

New Mexico mulls state-run pot shops, subsidized medical use

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New Mexico would become the first U.S. state to set up its own government-operated marijuana stores and subsidize medical cannabis for the poor under a bill brokered between Republicans and Democrats, as a new wave of states weighs legislation that would legalize recreational sales and consumption.

The idea for state-run pot shops comes from a trio of GOP state senators who broke with local Republican Party orthodoxy to embrace legal marijuana with a decidedly big-government approach that would have the state directly oversee most sales—and require that marijuana consumers carry receipts of purchase or confront penalties.

Those provisions were sown into Democrat-sponsored legislation that contains currents of social justice, including a provision to subsidize medical cannabis for poor people with "debilitating medical conditions" who might not otherwise be able to afford treatment. Tax dollars from recreational marijuana sales would fund employment and counseling programs in communities "disproportionately affected by past federal and state drug policies," including training to enter the marijuana sector.

Carly Wolf, state policies coordinator at the National Organization for the Reform of Marijuana Laws, says the provisions for state-run stores and medical cannabis subsidization both would be new to the United States, as New Mexico seeks to become the first state to set up a complete regulatory framework through legislation.

Ten states and Washington, D.C., have legalized recreational marijuana—all by ballot initiative except Vermont, which allowed for personal use and growing but is still debating whether to authorize commercial production and sales.

Other legislative efforts to legalize recreational marijuana are underway in New York and New Jersey, while a bill to legalize recreational cannabis in Democrat-dominated Hawaii fizzled last week.

In New Mexico, a coterie of powerful conservative Democrats still stands in the way of a Senate floor vote on legalization.

"It's not a priority," said Democratic Sen. John Arthur Smith of Deming, who will decide whether the marijuana bill is heard by the Senate Finance Committee, a final hurdle before a Senate vote. Smith does not favor legalization and worries about harmful effects of marijuana on the brain.

Sen. Peter Wirth, the chamber's Democratic majority leader, believes legalization would prevail in a floor vote. He said support from a contingent of Senate Republicans has redrawn the political battle on marijuana along generational lines rather than partisan affiliation.

Wirth also called the concept of state-run pot shops—that would sell marijuana on consignment without owning or producing it—a political game changer that allays anxiety about welcoming the nation's rollicking, multibillion-dollar marijuana industry. In addition, marijuana production licenses would come with an in-state residency requirement of two years.

"It puts some parameters around it," Wirth said. "The state can monitor what it looks like and how it expands."

Democratic Gov. Michelle Lujan Grisham has expressed guarded

support for recreational marijuana—provided the legislation addresses concerns about child access, impaired driving, workplace safety and safeguarding the state's existing marijuana market for medical patients.

"If the Legislature can check those boxes, bring it on," Nora Sackett, a spokeswoman for Lujan Grisham, said in an email.

New Mexico has watched neighboring Colorado's pioneering decision to legalize and tax marijuana with a mixture of apprehension and envy, as lawmakers in Santa Fe struggle to find stable sources of tax revenue to improve public education and raise teacher salaries. The judiciary is threatening to intervene in school funding decisions, citing inadequate educational opportunities for children from poor and minority families.

New Mexico would levy a 17 percent tax on recreational marijuana sales and allow possession of up to 1 ounce (28 grams). Local governments can opt out, forgoing tax proceeds in the process. State tax proceeds would fund detection technologies and training for police to identify impaired drivers. Businesses could maintain "zero-tolerance" policies for drug testing as a condition of employment.

Sponsors say the bill would safeguard New Mexico's medical marijuana program by removing taxes on medical pot to keep down prices and ensure its 70,000 participants don't flock to the recreational market.

New Mexico also would authorize marijuana consumption "lounges" for smoking and vaping—or eating any number of marijuana-infused confections and foods—though the bill offers few details on regulatory oversight.

Republican Sen. Cliff Pirtle, a dairy farmer from Roswell, in a conservative political stronghold of the state, said state-run stores can prevent the proliferation of pot shops that some other states have

witnessed, and provide retail shelf space at a low cost to fledgling marijuana producers.

"You drive through Anonito and you used to not even have a gas station, and now it has four marijuana shops," said Pirtle, describing a Colorado town of 750 residents near the New Mexico state line. "I know in my district that's not what they want downtown to look like, so this would help."

A number of U.S. states retain a monopoly on liquor sales through state-operated stores—a regulatory option that dates back to prohibition. Several provinces in Canada, which legalized marijuana last year, sell cannabis exclusively through government-run retail and online stores.

In New Mexico, some private dispensaries would be allowed in remote areas at least 25 miles (40 kilometers) from the nearest state-run pot shop.

State-run stores are among a host of provisions that respond to experiences in states with voter-approved legalization, where regulations were sometimes forged by lawmakers after the fact, whether they sought legalization or not.

House Democrats in New Mexico, where ballot initiatives aren't available, say they spent years exploring policies and tax provisions for a bill that now includes funding for research on the health effect of legalization.

"One of the benefits of doing it through the legislative process is you just jump into the nuanced details," said Emily Kaltenbach, state director of the nonpartisan Drug Policy Alliance that favors decriminalization. "You iron those out."

In negotiations over a final bill, local governments gained a greater share of tax proceeds to spend on anything from roads to counseling for drug addiction, and Republicans held on to prohibitions on homegrown recreational marijuana.

The measure's opponents include the local Roman Catholic diocese, New Mexico's primary chamber of commerce and many medical marijuana companies that are scrambling to decipher what the future would hold with an unlimited number of licensed commercial producers.

"The price of cannabis is going to go down, which is good for the patient," said Erik Briones, who owns a business that produces and sells about \$5 million worth of medical marijuana products a year. "But you still have to stay in business. We're the ones that build this thing. We need some protection."

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