

REGULAR COMMITTEE MEETING

New Mexico Cannabis Regulatory Advisory Committee (C-RAC)
New Mexico Regulation & Licensing Department: Rio Grande Conference Room
2550 Cerrillos Road, Santa Fe, New Mexico - 87505
January 29, 2025, at 1:30 PM

DRAFT MEETING MINUTES

I. CALL MEETING TO ORDER

Chair Debbi Moore called the New Mexico Cannabis Regulatory Advisory Committee meeting to order at 1:45 p.m.

A. Roll Call

Roll call was taken, and a quorum was determined present.

MEMBERS PRESENT: Chris Duvall
Christopher Williams
Debbi Moore
Dr. Steven Jenison
Esther Lopez (virtual attendance)
Ginger Baker
Harold Trujillo
Kim Stewart
Lou Ann Branch
Nina Wells
Phillip Sanchez
Rachael McLaughlin

MEMBERS ABSENT: Bart Faris (Resigned)
Bennett Baur
David McDermid
Mary Carmack-Altwies
Nathaniel Paolinelli

NMRLD STAFF PRESENT: Todd Stevens, CCD Director
Bradford Borman, CCD Legal Counsel
Joone Tena, CCD Executive Secretary

II. APPROVAL OF AGENDA – January 29, 2025, C-RAC Meeting Agenda

Member Dr. Steven Jenison made a **MOTION** to approve the January 29, 2025, Special Board Meeting Agenda. Member Harold Trujillo **SECONDED** the motion. Motion **PASSED** by **UNANIMOUS APPROVAL**.

III. APPROVAL OF MINUTES - July 18, 2024, C-RAC Meeting Minutes

Member Harold Trujillo made a **MOTION** to approve the July 18, 2024, Special Board Meeting Minutes. Member Phillip Sanchez **SECONDED** the motion. Motion **PASSED** with one **ABSTENTION** from member Christopher Williams.



IV. PUBLIC COMMENT

There was no public comment.

V. ANNOUNCEMENTS

A. NM-PLUS Compliance Roll Out

Director Todd Stevens detailed the new NM-PLUS software for the compliance sector. Referencing its features and capabilities. All initial licensees aren't having problems with the new system. More in-depth analytics to help with investigations. Next step is merging the compliance side into NM-Plus which will allow us to monitor licensees as they come back into compliance. Front loads documents to ensure that all submission requirements are met to reflect the new rule changes. Member Harold Trujillo inquired into the software development team. Director Stevens clarified that KYRA was the architect.

VI. DIVISION REPORT

A. Licensing Update

Director Todd Stevens reported the following licensing initiatives taken by the Division:

Between April 1, 2022, and January 24, 2025, New Mexico cannabis retailers reported the following sales:

- Medical Sales: \$459,325,079.93
- Recreational Sales: \$1,081,282,504.06
- Total: \$1,540,607,583.99

Between January 24, 2024, and January 24, 2025, New Mexico cannabis retailers reported the following sales:

- Medical Sales: \$143,352,231.69
- Recreational Sales: \$447,942,109.64
- Total: \$591,294,341.37

Top Cities for Market Sales: April 1, 2022 - January 24, 2025

<u>City</u>	<u>Medical</u>	<u>Recreational</u>	<u>Total</u>
Albuquerque	\$186,378,718.56	\$311,932,409.31	\$498,311,127.86
Sunland Park	\$6,174,157.51	\$107,290,170.98	\$113,464,328.49
Santa Fe	\$39,029,597.53	\$66,513,813.13	\$105,543,410.66
Las Cruces	\$35,401,260.87	\$64,833,174.25	\$100,234,435.11

Top Cities for Market Sales: January 24, 2024 - January 24, 2025

<u>City</u>	<u>Medical</u>	<u>Recreational</u>	<u>Total</u>
Albuquerque	\$59,209,809.08	\$122,375,081.15	\$181,584,890.23
Sunland Park	\$2,204,425.84	\$54,994,587.61	\$57,199,013.45
Las Cruces	\$11,380,959.88	\$25,796,213.75	\$37,177,173.64
Santa Fe	\$11,112,242.10	\$25,796,213.75	\$35,391,771.05



Total Pending Applications: 153

Vertically Integrated: 23

Retailer: 7

Manufacturer: 9

Producer: 7

Micro Integrated: 33

Retailer: 11

Manufacturer: 11

Producer Microbusiness: 11

Independent Licenses: 97

Retailer: 21

Manufacturer: 18

Producer: 23

Producer Microbusiness: 19

Consumption Area: 3

Courier: 9

Testing Laboratory: 2

Research Laboratory: 2

Total Approved Applications: 861

Vertically Integrated: 154

Retailer: 120

Manufacturer: 137

Producer: 131

Micro Integrated: 153

Retailer: 107

Manufacturer: 137

Producer Microbusiness: 97

Independent Premise License: 554

Retailer: 122

Manufacturer: 162

Producer: 150

Producer Microbusiness: 94

Consumption Area: 16

Courier: 7

Testing Laboratory: 3

Research Laboratory: 0

B. Compliance Update

Compliance Initiatives Taken by the Division

Director Todd Stevens reported the following compliance initiatives taken by the Division:

Total Inspections Conducted Between January 1, 2024 – December 31, 2024: 4,204

Retail Inspections: 1,694

Producer Inspections: 1,298

Manufacturer Inspections: 1,203

Consumption Inspections: 9

Testing Lab Inspections: 6

Total Notices of Contemplated Action Issued in 2024: 23

Settlements Issued: 7

Pending Settlement Negotiation: 3

Pending Hearings: 1

Revoked Licenses: 7

Preliminary Injunctions Filed: 3

Default Orders Issued: 2

Member Rachael McLaughlin responded to the compliance initiatives; stating that she doesn't believe that there is a difference between the 'regulated market' and the 'illicit market'. Rachael



claims she is competing with brands that are transparent in bringing in outside product and doing inventory adjustments and building a stockpile of out of state product. They are able to frequently make inventory adjustments. Emphasizes from the consumer safety perspective she believes that the Cannabis Control Divisions' Notices of Contemplative Action are not making a difference in deterring this behavior. Per the Attorney General's Office; this responsibility falls solely on the Regulation and Licensing Department and the Cannabis Control Division. Rachael also addressed the fines issued by Cannabis Control Division as being 'comical' in comparison to the revenue being generated by this illicit action. Rachael asks what further actions, as a governing body, we can do to prevent good faith licensees from repeating this offense.

Member Sheriff Kim Stewart commented that when she inquires about how many license holders and who they are, she discovers that it's ripe with fraud and money laundering. The objective was to separate 'legal cannabis' from 'illegal cannabis' but, it seems they are being mixed. There should be more investigations that are directed toward fraud and intricate money laundering. Sheriff Stewart amply agrees with Rachael's comments.

Director Todd Stevens reiterated that, if successful, the ongoing Legislative Session will grant the Cannabis Control Division more authority to investigate fraudulent activity amongst other things. Director Todd Stevens agrees that more can be done and will be done if HB10 is passed. Director Todd Stevens stated that the Cannabis Control Division is limited to administrative power at the moment, therefore hindering the ability to enforce.

Chair Debbi Moore remarked that she is concerned the Attorney General's Office is choosing which laws to enforce and mentions the importance of consumer safety. Advised Director Todd Stevens and Superintendent Clay Bailey to sit down with the Attorney General's Office and readdress this ongoing issue after the Legislative Session.

Member Christopher Williams addressed the proposed 1.4 million dollar budget as not being a sufficient amount of money to achieve the desired goal of funding a law enforcement sector within the Cannabis Control Division, especially in a billion-dollar industry.

VII. OLD BUSINESS

A. U.S. Customs and Border Protection Seizures

Director Todd Stevens reported the following on the ongoing border checkpoint seizures.

Total Border Seizures between January 2024 and January 2025: 26
Estimated Retail Value: \$658,289.40
Estimated Wholesale Value: \$441,664.48

B. Civil Lawsuit on U.S. Customs and Border Protection

Director Todd Stevens emphasized the importance of licensees reporting seized product at the border in order to highlight the issue. Director Todd Stevens is aware of an ongoing litigation between affected licensees against U.S Customs & Border Protection and Homeland Security. Clarified that the Cannabis Control Division has no part in that decision. Currently, U.S Customs & Border Protection is not relaying whether or not they have seized illicit cannabis at the border to the Cannabis Control Division.



VIII. NEW BUSINESS

A. Summary of Proposed Rule Changes

Brad Borman highlighted the rule making process. Brad defined the cleanup process, clarifying some inconsistencies. First, there were changes to the definitions regarding mature and immature plants.

Member Chris Duvall questioned the definition of 'Hashish' or 'Keif', and the possibility of loopholes.

Director Todd Stevens answered by clarifying that 'Hashish' and 'Keif' will be classified under cannabis extract or concentrate. Cannabis extract being a broad term to encompass any type of cannabis extract or concentrate.

Bradford Borman mentioned that C-RAC will be able to begin meeting virtually with less pushback due to an added provision to the Open Meetings Act.

Member Harold Trujillo inquired whether the C-RAC has to renew the Open Meetings Act resolution for the year 2025.

Director Todd Stevens claimed he will address this by adding the updated Open Meetings Act to be adopted at the next C-RAC meeting.

Bradford Borman continued by mentioning the removal of the Biannual Audit Requirement and how it provided little value. Nor does the Cannabis Control Division have the personnel to analyze the Biannual Audit.

Brad Borman clarified the prohibited additives (i.e. nicotine, hemp, etc.)

Member Rachael McLaughlin mentioned her concern with banning hemp (i.e. CBD, CBG, CBN) as many consumers rely heavily on non-THC products.

Director Todd Stevens responded that the Department of Agriculture is responsible for regulating hemp. Currently, the Cannabis Control Division has no oversight over hemp products but, the Division is open to having discussions on alternative methods and language that will allow hemp to be infused up to the standards of the current market.

Member Rachael McLaughlin agreed that semi-synthetic cannabinoids should be concerning but, is hesitant to ban hemp-derived products altogether, further encouraging education surrounding the less prominent cannabinoids (i.e. CBD, CBG, CBN).

Member Dr. Steven Jenison inquired about further details surrounding the proposed hemp ban.

Member Rachael McLaughlin used an example of her CBD-rich stock; Charlotte's Web which would technically be considered a hemp product and, therefore susceptible to the hemp ban.

Director Todd Stevens emphasized that it is not the position of the Cannabis Control Division to ban products that could be medically beneficial to cannabis patients but, wants to ensure that the cannabinoids undergoing testing are done to the same standards as THC.



Bradford Borman continued by mentioning the approved source of payment for cannabis products. Further revised the policy to reduce the maximum retail value of cannabis in Courier vehicles. Couriers can currently carry \$10,000, proposing to \$5,000. Trying to discourage licensees from 'double dashing.'

Bradford Borman discussed Testing Lab amendments. Director Todd Stevens added to the discussion by clarifying that Testing Labs will only be allowed to make amendments to their scientific process during the renewal process due to the fact that Testing Lab amendments can take up to 30 – 60 days to process.

Member Dr. Steven Jenison mentioned his concern with the cannabis giveaways in Dixon.

Bradford Borman responded by referencing Section 16.8.2.8, Paragraph C of the proposed rules to not allow free commercial cannabis to be given away at a licensed premises. This ensures a universal application of that prohibition.

Director Todd Stevens further clarified that this free commercial ban only applies to licensees and not to private citizens who desire to share their cannabis at private and family gatherings.

Bradford Borman shifted to the topic of Consumption Areas and better defines that orally consumed products may be purchased at the licensed premise in prepackaged 10mg units. Additionally, changes to packaging; only opaque packaging with zero appeal to children will be permitted. Intended to make it consistent with the CRA.

Director Todd Stevens mentioned that there'd be leeway on the packaging, for example, if a licensee already purchased non-opaque packaging, the Cannabis Control Division would allow them to deplete that inventory.

Bradford Borman adds that he removed the requirement for opaque packaging for carry-out bags. He also removed language that allows for (1) retest of cannabis products, that failed their initial test.

Director Todd Stevens mentioned this proposed restriction is about public safety. Any additional testing of a failed product would still be allowed but, under R&D testing and not for the public.

B. Legislative Priorities

HB10; Director Todd Steven mentioned the most important aspect: a desire to divert law enforcement responsibilities to the CCD. To implement a bureau of peace officers that will report to Superintendent Clay Bailey. Peace officers won't do routine inspections; so if there is no egregious violation, chances are licensees won't ever experience them. Another intent of HB10 is to budget (10) additional compliance officers to establish a Bio Track forensic audit team to better investigate inventory adjustments. The peace officers won't be mixed in with the compliance staff, they will be focused on seizing and embargoing illicit product. Director Todd Stevens also ensures that due process will be followed.

Chair Debbi Moore inquired about attending and making comment during the Legislative Session and also encouraged Member Rachael McLaughlin to consult with the NM Cannabis Chamber of Commerce.



IX. FUTURE MEETING DATE

- **April** – The Executive Secretary will coordinate with Chair Debbi Moore for exact date.
- **October** – The Executive Secretary will coordinate with Chair Debbi Moore for exact date.

X. ADJOURNMENT

The meeting adjourned at 3:55 p.m.

Approved by:



Debbi Moore, Chair



Date

