

HOUSE FLOOR SUBSTITUTE FOR
HOUSE JUDICIARY COMMITTEE SUBSTITUTE FOR
HOUSE BILL 356

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

AN ACT

RELATING TO CANNABIS; ENACTING THE CANNABIS REGULATION ACT;
CREATING THE CANNABIS CONTROL COMMISSION AND PROVIDING DUTIES;
REVISING SECTIONS OF LAW RELATED TO CANNABIS; ESTABLISHING
DUTIES FOR THE DEPARTMENT OF ENVIRONMENT; AMENDING THE LYNN AND
ERIN COMPASSIONATE USE ACT; CREATING THE CANNABIS REGULATION
FUND, THE COMMUNITY GRANTS REINVESTMENT FUND, THE COMMUNITY
GRANTS REINVESTMENT PROGRAM, THE CANNABIS HEALTH AND SAFETY
FUND, THE CANNABIS RESEARCH FUND AND THE ROAD SAFETY FUND;
REVISING THE LOCAL DWI GRANT PROGRAM; ENACTING THE CANNABIS TAX
ACT; PROVIDING AND REVISING PENALTIES; AMENDING, REPEALING AND
ENACTING SECTIONS OF THE NMSA 1978; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
through 40 of this act may be cited as the "Cannabis Regulation
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1 Act".

2 SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
3 Cannabis Regulation Act:

4 A. "adult-use cannabis" means cannabis that is
5 authorized for sale pursuant to the Cannabis Regulation Act,
6 but does not include medical cannabis;

7 B. "board" means the board of regents of New Mexico
8 state university;

9 C. "cannabis":
10 (1) means all parts of the plant Cannabis
11 sativa Linnaeus, whether growing or not, containing more than
12 three-tenths percent tetrahydrocannabinol; the seeds of the
13 plant; the resin extracted from any part of the plant; and
14 every compound, manufacture, salt, derivative, mixture or
15 preparation of the plant, its seeds or its resin; and

16 (2) does not include:
17 (a) the mature stalks of the plant;
18 fiber produced from the stalks; oil or cake made from the seeds
19 of the plant; any other compound, manufacture, salt,
20 derivative, mixture or preparation of the mature stalks, fiber,
21 oil or cake; or the sterilized seed of the plant that is
22 incapable of germination; or

23 (b) the weight of any other ingredient
24 combined with cannabis to prepare topical or oral
25 administrations, food, drink or another product;

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1 D. "cannabis courier" means a person licensed by
2 the commission only to transport usable cannabis and cannabis
3 products directly to consumers;

4 E. "cannabis establishment" means:

5 (1) a cannabis testing laboratory;

6 (2) a cannabis producer;

7 (3) a cannabis manufacturing facility; or

8 (4) a dispensary;

9 F. "cannabis extract":

10 (1) means a product obtained by separating
11 resins from cannabis by solvent extraction using solvents other
12 than vegetable glycerin, such as butane, hexane, isopropyl
13 alcohol, ethanol or carbon dioxide; and

14 (2) does not include the weight of any other
15 ingredient combined with cannabis extract to prepare topical or
16 oral administrations, food, drink or another product;

17 G. "cannabis flowers" means only the flowers of a
18 cannabis plant;

19 H. "cannabis items" means cannabis, cannabis
20 products and cannabis extracts;

21 I. "cannabis leaves" means only the leaves of a
22 cannabis plant;

23 J. "cannabis manufacturer" means a person that is
24 licensed to:

25 (1) manufacture and package cannabis items;

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1 (2) have cannabis items tested by a cannabis
2 testing laboratory; and

3 (3) buy, sell, consign or transport cannabis
4 items;

5 K. "cannabis producer" means a person that is
6 licensed to:

7 (1) cultivate or prepare cannabis in a raw
8 form for consumption;

9 (2) have cannabis items tested by a cannabis
10 testing laboratory; and

11 (3) sell, consign or transport cannabis items;

12 L. "cannabis product":

13 (1) means a product that contains cannabis or
14 cannabis extracts, including edible or topical products that
15 may also contain other ingredients; and

16 (2) does not include the weight of any other
17 ingredient combined with cannabis or cannabis extracts to
18 prepare topical or oral administrations, food, drink or another
19 product;

20 M. "cannabis testing laboratory" means a facility
21 that is licensed by the department of environment to collect,
22 transport and test cannabis items to analyze the strength or
23 purity of the items;

24 N. "commercial cannabis activity":

25 (1) means the cultivation, production,

1 possession, manufacture, storage, testing, labeling,
2 transportation, couriering, sale or consignment of cannabis and
3 cannabis items; and

4 (2) does not include activities related only
5 to the medical cannabis program;

6 O. "commission" means the cannabis control
7 commission;

8 P. "consumer" means a person who purchases,
9 acquires, owns, possesses or uses a cannabis item for a purpose
10 other than resale;

11 Q. "controlling person":

12 (1) means an officer, board member or other
13 natural person who has a financial or voting interest of ten
14 percent or greater in a cannabis establishment; and

15 (2) does not include a bank or licensed
16 lending institution;

17 R. "cultivation" means any activity involving the
18 planting, growing, harvesting, drying, curing, grading or
19 trimming of cannabis;

20 S. "director" means the executive director of the
21 cannabis control commission;

22 T. "dispensary" means an establishment licensed to
23 sell medical cannabis for off-site consumption;

24 U. "dual licensed dispensary" means an
25 establishment licensed to sell both medical and adult-use

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1 cannabis for off-site consumption;

2 V. "financial consideration" means the value that
3 is given or received, directly or indirectly, through sales,
4 barter, trade, fees, charges, dues, contributions or donations;

5 W. "licensed premises" means a location that is
6 licensed pursuant to the Cannabis Regulation Act and includes:

7 (1) all enclosed public and private areas at
8 the location that are used in the business operated pursuant to
9 a license and includes offices, kitchens, restrooms and
10 storerooms;

11 (2) all areas outside of a building
12 specifically licensed for the production and manufacturing of
13 cannabis items; and

14 (3) with respect to a location specifically
15 licensed for the production of cannabis outside of a building,
16 the entire unit of land that is created by subdivision or
17 partition of land that the licensee owns, leases or has a right
18 to occupy;

19 X. "licensee representative" means an owner,
20 director, officer, manager, employee, agent or other
21 representative of a licensee, to the extent that person acts in
22 a representative capacity;

23 Y. "local jurisdiction" means a municipality or a
24 county;

25 Z. "lounge" means a facility licensed by the

1 commission to sell cannabis items only for on-site consumption;

2 AA. "manufacture":

3 (1) means to compound, blend, extract, infuse,
4 package or otherwise prepare a cannabis item; and

5 (2) does not include cultivating the cannabis
6 contained in a cannabis item;

7 BB. "medical cannabis" means cannabis items used by
8 a qualified patient in accordance with the Lynn and Erin
9 Compassionate Use Act;

10 CC. "medical cannabis collective" means a group of
11 not more than five qualified patients, as defined in the Lynn
12 and Erin Compassionate Use Act, licensed by the board through
13 the New Mexico department of agriculture to cultivate and sell
14 certain medical cannabis pursuant to rule;

15 DD. "medical cannabis program" means the regulated
16 system allowing for the beneficial use of medical cannabis as
17 established in the Lynn and Erin Compassionate Use Act;

18 EE. "medical cannabis registry" means the system by
19 which the department of health, pursuant to the Lynn and Erin
20 Compassionate Use Act, receives applications for registry
21 identification cards; approves and denies applications; issues
22 and renews registry identification cards; and maintains files
23 related to applicants for and recipients of registry
24 identification cards;

25 FF. "medical professional" means a person licensed

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1 pursuant to the Medical Practice Act or the Osteopathic
2 Medicine Act;

3 GG. "person" means an individual or a firm,
4 partnership, joint venture, association, corporation, limited
5 liability company, estate, trust, business trust, receiver or
6 any other legal or commercial entity;

7 HH. "public place" means a place to which the
8 general public has access and includes hallways, lobbies and
9 other parts of apartment houses and hotels that do not
10 constitute rooms or apartments designed for actual residence;
11 highways; streets; schools; places of amusement; parks;
12 playgrounds; and places used in connection with public
13 passenger transportation;

14 II. "qualified patient" means a New Mexico resident
15 who has been diagnosed by a practitioner as having a
16 debilitating medical condition and has received written
17 certification and a registry identification card as part of the
18 medical cannabis program;

19 JJ. "safety-sensitive position" means a position in
20 which performance by a person under the influence of drugs or
21 alcohol would constitute an immediate and direct threat of
22 injury or death to that person or to another;

23 KK. "state store" means a commission-operated
24 facility at which cannabis items are stored or offered for
25 retail sale to the public;

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1 LL. "usable cannabis" means dried cannabis flowers
2 and dried cannabis leaves and any mixture or preparation of
3 those flowers or leaves; and

4 MM. "volatile solvent" means a solvent that is or
5 produces a flammable gas or vapor that, when present in the air
6 in sufficient quantities, will create explosive or ignitable
7 mixtures.

8 SECTION 3. [NEW MATERIAL] CANNABIS CONTROL COMMISSION
9 CREATED--DUTIES--RULEMAKING.--

10 A. There is created the "cannabis control
11 commission". The commission is a governmental entity for
12 purposes of the Tort Claims Act. The commission shall consist
13 of:

14 (1) the secretary of environment or a member
15 of the secretary's staff designated by the secretary in an
16 advisory role;

17 (2) the secretary of health or a member of the
18 secretary's staff designated by the secretary in an advisory
19 role;

20 (3) the director of the New Mexico department
21 of agriculture or a member of the director's staff designated
22 by the director in an advisory role; and

23 (4) five public members appointed by the
24 governor with the consent of the senate, including:

25 (a) one member who is engaged in the

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1 active commercial cultivation of non-cannabis crops;

2 (b) one member who is currently or has
3 previously served as a certified law enforcement officer; and

4 (c) one member who is a currently or
5 formerly licensed medical professional.

6 B. Public members shall reside in New Mexico and
7 shall not have a financial interest in any entity engaged in
8 the commercial production, manufacture or sale of cannabis
9 products, and no more than three public members may be from the
10 same political party.

11 C. Public members shall serve staggered four-year
12 terms; except that of the initial public members appointed to
13 the commission, the governor shall select two members whose
14 initial terms are two years and three members whose initial
15 terms are four years.

16 D. Public members of the commission shall be
17 reimbursed as provided in the Per Diem and Mileage Act; except
18 that during the period beginning July 1, 2019 and ending June
19 30, 2023, public members shall be paid five hundred dollars
20 (\$500) per day for every day or portion of a day that the
21 public member attends a commission meeting. The public member
22 shall receive no other compensation, perquisite or allowance.

23 E. Except as provided in the Lynn and Erin
24 Compassionate Use Act, the commission shall have exclusive
25 authority to regulate and administer the testing, manufacture,

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1 packaging and transportation of cannabis items in the state.

2 F. The commission shall employ such personnel and
3 hire such consultants as are required to carry out its duties
4 pursuant to the Cannabis Regulation Act; provided that the
5 commission shall not employ or hire a person who has a direct
6 or indirect financial interest in a cannabis establishment or
7 cannabis cultivation.

8 G. Not later than March 1, 2020, the commission
9 shall promulgate or propose rules necessary to carry out the
10 commission's duties as provided in the Cannabis Regulation Act,
11 and those rules shall include:

12 (1) procedures for the issuance, renewal,
13 suspension and revocation of a license issued by the
14 commission, the department of environment and the department of
15 health;

16 (2) qualifications for licensure that are
17 directly and demonstrably related to the operation of a
18 cannabis establishment;

19 (3) security requirements for a cannabis
20 establishment;

21 (4) requirements related to:

22 (a) inspection and monitoring of a
23 cannabis establishment;

24 (b) a cannabis establishment's
25 recordkeeping and tracking of cannabis items;

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1 (c) prevention of the unauthorized sale
2 or diversion of cannabis items in commercial cannabis activity;

3 (d) labeling of cannabis items; and

4 (e) language for labels of cannabis
5 items related to potential adverse effects;

6 (5) a provision regarding whether a licensee
7 that is a cannabis producer may produce any other products;

8 (6) rules on a licensee's advertisement and
9 marketing of cannabis products and on how a licensee may
10 display cannabis products for sale;

11 (7) procedures that promote and encourage full
12 participation in the cannabis industry governed by the Cannabis
13 Regulation Act by representatives of communities that have been
14 disproportionately harmed by the enforcement of cannabis
15 prohibitions in law and policy, including harms from
16 disproportionate rates of related interactions with law
17 enforcement officers, arrests, incarceration and collateral
18 consequences;

19 (8) rules developed in consultation with the
20 department of environment to establish:

21 (a) health and safety standards
22 applicable to the cultivation of cannabis and the manufacture
23 of cannabis items;

24 (b) standards for quality control,
25 inspection and testing of cannabis items;

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1 (c) standards for food and product
2 safety applicable to cannabis items; and

3 (d) which additives and ingredients are
4 approved for and prohibited from inclusion in cannabis items;
5 and

6 (9) rules developed in consultation with the
7 department of environment and proposed for adoption by the
8 board, on behalf of the New Mexico department of agriculture,
9 to establish:

10 (a) standards for the use of pesticides
11 in the manufacture of cannabis, including the maximum
12 allowances for pesticides and other foreign material such as
13 hair, insects or other similar adulterants, in harvested
14 cannabis;

15 (b) environmental protections that apply
16 to all licensees;

17 (c) protocols to ensure licensees'
18 compliance with state laws governing environmental impacts,
19 natural resource protection, water quality, water supply,
20 hazardous materials, pesticide use and wastewater discharge;
21 and

22 (d) occupational health and safety
23 standards for persons working in the cannabis industry.

24 H. Not later than June 1, 2020, the commission
25 shall offer cannabis items for retail sale to the public. The

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1 commission may purchase materials, goods and services and may
2 lease, purchase and equip, in the name of the state, stores,
3 warehouses and other assets as necessary for, incidental to or
4 related to the operation of the cannabis retail operations.

5 I. Except as provided in Subsection J of this
6 section and Section 10 of the Cannabis Regulation Act, the
7 commission may in its discretion operate state stores at any
8 location within the state and, subject to the Personnel Act and
9 within the limits of available appropriations and funds, may
10 employ persons to sell cannabis items in the stores. The
11 salaries of the persons shall not be governed by the amount of
12 sales. A person employed to sell cannabis items under the
13 provisions of the Cannabis Regulation Act shall not sell
14 cannabis items except as may be legally obtained under the
15 provisions of the Cannabis Regulation Act.

16 J. The commission shall not locate a state store
17 within three hundred feet from the perimeter of school grounds
18 on which instruction is provided at any level from kindergarten
19 through twelfth grade, a playground, a child care center, a
20 youth center, a public park or a library that was in existence
21 at the time the commission established the state store at that
22 location.

23 K. The commission may, in its discretion, open for
24 business at reasonable hours on any day, including Sunday or
25 legal holidays except for Easter, Thanksgiving and Christmas

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1 day. The commission may employ part-time employees, subject to
 2 the Personnel Act, to staff state stores open on Sundays or
 3 legal holidays.

4 L. The commission shall accept cannabis items on
 5 consignment for resale from manufacturers or producers licensed
 6 pursuant to Section 6 of the Cannabis Regulation Act.

7 SECTION 4. [NEW MATERIAL] DEPARTMENT OF HEALTH--DUTIES--
 8 PUBLIC HEALTH AND SAFETY ADVISORY COMMITTEE.--

9 A. Not later than January 1, 2020, the department
 10 of health shall:

11 (1) establish a medical cannabis subsidy
 12 program by which the department of health shall make
 13 distributions of a portion of cannabis excise tax revenue to
 14 provide medical cannabis to sick and indigent persons who are
 15 residents of New Mexico and who have been diagnosed by a
 16 practitioner as having a debilitating medical condition and
 17 have received written certification and a registry
 18 identification card issued pursuant to the Lynn and Erin
 19 Compassionate Use Act; and

20 (2) promulgate rules to govern the medical
 21 cannabis subsidy program.

22 B. The department of health shall monitor emerging
 23 scientific and medical information relevant to the health
 24 effects associated with cannabis use and shall monitor changes
 25 in cannabis use patterns for children and adults within the

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1 state, broken down by county, race and ethnicity.

2 C. Not later than September 1, 2019, the secretary
3 of health shall appoint a "public health and safety advisory
4 committee" composed of professionals with expertise related to
5 cannabis through work, training or research in public health,
6 epidemiology, medicine, medical toxicology, poison control,
7 road safety, occupational safety, environmental safety and
8 emergency medicine.

9 D. Beginning December 1, 2020, the public health
10 and safety advisory committee shall provide to the legislature
11 and the department of health shall publish on its website an
12 annual report on the health effects of legalizing cannabis for
13 adult use. The report shall include the following elements
14 relating to cannabis use:

- 15 (1) child access;
- 16 (2) road safety and driving while impaired;
- 17 (3) workplace safety;
- 18 (4) percentage of emergency room visits and
19 outcomes;
- 20 (5) educational needs for children and adults;
- 21 (6) consumer and product safety; and
- 22 (7) percentage of poison control center calls.

23 E. Public members of the committee are entitled to
24 per diem and mileage as provided for state employees in the Per
25 Diem and Mileage Act.

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1 SECTION 5. ~~[NEW MATERIAL]~~ DEPARTMENT OF PUBLIC SAFETY--
 2 REPORTING REQUIREMENTS.--

3 A. Within sixty days following the end of each
 4 fiscal year, every police and sheriff's department shall report
 5 on a form approved by the department of public safety:

6 (1) the total number of arrests and citations
 7 for cannabis-related violations broken down by:

- 8 (a) category and penalty level; and
- 9 (b) race, ethnicity, age and gender; and

10 (2) the number of motor vehicle accidents in
 11 which the driver of one of the vehicles tested positive for
 12 cannabis.

13 B. Each law enforcement agency shall submit its
 14 annual report to the department of public safety. A law
 15 enforcement agency that does not issue a citation or make an
 16 arrest for a cannabis law violation shall report that fact in
 17 its annual report.

18 C. The department of public safety shall compile
 19 the reports submitted and shall issue by November 1 of each
 20 year an annual report of all cannabis law violations in the
 21 state. The report shall aggregate the data for the state and
 22 shall disaggregate the data by agency, race, ethnicity, age and
 23 gender. The department of public safety shall make all annual
 24 reports submitted for previous fiscal years available on the
 25 department's website.

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1 SECTION 6. [NEW MATERIAL] LICENSING--LIMITATIONS.--

2 A. The department of environment shall regulate and
3 license cannabis manufacturers and cannabis testing
4 laboratories pursuant to rules promulgated by the commission.

5 B. The department of environment shall begin
6 issuing licenses:

7 (1) for cannabis manufacturers currently
8 manufacturing medical cannabis products, no sooner than July 1,
9 2020; provided that:

10 (a) the department shall condition
11 renewal of a license for cannabis manufacturers currently
12 manufacturing medical cannabis products upon a requirement that
13 the manufacturer sell a minimum amount of medical cannabis
14 products as a percentage of total cannabis products sold. The
15 department shall determine the minimum percentage by rule;
16 provided that the minimum percentage shall be not less than
17 twenty percent and not more than forty percent of total
18 cannabis products sold from the preceding twelve months'
19 operation of the manufacturer; and

20 (b) all medical cannabis products shall
21 be sold at a grade and quality determined by regulation to be
22 suitable for medical consumption and cannabis testing
23 laboratories to licensed dispensers as defined in Section
24 26-2B-3 NMSA; and

25 (2) for cannabis manufacturing to other

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1 persons, no sooner than July 1, 2021.

2 C. The New Mexico department of agriculture shall
3 regulate and license cannabis producers pursuant to rules
4 promulgated by the board. The New Mexico department of
5 agriculture shall begin issuing licenses for cannabis producers
6 currently producing and maintaining a crop of no less than four
7 hundred fifty cannabis plants exclusively for medical use by
8 licensed medical patients, as defined in the Lynn and Erin
9 Compassionate Use Act, no sooner than July 1, 2020 and shall
10 begin issuing licenses for cannabis producers to other persons
11 no sooner than July 1, 2021.

12 D. The commission shall regulate and license on-
13 site consumption of cannabis items in a lounge in conjunction
14 with a cannabis producer or manufacturer license. The
15 commission shall begin issuing licenses for lounges to licensed
16 dispensers as defined in Section 26-2B-3 NMSA 1978 no sooner
17 than July 1, 2020 and shall begin issuing licenses for lounges
18 to other persons no sooner than July 1, 2021.

19 E. The commission may issue a dual medical and
20 adult-use cannabis sale license to a person that holds both a
21 valid adult-use cannabis manufacturer or producer license and a
22 valid medical cannabis manufacturer or producer license;
23 provided that the person shall sell a minimum quantity of
24 medical product as provided in Subsection B of this section and
25 shall meet quality standards promulgated by the commission; and

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1 provided further that a dual licensed dispensary shall not be
2 located within twenty-five miles of a state store located
3 within the same county. Every license issued pursuant to this
4 subsection shall expire on July 1, 2025.

5 F. The department of health shall regulate and
6 license the dispensing of medical cannabis items as provided in
7 the Lynn and Erin Compassionate Use Act and pursuant to rules
8 promulgated by the commission.

9 G. The board, through the New Mexico department of
10 agriculture, shall regulate and license cannabis producers.

11 H. The board, through the New Mexico department of
12 agriculture, shall regulate and license collective medical
13 cannabis cultivation. On December 31, 2019, the board, on
14 behalf of and through the New Mexico department of agriculture,
15 shall issue rules and shall begin issuing licenses to authorize
16 collective medical cannabis cultivation. The rules shall
17 include procedures that:

18 (1) allow not more than five qualified
19 patients, as defined in the Lynn and Erin Compassionate Use
20 Act, to cultivate cannabis together at a designated licensed
21 location or pursuant to an agreement with a cannabis producer
22 at the licensed location of that cannabis producer;

23 (2) provide that the licensed location shall
24 not contain more than four mature female cannabis plants and a
25 combined total of twelve seedlings and male plants multiplied

1 by the number of qualified patients who are members of the
2 medical cannabis collective; provided that if the medical
3 cannabis collective's plants are grown at a location operated
4 by a cannabis producer, the total number of plants at the
5 location, including the medical cannabis collective's plants,
6 shall not exceed the total number of plants authorized for that
7 location; and

8 (3) provide that members of a medical cannabis
9 collective shall destroy cannabis produced in excess of the
10 combined total adequate supply of the members, as defined in
11 the Lynn and Erin Compassionate Use Act; provided that if the
12 medical cannabis collective's plants are grown at a cannabis
13 producer's licensed location, the medical cannabis collective
14 may enter into an agreement with the cannabis producer to sell
15 cannabis produced in excess of the combined total adequate
16 supply of the members to the cannabis producer; and provided
17 further that if the medical cannabis collective enters into an
18 agreement with a licensed medical cannabis manufacturer, the
19 medical cannabis collective may sell excess cannabis only to
20 that manufacturer.

21 I. The commission may propose rules to the board
22 for adoption regarding the regulating and licensing of cannabis
23 producers as provided for in the Cannabis Regulation Act.

24 J. A license is valid for twelve months from the
25 date it is issued and may be renewed annually or as provided

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1 for in the rules promulgated by the commission.

2 K. A constituent agency may deny an application for
3 an initial license or renewal if:

4 (1) the applicant has violated any provision
5 of the Lynn and Erin Compassionate Use Act or the Cannabis
6 Regulation Act or a rule promulgated pursuant to those acts;

7 (2) the applicant's application does not
8 include all information required;

9 (3) issuance of the license would lead to
10 monopolization of the cannabis or medical cannabis industry in
11 the state or would unreasonably restrain competition in those
12 industries;

13 (4) the applicant or a controlling person in
14 the applicant's entity has been convicted of an offense that is
15 substantially related to the qualifications, functions or
16 duties of the applicant entity's business; provided that if the
17 constituent agency determines that the controlling person and
18 the applicant entity are otherwise qualified for a license and
19 issuing a license to the applicant entity would not compromise
20 public safety, the constituent agency shall conduct a thorough
21 review of the conviction, including the nature of the offense,
22 surrounding circumstances and any evidence of the controlling
23 person's rehabilitation following the conviction, and based on
24 that review, determine whether the applicant entity should be
25 issued a license; or

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1 (5) the applicant or a controlling person in
2 the applicant's entity has been penalized for a violation of
3 the Cannabis Regulation Act or the Lynn and Erin Compassionate
4 Use Act in the three years immediately preceding the date on
5 which the application was filed.

6 L. For the purposes of Subsection K of this
7 section:

8 (1) the following are considered substantially
9 related to the qualifications, functions or duties of a
10 business seeking a license:

11 (a) a felony conviction involving fraud,
12 deceit or embezzlement;

13 (b) a felony conviction for hiring,
14 employing or otherwise using a person younger than eighteen
15 years of age to: 1) prepare for sale, transport or carry a
16 controlled substance; or 2) sell, give away or offer to sell a
17 controlled substance to any person; and

18 (c) any other offense as determined by
19 the commission by rule, except as provided in Paragraph (2) of
20 this subsection; and

21 (2) a conviction for which the related
22 sentence, including any term of probation or parole, is
23 completed for the possession, use, manufacture, distribution or
24 dispensing or the possession with the intent to manufacture,
25 distribute or dispense a controlled substance is not considered

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1 substantially related to the qualifications, functions or
2 duties of a person seeking a license and shall not be a ground
3 on which an application is denied unless the offense involved
4 the distribution of alcohol or a controlled substance to a
5 minor.

6 M. A constituent agency shall deny an application
7 if an applicant, a controlling person in an applicant's entity
8 or the premises for which a license is sought does not qualify
9 for licensure under the Cannabis Regulation Act or the Lynn and
10 Erin Compassionate Use Act.

11 N. The commission shall regulate and license
12 cannabis couriers. The commission shall begin issuing licenses
13 for cannabis couriers no sooner than December 31, 2019.

14 O. For purposes of this section, "constituent
15 agency" means the commission, the department of environment or
16 the department of health.

17 P. Any person properly licensed and in good
18 standing pursuant to the Lynn and Erin Compassionate Use Act on
19 the effective date of the enactment of the Cannabis Regulation
20 Act shall be issued a license under the provisions of the
21 Cannabis Regulation Act allowing the licensee to continue to
22 conduct medical cannabis activity only. The licensee shall
23 continue to operate under rules promulgated for the medical
24 cannabis program until the commission and the department of
25 environment promulgate rules regulating medical cannabis

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1 activity.

2 SECTION 7. [NEW MATERIAL] LICENSING FEES.--

3 A. The commission shall establish application and
4 licensing fees applicable to licenses for commercial cannabis
5 activity and activity related to medical cannabis. The fees
6 shall be reasonably calculated to cover the cost of
7 administering and enforcing the programs established in the
8 Cannabis Regulation Act; provided that:

9 (1) the fee shall be scaled to reflect the
10 size of a business seeking or renewing a license; and

11 (2) for a license or renewal of a license that
12 authorizes only medical cannabis activity, the fee shall not
13 exceed one-half of the fee charged for a license or renewal of
14 a license for a similarly sized business that authorizes both
15 commercial and medical cannabis activities.

16 B. The commission, the department of environment
17 and the department of health shall deposit all fees collected
18 pursuant to the Cannabis Regulation Act in the cannabis
19 regulation fund.

20 C. The board, on behalf of the New Mexico
21 department of agriculture, shall establish application and
22 licensing fees applicable to licenses for cannabis cultivation.
23 The fees shall be reasonably calculated to cover the cost of
24 administering and enforcing the programs established pursuant
25 to the Cannabis Regulation Act.

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1 SECTION 8. [NEW MATERIAL] DISCIPLINARY PROCEEDINGS--
2 APPLICATION OF UNIFORM LICENSING ACT.--In accordance with the
3 procedures contained in the Uniform Licensing Act, the
4 commission, the department of environment or the department of
5 health may revoke or suspend any permanent or temporary license
6 held or applied for under the Cannabis Regulation Act upon
7 findings that the licensee or applicant:

8 A. engaged in fraud or deceit in procuring or
9 attempting to procure a license;

10 B. has been convicted of a felony; provided that a
11 certified copy of the record of conviction shall be conclusive
12 evidence of such conviction;

13 C. is guilty of any violation of the Controlled
14 Substances Act; or

15 D. has violated any provision of the Cannabis
16 Regulation Act or rules promulgated by the commission or the
17 board, on behalf of the New Mexico department of agriculture.

18 SECTION 9. [NEW MATERIAL] LOCAL CONTROL.--

19 A. A local jurisdiction may:

20 (1) adopt reasonable time, place and manner
21 rules that do not conflict with the Cannabis Regulation Act;

22 (2) prohibit, in accordance with the Cannabis
23 Regulation Act, the operation of a state store or a dual
24 licensed dispensary; and

25 (3) limit the location of a cannabis

1 establishment or state store as determined by the local
 2 jurisdiction, but which distance shall be three hundred feet or
 3 more from the perimeter of school grounds on which instruction
 4 is provided at any level from kindergarten through twelfth
 5 grade, a playground, a child care center, a youth center, a
 6 public park or a library that was in existence at the time the
 7 cannabis establishment was licensed.

8 B. A local jurisdiction shall not:

9 (1) prevent transportation of cannabis
 10 products on public roads by a licensee that transports cannabis
 11 products in compliance with the Cannabis Regulation Act;

12 (2) prohibit the personal production of
 13 cannabis or cannabis products made without the use of volatile
 14 solvents for personal use provided for in the Cannabis
 15 Regulation Act or the Lynn and Erin Compassionate Use Act; or

16 (3) prohibit the operation of a medical-
 17 cannabis-only retail business.

18 SECTION 10. [NEW MATERIAL] LOCAL OPTION--EFFECT OF LOCAL
 19 OPTION.--

20 A. A municipality or a county in the state may
 21 prohibit by ordinance or resolution the operation of a state
 22 store within six months following the effective date of the
 23 Cannabis Regulation Act.

24 B. A municipality or a county in the state that has
 25 by ordinance or resolution prohibited the operation of a state

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1 store may at any time by ordinance or resolution allow the
2 operation of a state store.

3 C. A municipality or a county in the state may by
4 ordinance or resolution limit the sale of adult-use cannabis
5 for off-site consumption to sale in a state store.

6 D. A municipality or a county in the state that has
7 by ordinance or resolution allowed the operation of a state
8 store pursuant to Subsection B of this section shall not later
9 prohibit the operation of a state store by ordinance or
10 resolution.

11 SECTION 11. [NEW MATERIAL] LICENSEE PROTECTIONS.--

12 A. Conduct by a licensee or a licensee
13 representative that is allowed pursuant to a license and
14 conduct by a person who allows property to be used by a
15 licensee or a licensee representative for conduct allowed
16 pursuant to a license is lawful, not a violation of state or
17 local law and is not a basis for seizure or forfeiture of any
18 property or assets under state or local law.

19 B. The state or a local government shall not impose
20 a criminal, civil or administrative penalty on a licensee or a
21 licensee representative or on a person who allows property to
22 be used by a licensee or a licensee representative pursuant to
23 a license, solely for conduct allowed pursuant to a license.

24 SECTION 12. [NEW MATERIAL] TRANSPORT VIA COURIER.--

25 A. Only a cannabis retailer, cannabis microbusiness

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1 or cannabis courier may courier cannabis products.

2 B. A consumer who requests courier service shall
3 maintain a physical or electronic copy of the courier request
4 for the duration of time that the consumer possesses the
5 cannabis product that was purchased and received by courier and
6 shall make the copy available upon request by the commission or
7 a law enforcement officer.

8 SECTION 13. [NEW MATERIAL] PROTECTION OF UNDERAGE
9 PERSON--TRAFFICKING--PENALTIES.--

10 A. A licensee shall not employ a person younger
11 than twenty-one years of age.

12 B. Nothing in this section shall be construed or
13 interpreted to prevent:

14 (1) the commission from enforcing its rules
15 against a licensee;

16 (2) a state agency from enforcing a law or
17 rule that does not conflict with the Cannabis Regulation Act or
18 rules promulgated pursuant to that act; or

19 (3) a local jurisdiction from enforcing a
20 local ordinance that does not conflict with the Cannabis
21 Regulation Act or rules promulgated pursuant to that act.

22 C. Except as allowed in the Cannabis Regulation Act
23 or the Lynn and Erin Compassionate Use Act, a licensee shall
24 not sell a cannabis product to a person younger than twenty-one
25 years of age. The commission shall suspend or revoke the

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1 license and may fine the licensee in an amount not to exceed
2 ten thousand dollars (\$10,000), or both, when the commission
3 finds that any licensee or the licensee's employee or agent
4 knowingly has sold, served or given any cannabis product to a
5 minor on two separate occasions within any twelve-month period.

6 D. The establishment of all of the following facts
7 by a licensee prosecuted for a violation of Subsection C of
8 this section shall constitute a defense that:

9 (1) the purchaser falsely represented in
10 writing; by producing a driver's license bearing the
11 purchaser's photograph; by producing a photographic
12 identification card issued by the motor vehicle division of the
13 taxation and revenue department; or by producing a similar
14 identification card issued pursuant to the laws of this state,
15 another state, the federal government or the government of an
16 Indian nation, tribe or pueblo that the person was twenty-one
17 years of age or older;

18 (2) the purchaser's appearance was such that
19 an ordinary, prudent person would believe that the purchaser
20 was twenty-one years of age or older; and

21 (3) the sale was made in good faith, relying
22 upon the purchaser's false written representation, driver's
23 license or identification card produced as provided in
24 Paragraph (1) of this subsection, and with the reasonable
25 belief that the purchaser was actually twenty-one years of age

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1 or older.

2 E. A person who is eighteen years of age or older
3 shall not intentionally traffic cannabis to a minor. A person
4 who violates this subsection is guilty of a fourth degree
5 felony and shall be sentenced pursuant to Section 31-18-15 NMSA
6 1978.

7 F. For the purposes of this section, "traffic"
8 means the:

9 (1) distribution, sale, barter or giving away
10 of cannabis; or

11 (2) possession with intent to distribute,
12 sell, barter or give away cannabis.

13 SECTION 14. [NEW MATERIAL] DISTRIBUTION AND TRANSPORT.--
14 The Cannabis Regulation Act shall not be construed to authorize
15 a licensee to transport or distribute, or cause to be
16 transported or distributed, cannabis items outside the state,
17 unless authorized by federal law.

18 SECTION 15. [NEW MATERIAL] PACKAGING AND LABELING.--

19 A. Before sale to the public or consignment to the
20 commission, cannabis items shall be labeled and placed in a
21 resealable, child-resistant package.

22 B. Packages and labels for cannabis items shall not
23 be designed to be appealing to a child.

24 C. Labels shall include:

25 (1) total tetrahydrocannabinol concentration

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1 for the package;

2 (2) for a package containing only cannabis
3 flower, the net weight of cannabis in the package;

4 (3) identification of the licensee or
5 licensees that produced or manufactured the cannabis item, the
6 date on which the cannabis was harvested, the type of cannabis
7 item and the date on which the cannabis item was manufactured
8 and packaged;

9 (4) a list of pharmacologically active
10 ingredients;

11 (5) for cannabis products, a list of all
12 ingredients and a disclosure of nutritional information for the
13 product or cannabis extract, disclosed in the same manner
14 required under federal law for nutritional labeling for food
15 for human consumption;

16 (6) a warning, if nuts or other known
17 allergens are used in the item or in its manufacture; and

18 (7) a warning of possible adverse effects of
19 consumption and the New Mexico poison and drug information
20 center phone number.

21 SECTION 16. [NEW MATERIAL] CANNABIS PRODUCTS--DEPARTMENT
22 OF ENVIRONMENT.--

23 A. Cannabis products shall:

24 (1) not be designed to appeal to children or
25 in such a way that the products could be easily confused with

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1 commercially sold candy or foods that do not contain cannabis;

2 (2) be produced and sold or consigned to the
 3 commission with a standardized dosage of cannabinoids not to
 4 exceed ten milligrams tetrahydrocannabinol per serving;

5 (3) be delineated or scored into standardized
 6 serving sizes, if the cannabis product contains more than one
 7 serving and is an edible cannabis product in solid form;

8 (4) contain a uniform disbursement of
 9 cannabinoids throughout the product;

10 (5) be manufactured and sold or consigned to
 11 the commission under health and sanitation standards
 12 established by the commission, with the assistance of the
 13 department of environment, for the preparation, storage,
 14 handling and sale of food products; and

15 (6) be sold or consigned to the commission
 16 with sufficient information to enable the informed consumption
 17 of the product, including information on the potential effects
 18 of the product and directions on how to consume the cannabis
 19 product.

20 B. Cannabis or cannabis extracts included in a
 21 cannabis product that is manufactured in compliance with
 22 applicable law are not considered to be an adulterant under
 23 state law.

24 SECTION 17. [NEW MATERIAL] CANNABIS MANUFACTURERS AND
 25 TESTING LABORATORIES--DEPARTMENT OF ENVIRONMENT--RULEMAKING.--

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1 A. The commission, with the assistance of the
2 department of environment, shall promulgate rules to govern the
3 licensing of a cannabis manufacturer and a cannabis testing
4 laboratory. The commission shall issue licenses as follows:

5 (1) "cannabis manufacturing level 1" for a
6 site that manufactures cannabis extracts using nonvolatile
7 solvents or no solvents;

8 (2) "cannabis manufacturing level 2" for a
9 site that manufactures cannabis extracts using volatile
10 solvents; and

11 (3) "cannabis testing laboratory" for a
12 licensee that tests cannabis products. An owner or person with
13 an ownership interest in a laboratory license shall not own or
14 have ownership interest in a non-laboratory facility licensed
15 pursuant to the Cannabis Regulation Act.

16 B. Except as otherwise provided by law, a cannabis
17 product shall not be sold by a licensee unless a representative
18 sample of the cannabis product has been tested by a cannabis
19 testing laboratory to determine:

20 (1) whether the chemical profile of the sample
21 conforms to the labeled content of compounds, including:

- 22 (a) tetrahydrocannabinol;
- 23 (b) tetrahydrocannabinolic acid;
- 24 (c) cannabidiol;
- 25 (d) cannabidiolic acid;

- 1 (e) terpenes;
2 (f) cannabigerol; and
3 (g) cannabinal; and

4 (2) that the presence of the following
5 contaminants does not exceed harmful levels:

6 (a) residual solvents or chemicals,
7 including explosive gases such as butane, propane and hydrogen,
8 and poisons, toxins or carcinogens such as methanol, methylene
9 chloride, acetone, benzene, toluene and trichloroethylene;

10 (b) foreign material, including hair,
11 insects or other similar adulterants; and

12 (c) microbiological impurity, including
13 total aerobic microbial count; total yeast mold count;
14 pseudomonas aeruginosa; aspergillus species; staphylococcus
15 aureus; aflatoxin B1, B2, G1 or G2; or ochratoxin A.

16 C. Residual levels of volatile organic compounds
17 shall not exceed harmful levels.

18 D. The testing required by this section shall be
19 performed in a manner consistent with general requirements for
20 the competence of testing and calibration activities, including
21 sampling, using standard methods to ensure conformity,
22 competence and impartiality to test cannabis products.

23 E. Any pre-sale inspection, testing transfer or
24 transportation of cannabis products pursuant to this section
25 shall conform to a chain of custody protocol and any other

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1 requirements imposed by the commission in accordance with the
2 Cannabis Regulation Act.

3 SECTION 18. [NEW MATERIAL] TESTING CANNABIS PRODUCTS--
4 DEPARTMENT OF ENVIRONMENT.--

5 A. A cannabis testing laboratory's testing of
6 cannabis products shall comply with the requirements set forth
7 in applicable law and rules.

8 B. The commission shall develop rules and
9 procedures to:

10 (1) ensure that testing of cannabis products
11 occurs prior to distribution to cannabis retailers or cannabis
12 microbusinesses;

13 (2) specify how often licensees shall test
14 cannabis products;

15 (3) specify which entities bear the cost of
16 testing cannabis and medical cannabis; and

17 (4) require destruction of a harvested batch
18 of cannabis or of cannabis products if the testing samples from
19 the batch or items indicate noncompliance with applicable
20 health and safety standards promulgated by the commission,
21 unless remedial measures can bring the cannabis or cannabis
22 products into compliance with the standards.

23 C. Not later than January 1, 2020, the department
24 of environment shall identify and designate to the commission
25 acceptable and accredited standards, where necessary to be used

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1 by laboratories.

2 SECTION 19. [NEW MATERIAL] ADVERTISING AND MARKETING
3 RESTRICTIONS.--

4 A. The commission shall promulgate rules that
5 explicitly:

6 (1) prohibit the advertisement and marketing
7 of cannabis products:

8 (a) on a billboard, radio, television or
9 other broadcast media;

10 (b) that is false, deceptive or
11 misleading, including making unproven health benefit claims;

12 (c) that depicts consumption by children
13 or other persons younger than twenty-one years of age;

14 (d) that is designed using cartoon
15 characters or to mimic any other product brand;

16 (e) within three hundred feet of a
17 school, church or daycare center;

18 (f) that is in public transit vehicles
19 or stations;

20 (g) that is in the form of an
21 unsolicited internet pop-up; or

22 (h) that is on publicly owned or
23 operated property; and

24 (2) require:

25 (a) all advertisements and marketing to

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1 accurately and legibly identify the licensee responsible for
2 its content; and

3 (b) print and digital communications
4 advertisements to be placed only where the audience is
5 reasonably expected to be twenty-one years of age or older, as
6 determined by reliable, current audience composition data.

7 B. Upon a determination by the New Mexico attorney
8 general that the use of cannabis, other than as provided for in
9 the Lynn and Erin Compassionate Use Act, is lawful in the state
10 under federal law, Subparagraph (a) of Paragraph (1) of
11 Subsection A of this section shall cease to be in effect.

12 SECTION 20. [NEW MATERIAL] CONTRACTS.--A contract related
13 to operation of a license is enforceable, and a contract
14 entered into by a licensee or a licensee representative for
15 conduct allowed pursuant to a license or entered into by a
16 person who allows property to be used by a licensee or a
17 licensee representative for conduct allowed pursuant to a
18 license, shall not be deemed unenforceable on the basis that
19 the conduct allowed pursuant to the license is prohibited by
20 federal law.

21 SECTION 21. [NEW MATERIAL] PROVISION OF PROFESSIONAL
22 SERVICES.--An accountant, insurance agent, real estate agent,
23 security guard or other person engaged in a profession subject
24 to state licensure shall not be subject to disciplinary action
25 by a professional association, a state professional board or a

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1 state licensing entity because the professional provides
 2 professional services or assistance to prospective or licensed
 3 cannabis establishments or another person in connection with
 4 activity that the professional reasonably believes complies
 5 with the Cannabis Regulation Act and rules promulgated pursuant
 6 to that act. The provisions of this section shall not apply to
 7 an attorney licensed to practice law in this state.

8 SECTION 22. [NEW MATERIAL] PROTECTIONS FOR THE USE OF
 9 CANNABIS.--A person or a licensee shall not be subject to
 10 arrest, prosecution, penalty, civil liability or disciplinary
 11 action by a business or professional licensing entity and shall
 12 not be denied any right or privilege solely for conduct allowed
 13 pursuant to the Cannabis Regulation Act. Except by court
 14 order, state and local law enforcement agencies shall not
 15 cooperate with or provide assistance to the United States
 16 government, or any federal agency thereof, in enforcing the
 17 federal Controlled Substances Act solely for conduct that
 18 complies with the Cannabis Regulation Act or the Lynn and Erin
 19 Compassionate Use Act. The New Mexico supreme court and any
 20 disciplinary or character and fitness committees established by
 21 that court are considered business or professional licensing
 22 entities for the purposes of this section.

23 SECTION 23. [NEW MATERIAL] PROTECTIONS FROM
 24 DISCRIMINATION FOR THE USE OF CANNABIS OR MEDICAL CANNABIS.--

25 A. A school shall not refuse to enroll or otherwise

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1 penalize a person for conduct allowed pursuant to the Cannabis
2 Regulation Act or the Lynn and Erin Compassionate Use Act,
3 unless failing to do so would cause the school to lose a
4 monetary or licensing-related benefit under federal law or
5 regulation.

6 B. A person may prohibit or restrict any of the
7 actions or conduct otherwise allowed under Section 25 of the
8 Cannabis Regulation Act on that person's privately owned
9 property.

10 C. A person shall not be denied custody of or
11 visitation or parenting time with a child for conduct allowed
12 under Section 25 of the Cannabis Regulation Act or under the
13 Lynn and Erin Compassionate Use Act, unless the court
14 determines that the person's behavior is contrary to the best
15 interests of the child.

16 SECTION 24. [NEW MATERIAL] EMPLOYMENT PROTECTIONS.--

17 A. It shall be unlawful to take an adverse
18 employment action against an employee who is not acting in a
19 safety-sensitive position based on conduct allowed under the
20 Lynn and Erin Compassionate Use Act.

21 B. Nothing in this section shall:

22 (1) restrict an employer's ability to prohibit
23 or take adverse employment action against an employee for the
24 possession or use of intoxicating substances at work during
25 work hours;

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1 (2) require an employer to commit any act that
2 would cause the employer to be in violation of federal law or
3 that would result in the loss of a federal contract or federal
4 funding; or

5 (3) prevent or infringe upon the rights of an
6 employer to adopt and implement a written zero-tolerance policy
7 regarding the use of cannabis. A zero-tolerance policy may
8 permit the discipline or termination of an employee on the
9 basis of a positive drug test that indicates any amount of
10 delta-9-tetrahydrocannabinol or delta-9-tetrahydrocannabinol
11 metabolite.

12 C. As used in this section, "adverse employment
13 action" means refusing to hire or employ a person; barring or
14 discharging a person from employment; requiring a person to
15 retire from employment; or discriminating against an employee
16 in compensation or in terms, conditions or privileges of
17 employment.

18 D. Every workplace shall post signs warning of the
19 potential impairment effects of cannabis, any discipline or
20 penalty an employee may receive for using cannabis while at
21 work or for coming to work impaired and a statement that
22 possession or use of cannabis is prohibited pursuant to federal
23 law.

24 SECTION 25. [NEW MATERIAL] PERSONAL USE OF CANNABIS.--

25 A. Notwithstanding any other provision of law, the

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1 following conduct is lawful for a person who is twenty-one
2 years of age or older and shall not constitute grounds for
3 detention, search or arrest of a person and cannabis items that
4 relate to the conduct are not contraband or subject to seizure
5 or forfeiture pursuant to the Controlled Substances Act or the
6 Forfeiture Act; provided that the person has proof that the
7 cannabis items were purchased from a state store or a licensed
8 dispensary or are authorized pursuant to the medical cannabis
9 program:

10 (1) possessing, using, being under the
11 influence of, displaying, purchasing, obtaining or transporting
12 not more than one ounce of cannabis or eight grams of cannabis
13 extracts;

14 (2) transferring, without financial
15 consideration, to a person who is twenty-one years of age or
16 older not more than one ounce of cannabis or eight grams of
17 cannabis extracts;

18 (3) possessing not more than one ounce of
19 cannabis and eight grams of cannabis extracts outside the
20 person's private residence;

21 (4) transporting cannabis as described in
22 Paragraph (2) of this subsection when the person is moving the
23 person's residence to another location or for purposes of
24 testing or manufacturing;

25 (5) smoking, ingesting or otherwise consuming

1 cannabis or cannabis items;

2 (6) possessing, using, displaying, purchasing,
 3 obtaining, manufacturing, transporting or giving away to a
 4 person twenty-one years of age or older cannabis paraphernalia;
 5 and

6 (7) assisting another person who is twenty-one
 7 years of age or older in, or allowing property to be used in,
 8 any of the acts described in Paragraphs (1) through (6) of this
 9 subsection.

10 B. Paragraphs (6) and (7) of Subsection A of this
 11 section are intended to meet the requirements of 21 U.S.C.
 12 Section 863(f) by authorizing, under state law, any person in
 13 compliance with this section to manufacture, possess or
 14 distribute cannabis paraphernalia.

15 SECTION 26. [NEW MATERIAL] LIMITS ON PERSONAL
 16 CONSUMPTION--PENALTY.--

17 A. Nothing in Section 25 of the Cannabis Regulation
 18 Act shall be construed to restrict the ability of an individual
 19 or private entity to prohibit conduct otherwise allowed in
 20 Section 25 of the Cannabis Regulation Act on the individual's
 21 or private entity's privately owned property.

22 B. No person shall smoke cannabis or consume
 23 cannabis items in a public place.

24 C. A person who violates Subsection B of this
 25 section shall be subject to a civil penalty of fifty dollars

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1 (\$50.00).

2 SECTION 27. [NEW MATERIAL] UNLICENSED SALES OF CANNABIS--
3 PENALTIES.--

4 A. Except as allowed in the Cannabis Regulation
5 Act, the Lynn and Erin Compassionate Use Act or Chapter 76,
6 Article 24 NMSA 1978, it is unlawful for a person without a
7 license to intentionally distribute cannabis items.

8 B. A person under eighteen years of age who
9 violates Subsection A of this section shall:

10 (1) for a first violation, be subject to:

11 (a) a fine of one hundred dollars
12 (\$100);

13 (b) attendance at a four-hour drug
14 education program; and

15 (c) four hours of community service;

16 (2) for a second violation, be subject to:

17 (a) a fine of two hundred fifty dollars
18 (\$250);

19 (b) attendance at a four-hour drug
20 education program; and

21 (c) four hours of community service; and

22 (3) for a third or subsequent violation, be
23 subject to:

24 (a) a fine of one thousand dollars
25 (\$1,000);

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1 (b) attendance at a four-hour drug
 2 education program; and

3 (c) not less than one hundred hours of
 4 community service.

5 C. A person eighteen years of age or older who
 6 violates Subsection A of this section is guilty of a
 7 misdemeanor and shall be sentenced pursuant to the provisions
 8 of Section 31-19-1 NMSA 1978.

9 SECTION 28. [NEW MATERIAL] CANNABIS WITHIN RESTRICTED
 10 AREA--PENALTY.--Except as allowed in the Cannabis Regulation
 11 Act or the Lynn and Erin Compassionate Use Act, a person shall
 12 not possess or intentionally distribute any amount of a
 13 cannabis item within three hundred feet of the perimeter of
 14 school grounds on which instruction is provided at any level
 15 from kindergarten through twelfth grade, a playground, a child
 16 care center, a youth center, a public park or a library unless
 17 the person is a qualified patient or is in or upon or traveling
 18 to or from the grounds of a private residence, as an invitee or
 19 resident. A person who violates this section is guilty of a
 20 misdemeanor and shall be sentenced pursuant to the provisions
 21 of Section 31-19-1 NMSA 1978.

22 SECTION 29. [NEW MATERIAL] UNLAWFUL POSSESSION OF
 23 CANNABIS--PENALTIES.--Except as allowed in the Lynn and Erin
 24 Compassionate Use Act:

25 A. a person eighteen years of age or older and

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1 younger than twenty-one years of age shall not possess cannabis
2 items. A person who violates this subsection shall be subject
3 to:

4 (1) a fine of seventy-five dollars (\$75.00);

5 (2) attendance at a four-hour drug education
6 program; and

7 (3) four hours of community service;

8 B. a person younger than eighteen years of age
9 shall not possess cannabis items. A person who violates this
10 subsection shall be subject to:

11 (1) a fine of fifty dollars (\$50.00);

12 (2) attendance at a four-hour drug education
13 program; and

14 (3) four hours of community service; and

15 C. or as allowed in the Cannabis Regulation Act, a
16 person twenty-one years of age or older shall not possess
17 cannabis containing more than three-tenths percent
18 tetrahydrocannabinol except pursuant to a certificate of
19 purchase issued by a state store or dual-licensed dispensary.

20 A person who violates this subsection, if the amount is:

21 (1) one ounce of cannabis or eight grams of
22 cannabis extracts or less, shall be subject to a civil penalty
23 of five hundred dollars (\$500);

24 (2) more than one ounce of cannabis or eight
25 grams of cannabis extracts but not more than sixteen ounces of

1 cannabis or one hundred twenty-eight grams of cannabis
 2 extracts, is guilty of a petty misdemeanor and shall be subject
 3 to a fine in an amount not more than five hundred dollars
 4 (\$500); or

5 (3) more than sixteen ounces of cannabis or
 6 one hundred twenty-eight grams of cannabis extracts, is guilty
 7 of a fourth degree felony and shall be sentenced to twelve
 8 months imprisonment and subject to a fine of not more than five
 9 thousand dollars (\$5,000).

10 SECTION 30. [NEW MATERIAL] UNLICENSED PRODUCTION OF
 11 CANNABIS--PENALTIES.--Except as allowed in the Cannabis
 12 Regulation Act or the Lynn and Erin Compassionate Use Act:

13 A. a person younger than twenty-one years of age
 14 shall not produce cannabis. A person who violates this
 15 subsection shall be subject to:

16 (1) a fine of fifty dollars (\$50.00); or

17 (2) attendance at a four-hour drug education
 18 program or four hours of community service;

19 B. a person eighteen years of age or older and
 20 younger than twenty-one years of age shall not produce
 21 cannabis. A person who violates this subsection shall be
 22 subject to a civil penalty of fifty dollars (\$50.00); and

23 C. a person twenty-one years of age or older shall
 24 not possess any cannabis plant. In addition to any criminal
 25 penalty, a person who violates this subsection shall be subject

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1 to a civil penalty of two hundred fifty dollars (\$250).

2 SECTION 31. [NEW MATERIAL] UNLICENSED MANUFACTURING OF
3 CANNABIS EXTRACTS--PENALTY.--Except as permitted by the Lynn
4 and Erin Compassionate Use Act, it is unlawful for any person
5 to use volatile solvents to manufacture cannabis extracts
6 without a license issued pursuant to the Cannabis Regulation
7 Act or the Lynn and Erin Compassionate Use Act. A person who
8 violates this section shall be subject to a civil penalty of
9 four hundred fifty dollars (\$450).

10 SECTION 32. [NEW MATERIAL] DESTRUCTION OF ARREST AND
11 CONVICTION RECORDS--PROCEDURE--RETROACTIVE.--

12 A. Records held by a court, an agency of the state
13 or a local jurisdiction that relate to a person's arrest or
14 conviction for possession of one ounce or less of cannabis in
15 violation of Section 30-31-23 NMSA 1978 shall not be kept
16 beyond two years from the date of the person's conviction or
17 from the date of the person's arrest if there was no
18 conviction. If the person was a juvenile at the time of the
19 arrest or conviction, the records shall be retained until the
20 offender is eighteen years of age and shall then be destroyed.
21 The records shall also be removed from any statewide criminal
22 databases.

23 B. If a person whose records would be subject to
24 destruction pursuant to Subsection A of this section is
25 incarcerated for an offense listed in that subsection at the

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1 time the person's records would be destroyed, the two-year
 2 record retention period shall begin upon the person's release
 3 from incarceration.

4 C. Records held by a court, an agency of the state
 5 or a local jurisdiction that relate to a person's arrest for
 6 trafficking cannabis in violation of Section 30-31-20 NMSA
 7 1978, distribution of cannabis, possession with intent to
 8 distribute cannabis in violation of Section 30-31-22 NMSA 1978
 9 or possession of more than one ounce of cannabis in violation
 10 of Section 30-31-23 NMSA 1978 shall not be kept beyond two
 11 years from the date of the person's arrest if there was no
 12 conviction. If the person was a juvenile at the time of the
 13 arrest, the records shall be retained until the offender is
 14 eighteen years of age and shall then be destroyed. The records
 15 shall also be removed from any statewide criminal databases.

16 D. For the purpose of this section, "records"
 17 includes records of arrests resulting in a criminal proceeding
 18 and records relating to other offenses charged in the
 19 accusatory pleading, whether the defendant was acquitted,
 20 convicted or the charges were dismissed.

21 **SECTION 33. [NEW MATERIAL] RECALL OR DISMISSAL OF**
 22 **SENTENCES--INCARCERATED PERSONS.--**

23 A. Within thirty days following the effective date
 24 of the Cannabis Regulation Act, a corrections facility, a
 25 county jail or a juvenile corrections facility in which a

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1 person is currently incarcerated for possession of one ounce or
2 less of marijuana in violation of Section 30-31-23 NMSA 1978 or
3 possession of drug paraphernalia, or that would have resulted
4 in a lesser offense if that act had been in effect at the time
5 of the offense, shall notify the court that the convicted
6 person's case should be reopened to consider possible recall or
7 dismissal of the person's sentence.

8 B. A court shall reopen a case pursuant to
9 Subsection A of this section and recall the person's sentence
10 or dismiss the person's sentence because it is legally invalid,
11 unless the court determines that doing so would pose an
12 unreasonable risk of danger to public safety.

13 C. A person who is resentenced pursuant to this
14 section shall be given credit against the person's new sentence
15 for time already served.

16 D. A person who is resentenced pursuant to this
17 section shall not be sentenced to a term longer than the
18 person's original sentence and shall not have any charges
19 reinstated that were originally dismissed pursuant to a
20 negotiated plea agreement.

21 E. A person who has completed the person's sentence
22 for a conviction, whether by trial or negotiated plea, who
23 would not have been guilty of an offense or who would have been
24 guilty of a lesser offense if the Cannabis Regulation Act had
25 been in effect at the time of the offense may notify the court

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1 in writing to have the conviction dismissed and sealed because
2 the prior conviction is now legally invalid or redesignated as
3 an infraction. The court shall redesignate the conviction as
4 an infraction or dismiss and seal the conviction as legally
5 invalid because of the enactment of the Cannabis Regulation Act
6 unless the court makes a finding that the conviction is not
7 legally invalid or was not redesignated as an infraction
8 pursuant to that act.

9 F. The court clerk shall notify the department of
10 public safety that a case has been dismissed. Upon notice, the
11 department of public safety shall erase the arrest record
12 pertaining to the offense; provided that, if the arrest
13 included multiple charges, only the related charge shall be
14 erased.

15 G. Nothing in this section is intended to diminish
16 or abrogate any rights or remedies otherwise available to a
17 person who was convicted of or incarcerated for an offense.

18 H. The provisions of this section shall apply
19 equally to juvenile delinquency adjudications and convictions
20 of a juvenile person if the juvenile would not have been guilty
21 of an offense or would have been guilty of a lesser offense as
22 provided in the Cannabis Regulation Act.

23 I. No fee or cost of any kind shall be imposed
24 against a person whose sentence is reviewed pursuant to this
25 section.

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1 SECTION 34. [NEW MATERIAL] WRIT OF MANDAMUS.--Any person
2 may commence a legal action for a writ of mandamus to compel
3 the commission to perform its duties pursuant to the Cannabis
4 Regulation Act.

5 SECTION 35. [NEW MATERIAL] CANNABIS REGULATION FUND.--

6 A. The "cannabis regulation fund" is created in the
7 state treasury. The fund consists of appropriations, gifts,
8 grants, donations and fees collected pursuant to the Cannabis
9 Regulation Act. Any unexpended or unencumbered balance
10 remaining at the end of any fiscal year shall revert to the
11 general fund.

12 B. The commission shall administer the fund, and
13 money in the fund is appropriated to the commission to support
14 the commission in its duties established in the Cannabis
15 Regulation Act. Money from the fund shall not be used for
16 capital expenditures.

17 C. Money in the fund shall be disbursed on warrants
18 signed by the secretary of finance and administration pursuant
19 to vouchers signed by the director or the director's authorized
20 representative.

21 SECTION 36. [NEW MATERIAL] COMMUNITY GRANTS REINVESTMENT
22 FUND--COMMUNITY GRANTS REINVESTMENT PROGRAM.--

23 A. The "community grants reinvestment fund" is
24 created in the state treasury. The fund consists of
25 appropriations, other money deposited in the fund and money

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1 otherwise accruing to the fund. The department of health shall
2 administer the fund, and money in the fund is subject to
3 appropriation to the department of health for the community
4 grants reinvestment program as described in this section. Any
5 unexpended or unencumbered balance remaining at the end of any
6 fiscal year shall not revert to the general fund. Money in the
7 fund shall be disbursed on warrants signed by the secretary of
8 finance and administration pursuant to vouchers signed by the
9 secretary of health or the secretary's authorized
10 representative.

11 B. The secretary of health shall establish the
12 "community grants reinvestment program". The community grants
13 reinvestment program shall provide grants to qualified
14 community-based nonprofit organizations and governmental
15 entities for the purpose of reinvesting in communities
16 disproportionately affected by past federal and state drug
17 policies by supporting job placement, mental health treatment,
18 substance use disorder treatment, navigation of government
19 programs, legal services to address barriers faced by formerly
20 incarcerated persons and linkages to medical care and women's
21 health services. The program may also include provision of
22 grants for:

23 (1) prevention, early intervention and
24 outreach services; risk surveys; and education for youth,
25 families, caregivers, schools, primary care health providers,

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1 behavioral health and substance use disorder service providers,
2 community and faith-based organizations, foster care providers,
3 juvenile and family courts and others working to recognize and
4 reduce risks related to substance use and the early signs of
5 problematic use and of substance use disorders;

6 (2) schools to develop and support evidence-
7 based drug educational programs, based on principles of harm
8 reduction, that are designed to prevent and reduce substance
9 use and improve school retention and performance by supporting
10 students who are at risk of dropping out of school and
11 promoting alternatives to suspension or expulsion that focus on
12 school retention, remediation and professional care. Schools
13 with higher-than-average dropout rates shall be prioritized for
14 grants for this purpose;

15 (3) programs for outreach, education and
16 treatment, based on principles of harm reduction, for homeless
17 youth and out-of-school youth with substance use disorders;

18 (4) access and linkage to care provided by
19 county behavioral health programs for youth and their families
20 and caregivers who have a substance use disorder or who are at
21 risk for developing a substance use disorder;

22 (5) youth-focused substance use disorder
23 treatment programs that are culturally and gender competent,
24 trauma-informed, based on principles of harm reduction and
25 evidence-based and that provide a continuum of care that

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1 includes screening and assessment for substance use disorder as
2 well as mental health care, early intervention, active
3 treatment, family involvement, case management, overdose
4 prevention, prevention of communicable diseases related to
5 substance use, relapse management for substance use and other
6 co-occurring behavioral health disorders, vocational services,
7 literacy services, parenting classes, family therapy and
8 counseling services, medication-assisted treatments,
9 psychiatric medication, psychotherapy and other related
10 services;

11 (6) to the extent permitted by law and where
12 indicated, interventions that use a two-generation approach to
13 addressing substance use disorders with the capacity to treat
14 youth and adults together, including support for the
15 development of family-based interventions that address
16 substance use disorders and related problems within the context
17 of families of all types and their children;

18 (7) programs to assist individuals, as well as
19 families and friends of young people who use drugs, to reduce
20 the stigma associated with substance use, including being
21 diagnosed with a substance use disorder or seeking substance
22 use disorder services. This includes peer-run outreach and
23 education to reduce stigma, anti-stigma campaigns and community
24 recovery networks;

25 (8) workforce training and wage structures

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1 that increase the hiring pool of behavioral health staff with
2 substance use disorder prevention and treatment expertise,
3 provide ongoing education and coaching that increase substance
4 use treatment providers' core competencies and train providers
5 on promising and evidenced-based practices;

6 (9) construction of community-based youth
7 treatment facilities;

8 (10) contracts with county behavioral health
9 programs for the provision of services described in this
10 subsection; and

11 (11) programs that provide equity resources,
12 including start-up funding, incubation, technical assistance,
13 training and educational opportunities, for people who want to
14 become part of the cannabis industry in New Mexico.

15 C. A qualified community-based nonprofit
16 organization or governmental entity may apply for a grant from
17 the community grants reinvestment fund. Applications shall be
18 reviewed by the department of health.

19 SECTION 37. [NEW MATERIAL] CANNABIS HEALTH AND SAFETY
20 FUND.--

21 A. The "cannabis health and safety fund" is created
22 in the state treasury. The fund consists of appropriations,
23 other money deposited in the fund and money otherwise accruing
24 to the fund. The department of health shall administer the
25 fund, and money in the fund is subject to appropriation to the

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1 department of health for the community grants reinvestment
 2 program as provided in Subsection B of Section 36 of the
 3 Cannabis Regulation Act. Any unexpended or unencumbered
 4 balance remaining at the end of any fiscal year shall not
 5 revert to the general fund. Money in the fund shall be
 6 disbursed on warrants signed by the secretary of finance and
 7 administration pursuant to vouchers signed by the secretary of
 8 health or the secretary's authorized representative.

9 B. The cannabis health and safety fund is created
 10 for the purpose of:

11 (1) supporting qualified patients
 12 participating in the medical cannabis program in accordance
 13 with the Lynn and Erin Compassionate Use Act who also
 14 participate in the medical cannabis subsidy program; and

15 (2) developing and executing a comprehensive
 16 and sustained public education campaign, based on principles of
 17 harm reduction, that:

18 (a) promotes road safety and discourages
 19 driving while impaired;

20 (b) promotes abstinence for persons
 21 under twenty-one years of age; and

22 (c) encourages responsible use by
 23 adults.

24 SECTION 38. [NEW MATERIAL] CANNABIS RESEARCH FUND.--

25 A. The "cannabis research fund" is created in the

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1 state treasury. The fund consists of money transferred from
2 the cannabis excise tax, appropriations, income from investment
3 of the fund and money otherwise accruing to the fund. Money in
4 the fund is appropriated to the board of regents of the
5 university of New Mexico for the university of New Mexico
6 health sciences center for the purpose of research related to
7 medical and recreational cannabis use and substance use
8 disorder treatment. Money in the fund shall be disbursed on
9 warrants signed by the secretary of finance and administration
10 pursuant to vouchers signed by the chancellor for health
11 sciences of the university of New Mexico or the chancellor's
12 authorized representative.

13 B. The chancellor shall:

14 (1) oversee and keep a record of any research
15 and how the research relates to the use, effects or efficacy of
16 medical and recreational cannabis; impacts on public health,
17 health costs associated with cannabis use and whether cannabis
18 use is associated with an increase or decrease in the use of
19 alcohol or other drugs; the impact of treatment for maladaptive
20 cannabis use and the effectiveness of different treatment
21 programs; public safety issues related to cannabis use; the
22 effectiveness of the packaging and labeling requirements and
23 advertising and marketing restrictions on the prevention of
24 underage access to and use of cannabis products; cannabis use
25 rates, maladaptive use rates for adults and youth and diagnosis

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1 rates of cannabis-related substance use disorders;
2 environmental issues related to cannabis production and the
3 criminal prohibition of cannabis production; and supervised
4 injectable opioid treatment by medical practitioners under
5 strict controls in a clinical setting to select heroin-
6 dependent persons;

7 (2) oversee distribution documentation to each
8 person conducting research that identifies the person
9 conducting the research and states that the person is
10 conducting research pursuant to the Lynn and Erin Compassionate
11 Use Act and the Cannabis Regulation Act;

12 (3) ensure that research conducted pursuant to
13 the Lynn and Erin Compassionate Use Act and the Cannabis
14 Regulation Act is conducted in accordance with institutional
15 and federal requirements relating to the protection of human
16 subjects and is approved by an institutional review board; and

17 (4) prepare and submit:

18 (a) an annual report to the legislative
19 finance committee that describes expenditures from the cannabis
20 research fund and research conducted pursuant to the Lynn and
21 Erin Compassionate Use Act and the Cannabis Regulation Act
22 during the fiscal year preceding the submission of the report;
23 and

24 (b) by November 1, 2020, and every three
25 years thereafter, a report to the legislative health and human

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1 services committee that describes the research conducted and
2 any findings, reports or publications that resulted from the
3 research.

4 SECTION 39. [NEW MATERIAL] EXEMPTION FROM CRIMINAL AND
5 CIVIL PENALTIES--RESEARCHERS.--A person shall not be subject to
6 arrest or prosecution, penalized in any manner or denied any
7 right or privilege solely because the person produced,
8 possessed, distributed, dispensed or purchased cannabis from a
9 person licensed pursuant to the Lynn and Erin Compassionate Use
10 Act or the Cannabis Regulation Act if the person produced,
11 possessed, distributed, dispensed or purchased the cannabis
12 solely for the purpose of research conducted pursuant to the
13 Lynn and Erin Compassionate Use Act or the Cannabis Regulation
14 Act.

15 SECTION 40. [NEW MATERIAL] ROAD SAFETY FUND.--

16 A. The "road safety fund" is created in the state
17 treasury. The fund consists of money transferred from the
18 cannabis excise tax, appropriations, other money deposited in
19 the fund and money otherwise accruing to the fund. The
20 department of public safety shall administer the fund, and
21 money in the fund is subject to appropriation to the department
22 of public safety for the purposes described in this section.
23 Any unexpended or unencumbered balance remaining at the end of
24 a fiscal year shall not revert to the general fund. Money in
25 the fund shall be disbursed on warrants signed by the secretary

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1 of finance and administration pursuant to vouchers signed by
 2 the secretary of public safety or the secretary's authorized
 3 representative.

4 B. Money in the fund is appropriated to the
 5 department of public safety for:

6 (1) research to determine whether a driver is
 7 operating a vehicle while impaired, including impairment by the
 8 use of cannabis items;

9 (2) implementing best practices in law
 10 enforcement agencies regarding impairment by the use of
 11 cannabis items; and

12 (3) drug recognition expert field
 13 certification training for law enforcement officers and for
 14 purchasing roadside impairment tests that are validated for
 15 testing cannabis impairment.

16 SECTION 41. [NEW MATERIAL] SHORT TITLE.--Sections 41
 17 through 47 of this act may be cited as the "Cannabis Tax Act".

18 SECTION 42. [NEW MATERIAL] DEFINITIONS.--As used in the
 19 Cannabis Tax Act:

20 A. "cannabis":

21 (1) means all parts of the plant Cannabis
 22 sativa Linnaeus, whether growing or not; the seeds of the
 23 plant; the resin extracted from any part of the plant; and
 24 every compound, manufacture, salt, derivative, mixture or
 25 preparation of the plant, its seeds or its resin; and

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1 (2) does not include:

2 (a) the mature stalks of the plant;
3 fiber produced from the stalks; oil or cake made from the seeds
4 of the plant; any other compound, manufacture, salt,
5 derivative, mixture or preparation of the mature stalks, fiber,
6 oil or cake; or the sterilized seed of the plant that is
7 incapable of germination; or

8 (b) the weight of any other ingredient
9 combined with cannabis to prepare topical or oral
10 administrations, food, drink or another product;

11 B. "cannabis extract":

12 (1) means a product obtained by separating
13 resins from cannabis by solvent extraction using solvents other
14 than vegetable glycerin, such as butane, hexane, isopropyl
15 alcohol, ethanol or carbon dioxide; and

16 (2) does not include the weight of any other
17 ingredient combined with cannabis extract to prepare topical or
18 oral administrations, food, drink or another product;

19 C. "cannabis items" means cannabis, cannabis
20 products and cannabis extracts;

21 D. "cannabis product":

22 (1) means a product that contains cannabis or
23 cannabis extracts, including edible or topical products that
24 may also contain other ingredients; and

25 (2) does not include the weight of any other

1 ingredient combined with cannabis or cannabis extracts to
 2 prepare topical or oral administrations, food, drink or another
 3 product; and

4 E. "department" means the taxation and revenue
 5 department.

6 SECTION 43. [NEW MATERIAL] CANNABIS EXCISE TAX.--

7 A. An excise tax is imposed on the sale of cannabis
 8 items in this state on which the tax imposed by this section
 9 has not been paid. The tax imposed by this section may be
 10 referred to as the "cannabis excise tax". If the price paid
 11 does not represent the value of the cannabis item, the tax rate
 12 shall be applied to the reasonable value of the cannabis item
 13 at the time the item was purchased.

14 B. The rate of the cannabis excise tax is four
 15 percent and is applied to the price paid for the cannabis item.

16 SECTION 44. [NEW MATERIAL] MUNICIPAL CANNABIS TAX.--

17 A. There is imposed excise tax at a rate of four
 18 percent on the sale of cannabis items in the municipality on
 19 which the tax imposed by this section has not been paid. The
 20 tax imposed pursuant to this section may be referred to as the
 21 "municipal cannabis tax".

22 B. The governing body of the municipality may
 23 dedicate the revenue for any municipal purpose.

24 SECTION 45. [NEW MATERIAL] COUNTY CANNABIS TAX.--

25 A. There is imposed in a county that does not

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1 prohibit the sale of cannabis items an excise tax at a rate of
2 four percent on the sale of cannabis items on which the tax
3 imposed by this section has not been paid. The tax imposed
4 pursuant to this section may be referred to as the "county
5 cannabis tax".

6 B. The governing body of the county may dedicate
7 the revenue for any county purpose.

8 SECTION 46. [NEW MATERIAL] DATE PAYMENT DUE.--The taxes
9 imposed pursuant to the Cannabis Tax Act are to be paid on or
10 before the twenty-fifth day of the month following the month in
11 which the taxable event occurs.

12 SECTION 47. [NEW MATERIAL] INTERPRETATION OF ACT--
13 ADMINISTRATION AND ENFORCEMENT OF TAX.--The department shall
14 administer and enforce the collection of the cannabis excise
15 tax, municipal cannabis tax and county cannabis tax pursuant to
16 the Tax Administration Act.

17 SECTION 48. A new section of the Tax Administration Act
18 is enacted to read:

19 "[NEW MATERIAL] DISTRIBUTION--CANNABIS EXCISE TAX.--

20 A. A distribution pursuant to Section 7-1-6.1 NMSA
21 1978 shall be made to the cannabis health and safety fund in an
22 amount equal to six percent of the net receipts attributable to
23 the cannabis excise tax.

24 B. A distribution pursuant to Section 7-1-6.1 NMSA
25 1978 shall be made to the cannabis research fund in an amount

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1 equal to two percent of the net receipts attributable to the
 2 cannabis excise tax.

3 C. A distribution pursuant to Section 7-1-6.1 NMSA
 4 1978 shall be made to the local DWI grant fund in an amount
 5 equal to six percent of the net receipts attributable to the
 6 cannabis excise tax; provided that the revenue is used for the
 7 purposes described in Paragraphs (3) through (5) of Subsection
 8 A of Section 11-6A-3 NMSA 1978.

9 D. A distribution pursuant to Section 7-1-6.1 NMSA
 10 1978 shall be made to the community grants reinvestment fund in
 11 an amount equal to twenty percent of the net receipts
 12 attributable to the cannabis excise tax.

13 E. A distribution pursuant to Section 7-1-6.1 NMSA
 14 1978 shall be made to the road safety fund in an amount equal
 15 to two percent of the net receipts attributable to the cannabis
 16 excise tax."

17 SECTION 49. A new section of the Tax Administration Act
 18 is enacted to read:

19 "[NEW MATERIAL] TRANSFER--REVENUES FROM MUNICIPAL CANNABIS
 20 TAX AND COUNTY CANNABIS TAX.--

21 A. A transfer pursuant to Section 7-1-6.1 NMSA 1978
 22 shall be made to each municipality for which the department is
 23 collecting a municipal cannabis tax imposed by that
 24 municipality in an amount, subject to any increase or decrease
 25 made pursuant to Section 7-1-6.15 NMSA 1978, equal to the net

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1 receipts attributable to the municipal cannabis tax.

2 B. A transfer pursuant to Section 7-1-6.1 NMSA 1978
3 shall be made to each county for which the department is
4 collecting a county cannabis tax imposed by that county in an
5 amount, subject to any increase or decrease made pursuant to
6 Section 7-1-6.15 NMSA 1978, equal to the net receipts
7 attributable to the county cannabis tax."

8 SECTION 50. Section 7-1-2 NMSA 1978 (being Laws 1965,
9 Chapter 248, Section 2, as amended) is amended to read:

10 "7-1-2. APPLICABILITY.--The Tax Administration Act
11 applies to and governs:

12 A. the administration and enforcement of the
13 following taxes or tax acts as they now exist or may hereafter
14 be amended:

- 15 (1) Income Tax Act;
16 (2) Withholding Tax Act;
17 (3) Venture Capital Investment Act;
18 (4) Gross Receipts and Compensating Tax Act
19 and any state gross receipts tax;
20 (5) Liquor Excise Tax Act;
21 (6) Local Liquor Excise Tax Act;
22 (7) any municipal local option gross receipts
23 tax;
24 (8) any county local option gross receipts
25 tax;

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- 1 (9) Special Fuels Supplier Tax Act;
- 2 (10) Gasoline Tax Act;
- 3 (11) petroleum products loading fee, which fee
- 4 shall be considered a tax for the purpose of the Tax
- 5 Administration Act;
- 6 (12) Alternative Fuel Tax Act;
- 7 (13) Cigarette Tax Act;
- 8 (14) Estate Tax Act;
- 9 (15) Railroad Car Company Tax Act;
- 10 (16) Investment Credit Act, rural job tax
- 11 credit, Laboratory Partnership with Small Business Tax Credit
- 12 Act, Technology Jobs and Research and Development Tax Credit
- 13 Act, Film Production Tax Credit Act, Affordable Housing Tax
- 14 Credit Act and high-wage jobs tax credit;
- 15 (17) Corporate Income and Franchise Tax Act;
- 16 (18) Uniform Division of Income for Tax
- 17 Purposes Act;
- 18 (19) Multistate Tax Compact;
- 19 (20) Tobacco Products Tax Act; ~~and~~
- 20 (21) the telecommunications relay service
- 21 surcharge imposed by Section 63-9F-11 NMSA 1978, which
- 22 surcharge shall be considered a tax for the purposes of the Tax
- 23 Administration Act; and
- 24 (22) the Cannabis Tax Act;

B. the administration and enforcement of the

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1 following taxes, surtaxes, advanced payments or tax acts as
2 they now exist or may hereafter be amended:

- 3 (1) Resources Excise Tax Act;
- 4 (2) Severance Tax Act;
- 5 (3) any severance surtax;
- 6 (4) Oil and Gas Severance Tax Act;
- 7 (5) Oil and Gas Conservation Tax Act;
- 8 (6) Oil and Gas Emergency School Tax Act;
- 9 (7) Oil and Gas Ad Valorem Production Tax Act;
- 10 (8) Natural Gas Processors Tax Act;
- 11 (9) Oil and Gas Production Equipment Ad

12 Valorem Tax Act;

- 13 (10) Copper Production Ad Valorem Tax Act;
- 14 (11) any advance payment required to be made
15 by any act specified in this subsection, which advance payment
16 shall be considered a tax for the purposes of the Tax

17 Administration Act;

- 18 (12) Enhanced Oil Recovery Act;
- 19 (13) Natural Gas and Crude Oil Production
20 Incentive Act; and
- 21 (14) intergovernmental production tax credit
22 and intergovernmental production equipment tax credit;

23 C. the administration and enforcement of the
24 following taxes, surcharges, fees or acts as they now exist or
25 may hereafter be amended:

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- 1 (1) Weight Distance Tax Act;
- 2 (2) the workers' compensation fee authorized
- 3 by Section 52-5-19 NMSA 1978, which fee shall be considered a
- 4 tax for purposes of the Tax Administration Act;
- 5 (3) Uniform Unclaimed Property Act (1995);
- 6 (4) 911 emergency surcharge and the network
- 7 and database surcharge, which surcharges shall be considered
- 8 taxes for purposes of the Tax Administration Act;
- 9 (5) the solid waste assessment fee authorized
- 10 by the Solid Waste Act, which fee shall be considered a tax for
- 11 purposes of the Tax Administration Act;
- 12 (6) the water conservation fee imposed by
- 13 Section 74-1-13 NMSA 1978, which fee shall be considered a tax
- 14 for the purposes of the Tax Administration Act; and
- 15 (7) the gaming tax imposed pursuant to the
- 16 Gaming Control Act; and

17 D. the administration and enforcement of all other
 18 laws, with respect to which the department is charged with
 19 responsibilities pursuant to the Tax Administration Act, but
 20 only to the extent that the other laws do not conflict with the
 21 Tax Administration Act."

22 **SECTION 51.** Section 7-1-6.15 NMSA 1978 (being Laws 1983,
 23 Chapter 211, Section 20, as amended by Laws 2015, Chapter 89,
 24 Section 1 and by Laws 2015, Chapter 100, Section 1) is amended
 25 to read:

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1 "7-1-6.15. ADJUSTMENTS OF DISTRIBUTIONS OR TRANSFERS TO
2 MUNICIPALITIES OR COUNTIES.--

3 A. The provisions of this section apply to:

4 (1) any distribution to a municipality
5 pursuant to Section 7-1-6.4, 7-1-6.36 or 7-1-6.46 NMSA 1978;

6 (2) any transfer to a municipality with
7 respect to any local option gross receipts tax or municipal
8 cannabis tax imposed by that municipality;

9 (3) any transfer to a county with respect to
10 any local option gross receipts tax or county cannabis tax
11 imposed by that county;

12 (4) any distribution to a county pursuant to
13 Section 7-1-6.16 or 7-1-6.47 NMSA 1978;

14 (5) any distribution to a municipality or a
15 county of gasoline taxes pursuant to Section 7-1-6.9 NMSA 1978;

16 (6) any transfer to a county with respect to
17 any tax imposed in accordance with the Local Liquor Excise Tax
18 Act;

19 (7) any distribution to a county from the
20 county government road fund pursuant to Section 7-1-6.26 NMSA
21 1978;

22 (8) any distribution to a municipality of
23 gasoline taxes pursuant to Section 7-1-6.27 NMSA 1978; and

24 (9) any distribution to a municipality of
25 compensating taxes pursuant to Section 7-1-6.55 NMSA 1978.

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1 B. Before making a distribution or transfer
2 specified in Subsection A of this section to a municipality or
3 county for the month, amounts comprising the net receipts shall
4 be segregated into two mutually exclusive categories. One
5 category shall be for amounts relating to the current month,
6 and the other category shall be for amounts relating to prior
7 periods. The total of each category for a municipality or
8 county shall be reported each month to that municipality or
9 county. If the total of the amounts relating to prior periods
10 is less than zero and its absolute value exceeds the greater of
11 one hundred dollars (\$100) or an amount equal to twenty percent
12 of the average distribution or transfer amount for that
13 municipality or county, then the following procedures shall be
14 carried out:

15 (1) all negative amounts relating to any
16 period prior to the three calendar years preceding the year of
17 the current month, net of any positive amounts in that same
18 time period for the same taxpayers to which the negative
19 amounts pertain, shall be excluded from the total relating to
20 prior periods. Except as provided in Paragraph (2) of this
21 subsection, the net receipts to be distributed or transferred
22 to the municipality or county shall be adjusted to equal the
23 amount for the current month plus the revised total for prior
24 periods; and

25 (2) if the revised total for prior periods

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1 determined pursuant to Paragraph (1) of this subsection is
2 negative and its absolute value exceeds the greater of one
3 hundred dollars (\$100) or an amount equal to twenty percent of
4 the average distribution or transfer amount for that
5 municipality or county, the revised total for prior periods
6 shall be excluded from the distribution or transfers and the
7 net receipts to be distributed or transferred to the
8 municipality or county shall be equal to the amount for the
9 current month.

10 C. The department shall recover from a municipality
11 or county the amount excluded by Paragraph (2) of Subsection B
12 of this section. This amount may be referred to as the
13 "recoverable amount".

14 D. Prior to or concurrently with the distribution
15 or transfer to the municipality or county of the adjusted net
16 receipts, the department shall notify the municipality or
17 county whose distribution or transfer has been adjusted
18 pursuant to Paragraph (2) of Subsection B of this section:

19 (1) that the department has made such an
20 adjustment, that the department has determined that a specified
21 amount is recoverable from the municipality or county and that
22 the department intends to recover that amount from future
23 distributions or transfers to the municipality or county;

24 (2) that the municipality or county has ninety
25 days from the date notice is made to enter into a mutually

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1 agreeable repayment agreement with the department;

2 (3) that if the municipality or county takes
 3 no action within the ninety-day period, the department will
 4 recover the amount from the next six distributions or transfers
 5 following the expiration of the ninety days; and

6 (4) that the municipality or county may
 7 inspect, pursuant to Section 7-1-8.9 NMSA 1978, an application
 8 for a claim for refund that gave rise to the recoverable
 9 amount, exclusive of any amended returns that may be attached
 10 to the application.

11 E. No earlier than ninety days from the date notice
 12 pursuant to Subsection D of this section is given, the
 13 department shall begin recovering the recoverable amount from a
 14 municipality or county as follows:

15 (1) the department may collect the recoverable
 16 amount by:

17 (a) decreasing distributions or
 18 transfers to the municipality or county in accordance with a
 19 repayment agreement entered into with the municipality or
 20 county; or

21 (b) except as provided in Paragraphs (2)
 22 and (3) of this subsection, if the municipality or county fails
 23 to act within the ninety days, decreasing the amount of the
 24 next six distributions or transfers to the municipality or
 25 county following expiration of the ninety-day period in

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1 increments as nearly equal as practicable and sufficient to
2 recover the amount;

3 (2) if, pursuant to Subsection B of this
4 section, the secretary determines that the recoverable amount
5 is more than fifty percent of the average distribution or
6 transfer of net receipts for that municipality or county, the
7 secretary:

8 (a) shall recover only up to fifty
9 percent of the average distribution or transfer of net receipts
10 for that municipality or county; and

11 (b) may, in the secretary's discretion,
12 waive recovery of any portion of the recoverable amount,
13 subject to approval by the state board of finance; and

14 (3) if, after application of a refund claim,
15 audit adjustment, correction of a mistake by the department or
16 other adjustment of a prior period, but prior to any recovery
17 of the department pursuant to this section, the total net
18 receipts of a municipality or county for the twelve-month
19 period beginning with the current month are reduced or are
20 projected to be reduced to less than fifty percent of the
21 average distribution or transfer of net receipts, the secretary
22 may waive recovery of any portion of the recoverable amount,
23 subject to approval by the state board of finance.

24 F. No later than ninety days from the date notice
25 pursuant to Subsection D of this section is given, the

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1 department shall provide the municipality or county adequate
2 opportunity to review an application for a claim for refund
3 that gave rise to the recoverable amount, exclusive of any
4 amended returns that may be attached to the application,
5 pursuant to Section 7-1-8.9 NMSA 1978.

6 G. On or before September 1 of each year beginning
7 in 2016, the secretary shall report to the state board of
8 finance and the legislative finance committee the total
9 recoverable amount waived pursuant to Subparagraph (b) of
10 Paragraph (2) and Paragraph (3) of Subsection E of this section
11 for each municipality and county in the prior fiscal year.

12 H. The secretary is authorized to decrease a
13 distribution or transfer to a municipality or county upon being
14 directed to do so by the secretary of finance and
15 administration pursuant to the State Aid Intercept Act or to
16 redirect a distribution or transfer to the New Mexico finance
17 authority pursuant to an ordinance or a resolution passed by
18 the county or municipality and a written agreement of the
19 municipality or county and the New Mexico finance authority.
20 Upon direction to decrease a distribution or transfer or notice
21 to redirect a distribution or transfer to a municipality or
22 county, the secretary shall decrease or redirect the next
23 designated distribution or transfer, and succeeding
24 distributions or transfers as necessary, by the amount of the
25 state distributions intercept authorized by the secretary of

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1 finance and administration pursuant to the State Aid Intercept
2 Act or by the amount of the state distribution intercept
3 authorized pursuant to an ordinance or a resolution passed by
4 the county or municipality and a written agreement with the New
5 Mexico finance authority. The secretary shall transfer the
6 state distributions intercept amount to the municipal or county
7 treasurer or other person designated by the secretary of
8 finance and administration or to the New Mexico finance
9 authority pursuant to written agreement to pay the debt service
10 to avoid default on qualified local revenue bonds or meet other
11 local revenue bond, loan or other debt obligations of the
12 municipality or county to the New Mexico finance authority. A
13 decrease to or redirection of a distribution or transfer
14 pursuant to this subsection that arose:

15 (1) prior to an adjustment of a distribution
16 or transfer of net receipts creating a recoverable amount owed
17 to the department takes precedence over any collection of any
18 recoverable amount pursuant to Paragraph (2) of Subsection B of
19 this section, which may be made only from the net amount of the
20 distribution or transfer remaining after application of the
21 decrease or redirection pursuant to this subsection; and

22 (2) after an adjustment of a distribution or
23 transfer of net receipts creating a recoverable amount owed to
24 the department shall be subordinate to any collection of any
25 recoverable amount pursuant to Paragraph (2) of Subsection B of

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1 this section.

2 I. Upon the direction of the secretary of finance
3 and administration pursuant to Section 9-6-5.2 NMSA 1978, the
4 secretary shall temporarily withhold the balance of a
5 distribution to a municipality or county, net of any decrease
6 or redirected amount pursuant to Subsection H of this section
7 and any recoverable amount pursuant to Paragraph (2) of
8 Subsection B of this section, that has failed to submit an
9 audit report required by the Audit Act or a financial report
10 required by Subsection F of Section 6-6-2 NMSA 1978. The
11 amount to be withheld, the source of the withheld distribution
12 and the number of months that the distribution is to be
13 withheld shall be as directed by the secretary of finance and
14 administration. A distribution withheld pursuant to this
15 subsection shall remain in the tax administration suspense fund
16 until distributed to the municipality or county and shall not
17 be distributed to the general fund. An amount withheld
18 pursuant to this subsection shall be distributed to the
19 municipality or county upon direction of the secretary of
20 finance and administration.

21 J. As used in this section:

22 (1) "amounts relating to the current month"
23 means any amounts included in the net receipts of the current
24 month that represent payment of tax due for the current month,
25 correction of amounts processed in the current month that

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1 relate to the current month or that otherwise relate to
2 obligations due for the current month;

3 (2) "amounts relating to prior periods" means
4 any amounts processed during the current month that adjust
5 amounts processed in a period or periods prior to the current
6 month regardless of whether the adjustment is a correction of a
7 department error or due to the filing of amended returns,
8 payment of department-issued assessments, filing or approval of
9 claims for refund, audit adjustments or other cause;

10 (3) "average distribution or transfer amount"
11 means the following amounts; provided that a distribution or
12 transfer that is negative shall not be used in calculating the
13 amounts:

14 (a) the annual average of the total
15 amount distributed or transferred to a municipality or county
16 in each of the three twelve-month periods preceding the current
17 month;

18 (b) if a distribution or transfer to a
19 municipality or county has been made for less than three years,
20 the total amount distributed or transferred in the year
21 preceding the current month; or

22 (c) if a municipality or county has not
23 received distributions or transfers of net receipts for twelve
24 or more months, the monthly average of net receipts distributed
25 or transferred to the municipality or county preceding the

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1 current month multiplied by twelve;

2 (4) "current month" means the month for which
3 the distribution or transfer is being prepared; and

4 (5) "repayment agreement" means an agreement
5 between the department and a municipality or county under which
6 the municipality or county agrees to allow the department to
7 recover an amount determined pursuant to Paragraph (2) of
8 Subsection B of this section by decreasing distributions or
9 transfers to the municipality or county for one or more months
10 beginning with the distribution or transfer to be made with
11 respect to a designated month. No interest shall be charged."

12 SECTION 52. Section 7-9-73.2 NMSA 1978 (being Laws 1998,
13 Chapter 95, Section 2 and Laws 1998, Chapter 99, Section 4, as
14 amended) is amended to read:

15 "7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL
16 GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--OXYGEN--MEDICAL
17 CANNABIS.--

18 A. Receipts from the sale of prescription drugs
19 [~~and~~], oxygen [~~and~~], oxygen services provided by a licensed
20 medicare durable medical equipment provider and medical
21 cannabis that is purchased in accordance with the Lynn and Erin
22 Compassionate Use Act may be deducted from gross receipts and
23 governmental gross receipts.

24 B. For the purposes of this section, "prescription
25 drugs" means insulin and substances that are:

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1 (1) dispensed by or under the supervision of a
2 licensed pharmacist or by a physician or other person
3 authorized under state law to do so;

4 (2) prescribed for a specified person by a
5 person authorized under state law to prescribe the substance;
6 and

7 (3) subject to the restrictions on sale
8 contained in Subparagraph 1 of Subsection (b) of 21 USCA 353."

9 SECTION 53. Section 11-6A-3 NMSA 1978 (being Laws 1993,
10 Chapter 65, Section 3, as amended) is amended to read:

11 "11-6A-3. LOCAL DWI GRANT PROGRAM--FUND.--

12 A. The division shall establish a local DWI grant
13 program to make grants to municipalities or counties for:

14 (1) new, innovative or model programs,
15 services or activities to prevent or reduce the incidence of
16 DWI, alcoholism, alcohol abuse, drug addiction or drug abuse;
17 [~~and~~]

18 (2) programs, services or activities to
19 prevent or reduce the incidence of domestic abuse related to
20 DWI, alcoholism, alcohol abuse, drug addiction or drug abuse;

21 (3) research to determine whether a driver is
22 operating a vehicle while impaired, including impairment by the
23 use of cannabis products;

24 (4) implementing best practices in law
25 enforcement agencies regarding impairment by the use of

1 cannabis products; and

2 (5) funding drug recognition expert field
3 certification training for law enforcement officers and for
4 purchasing roadside impairment tests that are validated for
5 testing cannabis impairment.

6 B. Grants shall be awarded by the council pursuant
7 to the advice and recommendations of the division.

8 C. The "local DWI grant fund" is created in the
9 state treasury and shall be administered by the division. Two
10 million five hundred thousand dollars (\$2,500,000) of liquor
11 excise tax revenues distributed to the fund and all other money
12 in the fund, other than money appropriated for distribution
13 pursuant to Subsections D and E of this section and money
14 appropriated for DWI program distributions, are appropriated to
15 the division to make grants to municipalities and counties upon
16 council approval in accordance with the program established
17 under the Local DWI Grant Program Act and to evaluate DWI
18 grantees and the local DWI grant program. Money in the fund
19 may be used for drug courts. An amount equal to the liquor
20 excise tax revenues distributed annually to the fund, less five
21 million six hundred thousand dollars (\$5,600,000), is
22 appropriated to the division to make DWI program distributions
23 to counties upon council approval of programs in accordance
24 with the provisions of the Local DWI Grant Program Act. No
25 more than six hundred thousand dollars (\$600,000) of liquor

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1 excise tax revenues distributed to the fund in any fiscal year
2 shall be expended for administration of the grant program.
3 Balances in the fund at the end of any fiscal year shall not
4 revert to the general fund.

5 D. Two million eight hundred thousand dollars
6 (\$2,800,000) of the liquor excise tax revenues distributed to
7 the local DWI grant fund is appropriated to the division for
8 distribution to the following counties in the following amounts
9 for funding of alcohol detoxification and treatment facilities:

10 (1) one million seven hundred thousand dollars
11 (\$1,700,000) to class A counties with a population of over
12 three hundred thousand persons according to the 1990 federal
13 decennial census;

14 (2) three hundred thousand dollars (\$300,000)
15 each to counties reclassified in 2002 as class A counties with
16 a population of more than ninety thousand but less than one
17 hundred thousand persons according to the 1990 federal
18 decennial census;

19 (3) two hundred thousand dollars (\$200,000) to
20 class B counties with a population of more than thirty thousand
21 but less than forty thousand persons according to the 1990
22 federal decennial census;

23 (4) one hundred fifty thousand dollars
24 (\$150,000) to class B counties with a population of more than
25 sixty-two thousand but less than sixty-five thousand persons

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1 according to the 1990 federal decennial census; and

2 (5) one hundred fifty thousand dollars
 3 (\$150,000) to class B counties with a population of more than
 4 thirteen thousand but less than fifteen thousand persons
 5 according to the 1990 federal decennial census.

6 E. Three hundred thousand dollars (\$300,000) of the
 7 liquor excise tax revenues distributed to the local DWI grant
 8 fund is appropriated to the division for the interlock device
 9 fund.

10 F. In awarding DWI grants to local communities, the
 11 council:

12 (1) may fund new or existing innovative or
 13 model programs, services or activities designed to prevent or
 14 reduce the incidence of DWI, alcoholism or alcohol abuse;

15 (2) may fund existing community-based
 16 programs, services or facilities for prevention, screening and
 17 treatment of alcoholism and alcohol abuse;

18 (3) may fund new or existing innovative or
 19 model programs, services or activities of any kind designed to
 20 prevent or reduce the incidence of domestic abuse related to
 21 DWI, alcoholism or alcohol abuse;

22 (4) may fund existing community-based
 23 programs, services or facilities for prevention and treatment
 24 of domestic abuse related to DWI, alcoholism or alcohol abuse;

25 (5) shall give consideration to a broad range

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1 of approaches to prevention, education, screening, treatment or
2 alternative sentencing, including programs that combine
3 incarceration, treatment and aftercare, to address the problem
4 of DWI, alcoholism or alcohol abuse; and

5 (6) shall make grants only to counties or
6 municipalities in counties that have established a DWI planning
7 council and adopted a county DWI plan or are parties to a
8 multicounty DWI plan that has been approved by the council and
9 approved pursuant to Chapter 43, Article 3 NMSA 1978 and only
10 for programs, services or activities consistent with that plan.
11 A DWI plan shall also comply with local DWI grant program rules
12 and guidelines.

13 G. The council shall use the criteria in Subsection
14 F of this section to approve DWI programs, services or
15 activities for funding through the county DWI program
16 distribution. Sixty-five percent of the DWI grants awarded to
17 local communities shall be used for alcohol-related treatment
18 and detoxification programs."

19 **SECTION 54.** Section 26-2B-3 NMSA 1978 (being Laws 2007,
20 Chapter 210, Section 3) is amended to read:

21 "26-2B-3. DEFINITIONS.--As used in the Lynn and Erin
22 Compassionate Use Act:

23 A. "adequate supply" means an amount of cannabis,
24 in any form approved by the department, possessed by a
25 qualified patient or collectively possessed by a qualified

1 patient and the qualified patient's primary caregiver that is
2 determined by rule of the department to be no more than
3 reasonably necessary to ensure the uninterrupted availability
4 of cannabis for a period of three months and that is derived
5 solely from an intrastate source;

6 B. "debilitating medical condition" means:

7 (1) cancer;
8 (2) glaucoma;
9 (3) multiple sclerosis;
10 (4) damage to the nervous tissue of the spinal
11 cord, with objective neurological indication of intractable
12 spasticity;

13 (5) epilepsy;

14 (6) positive status for human immunodeficiency
15 virus or acquired immune deficiency syndrome;

16 (7) admitted into hospice care in accordance
17 with rules promulgated by the department; or

18 (8) any other medical condition, medical
19 treatment or disease as approved by the department;

20 C. "department" means the department of health;

21 D. "licensed [~~producer~~] dispenser" means any person
22 or association of persons within New Mexico that the department
23 determines to be qualified to [~~produce~~] possess, distribute and
24 dispense cannabis pursuant to the Lynn and Erin Compassionate
25 Use Act and that is licensed by the department;

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1 E. "practitioner" means a person licensed in New
2 Mexico to prescribe and administer drugs that are subject to
3 the Controlled Substances Act;

4 F. "primary caregiver" means a resident of New
5 Mexico who is at least eighteen years of age and who has been
6 designated by the patient's practitioner as being necessary to
7 take responsibility for managing the well-being of a qualified
8 patient with respect to the medical use of cannabis pursuant to
9 the provisions of the Lynn and Erin Compassionate Use Act;

10 G. "qualified patient" means a resident of New
11 Mexico who has been diagnosed by a practitioner as having a
12 debilitating medical condition and has received written
13 certification and a registry identification card issued
14 pursuant to the Lynn and Erin Compassionate Use Act; and

15 H. "written certification" means a statement in a
16 patient's medical records or a statement signed by a patient's
17 practitioner that, in the practitioner's professional opinion,
18 the patient has a debilitating medical condition and the
19 practitioner believes that the potential health benefits of the
20 medical use of cannabis would likely outweigh the health risks
21 for the patient. A written certification is not valid for more
22 than one year from the date of issuance."

23 **SECTION 55.** Section 26-2B-4 NMSA 1978 (being Laws 2007,
24 Chapter 210, Section 4) is amended to read:

25 "26-2B-4. EXEMPTION FROM CRIMINAL AND CIVIL PENALTIES FOR

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1 THE MEDICAL USE OF CANNABIS.--

2 A. A qualified patient shall not be subject to
3 arrest, prosecution or penalty in any manner for the possession
4 of or the medical use of cannabis if the quantity of cannabis
5 does not exceed an adequate supply or the qualified patient is
6 authorized to possess the cannabis pursuant to the Cannabis
7 Regulation Act.

8 B. A qualified patient's primary caregiver shall
9 not be subject to arrest, prosecution or penalty in any manner
10 for the possession of cannabis for medical use by the qualified
11 patient if the quantity of cannabis does not exceed an adequate
12 supply.

13 C. Subsection A of this section shall not apply to
14 a qualified patient under the age of eighteen years, unless:

15 (1) the qualified patient's practitioner has
16 explained the potential risks and benefits of the medical use
17 of cannabis to the qualified patient and to a parent, guardian
18 or person having legal custody of the qualified patient; and

19 (2) a parent, guardian or person having legal
20 custody consents in writing to:

21 (a) allow the qualified patient's
22 medical use of cannabis;

23 (b) serve as the qualified patient's
24 primary caregiver; and

25 (c) control the dosage and the frequency

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1 of the medical use of cannabis by the qualified patient.

2 D. A qualified patient or a primary caregiver shall
3 be granted the full legal protections provided in this section
4 if the patient or caregiver is in possession of a registry
5 identification card. If the qualified patient or primary
6 caregiver is not in possession of a registry identification
7 card, the patient or caregiver shall be given an opportunity to
8 produce the registry identification card before any arrest or
9 criminal charges or other penalties are initiated.

10 E. A practitioner shall not be subject to arrest or
11 prosecution, penalized in any manner or denied any right or
12 privilege for recommending the medical use of cannabis or
13 providing written certification for the medical use of cannabis
14 pursuant to the Lynn and Erin Compassionate Use Act.

15 F. A licensed [~~producer~~] dispenser shall not be
16 subject to arrest, prosecution or penalty, in any manner, for
17 the [~~production~~] possession, distribution or dispensing of
18 cannabis pursuant to the Lynn and Erin Compassionate Use Act.

19 G. Any property interest that is possessed, owned
20 or used in connection with the medical use of cannabis, or acts
21 incidental to such use, shall not be harmed, neglected, injured
22 or destroyed while in the possession of state or local law
23 enforcement officials. Any such property interest shall not be
24 forfeited under any state or local law providing for the
25 forfeiture of property except as provided in the Forfeiture

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1 Act. Cannabis, paraphernalia or other property seized from a
 2 qualified patient or primary caregiver in connection with the
 3 claimed medical use of cannabis shall be returned immediately
 4 upon the determination by a court or prosecutor that the
 5 qualified patient or primary caregiver is entitled to the
 6 protections of the provisions of the Lynn and Erin
 7 Compassionate Use Act, as may be evidenced by a failure to
 8 actively investigate the case, a decision not to prosecute, the
 9 dismissal of charges or acquittal.

10 H. A person shall not be subject to arrest or
 11 prosecution for a cannabis-related offense for simply being in
 12 the presence of the medical use of cannabis as permitted under
 13 the provisions of the Lynn and Erin Compassionate Use Act."

14 SECTION 56. Section 26-2B-5 NMSA 1978 (being Laws 2007,
 15 Chapter 210, Section 5) is amended to read:

16 "26-2B-5. PROHIBITIONS, RESTRICTIONS AND LIMITATIONS ON
 17 THE MEDICAL USE OF CANNABIS--CRIMINAL PENALTIES.--

18 A. Participation in a medical use of cannabis
 19 program by a qualified patient or primary caregiver does not
 20 relieve the qualified patient or primary caregiver from:

21 (1) criminal prosecution or civil penalties
 22 for activities not authorized in the Lynn and Erin
 23 Compassionate Use Act;

24 (2) liability for damages or criminal
 25 prosecution arising out of the operation of a vehicle while

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1 under the influence of cannabis; or

2 (3) criminal prosecution or civil penalty for
3 possession or use of cannabis:

4 (a) in a school bus or public vehicle;

5 (b) on school grounds or property;

6 (c) in the workplace of the qualified
7 patient's or primary caregiver's employment; or

8 (d) at a public park, recreation center,
9 youth center or other public place.

10 B. A person who makes a fraudulent representation
11 to a law enforcement officer about the person's participation
12 in a medical use of cannabis program to avoid arrest or
13 prosecution for a cannabis-related offense is guilty of a petty
14 misdemeanor and shall be sentenced in accordance with the
15 provisions of Section 31-19-1 NMSA 1978.

16 C. If a licensed [~~producer~~] dispenser sells,
17 distributes, dispenses or transfers cannabis to a person not
18 approved by the department pursuant to the Lynn and Erin
19 Compassionate Use Act or obtains or transports cannabis outside
20 New Mexico in violation of federal law, the licensed [~~producer~~]
21 dispenser shall be subject to arrest, prosecution and civil or
22 criminal penalties pursuant to state law."

23 SECTION 57. Section 26-2B-7 NMSA 1978 (being Laws 2007,
24 Chapter 210, Section 7) is amended to read:

25 "26-2B-7. REGISTRY IDENTIFICATION CARDS--DEPARTMENT

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1 RULES--DUTIES.--

2 A. No later than October 1, 2007, and after
3 consultation with the advisory board, the department shall
4 promulgate rules in accordance with the State Rules Act to
5 implement the purpose of the Lynn and Erin Compassionate Use
6 Act. The rules shall:

7 (1) govern the manner in which the department
8 will consider applications for registry identification cards
9 and for the renewal of identification cards for qualified
10 patients and primary caregivers;

11 (2) define the amount of cannabis that is
12 necessary to constitute an adequate supply, including amounts
13 for topical treatments;

14 (3) identify criteria and set forth procedures
15 for including additional medical conditions, medical treatments
16 or diseases to the list of debilitating medical conditions that
17 qualify for the medical use of cannabis. Procedures shall
18 include a petition process and shall allow for public comment
19 and public hearings before the advisory board;

20 (4) set forth additional medical conditions,
21 medical treatments or diseases to the list of debilitating
22 medical conditions that qualify for the medical use of cannabis
23 as recommended by the advisory board;

24 (5) identify requirements for the licensure of
25 ~~[producers and cannabis production facilities]~~ qualified

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1 patients to produce medical cannabis for the qualified
2 patient's personal use and set forth procedures to obtain
3 licenses; provided that the department shall not impose a fee
4 for or in connection with a license issued pursuant to this
5 paragraph;

6 (6) develop a distribution system for medical
7 cannabis that provides for

8 [~~(a) cannabis production facilities~~
9 ~~within New Mexico housed on secured grounds and operated by~~
10 ~~licensed producers; and~~

11 ~~(b)]~~ distribution of medical cannabis to
12 qualified patients or their primary caregivers to take place at
13 locations that are designated by the department and that are
14 not within three hundred feet of any school, church or daycare
15 center;

16 (7) determine additional duties and
17 responsibilities of the advisory board; and

18 (8) be revised and updated as necessary.

19 B. The department shall issue registry
20 identification cards to a patient and to the primary caregiver
21 for that patient, if any, who submit the following, in
22 accordance with the department's rules:

23 (1) a written certification;

24 (2) the name, address and date of birth of the
25 patient;

1 (3) the name, address and telephone number of
2 the patient's practitioner; and

3 (4) the name, address and date of birth of the
4 patient's primary caregiver, if any.

5 C. The department shall verify the information
6 contained in an application submitted pursuant to Subsection B
7 of this section and shall approve or deny an application within
8 thirty days of receipt. The department may deny an application
9 only if the applicant did not provide the information required
10 pursuant to Subsection B of this section or if the department
11 determines that the information provided is false. A person
12 whose application has been denied shall not reapply for six
13 months from the date of the denial unless otherwise authorized
14 by the department.

15 D. The department shall issue a registry
16 identification card within five days of approving an
17 application, and a card shall expire one year after the date of
18 issuance. A registry identification card shall contain:

19 (1) the name, address and date of birth of the
20 qualified patient and primary caregiver, if any;

21 (2) the date of issuance and expiration date
22 of the registry identification card; and

23 (3) other information that the department may
24 require by rule.

25 E. A person who possesses a registry identification

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1 card shall notify the department of any change in the person's
2 name, address, qualified patient's practitioner, qualified
3 patient's primary caregiver or change in status of the
4 qualified patient's debilitating medical condition within ten
5 days of the change.

6 F. Possession of or application for a registry
7 identification card shall not constitute probable cause or give
8 rise to reasonable suspicion for a governmental agency to
9 search the person or property of the person possessing or
10 applying for the card.

11 G. The department shall maintain a confidential
12 file containing the names and addresses of the persons who have
13 either applied for or received a registry identification card.
14 Individual names on the list shall be confidential and not
15 subject to disclosure, except:

16 (1) to authorized employees or agents of the
17 department as necessary to perform the duties of the department
18 pursuant to the provisions of the Lynn and Erin Compassionate
19 Use Act;

20 (2) to authorized employees of state or local
21 law enforcement agencies, but only for the purpose of verifying
22 that a person is lawfully in possession of a registry
23 identification card; or

24 (3) as provided in the federal Health
25 Insurance Portability and Accountability Act of 1996."

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1 SECTION 58. Section 30-31-2 NMSA 1978 (being Laws 1972,
2 Chapter 84, Section 2, as amended) is amended to read:

3 "30-31-2. DEFINITIONS.--As used in the Controlled
4 Substances Act:

5 A. "administer" means the direct application of a
6 controlled substance by any means to the body of a patient or
7 research subject by a practitioner or the practitioner's agent;

8 B. "agent" includes an authorized person who acts
9 on behalf of a manufacturer, distributor or dispenser. It does
10 not include a common or contract carrier, public
11 warehouseperson or employee of the carrier or warehouseperson;

12 C. "board" means the board of pharmacy;

13 D. "bureau" means the narcotic and dangerous drug
14 section of the criminal division of the United States
15 department of justice, or its successor agency;

16 E. "controlled substance" means a drug or substance
17 listed in Schedules I through V of the Controlled Substances
18 Act or rules adopted thereto;

19 F. "counterfeit substance" means a controlled
20 substance that bears the unauthorized trademark, trade name,
21 imprint, number, device or other identifying mark or likeness
22 of a manufacturer, distributor or dispenser other than the
23 person who in fact manufactured, distributed or dispensed the
24 controlled substance;

25 G. "deliver" means the actual, constructive or

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1 attempted transfer from one person to another of a controlled
2 substance or controlled substance analog, whether or not there
3 is an agency relationship;

4 H. "dispense" means to deliver a controlled
5 substance to an ultimate user or research subject pursuant to
6 the lawful order of a practitioner, including the
7 administering, prescribing, packaging, labeling or compounding
8 necessary to prepare the controlled substance for that
9 delivery;

10 I. "dispenser" means a practitioner who dispenses
11 and includes hospitals, pharmacies and clinics where controlled
12 substances are dispensed;

13 J. "distribute" means to deliver other than by
14 administering or dispensing a controlled substance or
15 controlled substance analog;

16 K. "drug" or "substance" means substances
17 recognized as drugs in the official United States
18 pharmacopoeia, official homeopathic pharmacopoeia of the United
19 States or official national formulary or any respective
20 supplement to those publications. It does not include devices
21 or their components, parts or accessories;

22 ~~[L. "hashish" means the resin extracted from any~~
23 ~~part of marijuana, whether growing or not, and every compound,~~
24 ~~manufacture, salt, derivative, mixture or preparation of such~~
25 ~~resins;~~

1 M.] L. "manufacture" means the production,
 2 preparation, compounding, conversion or processing of a
 3 controlled substance or controlled substance analog by
 4 extraction from substances of natural origin or independently
 5 by means of chemical synthesis or by a combination of
 6 extraction and chemical synthesis and includes any packaging or
 7 repackaging of the substance or labeling or relabeling of its
 8 container, except that this term does not include the
 9 preparation or compounding of a controlled substance:

10 (1) by a practitioner as an incident to
 11 administering or dispensing a controlled substance in the
 12 course of the practitioner's professional practice; or

13 (2) by a practitioner, or by the
 14 practitioner's agent under the practitioner's supervision, for
 15 the purpose of or as an incident to research, teaching or
 16 chemical analysis and not for sale;

17 ~~[N. "marijuana" means all parts of the plant~~
 18 ~~cannabis, including any and all varieties, species and~~
 19 ~~subspecies of the genus Cannabis, whether growing or not, the~~
 20 ~~seeds thereof and every compound, manufacture, salt,~~
 21 ~~derivative, mixture or preparation of the plant or its seeds.~~
 22 ~~It does not include the mature stalks of the plant, hashish,~~
 23 ~~tetrahydrocannabinols extracted or isolated from marijuana,~~
 24 ~~fiber produced from the stalks, oil or cake made from the seeds~~
 25 ~~of the plant, any other compound, manufacture, salt,~~

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1 ~~derivative, mixture or preparation of the mature stalks, fiber,~~
2 ~~oil or cake, or the sterilized seed of the plant that is~~
3 ~~incapable of germination; or the plant Cannabis sativa L. and~~
4 ~~any part of the plant, whether growing or not, containing a~~
5 ~~delta-9-tetrahydrocannabinol concentration of no more than~~
6 ~~three-tenths percent on a dry weight basis;~~

7 ~~θ.]~~ M. "narcotic drug" means any of the following,
8 whether produced directly or indirectly by extraction from
9 substances of vegetable origin or independently by means of
10 chemical synthesis or by a combination of extraction and
11 chemical synthesis:

12 (1) opium and opiate and any salt, compound,
13 derivative or preparation of opium or opiate;

14 (2) any salt, compound, isomer, derivative or
15 preparation that is a chemical equivalent of any of the
16 substances referred to in Paragraph (1) of this subsection,
17 except the isoquinoline alkaloids of opium;

18 (3) opium poppy and poppy straw, including all
19 parts of the plant of the species Papaver somniferum L. except
20 its seeds; or

21 (4) coca leaves and any salt, compound,
22 derivative or preparation of coca leaves, any salt, compound,
23 isomer, derivative or preparation that is a chemical equivalent
24 of any of these substances except decocainized coca leaves or
25 extractions of coca leaves that do not contain cocaine or

1 ecgonine;

2 [P-] N. "opiate" means any substance having an
3 addiction-forming or addiction-sustaining liability similar to
4 morphine or being capable of conversion into a drug having
5 addiction-forming or addiction-sustaining liability. "Opiate"
6 does not include, unless specifically designated as controlled
7 under Section 30-31-5 NMSA 1978, the dextrorotatory isomer of
8 3-methoxy-n-methylmorphinan and its salts, dextromethorphan.
9 "Opiate" does include its racemic and levorotatory forms;

10 [Q-] O. "person" means an individual, partnership,
11 corporation, association, institution, political subdivision,
12 government agency or other legal entity;

13 [R-] P. "practitioner" means a physician, certified
14 advanced practice chiropractic physician, doctor of oriental
15 medicine, dentist, physician assistant, certified nurse
16 practitioner, clinical nurse specialist, certified nurse-
17 midwife, prescribing psychologist, veterinarian, euthanasia
18 technician, pharmacist, pharmacist clinician or other person
19 licensed or certified to prescribe and administer drugs that
20 are subject to the Controlled Substances Act;

21 [S-] Q. "prescription" means an order given
22 individually for the person for whom is prescribed a controlled
23 substance, either directly from a licensed practitioner or the
24 practitioner's agent to the pharmacist, including by means of
25 electronic transmission, or indirectly by means of a written

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1 order signed by the prescriber, bearing the name and address of
2 the prescriber, the prescriber's license classification, the
3 name and address of the patient, the name and quantity of the
4 drug prescribed, directions for use and the date of issue and
5 in accordance with the Controlled Substances Act or rules
6 adopted thereto;

7 ~~[F.]~~ R. "scientific investigator" means a person
8 registered to conduct research with controlled substances in
9 the course of the person's professional practice or research
10 and includes analytical laboratories;

11 ~~[U.]~~ S. "ultimate user" means a person who lawfully
12 possesses a controlled substance for the person's own use or
13 for the use of a member of the person's household or for
14 administering to an animal under the care, custody and control
15 of the person or by a member of the person's household;

16 ~~[V.] "drug paraphernalia" means all equipment,~~
17 ~~products and materials of any kind that are used, intended for~~
18 ~~use or designed for use in planting, propagating, cultivating,~~
19 ~~growing, harvesting, manufacturing, compounding, converting,~~
20 ~~producing, processing, preparing, testing, analyzing,~~
21 ~~packaging, repackaging, storing, containing, concealing,~~
22 ~~injecting, ingesting, inhaling or otherwise introducing into~~
23 ~~the human body a controlled substance or controlled substance~~
24 ~~analog in violation of the Controlled Substances Act. It~~
25 includes:

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1 ~~(1) kits used, intended for use or designed~~
2 ~~for use in planting, propagating, cultivating, growing or~~
3 ~~harvesting any species of plant that is a controlled substance~~
4 ~~or controlled substance analog or from which a controlled~~
5 ~~substance can be derived;~~

6 ~~(2) kits used, intended for use or designed~~
7 ~~for use in manufacturing, compounding, converting, producing,~~
8 ~~processing or preparing controlled substances or controlled~~
9 ~~substance analogs;~~

10 ~~(3) isomerization devices used, intended for~~
11 ~~use or designed for use in increasing the potency of any~~
12 ~~species of plant that is a controlled substance;~~

13 ~~(4) testing equipment used, intended for use~~
14 ~~or designed for use in identifying or in analyzing the~~
15 ~~strength, effectiveness or purity of controlled substances or~~
16 ~~controlled substance analogs;~~

17 ~~(5) scales or balances used, intended for use~~
18 ~~or designed for use in weighing or measuring controlled~~
19 ~~substances or controlled substance analogs;~~

20 ~~(6) diluents and adulterants, such as quinine~~
21 ~~hydrochloride, mannitol, mannite dextrose and lactose, used,~~
22 ~~intended for use or designed for use in cutting controlled~~
23 ~~substances or controlled substance analogs;~~

24 ~~(7) separation gins and sifters used, intended~~
25 ~~for use or designed for use in removing twigs and seeds from,~~

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1 ~~or in otherwise cleaning and refining, marijuana;~~

2 ~~(8) blenders, bowls, containers, spoons and~~
3 ~~mixing devices used, intended for use or designed for use in~~
4 ~~compounding controlled substances or controlled substance~~
5 ~~analogs;~~

6 ~~(9) capsules, balloons, envelopes and other~~
7 ~~containers used, intended for use or designed for use in~~
8 ~~packaging small quantities of controlled substances or~~
9 ~~controlled substance analogs;~~

10 ~~(10) containers and other objects used,~~
11 ~~intended for use or designed for use in storing or concealing~~
12 ~~controlled substances or controlled substance analogs;~~

13 ~~(11) hypodermic syringes, needles and other~~
14 ~~objects used, intended for use or designed for use in~~
15 ~~parenterally injecting controlled substances or controlled~~
16 ~~substance analogs into the human body;~~

17 ~~(12) objects used, intended for use or~~
18 ~~designed for use in ingesting, inhaling or otherwise~~
19 ~~introducing marijuana, cocaine, hashish or hashish oil into the~~
20 ~~human body, such as:~~

21 ~~(a) metal, wooden, acrylic, glass,~~
22 ~~stone, plastic or ceramic pipes, with or without screens,~~
23 ~~permanent screens, hashish heads or punctured metal bowls;~~

24 ~~(b) water pipes;~~

25 ~~(c) carburetion tubes and devices;~~

1 ~~(d) smoking and carburetion masks;~~
2 ~~(e) roach clips, meaning objects used to~~
3 ~~hold burning material, such as a marijuana cigarette, that has~~
4 ~~become too small to hold in the hand;~~

5 ~~(f) miniature cocaine spoons and cocaine~~
6 ~~vials;~~

7 ~~(g) chamber pipes;~~

8 ~~(h) carburetor pipes;~~

9 ~~(i) electric pipes;~~

10 ~~(j) air-driven pipes;~~

11 ~~(k) chilams;~~

12 ~~(l) bonges; or~~

13 ~~(m) ice pipes or chillers; and~~

14 ~~(13) in determining whether an object is drug~~
15 ~~paraphernalia, a court or other authority should consider, in~~
16 ~~addition to all other logically relevant factors, the~~
17 ~~following:~~

18 ~~(a) statements by the owner or by anyone~~
19 ~~in control of the object concerning its use;~~

20 ~~(b) the proximity of the object, in time~~
21 ~~and space, to a direct violation of the Controlled Substances~~
22 ~~Act or any other law relating to controlled substances or~~
23 ~~controlled substance analogs;~~

24 ~~(c) the proximity of the object to~~
25 ~~controlled substances or controlled substance analogs;~~

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1 ~~(d) the existence of any residue of a~~
2 ~~controlled substance or controlled substance analog on the~~
3 ~~object;~~

4 ~~(e) instructions, written or oral,~~
5 ~~provided with the object concerning its use;~~

6 ~~(f) descriptive materials accompanying~~
7 ~~the object that explain or depict its use;~~

8 ~~(g) the manner in which the object is~~
9 ~~displayed for sale; and~~

10 ~~(h) expert testimony concerning its use;~~

11 W.] T. "controlled substance analog":

12 (1) means a substance other than a controlled
13 substance that has a chemical structure substantially similar
14 to that of a controlled substance in Schedule I, II, III, IV or
15 V or that was specifically designed to produce effects
16 substantially similar to that of controlled substances in
17 Schedule I, II, III, IV or V. Examples of chemical classes in
18 which controlled substance analogs are found include the
19 following:

20 ~~(1)~~ (a) phenethylamines;

21 ~~(2)~~ (b) N-substituted piperidines;

22 ~~(3)~~ (c) morphinans;

23 ~~(4)~~ (d) ecgonines;

24 ~~(5)~~ (e) quinazolinones;

25 ~~(6)~~ (f) substituted indoles; and

1 [~~(7)~~] (g) arylcycloalkylamines;

2 [~~Specifically excluded from the definition of "controlled~~
3 ~~substance analog" are those] and~~

4 (2) does not include substances that are
5 generally recognized as safe and effective within the meaning
6 of the Federal Food, Drug, and Cosmetic Act or have been
7 manufactured, distributed or possessed in conformance with the
8 provisions of an approved new drug application or an exemption
9 for investigational use within the meaning of Section 505 of
10 the Federal Food, Drug, and Cosmetic Act;

11 [~~X.~~] U. "human consumption" includes application,
12 injection, inhalation, ingestion or any other manner of
13 introduction;

14 [~~Y.~~] V. "drug-free school zone" means a public
15 school, parochial school or private school or property that is
16 used for a public, parochial or private school purpose and the
17 area within one thousand feet of the school property line, but
18 it does not mean any post-secondary school; and

19 [~~Z.~~] W. "valid practitioner-patient relationship"
20 means a professional relationship, as defined by the
21 practitioner's licensing board, between the practitioner and
22 the patient."

23 **SECTION 59.** Section 30-31-6 NMSA 1978 (being Laws 1972,
24 Chapter 84, Section 6, as amended by Laws 2017, Chapter 139,
25 Section 2, by Laws 2017, Chapter 140, Section 3 and by Laws

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1 2018, Chapter 41, Section 1) is amended to read:

2 "30-31-6. SCHEDULE I.--The following controlled
3 substances are included in Schedule I:

4 A. any of the following opiates, including their
5 isomers, esters, ethers, salts, and salts of isomers, esters
6 and ethers, unless specifically exempted, whenever the
7 existence of these isomers, esters, ethers and salts is
8 possible within the specific chemical designation:

- 9 (1) acetylmethadol;
- 10 (2) allylprodine;
- 11 (3) alphacetylmethadol;
- 12 (4) alphameprodine;
- 13 (5) alphamethadol;
- 14 (6) benzethidine;
- 15 (7) betacetylmethadol;
- 16 (8) betameprodine;
- 17 (9) betamethadol;
- 18 (10) betaprodine;
- 19 (11) clonitazene;
- 20 (12) dextromoramide;
- 21 (13) dextrorphan;
- 22 (14) diampromide;
- 23 (15) diethylthiambutene;
- 24 (16) dimenoxadol;
- 25 (17) dimepheptanol;

- 1 (18) dimethylthiambutene;
2 (19) dioxaphetyl butyrate;
3 (20) dipipanone;
4 (21) ethylmethylthiambutene;
5 (22) etonitazene;
6 (23) etoxeridine;
7 (24) furethidine;
8 (25) hydroxypethidine;
9 (26) ketobemidone;
10 (27) levomoramide;
11 (28) levophenacylmorphan;
12 (29) morpheridine;
13 (30) noracymethadol;
14 (31) norlevorphanol;
15 (32) normethadone;
16 (33) norpipanone;
17 (34) phenadoxone;
18 (35) phenampromide;
19 (36) phenomorphan;
20 (37) phenoperidine;
21 (38) piritramide;
22 (39) proheptazine;
23 (40) properidine;
24 (41) racemoramide; and
25 (42) trimeperidine;

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1 B. any of the following opium derivatives, their
2 salts, isomers and salts of isomers, unless specifically
3 exempted, whenever the existence of these salts, isomers and
4 salts of isomers is possible within the specific chemical
5 designation:

- 6 (1) acetorphine;
- 7 (2) acetyldihydrocodeine;
- 8 (3) benzylmorphine;
- 9 (4) codeine methylbromide;
- 10 (5) codeine-N-oxide;
- 11 (6) cyprenorphine;
- 12 (7) desomorphine;
- 13 (8) dihydromorphine;
- 14 (9) etorphine;
- 15 (10) heroin;
- 16 (11) hydromorphinol;
- 17 (12) methyldesorphine;
- 18 (13) methyldihydromorphine;
- 19 (14) morphine methylbromide;
- 20 (15) morphine methylsulfonate;
- 21 (16) morphine-N-oxide;
- 22 (17) myrophine;
- 23 (18) nicocodeine;
- 24 (19) nicomorphine;
- 25 (20) normorphine;

1 (21) pholcodine; and

2 (22) thebacon;

3 C. any material, compound, mixture or preparation
4 that contains any quantity of the following hallucinogenic
5 substances, their salts, isomers and salts of isomers, unless
6 specifically exempted, whenever the existence of these salts,
7 isomers and salts of isomers is possible within the specific
8 chemical designation:

9 (1) 3,4-methylenedioxy amphetamine;

10 (2) 5-methoxy-3,4-methylenedioxy amphetamine;

11 (3) 3,4,5-trimethoxy amphetamine;

12 (4) bufotenine;

13 (5) diethyltryptamine;

14 (6) dimethyltryptamine;

15 (7) 4-methyl-2,5-dimethoxy amphetamine;

16 (8) ibogaine;

17 (9) lysergic acid diethylamide;

18 [~~(10)~~] ~~marijuana~~;

19 [~~(11)~~] (10) mescaline;

20 [~~(12)~~] (11) peyote, except as otherwise

21 provided in the Controlled Substances Act;

22 [~~(13)~~] (12) N-ethyl-3-piperidyl benzilate;

23 [~~(14)~~] (13) N-methyl-3-piperidyl benzilate;

24 [~~(15)~~] (14) psilocybin;

25 [~~(16)~~] (15) psilocyn;

- 1 [~~(17)~~—tetrahydrocannabinols;
2 ~~(18)~~—hashish;
3 ~~(19)~~] (16) synthetic cannabinoids, including:
4 (a) 1-[2-(4-(morpholinyl)ethyl]
5 -3-(1-naphthoyl)indole;
6 (b) 1-butyl-3-(1-naphthoyl)indole;
7 (c) 1-hexyl-3-(1-naphthoyl)indole;
8 (d) 1-pentyl-3-(1-naphthoyl)indole;
9 (e) 1-pentyl-3-(2-methoxyphenylacetyl)
10 indole;
11 (f) cannabicyclohexanol (CP 47, 497 and
12 homologues: 5-(1,1-dimethylheptyl)-2-[(1R,3S)
13 -3-hydroxycyclohexyl]-phenol (CP-47,497); and 5-(1,
14 1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol;
15 (g) 6aR,10aR)-9-(hydroxymethyl)
16 -6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,
17 10a-tetrahydrobenzo[c]chromen-1-ol);
18 (h) dexanabinol, (6aS,10aS)
19 -9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)
20 -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol;
21 (i) 1-pentyl-3-(4-chloro naphthoyl)
22 indole;
23 (j) (2-methyl-1-propyl-1H-indol-3-yl)
24 -1-naphthalenyl-methanone; and
25 (k) 5-(1,1-dimethylheptyl)-2-(3-hydroxy

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1 cyclohexyl)-phenol;

2 [~~(20)~~] (17) 3,4-methylenedioxy methcathinone;

3 [~~(21)~~] (18) 3,4-methylenedioxy pyrovalerone;

4 [~~(22)~~] (19) 4-methylmethcathinone;

5 [~~(23)~~] (20) 4-methoxymethcathinone;

6 [~~(24)~~] (21) 3-fluoromethcathinone; and

7 [~~(25)~~] (22) 4-fluoromethcathinone;

8 D. the enumeration of peyote as a controlled
 9 substance does not apply to the use of peyote in bona fide
 10 religious ceremonies by a bona fide religious organization, and
 11 members of the organization so using peyote are exempt from
 12 registration. Any person who manufactures peyote for or
 13 distributes peyote to the organization or its members shall
 14 comply with the federal Comprehensive Drug Abuse Prevention and
 15 Control Act of 1970 and all other requirements of law; and

16 [~~E. The enumeration of marijuana,~~
 17 ~~tetrahydrocannabinols or chemical derivatives of~~
 18 ~~tetrahydrocannabinol as Schedule I controlled substances does~~
 19 ~~not apply to:~~

20 (1) ~~industrial hemp, pursuant to rules~~
 21 ~~promulgated by the board of regents of New Mexico state~~
 22 ~~university on behalf of the New Mexico department of~~
 23 ~~agriculture;~~

24 (2) ~~cultivation of industrial hemp by~~
 25 ~~qualified entities pursuant to rules adopted by the New Mexico~~

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1 ~~department of agriculture;~~

2 ~~(3) the use of marijuana,~~
3 ~~tetrahydrocannabinols or chemical derivatives of~~
4 ~~tetrahydrocannabinol by certified patients pursuant to the~~
5 ~~Controlled Substances Therapeutic Research Act or by qualified~~
6 ~~patients pursuant to the provisions of the Lynn and Erin~~
7 ~~Compassionate Use Act; or~~

8 ~~(4) the use, dispensing, possession,~~
9 ~~prescribing, storage or transport of a prescription drug that~~
10 ~~the United States food and drug administration has approved and~~
11 ~~that contains marijuana, a tetrahydrocannabinol derivative or a~~
12 ~~chemical derivative of tetrahydrocannabinol; and~~

13 ~~F.] E.~~ E. controlled substances added to Schedule I by
14 rule adopted by the board pursuant to Section 30-31-3 NMSA
15 1978."

16 SECTION 60. Section 30-31-7 NMSA 1978 (being Laws 1972,
17 Chapter 84, Section 7, as amended) is amended to read:

18 "30-31-7. SCHEDULE II.--

19 A. The following controlled substances are included
20 in Schedule II:

21 (1) any of the following substances, except
22 those narcotic drugs listed in other schedules, whether
23 produced directly or indirectly by extraction from substances
24 of vegetable origin, or independently by means of chemical
25 synthesis, or by combination of extraction and chemical

1 synthesis:

2 (a) opium and opiate, and any salt,
3 compound, derivative or preparation of opium or opiate;

4 (b) any salt, compound, isomer,
5 derivative or preparation thereof that is chemically equivalent
6 or identical with any of the substances referred to in
7 Subparagraph (a) of this paragraph, but not including the
8 isoquinoline alkaloids of opium;

9 (c) opium poppy and poppy straw; and

10 (d) coca leaves and any salt, compound,
11 derivative or preparation of coca leaves, and any salt,
12 compound, derivative or preparation thereof that is chemically
13 equivalent or identical with any of these substances, but not
14 including decocainized coca leaves or extractions that do not
15 contain cocaine or ecgonine;

16 [~~(e) marijuana, but only for the use by~~
17 ~~certified patients pursuant to the Controlled Substances~~
18 ~~Therapeutic Research Act or by qualified patients pursuant to~~
19 ~~the provisions of the Lynn and Erin Compassionate Use Act; and~~

20 (f) ~~tetrahydrocannabinols or chemical~~
21 ~~derivatives of tetrahydrocannabinol, but only for the use by~~
22 ~~certified patients pursuant to the Controlled Substances~~
23 ~~Therapeutic Research Act or by qualified patients pursuant to~~
24 ~~the provisions of the Lynn and Erin Compassionate Use Act.~~

25 ~~Marijuana, tetrahydrocannabinols or chemical derivatives~~

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1 ~~of tetrahydrocannabinol shall be considered Schedule II~~
2 ~~controlled substances only for the purposes enumerated in the~~
3 ~~Controlled Substances Therapeutic Research Act or the Lynn and~~
4 ~~Erin Compassionate Use Act;]~~

5 (2) any of the following opiates, including
6 their isomers, esters, ethers, salts and salts of isomers,
7 whenever the existence of these isomers, esters, ethers and
8 salts is possible within the specific chemical designation:

- 9 (a) alphaprodine;
- 10 (b) anileridine;
- 11 (c) bezitramide;
- 12 (d) dihydrocodeine;
- 13 (e) diphenoxylate;
- 14 (f) fentanyl;
- 15 (g) hydromorphone;
- 16 (h) isomethadone;
- 17 (i) levomethorphan;
- 18 (j) levorphanol;
- 19 (k) meperidine;
- 20 (l) metazocine;
- 21 (m) methadone;
- 22 (n) methadone--intermediate,
23 4-cyano-2-dimethylamino-4, 4-diphenyl butane;
- 24 (o) moramide--intermediate,
25 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;

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- 1 (p) oxycodone;
 2 (q) pethidine;
 3 (r) pethidine--intermediate--A,
 4 4-cyano-1-methyl-4-phenylpiperidine;
 5 (s) pethidine--intermediate--B,
 6 ethyl-4-phenyl-piperidine-4-carboxylate;
 7 (t) pethidine--intermediate--C,
 8 1-methyl-4-phenylpiperidine-4-carboxylic acid;
 9 (u) phenazocine;
 10 (v) piminodine;
 11 (w) racemethorphan; and
 12 (x) racemorphan;

13 (3) unless listed in another schedule, any
 14 material, compound, mixture or preparation that contains any
 15 quantity of the following substances having a potential for
 16 abuse associated with a stimulant effect on the central nervous
 17 system:

- 18 (a) amphetamine, its salts, optical
 19 isomers and salts of its optical isomers;
 20 (b) phenmetrazine and its salts;
 21 (c) methamphetamine, its salts, isomers
 22 and salts of isomers; and
 23 (d) methylphenidate; and

24 (4) controlled substances added to Schedule II
 25 by rule adopted by the board pursuant to Section 30-31-3 NMSA

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1 1978.

2 B. Where methadone is prescribed, administered or
3 dispensed by a practitioner of a drug abuse rehabilitation
4 program while acting in the course of the practitioner's
5 professional practice, or otherwise lawfully obtained or
6 possessed by a person, such person shall not possess such
7 methadone beyond the date stamped or typed on the label of the
8 container of the methadone, nor shall any person possess
9 methadone except in the container in which it was originally
10 administered or dispensed to such person, and such container
11 shall include a label showing the name of the prescribing
12 physician or practitioner, the identity of methadone, the name
13 of the ultimate user, the date when the methadone is to be
14 administered to or used or consumed by the named ultimate user
15 shown on the label and a warning on the label of the methadone
16 container that the ultimate user must use, consume or
17 administer to the ultimate user the methadone in such
18 container. Any person who violates this subsection is guilty
19 of a felony and shall be punished by imprisonment for not less
20 than one year nor more than five years, or by a fine of up to
21 five thousand dollars (\$5,000), or both."

22 SECTION 61. Section 30-31-21 NMSA 1978 (being Laws 1972,
23 Chapter 84, Section 21, as amended) is amended to read:

24 "30-31-21. DISTRIBUTION TO A MINOR.--Except as authorized
25 by the Controlled Substances Act, no person who is eighteen

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1 years of age or older shall intentionally distribute a
 2 controlled substance to a person under the age of eighteen
 3 years. Any person who violates this section with respect to

4 ~~[A. marijuana is:~~

5 ~~(1) for the first offense, guilty of a third~~
 6 ~~degree felony and shall be sentenced pursuant to the provisions~~
 7 ~~of Section 31-18-15 NMSA 1978; and~~

8 ~~(2) for the second and subsequent offenses,~~
 9 ~~guilty of a second degree felony and shall be sentenced~~
 10 ~~pursuant to the provisions of Section 31-18-15 NMSA 1978; and~~

11 ~~B. any other] a~~ controlled substance enumerated in
 12 ~~[Schedules] Schedule I, II, III or IV or a controlled substance~~
 13 analog of any controlled substance enumerated in Schedule I,
 14 II, III or IV is:

15 ~~[(-1)]~~ A. for the first offense, guilty of a second
 16 degree felony and shall be sentenced pursuant to the provisions
 17 of Section 31-18-15 NMSA 1978; and

18 ~~[(-2)]~~ B. for the second and subsequent offenses,
 19 guilty of a first degree felony and shall be sentenced pursuant
 20 to the provisions of Section 31-18-15 NMSA 1978."

21 **SECTION 62.** Section 30-31-22 NMSA 1978 (being Laws 1972,
 22 Chapter 84, Section 22, as amended) is amended to read:

23 "30-31-22. CONTROLLED OR COUNTERFEIT SUBSTANCES--
 24 DISTRIBUTION PROHIBITED.--

25 A. Except as authorized by the Controlled

underscored material = new
 [bracketed material] = delete

1 Substances Act, it is unlawful for a person to intentionally
2 distribute or possess with intent to distribute a controlled
3 substance or a controlled substance analog except a substance
4 enumerated in Schedule I or II that is a narcotic drug, a
5 controlled substance analog of a controlled substance
6 enumerated in Schedule I or II that is a narcotic drug or
7 methamphetamine, its salts, isomers and salts of isomers. A
8 person who violates this subsection with respect to:

9 (1) [~~marijuana or~~] synthetic cannabinoids is:

10 (a) for the first offense, guilty of a
11 fourth degree felony and shall be sentenced pursuant to the
12 provisions of Section 31-18-15 NMSA 1978;

13 (b) for the second and subsequent
14 offenses, guilty of a third degree felony and shall be
15 sentenced pursuant to the provisions of Section 31-18-15 NMSA
16 1978;

17 (c) for the first offense, if more than
18 one hundred pounds is possessed with intent to distribute or
19 distributed or both, guilty of a third degree felony and shall
20 be sentenced pursuant to the provisions of Section 31-18-15
21 NMSA 1978; and

22 (d) for the second and subsequent
23 offenses, if more than one hundred pounds is possessed with
24 intent to distribute or distributed or both, guilty of a second
25 degree felony and shall be sentenced pursuant to the provisions

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1 of Section 31-18-15 NMSA 1978;

2 (2) any other controlled substance enumerated
3 in Schedule I, II, III or IV or a controlled substance analog
4 of a controlled substance enumerated in Schedule I, II, III or
5 IV except a substance enumerated in Schedule I or II that is a
6 narcotic drug, a controlled substance analog of a controlled
7 substance enumerated in Schedule I or II that is a narcotic
8 drug or methamphetamine, its salts, isomers and salts of
9 isomers, is:

10 (a) for the first offense, guilty of a
11 third degree felony and shall be sentenced pursuant to the
12 provisions of Section 31-18-15 NMSA 1978; and

13 (b) for the second and subsequent
14 offenses, guilty of a second degree felony and shall be
15 sentenced pursuant to the provisions of Section 31-18-15 NMSA
16 1978; and

17 (3) a controlled substance enumerated in
18 Schedule V or a controlled substance analog of a controlled
19 substance enumerated in Schedule V is guilty of a misdemeanor
20 and shall be punished by a fine of not less than one hundred
21 dollars (\$100) or more than five hundred dollars (\$500) or by
22 imprisonment for a definite term not less than one hundred
23 eighty days but less than one year, or both.

24 B. It is unlawful for a person to distribute gamma
25 hydroxybutyric acid or flunitrazepam to another person without

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1 that person's knowledge and with intent to commit a crime
2 against that person, including criminal sexual penetration.
3 For the purposes of this subsection, "without that person's
4 knowledge" means the person is unaware that a substance with
5 the ability to alter that person's ability to appraise conduct
6 or to decline participation in or communicate unwillingness to
7 participate in conduct is being distributed to that person.

8 Any person who violates this subsection is:

9 (1) for the first offense, guilty of a third
10 degree felony and shall be sentenced pursuant to the provisions
11 of Section 31-18-15 NMSA 1978; and

12 (2) for the second and subsequent offenses,
13 guilty of a second degree felony and shall be sentenced
14 pursuant to the provisions of Section 31-18-15 NMSA 1978.

15 C. Except as authorized by the Controlled
16 Substances Act, it is unlawful for a person to intentionally
17 create or deliver, or possess with intent to deliver, a
18 counterfeit substance. A person who violates this subsection
19 with respect to:

20 (1) a counterfeit substance enumerated in
21 Schedule I, II, III or IV is guilty of a fourth degree felony
22 and shall be sentenced pursuant to the provisions of Section
23 31-18-15 NMSA 1978; ~~and~~ or

24 (2) a counterfeit substance enumerated in
25 Schedule V is guilty of a petty misdemeanor and shall be

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1 punished by a fine of not more than one hundred dollars (\$100)
2 or by imprisonment for a definite term not to exceed six
3 months, or both.

4 D. A person who knowingly violates Subsection A or
5 C of this section while within a drug-free school zone with
6 respect to:

7 (1) [~~marijuana or~~] synthetic cannabinoids is:

8 (a) for the first offense, guilty of a
9 third degree felony and shall be sentenced pursuant to the
10 provisions of Section 31-18-15 NMSA 1978;

11 (b) for the second and subsequent
12 offenses, guilty of a second degree felony and shall be
13 sentenced pursuant to the provisions of Section 31-18-15 NMSA
14 1978;

15 (c) for the first offense, if more than
16 one hundred pounds is possessed with intent to distribute or
17 distributed or both, guilty of a second degree felony and shall
18 be sentenced pursuant to the provisions of Section 31-18-15
19 NMSA 1978; and

20 (d) for the second and subsequent
21 offenses, if more than one hundred pounds is possessed with
22 intent to distribute or distributed or both, guilty of a first
23 degree felony and shall be sentenced pursuant to the provisions
24 of Section 31-18-15 NMSA 1978;

25 (2) any other controlled substance enumerated

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1 in Schedule I, II, III or IV or a controlled substance analog
2 of a controlled substance enumerated in Schedule I, II, III or
3 IV except a substance enumerated in Schedule I or II that is a
4 narcotic drug, a controlled substance analog of a controlled
5 substance enumerated in Schedule I or II that is a narcotic
6 drug or methamphetamine, its salts, isomers and salts of
7 isomers, is:

8 (a) for the first offense, guilty of a
9 second degree felony and shall be sentenced pursuant to the
10 provisions of Section 31-18-15 NMSA 1978; and

11 (b) for the second and subsequent
12 offenses, guilty of a first degree felony and shall be
13 sentenced pursuant to the provisions of Section 31-18-15 NMSA
14 1978;

15 (3) a controlled substance enumerated in
16 Schedule V or a controlled substance analog of a controlled
17 substance enumerated in Schedule V is guilty of a fourth degree
18 felony and shall be sentenced pursuant to the provisions of
19 Section 31-18-15 NMSA 1978; and

20 (4) the intentional creation, delivery or
21 possession with the intent to deliver:

22 (a) a counterfeit substance enumerated
23 in Schedule I, II, III or IV is guilty of a third degree felony
24 and shall be sentenced pursuant to the provisions of Section
25 31-18-15 NMSA 1978; and

1 (b) a counterfeit substance enumerated
 2 in Schedule V is guilty of a misdemeanor and shall be punished
 3 by a fine of not less than one hundred dollars (\$100) nor more
 4 than five hundred dollars (\$500) or by imprisonment for a
 5 definite term not less than one hundred eighty days but less
 6 than one year, or both.

7 E. Notwithstanding the provisions of Subsection A
 8 of this section, distribution of a small amount of [~~marijuana~~
 9 ~~or~~] synthetic cannabinoids for no remuneration shall be treated
 10 as provided in Paragraph (1) of Subsection B of Section
 11 30-31-23 NMSA 1978."

12 SECTION 63. Section 30-31-23 NMSA 1978 (being Laws 1972,
 13 Chapter 84, Section 23, as amended) is amended to read:

14 "30-31-23. CONTROLLED SUBSTANCES--POSSESSION
 15 PROHIBITED.--

16 A. It is unlawful for a person intentionally to
 17 possess a controlled substance unless the substance was
 18 obtained pursuant to a valid prescription or order of a
 19 practitioner while acting in the course of professional
 20 practice or except as otherwise authorized by the Controlled
 21 Substances Act. It is unlawful for a person intentionally to
 22 possess a controlled substance analog.

23 B. A person who violates this section with respect
 24 to:

25 (1) one ounce or less of [~~marijuana or~~

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1 synthetic cannabinoids is, for the first offense, guilty of a
2 petty misdemeanor and shall be punished by a fine of not less
3 than fifty dollars (\$50.00) or more than one hundred dollars
4 (\$100) and by imprisonment for not more than fifteen days, and,
5 for the second and subsequent offenses, guilty of a misdemeanor
6 and shall be punished by a fine of not less than one hundred
7 dollars (\$100) or more than one thousand dollars (\$1,000) or by
8 imprisonment for a definite term less than one year, or both;

9 (2) more than one ounce and less than eight
10 ounces of [~~marijuana or~~] synthetic cannabinoids is guilty of a
11 misdemeanor and shall be punished by a fine of not less than
12 one hundred dollars (\$100) or more than one thousand dollars
13 (\$1,000) or by imprisonment for a definite term less than one
14 year, or both; or

15 (3) eight ounces or more of [~~marijuana or~~]
16 synthetic cannabinoids is guilty of a fourth degree felony and
17 shall be sentenced pursuant to the provisions of Section
18 31-18-15 NMSA 1978.

19 C. A minor who violates this section with respect
20 to the substances listed in this subsection is guilty of a
21 petty misdemeanor and, notwithstanding the provisions of
22 Sections 32A-1-5 and 32A-2-19 NMSA 1978, shall be punished by a
23 fine not to exceed one hundred dollars (\$100) or forty-eight
24 hours of community service. For the third or subsequent
25 violation [~~by a minor of this section~~] with respect to those

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1 substances, the provisions of Section 32A-2-19 NMSA 1978 shall
 2 govern punishment of the minor. [~~As used in this subsection,~~
 3 ~~"minor" means a person who is less than eighteen years of age.~~]
 4 The provisions of this subsection apply to the following
 5 substances:

- 6 (1) synthetic cannabinoids;
- 7 (2) any of the substances listed in Paragraphs
 8 [~~(20)~~] (17) through [~~(25)~~] (22) of Subsection C of Section
 9 30-31-6 NMSA 1978; or
- 10 (3) a substance added to Schedule I by a rule
 11 of the board adopted on or after [~~the effective date of this~~]
 12 March 31, 2011 [~~act~~] if the board determines that the
 13 pharmacological effect of the substance, the risk to the public
 14 health by abuse of the substance and the potential of the
 15 substance to produce psychic or physiological dependence
 16 liability is similar to the substances described in Paragraph
 17 (1) or (2) of this subsection.

18 D. Except for those substances listed in Subsection
 19 E of this section, a person who violates this section with
 20 respect to any amount of any controlled substance enumerated in
 21 Schedule I, II, III or IV, or a controlled substance analog of
 22 a substance enumerated in Schedule I, II, III or IV is guilty
 23 of a misdemeanor and shall be punished by a fine of not less
 24 than five hundred dollars (\$500) or more than one thousand
 25 dollars (\$1,000) or by imprisonment for a definite term less

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1 than one year, or both.

2 E. A person who violates this section with respect
3 to phencyclidine as enumerated in Schedule III or a controlled
4 substance analog of phencyclidine; methamphetamine, its salts,
5 isomers or salts of isomers as enumerated in Schedule II or a
6 controlled substance analog of methamphetamine, its salts,
7 isomers or salts of isomers; flunitrazepam, its salts, isomers
8 or salts of isomers as enumerated in Schedule I or a controlled
9 substance analog of flunitrazepam, including naturally
10 occurring metabolites, its salts, isomers or salts of isomers;
11 gamma hydroxybutyric acid and any chemical compound that is
12 metabolically converted to gamma hydroxybutyric acid, its
13 salts, isomers or salts of isomers as enumerated in Schedule I
14 or a controlled substance analog of gamma hydroxybutyric acid,
15 its salts, isomers or salts of isomers; gamma butyrolactone and
16 any chemical compound that is metabolically converted to gamma
17 hydroxybutyric acid, its salts, isomers or salts of isomers as
18 enumerated in Schedule I or a controlled substance analog of
19 gamma butyrolactone, its salts, isomers or salts of isomers;
20 1-4 butane diol and any chemical compound that is metabolically
21 converted to gamma hydroxybutyric acid, its salts, isomers or
22 salts of isomers as enumerated in Schedule I or a controlled
23 substance analog of 1-4 butane diol, its salts, isomers or
24 salts of isomers; or a narcotic drug enumerated in Schedule I
25 or II or a controlled substance analog of a narcotic drug

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1 enumerated in Schedule I or II is guilty of a fourth degree
2 felony and shall be sentenced pursuant to the provisions of
3 Section 31-18-15 NMSA 1978.

4 F. Except for a minor [~~as defined in Subsection C~~
5 ~~of this section~~], a person who violates Subsection A of this
6 section while within a posted drug-free school zone, excluding
7 private property residentially zoned or used primarily as a
8 residence and excluding a person in or on a motor vehicle in
9 transit through the posted drug-free school zone, with respect
10 to:

11 (1) one ounce or less of [~~marijuana or~~
12 synthetic cannabinoids is, for the first offense, guilty of a
13 misdemeanor and shall be punished by a fine of not less than
14 one hundred dollars (\$100) or more than one thousand dollars
15 (\$1,000) or by imprisonment for a definite term less than one
16 year, or both, and for the second or subsequent offense, is
17 guilty of a fourth degree felony and shall be sentenced
18 pursuant to the provisions of Section 31-18-15 NMSA 1978;

19 (2) more than one ounce and less than eight
20 ounces of [~~marijuana or~~] synthetic cannabinoids is guilty of a
21 fourth degree felony and shall be sentenced pursuant to the
22 provisions of Section 31-18-15 NMSA 1978;

23 (3) eight ounces or more of [~~marijuana or~~
24 synthetic cannabinoids is guilty of a third degree felony and
25 shall be sentenced pursuant to the provisions of Section

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1 31-18-15 NMSA 1978;

2 (4) any amount of any other controlled
3 substance enumerated in Schedule I, II, III or IV or a
4 controlled substance analog of a substance enumerated in
5 Schedule I, II, III or IV, except phencyclidine as enumerated
6 in Schedule III, a narcotic drug enumerated in Schedule I or II
7 or a controlled substance analog of a narcotic drug enumerated
8 in Schedule I or II, is guilty of a fourth degree felony and
9 shall be sentenced pursuant to the provisions of Section
10 31-18-15 NMSA 1978; and

11 (5) phencyclidine as enumerated in Schedule
12 III, a narcotic drug enumerated in Schedule I or II, a
13 controlled substance analog of phencyclidine or a controlled
14 substance analog of a narcotic drug enumerated in Schedule I or
15 II is guilty of a third degree felony and shall be sentenced
16 pursuant to the provisions of Section 31-18-15 NMSA 1978.

17 G. For the purposes of this section, "minor" means
18 a person who is younger than eighteen years of age."

19 SECTION 64. Section 30-31-28 NMSA 1978 (being Laws 1972,
20 Chapter 84, Section 28) is amended to read:

21 "30-31-28. CONDITIONAL DISCHARGE FOR POSSESSION AS FIRST
22 OFFENSE.--

23 A. If [~~any~~] a person, who has not previously been
24 convicted of violating the laws of [~~any~~] a state or [~~any~~] laws
25 of the United States relating to narcotic drugs, [~~marijuana~~]

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1 hallucinogenic or depressant or stimulant substances, is found
2 guilty of a violation of Section ~~[23]~~ 30-31-23 NMSA 1978, after
3 trial or upon a plea of guilty, the court may, without entering
4 a judgment of guilty and with the consent of the person, defer
5 further proceedings and place ~~[him]~~ the person on probation
6 upon reasonable conditions and for a period, not to exceed one
7 year, as the court may prescribe.

8 B. Upon violation of a condition of the probation,
9 the court may enter an adjudication of guilt and proceed as
10 otherwise provided. The court may, in its discretion, dismiss
11 the proceedings against the person and discharge ~~[him]~~ the
12 person from probation before the expiration of the maximum
13 period prescribed from the person's probation.

14 C. If during the period of ~~[his]~~ probation the
15 person does not violate ~~[any of]~~ the conditions of the
16 probation, then upon expiration of the period the court shall
17 discharge such person and dismiss the proceedings against ~~[him]~~
18 the person. Discharge and dismissal under this section shall
19 be without court adjudication of guilt, but a nonpublic record
20 shall be retained by the attorney general solely for the
21 purpose of use by the courts in determining whether or not, in
22 subsequent proceedings, the person qualifies under this
23 section. A discharge or dismissal shall not be deemed a
24 conviction for purposes of disqualifications or disabilities
25 imposed by law upon conviction of a crime, including the

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1 penalties prescribed under this section for second or
2 subsequent convictions or for any other purpose. Discharge and
3 dismissal under this section may occur only once with respect
4 to ~~[any]~~ a person.

5 D. Upon the dismissal of a person and discharge of
6 the proceedings against ~~[him]~~ the person under this section, a
7 person, if ~~[he was]~~ not over eighteen years of age at the time
8 of the offense, may apply to the court for an order to expunge
9 from all official records all recordation relating to ~~[his]~~ the
10 arrest, indictment or information, trial, finding or plea of
11 guilty, and dismissal and discharge pursuant to this section
12 except nonpublic records filed with the attorney general. If
13 the court determines, after hearing, that the person was
14 dismissed and the proceedings against ~~[him]~~ the person
15 discharged and that ~~[he]~~ the person was not over eighteen years
16 of age at the time of the offense, it shall enter the order.
17 The effect of the order shall be to restore the person, in the
18 contemplation of the law, to the status ~~[he]~~ the person
19 occupied before the arrest or indictment or information. No
20 person in whose behalf an order has been entered shall be held
21 thereafter under any provision of any law to be guilty of
22 perjury or otherwise giving a false statement by reason of
23 ~~[his]~~ the person's failures to recite or acknowledge such
24 arrest, or indictment or information or trial in response to
25 any inquiry made of ~~[him]~~ the person for any purpose."

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1 SECTION 65. Section 30-31-34 NMSA 1978 (being Laws 1972,
2 Chapter 84, Section 33, as amended) is amended to read:

3 "30-31-34. FORFEITURES--PROPERTY SUBJECT.--The following
4 are subject to forfeiture pursuant to the provisions of the
5 Forfeiture Act:

6 A. all raw materials, products and equipment of any
7 kind, including firearms that are used or intended for use in
8 manufacturing, compounding, processing, delivering, importing
9 or exporting any controlled substance or controlled substance
10 analog in violation of the Controlled Substances Act;

11 B. all property that is used or intended for use as
12 a container for property described in Subsection A of this
13 section;

14 C. all conveyances, including aircraft, vehicles or
15 vessels that are used or intended for use to transport or in
16 any manner to facilitate the transportation for the purpose of
17 sale of property described in Subsection A of this section;

18 D. all books, records and research products and
19 materials, including formulas, microfilm, tapes and data that
20 are used or intended for use in violation of the Controlled
21 Substances Act;

22 E. narcotics paraphernalia or money that is a fruit
23 or instrumentality of the crime; and

24 F. notwithstanding Subsection C of this section and
25 the provisions of the Forfeiture Act:

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1 (1) a conveyance used by a person as a common
2 carrier in the transaction of business as a common carrier
3 shall not be subject to forfeiture pursuant to this section
4 unless it appears that the owner or other person in charge of
5 the conveyance is a consenting party or privy to a violation of
6 the Controlled Substances Act;

7 (2) a conveyance shall not be subject to
8 forfeiture pursuant to this section by reason of an act or
9 omission established for the owner to have been committed or
10 omitted without the owner's knowledge or consent;

11 (3) a conveyance is not subject to forfeiture
12 for a violation of law the penalty for which is a misdemeanor;
13 and

14 (4) a forfeiture of a conveyance encumbered by
15 a bona fide security interest shall be subject to the interest
16 of a secured party if the secured party neither had knowledge
17 of nor consented to the act or omission [~~and~~

18 ~~G. all drug paraphernalia as defined by Subsection~~
19 ~~V of Section 30-31-2 NMSA 1978]."~~

20 SECTION 66. [NEW MATERIAL] COOPERATION OF AGENCIES.--All
21 state agencies shall cooperate with the cannabis control
22 commission in carrying out the provisions of the Cannabis
23 Regulation Act.

24 SECTION 67. TEMPORARY PROVISION--TRANSFER.--On the
25 effective date of this act, any unexpended or unencumbered

1 balance in the medical cannabis fund is transferred to the
2 cannabis regulation fund.

3 SECTION 68. REPEAL.--Sections 9-7-17.1 and 30-31-25.1
4 NMSA 1978 (being Laws 2012, Chapter 42, Section 1 and Laws
5 1981, Chapter 31, Section 2, as amended) are repealed.

6 SECTION 69. TEMPORARY PROVISION--REGULATORY AUTHORITY.--

7 A. No sooner than July 1, 2020, the governor shall
8 certify to the New Mexico legislative council and to the New
9 Mexico compilation commission that:

10 (1) the New Mexico department of agriculture
11 is prepared to issue licenses and regulate cannabis production;
12 and

13 (2) the department of environment is prepared
14 to issue licenses and regulate cannabis manufacturing.

15 B. The department of health shall continue to
16 regulate and issue licenses for cannabis production and
17 cannabis manufacturing until the governor issues the
18 certification pursuant to Subsection A of this section.

19 SECTION 70. EFFECTIVE DATE.--The effective date of the
20 provisions of this act is July 1, 2019.