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Cannabis Industry Prepares for Legalization Push with Campaign Contributions

With the state Senate about to become more liberal after this week's election, marijuana legalization in New Mexico got closer to becoming a reality. And with this issue likely to be a major topic of discussion in next year's Legislature, the cannabis industry has reported spending nearly \$90,000 in general election campaign contributions to help cultivate influence with new -- and old -- lawmakers.

And with efforts to create tougher regulations for storefront or installment loans -- popularly called "payday loans" -- also likely to be debated in the Legislature next year, that industry also contributed to New Mexico politicians. Companies associated with such lending handed out more than \$40,000 in campaign contributions in New Mexico during this year's general election season.

There has been no indication of much in the way of proposed gun legislation in the works for next year's Legislature. But the pro-gun control organization Everytown for Gun Safety -- backed by billionaire Michael Bloomberg, a former mayor of New York City -- continues to contribute to state Democrats. The group has given \$215,000 to candidates and political action committees (PACs) during the general election period. By contrast, the pro-gun-rights National Rifle Association has contributed \$2,500 to candidates here, all of that amount going to Republicans.

New Mexico Ethics Watch recently analyzed data pertaining to campaign contributions linked to cannabis, storefront lending, firearms and other hot-button issues likely to be debated in next year's Legislature.

"Big businesses as well as large advocacy groups know that one of the best ways to establish friendly relationships with lawmakers is to donate to their campaigns," said Kathleen Sabo, executive director of New Mexico Ethics Watch. "It's impossible to say that big contributions 'buy access' to officials. But they certainly don't hurt."

Here are the chief findings of New Mexico Ethics Watch, based on the three rounds of general election campaign finance reports filed with the Office of the Secretary of State. The reports detail campaign contributions for a period of just over four months between June 30 and October 27, 2020:

Cannabis

New Mexico's cannabis industry began a little more than a decade ago when the state launched a medical marijuana program for patients with certain conditions. According to the most recent statistics from the state, the program has more than 98,000 patients.

In 2019, the state House of Representatives narrowly voted in favor of legalizing marijuana for all New Mexico adults. However, the bill failed to pass the more conservative state Senate. But because of this year's election, the Senate will be younger and more liberal, which could tip the balance in favor of the cannabis legalization effort.

According to campaign finance reports filed with the Secretary of State, the state's largest cannabis company, the Arizona-based Ultra Health contributed more than \$50,000 to New Mexico campaigns during the general election period. Ultra Health's CEO and president, Duke Rodriguez, a former Human Services secretary during Gov. Gary Johnson's administration, personally contributed another \$3,000.

A second major cannabis producer, the Albuquerque-based Purlife -- owned by Republican Darren White, another Johnson Cabinet secretary and a former Bernalillo County Sheriff -- contributed \$25,000 during this period. All of Purlife's contributions went to the New Mexico Senate Democrats' political action committee. Raking in a total of \$53,000 from cannabis interests during the general election, the Senate Democrats' PAC received more contributions from this industry than any other PAC.

The major candidate recipients of cannabis money during the general election have been Rep. Javier Martinez, D-Albuquerque, and Sen. Cliff Pirtle, R-Roswell. Both legislators reported a \$5,000 contribution from Ultra Health. Martinez was the main sponsor of the legalization bill that passed the House last year and has sponsored other marijuana legislation. Pirtle was one of three Republican senators who sponsored a legalization bill in 2019.

In addition to veteran lawmakers, several political newcomers received contributions from cannabis producers. These include Senator-elect Brenda McKenna, a Corrales Democrat who received \$3,000; and Pamela Cordova, an unsuccessful Democratic Senate candidate from Belen, (\$2,000). Among those receiving \$1,000 contributions from the cannabis sector were Senator-elect Katy Duhigg, D, Albuquerque; Rep.-elect Brittney Barerras, an independent from Albuquerque; and Paul Baca, D-Belen who lost his Senate race.

Democrats have received more than 77 percent of the cannabis industry contributions.

Installment Loans

In 2017, after years of considering measures to cap exorbitant interest rates on the storefront lending industry, the Legislature passed a bill setting that cap at 175 percent -- several times the interest rate of

regular banks and credit unions, but far less than the old “payday” loan rates of previous days.

But last month the Santa Fe-based think tank, Think New Mexico announced that it would be pushing for legislation that would set a maximum rate of 36 percent. In news interviews, Think New Mexico director Fred Nathan has pointed out that New Mexico’s current rate cap is the third-highest in the nation.

But the industry, as it’s done in the past, is sure to fight any attempt to lower that cap.

In this election cycle, the major installment loan contributors have been the Kansas-based QC Holdings Inc (\$12,750.00); Security Finance Corporation, a South Carolina company (\$9,500.00); Axxess Financial Services, an Ohio corporation (\$6,250.00); the Georgia-based Community Loans of America (\$5,250.00) and the Consumer Installment Loan Association of New Mexico, Inc. (\$3,500.00).

Nearly 83 percent of the industry’s contributions came from out of state.

The candidates who received the most installment loan contributions were House Appropriations and Finance Chairman Patricia Lundstrom -- who has long been considered a friend to the industry -- as well as Sen. Benny Shendo, D-Jemez Pueblo. Each received \$2,000 in contributions from installment loan companies.

Other top recipients include Sen. Craig Brandt, R-Rio Rancho (\$1,500); Sen. Mark Moores, R-Albuquerque (\$1,500); Rep. Jane Poudrell-Culbert, R-Corrales (\$1,250); John Morton, an unsuccessful GOP Senate candidate from Albuquerque (\$1,250); Sen.-elect Crystal Diamond , R-Elephant Butte (\$1,000); Rep. Dayan Hochmam-Vigil, D-Albuquerque (\$1,000); Rep. Antonio “Moe” Maestas, D-Albuquerque (\$1,000); and Sen. William Sharer, R-Farmington (\$1,000).

The storefront loan industry money was almost evenly split between candidates representing both major political parties, with Republicans receiving just over 51 percent.

Firearms

As New Mexico Ethics Watch and others have previously reported, in terms of campaign contributions, gun-control advocates have vastly outspent gun-control opponents in New Mexico in recent years.

Although there has not been much talk of significant firearms legislation in the coming legislative session, Everytown for Gun Safety made contributions -- all to Democrats -- as if major battles were coming.

The group gave \$25,000 each to the Brian Egolf Speaker’s Fund and the New Mexico Senate Democrats’

PAC as well as \$5,000 checks to 15 individual legislative candidates. Twelve of those candidates won their elections. Two other Democrats, Sen. Gerald Ortiz y Pino and Rep. Debbie Armstrong, both of Albuquerque, received \$2,500 contributions from Everytown.

Another gun-control advocacy group, Giffords PAC, has contributed \$2,500, the same amount as the NRA contributed.

Other findings by New Mexico Ethics Watch include:

* It isn't clear whether there will be any major tobacco legislation next year. So far in this election cycle, the tobacco industry has contributed slightly more than \$69,000 to New Mexico politicians. Almost all of that comes from two major national tobacco companies, RAI Services Company (\$36,500) and Altria Client Services LLC (\$24,150). The major recipients of tobacco cash are Sen. Sander Rue, R-Albuquerque, who lost his re-election bid last week (\$5,000) and House Speaker Brian Egolf, D-Santa Fe (\$4,500). Republicans received about two thirds of tobacco contributions to candidates, though Democratic leadership PACS took in \$6,000 in tobacco contributions, compared with \$3,500 for GOP leadership PACs. Thus far there have been no contributions from anti-smoking groups.

* So far there has not been much talk of any significant film bills in next year's Legislature. So it's hardly surprising that contributions from the industry have been relatively anemic -- only slightly more than \$38,000 during the general election period. The largest contributor in this area was film worker's union IATSE Local 480, which has made about \$14,000 in contributions since June -- nearly \$9,000 going to its PAC, Visions New Mexico, which in turn contributed to various Democratic candidates and committees.

New Mexico Ethics Watch analyzed contributions from lobbyists involved in issues including cannabis, firearms, tobacco and film in a January 2020 report on lobbying, which can be found at <http://nmethicswatch.org/wp-content/uploads/2020/01/NMEW-Lobbying-Report-Final-.pdf>

We will continue to analyze general election campaign finance reports as they become available. The final campaign finance reports will be available in early January, 2021.

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New Mexico Ethics Watch is a nonprofit, nonpartisan organization and a principal leader in ethics reform in New Mexico. Our values are that ethics is for everyone; that good government leads to improved schools, healthier communities, and better business, and attention to ethics in public life leads to more equitable opportunities for all.

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