

MICHELLE LUJAN GRISHAM
GOVERNOR



DEBORAH K. ROMERO
CABINET SECRETARY

DONNIE J. QUINTANA
DIRECTOR

STATE OF NEW MEXICO
DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
Bataan Memorial Building ♦ 407 Galisteo St. ♦ Suite 202 ♦ Santa Fe, NM 87501
PHONE (505) 827-4950 ♦ FAX (505) 827-4948

MEMORANDUM BFB #22-05

TO: New Mexico Counties and Municipalities

FROM: Brenda L. Suazo-Giles, Budget & Finance Bureau Chief
Local Government Division

DATE: May 3, 2022

SUBJECT: Object Codes for Reporting "Cannabis GRT" Created on LGBMS

Brenda L. Suazo-Giles

In accordance with the "New Mexico's Cannabis Regulation Act", the New Mexico Department of Finance and Administration (DFA), Local Government Division (LGD) has updated the Local Government Budget Management System (LGBMS) chart of accounts (COA) to assist in tracking of Cannabis revenues and related expenditures. Using a standard COA allows LGD to analyze data more efficiently across the various local governments in order to compile statewide reports that are used by decision makers for determining state funding such as legislative appropriations, grants, and loans.

The New Mexico Taxation and Revenue Department (TRD) has added a new distribution code pertaining to Recreational Cannabis in the GRT distribution (RP-500 Report) and will also have a monthly distribution report for the Cannabis Excise Tax. Please refer to the attached TRD publication "FYI-260" for more information.

It is highly recommended **NOT** to budget any Cannabis revenues and expenditures in your Interim or Final **FY2022-2023 Budget submission**. We are requesting all municipalities and counties to wait until you attain one (1) Quarter's worth (3 months) of actual data to determine the forecasted revenue and expenditures and then submit a Budget Adjustment Request (BAR) for FY2022-2023 for governing body approval that you will then submit on LGBMS for LGD approval.

If you have pertaining to the Cannabis revenue distribution process, contact David Monteith at TRD, David.monteith@state.nm.us.

The Cannabis Control Division of the Regulation and Licensing Department is in partnership with the local governments and are more than happy to assist you with cannabis regulatory information by contacting them at RLD.CannabisControl@state.nm.us or (505) 476-4995.

We are requiring that participating counties and municipalities use the **following Fund “28000 Cannabis Regulation Act”**. Cannabis revenue does not have any expenditure restrictions, therefore, for reporting purposes, and to not lose its identity, LGD is requiring all Cannabis revenue and related expenditures be reported in the “28000 Fund”. For expenditure support to all other funds, a **“transfer-out”** will be required using a BAR, after being approved by your governing body.

The goal of the guidelines contained in this memo is to achieve more comparable financial reporting among all counties and municipalities in the area of Cannabis budget and financial activity.

If you have any questions, contact your LGD budget analyst.

xc: David Monteith, TRD
Victor Reyes, RLD, Deputy Superintendent
Kristen Thomson, RLD, Cannabis Control Division

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