



## EXECUTIVE UPDATES

On March 29, 2021, Governor Michelle Lujan Grisham issued a Proclamation for a Special Session of the Fifty-Fifth Legislature to commence at noon. The purpose of the special session was three-fold:

1. Legalizing adult-use recreational cannabis and addressing social inequities caused by previous drug-related policies including any necessary appropriations,
2. Amending the Local Economic Development Act, and
3. Appropriating legislative cash balances for the expenses of the special session.

The Governor made it clear at the end of the Regular Session that a special session would be called before the end of the month to address cannabis legalization in New Mexico. Two bills relating to legalizing adult-use cannabis and addressing social justice inequities passed during the two-day session are expected to be signed. New Mexico would be the 18<sup>th</sup> state to legalize recreational-use cannabis and the fifth state to do so legislatively.

## LEGISLATIVE UPDATES

A total of ten bills were introduced during the two-day, first special session of 2021. Of those bills, four passed both chambers and are awaiting the Governor's signature.

**Feed Bill and Other Appropriations** – [House Bill 1](#), or the “feed bill” appropriated \$243.4 thousand to cover the expenses of the special session. Additionally, the bill appropriated almost \$7 million for Fiscal Year 2021 and Fiscal Year 2022 for various agencies contingent upon the enactment of the Cannabis Regulation Act. The bill passed the House 42-24 and the Senate 25-12.

**Cannabis Regulation Act (CRA)** – [House Bill 2](#), sponsored by Reps. Javier Martinez (D-Albuquerque), Andrea Romero (D-Santa Fe), and Debbie Armstrong (D-Albuquerque), and Sens. Katy Duhigg (D-Albuquerque) and Linda Lopez (D-Albuquerque) is the proposal to legalize recreational cannabis use. At a high-level overview, adults over 21 can legally possess up to two (2) ounces and up to six (6) mature plants for home-grow. The bill also creates a licensing scheme for commercial sales that can begin by April 1, 2022 as well as a corresponding tax scheme. All marijuana/hash content is stricken from the New Mexico Controlled Substances Act.

The CRA goes into effect 90 days following signature by the Governor, which means that in July 2021, adult-use of recreational cannabis will be legal with certain restrictions. While the CRA does legalize possession for certain amounts, it also creates crimes for going over those possession limitations. Other crimes include unlicensed trafficking, which can be charged up to a fourth-

degree felony depending on the circumstances and unlicensed manufacturing of cannabis extract using “solvents”, which is also a fourth-degree felony. The bill passed the House 38-32 and the Senate 22-15.

**LEDA Changes** – [Senate Bill 1](#), sponsored by Sens. Siah Correa Hemphill (D-Silver City) and Ron Griggs (R-Alamogordo) and Reps. Christine Chandler (D-Los Alamos) and Jason Harper (R-Rio Rancho) expands the Local Economic Development Act (LEDA) to allow a permanent mechanism for tax revenue sharing for certain new large LEDA projects. For projects requiring at least \$350 million in construction, the bill would allow 50% of some state and local gross receipts tax (GRT) and compensating revenue could be rebated in order to reduce the tax liability of the project. The bill passed the Senate 28-10 and the House 59-8.

**Expungement of Certain Criminal Records** – [Senate Bill 2](#), sponsored by Sens. Linda Lopez, Katy Duhigg, and Jerry Ortiz y Pino (D-Albuquerque) and Reps. Javier Martinez and Andrea Romero would require automatic dismissal, resentencing, and expungement for cannabis offenses that are no longer criminal. The bill also proposes to expand employment and professional licensure protections based on prior convictions generally. The bill passed the Senate 23-13 and the House 41-28.

## FEDERAL UPDATES

Following a runoff election of the Democratic State Central Committee, N.M. State Representative Melanie Stansbury of Albuquerque emerged as the Democratic Candidate for a special election to New Mexico’s U.S. Congressional District 1 seat. The special election is set for June 1, 2021, following the appointment and confirmation of former Congresswoman Deb Haaland as the U.S. Secretary of the Interior. Rep. Stansbury will face State Senator Mark Moores, who was selected as the Republican candidate earlier in the week.

## CONCLUSION

Thank you for your confidence in the services provided by Capitol Counsel and Consulting. It is our priority to provide you with professional, discreet, and strategic advocacy in New Mexico. An update on signed legislation will soon be provided, and more information about the interim and redistricting will be provided as it becomes available. As always, please reach out with any questions.

