

HOUSE COMMERCE AND ECONOMIC DEVELOPMENT  
COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 294

**57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026**

AN ACT

RELATING TO CANNABIS PRODUCTS; REGULATING THE USE OF COLORS,  
MATERIALS AND DESIGN ELEMENTS ON PACKAGING AND LABELING OF  
CANNABIS PRODUCTS THAT ARE SIMILAR TO PRODUCTS SOLD TO MINORS  
OR THAT COULD BE REASONABLY APPEALING TO MINORS OR THAT ARE  
COMMONLY ASSOCIATED WITH ENTERTAINMENT MEDIA; PROVIDING THAT  
THE USE OF ARTIFICIAL COLOR ADDITIVES NOT EXPRESSLY APPROVED BY  
THE CANNABIS CONTROL DIVISION OF THE REGULATION AND LICENSING  
DEPARTMENT RENDERS A CANNABIS PRODUCT ADULTERATED; PRESCRIBING  
A PENALTY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 26-2C-2 NMSA 1978 (being Laws 2021  
(1st S.S.), Chapter 4, Section 2, as amended) is amended to  
read:

"26-2C-2. DEFINITIONS.--As used in the Cannabis

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1 Regulation Act:

2 A. "artificial color additive" means a synthetic  
3 food dye or other dye, pigment or substance not derived from  
4 natural food sources that is added to a cannabis product to  
5 impart color;

6 [~~A.~~] B. "cannabis":

7 (1) means all parts of the plant genus  
8 *Cannabis* containing a delta-9-tetrahydrocannabinol  
9 concentration of more than three-tenths percent on a dry weight  
10 basis, whether growing or not; the seeds of the plant; the  
11 resin extracted from any part of the plant; and every compound,  
12 manufacture, salt, derivative, mixture or preparation of the  
13 plant, its seeds or its resin; and

14 (2) does not include:

15 (a) the mature stalks of the plant;  
16 fiber produced from the stalks; oil or cake made from the seeds  
17 of the plant; any other compound, manufacture, salt,  
18 derivative, mixture or preparation of the mature stalks, fiber,  
19 oil or cake; or the sterilized seed of the plant that is  
20 incapable of germination; or

21 (b) the weight of any other ingredient  
22 combined with cannabis to prepare topical or oral  
23 administrations, food, drink or other product;

24 [~~B.~~] C. "cannabis consumption area" means an area  
25 of a licensed premises where cannabis products may be served

1 and consumed;

2           ~~[G.]~~ D. "cannabis courier" means a person that  
 3 transports commercial or medical cannabis products to  
 4 consumers;

5           ~~[D.]~~ E. "cannabis establishment" means:

- 6                   (1) a cannabis testing laboratory;
- 7                   (2) a cannabis manufacturer;
- 8                   (3) a cannabis producer;
- 9                   (4) a cannabis retailer;
- 10                  (5) a cannabis research laboratory;
- 11                  (6) a vertically integrated cannabis  
 12 establishment;
- 13                   (7) a cannabis producer microbusiness;
- 14                   (8) an integrated cannabis microbusiness; or
- 15                   (9) a cannabis consumption area;

16           ~~[E.]~~ F. "cannabis extract":

- 17                   (1) means a product obtained by separating  
 18 resins, tetrahydrocannabinols or other substances from cannabis  
 19 by extraction methods approved by the division; and
- 20                   (2) does not include the weight of any other  
 21 ingredient combined with cannabis extract to prepare topical or  
 22 oral administrations, food, drink or another product;

23           ~~[F.]~~ G. "cannabis flowers" means only the flowers  
 24 of a cannabis plant;

25           ~~[G.]~~ H. "cannabis manufacturer" means a person

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1 that:

- 2 (1) manufactures cannabis products;  
3 (2) packages cannabis products for resale; or  
4 (3) purchases, acquires, sells or transports  
5 wholesale cannabis products to other cannabis establishments;

6 [~~H.~~] I. "cannabis producer" means a person that:

- 7 (1) cultivates cannabis plants;  
8 (2) transports unprocessed cannabis only to  
9 other cannabis establishments; or  
10 (3) sells cannabis wholesale;

11 [~~F.~~] J. "cannabis producer microbusiness" means a  
12 cannabis producer at a single licensed premises that possesses  
13 no more than two hundred total mature cannabis plants at any  
14 one time;

15 [~~J.~~] K. "cannabis product" means a product that is  
16 or that contains cannabis or cannabis extract, including edible  
17 or topical products that may also contain other ingredients;

18 [~~K.~~] L. "cannabis research laboratory" means a  
19 facility that produces or possesses cannabis products and all  
20 parts of the plant genus *Cannabis* for the purpose of studying  
21 cannabis cultivation, characteristics or uses;

22 [~~L.~~] M. "cannabis retailer" means a person that  
23 sells cannabis products to consumers;

24 [~~M.~~] N. "cannabis testing laboratory" means a  
25 facility that samples, collects and tests cannabis products and

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1 transports cannabis products for the purpose of testing;

2 O. "cartoon" means any drawing, illustration, image  
 3 or animation that depicts exaggerated, stylized or  
 4 anthropomorphic features, including animals, creatures or  
 5 objects with human characteristics, or any other visual device  
 6 that is designed in a manner that is reasonably appealing to  
 7 minors, as determined by the division;

8 [~~N.~~] P. "commercial cannabis activity":

9 (1) means the cultivation, production,  
 10 possession, manufacture, storage, testing, researching,  
 11 packaging and labeling, transportation, couriering, purchase  
 12 for resale, sale or consignment of cannabis products; and

13 (2) does not include activities related only  
 14 to the medical cannabis program or to the personal cultivation  
 15 or use of cannabis products;

16 [~~Q.~~] Q. "consumer" means a person twenty-one years  
 17 of age or older who legally purchases, acquires, owns,  
 18 possesses or uses a commercial cannabis product not for resale  
 19 or a person who holds a medical cannabis program registry  
 20 identification card issued by the department of health or is a  
 21 reciprocal participant;

22 [~~P.~~] R. "contaminant" means pesticides and other  
 23 foreign material, such as hair, insects or other similar  
 24 adulterants, in harvested cannabis;

25 [~~Q.~~] S. "controlling person":

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1 (1) means a person that controls a financial  
2 or voting interest of ten percent or more of, or an officer or  
3 board member of, a cannabis establishment; and

4 (2) does not include a bank or licensed  
5 lending institution;

6 [~~R.~~] T. "cultivation" means any activity involving  
7 the planting, growing, harvesting, drying, curing, grading or  
8 trimming of cannabis;

9 [~~S.~~] U. "department" means the regulation and  
10 licensing department;

11 [~~F.~~] V. "director" means the director of the  
12 division;

13 [~~U.~~] W. "division" means the cannabis control  
14 division of the department;

15 [~~V.~~] X. "dry weight basis", when used in the  
16 context of regulation of commercial cannabis activity, means a  
17 process by which delta-9-tetrahydrocannabinol concentration is  
18 measured relative to the aggregate weight of all parts of the  
19 plant genus *Cannabis*, whether growing or not, including the  
20 leaves of the plant, the flowers and buds of the plant, the  
21 seeds of the plant, the resin of the plant and the stalks of  
22 the plant at the point of harvest by a licensee and with no  
23 moisture added to the harvested plant;

24 [~~W.~~] Y. "facility" means a building, space or  
25 grounds licensed for the production, storage, testing,

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1 manufacturing, distribution, sale or consumption of cannabis  
 2 products;

3 ~~[X.]~~ Z. "financial consideration" means value that  
 4 is given or received, directly or indirectly, through sales,  
 5 barter, trade, fees, charges, dues, contributions or donations;

6 ~~[Y.]~~ AA. "homegrown" or "homemade" means grown or  
 7 made for purposes that are not for resale;

8 ~~[Z.]~~ BB. "illegal cannabis product" means a  
 9 cannabis product that is:

10 (1) produced or manufactured outside New  
 11 Mexico;

12 (2) produced, manufactured, distributed or  
 13 sold in New Mexico by a person not licensed to produce,  
 14 manufacture, distribute or sell the cannabis product; or

15 (3) produced, manufactured, distributed or  
 16 sold by a person acting outside the limits of the person's  
 17 license; provided that "illegal cannabis product" does not  
 18 include homegrown or homemade cannabis products that comply  
 19 with the provisions of the Cannabis Regulation Act;

20 ~~[AA.]~~ CC. "immature cannabis plant" means a  
 21 cannabis plant that has no observable flowers or buds;

22 ~~[BB.]~~ DD. "industry standards" means the prevailing  
 23 customary standards of business practice in the cannabis  
 24 industry in jurisdictions within the United States;

25 ~~[CC.]~~ EE. "integrated cannabis microbusiness" means

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1 a person that is licensed to conduct one or more of the  
2 following:

3 (1) production of cannabis at a single  
4 licensed premises; provided that the person shall not possess  
5 more than two hundred total mature cannabis plants at any one  
6 time;

7 (2) manufacture of cannabis products at a  
8 single licensed premises;

9 (3) sales and transportation of cannabis  
10 products produced or manufactured by that person or another  
11 cannabis producer microbusiness or integrated cannabis  
12 microbusiness;

13 (4) operation of only one retail  
14 establishment; and

15 (5) couriering of cannabis products to  
16 consumers;

17 ~~DD.~~ FF. "licensed premises" means a location that  
18 includes:

19 (1) all enclosed public and private areas at  
20 the location that are used in the business and includes  
21 cannabis consumption areas, offices, kitchens, restrooms and  
22 storerooms;

23 (2) all areas outside of a building that are  
24 specifically included in the license;

25 (3) all areas of a standalone cannabis

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1 consumption area, including retail and other areas, whether in  
 2 enclosed or outside spaces, and including private or members-  
 3 only clubs where cannabis products are available for sale or  
 4 consumption; and

5 (4) with respect to a location that is  
 6 specifically licensed for the production of cannabis outside of  
 7 a building, the amount of land that the licensee owns, leases  
 8 or has a right to occupy that is identified in the application  
 9 for licensure for cultivation of cannabis; provided that the  
 10 licensed premises may be decreased but shall not be increased  
 11 without permission of the division;

12 [~~EE.~~] GG. "local jurisdiction" means a  
 13 municipality, including a home rule municipality, or county;

14 [~~FF.~~] HH. "manufacture" means to compound, blend,  
 15 extract, infuse, package and label or otherwise prepare a  
 16 cannabis product;

17 [~~GG.~~] II. "medical cannabis" means cannabis  
 18 products used by a qualified patient or reciprocal participant  
 19 in accordance with the Lynn and Erin Compassionate Use Act;

20 [~~HH.~~] JJ. "medical cannabis program" means the  
 21 program created pursuant to the Lynn and Erin Compassionate Use  
 22 Act;

23 [~~II.~~] KK. "medical cannabis registry" means the  
 24 system by which the department of health approves or denies  
 25 applications and issues and renews registry identification

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1 cards for qualified patients and primary caregivers;

2 [JJ.] LL. "primary caregiver" means a resident of  
3 New Mexico who is at least eighteen years of age and who is  
4 responsible for managing the well-being of a qualified patient  
5 with respect to the medical use of cannabis pursuant to the  
6 Lynn and Erin Compassionate Use Act;

7 [KK.] MM. "public space" means any place to which  
8 the general public has access;

9 [LL.] NN. "qualified patient" means a resident of  
10 New Mexico who holds a registry identification card pursuant to  
11 the Lynn and Erin Compassionate Use Act;

12 [MM.] OO. "reciprocal participant" means a person  
13 who is not a resident of New Mexico and who holds proof of  
14 enrollment by a governmental regulatory authority to  
15 participate in the medical cannabis program of another state of  
16 the United States, the District of Columbia or a territory or  
17 commonwealth of the United States in which the person resides  
18 or a person who holds proof of enrollment by a governmental  
19 regulatory authority of a New Mexico Indian nation, tribe or  
20 pueblo to participate in its medical cannabis program;

21 [NN.] PP. "residence" or "household" means a  
22 housing unit and includes any place in or around the housing  
23 unit that is not a public space and at which an occupant of the  
24 housing unit produces, manufactures, keeps or stores homegrown  
25 or homemade cannabis products or stores legally purchased

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1 cannabis;

2           ~~[OO.]~~ QQ. "retail establishment" means a location  
3 at which cannabis products are sold directly to consumers;

4           ~~[PP.]~~ RR. "superintendent" means the superintendent  
5 of regulation and licensing;

6           ~~[QQ.]~~ SS. "unprocessed" means unaltered from an  
7 original, raw or natural state; and

8           ~~[RR.]~~ TT. "vertically integrated cannabis  
9 establishment" means a person that is authorized to act as one  
10 or more of the following:

11                   (1) a cannabis courier;

12                   (2) a cannabis manufacturer;

13                   (3) a cannabis producer; and

14                   (4) a cannabis retailer."

15           SECTION 2. Section 26-2C-17 NMSA 1978 (being Laws 2021  
16 (1st S.S.), Chapter 4, Section 17, as amended) is amended to  
17 read:

18           "26-2C-17. CANNABIS PRODUCTS--PACKAGING AND LABELING--  
19 DIVISION RULEMAKING.--

20                   A. Cannabis or cannabis extract included in a  
21 cannabis product that is manufactured in compliance with  
22 applicable law is not considered to be an adulterant under  
23 state law.

24                   B. The division shall promulgate rules consistent  
25 with industry standards for cannabis products that establish

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1 ~~[labeling and]~~ packaging and labeling requirements ~~[including~~  
2 ~~that]~~.

3 C. Packaging requirements shall include that:

4 (1) packages shall be resealable and child-  
5 resistant;

6 (2) cannabis product packaging shall be  
7 limited to the use of black and white, including packaging  
8 materials, text, backgrounds, logos, symbols and design  
9 elements; provided that color may be used only as required or  
10 approved by the division for:

11 (a) division-mandated warning statements  
12 or safety symbols;

13 (b) a division-approved universal  
14 cannabis symbol or other standardized regulatory marks; and

15 (c) licensee logos that are not designed  
16 in a manner that is reasonably appealing to minors;

17 (3) fonts used on cannabis packaging shall be  
18 plain, sans-serif and not stylized in a manner that is  
19 reasonably appealing to minors;

20 (4) cannabis product packaging shall not  
21 include:

22 (a) cartoons;

23 (b) imagery, color schemes or branding  
24 elements that mimic or resemble non-cannabis products commonly  
25 marketed to minors;

1                   (c) holographic, metallic, neon,  
2 fluorescent or other reflective or visually dynamic effects; or

3                   (d) any visual presentation determined  
4 by the division to be reasonably appealing to minors;

5                   (5) packaging shall not be shaped or  
6 constructed in a manner that imitates or resembles:

7                   (a) candy, snack food or soft drink  
8 packaging commonly marketed to minors;

9                   (b) toy containers, novelty items or  
10 collectible packaging; or

11                   (c) products commonly associated with  
12 minors' products or entertainment media; and

13                   (6) packages containing edible cannabis  
14 products shall be opaque.

15                   ~~[(2) packages and]~~ D. Labels shall:

16                   (1) not be designed to be appealing to a  
17 ~~[child]~~ minor and shall not mimic the brand, design, name, logo  
18 or colorway of a non-cannabis consumer product marketed to  
19 ~~[children]~~ minors;

20                   ~~[(3) packages and labels shall]~~ (2) not use  
21 cartoons or symbols or images, including images of celebrities  
22 or celebrity likenesses, that are commonly used to market to  
23 ~~[children];~~

24                   ~~(4) packages containing edible cannabis~~  
25 ~~products shall be opaque]~~ minors; and

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1                    [~~(5)~~] (3) labels shall include:

2                    (a) for a package containing only  
3 cannabis leaf or flower, the net weight of cannabis in the  
4 package;

5                    (b) identification of the licensee or  
6 licensees that produced or manufactured the cannabis product,  
7 the date on which the cannabis was harvested, the type of  
8 cannabis product and the date on which the cannabis product was  
9 manufactured and packaged;

10                   (c) potency and pesticide use;

11                   (d) a list of pharmacologically active  
12 ingredients;

13                   (e) for cannabis products containing  
14 non-cannabis ingredients, a list of all ingredients and a  
15 disclosure of nutritional information for the product or  
16 cannabis extract disclosed in the same manner required under  
17 federal law for nutritional labeling for food for human  
18 consumption;

19                   (f) a warning if nuts or other known  
20 allergens are used in the item or in its manufacture;

21                   (g) a logo designed by the division that  
22 is distinctive in design, color, size and location such that  
23 the logo notifies a reasonable person that the package contains  
24 cannabis;

25                   (h) a warning of possible adverse

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1 effects of consumption and the New Mexico poison and drug  
2 information center phone number;

3 (i) an expiration date; and  
4 (j) other information as required by  
5 rules promulgated in accordance with the Cannabis Regulation  
6 Act."

7 SECTION 3. Section 26-2C-17.1 NMSA 1978 (being Laws 2024,  
8 Chapter 38, Section 12) is amended to read:

9 "26-2C-17.1. WHEN CANNABIS DEEMED MISBRANDED.--Cannabis  
10 is deemed to be misbranded if:

11 A. its labeling is false or misleading in any  
12 particular;

13 B. it is offered for sale under the name of another  
14 cannabis product;

15 C. it is an imitation of another cannabis product,  
16 unless its label bears, in type of uniform size and prominence,  
17 the word "imitation" and, immediately following, the name of  
18 the cannabis product imitated;

19 D. its container is so made, formed or filled as to  
20 be misleading; or

21 E. the label or packaging otherwise does not  
22 conform to the requirements of Section 26-2C-17 NMSA 1978 and  
23 labeling and packaging rules promulgated by the division."

24 SECTION 4. Section 26-2C-18.1 NMSA 1978 (being Laws 2024,  
25 Chapter 38, Section 11) is amended to read:

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1 "26-2C-18.1. WHEN CANNABIS PRODUCT DEEMED ADULTERATED.--A

2 cannabis product is deemed to be adulterated if:

3 A. it bears or contains mold, mildew or other  
4 deleterious or poisonous substance that may render it injurious  
5 to health;

6 B. it consists in whole or in part of a diseased,  
7 contaminated, filthy, impure or infested ingredient or putrid  
8 or decomposed substance or if it is otherwise unfit for  
9 consumption;

10 C. it has been produced, prepared, packed or held  
11 under unsanitary conditions so that it may have been  
12 contaminated with filth or rendered diseased, unwholesome or  
13 injurious to health;

14 D. its container is composed in whole or in part of  
15 a poisonous or deleterious substance that may render the  
16 contents injurious to health;

17 E. a valuable constituent has been, in whole or in  
18 part, omitted or abstracted from the cannabis product;

19 F. a substance has been substituted in whole or in  
20 part that is contrary to the ingredient list on the package  
21 unless a notification of substitution is adhered to the  
22 packaging;

23 G. damage or inferiority has been concealed in any  
24 manner;

25 H. a substance has been added so as to increase the

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1 cannabis product's bulk or weight, reduce its quality or  
 2 strength or make it appear better or of greater value than it  
 3 is; ~~[or]~~

4 I. it contains an artificial color additive that  
 5 has not been expressly approved by the division; or

6 ~~[F.]~~ J. the cannabis product is a confectionery, it  
 7 contains alcohol or other non-nutritive article or substance,  
 8 ~~[except harmless coloring]~~ flavoring, natural gum, pectin or  
 9 resinous glaze not in excess of four-tenths of one percent;  
 10 provided that a confectionary may include less than two and  
 11 one-fourth percent by weight of alcohol derived solely from the  
 12 use of flavoring extracts or ~~[to]~~ any chewing gum by reason of  
 13 its containing harmless non-nutritive masticatory substances."

14 **SECTION 5.** A new section of the Cannabis Regulation Act  
 15 is enacted to read:

16 "[NEW MATERIAL] ARTIFICIAL COLOR ADDITIVES AND PACKAGING  
 17 AND LABELING MATERIALS--VIOLATIONS--PENALTY.--It is a violation  
 18 of the Cannabis Regulation Act for a licensee to manufacture,  
 19 distribute, sell or offer for sale any cannabis product that is  
 20 adulterated by the use of artificial color additives or that  
 21 does not comply with packaging and labeling requirements.

22 Violations may be punishable as provided in Section 26-2C-8  
 23 NMSA 1978. A licensee is liable for offering or selling  
 24 noncompliant cannabis products regardless of whether the  
 25 product was manufactured or supplied by a third party unless

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1 the licensee offered or sold such products in good faith based  
2 on an assurance of compliance by the manufacturer or supplier  
3 of the cannabis products."

4 SECTION 6. EFFECTIVE DATE.--The effective date of the  
5 provisions of this act is January 1, 2027.

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