



Oasis Cannabis Co.

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NMRLD, Cannabis Control Division

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Re: Observations on the Proposed Amendments to Section 16.8.2.8 of the New Mexico Administrative Code for the Public Hearing Scheduled on August 31, 2023.

To the Cannabis Control Division,

I am writing on behalf of Oasis Cannabis Co., a locally owned and operated cannabis retailer with over a decade of service to the New Mexico community. We have thoroughly analyzed the proposed rule amendments to 16.8.2 NMAC and wish to provide extensive feedback focused on supporting small cannabis businesses.

Regarding the removal of provision [R] on provisional licenses, we strongly support this change. The provisional license process added unnecessary complexity to an already challenging licensing procedure for small operators with limited time and resources. Removing contingency requirements helps level the playing field and creates a more equitable pathway for small businesses to gain licensure. This aligns with the original intent of the Cannabis Regulation Act to foster inclusion.

However, we have grave concerns about the complete removal of provision [Y] on variances, especially relating to distance limitations between retailers. The extreme saturation of dispensaries, particularly in



the Albuquerque metro, has reached a breaking point that threatens the viability of the entire retail segment. July 2022 sales data reveals a deeply troubling trend:

- Only 27.6% of all Albuquerque retailers saw positive month-over-month growth. This indicates an astounding 72.4% suffered negative sales impacts despite summer seasonal tailwinds.
- Of 363 licensed Albuquerque retailers in total, just 193 (53%) reported any revenue last month. More than half did no business.
- In densely concentrated zip codes like 87109 and 87110, a tiny single-digit percentage of retailers reported positive sales growth. Notably, not a single small single-store operator in 87110 saw positive gains.

This data shows the extremely precarious position of small businesses, especially sole proprietors. While larger multi-state corporations can absorb losses over an extended period, many local retailers operate on razor thin margins from month-to-month. Just one bad quarter could shutter their business forever.

We strongly urge the CCD to implement a reasonable proximity limit between retailers, without variances, to prevent further saturation. This would align with distance restrictions in the City of Albuquerque, but eliminate the variance process that favors well-funded operators. Placing common-sense density controls protects the market viability of small businesses owned by local New Mexicans, many from communities harmed by past prohibition. It fulfills the original intent of the Cannabis Regulation Act to provide economic opportunities to those impacted.

Proposed provision [Z] requiring inspections prior to initial licensure also unfairly tilts the scales in favor of large corporate operators with ample financial reserves. Opening any new business in the complex cannabis regulatory environment already requires substantial upfront investment and risk-taking by entrepreneurs. Adding another hurdle before licensure approval would profoundly deter small business owners from even attempting to enter the market. This contradicts the clearly stated goals of the Cannabis Regulation Act.

While education is valuable, proposed provision [AA] threatens to impose yet another cost burden on struggling small operators. We suggest the CCD take responsibility for providing voluntary education programs at no cost to fledgling businesses. This assistance would be especially meaningful for small operators that typically lack compliance personnel and legal resources. Protecting public health through enforcement against illicit operators and unsafe products should remain the top urgent priority for the CCD.

Proposed language mandating a local business license for state renewal poses another disproportionate challenge for small entities. Navigating local zoning processes often requires extensive time and legal expertise beyond the means of small business owners. Meanwhile, large corporate cannabis firms have



entire regulatory compliance departments. A rejected state renewal due to local bureaucracy issues could be financially devastating to a small operator.

In conclusion, we strongly urge the CCD to fully evaluate the detrimental impacts of proposed rule amendments on New Mexico's small cannabis businesses. While unintended, several changes seem poised to undermine participation by local entrepreneurs. We welcome the opportunity to meet and discuss ways to craft cannabis regulations that uplift inclusion, equity and opportunity for all New Mexicans. The legacy of this nascent industry depends on it.

We at Oasis Cannabis Co. would like to express our gratitude for the opportunity to participate in the Public Comments for the forthcoming Public Hearing scheduled on August 31, 2023. As stakeholders in this domain, we value the platform to share our insights and perspectives.

Should you require further clarification on our comments or wish to convene a detailed discussion, we are at your disposal. Please do not hesitate to contact me at [koueis@oaiscannabisnm.com](mailto:koueis@oaiscannabisnm.com) or directly via phone at 505-489-9222.

We anticipate a constructive dialogue and appreciate your consideration.