

<b>LFC Requester:</b>	<b>Noah Montano</b>
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**AGENCY BILL ANALYSIS – 2026 SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)  
*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 13FEB26 *Check all that apply:*  
**Bill Number:** HB294s Original  Correction   
 Amendment  Substitute

Rep. Doreen Y. Gallegos,  
 Rep. Elizabeth "Liz"  
 Thomson, Rep. Joshua N.  
 Hernandez, Rep. Janelle  
 Anyanonu, Rep. Art De La

**Agency Name  
 and Code  
 Number:**

**Sponsor:** Cruz  
**Short Title:** Cannabis Product Packaging  
 Regulations

790 – Department of Public Safety  
**Person Writing** Matthew Broom, Deputy Chief  
**Phone:** 57576014 **Email:** Matthew.broom@dps.

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
NFI	NFI	N/A	N/A

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
NFI	NFI	NFI	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected

<b>Total</b>	NFI	NFI	NFI	N/A	N/A	N/A
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(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: Related to 2024 HB64  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

(Governor’s House Executive Message 61) (Related to 2024 HB64) HB294 amends the Cannabis Regulation Act to prohibit packaging of cannabis products in a way that might reasonably appeal to minors (such as through cartoons and colors or imitative of candy or toys). Also deems a cannabis product as adulterated if it contains an artificial color additive that has not been approved by the Cannabis Control Division. Provides for penalties

**FISCAL IMPLICATIONS**

No Fiscal Impact to DPS.

**SIGNIFICANT ISSUES**

DPS believes this bill would be beneficial in preventing use of cannabis by juveniles. It will prevent suppliers from marketing to juveniles. The Committee Enacted Substitute (CES) adds a new section of the Cannabis Regulation Act (Section 5) that imposes a strict liability framework on licensees who manufacture, distribute, sell, or offer for sale cannabis products adulterated by artificial color additives or noncompliant with packaging and labeling requirements, including products manufactured by third parties. Additionally, the “reasonably appealing to minors” standard used throughout the CES for the “cartoon” definition (new Subsection O of Section 26-2C-2 NMSA 1978) and packaging restrictions delegates broad interpretive discretion to CCD.

**PERFORMANCE IMPLICATIONS**

No performance implications to DPS.

**ADMINISTRATIVE IMPLICATIONS**

No administrative implications to DPS.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

No conflict, duplication, companionship or relationship to DPS.

**TECHNICAL ISSUES**

No technical issues to DPS.

**OTHER SUBSTANTIVE ISSUES**

This legislation strengthens safeguards to prevent cannabis products from appealing to minors and reduces consumer confusion. By establishing clear standards for packaging, labeling, and artificial color additives, the bill promotes product accountability within the regulated market. Explicit misbranding and adulteration

provisions provide objective compliance criteria, reducing ambiguity during inspections and investigations. Limiting packaging that mimics products marketed to minors supports public safety by discouraging youth access and accidental ingestion. The measure reinforces responsible industry practices while maintaining enforcement within the existing administrative framework, without imposing additional criminal enforcement burdens on law enforcement agencies.

### **ALTERNATIVES**

Not applicable as no impact to DPS.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo will remain.

### **AMENDMENTS**

None at this time.