

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

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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 ~~[O.]~~ 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 ~~[QQ-]~~ 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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