RLD). Beginning September 1, 2025, the CCD shall not renew a license for any cannabis establishment with ten (10) or more employees unless the establishment provides a written attestation from a labor organization stating that the establishment is maintaining and abiding by a labor peace agreement. [HB331 defines a “labor organization” as “an association of workers recognized by the national labor relations board as a bona fide labor organization.”]

The CCD is directed to enact rules to enforce the provisions of the bill. If the CCD finds after review that a licensee is failing to maintain and abide by a labor peace agreement it shall suspend the establishment’s cannabis license.

The labor peace agreement shall specify that the cannabis establishment may not disrupt efforts by the labor organization to organize and represent the establishment’s employees and shall provide access for the labor organization to meet with employees to discuss their right to representation, other employment rights, and conditions of employment. The labor peace agreement shall also specify that the labor organization and its members will not engage in picketing, work stoppages, boycotts, or other economic interference with the business of the establishment.

#### **FISCAL IMPLICATIONS**

HB331 provides no appropriation for additional funding for the operations and infrastructure of the CCD that will be impacted by the bill. In 2024 the RLD implemented a new software program for applicants and licensees to apply and renew licenses online. Known as “NM Plus” versions of this online system for license and permit applications are utilized by the majority of professions and industries regulated and licensed by the RLD. The current software utilized by the CCD was specifically built for each cannabis license type issued by the CCD. If there are changes made to those license types, such as adding new qualifications that must be met in order for an original license to be issued or an existing license to be renewed, the software must be amended to include the new requirement(s). While the NM Plus system has sped up the receipt and processing of license applications and provides the CCD with valuable tools for its regulatory responsibilities, making changes to this software (which is based on the Salesforce platform) does have a financial cost. The administrators of the software system require the RLD

to pay an “enhancement” fee for each such change. The RLD would have to procure enhancements to this existing software to monitor and track the labor agreements for new applications and renewals to ensure compliance. Additionally, licensees may need to file amendments during the year which would require a separate enhancement. Based on the average cost of prior enhancement contracts the RLD has experienced in the past few years, it is estimated to cost forty thousand dollars (\$40,000.00) for the enhancements to the system necessitated by HB331.

## **SIGNIFICANT ISSUES**

Under the terms of HB331, at Section 1, paragraph E, there is a potential that labor organizations could be placed in a position of being able to veto an applicant’s ability to obtain a license under the CRA, or deny a licensee’s ability to renew a license, by refusing to enter into a labor peace agreement with a specific applicant or licensee.

## **PERFORMANCE IMPLICATIONS**

### **ADMINISTRATIVE IMPLICATIONS**

The CCD will have to conduct a rulemaking process to implement this bill. The bill does not set forth standards for the CCD to determine whether a licensee is failing to maintain and abide by a labor peace agreement. The CCD will have to develop its own standard in the rulemaking process.

There will be increased administrative workload for the CCD in processing and tracking the attestations and labor peace agreements from cannabis businesses, as well the ongoing need to verify the number of employees of applicants/licensees, verify agreements, maintain documentation, and manage appeals related to compliance violations.

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

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

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

The status quo will continue, such that licensees will not be required to enter into labor peace agreements with a labor organization.

## **AMENDMENTS**